



**THE NATIONAL GAS COMPANY
OF TRINIDAD AND TOBAGO LIMITED**

BUILDING ON SYNERGIES FOR SUCCESS

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

CHAIRMAN'S REPORT

I am pleased to report that The National Gas Company of Trinidad and Tobago Limited (NGC) Group of Companies recorded a profit after tax of \$1.06 billion for the first half of 2018. This represents an increase of 39.1% or \$297.1 million above the corresponding six-month period for 2017 of \$760.0 million.

Revenue in the first half of the year increased to \$7.97 billion which represents an increase of 19% or \$1.25 billion from \$6.72 billion in the prior period. The increase in revenue was a combination of a 16% uplift in methanol prices and improved gas production.

Positively, both international credit rating agencies, S&P Global Ratings and Moody's Investors Service have reaffirmed our credit ratings with a stable outlook. Additionally, several strategic initiatives were progressed inclusive of the significant advancement of important downstream negotiations. NGC also executed a landmark Technical Services Agreement with Empresa Nacional de HidroCarbonetos, E.P. (ENH), the state-owned petroleum company of Mozambique. Through this agreement, ENH has effectively contracted technical, commercial and legal services from NGC for the development

of Mozambique's natural gas sector. A Gas Supply Agreement was also executed with Global Petroleum Group (GPG) with the support of the Government of Grenada. Both are forward-looking and important initiatives.

More recently, the considerable work by Shell, Petróleos de Venezuela, S.A. (PDVSA) and NGC has culminated in the historic execution of the Term Sheet for the Dragon acreage. Eighteen months of intense discussions and negotiations have resulted in a mutually beneficial agreement for both the Government of the Republic of Trinidad and Tobago as well as the Bolivarian Republic of Venezuela.

The NGC Group strategy will continue to focus on gas supply certainty and operational excellence whilst pursuing synergistic, inorganic growth opportunities. Guided by the four strategic pillars and encouraged by our consistent progress, the Board of Directors is cautiously optimistic about our prospects for the future.

Gerry C. Brooks
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Expressed in Trinidad and Tobago dollars)

	UNAUDITED		AUDITED
	30-Jun-2018 \$'000	30-Jun-17 \$'000	31-Dec-2017 \$'000
Assets			
Non-current assets	28,050,255	28,819,226	27,528,503
Current assets	15,131,036	13,684,462	15,907,688
Total assets	43,181,291	42,503,688	43,436,191
Equity and Liabilities			
Stated capital	1,855,266	1,855,266	1,855,266
Reserve fund	438,192	438,192	438,192
Other reserves	5,260,929	5,472,183	5,382,847
Retained earnings	17,073,067	17,459,300	16,550,972
Total equity attributable to owners of the parent	24,627,454	25,224,941	24,227,277
Non-controlling interest	2,797,923	2,069,817	2,786,415
Total equity	27,425,377	27,294,758	27,013,692
Non-current liabilities	9,625,673	10,301,241	9,582,222
Current liabilities	6,130,241	4,907,689	6,840,277
Total equity and liabilities	43,181,291	42,503,688	43,436,191

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Expressed in Trinidad and Tobago dollars)

	UNAUDITED		AUDITED
	30-Jun-2018 \$'000	30-Jun-2017 \$'000	31-Dec-2017 \$'000
Revenue	7,974,675	6,715,936	13,880,519
Profit before interest, tax and other income	1,084,762	1,192,441	1,871,305
Liquidation Settlement	631,153	–	–
Interest and investment income	275,394	226,997	536,930
Finance costs	(100,151)	(106,815)	(146,421)
Share of loss from associate	5,060	(2,016)	(10,138)
Profit before taxation	1,896,218	1,310,607	2,251,676
Taxation	(839,058)	(550,572)	(1,262,476)
Profit for the period after taxation	1,057,160	760,035	989,200
Other comprehensive income, net of taxes:			
Items that will not be reclassified subsequently to profit or loss	(47,659)	103,092	66,265
Items that may be reclassified subsequently to profit or loss	(26,216)	(5,075)	(18,501)
Total other comprehensive income for the period, net of tax	(73,875)	98,017	47,764
Total comprehensive income for the period	983,285	858,052	1,036,964
Total comprehensive income for the period			
Attributable to:			
– Owners of the parent	820,177	787,530	851,338
– Non-controlling interest	163,108	70,522	185,626
	983,285	858,052	1,036,964

CONSOLIDATED STATEMENT OF CASH FLOWS (Expressed in Trinidad and Tobago dollars)

	UNAUDITED		AUDITED
	30-Jun-2018 \$'000	30-Jun-2017 \$'000	31-Dec-2017 \$'000
Cash flows from operating activities			
Profit before tax	1,896,218	1,310,607	2,251,676
Adjustment for non-cash items	(533,019)	402,628	919,136
Operating profit before working capital changes	1,363,199	1,713,235	3,170,812
Changes in working capital	96,663	(704,510)	(652,280)
Cash generated from operations	1,459,862	1,008,725	2,518,532
Net taxation, interest and pension contributions paid	(535,102)	(322,083)	(670,591)
Net cash generated from operating activities	924,760	686,642	1,847,941
Net cash (used in)/generated from investing activities	(148,655)	186,407	1,847,654
Net cash used in financing activities	(666,501)	(488,596)	(1,831,933)
Net increase in cash and cash equivalents	109,604	384,453	1,863,662
Net foreign exchange differences	(18,200)	19,071	19,071
Cash and cash equivalents beginning of year	6,434,290	4,551,557	4,551,557
Cash and cash equivalents end of period	6,525,694	4,955,081	6,434,290

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Expressed in Trinidad and Tobago dollars)

	Attributable to Equity Holders of the Parent				Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Stated capital \$'000	Reserve fund \$'000	Other reserves \$'000	Retained earnings \$'000			
Period ended 30 June 2018 (Unaudited)							
Balance at 1 January 2018	1,855,266	438,192	5,382,847	16,550,972	24,227,277	2,786,415	27,013,692
Profit for the period after taxation	–	–	–	892,379	892,379	164,781	1,057,160
Other comprehensive income for the period, net of taxation	–	–	(72,202)	–	(72,202)	(1,673)	(73,875)
Transfer of depreciation for offshore plant and equipment and pipelines	–	–	(49,716)	49,716	–	–	–
Dividends	–	–	–	(420,000)	(420,000)	(151,600)	(571,600)
Balance as at 30 June 2018	1,855,266	438,192	5,260,929	17,073,067	24,627,454	2,797,923	27,425,377
Period ended 30 June 2017 (Unaudited)							
Balance at 1 January 2017	1,855,266	438,192	5,425,791	17,008,162	24,727,411	2,106,648	26,834,059
Profit for the period after taxation	–	–	–	691,801	691,801	68,234	760,035
Other comprehensive income for the period, net of taxation	–	–	95,729	–	95,729	2,288	98,017
Transfer of depreciation for offshore plant and equipment and pipelines	–	–	(49,337)	49,337	–	–	–
Dividends	–	–	–	(290,000)	(290,000)	(107,353)	(397,353)
Balance as at 30 June 2017	1,855,266	438,192	5,472,183	17,459,300	25,224,941	2,069,817	27,294,758
Year ended 31 December 2017 (Audited)							
Balance at 1 January 2017	1,855,266	438,192	5,425,791	17,008,162	24,727,411	2,106,648	26,834,059
Profit for the year after taxation	–	–	–	805,617	805,617	183,583	989,200
Other comprehensive income for the year, net of taxation	–	–	38,548	7,173	45,721	2,043	47,764
Disposal of partial interest in subsidiary	–	–	–	70,736	70,736	720,751	791,487
Transfer of depreciation for offshore plant and equipment and pipelines	–	–	(81,492)	81,492	–	–	–
Dividends	–	–	–	(1,422,208)	(1,422,208)	(226,610)	(1,648,818)
Balance as at 31 December 2017	1,855,266	438,192	5,382,847	16,550,972	24,227,277	2,786,415	27,013,692

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018 (Expressed in Trinidad and Tobago dollars)

1. Basis of preparation

The interim consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the interim consolidated statement of financial position, interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows. These interim consolidated financial statements are derived from the unaudited consolidated financial statements of The National Gas Company of Trinidad and Tobago Limited and its subsidiaries for the period ended 30 June 2018 prepared in accordance with International Financial Reporting Standards.

Gerry C. Brooks
Chairman

Prof. Andrew Jupiter
Director

Kenneth Allum
Director

Marcus Ganness
Director

