Trinidad and Tobago NGL Limited

Unaudited Financial statements
30 September 2020

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Trinidad and Tobago NGL Limited

Statement of profit or loss and other comprehensive income
For the nine months ended 30 September 2020
(Amounts expressed in Trinidad & Tobago dollars)

Assets	**Notes**	**Unaudited 30-Sep-20 $'000**	**Unaudited 30-Sep-19 $'000**	**Audited 31-Dec-19 $'000**
Non-current assets				
Investment in joint venture	5(b)	3,165,461	3,071,247	3,134,488
Total non-current assets		**3,165,461**	**3,071,247**	**3,134,488**
Current assets				
Taxation recoverable		341	315	315
Cash and cash equivalents	7	107,769	146,653	147,073
Total current assets		**108,110**	**146,968**	**147,388**
Total assets		**3,273,571**	**3,218,215**	**3,281,876**
Shareholders' equity and liabilities				
Equity				
Share capital	8	2,772,120	2,772,120	2,772,120
Translation reserve		153,577	139,261	153,435
Retained earnings		346,840	306,313	355,585
Total shareholders' equity		**3,272,537**	**3,217,694**	**3,281,140**
Current liabilities				
Due to parent company/related party	9	270	38	119
Trade and other payables	6	764	483	617
Total liabilities		**1,034**	**521**	**736**
Total equity and liabilities		**3,273,571**	**3,218,215**	**3,281,876**

The accompanying notes on pages 5 to 26 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 10 November 2020.

Director

Director

The accompanying notes on pages 5 to 26 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of profit or loss and other comprehensive income
For the nine months ended 30 September 2020
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Unaudited Nine Months Ended 30-Sep-20 $'000	Unaudited Nine Months Ended 30-Sep-19 $'000	Audited Year Ended 31-Dec-19 $'000
Income				
Share of profit from investment in joint venture	5 (d)	30,770	80,415	90,258
Interest income		182	313	388
Foreign exchange gain		117	1,009	923
Total income		**31,069**	**81,737**	**91,569**
Expenses				
Impairment reversal	11	-	-	40,005
Legal and professional fees		(662)	(757)	(1,056)
Other expenses		(450)	(577)	(702)
Profit before taxation		29,957	80,403	129,816
Income tax expense	10	(2)	(307)	(308)
Profit after taxation		**29,955**	**80,096**	**129,508**
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
Exchange translation differences, net of tax		142	(23,419)	(9,245)
Other comprehensive income/(loss)		142	(23,419)	(9,245)
Total comprehensive income		**30,097**	**56,677**	**120,263**
Earnings per share				
Basic (dollars per share)	12	**0.19**	**0.52**	**0.84**

The accompanying notes on pages 5 to 26 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of cash flows
For the nine months ended 30 September 2020
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Share capital $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
Unaudited nine months ended 30 September 2020					
Balance at 1 January 2020		**2,772,120**	**153,435**	**355,585**	**3,281,140**
Profit for the period		-	-	29,955	29,955
Other comprehensive income		-	142	-	142
Dividends	13	-	-	(38,700)	(38,700)
Balance at 30 September 2020		**2,772,120**	**153,577**	**346,840**	**3,272,537**
Unaudited nine months ended 30 September 2019					
Balance at 1 January 2019		2,772,120	162,680	458,417	3,393,217
Profit for the period		-	-	80,096	80,096
Other comprehensive income		-	(23,419)	-	(23,419)
Dividends	13	-	-	(232,200)	(232,200)
Balance at 30 September 2019		**2,772,120**	**139,261**	**306,313**	**3,217,694**
Audited year ended 31 December 2019					
Balance at 31 December 2018		2,772,120	162,680	458,417	3,393,217
Net impact of adopting IFRS 16 in joint venture		-	-	(140)	(140)
Balance at 1 January 2019		**2,772,120**	**162,680**	**458,277**	**3,393,077**
Profit for the year		-	-	129,508	129,508
Other comprehensive loss		-	(9,245)	-	(9,245)
Dividends	13	-	-	(232,200)	(232,200)
Balance at 31 December 2019		**2,772,120**	**153,435**	**355,585**	**3,281,140**

The accompanying notes on pages 5 to 26 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of cash flows
For the nine months ended 30 September 2020
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Unaudited Nine Months Ended 30-Sep-20 $'000	Unaudited Nine Months Ended 30-Sep-19 $'000	Audited Year Ended 31-Dec-19 $'000
Cash flows from operating activities				
Profit for the year before taxation		29,957	80,403	129,816
Adjustments to reconcile net profit for the period to net cash used in operating activities:				
Impairment reversal		-	-	(40,005)
Dividends from joint venture		-	101,573	101,573
Interest and other investment income		(182)	(313)	(388)
Share of income from investment in joint venture		(30,770)	(80,415)	(90,258)
		(995)	101,248	100,738
Increase/(decrease) in amount due to related party		151	(199)	(118)
Increase in trade and other payables		173	458	592
Cash flows from operating activities		(671)	101,507	101,212
Taxation paid		(28)	(307)	(308)
Net cash flow (used in)/generated from operating activities		(699)	101,200	100,904
Cash flows from financing activities				
Dividends paid	13	(38,700)	(232,200)	(232,200)
Net cash used in financing activities		(38,700)	(232,200)	(232,200)
Cash flows from investing activities				
Interest and other investment income		182	313	388
Net cash generated from investment activities		182	313	388
Net decrease in cash and cash equivalents		(39,217)	(130,687)	(130,908)
Net foreign exchange differences		(87)	(1,546)	(905)
Cash and cash equivalents at beginning of year		147,073	278,886	278,886
Cash and cash equivalents at end of period		**107,769**	**146,653**	**147,073**

The accompanying notes on pages 5 to 26 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.

The Company is a subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) which has 25% controlling interest. NGC is owned by the Government of the Republic of Trinidad and Tobago ('GORTT'). The remainder of the shares are listed on the Trinidad and Tobago Stock Exchange and are publicly traded.

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

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 new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

- **IFRS 17 *Insurance Contracts***

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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

- **Amendments to IFRS 3 Definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The management of the Company does not anticipate that the application of these amendments will have an 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)**

- **Amendments to IAS 1 and IAS 8 Definition of material**

  The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

  The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

  The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

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

- **Amendments to References to the Conceptual Framework in IFRS Standards**

  Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

  Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

  The management of the Company does not anticipate that the application of these amendments will have an 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 10 Consolidated Financial Statement and IAS 28 (amendments) — Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[1]

[1] Effective date of the amendments has yet to be set by the IASB; however earlier application of the amendments is permitted.

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

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

- **Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

  The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

  Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  The effective date of the amendments has yet to be set by the IASB; however earlier application of the amendments is permitted.

  The management of the Company does not anticipate that the application of these amendments will have an 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 IFRS 16, 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.

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

3.2 **Basis of preparation (continued)**

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.

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. Dividends received from the joint venture reduces the carrying value of the investment in joint venture.

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.

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 recognising 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.

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

3.2 **Basis of preparation (continued)**

a) **Investment in joint venture (continued)**

Impairment of the investment in the joint venture

The requirements of IAS 28 are applied to determine whether there is any objective evidence that its net investment in the joint venture is impaired. 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 amortised 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 initially recognised at fair value and subsequently at amortised cost.

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 utilised.

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 utilised. 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 realised.

3. Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

d) Taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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.

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.

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.

3. Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

g) Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified and subsequently measured based on the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

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 organised 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 applies the forward- looking expected credit loss (ECL) approach to assess whether a financial asset or group of financial assets may be impaired.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') for which a 12-month ECL is recognised

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') for which 'lifetime expected credit losses' are recognised.

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

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

3.2 **Basis of preparation (continued)**

h) **Impairment of financial assets (continued)**

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets [POCI])

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)

3.2 Basis of preparation (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.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, 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 management 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 authorised 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.

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 30 September 2020, 30 September 2019 and 31 December 2019 are included below.

Share of PPGPL's assets/liabilities:	**September 2020 $'000**	**September 2019 $'000**	**December 2019 $'000**
Movement in investment in joint venture during the reporting period			
Investment in joint venture as at 1 January	3,134,488	3,097,751	3,097,751
Share of impact adopting IFRS 16 in joint venture (Note 5(d))	-	-	(140)
Restated balance	3,134,488	3,097,751	3,097,611
Share of profit in joint venture	30,770	80,415	90,258
Dividends received (Note 9)	-	(85,058)	(85,058)
Impairment reversal on investment	-	-	40,005
Exchange rate adjustment	203	(21,861)	(8,328)
Investment in joint venture	**3,165,461**	**3,071,247**	**3,134,488**

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 unaudited financial statements for the nine months ended 30 September 2020 and 30 September 2019 and audited financial statements for the year ended 31 December 2019 which have been presented in United States dollars, PPGPL'S functional currency.

	September 2020 US$'000	**September 2019 US$'000**	**December 2019 US$'000**
Statement of financial position of PPGPL			
Cash and cash equivalents	79,876	63,584	77,485
Other current assets	84,826	104,917	99,319
Total current assets	164,702	168,501	176,804
Non-current assets, excluding goodwill	217,687	233,324	233,904
Total assets	382,389	401,825	410,708
Current financial liabilities	(6,725)	(13,450)	(13,450)
Other current liabilities	(41,609)	(49,604)	(55,996)
Total current liabilities	(48,334)	(63,054)	(69,446)
Non-current financial liabilities	(56,938)	(77,207)	(75,833)
Total liabilities	(105,272)	(140,261)	(145,279)
Net assets	**277,117**	**261,564**	**265,429**
Statement of profit or loss and other comprehensive income of PPGPL			
Revenue	218,753	230,949	307,273
Cost of sales	(151,368)	(127,641)	(169,274)
Interest income	176	862	1,040
Other operating expenses (net)	(30,150)	(37,643)	(57,817)
Depreciation and amortisation	(18,330)	(17,477)	(24,187)
Interest expense	(1,028)	(456)	(1,618)
Profit before tax	18,053	48,594	55,417
Income tax expense	(6,365)	(18,072)	(21,158)
Profit after tax	**11,688**	**30,522**	**34,259**
Other comprehensive income	-	-	-
Total comprehensive income	**11,688**	**30,522**	**34,259**
Impact of adopting new IFRS in retained earnings			
Impact of IFRS 16	**-**	**-**	**(53)**

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

d) Reconciliation of the below summarised financial information to the carrying amount of the investment in the joint venture recognised in the Company's financial statements:

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Net assets of PPGPL denominated in US$	277,117	261,564	265,429
Exchange rate at reporting date	6.7626	6.7328	6.7624
Net assets of PPGPL denominated in TT$	1,874,031	1,761,058	1,794,937
Proportion of the Company's ownership interest in the joint venture	39%	39%	39%
39% of net assets of PPGPL	730,872	686,813	700,025
Excess of investment over carrying amount of PPGPL's net assets	2,434,589	2,384,434	2,394,458
Impairment reversal on investment in joint venture	-	-	40,005
Carrying amount of the Company's investment in the joint venture	**3,165,461**	**3,071,247**	**3,134,488**

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

	September 2020 $'000	September 2019 $'000	December 2019 $'000
PPGPL's total profit for the period denominated in US$	11,688	30,522	34,259
Average exchange rate for the period ended	6.7503	6.7555	6.7553
PPGPL's total profit for the period denominated in TT$	78,898	206,191	231,430
Proportion of the Company's ownership investment in joint venture	39%	39%	39%
Share of profit in the joint venture	30,770	80,415	90,258
Share of profit from the investment in joint venture	**30,770**	**80,415**	**90,258**

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

d) Share of adopting new IFRS in joint venture

Reconciliation of the above summarised financial information to the share of adopting IFRS 16 in the joint venture recognised in the Company's financial statements:

	September 2020 $'000	September 2019 $'000	December 2019 $'000
PPGPL's impact of adopting IFRS denominated in US$	-	-	(53)
Average exchange rate for the period ended 31 December	6.7516	6.7555	6.7553
PPGPL's impact of adopting IFRS 9 denominated in TT$	-	-	(358)
Proportion of the Company's ownership investment in joint venture	39%	39%	39%
Share of impact of adopting IFRS in the joint venture	**-**	**-**	**(140)**

The joint venture has not restated the comparative information. Differences arising from the adoption of IFRS 16, have been recognised directly in retained earnings in the joint venture.

The table below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 December 2018.

Impact of IFRS 16 Leases

Impact on asset, liabilities and equity as at 1 January 2019	**Balance as at 31-Dec-2018**	**IFRS 16 adjustments**	**Balance as at 1-Jan-2019**
	$'000	**$'000**	**$'000**
Investment in joint venture	3,097,751	(140)	3,097,611
Retained earnings	458,417	(140)	458,277

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:

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Audit fees	-	-	84
Dividend refunded by Registrar -due to shareholders	640	465	514
Sundry payables	124	18	19
	764	**483**	**617**

7. **Cash and cash equivalents**

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Cash at bank and on hand	**107,769**	**146,653**	**147,073**

Cash at bank earns interest at a fixed rate 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

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Issued and fully paid:			
38,700,000 ordinary 'A' shares of no par value	693,030	693,030	693,030
116,100,000 ordinary 'B' shares of no par value	2,079,090	2,079,090	2,079,090
	2,772,120	**2,772,120**	**2,772,120**

9. **Related party balances and transactions**

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the nine months ended 30 September 2020 and 30 September 2019 and year ended 31 December 2019.

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Amount due to related parties			
The National Gas Company of Trinidad and Tobago Limited:			
Reimbursement for expenses paid on behalf of the Company	**(270)**	**(38)**	**(119)**
Income/ (expenses) from related parties			
The National Gas Company of Trinidad and Tobago Limited:			
Dividends paid	**(9,675)**	**(58,050)**	**(58,050)**
Phoenix Park Gas Processors Limited:			
Dividends received (Note 5 b)	**-**	**85,058**	**85,058**
Key management compensation			
Directors' fees and allowances	**(187)**	**(136)**	**(252)**

10. Taxation

	September 2020 $'000	September 2019 $'000	December 2019 $'000
a) The taxation charge consists of the following:			
Green fund levy	1	305	306
Business levy	1	2	2
	2	**307**	**308**

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

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Profit before taxation	**29,957**	**80,403**	**129,816**
Income taxes at the rate of 30%:	8,987	24,121	38,945
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	(8,987)	(24,121)	(38,945)
Non-deductible expense:			
Green fund levy	1	305	306
Business levy	1	2	2
	2	**307**	**308**

11. Impairment

	September 2020 $'000	September 2019 $'000	December 2019 $'000
Impairment reversal	**-**	**-**	**40,005**

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 2018, a similar impairment assessment led to the recognition of an impairment reversal of $10.568 million, which has been recognised and separately disclosed on the statement of profit or loss. As with the 2018 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.

11. **Impairment (continued)**

The impairment assessment for 2019 led to a further partial reversal of $40.005 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.

Details of the movement in impairment:

Year	TT$'000
2014	(1,097,880)
2015	235,195
2016	17,831
2017	19,499
2018	10,568
2019	40,005

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 2020 to 2039, and a discount rate of 10.94% 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 2039. The key assumptions used in the value in use calculations are as follows:

- Discount rate of 10.94% (2018: 11.86%)
- Selling prices of NGLs are expected to show some volatility is expected to 2022. 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$45.121 million while a 1% increase in the discount rate results in an impairment loss of US$28.635 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$32.582 million while a 5% decrease in the selling price results in an impairment loss of US$20.737 million.
  - A 10% increase in the selling prices of NGLs while holding all other variables will increase the impairment reversal to US$59.242 million while a 10% decrease in the selling price results in an impairment loss of US$47.397 million.

12. Earnings per share

	September 2020	September 2019	December 2019
Basic earnings per share	$ 0.19	$ 0.52	$ 0.84

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

	$'000	$'000	$'000
Profit used in the calculation of basic earnings per share	29,955	80,096	129,508
	Shares '000	**Shares '000**	**Shares '000**
Weighted average number of ordinary shares for the purposes of basic earnings per share	154,800	154,800	154,800

13. **Dividends**

		September 2020 $'000	September 2019 $'000	December 2019 $'000
2018 final dividend	- **$1.00** per share	-	154,800	154,800
2019 interim dividend	- **$0.50** per share	-	77,400	77,400
2019 final dividend	- **$0.25** per share	38,700	-	-
		38,700	**232,200**	**232,200**

On 13 April 2020, the Board of Directors declared a final dividend of $0.25 per share for 2019. This final dividend was paid on 31 May 2020.
On 12 August 2019, the Board of Directors declared an interim dividend of $0.50 per share for 2019. This interim dividend was paid on 10 September 2019.
On 25 March 2019, the Board of Directors declared a final dividend of $1.00 per share for 2018. This final dividend was paid on 18 April 2019.

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.

14. **Capital management (continued)**

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 fulfil 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 optimising 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 Trinidad and Tobago 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 tables show balances outstanding as at 30 September 2020, 30 September 2019 and 31 December 2019 denominated in foreign currencies:

As at 30 September 2020	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Taxation recoverable	341	-	341
Cash and cash equivalents	695	107,074	107,769
Total assets	**1,036**	**107,074**	**108,110**
Liabilities			
Due to parent company/related party	270	-	270
Trade and other payables	764	-	764
Total liabilities	**1,034**	**-**	**1,034**
Net position	**2**	**107,074**	**107,076**

As at 30 September 2019	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Taxation recoverable	315	-	315
Cash and cash equivalents	1,262	145,391	146,653
Total assets	**1,577**	**145,391**	**146,968**
Liabilities			
Due to parent company/related party	38	-	38
Trade and other payables	483	-	483
Total liabilities	**521**	**-**	**521**
Net position	**1,056**	**145,391**	**146,447**

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

Currency risk (continued)

As at 31 December 2019	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Taxation recoverable	315	-	315
Cash and cash equivalents	968	146,105	147,073
Total assets	**1,283**	**146,105**	**147,388**
Liabilities			
Due to parent company/related party	119	-	119
Trade and other payables	617	-	617
Total liabilities	**736**	**-**	**736**
Net position	**547**	**146,105**	**146,652**

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
As at 30 September 2020	**3%**	**900**
	(3%)	**(900)**
As at 30 September 2019	**3%**	**2,412**
	(3%)	**(2,412)**
As at 31 December 2019	**3%**	**3,892**
	(3%)	**(3,892)**

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**

Management continue to evaluate the impact of the coronavirus disease 2019 (COVID-19). This disease was declared a pandemic by the World Health Organisation on March 11, 2020. The extent of the impact on the financial position and performance of the Company depends on future developments, including but not limited to

(i) the duration and spread of the outbreak,
(ii) the extent of restrictions and advisories, and
(iii) the effects on the local and global financial and economic markets, all of which are highly uncertain and cannot be predicted.

The continuation of these circumstances could have a negative impact on the Company's financial condition and results.