

Unaudited Condensed Consolidated Interim Financial Statements

As at 30 June 2019

Chairman's Report

I am pleased to present the results for the quarter ended June 30, 2019.

The Trinidad Petroleum Holdings Limited Group's (the Group) financial performance has improved progressively during the first three quarters. The Group, from continuing operations, generated revenue of TT\$4.0 billion and recorded a net profit after tax of TT\$0.5 billion during the three-month period ended 30 June 2019. In the previous two quarters the results from continuing operations were as follows: Quarter 1 - 1 October to 31 December 2018 the Group generated revenue of TT\$1.2 billion and incurred a loss after taxation of TT\$0.7 billion. For Quarter 2 - 1 January to 31 March 2019 there was an improvement following the restructuring activities of the previous quarter with revenues of TT\$3.7 billion and profit after tax of TT\$39 million.

Year to date - for the nine-month period ended 30 June 2019 - the Group recorded TT\$9.0 billion in revenue from continuing operations and a net loss of TT\$1.4 billion after tax. The loss is attributable largely to the performance of Petrotrin during its last two months of operation before the cessation of operations on 30 November 2018. For the nine-month period ended 30 June 2019 Petrotrin and Guaracara recorded net losses after tax amounting to TT\$1.6 billion. Excluding this effect, the Group would have recorded profitable results of TT\$0.2 billion.

The Board's continuing challenge is to build sustainably profitable businesses with free positive cash flows.

The Group has exceeded all its financial and operational targets - Heritage Petroleum Company Limited and Paria Fuel Trading Company Limited reported profitable results (profit after tax) of TT\$543 million and TT\$66 million respectively for their first nine months of operations.

Following is an overview of the Group's operating entities:

Heritage Petroleum Company Limited (Heritage)

Heritage Petroleum made significant progress during the quarter, achieving its targets safely and without incident. The team's continued dedication and hard work resulted in month-on-month increases in production from both land and offshore operations. We continued to ramp up our drilling and workover activities with 15 rigs operating at the end of the quarter; the completion of one development well and 265 workovers. We also completed refurbishment/repair work on 90 well sites in keeping with the Company's ongoing focus on asset integrity.

The signing of a non-binding Memorandum of Understanding with Shell, which includes plans to acquire new seismic data and jointly develop Heritage's underdeveloped offshore acreage, was a positive step for the Company.

Despite the progress, the land operations continue to be plagued by theft and sabotage, both of which erode the production and efficiency gains and, ultimately, cost the taxpayer millions of dollars in potential revenue and replacement costs.

Paria Fuel Trading Company Limited (Paria)

In its seven months of operation, Paria has made strides in stabilising and improving the business. While there is still significant work to be done, the notable milestones are:

1. Continuity of supply of fuel to both local and regional market
2. The implementation of a longer-term contract on favourable terms for the supply of all products
3. Management of cash flow through a combination of measures
4. Improving safety culture and engagement

Paria's management has continuously improved operations and has built an understanding of the vulnerabilities, which they are systematically addressing.

Overall, the Group has performed admirably, and while there is still a lot of work to be done, I must thank all concerned for their continued effort and dedication.



Wilfred Espinet
Chairman

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Condensed Consolidated Statement of Financial Position

	30 June 2019 TT\$'000 (UNAUDITED)	As At 31 March 2019 TT\$'000 (UNAUDITED)	31 December 2018 TT\$'000 (UNAUDITED)
ASSETS			
Property, plant and equipment	8,278,896	8,477,206	8,695,252
Other non-current assets	3,984,484	762,965	334,903
Total non-current assets	12,263,380	9,240,171	9,030,155
Current assets	5,926,177	5,418,128	4,988,275
Assets held for sale	3,027,615	3,025,640	3,022,783
	8,953,792	8,443,768	8,011,058
Total assets	21,217,172	17,683,939	17,041,213
EQUITY AND LIABILITIES			
Share capital	-	-	-
Accumulated deficit	(1,698,175)	(1,865,413)	(1,844,994)
Other reserves	(12,175,432)	(12,141,723)	(12,369,870)
Total equity attributable to shareholders	(13,873,607)	(14,007,136)	(14,214,864)
Non-controlling interest	(58,838)	(58,937)	(59,065)
Total equity	(13,932,445)	(14,066,073)	(14,273,929)
Non-current liabilities			
Borrowings	8,578,462	1,056,154	1,059,445
Other non-current liabilities	7,983,124	7,447,584	7,108,292
Total non-current liabilities	16,561,586	8,503,738	8,167,737
Current liabilities			
Borrowings	5,176,514	10,555,725	10,778,407
Other current liabilities	10,359,574	9,651,390	9,342,006
Liabilities directly associated with the assets held for sale	3,051,943	3,039,159	3,026,992
	18,588,031	23,246,274	23,147,405
Total liabilities	35,149,617	31,750,012	31,315,142
Total equity and liabilities	21,217,172	17,683,939	17,041,213

Condensed Consolidated Statement of Comprehensive Income/(Loss)

	Three Months Ended 30 June 2019 TT\$'000 (UNAUDITED)	Three Months Ended 31 March 2019 TT\$'000 (UNAUDITED)	Three Months Ended 31 December 2018 TT\$'000 (UNAUDITED)	Nine Months Ended 30 June 2019 TT\$'000 (UNAUDITED)
Revenue	4,037,430	3,724,331	1,200,489	8,962,250
Cost of sales	(3,343,067)	(3,213,619)	(1,257,492)	(7,814,178)
Gross profit/(loss)	694,363	510,712	(57,003)	1,148,072
Operating expenses	129,577	(90,057)	(245,884)	(206,364)
Operating profit/(loss)	823,940	420,655	(302,887)	941,708
Finance costs (net)	(323,715)	(349,036)	(219,446)	(892,197)
Profit/(loss) before tax	500,225	71,619	(522,333)	49,511
Income tax charge	(2,638)	(32,467)	(211,606)	(246,711)
Profit/(loss) for the period	497,587	39,152	(733,939)	(197,200)
Discontinued operations	(330,250)	(59,443)	(840,800)	(1,230,493)
Profit/(loss) for the period	167,337	(20,291)	(1,574,739)	(1,427,693)
Other comprehensive income/(loss)				
Remeasurements on retirement benefit obligations	-	-	(270,400)	(270,400)
Currency translation differences	(33,572)	228,147	(75,025)	119,550
Other comprehensive income/(loss), net of tax:	(33,572)	228,147	(345,425)	(150,850)
Total comprehensive income/(loss)	133,765	207,856	(1,920,164)	(1,578,543)
Loss attributable to:				
Equity holders of the company	167,238	(20,419)	(1,574,594)	(1,427,775)
Non-controlling interest	99	128	(145)	82
	167,337	(20,291)	(1,574,739)	(1,427,693)
Total comprehensive loss attributable to:				
Equity holders of the company	133,666	207,728	(1,920,019)	(1,578,625)
Non-controlling interest	99	128	(145)	82
	133,765	207,856	(1,920,164)	(1,578,543)

Condensed Consolidated Statement of Cash Flow

	Three Months Ended 30 June 2019 TT\$'000 (UNAUDITED)	Three Months Ended 31 March 2019 TT\$'000 (UNAUDITED)	Three Months Ended 31 December 2018 TT\$'000 (UNAUDITED)	Nine Months Ended 30 June 2019 TT\$'000 (UNAUDITED)
Profit/(loss) for the year before taxation from continuing operations	500,225	71,619	(522,333)	49,511
Loss for the year before taxation from discontinued operations	(330,250)	(59,443)	(840,800)	(1,230,493)
Adjustments for non-cash items	321,590	296,439	160,592	778,621
Changes in working capital	(1,212,191)	118,305	2,264,186	1,170,300
Net interest, taxes and pension contributions paid	639,943	(132,261)	307,560	815,242
Net cash flows (used in)/ generated from operating activities	(80,683)	294,659	1,369,205	1,583,181
Net cash flows used in investing activities	(2,745,576)	(43,506)	(72,537)	(2,861,619)
Net cash flows generated from/ (used in) financing activities	2,460,591	204,730	(135,083)	2,530,238
(Decrease)/Increase in cash and cash equivalents	(365,668)	455,883	1,161,585	1,251,800
Cash and cash equivalents at beginning of the period	2,024,969	1,569,086	407,501	407,501
	1,659,301	2,024,969	1,569,086	1,659,301
Less: amounts held for distribution	-	-	-	-
Cash and cash equivalents at the end of period	1,659,301	2,024,969	1,569,086	1,659,301

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

- Reporting entity**
Trinidad Petroleum Holdings Limited (TPHL) is incorporated in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the Government of Trinidad and Tobago. It was incorporated on 5 October 2018. Its registered office is 5th Floor, Newton Centre, 30-36 Maraval Road, Newtown, Port of Spain, Trinidad. TPHL and its subsidiaries (the Group) are engaged in petroleum operations which include exploration, development and production activities, importation and distribution of refined petroleum products and terminalling. The Group also owns a refinery which is not operational but management is in the process of securing a sale or lease arrangement for those facilities.
- Basis of preparation**
These unaudited condensed consolidated interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the audited annual financial statements for the year ended 30 September 2018 of Petroleum Company of Trinidad and Tobago Limited (Petrotrin) and any public announcements made by the Group during the interim reporting period.
- Basis of measurement**
The unaudited condensed consolidated interim 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.
- Going Concern**
The unaudited condensed consolidated interim financial statements are prepared on a going concern basis.
- Accounting Policy - business combinations under common control**
The Group accounts for common control business combinations using the predecessor values method. Predecessor values of the assets and liabilities acquired are consolidated without any step up to fair value as at the date of the business combination. Under this method, the financial position of the acquired entity is recorded as a consolidated reserve within equity and there is no goodwill created by the transaction.
- Impact of new accounting standards**
In the current year management adopted two new accounting standards being IFRS 9 - Financial Instruments and IFRS 15 - Revenue from contracts with customers. The Group has performed an initial assessment of the impact of these new standards and does not expect that the impact to the Group financial statements will be significant.
- Use of estimates and judgements**
In preparing these unaudited condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are:

- Going concern basis of preparation of the financial statements
- Oil and gas reserves
- IAS 19 valuations
- Renewal of expired lease licences
- Environmental liabilities
- Impairment of assets
- Income taxes
- Asset retirement benefit obligations

Unaudited Condensed Consolidated Interim Financial Statements As at 30 June 2019

Condensed Consolidated Statement of Changes in Equity

TT\$'000	Stated Capital TT\$'000	Consolidation Reserve TT\$'000	Currency Translation Differences TT\$'000	Accumulated Deficit/Retained Earnings TT\$'000	Total TT\$'000	Non-controlling Interest TT\$'000	Total Equity TT\$'000
Balance as at 30 September 2018	2,272,274	-	365,158	(14,932,414)	(12,294,982)	(58,783)	(12,353,765)
Total Comprehensive loss for the period	-	-	-	(1,574,594)	(1,574,594)	(145)	(1,574,739)
Dissolution of shares in Petrotrin	(2,272,274)	(12,660,140)	-	14,932,414	-	-	-
Currency translation differences	-	-	(74,888)	-	(74,888)	(137)	(75,025)
Remeasurements on defined benefit asset - pension	-	-	-	(270,400)	(270,400)	-	(270,400)
Income tax on other comprehensive income	-	-	-	-	-	-	-
Unaudited balance as at 31 December 2018	-	(12,660,140)	290,270	(1,844,994)	(14,214,864)	(59,065)	(14,273,929)
Balance as at 31 December 2018	-	(12,660,140)	290,270	(1,844,994)	(14,214,864)	(59,065)	(14,273,929)
Total Comprehensive loss for the period	-	-	-	(20,419)	(20,419)	128	(20,291)
Currency translation differences	-	-	228,147	-	228,147	-	228,147
Unaudited balance as at 31 March 2019	-	(12,660,140)	518,417	(1,865,413)	(14,007,136)	(58,937)	(14,066,073)
Balance as at 31 December 2018	-	(12,660,140)	518,417	(1,865,413)	(14,007,136)	(58,937)	(14,066,073)
Total Comprehensive loss for the period	-	-	-	167,238	167,238	99	167,337
Currency translation differences	-	-	(33,709)	-	(33,709)	-	(33,709)
Unaudited balance as at 30 June 2019	-	(12,660,140)	484,708	(1,698,175)	(13,873,607)	(58,838)	(13,932,445)

The segment results for nine months ended 30 June 2019 are as follows:

	E&P TT\$'000	Terminalling TT\$'000	Other TT\$'000	Total TT\$'000	Discontinued Operations TT\$'000
Revenue					
Total gross revenue	3,938,678	5,019,030	4,542	8,962,250	2,635,993
Results					
Depreciation and amortisation	744,431	34,173	17	778,621	-
Finance costs	317,721	4,769	569,707	892,197	520,320
Reportable segment profit/(loss) before tax	595,435	50,851	(596,775)	49,511	(1,230,493)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	1,657,587	89,793	(27,051)	1,720,329	(710,173)
Income tax expense	200,000	46,603	108	246,711	-
Total assets include					
Reportable segment assets	11,221,309	3,202,907	3,765,341	18,189,557	3,027,615
Capital expenditure	112,075	-	-	112,075	-
Liabilities					
Reportable segment liabilities	25,003,336	3,137,265	3,957,073	32,097,674	3,051,943

The segment results for six months ended 31 March 2019 are as follows:

	E&P TT\$'000	Terminalling TT\$'000	Other TT\$'000	Total TT\$'000	Discontinued Operations TT\$'000
Revenue					
Total gross revenue	2,112,894	2,808,559	3,367	4,924,820	2,635,993
Results					
Depreciation and amortisation	437,436	19,584	11	457,031	-
Finance costs	296,878	2,735	268,869	568,482	132,204
Reportable segment profit/(loss) before tax	(219,675)	49,583	(280,622)	(450,714)	(900,243)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	514,639	71,902	(11,742)	574,799	(768,039)
Income tax expense	200,000	43,993	80	244,073	-
Total assets include					
Reportable segment assets	11,831,268	2,821,293	5,738	14,658,299	3,025,640
Capital expenditure	88,274	18,505	-	106,779	-
Liabilities					
Reportable segment liabilities	25,932,775	2,770,510	7,568	28,710,853	3,039,159

The segment results for three months ended 31 December 2018 are as follows:

	E&P TT\$'000	Terminalling TT\$'000	Other TT\$'000	Total TT\$'000	Discontinued Operations TT\$'000
Revenue					
Total gross revenue	550,358	648,389	1,742	1,200,489	2,635,993
Results					
Depreciation and amortisation	156,459	4,127	6	160,592	-
Finance costs	156,897	684	61,865	219,446	138,572
Reportable segment loss before tax	(457,245)	(821)	(64,267)	(522,333)	(840,800)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	(143,889)	3,990	(2,396)	(142,295)	(702,228)
Income tax expense	200,000	11,582	24	211,606	-
Total assets include					
Reportable segment assets	11,983,750	2,022,374	12,306	14,018,430	3,022,783
Capital expenditure	54,988	-	-	54,988	-
Liabilities					
Reportable segment liabilities	26,274,725	2,008,699	4,726	28,288,150	3,026,992