

The National Gas Company of Trinidad And Tobago Limited  
**Consolidated Financial Statements**  
For Year Ended 31 December 2008



**CHAIRMAN'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 2008 with Sales turnover exceeding TT\$17 billion and after tax profits exceeding TT\$3 billion for the second consecutive year.

These results reflected 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 re-confirmed by international and regional rating agencies Standard & Poor's - BBB+, Moody's - A-3 and CariCRIS -Cari AAA.

Malcolm A.Jones  
Chairman

**CONSOLIDATED BALANCE SHEET**

(Expressed in Thousands of Trinidad and Tobago dollars)

|                                | 2008              | 2007              |
|--------------------------------|-------------------|-------------------|
|                                | TT\$              | Restated<br>TT\$  |
| <b>Assets</b>                  |                   |                   |
| Non-Current Assets             | 10,745,231        | 8,674,549         |
| Current Assets                 | <u>14,053,734</u> | <u>13,358,084</u> |
| Total Assets                   | <u>24,798,965</u> | <u>22,032,633</u> |
| <b>Equity and Liabilities</b>  |                   |                   |
| Stated Capital                 | 1,752,848         | 1,752,848         |
| Reserves                       | 974,651           | 1,167,212         |
| Retained Earnings              | <u>12,529,611</u> | <u>9,757,618</u>  |
| Equity attributable to:        |                   |                   |
| - Equity holders of the Parent | 15,257,110        | 12,677,678        |
| - Minority Interests           | <u>315,496</u>    | <u>261,677</u>    |
| Total Equity                   | 15,572,606        | 12,939,355        |
| Non-Current Liabilities        | 5,708,121         | 5,475,472         |
| Current Liabilities            | <u>3,518,238</u>  | <u>3,617,806</u>  |
| Total Equity and Liabilities   | <u>24,798,965</u> | <u>22,032,633</u> |

**AUDITOR'S 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, 2008, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 18 December, 2009 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.

Ernst & Young  
Port of Spain,  
Trinidad

18 December, 2009

**CONSOLIDATED STATEMENT OF INCOME**

(Expressed in Thousands of Trinidad and Tobago dollars)

|  | 2008               | 2007               |
|--|--------------------|--------------------|
|  | TT\$               | Restated<br>TT\$   |
| Sales  | <u>17,744,608</u>  | <u>12,876,021</u>  |
| Gross profit                                   | 6,369,819          | 3,921,465          |
| Other operating income                         | 144,521            | 42,161             |
| Interest and other Investment Income           | 1,400,806          | 1,116,051          |
| Share of profit from joint venture             | 735,197            | 645,788            |
| Finance costs                                  | (509,898)          | (317,851)          |
| Administrative, maintenance & general expenses | (1,690,282)        | (295,714)          |
| Other  | <u>(379,741)</u>   | <u>(214,668)</u>   |
| Profit before tax                              | 6,070,422          | 4,897,232          |
| Income tax expense                             | <u>(2,410,291)</u> | <u>(1,321,657)</u> |
| Profit for the year                            | <u>3,660,131</u>   | <u>3,575,575</u>   |
| Attributable to:                               |                    |                    |
| - Equity holders of the parent                 | 3,397,832          | 3,335,168          |
| - Minority interest                            | <u>262,299</u>     | <u>240,407</u>     |
|  | <u>3,660,131</u>   | <u>3,575,575</u>   |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Thousands of Trinidad and Tobago dollars)

|   | Attributable to Equity Holders of the Parent |                          |                            |                               |                   | Minority interests<br>TT\$'000 | Total equity<br>TT\$'000 |
|---|--|--------------------------|----------------------------|-------------------------------|-------------------|--------------------------------|--------------------------|
|   | Stated capital<br>TT\$'000                   | Reserve fund<br>TT\$'000 | Other reserves<br>TT\$'000 | Retained earnings<br>TT\$'000 | Total<br>TT\$'000 |                                |                          |
| <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                |
| Effect of restatement   | -  | -                        | -                          | 57,423                        | 57,423            | -                              | 57,423                   |
| <b>Balance as at 1 January 2007 (restated)</b>                          | 1,752,848                                    | 438,192                  | 758,504                    | 6,398,303                     | 9,347,847         | 230,333                        | 9,578,180                |
| Transfer of depreciation for offshore plant and equipment and pipelines | -  | -                        | (24,147)                   | 24,147                        | -                 | -                              | -                        |
| Net losses on available-for-sale financial assets                       | -  | -                        | (34,958)                   | -                             | (34,958)          | -                              | (34,958)                 |
| Foreign currency translation  | -  | -                        | 29,621                     | -                             | 29,621            | 634                            | 30,255                   |
| Total income and expense for the year recognized in equity              | -  | -                        | (29,484)                   | 24,147                        | (5,337)           | 634                            | (4,703)                  |
| Profit for the year   | -  | -                        | -                          | 3,335,168                     | 3,335,168         | 240,407                        | 3,575,575                |
| Total income/expense for the year                                       | -  | -                        | (29,484)                   | 3,359,315                     | 3,329,831         | 241,041                        | 3,570,872                |
| Dividends   | -  | -                        | -                          | -                             | -                 | (209,697)                      | (209,697)                |
| <b>Balance as at 31 December, 2007 (restated)</b>                       | <u>1,752,848</u>                             | <u>438,192</u>           | <u>729,020</u>             | <u>9,757,618</u>              | <u>12,677,678</u> | <u>261,677</u>                 | <u>12,939,355</u>        |
| <b>Balance as at 1 January, 2008</b>                                    | 1,752,848                                    | 438,192                  | 729,020                    | 9,757,618                     | 12,677,678        | 261,677                        | 12,939,355               |
| Transfer of depreciation for offshore plant and equipment and pipelines | -  | -                        | (24,161)                   | 24,161                        | -                 | -                              | -                        |
| Net losses on available-for-sale financial assets                       | -  | -                        | (107,786)                  | -                             | (107,786)         | -                              | (107,786)                |
| Foreign currency translation  | -  | -                        | (60,614)                   | -                             | (60,614)          | (1,439)                        | (62,053)                 |
| Total income and expense for the year recognized in equity              | -  | -                        | (192,561)                  | 24,161                        | (168,400)         | (1,439)                        | (169,839)                |
| Profit for the year   | -  | -                        | -                          | 3,397,832                     | 3,397,832         | 262,299                        | 3,660,131                |
| Total income/expense for the year                                       | -  | -                        | (192,561)                  | 3,421,993                     | 3,229,432         | 260,860                        | 3,490,292                |
| Dividends paid  | -  | -                        | -                          | (300,000)                     | (300,000)         | (207,041)                      | (507,041)                |
| Dividends payable   | -  | -                        | -                          | (350,000)                     | (350,000)         | -                              | (350,000)                |
| <b>Balance as at 31 December, 2008</b>                                  | <u>1,752,848</u>                             | <u>438,192</u>           | <u>536,459</u>             | <u>12,529,611</u>             | <u>15,257,110</u> | <u>315,496</u>                 | <u>15,572,606</u>        |

The National Gas Company of Trinidad And Tobago Limited  
**Consolidated Financial Statements**  
 For Year Ended 31 December 2008

**CONSOLIDATED CASH FLOW STATEMENT**

(Expressed in Thousands of Trinidad and Tobago dollars)

|   | 2008        | 2007             |
|---|-------------|------------------|
|   | TT\$        | Restated<br>TT\$ |
| Cash flows from operating activities                  |             |                  |
| Net Profit for the year                               | 6,070,422   | 4,897,232        |
| Adjustments for Non-Cash items                        | 886,685     | (387,932)        |
| Operating profit before working capital               | 6,957,107   | 4,509,300        |
| Changes in working capital                            | (509,606)   | (428,667)        |
| Cash generated from operations                        | 6,447,501   | 4,080,633        |
| Net taxation, interest and pension contributions paid | (1,882,029) | (1,345,816)      |
| Net cash generated from operating activities          | 4,565,472   | 2,734,817        |
| Net cash used in investing activities                 | (4,278,372) | (3,085,750)      |
| Net cash generated from financing activities          | (734,629)   | (573,650)        |
| Net increase in cash and cash equivalents             | (447,529)   | (924,583)        |
| Net foreign exchange differences                      | 25,575      | 34,383           |
| Cash and cash equivalent beginning of year            | 1,869,566   | 2,759,766        |
| Cash and cash equivalent end of year                  | 1,447,612   | 1,869,566        |

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2008**

(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 Group") 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 Group'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**

|  | 2008      | 2007      |
|--|-----------|-----------|
|  | TT\$      | TT\$      |
| <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<br>(2007: 1,752,848) | 1,752,848 | 1,752,848 |