



Heritage

PETROLEUM
COMPANY LIMITED

Summary of Audited Consolidated Financials for Heritage Petroleum Company Limited as at and for the period ended 30th September 2019

Chairman's Report

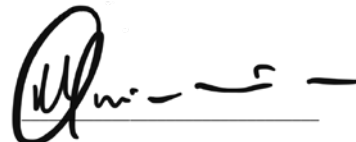
2019 represents the first ten (10) months of operations for Heritage Petroleum Company Limited (HPCL) and it has performed remarkably. Following on the courageous decision of the shareholder to restructure Petrotrin and vest the Exploration and Production (E&P) Assets in HPCL, the Company immediately set about to stabilise the base and grow organically. In so doing, Heritage has managed to recover production, replace its reserves, and build an organisation from the ground up.

For the period, the Company recorded TT\$5.4 billion in revenue and profit of TT\$1.4 billion. These results have been accomplished while:

- (i) funding a capital program of TT\$193 million;
- (ii) successfully ensuring that quarter-on-quarter production continues to trend upwards;
- (iii) settling in a timely fashion, and as required, the debt obligations to lenders which originated in legacy Petrotrin; and
- (iv) Contributing to the Government of Trinidad and Tobago related taxes, licences, royalties and levies due for the period of TT\$821 million.

In the current economic climate along with the challenges now faced by commodity markets, the ongoing task of the Board will be to sustain this profitable business with free positive cash flows.

It would be remiss of me not to conclude by congratulating the shareholder on its bold vision, and expressing gratitude to the past and current Board along with the Management and Staff for the hard work and commitment which brought about these extremely impressive results.



Michael Quamina
Chairman

Independent Auditors' Report on the Summary Consolidated Financial Statements

To the Shareholder of Heritage Petroleum Company Limited

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 30 September 2019, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and related notes, are derived from the audited consolidated financial statements of Heritage Petroleum Company Limited ("the Group") for the period ended 30 September 2019.

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 note 2.

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 our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 23 April 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

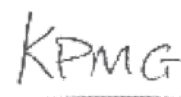
Our report on the audited consolidated financial statements also includes an emphasis of matter relating to the effects on the Group of the global pandemic which was declared by the World Health Organization related to the novel coronavirus disease 2019 (COVID-19) as well as the implications of the fall in Brent Oil market prices subsequent to year-end and the measures that the Board of Directors have approved to be implemented to support the ongoing use of the going concern assumption. We draw attention to note 2 of these summary consolidated financial statements which further describes the impact on the Group. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Note 2.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated 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 26, 2020



Heritage

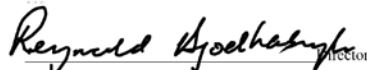
PETROLEUM
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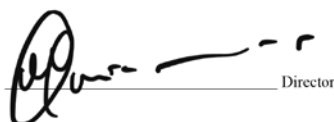
Summary of Audited Consolidated Financials for Heritage Petroleum Company Limited as at and for the period ended 30th September 2019

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Presented in thousands of Trinidad and Tobago dollars)

	As at 30 September 2019 \$
Assets	
Non-current assets	
Property, plant and equipment - tangible and intangible	5,962,299
Investment in associate	1,414
Deferred tax assets	1,313,266
Income tax recoverable	177
Cash in escrow	220,909
	<u>7,498,065</u>
Current assets	
Inventories	372,777
Trade and other receivables	291,420
Due from related parties	1,477,381
Short-term investments	149,907
Cash and cash equivalents	1,166,305
	<u>3,457,790</u>
Total assets	<u>10,955,855</u>
Equity attributable to owners of the parent	
<i>Capital and reserves</i>	
Share Capital (note 8)	--
Retained earnings	1,410,519
Consolidation Reserve	(237,366)
Currency translation	(110,866)
	<u>1,062,287</u>
Non-controlling interests	(60,567)
	<u>1,001,720</u>
Total Equity	<u>1,001,720</u>
Non-current liabilities	
Provisions	5,070,297
Deferred tax liability	1,313,266
	<u>6,383,563</u>
Current liabilities	
Trade and other payables	543,671
Due to related parties	2,702,508
Borrowings	320,794
Provisions	3,599
	<u>3,570,572</u>
Total liabilities	<u>9,954,135</u>
Total equity and liabilities	<u>10,955,855</u>

On April 26, 2020, the Board of Directors of Heritage Petroleum Company Limited authorised these summary consolidated financial statements for issue.


Reynold Hoelhatyph
Director


Director

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Presented in thousands of Trinidad and Tobago dollars)

	Ten months ended 30 September 2019 \$
Revenue	5,398,209
Cost of sales	(3,555,835)
Gross profit	1,842,374
Other operating income	13,821
	<u>1,856,195</u>
Impairment	(82,894)
Administration	(79,088)
	<u>1,694,213</u>
Operating profit	1,694,213
Net finance costs	(284,995)
	<u>1,409,218</u>
Share of profit of associates accounted for using the equity method, net of tax	977
Profit before taxation	1,410,195
Taxation expense	--
Profit for the period	1,410,195
Other comprehensive income	(111,093)
Currency translation differences	(111,093)
	<u>1,299,102</u>
Total comprehensive income for the period	<u>1,299,102</u>
Profit attributable to:	
Equity holders of the Company	1,410,519
Non-controlling interests	(324)
	<u>1,410,195</u>
Total comprehensive income attributable to:	
Equity holders of the Company	1,299,653
Non-controlling interests	(551)
	<u>1,299,102</u>

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (Presented in thousands of Trinidad and Tobago dollars)

	Ten months ended 30 September 2019 \$
Cash flows from operating activities	
Cash generated from operations	1,498,821
Income taxes paid	--
Net cash generated in operating activities	1,498,821
Net cash used in investing activities	(344,229)
Net cash generated from financing activities	20,491
Currency translation differences relating to cash and cash equivalents	(8,778)
Net increase in cash and cash equivalents	1,175,083
Cash and cash equivalent at the beginning of the period	--
Cash and cash equivalents, at end of period	<u>1,166,305</u>



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SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Presented in thousands of Trinidad and Tobago dollars)

	Share capital	Retained earnings	Consolidation Reserve	Currency Translation	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Ten months ended 30 September 2019						
Balance at 1 December 2018	--	--	--	--	--	--
Profit/(loss) for the period	--	1,410,519	--	--	(324)	1,410,195
Acquisition of subsidiary with non-controlling interest	--	--	(237,366)	--	(60,016)	(297,382)
Currency translation differences	--	--	--	(110,866)	(227)	(111,093)
Balance as at 30 September 2019	--	1,410,519	(237,366)	(110,866)	(60,567)	1,001,720

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

(Presented in thousands of Trinidad and Tobago dollars)

1. Corporate Information

Heritage Petroleum Company Limited ("Heritage" or "the Company") is incorporated in the Republic of Trinidad and Tobago on 05 October 2018. Heritage is primarily engaged in exploration, development, production and marketing of crude oil. The sole shareholder is Trinidad Petroleum Holdings Limited (TPHL). The ultimate parent is the Government of the Republic of Trinidad and Tobago (GORTT). The registered office is 5th Floor Newtown Centre 30-36 Maraval Road, Newtown, Port of Spain Trinidad and Tobago, West Indies.

The consolidated financial statements of Heritage as at and for the period ended 30 September 2019 comprise Heritage and its subsidiaries and its interest in jointly controlled entities.

The ultimate ownership of Heritage is with Corporation Sole, the same as before the restructuring described above.

- (a) *Investment in Associate*
The Company's associate as at 30 September 2019 consists of Point Fortin LNG Exports Limited (PFLE).
- (b) *Investment in Subsidiaries*
The Company's subsidiaries as at 30 September 2019 consists of Trinidad and Tobago Marine Petroleum Company Limited (Trintomar) and Trinidad Northern Areas (TNA).

2. Basis of presentation

Prior to Heritage's formation, its exploration and production activities were conducted by a related party and fellow subsidiary of TPHL, Petroleum Company of Trinidad and Tobago Limited (Petrotrin). Petrotrin undertook a restructuring in 2018 and by virtue of the Miscellaneous Provisions (Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited (Paria), Guaracara Refining Company Limited (Guaracara) Vesting) Bill, 2018 ("Vesting Act"); effective 01 December 2018, Petrotrin's assets relative to exploration and production (E&P), was vested in Heritage Petroleum Company Limited. Petrotrin's assets related to terminalling and refinery operations were vested to Paria and Guaracara respectively. The associated decommissioning and dismantlement obligations in respect of E&P, terminalling and refining operations were also transferred to the respective entities. As a result, Heritage's opening assets and liabilities originated as a result of the above, with the corresponding liability due to Petrotrin. The carrying amounts of the assets and liabilities were accounted for using the predecessor values method because they arose from a common-control transaction.

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 summary consolidated statement of financial position, summary consolidated statement of comprehensive income, changes in equity and cash flows for the period ended 30 September 2019 and selected notes to the summary consolidated financial statements comprising certain significant accounting policies and other explanatory information. The summary consolidated financial statements are expressed in thousands of Trinidad and Tobago Dollars.

The summary consolidated financial statements have been extracted from the audited consolidated financial statements as at and for the period ended 30 September 2019 and do not include the accounting policy disclosures that are contained in the consolidated financial statements.

The full set of consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its legal and financial obligations. The validity of the going concern basis is dependent on finance being available for the continuing working capital requirements of

the Group for the foreseeable future, being a period of at least twelve months from the date of approval of the full set of the consolidated financial statements. During FY2020 there has been a significant deterioration in the market conditions for the Group's crude income due to the impact of the worldwide pandemic Covid-19. The ongoing operations of the Group are dependent on its ability to utilise effectively its cash reserves and the Directors recognise the continuing operations of the Group requires the optimisation of planned activities to preserve cash. The Directors have a reasonable expectation that the required actions will be successful and therefore the full set of the consolidated financial statements have been prepared on the going concern basis. In addition, the Directors have obtained a letter of financial support from its Ultimate Parent, the Government of the Republic of Trinidad and Tobago which can be called upon if needed to meet its legal and financial obligations as they fall due.

3. Statement of Compliance

The summary consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

4. 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, The Ministry of Energy and Energy Industries and its employees.

5. Use of Estimates and judgements

The preparation of the 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 judgement or complexity, or areas where the assumptions and estimates are significant to the summary consolidated financial statements are disclosed within the consolidated financial statements.

6. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these summary consolidated financial statements are consistent with those disclosed in the audited consolidated financial statements as at and for the period ended 30 September 2019.

7. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the period ended 30 September 2019.

8. Share capital

Issued and fully paid represents 1 ordinary shares of no par value.

Ordinary shares have no par value and entitle the holder to participate in dividends, and to share in the proceeds of winding up the parent company in proportion to the number of the shares held. On show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll share is entitled to one vote. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.