



PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Summary Consolidated Statement of Financial Position

2017 September 30

CHAIRMAN'S REPORT

The Petrotrin Group recorded a net loss before tax of TT\$1.7 billion for 2017. The after tax loss for fiscal year 2017 was TT\$2.2 billion compared to a restated loss of TT\$5.0 billion for fiscal year 2016. The 2017 loss was impacted by the following significant non-cash accounting adjustments:

- Impairment of Pointe-a-Pierre Industrial Estate, the unfinished Corporate Headquarters and Trinmar Marine Field – TT\$0.6 billion.
- Expensing of previously capitalised borrowing cost incurred on the ULSD project as active construction ceased on 2013 September – TT\$0.7 billion.
- The reduction in inventory carrying cost as a result of increased provision for obsolescence – TT\$0.1 billion.

The Group's earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) for FY 2017 increased by 77.6% to TT\$1.3 billion (FY 2016 restated EBITDA: TT\$0.7 billion).

Revenues of TT\$20.0 billion reported in fiscal year 2017 increased by 20.8% when compared to that of fiscal year 2016 as a result of the higher average sales prices for refined products which increased by 21.8% from US\$47.43/barrel in fiscal year 2016 to US\$57.78/barrel for fiscal year 2017. This was partly offset by lower sales volume.

The Group's asset base decreased to TT\$40.6 billion at financial year-end 2017 compared to TT\$43.8 billion at financial year-end 2016 as a result of the impairment of fixed assets and the expensing of previously capitalised borrowing cost on the ULSD project. Total debt to equity and current ratios at financial year-end 2017 were 2.96 and 0.44 respectively, compared to the restated ratios of 1.98 and 0.46 at financial year-end 2016. Shareholder's equity of TT\$3.9 billion at financial year-end 2017 represented a decrease of 38.0% when compared to financial year-end 2016.

During fiscal year 2017, Petrotrin was reviewed by international rating agencies Standard & Poor's and Moody's Investor Services and was given a credit rating of BB and B1 respectively.

The Board is committed to meeting with the challenges that face Petrotrin in the midst of challenging external circumstances, as well as internal conditions that demand fundamental transformation of the business.

Wilfred Espinet
Chairman

INDEPENDENT AUDITOR'S REPORT

on the Summary Consolidated Financial Statements
Petroleum Company of Trinidad and Tobago Limited

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at September 30, 2017, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Petroleum Company of Trinidad and Tobago Limited and its subsidiaries ("the Group") for the year ended September 30, 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in notes to the summary consolidated financial statements.

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 28, 2018.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in notes to the summary consolidated financial statements.

Auditors' Responsibility

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

Chartered Accountants
Port of Spain
Trinidad and Tobago
April 25, 2018

Summary Consolidated Statement of Financial Position

(Presented in Thousands of Trinidad and Tobago Dollars)

	2017	2016 Restated	2015 Restated
ASSETS:			
Non-current assets			
Property, plant and equipment	\$ 18,709,167	\$ 19,561,814	\$ 19,236,971
Intangible assets and goodwill	4,703,422	6,374,088	6,095,250
Available-for-sale financial instruments	2,112	2,222	2,322
Investment in associate	--	36,968	32,582
Investment - other	23,827	--	--
Deferred income tax assets	11,077,407	11,681,219	14,940,010
Income taxes recoverable	530,683	530,683	530,683
Cash in escrow - shareholder	211,948	184,561	149,384
Assets classified as held for sale	--	27,692	--
	<u>35,258,566</u>	<u>38,399,247</u>	<u>40,987,202</u>
Current assets			
Inventories	2,133,321	2,285,177	2,217,951
Receivables and prepayments	2,343,417	2,270,813	2,586,441
Cash and cash equivalents	852,222	827,678	1,731,918
	<u>5,328,960</u>	<u>5,383,668</u>	<u>6,536,310</u>
Total assets	<u>\$ 40,587,526</u>	<u>\$ 43,782,915</u>	<u>\$ 47,523,512</u>
EQUITY AND LIABILITIES:			
Capital and reserves attributable to equity holders of the Company			
Share capital	2,272,274	2,272,274	2,272,274
Retained earnings	1,232,225	3,588,579	8,338,462
Currency translation differences	498,787	550,863	138,165
	4,003,286	6,411,716	10,748,901
	(58,554)	(54,840)	(55,411)
Non-controlling interests			
Total equity	<u>3,944,732</u>	<u>6,356,876</u>	<u>10,693,490</u>
Liabilities			
Non-current liabilities			
Borrowings	7,384,200	7,756,889	7,714,660
Deferred income tax liabilities	10,212,662	10,559,477	10,455,439
Retirement benefit obligation - pension benefit	734,200	220,500	28,500
Retirement benefit obligation - medical benefits	2,536,700	2,587,900	2,969,100
Provisions	3,598,467	4,596,941	4,501,291
	<u>24,466,229</u>	<u>25,721,707</u>	<u>25,668,990</u>
Current liabilities			
Trade and other payables	5,616,483	4,754,878	3,596,439
Current tax liabilities	2,254,175	2,123,021	2,123,495
Current portion of long-term borrowings	482,018	479,385	454,185
Short-term loans	3,819,316	4,339,367	4,984,394
Provisions	4,573	7,681	2,519
	<u>12,176,565</u>	<u>11,704,332</u>	<u>11,161,032</u>
Total liabilities	<u>36,642,794</u>	<u>37,426,039</u>	<u>36,830,022</u>
Total equity and liabilities	<u>\$ 40,587,526</u>	<u>\$ 43,782,915</u>	<u>\$ 47,523,512</u>

Summary Consolidated Statement of Profit or Loss and other Comprehensive Income

(Presented in Thousands of Trinidad and Tobago Dollars)

	Year ended September 30		
	2017	2016 Restated	2015 Restated
Revenue	\$ 20,035,067	\$ 16,580,693	\$ 19,751,646
Cost of sales	(18,926,909)	(16,166,640)	(19,253,844)
Gross profit	1,108,158	414,053	497,802
Administrative expenses	(1,625,079)	(1,322,661)	(1,269,983)
Marketing expenses	(156,699)	(140,011)	(118,424)
Other operating expenses	(137,254)	(12,322)	(51,817)
Impairment write-back / (losses)	1,820	236	(651)
Other operating income	127,869	252,082	192,690
Operating Loss	(681,185)	(808,623)	(750,383)
Finance income	1,474	1,867	2,644
Finance costs	(1,051,005)	(1,088,058)	(1,177,029)
Net finance costs	(1,049,531)	(1,086,191)	(1,174,385)
Share of profit of equity accounted investees, net of tax	--	1,584	2,376
Loss before tax	(1,730,716)	(1,893,230)	(1,922,392)
Income tax (expense)/credit	(463,487)	(3,093,686)	880,214
Loss for the year	\$ (2,194,203)	\$ (4,986,916)	\$ (1,042,178)
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Currency translation differences	(52,362)	409,974	400
Re-measurements experience adjustments on retirement benefit obligation - pension benefits	(406,800)	(4,000)	(395,100)
Re-measurements experience adjustments on retirement benefit obligation - medical benefits	165,600	513,700	15,700
Income tax credit/(expense) on other comprehensive income	75,616	(269,377)	200,513
	<u>(217,946)</u>	<u>650,297</u>	<u>(178,487)</u>

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Summary Consolidated Statement of Financial Position

2017 September 30



Summary Consolidated Statement of Profit or Loss and other Comprehensive Income (continued)

	Year ended September 30		
	2017	2016 Restated	2015 Restated
Items that will be reclassified to profit or loss:			
Available-for-sale financial assets - net change in fair value	5	5	46
	<u>5</u>	<u>5</u>	<u>46</u>
Other comprehensive (loss)/income, net of tax	(217,941)	650,302	(178,441)
Total comprehensive loss (Loss)/Profit attributable to:	\$ (2,412,144)	\$ (4,336,614)	\$ (1,220,619)
Equity holders of the Company	(2,190,775)	(4,990,211)	(1,040,885)
Non-controlling interests	(3,428)	3,295	(1,293)
	<u>\$ (2,194,203)</u>	<u>\$ (4,986,916)</u>	<u>\$ (1,042,178)</u>
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(2,408,430)	(4,337,185)	(1,219,436)
Non-controlling interests	(3,714)	571	(1,183)
	<u>\$ (2,412,144)</u>	<u>\$ (4,336,614)</u>	<u>\$ (1,220,619)</u>

Summary Consolidated Statement of Changes in Equity

(Presented in Thousands of Trinidad and Tobago Dollars)

	Attributable to equity holders of the Company					
	Share capital	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 2016 September 30 as previously reported	2,272,274	550,863	4,246,893	7,070,030	(54,840)	7,015,190
Restatements:						
Impact of changes in accounting treatment IAS 23	--	--	(658,314)	(658,314)	--	(658,314)
Balance at 2016 September 30 (after restatements)	2,272,274	550,863	3,588,579	6,411,716	(54,840)	6,356,876
Loss for the year	--	--	(2,190,775)	(2,190,775)	(3,428)	(2,194,203)
Other comprehensive income:						
Currency translation differences	--	(52,076)	--	(52,076)	(286)	(52,362)
Re-measurements experience adjustments on defined benefit asset (pension)	--	--	(406,800)	(406,800)	--	(406,800)
Re-measurements experience adjustments on defined benefit obligation (medical)	--	--	165,600	165,600	--	165,600
Change in fair value of available-for-sale financial instrument	--	--	5	5	--	5
Income tax expense on other comprehensive income	--	--	75,616	75,616	--	75,616
Total other comprehensive income	--	(52,076)	(165,579)	(217,655)	(286)	(217,941)
Total comprehensive income/(loss) for the year	--	(52,076)	(2,356,354)	(2,408,430)	(3,714)	(2,412,144)
Balance at 2017 September 30	2,272,274	498,787	1,232,225	4,003,286	(58,554)	3,944,732
Balance at 2015 September 30 as previously reported	2,272,274	138,165	8,777,931	11,188,370	(55,411)	11,132,959
Restatements:						
Impact of changes in accounting treatment IAS 23	--	--	(439,469)	(439,469)	--	(439,469)
Balance at 2015 September 30 (after restatements)	2,272,274	138,165	8,338,462	10,748,901	(55,411)	10,693,490
Loss for the year	--	--	(4,990,211)	(4,990,211)	3,295	(4,986,916)
Other comprehensive income:						
Currency translation differences	--	412,698	--	412,698	(2,724)	409,974
Re-measurements experience adjustments on defined benefit asset (pension)	--	--	(4,000)	(4,000)	--	(4,000)
Re-measurements experience adjustments on defined benefit obligation (medical)	--	--	513,700	513,700	--	513,700
Change in fair value of available-for-sale financial instrument	--	--	5	5	--	5
Income tax expense on other comprehensive income	--	--	(269,377)	(269,377)	--	(269,377)
Total other comprehensive income	--	412,698	240,328	653,026	(2,724)	650,302
Total comprehensive income/(loss) for the year	--	412,698	(4,749,883)	(4,337,185)	571	(4,336,614)
Balance at 2016 September 30	2,272,274	550,863	3,588,579	6,411,716	(54,840)	6,356,876

Summary Consolidated Statement of Cash Flows

(Presented in Thousands of Trinidad and Tobago Dollars)

	Year ended September 30		
	2017	2016 Restated	2015 Restated
Cash flows from operating activities:			
Cash generated from operations	\$ 2,492,200	\$ 2,571,718	\$ 6,848,216
Tax paid	--	--	(3,611,151)
Net cash from operating activities	2,492,200	2,571,718	3,237,065
Net cash used in investing activities	(514,221)	(1,178,590)	(1,567,575)
Net cash used in financing activities	(1,806,155)	(1,967,046)	(1,914,749)
Currency translation differences relating to cash and cash equivalents	(147,280)	(330,322)	168,877
Increase (Decrease) in cash and cash equivalents	24,544	(904,240)	(76,382)
Cash and cash equivalents at start of year	827,678	1,731,918	1,808,300
Cash and cash equivalents at end of year	\$ 852,222	\$ 827,678	\$ 1,731,918

Notes to the Summary Consolidated Financial Statements

(Presented in Thousands of Trinidad and Tobago Dollars)

- Reporting entity**
Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) is incorporated in the Republic of Trinidad and Tobago. The Petroleum Company of Trinidad and Tobago Limited and its subsidiaries (The Group) is primarily engaged in integrated petroleum operations which include the exploration for, development and production of hydrocarbons and the manufacturing and marketing of petroleum products. The sole shareholder is the Government of the Republic of Trinidad and Tobago (GORTT). The registered office is the Administration Building, Southern Main Road, Pointe-a-Pierre, Trinidad and Tobago, West Indies.
- Basis of preparation**
Management has prepared a full set of consolidated financial statements in accordance with the International Financial Reporting Standards but has summarised it by disclosing the consolidated statements of financial position, profit or loss and other comprehensive income, changes in equity and summarised cash flows for the year ended 30 September, 2017 and selected notes to the summary consolidated financial statements comprising certain significant accounting policies and other explanatory information.
The summary consolidated financial statements have been extracted from the audited consolidated financial statements for the year ended 2017 September 30 and do not include the accounting policies and notes that are contained in the consolidated financial statements.
- Restatements**
The summary consolidated financial statements reflect a restatement for financial years 2015 and 2016 to account for interest incurred on borrowings to finance the Ultra Low Sulphur Diesel Project (ULSD) that was inappropriately capitalised as part of the costs of the project, now expensed in the consolidated statement of profit or loss and other comprehensive income.
- Basis of measurement**
The summary consolidated financial statements have been prepared on the historical cost basis, except for the defined benefit obligation which is recognised at the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling test.
- Functional and presentation currency**
Items included in the summary consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The United States dollar is the Group's functional currency. The summary consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Group's presentation currency. The Group's main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance and its employees.
- Use of estimates and judgements**
The preparation of these summary consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the summary consolidated financial statements are disclosed within the consolidated financial statements.