



Unaudited Interim Condensed Financial Statements For the Six Months Ended 31 March 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

Chairman's Report

On behalf of the Board of Directors, I am pleased to present the Unaudited Interim Condensed Financial Statements for the six months ended 31 March 2022, for Paria Fuel Trading Company Limited (Paria), which demonstrates continued success as a profitable enterprise. Paria's successful half year performance for financial year 2022 was achieved in a challenging market environment of increasing price volatility, tight avails and steep increases in energy prices triggered by the Russia-Ukraine crisis and its consequent impact on movement of trade of crude oil and refined products. These factors have also driven most of our regional customers to review alternative supplies resulting in increased competition in the regional markets.

During the period in review, Paria re-strategised its supply position to ensure a reliable slate of products from the Pointe-à-Pierre terminal and was able to maintain volumes demand as the markets recovered from Covid-19 demand destruction. Paria consistently maintained a reliable and uninterrupted fuel supply to the nation despite the new emerging market challenges such as increasing freight, tight supply and higher product prices which are reflected in the Company's revenue whilst volatility and supply constraints continued to affect margins. The market environment is projected to continue to be unpredictable whilst distillate product supply is forecasted to be tight, requiring prudent strategies for the purchase and sale of liquid fuels.

The financial statements for the six-month period ended 31 March 2022, were prepared on a going-concern basis. This differs from the comparator six-month period which presented Paria as a non-going concern (Asset Held for Sale) entity. This change in status was necessary as the criteria under International Financial Reporting Standards 5 - Non-current Assets Held for Sale and Discontinued Operations were no longer evident for Paria's assets as of 30 September 2021.

The impact of this change is as follows:

1. Included in the results for six-months ended 31 March 2022, are depreciation and finance charges which are included in the statement of comprehensive income. This non-cash cost is TT\$79 million and is included in Cost of Sales and Finance Cost.

For the six-month period ended 31 March 2022, Paria recorded TT\$6.26 billion (2020: TT\$3.38 billion) in revenue, and a profit for the year of TT\$84 million (2020: TT\$245 million). Although Paria saw an increase in revenue of 85% in the six-month period ending 31 March 2022, over the same period for the prior year, the profit for the period reduced by 66%. This decrease in profit over the similar period last year was partly attributable to the change in the accounting status of the Company from a non-going concern (Asset Held for

Sale) entity to a going concern entity and the resulting depreciation and finance charge on assets and liabilities in the amount of TT\$79 million. Other factors contributing to the decrease in profit were increased administrative and operating expenses for the period.

These results have been accomplished whilst ensuring:

- a. Our local market was adequately supplied with fuel. Of the total 8.07 million (2020: 7.29 million) barrels of product sold, 3.55 million (2020: 3.42 million) barrels or 42.52 %, were supplied to the local market for the six-months period ending 31 March 2022.
- b. Paria's terminalling and logistics performed a pivotal role in the handling and exportation of crude from our sister company Heritage Petroleum Company Limited (Heritage). Of the port throughput handled by the port of 22.86 million (2020: 23.56 million) barrels during this fiscal year, 6.72 million (2020: 7.42 million) barrels or 29.39 % was crude oil from Heritage.
- c. Continuous investment to improve the mechanical integrity of our terminalling assets and port facilities to maintain a safe and efficient supply of fuel to our customers. For the six-month period ended 31 March 2022, expenditure on capital projects was TT\$6.0 million (2020: TT\$20.1 million).

The half year report shows the Company continues to be profitable despite numerous challenges. During the next half year, Paria will need to manage cash flow in a high-price environment while maintaining the focus on asset restoration and upgrade. As with low margin businesses such as Paria, continuous focus on cost optimisation and business efficiency will remain a priority. All this in the context of continuous improvement in our HSE performance and culture, driving safe behaviours and embedding the supporting policies and procedures to support safe work on a day-to-day basis.

The Board of Directors and Management look forward to another successful year and thank the staff for their continued contribution and commitment to making Paria a successful business.

Newman George
Newman George
Chairman



Unaudited Interim Condensed Financial Statements For the Six Months Ended 31 March 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	31 March 2022 Unaudited \$	30 September 2021 Audited \$
ASSETS		
Non-current assets		
Property plant and equipment	600,422	646,254
Right of use assets	39,481	28,956
Deferred tax assets	91,712	91,650
Total non-current assets	731,615	766,860
Current assets		
Inventories	702,079	529,679
Trade and other receivables	658,855	467,251
Due from related parties	1,267,180	736,987
Cash and cash equivalents	261,708	593,885
Total current assets	2,889,822	2,327,802
Total assets	3,621,437	3,094,662
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	-	-
Retained earnings	586,778	502,475
Currency translation differences	9,962	3,884
Total equity	596,740	506,359
Liabilities		
Non-current liabilities		
Decommissioning provision	570,852	558,248
Lease liabilities	20,015	23,715
Deferred tax liabilities	24,453	24,391
Total Non-current liabilities	615,320	606,354
Current liabilities		
Trade and other payables	718,260	641,639
Due to related parties	1,456,908	1,201,824
Taxation payable	214,171	132,712
Lease liabilities	20,038	5,774
Total current liabilities	2,409,377	1,981,949
Total liabilities	3,024,697	2,588,303
Total equity and liabilities	3,621,437	3,094,662

The accompanying notes form an integral part of these interim condensed financial statements.

On 29 June 2022, the Board of Directors of Paria Fuel Trading Company Limited authorised these interim condensed financial statements for issue.


Director


Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	31 March 2022 Unaudited \$	31 March 2021 Unaudited \$
Revenue from contracts with customers	6,257,834	3,381,792
Cost of sales	(5,868,976)	(2,886,018)
Gross profit	388,858	495,774
Administrative expenses	(88,788)	(37,670)
Operating expenses	(115,973)	(90,828)
Operating profit	184,097	367,276
Net finance costs	(14,179)	(1,195)
Profit before taxation	169,918	366,081
Taxation	(85,615)	(120,714)
Profit for the period	84,303	245,367
Other comprehensive income		
Items that would not be reclassified to profit or loss		
Currency translation differences	6,078	4,586
Total comprehensive income for the period	90,381	249,953

The accompanying notes form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Stated capital Unaudited \$	Retained earnings Unaudited \$	Currency translation differences Unaudited \$	Total Unaudited \$
Six months ended 31 March 2022				
Balance at 1 October 2021	-	502,475	3,884	506,359
Profit for the period	-	84,303	-	84,303
Other comprehensive loss for the period	-	-	6,078	6,078
Total comprehensive income for the period	-	84,303	6,078	90,381
Balance at 31 March 2022 (Unaudited)	-	586,778	9,962	596,740
Six months ended 31 March 2021				
Balance at 1 October 2020	-	340,451	11,002	351,453
Profit for the period	-	245,367	-	245,367
Other comprehensive income for the period	-	-	4,586	4,586
Total comprehensive income for the period	-	245,367	4,586	249,953
Balance at 31 March 2021 (Unaudited)	-	585,818	15,588	601,406

The accompanying notes form an integral part of these interim condensed financial statements.



Unaudited Interim Condensed Financial Statements For the Six Months Ended 31 March 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

	31 March 2022 Unaudited \$	31 March 2021 Unaudited \$
Operating activities		
Profit before taxation	169,918	366,081
<i>Adjustments to reconcile profit to net cash from operating activities</i>		
Depreciation	66,995	-
Finance costs, net	11,753	-
<i>Net change in operating assets and liabilities</i>		
Increase in inventory	(172,400)	(141,414)
Increase in trade and other receivables	(191,604)	(463,545)
(Increase)/decrease in due from related parties	(530,193)	123,680
Increase/(decrease) in trade and other payables	76,615	(1,977)
Increase/(decrease) in due to related parties	255,084	(83,497)
Taxes paid	(30)	(43,669)
Net cash (used in)/generated from operating activities	(313,862)	(244,341)
Investing activity		
Purchase of property, plant and equipment	(6,045)	(20,051)
Net cash used in investing activity	(6,045)	(20,051)
Financing activities		
Lease payments	(13,877)	(109,110)
Net cash used in financing activities	(13,877)	(109,110)
Currency translation differences	1,607	7,254
Net (decrease)/increase in cash and cash equivalents	(332,177)	(366,248)
Cash and cash equivalents, at the beginning of the period	593,885	1,032,452
Cash and cash equivalents, at the end of the period	261,708	666,204

The accompanying notes form an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022 (UNAUDITED) (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.

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.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements as at 30 September 2021.

2. Basis of preparation

The interim condensed financial statements for the six months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Going concern

The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern.

The going concern basis assumes the Company will be able to meet its legal and financial obligations. The validity of the going concern basis is dependent on finances being available for the continuing working capital requirements of the Company for the foreseeable future, being a period of at least twelve months from the reporting date of the interim condensed financial statements.

The ongoing operations of the Company are dependent on its ability to utilise effectively its cash reserves and the Directors recognize that the continuing operations of the Company requires the optimisation of planned activities to preserve cash.

Paria (as well as Heritage and Guaracara) is a Guarantor of the parent company's, (TPHL's), senior secured and unsecured debt obligations. Collectively, Paria, Heritage, TPHL and Guaracara are the Loan Parties.

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 by applying for waivers and consents. Additionally, management has concluded a Request for Proposal (RFP) process as part of the TPHL Group Refinancing currently being undertaken. The refinancing is expected to be completed within twelve months of the approval of these financial statements. The Group believes that these waivers and consents will be granted by the Lenders. The Loan Parties worked with the Lenders to successfully execute a waiver in 2020 for similar previous events of default under the Credit Agreement. With this 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 interim condensed financial statements.



Unaudited Interim Condensed Financial Statements For the Six Months Ended 31 March 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022 (UNAUDITED) (Expressed in Thousands of Trinidad and Tobago Dollars)

2. Basis of presentation (continued)

Going concern (continued)

TPHL and the Guarantors, through their quarterly compliance reporting process have kept the 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 twelve months of the approval of these financial statements.

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").

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 has continued to occur. 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 that are unrelated to the occurrence and continuance of the FS Default, including, making certain investments in Petrotrin, which payments constitute restricted payments. These actions have triggered defaults and/or events of defaults under the Credit Agreement.

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 TPHL (and in the case of such notice by Holders, the Group and the Trustee) of the default and TPHL does not cure such default within the time specified after receipt of such notice. No such Notice of Default has been received by TPHL as of the approval date of these interim condensed 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 Group, or the Required Holders by written notice to the Group 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 defaults, as Heritage on behalf of TPHL continues to make all interest and principal payments under the terms of the Credit Agreement and the Indentures during 2021 and 2022 noted below.

In addition, the directors have obtained a letter of financial support from its ultimate Parent, GORTT, which can be called upon if needed to meet its legal and financial obligations as they fall due.

	Credit Agreement \$	Indenture \$	Total \$
Payments in 2021			
Interest	267,238	459,898	727,136
Principal	749,658	140,044	889,702
Total	1,016,896	599,942	1,616,838
Payments made since 1 October 2021 to 31 May 2022			
Interest	168,173	317,628	485,801
Principal	3,331,377	4,000,138	7,331,515
Total	3,499,550	4,317,766	7,817,316

3. Statement of compliance

The interim condensed 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 interim condensed financial statements comply with the IFRS as issued by the International Accounting Standards Board (IASB).

4. Functional and presentation currency

Items included in the interim condensed 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 interim condensed 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 interim condensed 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 interim condensed 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 interim condensed financial statements are consistent with those disclosed in the audited financial statements for the year ended 30 September 2021.

7. Events after the reporting period

On 25 February 2022, there was an incident at #36 Sealine Berth #6 at Paria involving five contractor employees from LMCS Limited. LMCS was contracted to perform maintenance work on #36 Sealine and while undertaking that work, an event occurred that resulted in the five employees ending up in the 30" pipeline. Four of those employees lost their lives. The incident is under investigation by several different agencies, including the Occupational Safety and Health Authority and Agency and the Trinidad and Tobago Police Service. The Government has also announced that a Commission of Enquiry would be formed to investigate the circumstances that led to the death of the four workers, and any related implications will only be understood on the completion of these investigations.