



Kenneth Allum
Director

Sham Mahabir
(resigned w/e April 30, 2018)

Prof. Andrew Jupiter
(resigned w/e December 31, 2018)

Prof. Gerry C. Brooks
Chairman

Marcus Ganness
Director



**THE NATIONAL GAS COMPANY
OF TRINIDAD AND TOBAGO LIMITED**

Sustainability through Technology and People

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

I am pleased to report that The National Gas Company of Trinidad and Tobago Limited (NGC) recorded a Group profit after tax of \$2.327 billion for 2018. This represents an increase of \$1.338 billion or 135% above the 2017 profit after tax of \$989 million which follows a 37% growth for 2017 over 2016.

The Group's improved profitability was attributable to the ongoing execution of the strategic plan to re-engineer the business to drive new levels of productivity, improvements in commodity prices and partial settlement of the Investment Note Certificates that the Company held in the Clico Investment Bank.

In 2018, several critical initiatives were progressed to ensure gas supply certainty and deepen our country's gas-based recovery. Collaborative work with upstream companies continued with local gas supply being enhanced when Shell completed the Starfish drilling programme. First gas was achieved in May 2018. A supply agreement was also executed with De Novo, a new player providing gas from one of several identified marginal fields. NGC has a 20% share in Iguana. This reaffirms our confidence in the potential of this strategic pillar. Excellent progress and continued collaboration is occurring with all upstream companies. Negotiations for the renewal of the domestic Gas Supply Agreement with Shell also progressed to a very advanced stage and were completed in 2019.

The importance of NGC's role as aggregator was again underscored when in November 2018, a major producer went offline and there were serious threats to ongoing plant operations. As aggregator, NGC through shrewd planning and collaborative engagement with other suppliers, was able to increase deliveries to ensure all plants remained online.

I am equally pleased to report that NGC also successfully completed negotiations on several PetChem Agreements. These included a new gas supply contract with Nutrien (formally PCS Nitrogen which is a five-plant complex). Gas supply contracts were also executed with Nitrogen (2000) Unlimited (N2000) and Caribbean Nitrogen Company Limited (CNC). The latter followed initial public agitation but was ultimately

resolved in a mutually satisfactory manner and without detriment to the people of Trinidad and Tobago.

The NGC Group continues to be focused on renewables and energy efficiency, and developed projects which are execution ready. Through National Energy, a Super ESCO Project has been launched to improve energy efficiency in the manufacturing sector. NGC CNG continues to lead the transition to a greener transportation environment while helping to meet COP 21 obligations. The investments made by NGC CNG are yielding positive macroeconomic benefits with 17 refuelling stations and 18 OEM CNG models available to the public. Double-digit increases have again been registered in CNG fuel conversions. Construction work has also commenced on the largest CNG station in the region, strategically located at the entrance to the Point Lisas Industrial Estate.

Internationally, the Group continues to focus on expansion and acquisition opportunities internationally to grow value along the gas value chain. Hemispherically, we have progressed our relationship with Ghana and Mozambique with the signing of Technical Services Agreements with Ghana Gas and Empresa Nacional de Hidrocarbonetos (ENH) to provide consultancy services. It is proposed to open an office in Guyana in 2019 while marketing initiatives are afoot in Cuba, Suriname and other jurisdictions.

The NGC Group's strategy will continue to focus on gas supply certainty and operational excellence in the face of expected price cyclicity. Pursuit of synergistic and inorganic growth opportunities and the deepening of our marketing thrust is a critical anchor for future consistent growth. Guided by our four strategic pillars, our focus on digitisation and efficiency, the commitment of our staff and Board whom I thank, the Group is cautiously optimistic about our prospects for the future.

Prof. Gerry C. Brooks
Chairman
30th June 2019

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

**To the shareholders of The National Gas Company of
Trinidad and Tobago Limited**

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2018, the summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity, summary consolidated statement of cash flows for the year then ended and related notes are derived from the audited consolidated financial statements of The National Gas Company of Trinidad and Tobago Limited and its subsidiaries ('the Group') for the year ended 31 December 2018.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of the Group. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28th June 2019.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

Deloitte & Touche
Derek Mohammed, (ICATT #864)
Port of Spain, Trinidad
28th June 2019



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SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

(Expressed in Trinidad and Tobago dollars)

	2018 \$'000	2017 \$'000
Assets		
Non-current assets	31,632,308	27,528,503
Current assets	11,688,567	15,907,688
Total assets	43,320,875	43,436,191
Equity and liabilities		
Share capital	1,855,266	1,855,266
Reserve fund	438,192	438,192
Other reserves	6,229,465	5,382,847
Retained earnings	17,805,997	16,550,972
Equity attributable to:		
- Owners of the parent	26,328,920	24,227,277
- Non-controlling interest	2,820,156	2,786,415
Total equity	29,149,076	27,013,692
Non-current liabilities	9,727,138	9,582,222
Current liabilities	4,444,661	6,840,277
Total equity and liabilities	43,320,875	43,436,191

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Trinidad and Tobago dollars)

	2018 \$'000	2017 \$'000
Revenue	16,004,936	13,880,519
Profit before interest, tax and other income	3,011,577	1,871,305
Interest and other investment income	1,109,187	536,930
Finance costs	(202,949)	(146,421)
Share of loss from associate	(6,007)	(10,138)
Profit before taxation	3,911,808	2,251,676
Taxation	(1,584,619)	(1,262,476)
Profit for the year after taxation	2,327,189	989,200
Other comprehensive income, net of taxes:		
Items that will not be reclassified subsequently to profit or loss	71,439	66,265
Items that may be reclassified subsequently to profit or loss	(233,539)	(18,501)
Total other comprehensive income for the year, net of tax	(162,100)	47,764
Total comprehensive income for the year	2,165,089	1,036,964
Total comprehensive income for the year		
Attributable to:		
- Owners of the parent	1,895,367	851,338
- Non-controlling interests	269,722	185,626
Total comprehensive income for the year	2,165,089	1,036,964

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Trinidad and Tobago dollars)

	Attributable to Equity Holders of the Parent				Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve fund \$'000	Other reserves \$'000	Retained earnings \$'000			
Year ended 31 December 2017							
Balance as at 1 January 2017	1,855,266	438,192	5,425,791	17,008,162	24,727,411	2,106,648	26,834,059
Profit for the year after taxation	-	-	-	805,617	805,617	183,583	989,200
Other comprehensive income for the year, net of tax	-	-	38,548	7,173	45,721	2,043	47,764
Transfer of depreciation for offshore plant and equipment and pipelines	-	-	(81,492)	81,492	-	-	-
Disposal of partial interest in subsidiary	-	-	-	70,736	70,736	720,751	791,487
Dividends	-	-	-	(1,422,208)	(1,422,208)	(226,610)	(1,648,818)
Balance as at 31 December 2017	1,855,266	438,192	5,382,847	16,550,972	24,227,277	2,786,415	27,013,692
Year ended 31 December 2018							
Balance as at 1 January 2018	1,855,266	438,192	5,382,847	16,550,972	24,227,277	2,786,415	27,013,692
Effect of adoption of new accounting standards	-	-	1,333,435	57,526	1,390,961	39,637	1,430,598
Balance as at 1 January 2018 (restated)	1,855,266	438,192	6,716,282	16,608,498	25,618,238	2,826,052	28,444,290
Profit for the year after taxation	-	-	-	2,059,595	2,059,595	267,594	2,327,189
Other comprehensive income for the year, net of tax	-	-	(163,090)	(1,139)	(164,229)	2,129	(162,100)
Revaluation reserve	-	-	(129,137)	-	(129,137)	(40,434)	(169,571)
Transfer of gain on disposal of equity investments	-	-	(94,752)	94,752	-	-	-
Transfer of depreciation for offshore plant and equipment and pipelines	-	-	(99,838)	99,838	-	-	-
Dividends	-	-	-	(1,055,547)	(1,055,547)	(235,185)	(1,290,732)
Balance as at 31 December 2018	1,855,266	438,192	6,229,465	17,805,997	26,328,920	2,820,156	29,149,076

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SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Trinidad and Tobago Dollars)

	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Profit before tax	3,911,808	2,251,676
Adjustment for non-cash items	817,262	894,231
Operating profit before working capital changes	4,729,070	3,145,907
Changes in working capital	(718,261)	(627,375)
Cash generated from operations	4,010,809	2,518,532
Net taxation, interest and pension contributions paid	(969,151)	(670,591)
Net cash generated from operating activities	3,041,658	1,847,941
Net cash (used in)/generated from investing activities	(1,168,686)	1,847,654
Net cash used in financing activities	(1,480,455)	(1,831,933)
Net increase in cash and cash equivalents	392,517	1,863,662
Net foreign exchange differences	10,874	19,071
Cash and cash equivalents at beginning of year	6,434,290	4,551,557
Cash and cash equivalents at end of year	6,837,681	6,434,290

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Trinidad and Tobago Dollars)

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of the National Gas Company of Trinidad and Tobago Limited and its subsidiaries for the year ended 31 December 2018 prepared in accordance with International Financial Reporting Standards.



MEMBERS OF THE NGC GROUP OF COMPANIES