



# Summary Financial Statements For the Year Ended 30 September 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 2022 Audited Financial Report of Paria Fuel Trading Company Limited ("Paria"), which demonstrates continued success as a profitable, thriving business enterprise. Paria's successful 2022 performance was achieved in a market environment defined by periods of increasing and decreasing prices for crude oil and refined products. Navigating this market required efficient and optimal cash management.

Paria continues to meet its mandate to provide a competitive supply of products to local and regional markets and consistently maintains a reliable and uninterrupted fuel supply despite market challenges. While the market continues to be unpredictable, the Company continues to focus on the risk of supply and margins which include increasing freight, tight supply, and higher product prices. The market environment is projected to continue to be volatile with distillate product supply forecasted to be tight, requiring prudent strategies for the purchase and sale of liquid fuels.

For the twelve-month period ended September 30<sup>th</sup>, 2022, Paria recorded TT\$14.1 billion (2021: TT\$7.8 billion) in revenue which is an improvement of over 80% over prior year, driven by increasing prices on the international market, enabling Paria to earn an EBITDA of TT\$614.5 million (2021: TT\$626.8 million). Effective cost management measures, operational efficiencies and favorable market conditions enabled the Company to generate a profit for the year of TT\$257 million, a 58% increase compared to 2021 (2021: TT\$162 million). Cash balances at the end of the period were TT\$836.9 million, with cash flows generated from operating activities of TT\$292.9 million.

Further details are available on our Audited Financial Statements available at <http://trinidadpetroleum.co.tt/investor-relations/financial-statements>

These results have been accomplished whilst ensuring:

- a. Our local market was adequately supplied with fuel. Of the total 15.2 million (2021: 14.5 million) barrels of product sold, 7.3 million (2021:

6.5 million) barrels or 48.0%, were supplied to the local market for the twelve months period ending September 30<sup>th</sup>, 2022.

- b. The Company continues to provide a reliable logistics function for the export of the crude produced by Heritage Petroleum Company Limited ("Heritage"). Of the throughput handled by the port of 44.6 million (2021: 43.5 million) barrels during this fiscal year, 13.9 million (2021: 14.6 million) barrels or 31.2% were 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 twelve-month period ended September 30<sup>th</sup>, 2022, expenditure on capital projects was TT\$18.7 million (2021: TT\$37.5 million). This investment involved the restoration of storage tanks, pipelines, and upgrades to safety and emergency response systems including firefighting and other integrated systems.
- d. The Company continues to improve all its procedures and systems to ensure a safe reliable supply of fuel to its customers.

As we look ahead, the Board of Directors and Management continue to focus on business efficiency and cost optimisation underscored by sound HSE principles. In addition, the investment programme in the assets has focused on building redundancy, and capacity to capture opportunities for growth and business expansion. 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

## 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 2022, 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 2022.

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 2.

### 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 28 April 2023.



## Summary Financial Statements For the Year Ended 30 September 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

### Independent Auditor's Report (continued)

TO THE SHAREHOLDER OF PARIA FUEL TRADING COMPANY LIMITED.

Report on the Audit of the Summary Financial Statements (continued)

#### Other information included in the Company's 2022 Summary Financial Statements

In addition to the summary financial statements and our auditor's report thereon, the summary financial statements contains other information that consists of the Chairman's report. Management is responsible for the other information. Our opinion on the summary financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information identified above 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.

#### 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:  
28 April 2023

#### SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

	2022 \$	2021 \$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property plant and equipment	835,733	646,254
Right of use assets	25,220	28,956
Deferred tax assets	112,259	91,650
<b>Total non-current assets</b>	<u>973,212</u>	<u>766,860</u>
<b>Current assets</b>		
Inventories	1,019,104	529,679
Trade and other receivables	596,475	467,251
Due from related parties	1,552,635	736,987
Cash and cash equivalents	836,982	593,885
<b>Total current assets</b>	<u>4,005,196</u>	<u>2,327,802</u>
<b>Total assets</b>	<u>4,978,408</u>	<u>3,094,662</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	-	-
Retained earnings	759,832	502,475
Currency translation differences	2,700	3,884
<b>Total equity</b>	<u>762,532</u>	<u>506,359</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Decommissioning provision	801,883	558,248
Lease liabilities	21,020	23,715
Deferred tax liabilities	48,724	24,391
<b>Total non-current liabilities</b>	<u>871,627</u>	<u>606,354</u>
<b>Current liabilities</b>		
Trade and other payables	818,544	641,639
Due to related parties	2,137,854	1,201,824
Taxation payable	382,905	132,712
Lease liabilities	4,946	5,774
<b>Total current liabilities</b>	<u>3,344,249</u>	<u>1,981,949</u>
<b>Total liabilities</b>	<u>4,215,876</u>	<u>2,588,303</u>
<b>Total equity and liabilities</b>	<u>4,978,408</u>	<u>3,094,662</u>

On 18 May 2023, the Board of Directors of Paria Fuel Trading Company Limited authorised these summary financial statements for issue.

*Nauman K George*  
Director

*A Chadee*  
Director



## Summary Financial Statements For the Year Ended 30 September 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

### SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2022 \$	2021 \$
Revenue from contracts with customers	14,102,327	7,808,136
Cost of sales	<u>(13,047,923)</u>	<u>(7,198,035)</u>
<b>Gross profit</b>	1,054,404	610,101
Administrative expenses	(249,286)	(69,568)
Operating expenses	<u>(267,231)</u>	<u>(203,265)</u>
<b>Operating profit</b>	537,887	337,268
Net finance costs	<u>(26,374)</u>	<u>(48,299)</u>
<b>Profit before taxation</b>	511,513	288,969
<b>Taxation</b>	<u>(254,156)</u>	<u>(126,945)</u>
<b>Profit for the year</b>	<u>257,357</u>	<u>162,024</u>
<b>Other comprehensive (loss)</b> <i>Items that would not be reclassified to profit or loss</i>		
Currency translation differences	<u>(1,184)</u>	<u>(7,118)</u>
<b>Total comprehensive income for the year</b>	<u>256,173</u>	<u>154,906</u>

### SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Share capital \$	Retained earnings \$	Currency translation differences \$	Total \$
<b>Year ended 30 September 2022</b>				
Balance at 1 October 2021	-	502,475	3,884	506,359
Profit for the year	-	257,357	-	257,357
Other comprehensive loss for the year	-	-	<u>(1,184)</u>	<u>(1,184)</u>
Total comprehensive income for the year	-	<u>257,357</u>	<u>(1,184)</u>	<u>256,173</u>
<b>Balance at 30 September 2022</b>	<u>-</u>	<u>759,832</u>	<u>2,700</u>	<u>762,532</u>
<b>Year ended 30 September 2021</b>				
Balance at 1 October 2020	-	340,451	11,002	351,453
Profit for the year	-	162,024	-	162,024
Other comprehensive loss for the year	-	-	<u>(7,118)</u>	<u>(7,118)</u>
Total comprehensive income for the year	-	<u>162,024</u>	<u>(7,118)</u>	<u>154,906</u>
<b>Balance at 30 September 2021</b>	<u>-</u>	<u>502,475</u>	<u>3,884</u>	<u>506,359</u>

### SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2022 \$	2021 \$
<b>Operating activities</b>		
Profit before taxation	511,513	288,969
<i>Adjustments to reconcile profit to net cash from operating activities</i>		
Depreciation	76,571	289,589
Finance costs, net	26,374	48,299
<i>Net change in operating assets and liabilities</i>		
Increase in inventory	(489,425)	(160,724)
Increase in trade and other receivables	(129,224)	(210,605)
Increase in due from related parties	(815,648)	(428,603)
Increase in trade and other payables	176,905	202,336
Increase/(decrease) in due to related parties	936,030	(306,177)
Taxes paid	(30)	(90,266)
Finance costs paid, net	<u>(175)</u>	<u>(1,738)</u>
<b>Net cash generated from/ (used in) operating activities</b>	<u>292,891</u>	<u>(368,920)</u>
<b>Investing activity</b>		
Purchase of property, plant and equipment	<u>(18,702)</u>	<u>(37,590)</u>
<b>Net cash used in investing activity</b>	<u>(18,702)</u>	<u>(37,590)</u>
<b>Financing activities</b>		
Lease payments	<u>(29,496)</u>	<u>(28,481)</u>
<b>Net cash used in financing activities</b>	<u>(29,496)</u>	<u>(28,481)</u>
Currency translation differences	<u>(1,596)</u>	<u>(3,576)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	243,097	(438,567)
<b>Cash and cash equivalents, at the beginning of the year</b>	<u>593,885</u>	<u>1,032,452</u>
<b>Cash and cash equivalents, at the end of the year</b>	<u>836,982</u>	<u>593,885</u>



## Summary Financial Statements For the Year Ended 30 September 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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 and is domiciled in the Republic of Trinidad and Tobago. 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.

#### 2. Basis of preparation

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 2022 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>.

The summary financial statements have been extracted from the audited financial statements for the year ended 30 September 2022 and do not include the accounting policies notes that are contained in the audited financial statements.

#### Going concern

In accordance with IAS 1 "Presentation of Financial Statements", the 2022 financial statements have been prepared on a going concern basis. 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 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) was a Guarantor of the parent company's, (TPHL's), senior secured and unsecured debt obligations which were refinanced in May 2022. Collectively, Paria, Heritage, TPHL and Guaracara were the Loan Parties.

TPHL and the Guarantors were in default of certain covenants of the Credit Agreement and Indenture as at 30 September 2021 and up to 26 May 2022.

It should be noted that none of the events of default under the Credit Agreement or Indenture were debt service or payment related defaults, as Heritage on behalf of TPHL remitted all interest and principal payments under the terms of the Credit Agreement and the Indentures during 2021 and 2022 up to the date of refinancing.

On 26 May 2022, the refinancing of the senior secured debt of the TPHL Group was closed via a tender offer for the TPHL 2026 Notes and the issuance of a new Heritage 2029 \$500 million Bond and a new \$475 million Heritage Term Loan (Heritage Credit Agreement). Upon the issuance of the new bond and term loan, the TPHL Group's "events of default", were resolved and removed.

Paria is a Guarantor on these debt obligations. See note 6(a).

Subsequent to 30 September 2022, a non-compliance event with a negative covenant in the Heritage Credit Agreement triggered an Event of Default ("EOD") under this Agreement for the reporting period ended 31 December 2022. This EOD relates to the non-compliance with certain financial ratios. In addition, the Borrower (Heritage) 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.

It should be noted that the EOD under the Heritage Credit Agreement were not debt service or payment related defaults, as Heritage continues to make all interest and principal payments under the terms of the Heritage Credit Agreement.

The directors and management of Heritage have addressed such defaults by applying to the Lenders for waivers and certain permanent amendments to the Heritage Credit Agreement which were all granted on 24 March 2023.

In addition, the Directors have obtained a letter of financial support from its ultimate shareholder, that is 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. Functional and presentation currency

Items included in the 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 summary financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Company's presentation currency.

#### 4. 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.

#### 5. 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 2022.

#### 6. Contingent liabilities

##### a) Guarantees

The Company (as well as Heritage and Guaracara) were Guarantors of the parent company's, (TPHL's) senior secured and unsecured debt obligations which were refinanced during the year, in May 2022 (Note 2).

In May 2022, TPHL together with Heritage successfully concluded a refinancing exercise for TPHL's existing debt. The refinancing included a cash tender offer by Heritage for any and all of TPHL's US\$570.265 million 2026 Notes, the issue of new 2029 Notes by Heritage, as well as a consent solicitation for certain proposed amendments to the Indenture and other applicable security documents governing TPHL's 2026 Notes and the 2029 Notes. The tender offer expired on 24 May 2022. 94.2% of the Holders of TPHL's 2026 Notes accepted the tender offer and the consent solicitation was secured for the proposed amendments.



## Summary Financial Statements For the Year Ended 30 September 2022 (Expressed in Thousands of Trinidad and Tobago Dollars)

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (Expressed in Thousands of Trinidad and Tobago Dollars) (Continued)

#### 6. Contingent liabilities (continued)

##### a) Guarantees (continued)

Concurrent with the tender offer, Heritage also raised new debt in the international capital market and closed a Term Loan Credit Agreement on terms that allow for more operational flexibility for Heritage. Proceeds from this new debt, together with Heritage's own cash were used to redeem the principal amounts outstanding on TPHL's 2026 Notes and the TPHL Term Loan respectively. Part proceeds from the Heritage Term Loan were also used for other corporate purposes.

Petrotrin's shares previously held as collateral under TPHL's Agreements were released in May 2022. The new agreements also provide for the automatic, unconditional and simultaneous releases of the first priority lien senior lenders have on the refinery and all other assets owned by Guaracara and the shares of Guaracara upon the repayment, redemption or satisfaction and discharge in each case, in full of TPHL's 2026 Notes. TPHL's outstanding untendered 2026 Notes were redeemed on 28 June 2022.

##### Heritage New Debt

Effective 12 May 2022, the following debt instruments were recorded in Heritage's books.

- (i) US\$500 million 7-years bullet Bond at a 9% p.a fixed coupon rate. Interest on this bond is payable semi-annually in arrears in February and August of each year, with the first interest payment due on 12 February 2023. The principal is payable at maturity on 12 August 2029.
- (ii) US\$475 million 7-years floating rate Term Loan. Interest is payable quarterly in arrears. There is a one (1) year moratorium on principal with non-linear amortizations commencing in June 2023 and quarterly thereafter. The Term Loan Credit Agreement was executed on 5 May 2022 and the facility matures on 5 May 2029.

TPHL and Paria are Guarantors on Heritage's loan agreements. Senior lenders have a priority security interest under New York law and/or Trinidad and Tobago law as applicable over certain of the assets of Heritage, TPHL and Paria including equipment and fixtures, inventory and receivables.

Heritage together with the Guarantors are required to comply with covenants under the Agreements. As of 30 September 2022, there was compliance with these covenants including:

- (i) Heritage is required to maintain a Debt Service Reserve Account with a Bank, which as of any date of determination must satisfy a Debt Service Reserve Requirement consisting of interest and additional amounts (other than principal), if any, and all letter of credit fees, if applicable, in each case, scheduled to become due and payable on the senior secured obligations during the three (3) consecutive months succeeding such date of determination. As at 30 September 2022, this requirement was satisfied.
- (ii) At least 70% of Heritage's net revenues from the sale of product, as defined in the Agreements, must be paid into a Collection Account held with a Bank and there are no restrictions over use of these funds except in the case of a collateral event of default under the Master Collateral and Intercreditor Agreement. As at 30 September 2022, there has been no collateral event of default.
- (iii) There are a number of affirmative covenants, which are usual and customary for financings of this nature. These include notices to lenders upon occurrence of certain events, provision of periodic financial information, maintenance of Collateral and compliance with applicable laws.

- (iv) There are a number of negative covenants, including restrictions on the ability of the Borrower (Heritage) and the Guarantors to create liens, limitations on additional indebtedness, dividends and/or restricted payments, limitations surrounding capital expenditure and investments, transactions with Affiliates (including Petrotrin and Guaracara), negative pledges, financial ratio compliance requirements and conditions for mandatory prepayments.

- (v) Events of default include, subject to certain exceptions and grace periods, non-payment, material inaccuracy of representations and warranties, breach of covenants, bankruptcy and insolvency, cross default in respect of certain financial indebtedness exceeding US\$25 million, inability to pay debt as it becomes due, and local government exchange controls that could have a material adverse effect. Other usual and customary events of default consistent with financings of this nature are also defined in the loan documents.

As a guarantor on HPCL's Senior secured loan, Paria is also required to comply with the following conditions:

- (i) 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.
- (ii) Provision of the Company's aged receivables by region and sales for the quarter by product and dollar value.
- (iii) Year end audited financial statements must be submitted to the Lenders within 180 days of the financial year end.
- (iv) To undertake and complete the environmental, compliance, reclamation and remediation programs set forth in the Heritage Report and the Paria Report, as applicable, on or before the date that is five (5) years after the Effective Date, that is no later than 12 May 2027.

##### b) Incident at Berth #6

On 25 February 2022, there was an incident at #36 Sealine Berth #6 owned by the Company, involving five contractor employees from LMCS Limited. LMCS Limited was contracted to perform maintenance work on #36 Sealine and while undertaking that work an event occurred which resulted in all five contractor employees entering the 30" pipeline. One contractor employee was rescued, and four contractor employees died in the incident.

The Government established a Commission of Enquiry ("CoE") to investigate the circumstances that led to the tragic incident which occurred on 25 February 2022.

The evidential hearings of the CoE were concluded on 13 January 2023. The CoE is expected to submit a report by mid May 2023.

The incident is also under investigation by the Occupational Safety and Health Authority and Agency ("OSHA"). Any financial and other related implications will only be known on completion of these investigations and the issuance of the related reports.

#### 7. Events after the reporting period

As of 31 December 2022, the Day Sales Outstanding exceeded sixty (60) days at the end of the quarter which triggered an Event of Default under the Heritage Credit Agreement. See note 2 and 6(a).