

Unaudited Condensed Consolidated
Financial Statements

**PETROLEUM COMPANY OF TRINIDAD
AND TOBAGO LIMITED**

3 Months Ended 2017 December 31

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Three months ended 2017 December 31

TABLE OF CONTENTS

	<i>Page Nos.</i>
Unaudited Condensed Consolidated Statement of Financial Position	2
Unaudited Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash flows	5
Notes to the Unaudited Condensed Consolidated Interim Financial Statements	6-20

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED
Unaudited Condensed Consolidated Statement of Financial Position
(Presented in Thousands of Trinidad and Tobago dollars)

		December 31, 2017	Audited as at 2018.02.28 September 30, 2017	Restated September 30, 2016
ASSETS		\$	\$	\$
Non-current assets				
Property, plant & equipment	7	18,542,560	18,709,167	19,561,814
Intangible assets and goodwill	7	4,608,882	4,703,422	6,374,088
Available-for-sale financial instruments		2,743	2,112	2,222
Investment in associate		16,676	--	36,968
Investment - Other		--	23,827	--
Net deferred income tax assets		10,519,857	11,077,407	11,681,219
Income taxes recoverable		530,683	530,683	530,683
Cash in escrow-shareholder		218,920	211,948	184,561
Assets classified as held for sale		--	--	27,692
		<u>34,440,321</u>	<u>35,258,566</u>	<u>38,399,247</u>
Current assets				
Inventories		2,950,454	2,133,321	2,285,177
Receivables and prepayments	8	2,344,475	2,343,417	2,270,813
Cash and cash equivalents		1,099,931	852,222	827,678
		<u>6,394,860</u>	<u>5,328,960</u>	<u>5,383,668</u>
Total assets		<u>40,835,181</u>	<u>40,587,526</u>	<u>43,782,915</u>
EQUITY AND LIABILITIES				
Capital & reserves attributable to equity holders of the Company				
Share capital		2,272,274	2,272,274	2,272,274
Retained earnings		1,178,461	1,232,225	3,588,579
Currency translation differences		319,681	498,787	550,863
		<u>3,770,416</u>	<u>4,003,286</u>	<u>6,411,716</u>
Non-controlling interests		(58,672)	(58,554)	(54,840)
Total equity		<u>3,711,744</u>	<u>3,944,732</u>	<u>6,356,876</u>
Liabilities				
Non-current liabilities				
Borrowings	9	7,199,392	7,384,200	7,756,889
Deferred income tax liabilities		9,749,199	10,212,662	10,559,477
Retirement benefit obligation – pension benefits		772,114	734,200	220,500
Retirement benefit obligation – medical benefits		2,582,203	2,536,700	2,587,900
Provisions		3,676,267	3,598,467	4,596,941
		<u>23,979,175</u>	<u>24,466,229</u>	<u>25,721,707</u>
Current liabilities				
Trade and other payables	10	6,596,436	5,616,483	4,754,878
Current tax liabilities		1,800,376	2,254,175	2,123,021
Current portions of long-term borrowings	9	483,584	482,018	479,385
Short-terms loans		4,259,302	3,819,316	4,339,367
Provisions		4,564	4,573	7,681
		<u>13,144,262</u>	<u>12,176,565</u>	<u>11,704,332</u>
Total liabilities		<u>37,123,437</u>	<u>36,642,794</u>	<u>37,426,039</u>
Total equity and liabilities		<u>40,835,181</u>	<u>40,587,526</u>	<u>43,782,915</u>

The notes on pages 6 to 20 are an integral part of these unaudited condensed consolidated quarterly financial statements.

Certified by:

Raymond Goellings
Chief Financial Officer

Date:

2/3/18

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Presented in Thousands of Trinidad and Tobago dollars)

		For the Quarter ended	
		Dec 2017	Dec 2016
Continuing operations:		\$	\$
Revenue	11	5,413,572	5,524,848
Cost of Sales	13	<u>(4,958,892)</u>	<u>(4,987,849)</u>
Gross profit		454,680	536,999
Administrative expenses	13	(314,985)	(283,564)
Marketing expenses	13	(33,594)	(29,936)
Other operating (expense)/income	13	(4,476)	2,429
Impairment losses	16	(715)	(477)
Other operating income	12	<u>45,083</u>	<u>31,900</u>
Operating profit		145,993	257,351
Finance income		227	325
Finance cost-bank borrowings		(197,534)	(146,271)
Finance cost-dismantlement		<u>(66,626)</u>	<u>(67,260)</u>
Net finance costs		(263,933)	(213,206)
Share of profit/ (loss) of equity-accounted investee, net of tax		(1,605)	386
Profit/(Loss) before tax		(119,545)	44,531
Income tax benefit/(expense)	14	<u>65,750</u>	<u>(24,492)</u>
Profit/(Loss) for the period		<u>(53,795)</u>	<u>20,039</u>
Other comprehensive income:			
<i>Items that will never be reclassified to profit or loss:</i>			
Currency translation differences		<u>(179,193)</u>	<u>23,471</u>
Other Comprehensive income /(loss) for the period net of income tax		<u>(179,193)</u>	<u>23,471</u>
Total comprehensive income for the period		<u>(232,988)</u>	<u>43,510</u>
Profit attributable to:			
Equity holders of the Company		(53,764)	19,369
Non-controlling interests		<u>(31)</u>	<u>670</u>
		<u>(53,795)</u>	<u>20,039</u>
Total comprehensive income attributable to:			
Equity holders of the Company		(232,870)	43,116
Non-controlling interests		<u>(118)</u>	<u>394</u>
		<u>(232,988)</u>	<u>43,510</u>

The notes on pages 6 to 20 are an integral part of these unaudited condensed consolidated quarterly financial statements.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Unaudited Condensed Consolidated Statement of Changes in Equity

(Presented in Thousands of Trinidad and Tobago dollars)

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Currency translation differences	Retained earnings	Total		
	\$	\$	\$	\$	\$	\$
Balance at 2017 September 30	2,272,274	498,787	1,232,225	4,003,286	(54,554)	3,944,732
Profit/Loss for the period	--	--	(53,764)	(53,764)	(31)	(53,795)
Other comprehensive income:						
Currency translation differences	--	(179,106)	--	(179,106)	(87)	(179,193)
Income tax on other comprehensive income	--	--	--	--	--	--
Total other comprehensive income	--	(179,106)	--	(179,106)	(87)	(179,193)
Total comprehensive income for the period	--	(179,106)	(53,764)	(232,870)	(118)	(232,988)
Balance at 2017 December 31	2,272,274	319,681	1,178,461	3,770,416	(58,672)	3,711,744
Balance at 2016 September 30	2,272,274	550,868	8,646,290	11,469,432	(54,840)	11,414,592
Loss for the period	--	--	19,369	19,369	670	20,039
Other comprehensive income:						
Currency translation differences	--	23,747	--	23,747	(276)	23,471
Income tax on other comprehensive income	--	--	--	--	--	--
Total other comprehensive income	--	23,747	--	23,747	(276)	23,471
Total comprehensive income for the period	--	23,747	19,369	43,116	394	43,510
Balance at 2016 December 31	2,272,274	574,615	8,665,659	11,512,548	(54,446)	11,458,102

The notes on pages 6 to 20 are an integral part of these unaudited condensed consolidated quarterly financial statements.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Unaudited Condensed Consolidated Statement of Cash flows

(Presented in Thousands of Trinidad and Tobago dollars)

	December 2017	December 2016
	\$	\$
Cash flows from operating activities:		
Profit/(Loss) before tax	(119,545)	44,531
Amortisation of intangible assets	170,966	136,292
Depreciation	256,225	251,234
Foreign currency translation loss/(gain)	5,586	11,734
Interest expense	264,220	213,602
Investment income	(197)	(305)
Loss/(gain) on disposal of property, plant and equipment and intangible asset	--	--
Share of profit of associate	1,605	(386)
Impairment losses related to investments	715	477
Net pension cost	78,775	74,475
Net benefit cost	60,700	57,925
Taxes other than income taxes (PPT/DIT)	1,548	(7,219)
Adjustment to working capital	(497,245)	(79,880)
Retirement contributions paid	(56,528)	(53,449)
Tax paid	--	--
Net cash from/(used for) operating activities	<u>166,825</u>	<u>649,031</u>
Cash flow from investing activities:		
Purchase of property, plant and equipment and intangible assets	(121,369)	(202,695)
Proceeds from disposal of property, plant and equipment	--	--
Proceeds from available-for-sale investments	--	--
Reduction in cash escrow	(31,618)	(25,769)
Investment & Subsidies	--	--
Disbursements of loans to related parties	(715)	(477)
Interest received	200	303
Net cash used in investing activities	<u>(153,502)</u>	<u>(228,638)</u>
Cash flows from financing activities:		
Repayment of long-term borrowings	(195,641)	(195,641)
Proceeds from short-term loans	1,941,848	2,388,253
Repayment of short-term loans	(1,511,695)	(2,431,569)
Interest paid	(102,814)	(121,407)
Net cash (used in)/from financing activities	<u>131,698</u>	<u>(360,364)</u>
Currency translation differences relating to cash and cash equivalents	102,688	(61,330)
(Decrease)/Increase in cash and cash equivalents	<u>145,021</u>	<u>(1,301)</u>
Cash and cash equivalents at start of period	<u>852,222</u>	<u>827,678</u>
Cash and cash equivalents at end of period	<u>1,099,931</u>	<u>826,377</u>
Represented by:		
Cash and cash equivalents	<u>1,099,931</u>	<u>826,377</u>

The notes on pages 6 to 20 are an integral part of these unaudited condensed consolidated quarterly financial statements.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

(Presented in Thousands of Trinidad and Tobago dollars)

1. Reporting entity

Petroleum Company of Trinidad and Tobago Limited (the 'Company') is incorporated in the Republic of Trinidad and Tobago. The condensed consolidated quarterly financial statements of the Company as at and for the three months ended 2017 December 31 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities. 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, West Indies.

2. Basis of presentation

The accompanying condensed consolidated quarterly financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB). The accompanying consolidated statement of financial position as at 2017 December 31, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended 2017 December 31, and the explanatory notes thereto are unaudited and have been prepared for quarterly financial information. These consolidated quarterly financial statements are condensed and prepared in compliance with International Accounting Standard (IAS) 34, *Quarterly Financial Reporting*, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 2017 September 30, which have been prepared in accordance with IFRS.

The quarterly financial statements apply the same accounting principles and practices as those used in the 2017 annual financial statements.

In the opinion of management, these unaudited condensed consolidated quarterly financial statements include all adjustments of a normal and recurring nature necessary for a fair presentation of results for the quarterly period. Results for the three months ended 2017 December 31 are not necessarily indicative of future results.

3. Functional and presentation currency

Items included in the 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 condensed consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Group's presentation currency. This is because its main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance, and its employees.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

(Presented in Thousands of Trinidad and Tobago dollars)

4. Use of judgements and estimates

In preparing these quarterly 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 2017 September 30.

Measurement of fair values

The carrying amount of the following assets and liabilities: cash, investments, trade receivables and payables, other receivables and payables and short-term borrowings approximate to their fair values. During the period, there were no changes in the classification of financial assets, neither were there transfers between levels of the fair value hierarchy.

5. Income tax expense

Tax expense or benefit is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the quarterly reporting period.

6. Accounting standards and interpretations

(a) New standards, amendments and interpretations adopted

There were no new standards, amendments and interpretations effective for Petrotrin's accounting period beginning 2016 October 1, which were adopted in the current year.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***6. Accounting standards and interpretations (continued)****(b) New standards, and interpretations not yet adopted:**

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 2017 January 01. These standards are not yet effective for Petrotrin's accounting periods beginning on or after 2017 October 01 and have not been early adopted by the company. The Group's assessment of the impact of these new standards and interpretations is outlined below:

Title of Standard	IFRS 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>The Group has reviewed its financial assets and liabilities and has categorised them as follows:</p> <p>Financial Assets:</p> <p>Equity instruments currently classified as AFS which is held primarily for dividend income and will be classified as FVPL</p> <p>Loans Receivable where the objective of the business model is to collect contractual cash flows and will be classified at amortised cost</p> <p>Trade and Other Receivables where the objective of the business model is to collect contractual cash flows and will be classified at amortised cost.</p> <p>Financial Liabilities:</p> <p>Accounts Payable</p> <p>Short Term Loans</p> <p>Long Term Loans</p>

Title of Standard	IFRS 9 Financial Instruments
Impact	<p>There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. All Petrotrin's financial liabilities are measured at amortised cost.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses and applies to financial assets classified at amortised costs.</p> <p>Management has not yet determined the financial impact of this standard on its Financial Assets.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>
Date of adoption by Group	Must be applied for financial years commencing on or after January 2018. Therefore, the Group will apply the new rules retrospectively from 2018 October 01.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***6. Accounting standards and interpretations (continued)****(b) New standards, and interpretations not yet adopted: (continued)**

Title of Standard	IFRS 15 Revenue from Contracts with Customers
Nature of Change	This new standard applies to the recognition of revenue and replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	As at 2017 September 30, Management has identified the following; Contracts with customers Performance obligations in the contract The transaction price Management has not yet assessed the financial impact of adopting this standard for the accounting period beginning 2018 October 01.
Date of adoption by the Group	Mandatory for financial years commencing on or after 2018 January 01. Therefore, the Group will be adopting this standard for accounting period beginning 2018 October 01.

Title of Standard	IFRS 16 Leases
Nature of Change	IFRS 16 was issued in 2016 January. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting dated, the Group has operating leases with several companies for rentals of vehicles, boats and equipment. However, the group has not yet assessed what adjustments are necessary and the associated financial impact.
Date of adoption by the Group	Mandatory for financial years commencing on or after 2019 January 01. At this stage, the Group does not intend to adopt the standard before its effective date which is 2019 October 01.

Other Standards	The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:
IFRS 1, IAS 28	Annual improvements to IFRSs 2014-2016 cycle.
IFRS 2	Classification and measurement of share based payment transactions.
IAS 40	Transfers of investment property
IFRS 10, IAS 28	Sale or contribution of assets between an Investor and its Associate or Joint Venture.
IFRIC 22	Foreign currency transactions and advance consideration.
IFRIC 23	Uncertainty over income tax treatment.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***7. Property, plant and equipment and intangible assets and goodwill**

	Property, plant and equipment	Intangible assets
	\$	\$
Three months ended 2017 December 31		
Opening net book amount as at 2017 October 01	18,709,167	4,703,422
Exchange differences	22,860	21,821
Additions	66,758	54,611
Asset – held for sale	-	-
Depreciation and amortisation	(256,225)	(170,966)
Closing net book amount as at 2017 December 31	<u>18,542,560</u>	<u>4,608,882</u>
Three months ended 2016 December 31		
Opening net book amount as at 2016 October 01	19,561,814	6,374,088
Exchange differences	85,826	28,157
Additions	120,454	37,025
Disposals	-	27,692
Depreciation and amortisation	(251,234)	(136,292)
Closing net book amount as at 2016 December 31	<u>19,516,860</u>	<u>6,330,670</u>

During the three-month period ended 2017 December 31, the Group acquired assets with cost of \$121,369 (2016: \$157,479). Significant capital expenditure in property, plant and equipment and intangible assets comprised mainly \$50,487 (2016: \$36,462) for Exploration, Development and Drilling activities in Land, North, East Coast and Trinmar, \$2,968 (2016: \$2,674) for the Ultra-Low Sulphur Diesel Plant, \$29,269 (2016: \$22,773) for major inspection and overhaul work to Refinery plants.

The carrying value of the Ultra-Low Sulfur Diesel Project still under construction at 2017 December 31 was \$2,543,523 (2016: \$2,417,368). This amount is included within Property, plant and equipment.

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***8. Receivables and Prepayments**

	Three months ended December 31	
	2017	2016
	\$	\$
Trade receivables	1,686,913	1,434,128
Less: Provision for impairment of trade receivables	(18,879)	(14,711)
	<u>1,668,034</u>	<u>1,419,417</u>
Related Parties	186,833	546,526
Less: Provision for impairment of receivables	(135,598)	(28,991)
	<u>51,235</u>	<u>517,535</u>
Other receivables	587,315	533,549
Less: Provision for impairment of other receivables	(245,179)	(303,597)
	<u>342,136</u>	<u>229,952</u>
Trade and other receivables excluding prepayments and taxes	2,061,405	2,166,904
Taxes recoverable	23,105	29,349
Prepayments	259,965	286,684
Trade and other receivables including prepayments and taxes	<u>2,344,475</u>	<u>2,482,937</u>

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***9. Borrowings**

	Three months ended December 31	
	2017	2016
	\$	\$
Balance at start of year	7,866,321	8,236,274
Repayment of borrowings	(195,641)	(195,641)
Borrowing costs amortised	3,820	3,716
Currency translation	8,476	25,063
Balance at December 31	7,682,976	8,069,412
Non-current portion	7,199,392	7,587,671
Current portion	483,584	481,741
Balance at December 31	7,682,976	8,069,412

10. Trade and Other Payables

	Three months ended December 31	
	2017	2016
	\$	\$
Trade payables	2,060,577	1,209,194
Due to related parties	121,795	64,862
Benefits due to employees	1,037,516	815,468
Accrued expenses	1,896,718	1,219,095
Accrued interest	263,417	261,000
Other payables	331,286	328,773
Trade and other payables excluding statutory liabilities	5,711,309	3,898,392
Due to government of Trinidad and Tobago		
- Royalties	411,635	768,508
- Taxes other than income tax	473,492	258,760
Trade and other payables including statutory liabilities	6,596,436	4,925,660

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***11. Revenue**

	Three months ended December 31	
	2017	2016
	\$	\$
Sale of refined products	5,153,665	5,298,284
Natural gas sales	81,534	87,487
Crude oil sales	66,418	49,970
Royalty income	108,444	85,377
Natural gas liquids sale	2,815	3,730
Other revenue	696	--
	5,413,572	5,524,848

12. Other operating income

	Three months ended December 31	
	2017	2016
	\$	\$
Marine income	16,417	13,565
Gain on foreign currency exchange	6,040	--
Storage fees	--	1,648
Pipeline rentals	2,943	2,020
Filling and handling fee	2,841	1,670
Access fees	1,686	1,690
Income from utilities	1,487	1,505
Interest on receivables	9,470	6,063
Sulphuric acid sales	2,164	1,952
Land and building rental	595	--
Other income	2,035	1,787
	45,083	31,900

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***13. Operating costs by nature**

- (a) The following items are included in cost of sales; administrative expenses; marketing expenses and other operating expenses from continuing operations:

	Three months ended 2017 December 31				
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	\$	\$	\$	\$	\$
Purchases	4,145,110	--	--	--	4,145,110
Production taxes	341,769	--	--	--	341,769
Employee benefits expense (excluding retirement benefits)	366,384	176,407	16,229	--	559,020
			-		
Production and refining expenses	360,013	--	-	--	360,047
Movement in inventories	(803,300)	--	--	--	(803,300)
Amortisation of intangible assets (Note 7)	167,728	--	--	3,238	170,966
Depreciation (Note 7)	247,748	--	3,544	4,933	256,225
Operating lease rental	99,379	1,425	628	--	101,432
Net medical benefit cost	--	60,700	--	--	60,700
Charge for bad and doubtful debts	15,941	(2,762)	--	--	13,179
Directors and key management remuneration	--	2,120	--	--	2,120
Net pension cost	--	78,775	--	--	78,775
Other expenses (income)	<u>18,120</u>	<u>(1,714)</u>	<u>13,193</u>	<u>(3,695)</u>	<u>25,904</u>
Total	<u>4,958,892</u>	<u>314,985</u>	<u>33,594</u>	<u>4,476</u>	<u>5,311,947</u>

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***13. Operating costs by nature (continued)**

	Cost of sales	Three months ended 2016 December 31			Total
		Administrative expenses	Marketing expenses	Other operating expenses	
	\$	\$	\$	\$	\$
Purchases	3,688,079	--	--	--	3,688,079
Production taxes	147,846	--	--	--	147,846
Employee benefits expense (excluding retirement benefits)	352,290	177,870	15,401	--	545,561
Production and refining expenses	353,576	--	--	--	353,576
Movement in inventories	(64,031)	--	--	--	(64,031)
Amortisation of intangible assets (Note 7)	136,292	--	--	--	136,292
Depreciation (Note 7)	241,936	--	3,642	5,656	251,234
Operating lease rental	81,949	725	307	--	82,981
Net medical benefit cost	--	57,925	--	--	57,925
Loss on foreign currency exchange	--	--	--	--	--
Charge for bad and doubtful debts	20,095	71	--	--	20,166
Directors and key management remuneration	--	2,671	--	--	2,671
Net pension cost	--	74,475	--	--	74,475
Other expenses (income)	<u>29,517</u>	<u>(30,173)</u>	<u>10,586</u>	<u>(8,085)</u>	<u>1,845</u>
Total	<u>4,987,849</u>	<u>283,564</u>	<u>29,936</u>	<u>(2,429)</u>	<u>5,298,620</u>

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***14. Tax**

	Three months ended December 31	
	2017	2016
Tax (benefit)/expense:	\$	\$
Current tax	161,385	(4,136)
Current tax – UL	(1,548)	
Deferred tax	(94,087)	(20,356)
	65,750	(24,492)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the consolidated companies as follows:

Profit/Loss before tax from continuing operations	(119,545)	44,531
Tax calculated at a rate of 55%	65,750	(24,492)
Expenses not deductible for tax purposes	(7,463)	(27,973)
Income not subject to tax	--	--
Effect of difference on initial recognition	7,410	11,342
Difference due to translation	183,063	35,847
Prior year tax adjustment	--	--
R&M deferred taxes rate reduction	(11,612)	(7,012)
(Under)/over provision	(47,553)	(12,305)
De-recognition of R&M DIT Asset	(123,845)	101
	65,750	(24,492)

15. Capital commitments

Capital expenditure contracted for but not yet incurred at 2017 December 31 amounted to \$377,730 (2016: \$572,520).

16. Impairment losses**Three months ended December 31**

	2017	2016
	\$	\$
Impairment loss related to loans receivable:		
-World GTL (Trinidad) Limited in receivership	(715)	(477)
	(715)	(477)

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***17. Related parties**

In the ordinary course of its business Petrotrin enters into transactions concerning the exchange of goods, provision of services and financing with affiliated companies and subsidiaries as well as with entities directly and indirectly owned or controlled by the Government of the Republic of Trinidad and Tobago.

Most significant transactions concern:

- Sale of refined products to Trinidad and Tobago National Petroleum Marketing Company Limited.
- Purchase of natural gas from The National Gas Company of Trinidad and Tobago Limited.
- The exploration for and production of crude oil and natural gas through joint arrangements.

The following is a description of trade and financing transactions with related parties:

	Three months ended 2017 December 31			
	Cost		Revenue	
	<u>Goods</u>	<u>Services</u>	<u>Goods</u>	<u>Services</u>
<u>Name of Company/Equity</u>	\$	\$	\$	\$
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes	-	2,354,766	-	-
- Other	-	473,492	-	-
<u>Entities under common control</u>				
Trinidad and Tobago National Petroleum Marketing Company Limited	2,345	-	1,008,817	679
The National Gas Company of Trinidad and Tobago Limited	147,561	-	-	-
<u>Joint venture</u>				
World GTL (Trinidad) Limited	-	-	-	-

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***17. Related parties (continued)**

<u>Name of Company/Equity</u>	Three months ended 2016 December 31			
	Cost		Revenue	
	Goods	Services	Goods	Services
	\$	\$	\$	\$
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes	-	2,895,619	-	-
- Other	-	258,760	-	-
<u>Entities under common control</u>				
Trinidad and Tobago National Petroleum Marketing Company Limited	6,845	-	327,865	282
The National Gas Company of Trinidad and Tobago Limited	155,093	-	-	-
<u>Joint venture</u>				
World GTL (Trinidad) Limited	-	-	-	-

Compensation of key directors and management personnel:

Compensation of persons with responsibility for key positions in planning, direction and control functions of Petrotrin Group companies, including executive officers (key management personnel) consist of the following:

	Three months ended December 31	
	2017	2016
	\$	\$
Short-term employee benefits	1,769	2,292
Long-term employee benefits	351	379
	2,120	2,671

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

*(Presented in Thousands of Trinidad and Tobago dollars)***18. Interest in Joint operations**

The Company has a shared control in a number of joint operations which are all based in Trinidad and Tobago.

These joint operations are involved in the exploration for and production of crude oil and natural gas. They represent unincorporated, jointly controlled operations. The Company's interest in the assets, liabilities and expenditures of these ventures are included in the relevant components of the Company's financial statements.

The following table sets out summarized financial data of the Company's share of the assets and liabilities and material revenue and expenses of these jointly controlled operations. These amounts are included in the Company's statement of financial position and profit or loss and other comprehensive income:

	Joint operations					
	NCMA 1	Teak, Samaan, Poui (TSP)	Central Block	South East Coast Consortium	Other	Total
Three months ended 2017 December 31						
Revenue	74,409	66,417	9,910	31,560	--	182,296
Cost of Sales	(85,025)	(45,409)	(17,023)	(17,413)	(1,982)	(166,852)
Income tax Expense	(28)	(130)	--	(390)	(7)	(555)
Three months ended 2016 December 31						
Revenue	76,257	45,685	14,953	35,103	--	171,998
Cost of Sales	(37,067)	(37,658)	(25,114)	(15,340)	(1,781)	(116,960)
Income tax expense	--	--	--	--	--	--

PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Notes to the Unaudited Condensed Consolidated Quarterly Financial Statements

2017 December 31

(Presented in Thousands of Trinidad and Tobago dollars)

19. Subsequent events

(a) Contingent liabilities - Letter of credit

To meet Petrotrin's 15% share of its abandonment liability with respect to its TSP Joint Venture, a letter of credit facility for \$143,957/US\$21,352 (2016:\$134,063/US\$21,128; 2015: \$131,821/US\$20,775) with an expiry date of 2017 December 31 was established. Effective 2018 January 01, a new facility was established for \$146,356/US\$21,708 with an expiry date of 2018 December 31.

(b) Status of Petrotrin

Discussions are ongoing with our shareholders and other stakeholders with respect to the reorganisation of Petrotrin.

(c) Negotiations

As at 2018 January 28, Petrotrin is awaiting judgement from the Industrial Court with respect to outstanding wage negotiations.

(c) US\$ 850 million Loan

Petrotrin is currently reviewing its options for the refinancing of this debt.