

Summary Consolidated Financial Statements for the Year Ended 31 December 2020

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

On 22 March 2020, Trinidad and Tobago closed its international borders and suspended all commercial flights into the country. This action signalled our recognition that Covid-19 had arrived, and also indicated that major changes were required in the way we worked to facilitate business continuity, safely. I am pleased to report that The NGC Group ('The Group') has successfully transitioned to the "new normal" and embraced the future of work. Business continuity in 2020 could not have been possible without the dedication and tireless service of the management and staff across all companies. I extend sincere gratitude to all for the effort invested in maintaining operations despite all the challenges.

The pandemic and the move from fossil fuels to renewables represented two significant changes to which the Company responded. Innovation enabled by technology has played a major role in redefining the success models that we are building. We have noted changes that we must respond to in order to continue to add value in the new global energy market. Our analysis tells us that in the drive to reduce carbon emissions, there is a global move from fossil fuels as the primary energy source to cleaner fuel sources, including gas. Our new focus, therefore, includes being market-driven instead of production-driven, moving from fossil fuel energy to a focus on clean energy, renewables and energy efficiency, and reducing levels of greenhouse gas (GHG) emissions to a future carbon neutral world.

In our strategic review of the business, we have continued our focus on the emerging challenges, which include the ever-present Covid-19, that has resulted in a slowdown of activities; the global oversupply, which has resulted in lower petrochemical prices; the requirement to balance global energy demand against reduction in GHG emissions; increasing competition in shale gas resources and our aging plants locally competing with newer plants emerging internationally. We have also identified areas of the business where value leakage is present and we are working with the government and other stakeholders to address such issues, including the Trinidad and Tobago Electricity Commission (T&TEC) matter.

Our goal as we embark on the new normal is to achieve our objective of being an integrated international energy company, the results of which we believe will achieve for Trinidad and Tobago, integration across the natural gas value chain, sustainability of the business and transition to the green energy agenda. The difficult conditions of 2020 have spurred the Group to accelerate several transformation initiatives for a more sustainable future.

Bolstering our outlook, future sustainability, and performance in 2020 were:

- The development of the Ruby Field in which NGC has a 31.54% interest
- The completion of the acquisition of Twin Eagle Liquids Marketing LLC, USA by Phoenix Park Gas Processors Limited (PPGPL)
- Advancement of digital transformation initiatives within several areas of operations throughout The Group
- Live launch of National Energy's ttEngage Online Investor Platform – a fully digital

solution for business development in the energy-based downstream sector in Trinidad and Tobago


- Integration of the Green Agenda in support of the Paris Agreement and national climate action targets through strategic partnerships with academia and industry, education initiatives and support/exploration of renewable energy projects
- Progression of NGC's MOU with Ghana through the execution of a contract to design, build and commission a Pressure Regulator Skid in Takoradi, Western Ghana

These signal that The Group is not just reinforcing its operational foundations but is acting decisively to grow both its business and broader developmental impact. They also frame the trajectory of The Group's strategic objectives for 2021 and beyond.

With the public health measures designed to slow the spread of the virus, came a corresponding suppression of demand, disruption of supply chains and a domino effect across the productive sector. These factors catapulted economies into deep recession. Prices of oil, liquefied natural gas (LNG), ammonia, methanol and natural gas liquids (NGLs) plummeted to the lowest levels seen since the 2008 financial market crash. For the national economy, this meant a sharp decline in foreign exchange earnings and government revenue.

The Group recorded a loss of TT\$2.1B for the financial year ended 31 December 2020, as compared to a restated profit of TT\$482M in 2019. Included in this loss are provisions for exceptional items at a total cost of TT\$4.2B that are specific to 2020 and should not impact the organisation to this extent in future years. The Group recorded a profit of TT\$1.2B before exceptional items, interest and share of associate performance compared with TT\$0.8B in the prior year. In 2020, NGC conducted a review of its current contracts and a valuation of the Company's pipeline infrastructure, the results of which resulted in exceptional charges to the profit and loss in 2020. A review of contracts was conducted to determine if the obligations under the contracts exceeded the economic benefits expected to be received and this resulted in a provision of TT\$2.1B for a contract that became effective in 2020. Additionally, a charge of TT\$1.6B was recorded to profit and loss following a revaluation of pipeline infrastructure with a further \$1.6B reduction of the previous revaluation surplus.

I wish to take this opportunity to express my gratitude to all in The NGC Group – employees and management. I thank my fellow Board members for their support in the ongoing transformation process. Going forward, the aim of The Group is to foster organic growth, sustained financial performance and create long-term, exceptional value for our shareholders and the people of Trinidad and Tobago.



Conrad Enill
Chairman

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2020, the 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 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 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and our Report thereon

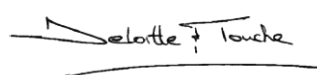
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 31 May 2021.

Management's Responsibility for the Summary Financial Statements

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

Auditors' 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
Daryl Walcott-Grappie (ICATT #1248)
Trinidad
21 June 2021



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

Summary Consolidated Financial Statements for the Year Ended 31 December 2020

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(Expressed in Trinidad and Tobago dollars)

	2020 \$'000	Restated 2019 \$'000	Restated 1-Jan-19 \$'000
Assets			
Non-current assets	27,680,891	30,622,371	31,806,310
Current assets	10,452,158	11,006,211	11,688,567
Total assets	38,133,049	41,628,582	43,494,877
Equity and liabilities			
Share capital	1,855,266	1,855,266	1,855,266
Reserve fund	438,192	438,192	438,192
Other reserves	4,242,781	5,565,159	6,130,329
Retained earnings	13,032,618	15,125,139	14,836,275
Total equity attributable to owners of the parent	19,568,857	22,983,756	23,260,062
Non-controlling interest	2,504,716	2,622,827	2,820,156
Total equity	22,073,573	25,606,583	26,080,218
Non-current liabilities	12,328,346	12,124,482	12,836,077
Current liabilities	3,731,130	3,897,517	4,578,582
Total equity and liabilities	38,133,049	41,628,582	43,494,877

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Trinidad and Tobago dollars)

	2020 \$'000	Restated 2019 \$'000
(Loss)/profit for the year after taxation	(2,134,603)	482,213
Total other comprehensive loss for the year, net of tax	(1,239,452)	(513,632)
Total comprehensive loss for the year	(3,374,055)	(31,419)
Total comprehensive loss for the year		
Attributable to:		
- Owners of the parent	(3,304,969)	(83,365)
- Non-controlling interests	(69,086)	51,946
	(3,374,055)	(31,419)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Trinidad and Tobago Dollars)

	2020 \$'000	Restated 2019 \$'000
Cash flows from operating activities		
(Loss)/profit before tax	(3,189,905)	603,971
Adjustment for non-cash items	4,683,076	1,316,047
Operating profit before working capital changes	1,493,171	1,920,018
Changes in working capital	(1,056,295)	(1,194,659)
Cash generated from operations	436,876	725,359
Taxation, interest and post-retirement contributions paid	(544,842)	(1,681,302)
Net cash used in operating activities	(107,966)	(955,943)
Net cash generated from/(used in) investing activities	240,267	(1,582,055)
Net cash used in financing activities	(379,453)	(668,440)
Net decrease in cash and cash equivalents	(247,152)	(3,206,438)
Net foreign exchange differences	48,909	(25,541)
Cash and cash equivalents beginning of year	3,605,702	6,837,681
Cash and cash equivalents end of year	3,407,459	3,605,702

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Trinidad and Tobago dollars)

	2020 \$'000	Restated 2019 \$'000
Revenue	11,413,901	13,609,390
Profit before exceptional items, finance cost and share of associate	1,200,665	838,614
Exceptional items	(4,189,642)	-
(Loss)/profit before finance cost and share of associate	(2,988,977)	838,614
Share of loss from associate	(39,185)	(4,513)
Finance cost	(161,743)	(230,130)
(Loss)/profit before taxation	(3,189,905)	603,971
Taxation	1,055,302	(121,758)
(Loss)/profit for the year after taxation	(2,134,603)	482,213
(Loss)/profit attributable to:		
- Owners of the parent	(2,088,252)	418,495
- Non-controlling interests	(46,351)	63,718
	(2,134,603)	482,213

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in Trinidad and Tobago dollars)

	2020 \$'000	Restated 2019 \$'000
Balance as at 1 January	25,606,583	28,042,278
Prior period provisions	-	(1,962,060)
As at 1 January (restated)	25,606,583	26,080,218
(Loss)/profit for the year after taxation	(2,134,603)	482,213
Revaluation reserve	(204,117)	(335,945)
Other comprehensive loss for the year, net of tax	(1,035,335)	(177,687)
Total comprehensive loss for the year	(3,374,055)	(31,419)
Dividends	(158,955)	(442,216)
Balance as at 31 December	22,073,573	25,606,583
Equity attributable to:		
- Owners of the parent	19,568,857	22,983,756
- Non-controlling interests	2,504,716	2,622,827
	22,073,573	25,606,583

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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, summary consolidated statement of 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 2020 prepared in accordance with International Financial Reporting Standards.

