

**PETROLEUM COMPANY OF TRINIDAD  
AND TOBAGO LIMITED**

Unaudited Condensed Consolidated Interim  
Financial Statements

Nine Months Ended 2018 June 30

*(Presented in thousands of Trinidad and Tobago dollars)*

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# PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

Nine Months ended 2018 June 30

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# PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Unaudited Condensed Consolidated Statement of Financial Position

(Presented in Thousands of Trinidad and Tobago dollars)

	Note	Unaudited June 30, 2018	Audited September 30, 2017	Unaudited June 30, 2017
<b>ASSETS:</b>		\$	\$	\$
<b>Non-current assets</b>				
Property, plant and equipment	7	18,113,591	18,709,167	19,984,157
Intangible assets and goodwill	7	5,062,196	4,703,422	6,119,846
Available-for-sale financial instruments		2,710	2,112	2,841
Investment - Other		23,862	23,827	38,804
Deferred income tax assets		10,492,477	11,077,407	12,438,871
Income taxes recoverable		530,683	530,683	530,683
Cash in escrow-shareholder		231,520	211,948	204,980
Non-current asset – held for sale		--	--	27,692
		<u>34,457,040</u>	<u>35,258,566</u>	<u>39,347,874</u>
<b>Current assets</b>				
Inventories		2,954,513	2,133,321	2,403,666
Receivables and prepayments	8	2,742,592	2,343,417	1,494,834
Cash and cash equivalents		1,396,715	852,222	590,245
		<u>7,093,820</u>	<u>5,328,960</u>	<u>4,488,745</u>
<b>Total assets</b>		<u>41,550,860</u>	<u>40,587,526</u>	<u>43,836,619</u>
<b>EQUITY AND LIABILITIES:</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital		2,272,274	2,272,274	2,272,274
Retained earnings		731,716	1,232,225	3,849,742
Currency translation differences		397,460	498,787	580,429
		<u>3,401,450</u>	<u>3,294,365</u>	<u>6,702,445</u>
Non-controlling interests		(58,750)	(58,554)	(56,039)
<b>Total equity</b>		<u>3,342,700</u>	<u>3,944,732</u>	<u>6,646,406</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	9	6,984,797	7,384,200	7,405,613
Deferred income tax liabilities		9,859,630	10,212,662	10,831,328
Retirement benefit obligation – pension benefits		846,674	734,200	319,039
Retirement benefit obligation – medical benefits		2,671,983	2,536,700	2,721,161
Provisions		4,304,784	3,598,467	4,837,801
		<u>24,667,868</u>	<u>24,466,229</u>	<u>26,114,942</u>
<b>Current liabilities</b>				
Trade and other payables	10	5,912,186	5,616,483	4,558,831
Current tax liabilities		2,951,598	2,254,175	2,123,776
Current portion of long-term borrowings	9	483,233	482,018	483,291
Short-terms loans		4,188,695	3,819,316	3,901,692
Provisions		4,580	4,573	7,681
		<u>13,540,292</u>	<u>12,176,565</u>	<u>11,075,271</u>
<b>Total liabilities</b>		<u>38,208,160</u>	<u>36,642,794</u>	<u>37,190,213</u>
<b>Total equity and liabilities</b>		<u>41,550,860</u>	<u>40,587,526</u>	<u>43,836,619</u>

The notes on pages 5 to 17 are an integral part of these unaudited condensed consolidated interim financial statements.

Certified By:   
Executive Director

  
Date

# 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					For the Nine Months Ended	
June 2017	March 2018	June 2018		Note	June 2018	June 2017
\$	\$	\$			\$	\$
4,528,381	5,929,996	6,692,129	Revenue	11	18,035,697	14,881,774
(4,573,689)	(5,748,691)	(5,895,289)	Cost of sales	13	(16,602,872)	(14,221,378)
<b>(45,308)</b>	<b>181,305</b>	<b>796,840</b>	<b>Gross profit</b>		<b>1,432,825</b>	<b>660,396</b>
(296,976)	(307,268)	(324,949)	Administrative expenses	13	(947,202)	(870,615)
(39,527)	(36,105)	(42,063)	Marketing expenses	13	(111,762)	(104,954)
(13,093)	(9,142)	(23,318)	Other operating (expenses)/income	13	(36,936)	(24,134)
(716)	(716)	1,632	Impairment (losses)/income	14	201	187
24,884	34,263	44,542	Other operating income	12	123,888	95,420
<b>(370,736)</b>	<b>(137,663)</b>	<b>452,684</b>	<b>Operating (loss)/profit</b>		<b>461,014</b>	<b>(243,700)</b>
171	628	555	Finance income		1,410	1,230
(145,166)	(192,224)	(172,049)	Finance cost-bank borrowings		(561,807)	(440,579)
(66,627)	(66,626)	(10,191)	Finance cost-dismantlement		(143,443)	(199,879)
<b>(211,622)</b>	<b>(258,222)</b>	<b>(181,685)</b>	<b>Net finance costs</b>		<b>(703,840)</b>	<b>(639,228)</b>
<b>121</b>	<b>1,605</b>	<b>--</b>	<b>Share of (loss)/profit of equity-accounted investees, net of tax</b>		<b>-</b>	<b>(870)</b>
<b>(582,237)</b>	<b>(394,280)</b>	<b>270,999</b>	<b>Profit (loss) before tax</b>		<b>(242,826)</b>	<b>(883,798)</b>
320,230	(123,206)	(185,370)	Income tax benefit/(expense)	15	(257,889)	486,089
<b>(262,007)</b>	<b>(517,486)</b>	<b>85,629</b>	<b>Profit (loss) for the period</b>		<b>(500,715)</b>	<b>(397,709)</b>
<b>Other comprehensive income:</b>						
<i>Items that will never be reclassified to profit or loss:</i>						
28,543	41,493	36,383	Currency translation differences		(101,317)	28,930
28,543	41,493	36,383	<b>Other comprehensive income /(loss) for the period net of income tax</b>		<b>(101,317)</b>	<b>28,930</b>
<b>(233,464)</b>	<b>(475,993)</b>	<b>122,012</b>	<b>Total comprehensive loss for the period</b>		<b>(602,032)</b>	<b>(368,779)</b>
<b>(Loss)/ Profit attributable to:</b>						
(260,775)	(517,298)	85,616	Equity holders of the Company		(500,509)	(397,141)
(1,232)	(188)	13	Non-controlling interests		(206)	(568)
<b>(262,007)</b>	<b>(517,486)</b>	<b>85,629</b>			<b>(500,715)</b>	<b>(397,709)</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
(231,601)	(476,051)	122,148	Equity holders of the Company		(601,836)	(367,580)
(1,863)	58	(136)	Non-controlling interests		(196)	(1,199)
<b>(233,464)</b>	<b>(475,993)</b>	<b>122,012</b>			<b>(602,032)</b>	<b>(368,779)</b>

The notes on pages 5 to 17 are an integral part of these unaudited condensed consolidated interim 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 as previously reported	2,272,274	498,787	1,232,225	4,003,286	(58,554)	3,944,732
Loss for the year	--	--	(500,509)	(500,509)	(206)	(500,715)
Other comprehensive income:						
Total other comprehensive income	--	(101,327)	--	(101,327)	10	(101,317)
Total comprehensive income/(loss) for the year	--	(101,327)	(500,509)	(601,836)	(196)	(602,032)
Balance at 2018 June 30	2,272,274	397,460	731,716	3,401,450	(58,750)	3,342,700
Balance at 2016 September 30 (Audited)	2,272,274	550,868	4,246,883	7,070,025	(54,840)	7,015,185
(Loss)/Profit for the period	--	--	(397,141)	(397,141)	(568)	(397,709)
Other comprehensive income:						
Currency translation differences	--	29,561	--	29,561	(631)	28,930
Total comprehensive income for the period	--	29,561	(397,141)	(367,580)	(1,199)	(368,779)
Balance at 2017 June 30	2,272,274	580,429	3,849,742	6,702,445	(56,039)	6,646,406

The notes on pages 5 to 17 are an integral part of these unaudited condensed consolidated interim financial statements.

# PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Unaudited Condensed Consolidated Statement of Cash flows

(Presented in Thousands of Trinidad and Tobago dollars)

For the Quarter Ended			For the Nine Months Ended	
June 2017	March 2018	June 2018	June 2018	June 2017
\$	\$	\$	\$	\$
<b>Cash flows from operating activities:</b>				
(928,329)	(394,280)	270,999	(242,826)	(883,798)
316,914	254,526	131,637	557,129	453,206
522,097	294,571	341,895	892,691	773,331
272	55,927	(34,814)	26,699	12,006
426,855	258,790	181,726	704,736	640,457
(837)	(483)	(731)	(1,411)	(1,142)
(484)	(1,605)	--	--	(870)
1,670	716	716	2,147	2,147
148,950	78,775	78,775	236,325	223,425
115,850	60,700	60,700	182,100	173,775
7,475	377,920	297,200	676,718	256
510,195	(185,441)	(257,109)	(939,795)	430,315
(111,951)	(56,347)	(57,793)	(170,668)	(165,400)
--	--	--	--	--
<b>1,008,677</b>	<b>743,769</b>	<b>1,013,251</b>	<b>1,923,845</b>	<b>1,657,708</b>
<b>Cash flows from investing activities:</b>				
(175,617)	(177,460)	(346,190)	(645,019)	(378,312)
--	--	6,441	(25,177)	--
(1,670)	(716)	(716)	(2,147)	(2,147)
850	567	499	1,266	1,153
<b>(214,610)</b>	<b>(177,609)</b>	<b>(339,966)</b>	<b>(671,077)</b>	<b>(417,479)</b>
<b>Cash flows from financing activities:</b>				
(195,640)	--	(195,640)	(391,281)	(391,281)
4,534,866	1,960,070	9,571,938	5,931,812	6,923,119
(4,901,877)	(2,128,431)	(9,468,268)	(5,566,350)	(7,333,446)
(459,176)	(351,241)	(109,616)	(563,671)	(580,583)
<b>(1,021,827)</b>	<b>(519,602)</b>	<b>(201,586)</b>	<b>(589,490)</b>	<b>(1,382,191)</b>
(34,141)	(167,163)	(54,310)	(118,785)	(95,471)
(227,760)	46,558	471,699	663,278	(141,962)
<b>852,146</b>	<b>1,099,931</b>	<b>979,326</b>	<b>852,222</b>	<b>827,678</b>
<b>590,245</b>	<b>979,326</b>	<b>1,396,715</b>	<b>1,396,715</b>	<b>590,245</b>

The notes on pages 5 to 17 are an integral part of these unaudited condensed consolidated interim financial statements.

# PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

(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 interim financial statements of the Group as at and for the nine months ended 2018 June 30 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 interim 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 2018 June 30, the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended 2018 June 30, and the explanatory notes thereto are unaudited and have been prepared for interim financial information. These consolidated interim 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 interim 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 interim financial statements include all adjustments of a normal and recurring nature necessary for a fair presentation of results for the interim period. Results for the nine months ended 2018 June 30 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.

The following exchange rates were used in translating United States dollars to Trinidad and Tobago dollars:

	June 30 2018	March 31 2018	September 30 2017	June 30 2017
At end of the period	6.75190	6.73445	6.74210	6.76520
Average rate during the period	6.75649	6.75666	6.74944	6.74771



## **PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

### **Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

**For the nine months ended 2018 June 30**

*(Presented in Thousands of Trinidad and Tobago dollars)*

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#### **4. Use of judgements and estimates**

In preparing these 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimated 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**

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim 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 2017 October 1, which were adopted in the current year.



**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(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 2018 January 01. The Group has not early adopted them in preparing these unaudited Condensed Consolidated interim Financial Statements. 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 Interim Financial Statements

For the nine months ended 2018 June 30

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

<b>Title of Standard</b>	<b>IFRS 15 Revenue from Contracts with Customers</b>
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.

<b>Title of Standard</b>	<b>IFRS 16 Leases</b>
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 date, 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.

<b>Other Standards</b>	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.
IAS 19	Plan Amendments, Curtailment or Settlement.

# PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(Presented in Thousands of Trinidad and Tobago dollars)*

### 7. Property, plant and equipment and Intangible assets and goodwill

	Property, plant and equipment	Intangible assets
Nine months ended 2018 June 30	\$	\$
Opening net book amount as at 2017 October 01	18,709,167	4,703,422
Exchange differences	27,411	5,417
Additions	269,822	250,389
Depreciation and amortisation	(892,809)	(540,768)
Decommissioning Cost	--	643,736
<b>Closing net book amount as at 2018 June 30</b>	<b><u>18,113,591</u></b>	<b><u>5,062,196</u></b>
Nine months ended 2017 June 30		
Opening net book amount as at 2016 October 01	20,220,128	6,374,088
Exchange differences	122,351	42,434
Additions	415,009	128,838
Depreciation and amortisation	(773,331)	(453,206)
Non-current asset – held for sale	--	27,692
<b>Closing net book amount as at 2017 June 30</b>	<b><u>19,984,157</u></b>	<b><u>6,119,846</u></b>

During the nine months ended 2018 June 30, the Group acquired assets with costs of \$520,211 (2017: \$539,109). Significant capital expenditure in property, plant and equipment and intangible assets comprised mainly \$229,744 (2017: \$176,300) for Exploration, Development and Drilling activities in Land, North, East Coast and Trinmar, \$13,259 (2017: \$28,353), for the Ultra-Low Sulphur Diesel Plant, \$102,107 (2017: \$70,200) for major inspection and overhaul work to refinery plants.

The carrying value of the Ultra-Low Sulphur Diesel Project still under construction at 2018 June 30 was \$2,473,326 (2017: \$2,443,047). This amount is included within Property, plant and equipment.

### 8. Receivables and Prepayments

	Nine months ended June 30	
	2018	2017
	\$	\$
Trade receivables	440,954	149,351
Less: Provision for impairment of trade receivables	(29,508)	(15,184)
	<b><u>411,446</u></b>	<b><u>134,167</u></b>
Related Parties	1,988,100	944,373
Less: Provision for impairment of receivables	(157,041)	(38,084)
	<b><u>1,831,059</u></b>	<b><u>906,289</u></b>
Other receivables	407,749	445,646
Less: Provision for impairment of other receivables	(276,565)	(322,246)
	<b><u>131,093</u></b>	<b><u>123,397</u></b>
Trade and other receivables excluding prepayments and taxes	2,373,598	1,163,853
Taxes recoverable other than Income Taxes	15,963	22,797
Prepayments	<u>353,031</u>	<u>308,184</u>
<b>Trade and other receivables including prepayments and taxes</b>	<b><u>2,742,592</u></b>	<b><u>1,494,834</u></b>

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

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

	Nine months ended June 30	
	2018	2017
	\$	\$
Balance at start of six months period	7,866,218	8,236,274
Repayment of borrowings	(391,281)	(391,281)
Borrowing costs amortised	11,601	11,118
Currency translation	(18,507)	32,793
Balance at June 30	<u>7,468,030</u>	<u>7,888,904</u>
Non-current portion	6,984,797	7,405,613
Current portion	<u>483,233</u>	<u>483,291</u>
Balance at June 30	<u>7,468,030</u>	<u>7,888,904</u>

**10. Trade and Other Payables**

	Nine months ended June 30	
	2018	2017
	\$	\$
Trade payables	1,442,604	936,659
Due to related parties	208,266	128,230
Benefits due to employees	1,037,685	818,303
Accrued expenses	771,471	970,382
Accrued interest	256,427	257,918
Other payables	<u>287,122</u>	<u>196,229</u>
Trade and other payables excluding statutory liabilities	4,003,574	3,307,721
Due to the government of the Republic of Trinidad and Tobago (GORTT)		
- Royalties	980,582	1,004,798
- Taxes other than income tax	<u>928,029</u>	<u>246,312</u>
Trade and other payables including statutory liabilities	<u>5,912,186</u>	<u>4,558,831</u>

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

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

	Nine months ended June 30	
	2018	2017
	\$	\$
Sale of refined products	17,195,486	14,206,806
Natural gas sales	283,338	232,405
Crude oil sales	215,705	166,747
Royalty income	325,212	266,996
Natural gas liquids sales	13,930	10,835
Other revenue	2,026	(2,015)
	<u>18,035,697</u>	<u>14,881,774</u>

**12. Other operating income**

	Nine months ended June 30	
	2018	2017
	\$	\$
Marine income	55,837	37,880
Gain on foreign currency exchange	--	96,343
Storage fees	--	3,712
Interest on receivables	36,852	20,902
Sale of sulphuric acid	5,872	6,558
Pipeline rental income	10,107	5,983
Lab services fees	2,094	--
Filling, handling & rack filling fees	--	4,982
Access and storage fee	5,336	5,064
Income from utilities	4,478	4,454
Land and building rental income	--	595
Other income	3,312	5,290
	<u>123,888</u>	<u>95,420</u>

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(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:

	<b>Nine months ended 2018 June 30</b>				
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	\$	\$	\$	\$	\$
Purchases	12,316,446	--	--	--	12,316,446
Production taxes	1,314,234	--	--	--	1,314,234
Green Fund Levy	54,140	--	--	--	54,140
Employee benefits expense (excluding retirement benefits)	1,029,317	484,903	47,018	--	1,561,238
Production and refining expenses	1,079,396	101	--	--	1,079,497
Movement in inventories	(782,667)	--	--	--	(782,667)
Amortisation of intangible assets (Note 7)	540,768	--	--	--	540,768
Depreciation (Note 7)	846,663	--	27,796	18,350	892,809
Operating lease rental	249,673	8,693	1,649	--	260,015
Net medical benefit cost	--	182,100	--	--	182,100
Charge for bad and doubtful debts	77,903	(2,718)	--	--	75,185
Directors and key management remuneration (Note 17)	--	9,639	--	--	9,639
Net pension cost	--	236,325	--	--	236,325
DIE	--	--	--	26,484	26,484
Other expenses (income)	<u>(123,001)</u>	<u>28,159</u>	<u>35,299</u>	<u>(7,898)</u>	<u>(67,441)</u>
<b>Total</b>	<b><u>16,602,872</u></b>	<b><u>947,202</u></b>	<b><u>111,762</u></b>	<b><u>36,936</u></b>	<b><u>17,698,772</u></b>

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

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

	Nine months ended 2017 June 30				Total
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	
	\$	\$	\$	\$	\$
Purchases	9,962,911	--	--	--	9,962,911
Production taxes	602,337	--	--	--	602,337
Employee benefits expense (excluding retirement benefits)	1,041,651	519,561	46,626	--	1,607,838
Production and refining expenses	1,143,857	--	--	--	1,143,857
Movement in inventories	(86,997)	--	--	--	(86,997)
Amortisation of intangible assets (Note 7)	448,713	--	--	4,493	453,206
Depreciation (Note 7)	750,489	--	10,928	11,914	773,331
Operating lease rental	244,600	5,483	1,506	--	251,589
Net medical benefit cost	--	173,775	--	--	173,775
Loss on foreign currency exchange	--	--	--	10,865	10,865
Charges for bad and doubtful debts	50,357	(1,924)	--	--	48,433
Directors and key management remuneration (Note 17)	--	10,276	--	--	10,276
Net pension cost	--	223,425	--	--	223,425
Other expenses (income)	<u>63,460</u>	<u>(59,981)</u>	<u>45,894</u>	<u>3,138</u>	<u>(2,033)</u>
<b>Total</b>	<b><u>14,221,378</u></b>	<b><u>870,615</u></b>	<b><u>104,954</u></b>	<b><u>24,134</u></b>	<b><u>15,172,813</u></b>

**14. Impairment losses**

	Nine months ended June 30	
	2018	2017
	\$	\$
Impairment loss related to loans receivable:		
-World GTL (Trinidad) Limited in receivership	(2,133)	(2,147)
Reversal of previous impairment Losses:		
-Lake Asphalt of Trinidad and Tobago (1975) Limited (LATT)	2,334	2,334
Net impairment losses	<u>201</u>	<u>187</u>



**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(Presented in Thousands of Trinidad and Tobago dollars)***15. Tax**

	Nine months ended June 30 <sup>1</sup>	
	2018	2017
<b>Tax (benefit)/expense:</b>	\$	\$
Prior year under provision	--	(461)
Current year tax –PPT/ UL	(25,832)	2,593
Deferred tax	(232,051)	483,957
	<b>(257,889)</b>	<b>486,089</b>

**16. Capital commitments**

Capital expenditure contracted for but not yet incurred at 2018 June 30 amounted to \$523,030 (2017: \$735,580).

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(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:

<u>Name of Company/Equity</u>	Six months ended 2018 June 30			
	Cost		Revenue	
	Goods	Services	Goods	Services
	\$	\$	\$	\$
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes & Royalties	-	473,529	-	-
- Taxes other than Income Tax	-	227,269	-	-

**Entities under common control**

Trinidad and Tobago National Petroleum Marketing Company Limited	8,973	-	3,284,038	1,385
The National Gas Company of Trinidad and Tobago Limited	322,143	-	-	-

<u>Name of Company/Equity</u>	Six months ended 2017 June 30			
	Cost		Revenue	
	Goods	Services	Goods	Services
	\$	\$	\$	\$
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes	-	450,826	-	-
- Other	-	167,653	-	-

**Entities under common control**

Trinidad and Tobago National Petroleum Marketing Company Limited	8,615	-	2,710,283	1,091
The National Gas Company of Trinidad and Tobago Limited	332,099	-	-	-

**PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

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

	<b>Nine months ended June 30</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	9,113	9,267
Long-term employee benefits	<u>526</u>	<u>1,009</u>
	<b><u>9,639</u></b>	<b><u>10,276</u></b>

**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					
	Block 9 – Offshore	Teak, Samaan, Poui (TSP)	Central Block	South East Coast Consortium	Other	Total
	Nine months ended 2018 June 30					
Revenue	242,391	215,367	54,802	97,029	16,059	625,648
Cost of Sales	(212,304)	(142,899)	(43,905)	(51,225)	(414)	(450,747)
Income tax benefit/(expense)	(3,124)	(2,219)	(603)	(3,607)	(454)	(10,007)
	Nine months ended 2017 June 30					
Revenue	199,818	160,800	43,333	108,653	10,332	522,936
Cost of Sales	(111,598)	(118,658)	(59,607)	(48,280)	(5,492)	(343,635)
Income tax expense	(36,830)	(23,036)	13,138	(45,683)	(5,909)	(983,320)

# **PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the nine months ended 2018 June 30

*(Presented in Thousands of Trinidad and Tobago dollars)*

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## **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 \$146,356/US\$21,708 with an expiry date of 2018 December 31 was established.

### **(b) Status of Petrotrin**

Discussions are ongoing with our shareholders and other stakeholders with respect to the reorganisation of Petrotrin. An executive team has been appointed to oversee the reorganisation of Petrotrin.

### **(c) US\$ 850 million Loan**

Petrotrin continues to review its options for the refinancing of this debt.