

# CONSOLIDATED FINANCIAL STATEMENTS

## For year ended 31 December, 2007

### PRESIDENT'S REPORT

Consistent and sustainable growth and profitability are hallmarks of this successful state-owned enterprise.

I am therefore pleased to report that The National Gas Company of Trinidad and Tobago Limited (NGC) continued its outstanding performance and growth path in 2007 with sales turnover exceeding TT\$12 billion and after tax profits exceeding TT\$3 billion for the first time ever.

These results reflect strong performance in NGC's core business of purchase, transportation and sale of natural gas as well as dividend income received from its key strategic investments in the liquefied natural gas (LNG) and natural gas liquids (NGL) business.

I am further pleased to emphasize that NGC continued to maintain its international reputation by having its investment grade credit rating reconfirmed by international and regional rating agencies, that is Standard & Poor's - BBB+; Moody's - A-3; and CariCRIS - Cari AAA.

Frank Look Kin  
President

### AUDITORS' REPORT

We have audited the financial statements of The National Gas Company of Trinidad and Tobago Limited and its subsidiaries for the year ended 31 December, 2007, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 26 November, 2008 we expressed an unqualified audit opinion on the consolidated financial statements from which the summarized financial statements were derived.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the period and of the scope of our audit, the summarized financial statements should be read in conjunction with the consolidated financial statements from which the summarized financial statements were derived and our audit report thereon.

Port of Spain, Trinidad  
26 November, 2008

### CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Trinidad and Tobago dollars)

	Audited 31-Dec-07	Audited 31-Dec-06 Restated
<b>Assets</b>		
Non-current assets	8,587,202	8,198,374
Current assets	13,358,086	10,351,659
Total assets	<u>21,945,288</u>	<u>18,550,033</u>
<b>Equity and Liabilities</b>		
Stated capital	1,752,848	1,752,848
Reserves	1,167,212	1,196,696
Retained earnings	9,692,109	6,340,880
Equity attributable to:		
• Equity holders of the Parent	12,612,169	9,290,424
• Minority interests	261,677	230,333
Total equity	12,873,846	9,520,757
Non-current liabilities	5,453,634	5,563,769
Current liabilities	3,617,808	3,465,507
Total Equity and Liabilities	<u>21,945,288</u>	<u>18,550,033</u>

### CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Trinidad and Tobago dollars)

	Audited 2007	Audited 2006 Restated
Sales	12,876,021	11,274,934
Gross profit	3,921,465	3,283,470
Other operating income	42,161	103,309
Interest and other Investment Income	1,116,051	1,169,786
Share of profit from joint venture	645,788	450,220
Finance costs	(317,851)	(332,650)
Administrative, maintenance and general expenses	(247,132)	(566,667)
Other	(274,031)	(81,482)

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital	Reserve fund	Attributable to Equity Holders of the Parent			Minority interests	Total equity
			Other reserves	Retained earnings	Total		
<b>Balance as at 1 January, 2006</b>	920,766	146,668	1,173,280	5,161,279	7,401,993	172,721	7,574,714
Transfer of depreciation for offshore plant and equipment and pipelines	—	—	(24,104)	24,104	—	—	—
Net gains on available-for-sale financial assets	—	—	(373,509)	—	(373,509)	—	(373,509)
Foreign currency translation	—	—	(17,163)	—	(17,163)	(218)	(17,381)
Total income and expense for the year recognized in equity	—	—	(414,776)	24,104	(390,672)	(218)	(390,890)
Profit for the year	—	—	—	2,579,103	2,579,103	223,185	2,802,288
Total income/expense for the year	—	—	(414,776)	2,603,207	2,188,431	222,967	2,411,398
Increase in share capital	832,082	—	—	(832,082)	—	—	—
Increase in reserve fund	—	291,524	—	(291,524)	—	—	—
Dividends	—	—	—	(300,000)	(300,000)	(165,355)	(465,355)
<b>Balance as at 31 December, 2006 (Restated)</b>	<u>1,752,848</u>	<u>438,192</u>	<u>758,504</u>	<u>6,340,880</u>	<u>9,290,424</u>	<u>230,333</u>	<u>9,520,757</u>
<b>Balance as at 1 January, 2007</b>	1,752,848	438,192	758,504	6,340,880	9,290,424	230,333	9,520,757
Transfer of depreciation for offshore plant and equipment and pipelines	—	—	(24,147)	24,147	—	—	—
Net losses on available-for-sale financial assets	—	—	(35,360)	—	(35,360)	—	(35,360)
Foreign currency translation	—	—	30,023	—	30,023	634	30,657
Total income and expense for the year recognized in equity	—	—	(29,484)	24,147	(5,337)	634	(4,703)
Profit for the year	—	—	—	3,327,082	3,327,082	240,407	3,567,489
Total income/expense for the year	—	—	(29,484)	3,351,229	3,321,745	241,041	3,562,786
Dividends	—	—	—	—	—	(209,697)	(209,697)
<b>Balance as at 31 December, 2007</b>	<u>1,752,848</u>	<u>438,192</u>	<u>729,020</u>	<u>9,692,109</u>	<u>12,612,169</u>	<u>261,677</u>	<u>12,873,846</u>

	Audited 2007	Audited 2006 Restated
Profit before tax	4,886,451	4,025,986
Income tax expense	(1,318,962)	(1,223,698)
Profit for the year	<u>3,567,489</u>	<u>2,802,288</u>
Attributable to:		
• Equity holders of the parent	3,327,082	2,579,103
• Minority interest	240,407	223,185
	<u>3,567,489</u>	<u>2,802,288</u>

### CONSOLIDATED CASH FLOW STATEMENT

(Expressed in thousands of Trinidad and Tobago dollars)

	Audited 2007	Audited 2006 Restated
<b>Cash flows from operating activities</b>		
Net profit for the year	4,886,451	4,025,986
Adjustments for non-cash items	(379,762)	(641,817)
Operating profit before working capital	4,506,689	3,384,169
Changes in working capital	(447,976)	(1,009,790)
Cash generated from operations	4,058,713	2,374,379
Net taxation, interest and pension contributions paid	(1,384,514)	(1,161,387)
Net cash generated from operating activities	2,674,199	1,212,992
Net cash used in investing activities	(3,001,947)	(2,080,865)
Net cash generated from financing activities	(573,650)	2,190,021
Net increase in cash and cash equivalents	(901,398)	1,322,148
Net foreign exchange differences	11,198	(20,433)
Cash and cash equivalent beginning of year	2,759,766	1,458,051
Cash and cash equivalent end of year	<u>1,869,566</u>	<u>2,759,766</u>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Expressed in thousands of Trinidad and Tobago dollars)

#### 1. Incorporation and business activities

The National Gas Company of Trinidad and Tobago Limited and its subsidiaries ("the Company") is a diversified company primarily engaged in the purchase, transmission and distribution of natural gas in Trinidad and Tobago. The Company is wholly owned by the Government of Trinidad and Tobago. The Company's registered office is located at Orinoco Drive, Point Lisas Industrial Estate, Point Lisas, Trinidad.

The Company's significant subsidiaries and joint ventures are as follows:

Name of Company	Country of Incorporation	Percentage Equity Interest
<b>Subsidiary Companies</b>		
National Energy Corporation of Trinidad and Tobago Limited (NEC)	Trinidad and Tobago	100
NGC Pipeline Company Limited	Trinidad and Tobago	100
Trinidad and Tobago LNG Limited	Trinidad and Tobago	100
La Brea Industrial Development Company Limited (LABIDCO)	Trinidad and Tobago	83
NGC NGL Company Limited	Trinidad and Tobago	80
NGC Trinidad and Tobago LNG Company Limited	Trinidad and Tobago	62.16
<b>Associated Company</b>		
Trinidad and Tobago Marine Petroleum Company Limited (TRINTOMAR)	Trinidad and Tobago	20
<b>Joint Venture</b>		
Phoenix Park Gas Processors Limited	Trinidad and Tobago	41
<b>Others</b>		
Atlantic 1 Holding LLC	United States of America	6.2
Atlantic LNG 4 Company of Trinidad and Tobago Unlimited	Trinidad and Tobago	11.11

#### 2. Stated capital

	2007	2006
<b>Authorized</b>		
An unlimited number of ordinary shares of no par value <b>issued and fully paid</b>		
1,752,848,000 ordinary shares of no par value	<u>1,752,848</u>	1,752,848
(2006: 920,766,000)		