



# Heritage

**PETROLEUM**  
COMPANY LIMITED

## Unaudited Condensed Interim Financial Information For the nine months ended 30 June 2020

### Chairman's Report for 1 October 2019 to 30 June 2020

Heritage Petroleum Company Limited (Heritage) has delivered another strong performance as reflected in the Company's results for the first nine months of only its second year of operation. This remarkable outcome was achieved despite the severe and unprecedented fall in oil prices on the world market over this period. In this regard, I remind you that for the first time ever, WTI crude traded at negative prices during the months May and June 2020. In fact, on average, international prices were 25% lower than that of the previous year.

Heritage responded quickly to market dynamics by adjusting its strategy via its six-point plan to manage costs and optimise capital and project programmes. Heritage also made the bold decision to store crude for May and June and began to trade again in July 2020. This key strategic move resulted in significant incremental revenue of \$248 million for the period.

As a consequence, we are pleased to report that revenue for the nine-month period ending 30 June 2020 is \$3.2 billion and profit before tax is \$0.7 billion.

Heritage's cash generation also remains strong with a cash balance that now stands at a healthy \$0.8 billion. This performance allowed Heritage to contribute \$704 million to Government revenue in the form of related taxes, royalties, and levies for this nine-month period.

These noteworthy results in the face of multiple challenges during the COVID-19 pandemic reflect the benefit of Heritage's corporate values of Innovation, Nimbleness and Performance. I wish to express my sincere thanks to the Heritage team on this strong performance.

Michael A. A. Quamina  
Chairman

### Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying unaudited condensed interim financial information of Heritage Petroleum Company Limited (the "Company") which comprise the unaudited condensed statement of financial position as at 30 June 2020, the unaudited condensed statements of comprehensive income, unaudited condensed changes in equity and cash flows for the nine months ended 30 June 2020, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these unaudited condensed interim financial information, management utilised the International Financial Reporting Standards and specifically, International Accounting Standard 34 Interim Reporting, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Management affirms that it has carried out its responsibilities as outlined above.

Nigel Campbell,  
Chief Financial Officer  
25th November 2020

Arlene Chow,  
Chief Executive Officer  
25th November 2020



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COMPANY LIMITED

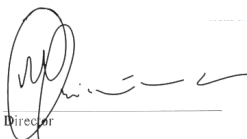
## Unaudited Condensed Interim Financial Information For the nine months ended 30 June 2020

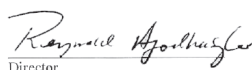
### UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Presented in thousands of Trinidad and Tobago dollars)

	30 June 2020 (Unaudited) \$	As at 30 June 2019 (Unaudited) \$	30 September 2019 (Audited) \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment and intangible assets	5,882,190	7,537,207	5,961,053
Investment in jointly controlled entities	2,135	1,162	2,133
Cash in escrow	237,192	253,939	220,909
Deferred income tax asset	1,453,349	955,654	1,313,266
Long-term receivable	20,220	-	-
Assets classified as available for sale	27,475	-	-
<b>Total non-current assets</b>	<b>7,622,561</b>	<b>8,747,962</b>	<b>7,497,361</b>
<b>Current assets</b>			
Inventories	524,903	531,516	372,239
Trade and other receivables	244,082	391,635	291,420
Due from related parties	2,410,806	994,577	1,472,098
Short-term investment	155,086	150,508	149,907
Cash and cash equivalents	826,054	618,859	1,129,012
<b>Total current assets</b>	<b>4,160,931</b>	<b>2,687,095</b>	<b>3,414,676</b>
<b>Total assets</b>	<b>11,783,492</b>	<b>11,435,057</b>	<b>10,912,037</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
<b>Capital and Reserves</b>			
Share capital	-	-	-
Retained earnings	1,952,857	543,471	1,411,815
Currency translation differences	(116,404)	-	(109,960)
<b>Total equity</b>	<b>1,836,453</b>	<b>543,471</b>	<b>1,301,855</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	5,256,606	5,870,224	5,048,211
Deferred income tax liability	1,453,349	955,654	1,313,266
<b>Total non-current liabilities</b>	<b>6,709,955</b>	<b>6,825,878</b>	<b>6,361,477</b>
<b>Current liabilities</b>			
Trade and other payables	605,840	787,573	543,193
Due to related parties	2,627,641	3,266,235	2,701,913
Provisions	3,603	11,900	3,599
<b>Total current liabilities</b>	<b>3,237,084</b>	<b>4,065,708</b>	<b>3,248,705</b>
<b>Total liabilities</b>	<b>9,947,039</b>	<b>10,891,586</b>	<b>9,610,182</b>
<b>Total equity and liabilities</b>	<b>11,783,492</b>	<b>11,435,057</b>	<b>10,912,037</b>

The notes are an integral part of this unaudited condensed interim financial information.

On 25th November 2020 the Board of Directors of Heritage Petroleum Company Limited authorised this unaudited condensed interim financial information for issue.

  
Director

  
Director

### UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Presented in thousands of Trinidad and Tobago dollars)

	Unaudited Nine months ended 30 June 2020 \$	Unaudited Seven months ended 30 June 2019 \$	Audited Ten months ended 30 September 2019 \$
<b>Revenue</b>	<b>3,212,564</b>	<b>3,713,740</b>	<b>5,398,209</b>
Cost of sales	(2,103,038)	(2,753,178)	(3,552,436)
<b>Gross profit</b>	<b>1,109,526</b>	<b>960,562</b>	<b>1,845,773</b>
Other operating income	15,585	3,065	12,459
Administrative expenses	(250,407)	(197,896)	(79,129)
Impairment	-	-	(82,894)
<b>Operating profit</b>	<b>874,704</b>	<b>765,731</b>	<b>1,696,209</b>
Net finance costs	(199,857)	(222,260)	(284,394)
<b>Profit before taxation</b>	<b>674,847</b>	<b>543,471</b>	<b>1,411,815</b>
Taxation expense	(133,805)	-	-
<b>Profit for the period</b>	<b>541,042</b>	<b>543,471</b>	<b>1,411,815</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>541,042</b>	<b>543,471</b>	<b>1,411,815</b>

The notes are an integral part of this unaudited condensed interim financial information.

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Presented in thousands of Trinidad and Tobago dollars)

	Share capital \$	Currency translation differences \$	Retained earnings \$	Total equity \$
<b>Unaudited nine months ended 30 June 2020</b>				
Balance as at 30 September 2019	-	(109,960)	1,411,815	1,301,855
Total comprehensive income for the period	-	-	541,042	541,042
Currency translation differences	-	(6,444)	-	(6,444)
<b>Balance as at 30 June 2020</b>	<b>-</b>	<b>(116,404)</b>	<b>1,952,857</b>	<b>1,836,453</b>
<b>Unaudited seven months ended 30 June 2019</b>				
Balance as at 1 December 2018	-	-	-	-
Total comprehensive income for the period	-	-	543,471	543,471
Currency translation differences	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>543,471</b>	<b>543,471</b>
<b>Audited ten months ended 30 September 2019</b>				
Balance as at 1 December 2018	-	-	-	-
Total comprehensive income for the period	-	-	1,411,815	1,411,815
Currency translation differences	-	(109,960)	-	(109,960)
<b>Balance as at 30 September 2019</b>	<b>-</b>	<b>(109,960)</b>	<b>1,411,815</b>	<b>1,301,855</b>

The notes are an integral part of this unaudited condensed interim financial information.



# Heritage

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COMPANY LIMITED

## Unaudited Condensed Interim Financial Information For the nine months ended 30 June 2020

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Presented in thousands of Trinidad and Tobago dollars)

	Unaudited Nine months ended 30 June 2020 \$	Unaudited Seven months ended 30 June 2019 \$	Audited Ten months ended 30 September 2019 \$
<b>Cash flow from operating activities</b>			
Profit before taxation	674,847	543,471	1,411,815
<b>Adjustments to reconcile profit to net cash from operating activities:</b>			
Depreciation, depletion and amortisation	411,687	500,502	583,459
Impairment	-	-	82,894
Write back negative asset	-	-	(72,794)
Interest received from short-term investment	(5,179)	-	-
Finance costs - unwinding	202,630	224,448	290,238
Write-off of property, plant and equipment	-	-	4,359
Changes in working capital	(26,226)	428,139	473,912
Change in related parties	(1,015,645)	(949,249)	(1,271,494)
Income taxes paid	(150,284)	-	-
<b>Net cash generated from operating activities</b>	<b>91,830</b>	<b>747,311</b>	<b>1,502,389</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment and intangible assets	(328,474)	(67,680)	(193,234)
Short-term investment	-	(150,508)	(149,907)
Investment in jointly controlled entities	-	-	(977)
Investment in VAT bond	(27,475)	-	-
Loan advanced	(20,220)	-	-
<b>Net cash used in investing activities</b>	<b>(376,169)</b>	<b>(218,188)</b>	<b>(344,118)</b>
<b>Cash flows from financing activities:</b>			
Cash in escrow	(16,283)	(11,646)	(16,944)
<b>Net cash used in financing activities</b>	<b>(16,283)</b>	<b>(11,646)</b>	<b>(16,944)</b>
Currency translation differences relating to cash and cash equivalents	(2,336)	-	(12,315)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(300,622)</b>	<b>517,477</b>	<b>1,141,327</b>
<b>Cash and cash equivalents at start of period</b>	<b>1,129,012</b>	<b>101,382</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>826,054</b>	<b>618,859</b>	<b>1,129,012</b>
Represented by:			
<b>Cash and cash equivalents</b>	<b>826,054</b>	<b>618,859</b>	<b>1,129,012</b>

### NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (Presented in thousands of Trinidad and Tobago dollars)

#### 1. Reporting Entity

Heritage Petroleum Company Limited (The Company, Heritage) is incorporated in the Republic of Trinidad and Tobago and its registered office is 9 Queen's Park West, Port of Spain, Trinidad and Tobago. The sole shareholder is Trinidad Petroleum Holdings Limited (TPHL). The ultimate parent is the Government of the Republic of Trinidad and Tobago (GORTT). Heritage was incorporated on 5 October 2018 and operations started on 1 December 2018.

The Company is engaged in petroleum operations which include exploration, development, production activities and marketing of crude oil.

#### 2. Basis of presentation

These condensed interim financial information for the period ended 30 June 2020 has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

These unaudited condensed financial statements do not include the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the audited financial statements for the period ended 30 September 2019 of Heritage and any public announcements made by the Company during the year.

#### 3. Basis of measurement

The unaudited condensed interim financial information has been prepared on the historical cost basis.

#### 4. Going Concern

The Directors are satisfied the Company has the ability to meet its liabilities as they fall due and carry on business without a significant curtailment of operations, for a period of not less than one year from the date of their approval.

#### 5. Impact of new accounting standards

In the current year, management adopted the following new accounting standards being IFRS 16 Leases. The Company has performed an initial assessment of this new standard and does not expect that the impact will be material.

#### 6. Estimates and Judgements

In preparing these the unaudited condensed financial statements, management has made estimates and assumptions that affect the application of accounting policies and the reported amounts of asset and liabilities, income and expense. Actual results may differ from these estimates. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Going concern basis of preparation of the financial statements
- Impairment of assets
- Asset retirement obligations
- IFRS 9 provisions as they relate to intercompany balance with the Company's immediate Parent, Trinidad Petroleum Holdings Limited and intercompany balance with the Petroleum Company of Trinidad and Tobago.