Trinidad and Tobago NGL Limited

Financial statements
31 December 2017

Contents

Trinidad and Tobago NGL Limited

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Trinidad and Tobago NGL Limited, ('the Company') which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date; the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Director	Chief Financial Officer
11 March 2018	11 March 2018

Deloitte.

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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 2017, 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 2017, 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 Matter

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 90.2% 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 $19,499,000. As disclosed in notes 4 and 11, 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)	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.

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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)	
• The discount rates applied to the projected future cash flows. Accordingly, the impairment test of the asset is considered to be a key audit matter. Management have engaged a specialist 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.	• 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. • 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.

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.

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.

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Independent auditor's report (continued)

To the shareholders of Trinidad and Tobago NGL Limited

Auditor's Responsibilities for the Audit of the 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

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
12 March 2018

Trinidad and Tobago NGL Limited

Statement of financial position
As at 31 December 2017
(Expressed in Trinidad and Tobago dollars)

Assets	Notes	2017 $'000	2016 $'000
Non-current assets			
Investment in joint venture	5(b)	3,040,436	2,985,162
Total non-current assets		3,040,436	2,985,162
Current assets			
Dividend receivable	9	19,781	13,155
Cash and cash equivalents	7	310,913	366,080
Total current assets		330,694	379,235
Total assets		**3,371,130**	**3,364,397**
Shareholders' equity and liabilities			
Equity			
Share capital	8	2,772,120	2,772,120
Translation reserve		154,464	146,005
Retained earnings		444,072	442,529
Total shareholders' equity		3,370,656	3,360,654
Current liabilities			
Due to parent company/related party	9	325	3,332
Trade and other payables	6	149	175
Income tax payable		-	236
Total liabilities		474	3,743
Total equity and liabilities		**3,371,130**	**3,364,397**

The accompanying notes on pages 9 to 33 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 11 March 2018.

Chairman

Director

Trinidad and Tobago NGL Limited

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	2017 $'000	2016 $'000
Income			
Share of profit from investment in joint venture	5 (d)	216,560	163,955
Interest Income		608	219
Total income		217,168	164,174
Expenses			
Impairment reversal	11	19,499	17,831
Legal and professional fees		(979)	(704)
Other expenses		(290)	(956)
Profit before taxation		235,398	180,345
Income tax expense	10	(1,655)	(777)
Profit after taxation for the year		233,743	179,568
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Exchange translation differences, net of tax		8,459	165,199
Other comprehensive income for the year		8,459	165,199
Total comprehensive profit for the year		**242,202**	**344,767**
Earnings per share			
Basic (dollars per share)	12	**1.51**	**1.16**
Diluted (dollars per share)	12	**1.51**	**1.16**

The accompanying notes on pages 9 to 33 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of changes in equity
For the year ended 31 December 2017
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Share capital $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
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**
Year ended 31 December 2017					
Balance at 1 January 2017		2,772,120	146,005	442,529	3,360,654
Profit for the year		-	-	233,743	233,743
Other comprehensive income		-	8,459	-	8,459
Dividends	13	-	-	(232,200)	(232,200)
Balance at 31 December 2017		**2,772,120**	**154,464**	**444,072**	**3,370,656**

The accompanying notes on pages 9 to 33 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of cash flows
For the year ended 31 December 2017
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit for the year before taxation		235,398	180,345
Adjustments to reconcile net loss for the year to net cash used in operating activities:			
Impairment reversal		(19,499)	(17,831)
Dividends from joint venture		181,750	181,294
Interest and other investment income		(608)	(219)
Share of income from investment in joint venture		(216,560)	(163,955)
		180,481	179,634
(Decrease)/Increase in amount due to related party		(3,016)	2,172
Decrease in trade and other receivables		-	436,972
Decrease in trade and other payables		(264)	(20,035)
Cash flows from operating activities		177,201	598,743
Taxation paid		(1,655)	(544)
Net cash flow generated from operating activities		175,546	598,199
Cash flows from financing activities			
Dividends paid	13	(232,200)	(232,200)
Net cash used in financing activities		(232,200)	(232,200)
Cash flows from investing activities			
Interest and other investment income		608	219
Net cash generated from investment activities		608	219
Net (decrease)/increase in cash and cash equivalents		(56,046)	366,218
Net foreign exchange differences		879	(138)
Cash and cash equivalents at beginning of year		366,080	-
Cash and cash equivalents at end of year		**310,913**	**366,080**

The accompanying notes on pages 9 to 33 form an integral part of these financial statements.

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').

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

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

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

  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. 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 management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **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 management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

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

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)**

- ***Annual Improvements 2014-2016***

  IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

2.2 **New and revised IFRS in issue but not yet effective**

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

• IFRS 9	Financial instruments[1]
• IFRS 15	Revenue from Contracts with Customers[1]
• IFRS 16	Leases[2]
• IFRS	Annual improvements to IFRS standards 2015 - 2017 cycle[2]
• Amendments to IFRS 2	Classification and Measurement of Share - Based Payments[1]
• Amendments to IFRS 9	Financial instruments[2]
• Amendments to IAS 28	Long-term interests in associates and joint Ventures[2]
• Amendments to IAS 40	Transfers of investment property[1]
• IFRIC 22	Foreign currency transactions and advance Considerations[1]
• IFRIC 23	Uncertainty over income tax treatments[2]

[1] Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **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 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2014 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.

  – 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.

2. **Application of new and revised International Financial Reporting Standards ('IFRS') (continued)**

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **IFRS 9 *Financial Instruments* (continued)**

  – 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 management of the Company anticipates that the application of IFRS 9 in the future may have a material 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 2014, 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 recognize 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. 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: Recognize revenue when (or as) the entity satisfies a performance obligation

  Under IFRS 15, an entity recognizes 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.

2. **Application of new and revised International Financial Reporting Standards ('IFRS') (continued)**

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **IFRS 15 *Revenue from Contracts with Customers (continued)***

  On June 20, 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

  The management of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **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 management of the Company anticipates that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Company performs a detailed review.

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle***

  Makes amendments to the following standards:

  – **IFRS 3** and **IFRS 11** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

2. **Application of new and revised International Financial Reporting Standards ('IFRS') (continued)**

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle* (continued)**

  – **IAS 12** - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

  – **IAS 23** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **Classification and Measurement of Share-based Payment Transactions *(Amendments to IFRS 2)***

  Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- ***Prepayments Features With Negative Compensation (Amendments to IFRS 9)***

  Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- ***Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)***

  Clarifies that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

2. **Application of new and revised International Financial Reporting Standards ('IFRS') (continued)**

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **Amendments to IAS 40, *Transfer of investment property***

  The amendments to IAS 40 *Investment Property*:

  a) Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

  b) The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

  The interpretation addresses foreign currency transactions or parts of transactions where:

  a) there is consideration that is denominated or priced in a foreign currency;

  b) the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and

  c) the prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:

  a) The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

  b) If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **IFRIC 23 *Uncertainty over Income Tax Treatments***

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

  a) Whether tax treatments should be considered collectively
  b) Assumptions for taxation authorities' examinations
  c) The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  d) The effect of changes in facts and circumstances

  The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

3. Summary of significant accounting policies

3.1 Statement of compliance

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

3.2 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.

3. **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 recognizing 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.

c) **Receivables and payables**

Amounts receivable and payable are recognised and carried at cost including amounts with related parties.

3. **Summary of significant accounting policies (continued)**

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 utilized.

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 utilized. 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 realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized 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(a).

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.

3. **Summary of significant accounting policies (continued)**

f) **Foreign currencies (continued)**

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 organized 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.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized 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 amortized 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.

3. Summary of significant accounting policies (continued)

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.

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.

3. **Summary of significant accounting policies (continued)**

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.

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 management 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.

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.

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

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

4.2 **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting period date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

- *Impairment of joint venture*

(Refer to note 5 – Investment in joint venture)

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 authorized 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 Phoenix Park were transferred to the Company. Accordingly, the 39% 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.

Additional Public Offering of Class B Shares of the Company

In June 2017, NGC offered an additional 26% of the Company to the public of 40,248,000 of NGC’s Class B Shares in the Company at an offer price of $21.

5. **Investment in joint venture (continued)**

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

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company
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 31 December 2017 is included below.

	2017 $'000	2016 $'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	2,985,162	2,827,778
Share of profit in joint venture (Note 5 (d))	216,560	163,955
Dividends received (Note 9)	(188,335)	(168,345)
Impairment reversal on investment	19,499	17,831
Exchange rate adjustment	7,550	143,943
Investment in joint venture	**3,040,436**	**2,985,162**

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

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 2017 and audited statements for the year ended 31 December 2016, which have been presented in United States dollars, PPGPL'S functional currency.

	2017 US$'000	2016 US$'000
Statement of financial position of PPGPL		
Cash and cash equivalents	104,079	52,109
Other current assets	80,920	89,674
Total current assets	184,999	141,783
Non-current assets, excluding goodwill	260,374	278,717
Total assets	445,373	420,500
Current financial liabilities	(20,950)	(18,450)
Other current liabilities	(67,662)	(39,098)
Total current liabilities	(88,612)	(57,548)
Non-current financial liabilities	(107,846)	(124,752)
Total liabilities	(196,458)	(182,300)
Net assets	**248,915**	**238,200**

Statement of profit or loss and other comprehensive income of PPGPL	**2017 US$'000**	**2016 US$'000**
Revenue	377,736	300,902
Cost of sales	(181,453)	(139,168)
Interest income	453	150
Other operating expenses (net)	(44,826)	(38,572)
Depreciation and amortization	(22,849)	(22,708)
Interest expense	(1,193)	(1,467)
Profit before taxation	127,868	99,137
Income tax expense	(45,653)	(35,832)
Profit after taxation	82,215	63,305
Other comprehensive income	-	-
Total comprehensive income	**82,215**	**63,305**

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:

	2017 \$'000	**2016 \$'000**
Net assets of PPGPL denominated in US$	248,915	238,200
Exchange rate at reporting date	6.7628	6.7459
Net assets of PPGPL denominated in TT$	1,683,362	1,606,873
Proportion of the Company's ownership interest in the joint venture	39%	39%
39% of net assets of PPGPL	656,511	626,681
Excess of investment over carrying amount of PPGPL's net assets	2,364,426	2,340,650
Impairment reversal on investment in joint venture	19,499	17,831
Carrying amount of the Company's investment in the joint venture	**3,040,436**	**2,985,162**

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

	2017 \$'000	**2016 \$'000**
PPGPL's total profit for the year denominated in US$	82,215	63,305
Average exchange rate for the year ended 31 December	6.7540	6.6408
PPGPL's total profit for the year denominated in TT$	555,280	420,396
Proportion of the Company's ownership investment in joint venture	39%	39%
Share of profit in the joint venture	216,560	163,955
Share of profit from the investment in joint venture	**216,560**	**163,955**

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:

	2017 $'000	2016 $'000
Audit fees	55	55
Sundry payables	94	120
	149	**175**

7. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	**310,913**	**366,080**

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

	2017 $'000	2016 $'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	2,079,090	2,079,090
	2,772,120	**2,772,120**

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 2017 and 31 December 2016.

	2017 $'000	2016 $'000
Amount due to related parties		
The National Gas Company of Trinidad and Tobago Limited: Reimbursement for expenses paid on behalf of the Company	(325)	(1,920)
Phoenix Park Gas Processors Limited: Reimbursement for expenses on behalf of the Company	-	(1,412)
	(325)	**(3,332)**
Dividends receivable		
Phoenix Park Gas Processors Limited	**19,781**	**13,155**
Income/ (expenses) from related parties		
The National Gas Company of Trinidad and Tobago Limited: Dividends paid	**(98,298)**	**(118,422)**
Phoenix Park Gas Processors Limited: Dividends received (Note 5 b)	**188,335**	**168,345**
Key management compensation		
Directors' fees and allowances	**(255)**	**(246)**

10. **Taxation**

The taxation charge consists of the following:

	2017 $'000	2016 $'000
Green fund levy	552	544
Business levy	1,103	233
	1,655	**777**

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

	2017 $'000	2016 $'000
Profit before taxation	**235,398**	**180,345**
Income taxes thereon at the rate of 30% (2016: 25%)	70,619	45,086
Tax effect of items not allowable for tax: Income derived from dividends from investment in PPGPL and not subject to taxation at the corporate rate	(70,619)	(45,086)
Non-deductible expense:		
Green fund levy	552	544
Business levy	1,103	233
	1,655	**777**

11. **Impairment**

	2017 $'000	2016 $'000
Impairment reversal	**19,499**	**17,831**

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 2016, a similar impairment assessment led to the recognition of an impairment reversal of $17.8 million, which has been recognised and separately disclosed on the statement of profit or loss. As with the 2016 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 2017 led to a further partial reversal of $19.5 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.

11. **Impairment (continued)**

Details of the movement in impairment:

Year	Amount
2014	(1,097,880,000)
2015	235,195,000
2016	17,831,000
2017	19,499,000

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 2018 to 2037, and a discount rate of 12.10% 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 2037. The key assumptions used in the value in use calculations are as follows:

- Discount rate of 12.10% (2016: 11.9%)
- Selling prices of NGLs have stabilised in 2017 and are expected to rise in 2018 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 US$45.8 million while a 1% increase in the discount rate results in an impairment loss of US$33.7 million.

- Selling prices of NGLs

  - A 5% increase in the selling prices of NGLs while holding all other variables will increase the impairment reversal to US$31.9 million while a 5% decrease in the selling price results in an impairment loss of US$26.1 million.
  - A 10% increase in the selling prices of NGLs while holding all other variables will increase the impairment reversal to US$60.9 million while a 10% decrease in the selling price results in an impairment loss of US$55.1 million.

12. Earnings per share

	2017 $'000	2016 $'000
Basic earnings per share	**1.51**	**1.16**

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

Profit used in the calculation of basic earnings per share	**233,743**	**179,568**

	Shares '000	Shares '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**154,800**	**154,800**

13. Dividends paid

	2017 $'000	2016 $'000
2015 final dividend - **$1.00** per share	-	154,800
2016 interim dividend - **$0.50** per share	-	77,400
2016 final dividend - **$1.00** per share	154,800	-
2017 interim dividend - **$0.50** per share	77,400	-
	232,200	**232,200**

On 10 March 2017, the Board of Directors declared a final dividend of $1.00 per share for 2016. This final dividend was paid on 12 April 2017.
On 31 July 2017, the Board of Directors declared an interim dividend of $0.50 per share for 2017. This interim dividend was paid on 6 September 2017.

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.

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.

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

Currency risk (continued)

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

As at 31 December 2017	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Dividends receivable	-	19,781	19,781
Cash and cash equivalents	2,500	308,413	310,913
Total assets	**2,500**	**328,194**	**330,694**
Liabilities			
Due to parent company/related party	325	-	325
Trade and other payables	149	-	149
Total liabilities	474	-	474
Net position	**2,026**	**328,194**	**330,220**
As at 31 December 2016			
Assets			
Dividends receivable	-	13,155	13,155
Cash and cash equivalents	1,008	365,072	366,080
Total assets	**1,008**	**378,227**	**379,235**
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)**	**378,227**	**375,492**

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

Currency risk (continued)

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
2017	**3%**	**7,062**
	(3%)	**(7,062)**
2016	**3%**	**5,416**
	(3%)	**(5,416)**

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.

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**

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.