



Trinidad and Tobago NGL Limited



Annual Report

2016

Our Energy is your Wealth





Trinidad and Tobago NGL Limited

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Corporate Overview

TTNGL

In 2013, The National Gas Company of Trinidad and Tobago Limited (NGC) acquired ConocoPhillips Trinidad and Tobago Holdings Inc., which held a 39% interest in Phoenix Park Gas Processors Limited (PPGPL). Trinidad and Tobago NGL Limited (TTNGL) was incorporated on 13 September 2013 by NGC for the purpose of holding those shares in PPGPL.

In August 2015, NGC made 49% of its ownership in TTNGL available to the public for investment via an Initial Public Offering (IPO) which became the country's largest local IPO, oversubscribed by 1.77 times. TTNGL was listed on the Trinidad and Tobago Stock Exchange in October 2015.

While TTNGL is a newly formed corporate entity, PPGPL is a company with over 26 years of operating history in Trinidad and Tobago's energy sector and with a long-term commercial relationship with NGC.

PPGPL (Investee Company)

Phoenix Park Gas Processors Limited (PPGPL) is a Trinidad and Tobago company which was formed in May 1989. It is a subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC). PPGPL operates Trinidad and Tobago's only natural gas processing and Natural Gas Liquid (NGL) fractionation facilities, and is the largest producer and marketer of propane, butane and natural gasoline in

the Caribbean. The company's cryogenic gas processing plants and associated infrastructure (including its own loading terminal) are located on Trinidad's west coast Point Lisas Industrial Estate, where most major natural gas consumers are situated.

The company's facility is designed to process raw natural gas, received via the existing natural gas pipeline system, and extract the NGLs contained in the gas stream. This allows PPGPL to deliver natural gas which is free of heavy hydrocarbons, which could negatively affect equipment on downstream petrochemical plants. The NGLs are fractionated into three components - propane, butane (together referred to as LPG) and natural gasoline. PPGPL's LPGs are marketed to the Caribbean and Central America, and natural gasoline is marketed further afield.

PPGPL seeks to maximise the value of its NGL production by pursuing specific product differentiation strategies, including delivering competitively priced, high quality products and services, and operating its physical assets in a safe, reliable, flexible and efficient manner that preserves the environment.

PPGPL is an excellence-driven company, focused on continuously improving its people and its business. It has made safety a high priority throughout its 26-year operating history. The company embraces its responsibility to the wider national community by ensuring that its operations bring economic, environmental and social benefits to its internal and external stakeholders.





Chairman's Report

Gerry C. Brooks

Despite another year of challenging economic conditions, 2016 was a year in which the earnings of Trinidad and Tobago NGL Limited (TTNGL) returned to growth when compared to 2015. This was achieved through the careful and responsible management of the Company's finances as well as the improved performance of the underlying asset, Phoenix Park Gas Processors Limited (PPGPL).

Under the watchful oversight and guidance of the new Board of TTNGL, the Company successfully completed its Initial Public Offering (IPO) in October 2015 and is now poised to further deepen its position on the local capital market via an additional public offering by NGC of its remaining Class B shares in TTNGL. The results achieved in 2016 are a further demonstration by the Board of the positive impact of a consistent dividend policy coupled with

high levels of operational discipline and financial management.

INDUSTRY OVERVIEW

For 2016, the energy sector in Trinidad and Tobago continued to face significant headwinds with the convergence of lower commodity prices and natural gas supply challenges. Crude oil prices remained low for the year, with the average price for West Texas Intermediate (WTI) and Brent crude below the 2015 average, despite the uptick in prices above US\$50 per barrel towards the end of the year.

WTI and Brent crude averaged US\$43 and US\$44 per barrel respectively. Production continued to outweigh consumption in 2016 with OPEC crude oil

production increasing by 0.8 million barrels per day (bpd) to 32.9 million bpd in 2016.

Oil prices ended 2016 above US\$50 per barrel as the Organization of Petroleum Exporting Countries (OPEC) made agreements to cut production in an attempt to balance the market. Natural gas prices were also lower in 2016 compared to the previous year. The average Henry Hub spot price was US\$2.49 per MMBtu, the lowest annual average since 1999. These reduced natural gas prices were due to warmer than expected temperatures and changing demand for natural gas.

As a result of the soft commodity prices, Trinidad and Tobago, with its heavy reliance on the oil and gas industry as a main source of income, experienced challenging economic conditions throughout 2016. Energy accounts for over 80% of Trinidad and Tobago's exports and approximately 32% of GDP. Oil tax revenue currently accounts for 30% of revenue compared to 55% prior to 2015. As a consequence, Trinidad and Tobago will continue to experience these challenging headwinds in the near term, requiring PPGPL and other local companies to focus on cost containment, recalibration of strategy, reengineering and excellence in execution.

Some relief to the natural gas curtailments is expected in Q4 2017 when production from bpTT's Juniper platform commences. Progress has also been made for the medium term following agreements with Venezuela for the supply of natural gas from fields in the Mariscal Sucre region and joint development of the cross-border Loran-Manatee field.

RESULTS

As Chairman of the Board, I am pleased to announce that for the year ended 31 December, 2016, TTNGL recorded total comprehensive income of TT\$344.8 million. Earnings per share was TT\$1.16 for 2016. TTNGL's share of profits from its 39% shareholding in PPGPL improved operationally by 20.3% from TT\$136.3 million in 2015 to TT\$164.0 million in 2016. This improved performance at PPGPL was directly linked to the deliberate efforts of the Company to rationalise expenses in the face of lowered Natural Gas Liquids (NGL) production caused by continued gas supply

challenges and lowered product prices. The TTNGL results were positively impacted by:

1. A reversal of TT\$17.8 million (2015 reversal: TT\$235.2 million) of the impairment loss of TT\$1.1 billion that was recognised in 2014. The reversal was due to an increase in the recoverable amount which was largely driven by PPGPL's implementation of value creation initiatives (see below) to mitigate production and price challenges.
2. Higher comprehensive income arising from exchange translation differences to the presentation currency. This contributed TT\$165.2 million to total comprehensive income when compared to TT\$31.9 million in the previous year. This improvement was due to a lower valued Trinidad and Tobago Dollar versus the United States Dollar at the end of 2016.

DIVIDEND

The Board has approved a final dividend of TT\$1.00 per share (2015: TT\$1.00) bringing the total dividend for 2016 to TT\$1.50. This is consistent with the dividend payout for 2015 and represents a dividend yield of 7.14% at the end of 2016. It is the highest dividend yield on the TTSE.

The final dividend will be paid on 12 April, 2017 to shareholders on the Register as at 28 March, 2017.

PHOENIX PARK GAS PROCESSORS LIMITED

PPGPL recorded after tax earnings of US\$63.3 million (TT\$420.4 million) for 2016, compared to US\$55.0 million (TT\$349.5 million) for 2015. This improved performance was due primarily to the positive impact of cost management strategies offset by the impact of lower NGL prices and lower NGL production.

PPGPL's 2016 accomplishments include:

- 15% growth in after tax earnings;
- Excellent safety performance resulting in zero lost work day cases;
- Execution of two new sales contracts for sale of LPGs to the Caribbean market;

- Successful cost management strategy implementation;
- Final investment decision on the product trading project;
- Meeting dividend target of US\$70 million (TT\$464.9 million);
- Achieving zero demurrage target;
- Completion of 2016 financial audit with zero items on Management Letter;
- Board approval of the 2016-2020 Strategic Plan.

In addition to its improved financial performance, in 2016 PPGPL continued to aggressively pursue value added growth opportunities in its core business and related businesses. By so doing, the company has embarked on a series of initiatives to create new and diversified revenue streams that will mitigate the impact of the gas shortage on the island over the next five years. The projects which have been targeted include NGL Product Trading, Condensate Marketing and acquisition of strategic storage assets in the region. These projects will be pursued in 2017, with the NGL Product Trading Project having already received Board sanction in December 2016.

OUTLOOK

Despite the difficult challenges being faced, our Board believes that the NGC Group of Companies, of which TTNGL is a member, is well positioned to navigate this difficult cycle and emerge stronger over the medium term. Our optimism is founded on the Group's strong legacy position and the conceptualisation of the Group's five-year Strategic Plan 2016-2020. The Plan was developed in conjunction with Executives across the Group and enjoys their full support and commitment. It has been rolled out and is now in the execution phase. The Plan is based on four strategic pillars:

1. Securing the current business;
2. Growing the Group locally and internationally;
3. Developing the organisations within the NGC Group; and
4. Strengthening national contribution.

Within the context of this Strategic Plan, in December 2016 the Board of PPGPL approved the PPGPL

Strategic Plan for the period 2016-2020. This Strategic Plan provides for the future development and growth of the Company within three business segments:

- Production Centric,
- Marketing Centric, and
- Growth Centric.

By placing focus on operational efficiencies, diversifying its revenue streams and aggressively pursuing value added growth opportunities locally and internationally, PPGPL is positioned to progressively improve its returns to its shareholders, thereby enabling the Board of TTNGL to continue to deliver to our shareholders consistent dividend yields.

ACKNOWLEDGEMENT

I wish to take this opportunity to thank management and staff across the NGC Group of Companies for their support over the past year as we continue to lay the foundation through prudent management and robust business strategy for a prosperous future. The Boards across the Group have made tremendous strides in ensuring the engagement and alignment of all employees across the Group by being open, transparent and collaborative in the development of strategic plans and the associated annual work plans. Additionally, the continued collaboration of employees across the NGC Group in executing business plans will further strengthen the resilience of the NGC Group, and by extension TTNGL, in delivering on its business targets.

On behalf of the Board of Directors, I also wish to thank you the shareholders for your support and confidence as we navigate through these challenging times.



Gerry C. Brooks
Chairman

NOTICE OF MEETING

Notice is hereby given that the 2nd Annual Meeting of the Shareholders of Trinidad and Tobago NGL Limited (the "Company") will be held at the Grand Ballroom, Hilton Trinidad & Conference Centre, Lady Young Road, Port of Spain, Trinidad on Tuesday 25 April, 2017 commencing at 10:00 am for the transaction of the following business:

Ordinary Business

- 1 To receive the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2016.
- 2 To re-elect Directors.
- 3 To re-appoint Deloitte and Touche as Auditors of the Company from the conclusion of the meeting until the conclusion of the next annual meeting before which accounts are laid, and to authorise the Directors to fix the Auditors' remuneration.
- 4 To transact any other business which may be properly brought before the meeting.

Special Resolution

- 1 To amend and restate the existing By-Law No 1 of the Company.

By order of the Board

VAEGIS
BUSINESS SOLUTIONS LIMITED


Secretary

Aegis Business Solutions Limited
Company Secretary
18 Scott Bushe Street
Port of Spain
4 April 2017

NOTES:

1. Only shareholders on record at the close of business on 10 April 2017, the date fixed by the Directors as the record date, are entitled to receive notice of the annual meeting.
2. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, in the case of a poll, vote instead for him. A proxy need not be a shareholder of the company.

BOARD OF DIRECTORS

Trinidad and Tobago NGL Limited (TTNGL)

1

2

1

Professor Andrew Jupiter
Director

2

Mr. Ashmeer Mohamed
Director

3

Mr. Gerry C. Brooks
Chairman

4

Mr. Vivek Charran
Director

5

Mr. Kenneth Allum
Director







PRINCIPAL OFFICER
Mr. Sheldon K. Sylvester –
Chief Financial Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Gerry C. Brooks – Chairman
Mr. Ashmeer Mohamed – Director
Professor Andrew Jupiter – Director
Mr. Kenneth Allum – Director
Mr. Vivek Charran – Director

CORPORATE SECRETARY

Aegis Business Solutions Limited

REGISTERED OFFICE

Trinidad and Tobago NGL Limited
Orinoco Drive
Point Lisas Industrial Estate
Couva
Tel: (868) 636-1098
Fax: (868) 636-1099
Website: www.ngl.co.tt
Email: ttngl@ngc.co.tt

BANKERS

First Citizens Bank Limited
9, Queen's Park East
Port of Spain
Tel: (868) 624-3178
Fax: (868) 624-5981
Website: www.firstcitizenstt.com

ATTORNEYS-AT-LAW

Johnson, Camacho & Singh
5th Floor, Newtown Centre
30-36 Maraval Road
Newtown
Port of Spain
Tel: (868) 225-4527
Website: www.jcscaribbeanlaw.com

AUDITORS

Deloitte & Touche
54 Ariapita Avenue
Port of Spain
Tel: (868) 628-1256
Fax: (868) 628-6566
Website: www.deloitte.com/tt

REGISTRAR

Trinidad and Tobago Central
Depository Limited
10th Floor Nicholas Tower
63-65 Independence Square
Port of Spain
Tel: (868) 625-5107-9
Fax: (868) 623-0089

DIRECTORS'

REPORT 2016

The Directors are pleased to present their report to the members together with the Audited Financial Statements for the year ended 31 December, 2016. The Directors confirm to the best of their knowledge and belief that the Audited Financial Statements comply with the applicable financial reporting standards and present a true and fair view on the Financial Statements of the Company.

	TT\$000
Total comprehensive profit for the year	344,767
Interim dividend paid	77,400
Final dividend declared	154,800
Total dividend paid and declared for the year	232,200
Retained earnings as at 31 December, 2016	442,529

Dividend

An interim dividend of 50 cents was paid to shareholders on 9 September, 2016. The Directors declared a final dividend of \$1.00 per share for the year ended 31 December, 2016. This final dividend will be paid on 12 April, 2017 to shareholders on the Register of Members as at 28 March, 2017.

Disclosure of Interest of Directors and Officers in any Material Contract

Pursuant to Section 93 (1) of the Companies Act 1995, at no time during the financial year ended 31 December, 2016, has any Director or Officer been a party to a material contract or a proposed material contract with the Company, or been a Director or Officer of any body, or had a material interest in any body that was party to a material contract or a proposed material contract with the Company.

Auditors

Deloitte and Touche retire at the end of the Second Annual Meeting of the Company on 25 April, 2017 and have indicated their willingness to continue as the Auditors of Trinidad and Tobago NGL Limited.

By order of the Board

VAEGIS
BUSINESS SOLUTIONS LIMITED

Secretary

Aegis Business Solutions Limited
Company Secretary
18 Scott Bushe Street, Port of Spain
4 April, 2017

DIRECTORS' AND SUBSTANTIAL INTERESTS

Shareholding of Directors/Senior Officers and Connected Parties as at 31 December, 2016

Director/Senior Officers	Ordinary Shareholding - Class B Shares	Connected Parties - Class B Shares
Gerry C. Brooks	5,000	8,418
Kenneth Allum	5,694	4,770
Andrew Jupiter	4,770	4,308
Ashmeer Mohamed	4,771	5,770
Vivek Charran	NIL	NIL
Sheldon Sylvester	5,000	1,461

Shareholding of those parties holding the ten (10) largest blocks of shares as at 31 December, 2016

Name	Class A Ordinary Shares	Class B Ordinary Shares	Percentage (%)
The National Gas Company of Trinidad and Tobago Limited	38,700,000	40,248,000	51.00
National Insurance Board	--	15,703,542	10.14
T&T Unit Trust Corporation - FUS	--	3,715,665	2.40
Tatil Life Assurance Limited A/C C	--	1,645,673	1.06
National Enterprises Limited	--	1,525,673	0.99
Deposit Insurance Corporation	--	1,250,000	0.81
Republic Bank Limited - 1162	--	1,220,538	0.79
Anthony N. Sabga	--	1,154,344	0.75
Tatil Life Assurance Limited	--	1,129,338	0.73
Michael Derick Moses & Helen Marie Moses	--	1,000,000	0.65



Trinidad and Tobago NGL Limited

2016 Financial Statements

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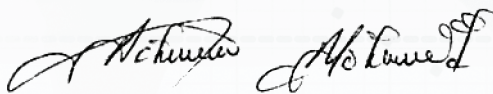
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Statement of management's responsibilities

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

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

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



Director

6 March 2017



Chief Financial Officer

6 March 2017

Independent auditor's report

To the shareholders of Trinidad and Tobago NGL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trinidad and Tobago NGL Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of investment in joint venture	
Investment in joint venture asset comprise 86.5% of the total assets of the Company. The asset has been recognised in the statement of financial position as a consequence of a series of transactions as disclosed in note 5 to the financial statements. As required by the applicable accounting standards, management conducts annual impairment test to assess the recoverability of the carrying value of the investment in joint venture. This is performed using discounted cash flow models and resulted in a reversal of impairment of \$17,830,548. As disclosed in notes 4 and 10, there are a number of key sensitive judgements made in determining the inputs into these models which include: • Revenue growth (including volume growth and price increases) • The discount rates applied to the projected future cash flows.	We focused our testing of the impairment of investment in joint venture asset on the key assumptions made by management. Our audit procedures included: • Engaging our internal specialists to assist with: - Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets. - Validating the assumptions used to calculate the discount rates and recalculating these rates. • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit.

Independent auditor's report (continued)

To the shareholders of Trinidad and Tobago NGL Limited

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of investment in joint venture (continued)	
Accordingly, the impairment test of the asset is considered to be a key audit matter.	• Subjecting the key assumptions to sensitivity analyses. • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections.
Management have engaged a specialists to assist with the determination of the discount rates for the significant Cash Generating Unit to which the asset relate.	
Management's determination of the recoverable amount of the joint venture involves a complex evaluation of many objective and subjective assumptions. It also relies on the integrity of the data used in the model calculation which are derived from various sources.	

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.

Independent auditor's report (continued)

To the shareholders of Trinidad and Tobago NGL Limited

Auditor's Responsibilities for the Audit of the Financial Statements

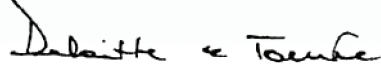
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
6 March 2017

Statement of financial position

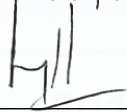
As at 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

Assets	Notes	2016 \$'000	2015 \$'000
Non-current assets			
Investment in joint venture	5(b)	2,985,162	2,827,778
Total non-current assets		<u>2,985,162</u>	<u>2,827,778</u>
Current assets			
Due from parent company	9	-	415,836
Dividends receivable	9	13,155	25,036
Cash and cash equivalents	7	366,080	-
Total current assets		<u>379,235</u>	<u>440,872</u>
Total assets		<u>3,364,397</u>	<u>3,268,650</u>
Shareholder's equity and liabilities			
Equity			
Share capital	8	2,772,120	2,772,120
Translation reserve		146,005	(19,194)
Retained earnings		442,529	495,161
Total shareholder's equity		<u>3,360,654</u>	<u>3,248,087</u>
Current liabilities			
Due to parent company/related party	9	3,332	1,104
Dividends payable		-	19,350
Trade and other payables	6	175	58
Income tax payable		236	51
Total liabilities		<u>3,743</u>	<u>20,563</u>
Total equity and liabilities		<u>3,364,397</u>	<u>3,268,650</u>

The accompanying notes on pages 23 to 48 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 6 March 2017.



Chairman



Director

Statement of profit or loss and other comprehensive income

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

	Notes	2016 \$'000	2015 \$'000
Income			
Share of profit from investment in joint venture	5 (d)	163,955	136,279
Interest Income		219	-
Total income		<u>164,174</u>	<u>136,279</u>
Expenses			
Impairment reversal	11	17,831	235,195
Legal and professional fees		(704)	(55)
Other expenses		(956)	(282)
Profit before taxation		<u>180,345</u>	<u>371,137</u>
Income tax expense	10 (a)	(777)	(305)
Profit after taxation for the year		<u>179,568</u>	<u>370,832</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Exchange translation differences, net of tax		<u>165,199</u>	<u>31,931</u>
Other comprehensive income for the year		<u>165,199</u>	<u>31,931</u>
Total comprehensive profit for the year		<u>344,767</u>	<u>402,763</u>
Earnings per share			
Basic (dollars per share)	12	<u>1.16</u>	<u>2.40</u>
Diluted (dollars per share)	12	<u>1.16</u>	<u>2.40</u>

The accompanying notes on pages 23 to 48 form an integral part of these financial statements.

Statement of changes in equity

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Share capital \$'000	Translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Year ended 31 December 2015					
Balance at 1 January 2015		3,870,000	(51,125)	(896,149)	2,922,726
Capital reduction		(1,097,880)	-	1,097,880	-
Profit for the year		-	-	370,832	370,832
Other comprehensive income		-	31,931	-	31,931
Dividends	13	-	-	(77,402)	(77,402)
Balance at 31 December 2015		2,772,120	(19,194)	495,161	3,248,087
Year ended 31 December 2016					
Balance at 1 January 2016		2,772,120	(19,194)	495,161	3,248,087
Profit for the year		-	-	179,568	179,568
Other comprehensive income		-	165,199	-	165,199
Dividends	13	-	-	(232,200)	(232,200)
Balance at 31 December 2016		2,772,120	146,005	442,529	3,360,654

The accompanying notes on pages 23 to 48 form an integral part of these financial statements.

Statement of cash flows

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Profit for the year before taxation		180,345	371,137
Adjustments to reconcile net profit for the year to net cash used in operating activities:			
Impairment reversal	11	(17,831)	(235,195)
Interest and other investment income	5 (d)	(219)	-
Share of income from investment in joint venture		(163,955)	(136,279)
		(1,660)	(337)
Increase in amount due to related party		2,172	602
Decrease in trade and other receivables		436,972	-
(Decrease)/increase in trade and other payables		(20,035)	23
Cash flows from operating activities		417,449	288
Taxation paid		(544)	(276)
Net cash flow generated from operating activities		416,905	12
Cash flows from investing activities			
Interest and other investment income		219	-
Dividends from joint venture		181,294	-
Net cash generated from investment activities		181,513	-
Cash flows from financing activities			
Dividends paid	12	(232,200)	-
Net cash used in financing activities		(232,200)	-
Net increase in cash and cash equivalents		366,218	12
Net foreign exchange differences		(138)	(12)
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		366,080	-

The accompanying notes on pages 23 to 48 form an integral part of these financial statements.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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').

Following an Initial Public Offering ('IPO') in August 2015, 49% of the Company is now owned by the public of Trinidad & Tobago in the form of Class B shares. TTNGL began trading on the Trinidad & Tobago Stock Exchange on 19 October 2015. NGC's ownership in TTNGL stands at 51% in the form of Class A and Class B shares.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

2.2 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.

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

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.

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

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.

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(b).

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

f) Foreign currencies (continued)

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.

g) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through the 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 the statement of profit or loss and other comprehensive income, directly attributable transaction costs.

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

h) Impairment of financial assets (continued)

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.

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

j) Derecognition of financial assets and liabilities (continued)

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).

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

3.1 Amendments to IFRSs and new interpretations that are mandatorily effective for the current year

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

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

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

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016.

The directors of the Company are of the opinion that the application of the amendments to IFRS 11 will have no material impact on the Company's financial statements.

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

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

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

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

The directors of the Company are of the opinion that the application of the amendments to IAS 16 and IAS 38 will have no impact on the Company's financial statements.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

- **Annual Improvements to IFRSs 2011-2014 Cycle**

The *Annual Improvements to IFRSs 2011-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even of those contracts which do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- a) the property meets the definition of investment property in terms of IAS 40; and
- b) the transaction meets the definition of a business combination under IFRS 3.

The directors of the Company are of the opinion that the application of these amendments will have no significant impact on the Company's financial statements.

- **Annual Improvements to IFRSs 2012-2014 Cycle**

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

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

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

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

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

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

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

Amendments were made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The directors of the Company are of the opinion that the application of these amendments will have no impact on the Company's financial statements.

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

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

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

The directors of the Company are of the opinion that the application of these amendments will have no impact on the Company's financial statements.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

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

Amendments were made to IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

- (i) at cost; or
- (ii) in accordance with IFRS 9 (or IAS 39); or
- (iii) using the equity method.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception***

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

- a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The directors of the Company are of the opinion that the application of these amendments would have no impact on the Company's financial statements.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

3.2 New and revised IFRSs in issue but not yet effective

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

• IFRS 9	Financial instruments ²
• IFRS 15	Revenue from Contracts with Customers ²
• IFRS 16	Leases ³
• Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
• Amendments to IAS 7	Disclosure initiative ¹

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

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

• 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 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS was issued in July 2015 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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

• IFRS 9 *Financial Instruments* (continued)

- 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.
- 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 directors of the Company anticipate that the application of IFRS 9 in the future may have an 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 2015, 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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

• IFRS 15 Revenue from Contracts with Customers (continued)

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

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the 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.

The directors of the Company are of the opinion that the application of IFRS 15 in the future will have no impact on the amounts reported and disclosures made in the Company's financial statements.

• IFRS 16 Leases

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

The directors of the Company are of the opinion that the application of IFRS 16 will have no impact on the Company's financial statements.

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

Amends IAS 12 Income Taxes to clarify the following aspects:

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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

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

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

The directors of the Company anticipate that the application of the amendments to IAS 12 in the future may have an 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 amendments to IAS 12 until the Company undertakes a detailed review.

- **Amendments to IAS 7 Disclosure Initiative**

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

The directors of the Company anticipate that the application of the amendments to IAS 7 in the future may have an 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 amendments to IAS 7 until the Company undertakes a detailed review.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors 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 the directors 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.

a) *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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Critical judgements in applying accounting policies (continued)

b) 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 2.2(a) above for details of management's assessments.

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 PPGPL were transferred to the Company. Accordingly, the 39.0% 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.

Initial Public Offering of Class B Shares of the Company

In August 2015, NGC offered 49% of the Company to the public of Trinidad and Tobago through an Initial Public Offering ('IPO'). The Offer comprised 75,852,000 of NGC's Class B Shares in the Company at an offer price of \$20.00 per share.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

5. Investment in joint venture (continued)

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

<u>Name of joint venture</u>	<u>Principal activity</u>	<u>Place of incorporation and principal place of business</u>	<u>Proportion of ownership interest and voting rights held by the Company</u>
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 the statement of financial position date is included below.

	2016 \$'000	2015 \$'000
Share of PPGPL's assets/liabilities:		
Movement in investment in joint venture during the reporting period		
Investment in joint venture as at 1 January	2,827,778	2,730,904
Share of profit in joint venture (Note 5 (d))	163,955	136,279
Dividends received	(168,345)	(301,566)
Impairment reversal on investment	17,831	235,195
Exchange rate adjustment	143,943	29,966
Investment in joint venture	<u>2,985,162</u>	<u>2,827,778</u>

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

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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 audited financial statements for the year ended 31 December 2016 and audited statements for the year ended 31 December 2015 which have been presented in United States dollars, PPGPL'S functional currency.

	2016 US\$'000	2015 US\$'000
Statement of financial position of PPGPL		
Cash and cash equivalents	52,109	72,815
Other current assets	89,674	76,571
Total current assets	141,783	149,386
Non-current assets, excluding goodwill	278,717	299,111
Total assets	420,500	448,497
Current financial liabilities	(18,450)	(23,450)
Other current liabilities	(39,098)	(43,852)
Total current liabilities	(57,548)	(67,302)
Non-current financial liabilities	(124,752)	(141,300)
Total liabilities	(182,300)	(208,602)
Net assets	238,200	239,895
Statement of profit or loss and other comprehensive income of PPGPL		
Revenue	300,902	383,810
Cost of sales	(157,802)	(218,240)
Interest income	150	169
Other operating expenses (net)	(25,856)	(41,868)
Depreciation and amortisation	(16,790)	(21,886)
Interest expense	(1,467)	(11,536)
Profit before taxation	99,137	90,449
Income tax expense	(35,832)	(35,452)
Profit after taxation	63,305	54,997
Other comprehensive income	-	-
Total comprehensive income	63,305	54,997

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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:

	2016 \$'000	2015 \$'000
Net assets of PPGPL denominated in US\$	238,200	239,895
Exchange rate at reporting date	6.7459	6.4196
Net assets of PPGPL denominated in TT\$	1,606,873	1,540,030
Proportion of the Company's ownership interest in the joint venture	39%	39%
39% of net assets of PPGPL	626,681	600,612
Excess of investment over carrying amount of PPGPL's net assets	2,340,650	1,991,971
Impairment reversal on investment in joint venture	17,831	235,195
Carrying amount of the Company's investment in the joint venture	<u>2,985,162</u>	<u>2,827,778</u>

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

	2016 \$'000	2015 \$'000
PPGPL's total profit for the year denominated in US\$	63,305	54,997
Average exchange rate for the year ended 31 December	6.6408	6.3537
PPGPL's total profit for the year denominated in TT\$	420,396	349,434
Proportion of the Company's ownership investment in joint venture	39%	39%
Share of profit in the joint venture	<u>163,955</u>	<u>136,279</u>
Share of profit from the investment in joint venture	<u>163,955</u>	<u>136,279</u>

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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:

	2016 \$'000	2015 \$'000
Audit fees	55	58
Sundry payables	120	-
	<u>175</u>	<u>58</u>

7. Cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank and on hand	<u>366,080</u>	<u>-</u>

Cash at bank earns interest at fixed rates based 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

	2016 \$'000	2015 \$'000
Issued and fully paid:		
38,700,000 ordinary 'A' shares of no par value	693,030	693,030
116,100,000 ordinary 'B' shares of no par value	<u>2,079,090</u>	<u>2,079,090</u>
	<u>2,772,120</u>	<u>2,772,120</u>

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 years ended 31 December 2016 and 31 December 2015.

	2016 \$'000	2015 \$'000
Amount due from related parties		
The National Gas Company of Trinidad and Tobago Limited:		
Dividends received on behalf of the Company	<u>-</u>	<u>415,836</u>

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

9. Related party transactions (continued)

	2016 \$'000	2015 \$'000
Amount due to related parties		
The National Gas Company of Trinidad and Tobago Limited:		
Reimbursement for expenses paid on behalf of the Company	(1,920)	(1,104)
Phoenix Park Gas Processors Limited:		
Reimbursement for expenses on behalf of the Company	(1,412)	-
	<u>(3,332)</u>	<u>(1,104)</u>
Dividends receivable		
Phoenix Park Gas Processors Limited	<u>13,155</u>	<u>25,036</u>
Income/ (expenses) from related parties		
The National Gas Company of Trinidad and Tobago Limited:		
Interim dividends paid	<u>(77,400)</u>	<u>(77,402)</u>
Phoenix Park Gas Processors Limited:		
Dividends received	<u>168,344</u>	<u>301,566</u>
Key management compensation		
Directors' fees and allowances	<u>(246)</u>	<u>(282)</u>

10. Taxation

a) The taxation charge consists of the following:

	2016 \$'000	2015 \$'000
Green fund levy	547	305
Business levy	233	-
	<u>777</u>	<u>305</u>

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

10. Taxation (continued)

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

	2016 \$'000	2015 \$'000
Profit before taxation	<u>179,959</u>	<u>371,137</u>
Income taxes thereon at the rate of 25%	44,990	92,784
Tax effect of items not allowable for tax:	(44,990)	(92,784)
Non-deductible expense:		
Green fund levy	544	305
Business levy	<u>233</u>	<u>-</u>
	<u>777</u>	<u>305</u>

11. Impairment

	2016 \$'000	2015 \$'000
Impairment reversal	<u>17,831</u>	<u>235,195</u>

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 2015, a similar impairment assessment led to the recognition of an impairment reversal of \$235.2 million, which has been recognised and separately disclosed on the statement of profit or loss. As with the 2015 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.

The impairment assessment for 2016 led to a further partial reversal of \$17.8 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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

11. Impairment (continued)

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 2017 to 2036, and a discount rate of 11.90% (2015: 12.11%) 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 2036. The key assumptions used in the value in use calculations are as follows:

- Discount rate of 11.90%
- Selling prices of NGLs have stabilised in 2016 and are expected to rise in 2017 and steadily increase year on year. 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 \$29.7 million while a 1% increase in the discount rate results in an impairment loss of \$13.7 million.
- Selling prices of NGLs
 - A 5% increase/decrease in the selling prices of NGLs while holding all other variables will increase/decrease the impairment reversal by \$27.0 million.
 - A 10% increase/decrease in the selling prices of NGLs while holding all other variables will increase/decrease the impairment reversal by \$54.0 million.

12. Earnings per share

	2016 \$	2015 \$
Basic earnings per share	<u>1.16</u>	<u>2.40</u>

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

	2016 \$'000	2015 \$'000
Profit used in the calculation of basic earnings per share	<u>179,568</u>	<u>370,832</u>
	Shares '000	Shares '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>154,800</u>	<u>154,800</u>

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

13. Dividends paid

	2016 \$'000	2015 \$'000
2015 interim dividend - \$0.50 per share	-	77,402
2015 final dividend - \$1.00 per share	154,800	-
2016 interim dividend - \$0.50 per share	77,400	-
	<u>232,200</u>	<u>77,402</u>

On 8 August 2016, the Board of Directors declared an interim dividend of \$0.50 per share for the half-year 2016. This dividend was accrued to shareholders on the Register as at 25 August 2016 and was paid on 9 September 2016.

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.

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 fulfill 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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

15. Financial risk management objectives and policies (continued)

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 optimizing 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.

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

As at 31 December 2016	TT \$'000	US \$'000	Total \$'000
Assets			
Investment in joint venture	-	2,985,162	2,985,162
Dividends receivable	-	13,155	13,155
Cash and cash equivalents	1,008	365,072	366,080
Total assets	1,008	3,363,389	3,364,397
Liabilities			
Due to parent company/related party	3,332	-	3,332
Trade and other payables	175	-	175
Income tax payable	236	-	236
Total liabilities	3,743	-	3,743
Net position	(2,735)	3,363,389	3,360,654

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

15. Financial risk management objectives and policies (continued)

Currency risk (continued)

As at 31 December 2015	TT \$'000	US \$'000	Total \$'000
Assets			
Investment in joint venture	-	2,827,778	2,827,778
Due from parent company	-	415,836	415,836
Dividends receivable	-	25,036	25,036
Total assets	-	3,268,650	3,268,650
Liabilities			
Due to parent company/related party	1,104	-	1,104
Dividends payable	19,350	-	19,350
Trade and other payables	58	-	58
Income tax payable	51	-	51
Total liabilities	20,563	-	20,563
Net position	(20,563)	3,268,650	3,248,087

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
2016	3%	5,416
	(3%)	(5,416)
2015	3%	11,140
	(3%)	(11,140)

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.

Notes to financial statements

For the year ending 31 December 2016

(Amounts expressed in Trinidad & Tobago dollars)

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

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**

In September 2016, the Government of the Republic of Trinidad and Tobago signalled its intent to further divest NGC's shareholding in TTNGL. This divestment is expected to occur in 2017. As at the date of these financial statements no further information on this divesture has been obtained.

Management Proxy Circular

(Pursuant to Section 144 of the Companies Act, Chapter 81:01)

1	Name of Reporting Issuer	Trinidad and Tobago NGL Limited
2	Particulars of Meeting	Annual Meeting of the Company to be held at the Trinidad Hilton, Lady Young Road, Port of Spain, Trinidad on Tuesday, 25 April 2017 at 10:00 a.m.
3	Solicitation	The Management of the Company is required by the Companies Act, 1995 of the laws of Trinidad and Tobago ("the Act") to send, together with the Notice convening the Meeting, Forms of Proxy. By complying with the Act, Management is deemed to be soliciting proxies within the meaning of the Act. This Management Proxy Circular accompanies the Notice of the Annual Meeting and is submitted in connection with the solicitation, by the Management of the Company, of proxies for use at the meeting or any adjournment thereof.
4	Director's statement, if any	No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Chapter 81:01.
5	Auditor's statement submitted pursuant to Section 171(1), if any	Not applicable
6	Shareholder's proposal and or statement submitted pursuant to sections 116(a) and 117(2), if any	No proposals have been submitted
7	Date, Certification and Signature	Aegis Business Solutions Limited Company Secretary 4 April 2017 

Form Of Proxy

Trinidad and Tobago NGL Limited

Company No: 2013091805765

Second Annual Meeting of the Company to be held at the Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad on Tuesday, 25 April 2017 at 10:00 a.m.

Please complete the form of proxy in block letters

I / We, _____

of _____

being a shareholder/s of Trinidad and Tobago NGL Limited,

hereby appoint _____

of _____

or failing him / her _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

_____	_____	_____
Print Name	Signature	Date
_____	_____	_____
Print Name	Signature	Date

Please indicate, with an "X" in the spaces below, how you wish your proxy to vote on the Resolutions listed below. If no such indication is given, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains.

	Be it Resolved :	For	Against
Resolution 1	That the Audited Financial Statements of the Company for the year ended 31 December 2016 and the reports of the Directors and Auditors be received and adopted.		
Resolution 2	That the following person be appointed a Director to the Board of Trinidad and Tobago NGL Limited for a period of 1 year with effect from the conclusion of the Annual Meeting: MR GERRY C. BROOKS		
Resolution 3	That the following person be appointed a Director to the Board of Trinidad and Tobago NGL Limited for a period of 1 year with effect from the conclusion of the Annual Meeting: PROFESSOR ANDREW JUPITER		

Form Of Proxy

Resolution 4	That the following person be appointed a Director to the Board of Trinidad and Tobago NGL Limited for a period of 1 year with effect from the conclusion of the Annual Meeting: MR KENNETH ALLUM		
Resolution 5	That the following person be appointed a Director to the Board of Trinidad and Tobago NGL Limited for a period of 1 year with effect from the conclusion of the Annual Meeting: MR VIVEK CHARRAN		
Resolution 6	That the following person be appointed a Director to the Board of Trinidad and Tobago NGL Limited for a period of 1 year with effect from the conclusion of the Annual Meeting: MR ASHMEER MOHAMED		
Resolution 7	That Deloitte and Touche be re-appointed as Auditors of the Company from the conclusion of the meeting until the conclusion of the next annual meeting before which accounts are laid and that the Directors are authorized to fix the Auditors' remuneration		
Resolution 8	That, the Directors having amended the Company's By-Law No 1, as follows: 1. To allow for the payment of dividends in either TT dollars or US dollars, at the discretion of the Directors, and 2. To align the By-Laws with the Articles of Incorporation, such amendments having been up-loaded to the Company's website, be confirmed.		

Signature(s) _____ Witness(es) _____

Date _____

Notes:

1. In the case of a joint holding, the signature of any holder is sufficient, but the names of all joint holders should be stated.
2. If the appointer is a Corporation, this form must be under its Common Seal or under the hand of an officer or attorney duly authorized by the Corporation.
3. To be valid, this form must be completed and deposited at the Registrar at the address below not less than 48 hours before the time fixed for the holding of the meeting or adjourned meeting.

The Registrar
The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers
63-65 Independence Square, Port of Spain, Trinidad





Trinidad and Tobago NGL Limited

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

Trinidad and Tobago NGL Limited
Orinoco Drive
Point Lisas Industrial Estate
Couva
Tel: (868) 636-1098
Fax: (868) 636-1099
Website: www.ngl.co.tt
Email: ttngl@ngc.co.tt