

**Evolving TecKnologies and Enterprise Development
Company Limited**

Consolidated Financial Statements

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

Evolving TecKnologies and Enterprise Development Company Limited

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**Statement of Management's Responsibilities
Evolving TecKnologies and Enterprise Development
Company Limited and its subsidiary (the Group)**

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Evolving TecKnologies and Enterprise Development Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at September 30, 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group 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 Group's assets, detection/prevention of fraud and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, 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.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

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



Name IMTIAZ AHAMAD
Title CHAIRMAN

Date: July 11, 2018



Name ARNOLD DE FOUR
Title DIRECTOR

Date: July 11, 2018



KPMG

Chartered Accountants

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**Independent Auditors' Report to the Shareholders of
Evolving Technologies and Enterprise Development Company Limited**

Qualified Opinion

We have audited the financial statements of Evolving Technologies and Enterprise Development Company Limited ("the Company"), which comprise the consolidated statement of financial position as at September 30, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

Non-compliance – investment properties

As described in Note 5 to the financial statements, investment properties include several properties that were not valued at the current year end in accordance with International Accounting Standard 40 – Investment Property. This constitutes non-compliance with the applicable accounting framework. At the year end the effect of this matter, which may be material to the financial statements, could not be quantified. Consequently we are unable to determine the impact of adjustments necessary to the carrying amounts and changes in fair values of investment properties.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
July 20, 2018

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement of Financial Position

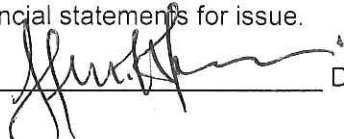
	Note	September 30	
		2017 \$'000	2016 \$'000
ASSETS			
Non-Current Assets			
Investment Properties	5	1,657,588	1,624,016
Property, Plant and Equipment	6	221,077	258,037
Investments	7	--	--
Restricted Cash	8	90,866	90,867
		<u>1,969,531</u>	<u>1,972,920</u>
Current Assets			
Inventory	9	2,731	2,177
Other Receivables and Prepayments	10	2,299	2,005
Trade Receivables	11	7,386	8,423
Cash At Bank and In Hand	12	76,064	81,445
		<u>88,480</u>	<u>94,050</u>
Total Assets		<u>2,058,011</u>	<u>2,066,970</u>
EQUITY AND LIABILITIES			
Capital And Reserves			
Share Capital	13	1	1
Capital Contributions	14	2,276,223	2,173,937
Accumulated Deficit		(839,205)	(797,875)
Total Equity		<u>1,437,019</u>	<u>1,376,063</u>
Non-Current Liability			
Borrowings - Long Term Portion	17	424,000	487,600
Deferred Income	15	89,476	86,332
		<u>513,476</u>	<u>573,932</u>
Current Liabilities			
Bank Overdraft	12	679	356
Tax Payable	16	5	6
Trade and Other Payables	16	39,834	48,929
Borrowings - Short Term Portion	17	66,998	67,684
		<u>107,516</u>	<u>116,975</u>
Total Liabilities		<u>620,992</u>	<u>690,907</u>
Total Equity And Liabilities		<u>2,058,011</u>	<u>2,066,970</u>

The accompanying notes are an integral part of these financial statements.

On July 11, 2018, the Board of Directors authorised these financial statements for issue.



Director



Director

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement of Comprehensive Income

		Year Ended September 30	
		2017	2016
		\$'000	\$'000
	Note		
Revenue	18	94,597	104,091
Other Operating Income		154	481
Expenses		94,751	104,572
Operating		(87,887)	(90,558)
Administrative		(53,604)	(53,120)
Marketing		(131)	(292)
	19	(141,622)	(143,970)
Operating Loss		(46,871)	(39,398)
Net Gain from Fair Value Adjustment on Investment Properties	5	27,016	--
Finance Costs	17	(20,675)	(22,992)
Interest Income		47	35
Loss Before Taxation		(40,483)	(62,355)
Taxation Charge	20	(847)	(859)
Total Comprehensive Loss For The Year		(41,330)	(63,214)
Attributable To:			
Owners of the Parent		(41,330)	(63,214)
Non-Controlling Interests		--	--
		(41,330)	(63,214)

The accompanying notes are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement of Changes in Equity

	Note	Share Capital \$000	Capital Contributions \$000	Accumulated Deficit \$000	TOTAL \$000
Year ended 30 September 2017					
Balance at 1 October 2016		1	2,173,937	(797,875)	1,376,063
Total Comprehensive Loss for the year		--	--	(41,330)	(41,330)
Capital Contributions	14	--	102,286	--	102,286
Balance as at 30 September 2017		1	2,276,223	(839,205)	1,437,019
Year ended 30 September 2016					
Balance at 1 October 2015		1	2,044,496	(734,661)	1,309,836
Total Comprehensive Loss for the year		--	--	(63,214)	(63,214)
Capital Contributions	14	--	129,441	--	129,441
Balance as at 30 September 2016		1	2,173,937	(797,875)	1,376,063

The accompanying notes are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement of Cash Flows

	Note	Year Ended September 30	
		2017 \$'000	2016 \$'000
Net Cash (Used In) / Generated From Operating Activities	21	<u>(10,588)</u>	<u>15,701</u>
Investing Activities			
Purchase of Property, Plant and Equipment		(6,550)	(1,909)
Expenditure on Investment Properties		(6,556)	(25,077)
Proceeds on Disposal of Plant and Equipment		<u>1</u>	<u>4</u>
Net Cash Used In Investing Activities		<u>(13,105)</u>	<u>(26,982)</u>
Financing Activities			
Capital Contributions Received		102,286	129,441
Repayment of Borrowings		<u>(84,297)</u>	<u>(86,431)</u>
Net Cash Generated From Financing Activities		<u>17,989</u>	<u>43,010</u>
(Decrease) / Increase In Cash And Cash Equivalents		(5,704)	31,729
Cash and Cash Equivalents at Beginning of Year		<u>81,089</u>	<u>49,360</u>
Cash and Cash Equivalents at End of Year		<u><u>75,385</u></u>	<u><u>81,089</u></u>
Represented by			
Cash at Bank and In Hand		76,064	81,445
Bank Overdraft		<u>(679)</u>	<u>(356)</u>
	12	<u><u>75,385</u></u>	<u><u>81,089</u></u>

The accompanying notes are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements 30 September 2017

1 Incorporation and Principal Business Activities

The Parent Company was incorporated in the Republic of Trinidad and Tobago on 30 January 1997 as Property and Industrial Development Company of Trinidad and Tobago Limited (PIDCOTT) and commenced operations in September 1997. The address of its registered office is # 9 - 15 eTeck Blvd. Tamana InTech Park, Wallerfield. At its inception the Company was a wholly owned subsidiary of the Tourism and Industrial Development Company of Trinidad and Tobago Limited (TIDCO) until August 2003 when its issued shares were transferred to the Corporation Sole. PIDCOTT's name was subsequently changed to Evolving TecKnologies and Enterprise Development Company Limited (eTeck). Its principal activities are the provision of industrial estate properties to the business sector, the rental of its Hilton property located in Port of Spain, Trinidad (Note 5b), and development of new industrial estates. The Company is also an investment holding company with Vanguard Hotel Limited (VHL), (trading as Magdalena Grand Beach and Golf Resort) being its main operating subsidiary. The Company also receives mandates from the shareholder to project-manage other specific state sector projects.

2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except for investment properties which are measured at fair value.

These consolidated financial statements are presented in Trinidad & Tobago dollars, which is the Group's functional currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand, except when otherwise indicated.

2.1.1 Going Concern

The Group as at 30 September 2017 had an Accumulated Deficit of \$839m and a Total Comprehensive Loss of \$41m for the year then ended. Additionally, the Group's Current Liabilities exceed Current Assets by \$19m. Current Liabilities which total \$108m include the current portion of Borrowings of \$67m. There is a guarantee by the Government of the Republic of Trinidad and Tobago (GORTT) for the Total Borrowings of \$491m and these are serviced in full by GORTT through the Ministry of Finance and the Economy.

For fiscal 2017, GORTT's debt service, on behalf of the Group was \$84m. This debt service is accounted for as Capital Contributions (Refer to Note 2.13).

These financial statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and Management are of the view that the Group can continue to rely on the support of the Shareholder, the Government of the Republic of Trinidad and Tobago (GORTT), as required, in meeting its obligations as they fall due.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going Concern (Continued)

The GORTT's continued support to date has been evidenced by:

- By letter dated 15 May 2014, the Ministry of Finance (MOF) informed that it is the convention of the Ministry to make annual GORTT subventions to eTeCK to enable the Company to meet its operating and capital expenditures. The MOFE further confirmed that in the post balance sheet period, it has committed and disbursed GORTT funding to support eTeCK in its expenditure as described below.
- eTeCK's continued receipt of funds under the Public Sector Investment Programme (PSIP) in respect of ongoing initiatives and projects of \$2.6m in 2017 and a further \$13m allocation for 2018. These funds are designated for the development of an agro processing and light industrial park in Moruga.
- eTeCK's continuing ability to consistently and adequately meet its liabilities as they fall due.

The ability of the Company to continue to trade and to meet its obligations is dependent on the continued support of the shareholder in the form of direct financing and or the provision of appropriate guarantees to third parties. There are no indications that such support will not be forthcoming.

2.1.2 New standards and interpretations

New and amended standards

The following standards have been issued and are effective for periods beginning on or after 1 October 2016 and do not have a material impact on and are not applicable to the financial statements:

- Original issue of IFRS17 'Insurance Contracts' to establish the principles for recognition, measurement, presentation and disclosure of insurance contracts.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' regarding long-term interests in associates and joint ventures.

New standards and interpretations not yet adopted

At the date of authorization of the financial statements, there were new standards, amendments to standards and interpretations which were in issue but not yet effective for the year ended 30 September 2017 and have not been applied in preparing these financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 will become effective on January 1, 2018 and is expected to have a material impact on the financial statements.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will become effective on January 1, 2018. After review, this standard is not expected to have a material effect on the financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards and interpretations (Continued)

New standards and interpretations not yet adopted

- IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. There are no significant changes to lessor accounting aside from enhanced disclosure requirements. IFRS 16 will become effective on January 1, 2019 and is expected to have a material effect on the financial statements.

2.2 Investment Property

Property that is held for long-term rental and that is not occupied by the Group, is classified as investment property. Investment Property also includes property that is being constructed or developed for future use as Investment Property.

Property held under operating leases that meet the qualification criteria as Investment Property is classified and accounted for as such by the Group. The operating lease is accounted for as if it were a finance lease.

Investment Property is measured initially at cost, including related transaction costs and where applicable, borrowing costs.

After initial recognition, Investment Property is carried at fair value. Investment Property under construction is measured at fair value if the fair value is considered to be reliably determined. Investment Properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determined when construction is completed, are measured at cost less impairment until the fair value becomes reliably determined or construction is completed – whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed periodically by professional valuers who hold recognised and relevant professional qualifications. These valuations form the basis for the carrying amounts in the financial statements. Investment Property that is being redeveloped for continuing use as Investment Property or for which the market has become less active continues to be measured at fair value.

The fair value of Investment Property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an Investment Property is replaced, the carrying amount of the replaced part is derecognised. Changes in fair values are recognised in profit or loss.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.3 Property, Plant and Equipment

Apart from the parent company's administrative building and equipment and furniture, which are stated at historical cost less accumulated depreciation, all other property, plant and equipment which represents the property and chattel of Vanguard Hotel Limited, are stated at fair value, based on a directors' valuation, less subsequent depreciation. The first directors' valuation was effective as at 30 September 2012. Future valuations are expected to be performed with sufficient regularity to ensure that the fair value of a revalued assets do not differ materially from their carrying amount. Prior to this directors' valuation, property, plant and equipment was stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases/decreases in the carrying amount arising on revaluations are credited/charged to other comprehensive income/loss and shown as revaluation reserve in shareholders' equity. Going forward from the initial directors' valuation, decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings/accumulated deficit.

Land which is held by the subsidiary on a leasehold basis for 999 years that commenced in 1997 is not depreciated as the impact is not considered to be material and the directors' valuation compensates for any reduction in the carrying amount. Depreciation on other assets held by the subsidiary is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

- Buildings (Hotel)	40 years
- Buildings (Administrative)	10 years
- Building improvements	7.5 years
- Furniture and fittings	10 years
- Machinery and equipment	10 years

Equipment and furniture held by the parent company as described above are depreciated as follows:

Buildings	10%	Reducing Balance
Equipment and furniture	10% - 33⅓%	Reducing Balance
Hilton: Furniture, Fixtures & Fittings	25%	Straight Line
Leasehold Improvements	N/A	Depreciated Over Lease Term

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, if there is an indication of significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued)

30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.4 Consolidation

a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Consolidation ceases from the date that control ends.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

b) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in Associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its Associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves, if applicable. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Unrealised gains on transactions between the Group and its Associate(s) are eliminated to the extent of the Group's interest in the Associate(s). Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.5 Foreign Currencies

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.6 Revenue recognition

Revenue earned as rental income is recognised on an accrual basis in accordance with the terms of the individual lease agreements with tenants for industrial parks and hotel property. Revenue in respect of long-term leases (premiums) are deferred and recognised as Revenue over the term of the lease. With respect to VHL, the hotel recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the Company's activities.

2.7 Employee Benefits

The Group's permanent monthly paid employees are required to participate in a registered deferred annuity scheme. This scheme is intended to provide a pension to those who participate and therefore constitutes the Group pension plan. The plan is a defined contribution plan. Employees contribute 5% of their basic salary and the Group contributes 10% of the employees' basic salary. The Group's contributions to the pension plan are charged to statement of comprehensive income in the year to which they relate.

2.8 Trade Receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of sale.

The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to statement of comprehensive income.

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognized immediately in the statement of comprehensive income.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.10 Cash At Bank and In Hand

Cash and cash equivalents include cash in hand, deposits held at call with bank and other bank balances with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.12 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at fair value.

2.13 Capital Contributions

Capital Contributions comprise:

- Amounts received from the state for the execution of projects stipulated by the shareholder. Project expenditure is capitalised or expensed in accordance with company policy.
- The value of assets transferred to the Group for which no or less than market consideration is required.

These amounts are unsecured, interest free and have no fixed repayment terms.

Included in Capital Contributions are amounts received by the Group under the Public Sector Investment Programme (PSIP), debt service by GORTT on behalf of the Group, amounts received from GORTT to liquidate VHL's debt at acquisition and amounts transferred from former parent, Tourism Development Company Limited (TIDCO).

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

2 Summary of Significant Accounting Policies (Continued)

2.14 Current and Deferred Income Taxes

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Parent Company and its Subsidiaries and Associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Borrowings

Borrowings are recognised initially at the loan principal amount. Related transaction costs incurred are expensed.

Borrowings are recognised at the full face value of outstanding principal and interest repayments to maturity.

Borrowings are classified as current liabilities for amounts due within 12 months and non-current liabilities for amounts due after 12 months.

Any breach of loan covenants will result in total Borrowings being classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

2 Summary Of Significant Accounting Policies (Continued)

2.16 Leases

(i) The Group is the Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) The Group is the Lessor

Assets leased out under operating leases are included in Property, Plant and Equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similarly owned Property, Plant and Equipment. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

2.17 Share Capital

Ordinary shares are classified as equity.

2.18 Impairment of Assets

The Group assesses its assets for impairment whenever events or changes in circumstances indicate that the carrying value of its assets may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by Management. Management identifies and evaluates financial risks.

(a) Market risk

Foreign exchange risk

The Group has no significant foreign exchange risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity Risk Analysis

The table below analyses the Group's financial liabilities based on the remaining period at the Consolidated Statement of Financial Position date to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows.

Maturity Analysis of Financial Liabilities

Financial Liabilities	Carrying Amount \$000	Contractual Cashflows	
		Less than One Year \$000	More than One Year \$000
Year ended 30 September 2017			
Bank Overdraft	679	679	--
Trade and Other Payables	39,839	39,839	--
Borrowings	490,998	82,195	469,395
Total	531,516	122,713	469,395

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

Maturity Analysis of Financial Liabilities

Financial Liabilities	Carrying Amount \$000	Contractual Cashflows	
		Less than One Year \$000	More than One Year \$000
Year ended 30 September 2016			
Bank Overdraft	356	356	--
Trade and Other Payables	48,935	48,935	--
Borrowings	555,284	84,296	551,590
Total	604,575	133,587	551,590

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2017 \$000	2016 \$000
Total Borrowings	490,998	555,284
Less Restricted Cash	(90,866)	(90,867)
Less Cash and Cash Equivalents (Net of Overdraft)	(75,385)	(81,089)
Net Debt	324,747	383,328
Total Equity	1,437,019	1,376,063
Total Capital	1,761,766	1,759,391
Gearing Ratio	18%	22%

3.3 Fair Value Estimation

The carrying value less impairment provision of Trade Receivables and Payables are assumed to approximate their fair values. The fair value of Financial Liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

4 Critical Accounting Estimates and Judgments

Estimates and judgments 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.

4.1 Critical accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below:

(a) Going Concern

The financial statements have been prepared on a going concern basis on the assumption that continued financial support will be forthcoming from the shareholder.

(b) Income taxes

Some judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Valuation of Investment Properties

This is considered a key management estimate because the valuations are based on a variety of factors including assumptions about current and expected market conditions, earnings, etc., which are subject to change. Refer to Note 5.

(d) Leasehold interests in Trinidad Hilton Property and Tamana Intech Park

Refer to Note 5.

(e) Carrying amount of Property, Plant and Equipment

The subsidiary's hotel property is carried at a Board of Directors' valuation which is based on the results of an external market position study conducted in 2009, less subsequent depreciation, as explained in Note 6.1. The valuation is impacted by various market, financial, operating and economic assumptions including occupancy rates, room rates, demand/supply expectations, the airlift to Tobago and the inclusion of amenities such as golf and spa facilities. Estimates of the assets useful lives are based on a combination of industry norms and the physical conditions present at the hotel premises.

An updated valuation has not been obtained. However, management is of the view that given the past experience of the parent and Government's commitment to the hotel and positive indicators of continued commitment, the carrying amount as reported in the financial statements is reasonable.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

5 Investment Properties

	2017 \$'000	2016 \$'000
Opening Balance	1,624,016	1,598,939
Additions - subsequent expenditure on Investment Property	6,556	25,077
Increase in Fair Value	27,016	--
Closing Balance	<u>1,657,588</u>	<u>1,624,016</u>

The Group has 3 major investment properties:

- Industrial estates
- Trinidad Hilton property
- Tamana Intech Park (TIP), which is under construction and development

The valuation and costs of the above properties are as follows:

	Total \$m
Year ended 30 September 2017	
Industrial Estates	756
Trinidad Hilton Property	250
Tamana Intech Park	<u>652</u>
Balance at 30 September 2017	<u>1,658</u>
Year ended 30 September 2016	
Industrial Estates	756
Trinidad Hilton Property	216
Tamana Intech Park	<u>652</u>
Balance at 30 September 2016	<u>1,624</u>

Industrial Estates and the Trinidad Hilton property are stated at fair value. TIP is carried at a mixture of valuation and cost less impairment. In 2003 all industrial park assets as well as the Trinidad Hilton Property) were transferred from Tourism and Industrial Development Company of Trinidad and Tobago Limited (TIDCO) for a consideration of \$1.

During the year, the Board of Directors and Management obtained a valuation for the Trinidad Hilton Property.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

5 Investment Properties (Continued)

The following sets out the details of each investment property.

a) Industrial Estates

As at 30 September 2006, the industrial estates were carried in the financial statements at a Board of Directors' valuation of approximately \$1b. Independent professional valuations were completed for most of the estates effective 1 January 2010 and arising there from, a fair value gain of approximately \$169m was recorded in 2010. The valuations in addition to subsequent capital expenditure are considered by the Board of Directors and Management to be applicable at the current year end.

The professional valuator used the following methodologies in determining the valuations:

i) Direct Comparison Method

This method was used to determine the valuator's opinion on the value for the properties which were of vacant possession (having no lessee). This method was used to estimate the value of all vacant land sites.

ii) The Investment or Income Capitalisation Method

This method was used to determine the valuator's opinion on value for the properties which were tenanted. It was used to estimate the value of factory shells, and land sites that were leased to tenants.

Included in the valuation of the industrial estates are several leasehold properties which are carried in the financial statements on the basis that the Company is a wholly-owned state enterprise and the leases are expected to be renewed for the foreseeable future upon expiry. The Company is taking steps to obtain documentation to confirm this position. Among such leases is a significant portion of Tamana Intech Park (TIP). This portion of TIP comprises 1,100 acres of leasehold land (state lease for 199 years from 2003). Some of the properties included in the valuation are accounted for as the Company's assets on the basis of Cabinet Notes/State directives which articulated the State's intentions to transfer these properties to eTeck, but in respect of which the vesting process has not been completed.

Subsequent to the initial transfer of properties, the shareholder, Government of the Republic of Trinidad and Tobago, has advised the Company of its intention to vest several additional property assets in the name of the Company. As at year end, these properties were undeveloped and carried in these finance statements at nil value. In some instances vesting process is not yet complete.

On 22 September 2017, the Company entered into a contract with BCQS International Limited for the provision of valuation services of its Industrial Parks (exclusive of Tamana Intech Park). BCQS International was instructed to provide an assessment of the fair value of these properties in accordance with IAS 40. This exercise is expected to be completed in financial year 2018.

Evolving TeckNologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

5 Investment Properties (Continued)

b) Trinidad Hilton Property

This property, also known as the Trinidad Hilton and Conference Centre, comprises a four-star hotel occupying approximately 30 acres of land at Lady Young Road, St Ann's, Trinidad. As noted above the buildings were acquired from TIDCO for a nominal consideration. The land is leased from the State for a term of 30 years commencing 25 February 2003. This property is sublet to Hilton International Trinidad Limited. The land together with the buildings are being carried in the financial statements at fair value on the basis that the Company is a wholly-owned state enterprise and the lease for the land is expected to be renewed for the foreseeable future when the lease expires. The Company is taking steps to obtain documentation to confirm this position.

In 2017, the Company received a valuation of the Trinidad Hilton Property from the Commissioner of Valuations. This valuation stated a notional apportionment of the values attributable to land and buildings/site improvements, of approximately \$200m and \$50m respectively. Management used this assessment as the basis for the carrying value as at year end. This resulted in an increase in the fair value of \$27m.

The professional valuator used the Investment or Income Capitalisation Method in determining the valuation.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

5 Investment Properties (Continued)

c) Tamana Intech Park (TIP)

The movement in its carrying amount is as follows:

	Total \$'000
Year ended 30 September 2017	
Balance at 1 October 2016	652,578
Adjustments	<u>(130)</u>
Balance at 30 September 2017	<u><u>652,448</u></u>
Year ended 30 September 2016	
Balance at 1 October 2015	633,209
Additions	<u>19,369</u>
Balance at 30 September 2016	<u><u>652,578</u></u>

Tamana Intech Park is a technology park under construction which is located at Wallerfield in Trinidad. Development works commenced in 2006. The land component of the park is stated at a valuation of \$100m. The land valuation was carried out in 2005, prior to the park's development and does not consider the development works.

Development work on the park was reduced considerably in 2010. Works resumed subsequently with a phased approach to development of the park and certain changes from the original plans and conceptual framework. The current status is that the flagship building and 21 fully serviced lots have been completed and there is a medium-term plan in place regarding the development of certain lots for occupation by potential tenants. In addition, the Board of Directors are satisfied that the GORTT will provide the required funding and support for the completion of the development of the park.

The Board of Directors commissioned a valuation by Deloitte & Touché that was carried out and completed with a report dated 21 May 2013. Two valuations were provided giving consideration to the current stage of development works - "As Is" - and the expected value once these works were completed - "As If". The "As Is" was then valued at \$534m, while the "As If" valuation was \$959m.

The Board of Directors and Management hold the view that the current cost-based valuation will be maintained in the current year.

In 2017 an adjustment was necessary in the carrying amount of TIP. This arose from the cancellation and refund on contracts with contractors in respect of works accounted for as additions in 2016.

Evolving Technologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 30 2017

6 Property, Plant and Equipment

	Land \$000s	Buildings \$000s	Furnishings And Equipment \$000s	Machinery And Equipment \$000s	Information Systems \$000s	Work In Progress \$000s	Total \$000s
Year ended 30 September 2017							
Opening Net Book Value	15,750	179,753	40,425	21,577	532	--	258,037
Additions	--	4,579	676	329	257	709	6,550
Disposals	--	--	(2)	--	--	--	(2)
Adjustments	--	--	(306)	--	--	--	(306)
Depreciation	--	(32,285)	(6,604)	(3,973)	(340)	--	(43,202)
Closing Net Book Value	15,750	152,047	34,189	17,933	449	709	221,077
As at 30 September 2017							
Cost	18,737	475,755	166,981	39,978	1,371	709	703,531
Accumulated Depreciation and Impairment	(2,987)	(323,708)	(132,792)	(22,045)	(922)	--	(482,454)
Net Book Value	15,750	152,047	34,189	17,933	449	709	221,077
Year ended 30 September 2016							
Opening Net Book Value	15,750	211,850	47,805	25,509	623	--	301,537
Additions	--	1,537	123	30	219	--	1,909
Disposals	--	--	(81)	--	--	--	(81)
Adjustments	--	(250)	227	--	--	--	(23)
Depreciation	--	(33,384)	(7,649)	(3,962)	(310)	--	(45,305)
Closing Net Book Value	15,750	179,753	40,425	21,577	532	--	258,037
As at 30 September 2016							
Cost	18,737	471,176	166,613	39,649	1,114	--	697,289
Accumulated Depreciation and Impairment	(2,987)	(291,423)	(126,188)	(18,072)	(582)	--	(439,252)
Net Book Value	15,750	179,753	40,425	21,577	532	--	258,037

The adjustment for the year was the result of a reconciliation exercise to ensure congruence between the balance per the Fixed Asset Register and the balance recorded in the accounting system/software used to prepare these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

7 Investments

	Unibio \$'000	Bamboo Networks \$'000	TOTAL \$'000
Year ended 30 September 2017			
Cost as at 1 October 2016	10,110	31,500	41,610
Provision for impairment	(10,110)	(31,500)	(41,610)
Carrying Value as at 30 September 2017	--	--	--

	Unibio \$'000	Medical Transcription \$'000	Bamboo Networks \$'000	TOTAL \$'000
Year ended 30 September 2016				
Cost as at 1 October 2015	10,110	45,639	31,500	87,249
Transfers/re-classifications	--	(19,683)	--	(19,683)
De-recognition of Investments	--	(25,956)	--	(25,956)
Provision for impairment	(10,110)	--	(31,500)	(41,610)
Carrying Value as at 30 September 2016	--	--	--	--

Investment	Cost
UniBio	\$10m

The Group, in partnership with the National Energy Corporation, has entered into an agreement with UniBio A/S of Denmark to fund a gas to protein pilot plant in Trinidad and Tobago. The Group is required under the arrangement to partner in the funding to the value of 50% of the investment. An initial payment of approximately \$10m was provided by the University of Trinidad and Tobago (UTT) on behalf of the Group. This amount was subsequently offset against payments made by eTeck, in respect of the training of medical transcriptionists at MDCL, on behalf of UTT. Full provision has been made against this investment due to uncertainty over its viability.

Investment	Cost
Medical transcription	De-recognised

This project was undertaken several years ago and was discontinued due to its non-viability. The Board of Directors met to review and approve the dissolution agreement in 2010. The de-recognition of this asset was completed in 2016.

Upon de-recognition, it was made aware that an amount of \$19.7M was included incorrectly in the carrying amount for Medical Transcription. This amount actually comprised contributions made to the VHL subsidiary. As at year end, this amount was transferred to the carrying amount of VHL and eliminated on consolidation.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

7 Investments (Continued)

Investment	Cost
Bamboo Networks Limited	\$32m

On the 1 July 2005, eTeck invested US\$5,000,000 representing a 5% interest, in Bamboo Networks Limited, a company incorporated in the Cayman Islands. A total of 8,333,333 shares were purchased at a share price of US\$0.60 each. The gross cost incurred of \$32m was fully impaired several years ago. Refer to note 26.

8 Restricted Cash

	2017 \$'000	2016 \$'000
Cash held for restricted use	<u>90,866</u>	<u>90,867</u>

By correspondence dated 15 October 2014 from the Ministry of Trade, Industry, Investment and Communications, eTeck obtained the sum of \$90,867,307 from GORTT. The correspondence indicated that the amount is to be strictly used by eTeck to meet the funding requirements of an infrastructure development project for the Endeavour Business and Commercial Park. The amount represents fifteen percent (15%) funding for the project and is to be used strictly to meet the 15% payment to be met by GORTT once its loan application to the China Export-Import Bank for concessional financing for the project is approved. The funds are not to be co-mingled with any other sources of funding by eTeck. In addition, prior approval from the Ministry's Permanent Secretary for utilisation of any portion of the funds must be obtained before incurring any expenditure. The correspondence does not indicate the terms of repayment of the amounts received and whether the balance attracts interest. Management's understanding is that the amount is non-interest bearing.

Subsequent to receipt of the funds, there was a change of government and the Board of Directors and Management understand that the use of the funds is under consideration by the new government administration. The funds are accounted for as a non-current asset with a corresponding increase in Capital Contributions (Refer to Note 14). The funds are held in a bank account at First Citizens Bank Limited.

9 Inventories

	2017 \$'000	2016 \$'000
Food and Beverage	605	771
Linen	491	526
Golf Supplies	437	465
Operating Supplies	1,168	384
Guest Supplies	30	31
	<u>2,731</u>	<u>2,177</u>

All inventories relate to the subsidiary, VHL.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

10 Other Receivables and Prepayments

	2017 \$'000	2016 \$'000
Value Added Tax (VAT) Refundable	181,287	180,204
Less: Impairment Provision	<u>(181,287)</u>	<u>(180,204)</u>
Net VAT Refundable	--	--
Other Receivables and Prepayments	<u>2,299</u>	<u>2,005</u>
	<u><u>2,299</u></u>	<u><u>2,005</u></u>

The balance reflects the effect of a full provision against Value Added Tax (VAT) refunds of approximately \$181m (2016 - \$180 million). Most of this VAT balance relates to the parent company \$177m (2016 - \$176 million) and the remainder of \$4m (2015 - \$4m) relates to VHL.

For financial statement reporting purposes, The Board of Directors and Management consider it is prudent to establish and maintain a provision against these refunds.

11 Trade Receivables

	2017 \$'000	2016 \$'000
Trade Receivables	22,396	33,323
Less: Provision for Doubtful Debts	<u>(15,010)</u>	<u>(24,900)</u>
Net Trade Receivables	<u><u>7,386</u></u>	<u><u>8,423</u></u>

11.1 Ageing analysis

The analysis of these balances is as follows:

0 - 90 Days	8,642	8,667
Over 90 Days	<u>13,754</u>	<u>24,656</u>
	<u><u>22,396</u></u>	<u><u>33,323</u></u>

11.2 Movement in Provision for Doubtful Debts

Opening Balance	24,900	28,542
Decrease in Provision	<u>(9,890)</u>	<u>(3,642)</u>
Closing Balance	<u><u>15,010</u></u>	<u><u>24,900</u></u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

12 Cash and Cash Equivalents

	2017 \$'000	2016 \$'000
Cash at Bank and In Hand	75,143	80,534
Fixed Deposits and Money Market Instruments	<u>921</u>	<u>911</u>
Subtotal	76,064	81,445
Bank Overdraft	<u>(679)</u>	<u>(356)</u>
	<u>75,385</u>	<u>81,089</u>
Interest Income on short-term bank deposits	<u>47</u>	<u>35</u>

13 Share Capital

Authorised
20,000,000 ordinary shares of no par value

Issued and fully paid
2 ordinary shares of no par value

<u>1</u>	<u>1</u>
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14 Capital Contributions

<u>2,276,223</u>	<u>2,173,937</u>
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This balance comprises amounts received from the Government of the Republic of Trinidad and Tobago (GORTT) in connection with the Group's mandate regarding specific projects, as well as the value of assets received.

The Group accounts for these balances as Capital Contributions in the absence of specific directives from GORTT regarding either conversion or repayment terms and conditions.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

15 Deferred Income

	2017 \$'000	2016 \$'000
Lease Premiums from Industrial Estates (15a)	77,169	74,555
Deferred Revenue pertaining to Land Rent (15b)	5,592	5,062
Deferred Revenue pertaining to projects with Government bodies (15c)	6,715	6,715
	<u>89,476</u>	<u>86,332</u>
Deferred Income as at Year End	<u>89,476</u>	<u>86,332</u>

a) Leases of industrial estates

The Group offers leases for varying periods to its tenants. Long term leases (i.e. those in excess of 35 years) are generally subject to the payment of a contract sum at the beginning of the lease term (or over a short period, typically 1 to 5 years) with a nominal annual rent being due for the remainder of the term. The contract sum is recorded as Deferred Income and recognised over the term of the lease.

Total unamortised permiums received in prior years	74,555	69,122
Total premiums invoiced during the financial year	3,520	5,515
Premium income recognised during the financial year	(906)	(82)
	<u>77,169</u>	<u>74,555</u>
Deferred Income as at year end	<u>77,169</u>	<u>74,555</u>

b) Deferred Revenue pertaining to Land Rent

In some instances eTeck charges an annual Land Rent to its tenants. This amount is initially recorded as Deferred Land Rent Income and subsequently recognised as revenue over the annual rental term.

c) Deferred revenue pertaining to project with Government Bodies

The brought forward balance of \$6.7m relates to amounts invoiced and received in connection with the development of a payroll system.

16 Trade And Other Payables

	2017 \$'000	2016 \$'000
Trade Payables	8,604	19,237
Tax Payable	5	6
Accruals and Other Payables	31,230	29,692
	<u>39,839</u>	<u>48,935</u>
	<u>39,839</u>	<u>48,935</u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

17 Borrowings

As at 30 September 2017, eTeCK had three (3) loan facilities that have been guaranteed by the Government of the Republic of Trinidad and Tobago. They are as follows.

	2017 \$'000	2016 \$'000
Amount Due within 12 Months		
Scotiast and Merchant Bank Limited	15,939	16,224
ANSA Merchant Bank Limited	51,059	51,460
	<u>66,998</u>	<u>67,684</u>
Amount Due in Over 1 Year		
First Citizens Bank Limited	160,000	160,000
Scotiast and Merchant Bank Limited	44,400	59,200
ANSA Merchant Bank Limited	219,600	268,400
	<u>424,000</u>	<u>487,600</u>
Finance Costs		
Interest on Bank Borrowings	20,011	22,137
Other Bank Charges	655	828
Loan Administration Fee	9	27
	<u>20,675</u>	<u>22,992</u>

a) First Citizens Bank Limited - \$160m

In August 2011, the Group entered into a 10 year loan of TT\$ 160m from First Citizens Bank to finance the development and management plan for the refurbishment and operationalization of the Magdalena Grand Beach Resort (formerly VHL Hotel) in an effort to ensure that the hotel becomes operational by November 1, 2011.

The loan is secured by a Letter of Comfort from the Ministry of Finance which shall be substituted in due course by an unconditional guarantee and indemnity from the Government of the Republic of Trinidad and Tobago. It carries an interest rate of 5.25% and is a bullet-type loan facility with interest payable semi-annually with a principal payment due at maturity.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

17 Borrowings (Continued)

b) Scotiatrust and Merchant Bank Limited - \$148m

This represents a 10 year loan facility commencing in April 2011 at a rate of interest of 4.25% to be used as follows in respect of the Tamana Intech Park Project:

- \$98m to complete the flagship building and related works and
- \$50m to meet outstanding payments to contractors and consultants

The principal is to be repaid in equal semi-annual amortizations and interest on a reducing balance, semi-annually in arrears. This loan facility is managed by First Citizens Trustee Services Limited with a related annual fee of \$9k per year.

c) ANSA Merchant Bank Limited - \$488m

The Group entered into a ten (10) year, fixed rate loan agreement with ANSA Merchant Bank Limited on 19 December 2012. The proceeds of this facility were used to settle an existing short term facility with First Caribbean International Bank (FCIB), the balance of which was approximately \$485m.

The indicative terms and conditions are as follows:

- Term: 10 years
- Security: Initially, Letter of Guarantee from GORTT and thereafter by a Guarantee by GORTT
- Interest Rate: 3%
- Principal Repayment: Amortized and repayable semi-annually in instalments
- Interest Repayment: Calculated on a reducing balance, 30/360 day basis and repayable semi-annually in arrears

Cabinet, by Minute dated 26 June 2014, agreed that GORTT through the Ministry of Finance and the Economy meet the outstanding payments under this loan, effective from the due date of the third loan instalment on 19 June 2014.

18 Revenue

	2017	2016
	\$'000	\$'000
Income from Trinidad Hilton (Note 18a)	23,806	27,803
Income from Industrial Estates	26,546	23,529
Services and Rental Outlet Income	5,633	4,584
Income from VHL (trading as Magdalena Grang Beach & Golf Resort)	38,612	48,175
	<u>94,597</u>	<u>104,091</u>

18a. The Group has sub-let the Trinidad Hilton Property (Note 5b) to Hilton International Trinidad Limited under the terms of a deed of lease for a period of 20 years from 1 October 2003.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

19 Expenses By Nature

	2017 \$'000	2016 \$'000
<u>Parent Company</u>		
Staff Cost	20,466	21,857
Depreciation	16,560	19,032
Other Expenses	10,227	8,066
Asset Operating Cost	9,544	6,139
Trinidad Hilton - Head Lease Rent	3,480	2,175
Insurance	2,652	1,302
Professional Fees	1,669	1,076
Repairs and Maintenance - Investment Properties	1,280	4,593
Movement in Provision for VAT Refundable	1,083	809
Board of Directors Expenses	837	749
Movement in Provision for Bad Debts	150	(3,690)
Investment Promotions	131	292
Corporate Events	110	234
Other Operational Expenses	28	163
	<u>68,217</u>	<u>62,797</u>
<u>Subsidiary - VHL</u>		
Salaries and Wages	20,478	21,490
Depreciation	26,642	26,273
Expenditure – Hotel Operations	17,947	22,975
Utilities	2,351	2,387
Marketing and Promotions	2,084	2,227
Insurance	1,426	2,057
Management Fees	1,311	2,587
Common Service Charge	1,166	1,177
	<u>73,405</u>	<u>81,173</u>
Total Expenses	<u>141,622</u>	<u>143,970</u>
19.1 Staff Costs		
Parent	20,466	21,857
Subsidiary	20,478	21,490
	<u>40,944</u>	<u>43,347</u>
Salaries	36,956	39,308
Retirement Benefit Costs	1,548	1,702
National Insurance	2,440	2,337
	<u>40,944</u>	<u>43,347</u>

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Notes to the Consolidated Financial Statements (Continued) 30 September 2017

20 Taxation

	2017	2016
	\$'000	\$'000
Current	<u>847</u>	<u>859</u>
 The Company's effective tax rate varies from the statutory rate as a result of the differences shown below:		
Loss Before Taxation	<u>(40,483)</u>	<u>(62,355)</u>
Tax calculated at a rate of 30% / 25%	(12,145)	(15,589)
Deferred Tax Asset not recognised	12,145	15,589
Business and Green Fund Levy	<u>847</u>	<u>859</u>
Tax Charge	<u>847</u>	<u>859</u>

At the Consolidated Statement of Financial Position date the Group had significant accumulated taxation losses. These losses have not yet been agreed with the Board of Inland Revenue.

The Group has no corporation tax liabilities due to significant accumulated tax losses in the individual group entities. The parent company had taxation losses of approximately \$515m (2016 - \$514m). The operating subsidiary, Vanguard Hotel Limited had significant accumulated tax losses, the amount of which could not be reliably estimated due to issues related to its corporation tax returns, which its Management are taking steps to address.

At the Consolidated Statement of Financial Position date no deferred tax assets on the tax losses were recognised on account of uncertainty over the timing of their recovery.

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Notes to the Consolidated Financial Statements (Continued) 30 September 2017

21 Net Cash Used In Operating Activities

	2017 \$'000	2016 \$'000
Operating Activities		
Loss before Taxation	(40,483)	(62,355)
Adjustments for:		
Depreciation (Note 6)	43,202	45,305
Increase in Fair Value of Investment Property	(27,016)	--
Disposals of Property Plant and Equipment	1	77
Adjustment to Property, Plant and Equipment	306	--
Interest Capitalised (Note 17)	20,011	22,137
Tax Adjustment	--	(34)
	<u>(3,979)</u>	<u>5,130</u>
Changes in Working Capital:		
Inventory	(554)	(284)
Trade Receivables	1,037	(1,984)
Other Receivables and Prepayments	(294)	5,926
Deferred Income	3,144	5,801
Trade and Other Payables	<u>(9,095)</u>	<u>(13,981)</u>
	(9,741)	608
Taxation Paid	(847)	(854)
Tax Refund Received	<u>--</u>	<u>15,947</u>
Net Cash (Used In)/Generated From Operating Activities	<u><u>(10,588)</u></u>	<u><u>15,701</u></u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

22 Subsidiary And Associate

Entity	Interest (%)	Country of Incorporation
Vanguard Hotel Limited	98.28	Trinidad and Tobago

The 1.72% remaining interest is Class X Non-voting Redeemable shares held by F&K Holdings Limited.

- a) Effective 30 September 2008, the Group acquired a controlling interest in Vanguard Hotel Limited (VHL). VHL ceased its main activity, that of hotel operations, in late 2008. The purchase consideration for the acquisition was \$139m. The assets and liabilities of VHL were not fair valued at the date of acquisition, in accordance with IFRS 3 – Business Combinations. The book values of assets and liabilities at the date of acquisition are based on unaudited results to 30 September 2008 were as follows:

Carrying amounts on acquisition:

	\$'000
Property, Plant and Equipment	173,577
Inventories	1,157
Trade and Other Receivables	11,592
Cash and Cash Equivalents	10,758
Trade and Other Payables	<u>(20,019)</u>
TOTAL	<u>177,065</u>

Details of net assets acquired and goodwill are as follows:

Purchase consideration	139,000
Carrying amount of net assets acquired	<u>(177,065)</u>
Negative Goodwill	<u>(38,065)</u>

The negative goodwill was immediately recognised in the statement of comprehensive income within the impairment provision as follows:

Impairment of VHL assets (excluding cash)	186,326
Negative goodwill	<u>(38,065)</u>
Impairment provision	<u>148,261</u>

- b) By a Settlement and Release Agreement, effective 23 March 2010, it was agreed 'inter alia' that eTeck shall surrender its rights and interest in Interfix Ventures LLC. As at 2016, eTeck's association with Interfix Ventures LLC was derecognised.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

23 Financial Instruments By Category

2017
\$'000

2016
\$'000

The accounting policies for financial instruments have been applied to the line items below:

Assets as per Consolidated Statement of Financial Position

Restricted Cash	90,866	90,867
Trade Receivables	7,386	8,423
Cash and Cash Equivalents	76,064	81,445
	174,316	180,735

The only category of financial assets held by the Group is cash and receivables. There are no assets held at fair value through profit or loss, derivatives used for hedging and available-for-sale financial instruments.

Liabilities as per Consolidated Statement of Financial Position

Bank Overdraft	679	356
Trade and Other Payables	39,839	48,935
Borrowings	490,998	555,284
	531,516	604,575

The only category of financial liabilities held by the Group is liabilities at amortised cost. There are no liabilities held at fair value through profit or loss and derivatives used for hedging.

24 Credit quality of Financial Assets

The credit quality of the financial assets can be assessed by reference to historical information about the counterparty default rates:

Counterparties without external credit rating:

Group 1	7,386	8,423
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Group 1 – Customers with no history of default

Cash and Cash Equivalents

Group A	75,257	80,956
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The rest of the statement of financial position items "Cash At Bank and In Hand" and "Bank Overdraft" is cash in hand.

Group A – Trinidad and Tobago based banking institutions.

Evolving TecNologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

25 Commitments

- a) The Group has entered into significant contracts in the normal course of its business operations. The following are commitments for which contracts have been executed at the Statement of Financial Position date and subsequently:

	2017	2016
	\$'000	\$'000
Investment Properties	<u>111,454</u>	<u>45,825</u>

- b) Cabinet, by Minutes dated 26 September 2013 and 12 December 2013, has agreed to the development of Seven Economic Zones (SEZ) through two projects. These SEZs will be developed through and managed by eTeck.

- Project 1 (estimated development cost of US\$151m) encompasses the development of infrastructural works for the Connector Road, Dow Village, Factory Road, Frederick Settlement, Preysal and Reform Parks.
- Project 2 (estimated development cost of US\$94m) encompasses the development of infrastructural works for the Endeavour Business Park and the construction of one building (10,000 sq. meters) to be used for business process outsourcing.

Proposals, inclusive of preliminary designs and drawings were received from contractors for both Projects 1 and 2.

The Board of Directors accepted the proposals submitted for the development of the Seven Economic Zones (SEZ). Further developmental works were put on hold/suspended, due to funding availability.

As at 30 September 2017, there has been no further update in respect of this project.

- c) The Group is committed to the following minimum lease payments:

	2017	2016
	\$'000	\$'000
Less than 1 year	3,352	3,352
Greater than 1 year and not later than 5 years	8,700	8,700
Later than 5 years	<u>21,750</u>	<u>23,925</u>
	<u>33,802</u>	<u>35,977</u>

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Notes to the Consolidated Financial Statements (Continued)

30 September 2017

26 Forensic Investigation

In 2010, the Attorney General of Trinidad and Tobago advised eTeck of a forensic investigation of certain aspects of its operations. Based on the reported findings of the forensic audit, the Attorney General recommended that legal action be taken against the then Board of Directors of eTeck regarding an investment of US\$5m in a foreign entity, which was subsequently impaired. Legal action was initiated by eTeck's Board of Directors in 2011 and the matter is currently before the High Court of Trinidad and Tobago. The effect of this matter, if any, on the operations and/or financial statements cannot be determined.

27 Related Party Transactions

- (i) The Group receives funding from the state which is accounted for as Capital Contributions as described in accounting policy Note 2.12 and Note 14.
- (ii) Key management compensation is made up of senior management at e Teck and VHL. The compensation paid or payable to key management for employee services amounted to approximately \$5.3m (2016 - \$6m).

28 Contingent Assets and Liabilities

a) Litigation and claims

At the Consolidated Statement of Financial Position date, the Group had contingent assets and contingent liabilities in respect of litigation and claims arising in the ordinary course of business. Some of these claims are for material amounts. Management has carefully considered these claims and have obtained external professional advice as considered necessary. Amounts in respect of some have been recognised and or disclosed in the financial statements where appropriate. The outcome of these matters is however uncertain.

b) VAT audits

- (i) The parent company received proposed adjustments from the VAT Administration Centre for material amounts in respect of several VAT return periods. The parent has responded to the proposed adjustments and is awaiting a reply from the VAT Administration Centre. A provision was established in the current year for all VAT refunds due to the parent. Refer to Note 9.
- (ii) The subsidiary received an assessment from the VAT Administration Centre for principal, penalties and interest in respect of several VAT return periods. A provision of \$2.9m was established in respect of the assessment. To date no amounts have been settled.

Evolving TecKnologies and Enterprise Development Company Limited

Notes to the Consolidated Financial Statements (Continued) 30 September 2017

29 Subsequent Events

- a) The Group has been mandated by GORTT to act in the role of project manager to complete the Research and Development Facility at the Tamana In-Teck Park in Wallerfield. This facility was started in 2009 and was put on hold/suspended pending availability of funding.
- b) On 30 September 2016, the Honourable Minister of Finance in his presentation of the National Budget 2016/2017 indicated that the State is to seek approximately \$500m from the sale of the real estate assets under the remit of the eTeck Group to meet its recurrent expenditure. The e Teck Group identified 10 land assets to be disposed without affecting the cash flows and long term sustainability of the organisation. Ernst & Young Services Limited has been approached to lead the divestment process of these real estate assets
- c) On 2 October 2017, the Group commenced proceedings with service provider BCQS for the provision of valuation services of select Industrial Park assets inclusive of Duncan Street Complex and the Sangsters Hill Mall but exclusive of Tamana InTech Park. The Group is desirous of obtaining a fair value assessment of each of its industrial parks, in accordance with accounting standard IAS 40 Investment Property
- d) On 24 October 2017, the Group engaged the consultancy services of CBRE Hotels to recruit a reputable internationally recognized Brand Manager or Partner to take control of the management and operational issues of the Magdalena Grand Beach and Gold Resort for a period of ten or more years
- e) Subsequent to year-end, the Group initiated a Tender for an "As Is" appraisal of the VHL asset. This exercise is expected to be completed during the 2018 financial year
- f) There is an ongoing legal matter with an Event Promoter concerning use of the Golf Course operated by VHL. The Board of Directors and Management have evaluated this claim and deemed it to be less than successful given that the Promoter did not meet contractual payments as per the contract to secure access to/use of the Golf Course for a planned event.
- g) On 8 May 2018, UDeCOTT (project developer) on instructions from e Teck (project owner) entered into a contract with Rosscor Limited for the construction of the Moruga Agro Processing and Light Industrial Park.