



# Summary Financial Statements For the Year Ended September 30, 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

## Chairman's Report

I am pleased on behalf of the Board of Directors, to present the 2020 Audited Financial Report of Paria Fuel Trading Company Limited (Paria) which demonstrates its continued thriving success. Paria's successful 2020 performance was achieved in a market environment of price fluctuations and demand destruction arising from the COVID-19 pandemic with consequent lower revenues.

During this period, Paria ensured a competitive supply of products which allowed continued growth to its regional customer base whilst maintaining reliable and uninterrupted fuel sales to the nation. In keeping with our growth strategies to increase market share and supply quality fuels, Paria also introduced two new products, Ultra Low Sulphur Diesel (ULSD) and Very Low Sulphur Fuel Oil (VLSFO) to our export markets. These initiatives resulted in profits which exceeded the prior period.

**For the twelve-month period ended September 30th, 2020, Paria recorded TT\$6.75 billion in revenue and a profit after taxes of TT\$231 million, in comparison to TT\$7.3 billion in revenue and TT\$109 million in after tax profit for the previous audit period which was 10 months and ended on September 30th, 2019.**

These results have been accomplished whilst ensuring:

- a. Steady contributions to the Government of Trinidad and Tobago via tax payments. Tax remittances during the period ending September 30th, 2020, include VAT payments of TT\$420.9 million, Corporation Taxes of TT\$147.3 million and Green Fund Levy payments of TT\$20.8 million
- b. Our local market was adequately supplied with fuel. Of the total 15.6 million barrels of product sold, 7.2 million barrels or 46.2%, were supplied

to the local market for the period ending September 30th, 2020

- c. Paria's terminalling and logistics continue to have a pivotal role in the handling and exportation of crude from our sister company Heritage Petroleum Company Limited (Heritage). Based on the throughput handled by the port of 44.5 million barrels during this fiscal year, 14.3 million barrels were crude oil from Heritage.
- d. Continuous investment into improving the mechanical integrity of our terminalling assets and port facilities to maintain a safe and efficient supply of fuel to our customers.

Looking ahead, the Board and Management are placing greater emphasis on business efficiency and cost optimisation to ensure sustainable profitability as Paria continues to navigate the COVID-19 business challenges.

We acknowledge the expertise and counsel that the past and current Boards of Directors have contributed to the progression of Paria's business throughout the year. Similarly, my congratulations and thanks to the management and staff of Paria for the hard work and commitment in making these results possible, whilst ensuring that we continue to safely and efficiently deliver fuel to meet our customers' demands.

**Newman George**  
Chairman

## Independent Auditor's Report

**TO THE SHAREHOLDER OF PARIA FUEL  
TRADING COMPANY LIMITED**

### Report on the Audit of the Summary Financial Statements

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 30 September 2020, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended and related notes, are derived from the audited financial statements of Paria Fuel Trading Company Limited (the "Company") for the year ended 30 September 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 3. In addition to the summary financial statements and our auditor's report thereon, the summary financial statements contain other information that consists of the Chairman's report.

Our opinion on the summary financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards (IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon. The summary financial statements and the audited financial

statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified opinion on the audited financial statements in our report dated 25 August 2021. That report also includes:

- An *Emphasis of Matter* paragraph that draws attention to Note 1b) in the audited financial statements which describes that the financial statements have been prepared on a non-going concern basis because of the decision taken to discontinue the operations. These matters are addressed in Note 1a) of the summary financial statements.
- An *Other Matter* section which states the audited financial statements of Paria Fuel Trading Company Limited for the year ended 30 September 2019, were audited by another auditor who expressed an unqualified opinion on those statements on 24 June 2020.

#### Responsibilities of Management for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with IFRSs.

#### Auditor's Responsibilities for the Audit of the Summary Financial Statements

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

Port of Spain,  
TRINIDAD:  
25 August 2021



## Summary Financial Statements For the Year Ended September 30, 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

### SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

| ASSETS  | 2020<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| <b>Current assets</b>                                     |                  |                  |
| Deferred tax assets                                       | 53,103           | 36,753           |
| Right -of-use assets                                      | 24,996           | -                |
| Inventories   | 368,955          | 741,601          |
| Trade and other receivables                               | 256,646          | 393,483          |
| Due from related parties                                  | 308,384          | 691,364          |
| Cash and cash equivalents                                 | 1,032,452        | 486,555          |
| Assets held for sale                                      | 1,095,704        | 998,588          |
| <b>Total assets</b>                                       | <b>3,140,240</b> | <b>3,348,344</b> |
| <b>EQUITY AND LIABILITIES</b>                             |                  |                  |
| <b>Capital and reserves</b>                               |                  |                  |
| Stated capital  | -                | -                |
| Retained earnings   | 340,451          | 109,291          |
| Currency translation differences                          | 11,002           | 7,180            |
| <b>Total equity</b>                                       | <b>351,453</b>   | <b>116,471</b>   |
| <b>Liabilities</b>  |                  |                  |
| <b>Current liabilities</b>                                |                  |                  |
| Trade and other payables                                  | 439,303          | 564,247          |
| Due to related parties                                    | 1,508,001        | 1,865,864        |
| Lease liabilities   | 25,561           | -                |
| Taxation payable  | 28,774           | 83,711           |
| Deferred tax liability                                    | 53,103           | 36,753           |
| Liabilities directly associated with assets held for sale | 734,045          | 681,298          |
| <b>Total liabilities</b>                                  | <b>2,788,787</b> | <b>3,231,873</b> |
| <b>Total equity and liabilities</b>                       | <b>3,140,240</b> | <b>3,348,344</b> |

On 25 August 2021, the Board of Directors of Paria Fuel Trading Company Limited authorised these summary financial statements for issue.

Director

Director

### SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

|   | Year<br>ended<br>30 September<br>2020<br>\$ | Ten months<br>ended<br>30 September<br>2019<br>\$ |
|---|---|---|
| <b>Discontinued operations</b>                                |   |   |
| Revenue   | 6,750,162                                   | 7,280,671   |
| Cost of sales   | (6,377,603)                                 | (6,938,355)                                       |
| <b>Gross profit</b>   | <b>372,559</b>                              | <b>342,316</b>                                    |
| Other operating income  | 126,412                                     | 98,997  |
| Administrative expenses                                       | (45,165)                                    | (61,968)  |
| Write back/provision for tax penalties and interest           | 53,236                                      | (53,236)  |
| Operating expenses  | (182,426)                                   | (103,890)   |
| <b>Operating profit</b>                                       | <b>324,616</b>                              | <b>222,219</b>                                    |
| Net finance costs   | (1,445)                                     | (29,217)  |
| <b>Profit before taxation</b>                                 | <b>323,171</b>                              | <b>193,002</b>                                    |
| <b>Taxation</b>   | <b>(92,011)</b>                             | <b>(83,711)</b>                                   |
| <b>Profit for the period</b>                                  | <b>231,160</b>                              | <b>109,291</b>                                    |
| <b>Other comprehensive income</b>                             |   |   |
| <i>Items that would not be reclassified to profit or loss</i> |   |   |
| Currency translation differences                              | 3,822                                       | 7,180   |
| <b>Total comprehensive income for the period</b>              | <b>234,982</b>                              | <b>116,471</b>                                    |

### SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

|   | Share<br>capital<br>\$ | Retained<br>earnings<br>\$ | Currency<br>translation<br>differences<br>\$ | Total<br>\$    |
|---|------------------------|----------------------------|--|----------------|
| <b>Year ended 30 September 2020</b>       |                        |                            |  |                |
| Balance at 1 October 2019                 | -                      | 109,291                    | 7,180  | 116,471        |
| Profit for the period                     | -                      | 231,160                    | -  | 231,160        |
| Other comprehensive income for the period | -                      | -                          | 3,822  | 3,822          |
| Total comprehensive income for the period | -                      | 231,160                    | 3,822  | 234,982        |
| <b>Balance at 30 September 2020</b>       | <b>-</b>               | <b>340,451</b>             | <b>11,002</b>                                | <b>351,453</b> |
| <b>Ten months ended 30 September 2019</b> |                        |                            |  |                |
| Balance at 1 December 2018                | -                      | -                          | -  | -              |
| Profit for the period                     | -                      | 109,291                    | -  | 109,291        |
| Other comprehensive income for the period | -                      | -                          | 7,180  | 7,180          |
| Total comprehensive income for the period | -                      | 109,291                    | 7,180  | 116,471        |
| <b>Balance at 30 September 2019</b>       | <b>-</b>               | <b>109,291</b>             | <b>7,180</b>                                 | <b>116,471</b> |



## Summary Financial Statements For the Year Ended September 30, 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

### SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

|  | Year<br>ended<br>30 September<br>2020<br>\$ | Ten months<br>ended<br>30 September<br>2019<br>\$ |
|--|---|---|
| <b>Operating activities</b>  |   |   |
| Profit before taxation   | 323,171                                     | 193,002   |
| <i>Adjustments to reconcile profit to<br/>net cash from operating activities</i> |   |   |
| Depreciation   | 21,078                                      | 45,524  |
| Finance costs, net   | 1,445                                       | 29,217  |
| Unrealised foreign currency loss   | -   | 7,240   |
| <i>Net change in operating assets and liabilities</i>                            |   |   |
| Decrease in inventory  | 372,646                                     | 140,857   |
| Decrease/(increase) in trade<br>and other receivables                            | 136,837                                     | (401,339)   |
| Decrease/(increase) in due<br>from related parties                               | 382,980                                     | (691,755)   |
| (Decrease)/increase in trade<br>and other payables                               | (124,944)                                   | 524,339   |
| (Decrease)/increase in due to affiliates   | (356,911)                                   | 640,731   |
| Taxes paid   | (146,948)                                   | -   |
| Finance costs paid, net  | 190   | (106)   |
| <b>Net cash generated from<br/>operating activities</b>                          | <u>609,544</u>                              | <u>487,710</u>                                    |
| <b>Investing activity</b>  |   |   |
| Purchase of property, plant and equipment  | 11 (44,258)                                 | (575)   |
| <b>Net cash used in investing activity</b>                                       | <u>(44,258)</u>                             | <u>(575)</u>                                      |
| <b>Financing activities</b>  |   |   |
| Principal portion of lease payments  | 6 (22,148)                                  | -   |
| <b>Net cash used in financing activities</b>                                     | <u>(22,148)</u>                             | <u>-</u>  |
| Currency translation differences   | 2,759                                       | (580)   |
| <b>Net increase in cash and cash equivalents</b>                                 | 545,897                                     | 486,555   |
| <b>Cash and cash equivalents,<br/>at the beginning of the period</b>             | 486,555                                     | -   |
| <b>Cash and cash equivalents,<br/>at the end of the period</b>                   | <u>1,032,452</u>                            | <u>486,555</u>                                    |

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

#### 1. Incorporation and principal activity

Paria Fuel Trading Company Limited ("Paria" or "the Company") was incorporated in the Republic of Trinidad and Tobago on 5 October 2018. Paria is primarily engaged in importation and distribution of refined fuel, petroleum products trading and receiving, handling and preparation of cargo (terminalling). 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 9 Queen's Park West, Port of Spain, Trinidad and Tobago, West Indies.

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

#### 1. Incorporation and principal activity (continued)

Prior to Paria's formation, its terminalling activities were conducted by a related party, 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 (Heritage), Paria Fuel Trading Company Limited (Paria), Guaracara Refining Company Limited (Guaracara) Vesting) Bill, 2018, ("Vesting Act"); effective 1 December 2018, Petrotrin's assets relative to terminalling operations were vested in Paria. Petrotrin's assets related to exploration and production and refinery operations were vested to Heritage and Guaracara respectively. The associated decommissioning and dismantlement obligations in respect of terminalling, E&P and refining operations were also transferred to the respective entities. As a result of the transfers of assets and liabilities, this gave rise to a corresponding liability to Petrotrin. The carrying amounts of the assets and liabilities were accounted for using the predecessor valuation method because they arose from a common-control transaction. The ultimate ownership of Paria is Corporation Sole.

#### (a) Significant events in the current reporting period - Assets held for sale and discontinued operations

Upon the closure of the refinery by PETROTRIN and the formation of Paria and the transfer of the terminalling assets to this company, the Government of Trinidad and Tobago (GORTT) indicated its intention to offer for sale or lease these terminalling facilities. Based on the initial bidding process, a buyer was not selected. On 18 February 2021, the Minister of Finance affirmed GORTT's intention to reoffer the assets for market consideration.

As a result of the above, the associated assets and liabilities of the terminalling operations continue to be presented as "held for sale" in the statement of financial position as at 30 September 2020 and 30 September 2019. All of the operations in the current period are shown as "discontinued operations" in the statement of profit or loss. At the date of issue of the audited financial statements the sale was not concluded.

#### 2. Basis of measurement

In accordance with IAS 1 "Presentation of Financial Statements" the basis of preparing financial statements is on a non-going concern basis due to the decision taken by the Government of Trinidad and Tobago as explained in 1 (a) above.

For financial statement presentation, the liquidating activities are those relating to the divestment of assets. The Board of Directors is expecting an orderly disposal process as the Company seeks to realize its assets and settle its liabilities. Due to the planned divestment described above, the associated assets and liabilities are presented as assets or liabilities classified as "held for sale" in the 2020 and 2019 financial statements. The accounting policy in relation to these line items were only in relation to those assets that were classified as held for sale where these items were measured at the lower of its carrying amount and fair value less cost to sell in accordance with IFRS 5.

Management plans to divest and expects to utilize the income generated from the divestment process to settle any outstanding liabilities of the Company going forward. Effective 1 April 2019 certain assets of the Company were re-classified as held for sale and continue to be classified as held for sale. The assets remained as held for sale for a period beyond a one-year period in accordance with IFRS 5, given the continued commitment to complete the sale.

The Company's liabilities have been treated as current as the current liabilities reflect the manner in which the Company is expected to settle these obligations which comprise creditor balances, intercompany balances, amounts due to tax authorities and liabilities held for sale.

#### 3. Basis of presentation

Management has prepared a full set of financial statements in accordance with the International Financial Reporting Standards but has summarized it by disclosing the statement of financial position, statement of comprehensive income, changes in equity and cash flows for the year ended 30 September 2020 and select notes to the summary financial statements comprising certain significant accounting policies and other explanatory information. The summary financial statements are expressed in thousands of Trinidad and Tobago Dollars. The full set of the audited financial statements are available at <http://trinidadpetroleum.co.tt/investor-relations/financial-statements/>.



## Summary Financial Statements For the Year Ended September 30, 2020 (Expressed in Thousands of Trinidad and Tobago Dollars)

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2020

(Expressed in Thousands of Trinidad and Tobago Dollars)

#### 3. Basis of presentation (continued)

The summary financial statements have been extracted from the audited financial statements for the year ended 30 September 2020 and do not include the accounting policies notes that are contained in the audited financial statements.

#### 4. Functional and presentation currency

Items included in the summary financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The United States dollar is the Company's functional currency. The financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Company's presentation currency.

#### 5. Use of Estimates and judgements

The preparation of these summary 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 financial statements are disclosed within the audited financial statements.

#### 6. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these summary financial statements are consistent with those disclosed in the audited financial statements as at and for the year ended 30 September 2020.

#### 7. Contingent Liabilities

##### Guarantees

The Company (as well as Heritage and Guaracara) is a Guarantor of the parent company's, (TPHL's) senior secured and unsecured debt obligations.

As a guarantor on TPHL's Senior secured loan Paria is also required to comply with the following other obligations:

- (i) Senior lenders have a first priority security interest under New York law and/or Trinidad and Tobago law as applicable over certain of the Group's assets including equipment and fixtures, inventory and receivables
- (ii) Days Sales outstanding (DSO) defined as receivables outstanding at quarter end divided by gross sales or revenue for the quarter multiplied by number of days in the quarter shall not exceed sixty (60) days.

The Company is also subject to a number of negative covenants, including restrictions on the Company's ability to create liens, limitations on additional indebtedness, dividends and/or restricted payments, asset sales and sale and leaseback transactions, limitations surrounding capital expenditure and investments, transactions with Affiliates (including Petrotrin), negative pledges as well as conditions for mandatory prepayments.

TPHL and the Guarantors are currently in default of certain covenants of the Credit Agreement and Indenture.

The directors and management have been advised that the Loan Parties, in consultation with the Administrative Agent of the Lenders, have approved a plan to address such defaults with the Lenders as part of the TPHL Group Refinancing currently being undertaken and is expected to be completed within the upcoming year. In November 2020, the Loan Parties worked with the Lenders to successfully execute a waiver for similar previous events of default under the Credit Agreement. With this recent precedent, combined with the positive nature of discussions between the Loan Parties and the Lenders to date, the directors and management are of the view that there is a strong likelihood that the execution of the waivers for the current events of default, is expected within twelve months of the approval of these financial statements.

Administrative Agent of the lenders apprised of these recent "events of default". The Board and Management working jointly with the Administrative Agent of the Lenders have agreed and approved a plan to address these "events of default" as part of the current TPHL Group refinancing process being undertaken which is expected to be completed within the upcoming year.

The current defaults can be divided in three different groups:

First, failure by TPHL to deliver its audited consolidated financial statements for the period ended 30 September 2019, which triggered an event of default under the Credit Agreement and a default under the Indenture (the "FS Default"). This was due to delays in the delivery of the Petrotrin audited financial statements for the period ended 30 September 2019 which, in turn, impacted the delivery of the TPHL audited group consolidated financial statements for the period.

Second, the Loan Parties have performed certain actions as part of their operations that are not permitted to be performed during the period in which a default or event of default has occurred and is continuing. Such actions include, but are not limited to, incurring capital expenditures relating to exploration and for the development of proved, undeveloped reserves and making investments in Petrotrin for the payment of interest in respect of Petrotrin's short-term debt. Because the Loan Parties have performed such actions during the FS Default, other defaults and/or events of defaults have been triggered under the Credit Agreement and/or the Indenture.

Third, the Loan Parties have failed to comply with certain other covenants under the Credit Agreement and the Indenture that are unrelated to the occurrence and continuance of the FS Default, including, but not limited to, maintaining certain required financial ratios during the fiscal quarters ended 30 September 2020 and 31 December 2020 and paying certain insurance costs on behalf of Petrotrin, which payments constitute restricted payments. These actions have triggered defaults and/or events of defaults under the Credit Agreement and/or the Indenture.

In addition, an event of default under the Credit Agreement may, under certain circumstances, trigger an event of default under the Indenture. Similarly, a default under the Indenture may, under certain circumstances, trigger an event of default under the Credit Agreement.

Under the Indenture, a default resulting from the failure to comply with the covenants thereunder (other than a payment default) is not an "event of default" until the Trustee (at the direction of Holders holding more than 50% in aggregate principal amount of the Notes) or the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding notifies the Company (and in the case of such notice by Holders, the Company and the Trustee) of the default and the Company does not cure such default within the time specified after receipt of such notice. No such Notice of Default has been received by the Company as of the approval date of these financial statements. However, an event of default exists under the Indenture's cross-default provision resulting from the events of default existing under the Credit Agreement.

Notwithstanding the above, (i) the consent of Lenders holding more than 50% of the aggregate principal amount of the loans is still required to accelerate the Loans under the Credit Agreement, and (ii) the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding still need to direct the Trustee to, in which case the Trustee by written notice to the Company, or the Required Holders by written notice to the Company and the Trustee may, declare the principal and accrued and unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately. It is important to note that no such consent on the part of the Lenders or direction on the part of the Holders has occurred.

Additionally, only the voting creditors holding more than 50% of the aggregate principal of the claims outstanding (i.e., combined exposure of loans and bonds) shall be entitled to enforce on the collateral.

It should be noted that none of the events of default under the Credit Agreement or Indenture are debt service or payment related credit risk defaults, as TPHL (along with Heritage) continues to make all required interest and principal payments under the terms of the Credit Agreement and the Indentures up to the date of this report.

#### 8. Events after the reporting period

On 7 August 2021, oil was observed in the Pointe-a-Pierre port and a leak was subsequently discovered on one of the Company's pipelines. The leak was promptly isolated and contained, followed by surveillance and clean-up operations. The financial impact associated with the spill cannot be reasonably estimated as at the date of these financial statements. As at 13 August 2021, recovery of oil is completed and final clean-up is ongoing.