

**Evolving TecKnologies and Enterprise Development
Company Limited**

Consolidated Financial Statements

30 September 2010

(Expressed in Trinidad and Tobago Dollars)

Evolving TecKnologies and Enterprise Development Company Limited

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Evolving TecKnologies and Enterprise Development Company Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Evolving TecKnologies and Enterprise Development Company Limited, which comprise the consolidated statement of financial position as at 30 September 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

CB Wharfe (Senior Partner), L Awai, F Aziz Mohammed, WK Daniel, A Gopaulsingh, BA Hackett, H Mohammed, NA Panchoo, F Parsotan, S Ragobar, SW Ramirez, A West

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"PwC" refers to the Trinidad and Tobago firm of PricewaterhouseCoopers.

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for qualified opinion

Investment properties

- a) As explained further in note 5, Investment Properties includes several properties which were not fair valued as at the current and prior year ends in accordance with International Accounting Standard 40 – Investment Property. We were unable to obtain sufficient appropriate audit evidence about the carrying amounts of Investment Properties as at current and prior year ends. Consequently, we were unable to determine whether any adjustments to the carrying amounts and changes in fair values for the current and prior years are necessary
- b) As explained further in note 5c, Investment Properties includes a property which is under construction and development. This property is carried in the financial statements at a mixture of fair value and cost. Management has not estimated the recoverable amount of this asset as required by International Accounting Standard 36 – Impairment of Assets. Consequently, we were unable to determine whether any adjustment to the carrying amount is necessary.

Consolidation of subsidiary

As explained in note 24, Evolving TecKnologies and Enterprise Development Company Limited acquired a controlling interest in Vanguard Hotel Limited (VHL) effective 30 September 2008. The assets, liabilities and contingent liabilities of VHL, were not fair valued at the date of acquisition as required by International Financial Reporting Standard 3 – Business Combinations. The financial statements of VHL are unaudited and management accounts were used for consolidation purposes for 2008, 2009 and 2010. All VHL's assets except certain costs related to its investment property and cash balances were impaired and all its liabilities were consolidated. We are unable to determine the completeness and accuracy of these amounts as well as VHL's contingent liabilities. Consequently, we were unable to determine whether any adjustments to the amounts reported in the consolidated financial statements are necessary.

Qualified opinion

In our opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Evolving TecKnologies and Enterprise Development Company Limited as at 30 September 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

As explained in note 5, certain properties were previously accounted for as property, plant and equipment instead of as investment properties. The comparative financial statements have been restated accordingly, including appropriate disclosures related thereto. Our opinion is not qualified in respect of this matter.



4 December 2012
San Fernando
Trinidad, West Indies

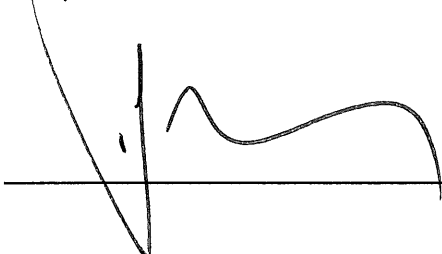
Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement Of Financial Position

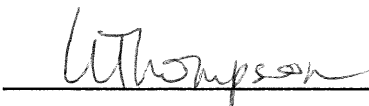
	Notes	2010 \$'000	30 September 2009 \$'000 Restated	2008 \$'000 Restated
ASSETS				
Non-current Assets				
Investment properties	5	1,657,973	1,312,991	1,288,748
Property, plant and equipment	6	22,837	32,975	16,531
Other receivables and prepayments	7	412	9,806	10,683
Investments	8	--	--	--
		<u>1,681,222</u>	<u>1,355,772</u>	<u>1,315,962</u>
Current Assets				
Other receivables and prepayments	7	115,172	62,404	14,093
Trade receivable	9	17,696	21,074	17,904
Taxation recoverable		14,931	15,643	14,940
Cash and cash equivalents	10	58,970	43,848	177,286
		<u>206,769</u>	<u>142,969</u>	<u>224,223</u>
Total Assets		<u>1,887,991</u>	<u>1,498,741</u>	<u>1,540,185</u>
EQUITY AND LIABILITIES				
Capital And Reserves Attributable To Equity Holder				
Share capital	11	1	1	1
Shareholder advances	12	1,140,825	900,873	763,132
(Accumulated deficit)/retained earnings		<u>(142,113)</u>	<u>109,241</u>	<u>669,635</u>
Shareholder's equity		998,713	1,010,115	1,432,768
Minority interest	23	--	(2,790)	(2,736)
Total Equity		<u>998,713</u>	<u>1,007,325</u>	<u>1,430,032</u>
Non-current Liabilities				
Deferred income	13	50,708	50,383	49,700
Current Liabilities				
Trade payables		179,193	52,567	30,416
Accrued expenses and other payables		228,782	155,146	30,037
Borrowings	14	430,595	233,320	--
		<u>838,570</u>	<u>441,033</u>	<u>60,453</u>
Total Liabilities		<u>889,278</u>	<u>491,416</u>	<u>110,153</u>
Total Equity And Liabilities		<u>1,887,991</u>	<u>1,498,741</u>	<u>1,540,185</u>

The notes on pages 7 to 34 are an integral part of these financial statements.

On 3 December 2012, the Board of Directors authorised these financial statements for issue. Comparative information has been restated to correct for certain prior period errors (Note 22).



Director



Director

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement Of Comprehensive Income

	Notes	Year Ended 30 September	
		2010 \$'000	2009 \$'000 Restated
Revenue	15	42,593	38,981
Net Gain/(Loss) From Fair Value Adjustment On Investment Properties	5	168,590	(272,701)
Other Operating Income		<u>281</u>	<u>7,456</u>
		<u>211,464</u>	<u>(226,264)</u>
Expenses			
Operating		(101,547)	(71,462)
Administrative		(63,273)	(56,121)
Marketing		<u>(725)</u>	<u>(1,744)</u>
		<u>(165,545)</u>	<u>(129,327)</u>
Impairment Provisions	16	<u>(297,353)</u>	<u>(206,738)</u>
Operating Loss		(251,434)	(562,329)
Finance Costs		(444)	--
Interest Income		<u>677</u>	<u>1,952</u>
Loss Before Taxation		(251,201)	(560,377)
Taxation Charge	17	<u>(153)</u>	<u>(71)</u>
Loss After Taxation		<u>(251,354)</u>	<u>(560,448)</u>
Other Comprehensive Income	5(c)	<u>--</u>	<u>--</u>
Total Comprehensive Loss For The Year		<u>(251,354)</u>	<u>(560,448)</u>
Attributable To:			
Owners of the parent		(251,354)	(560,394)
Non-controlling interests		<u>--</u>	<u>(54)</u>
		<u>(251,354)</u>	<u>(560,448)</u>

The notes on pages 7 to 34 are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement Of Changes In Equity

	Share Capital \$'000	Shareholder Advances \$'000	Revaluation Reserve \$'000	Retained Earnings/ (Accumulated) (Deficit) \$'000	Minority Interest \$'000	Total \$'000
Year Ended 30 September 2010						
Balance at 1 October 2009	1	900,873	--	109,241	(2,790)	1,007,325
Total comprehensive loss for the year	--	--	--	(251,354)	--	(251,353)
Change in shareholding	--	--	--	--	2,790	2,790
Shareholder advances received	--	239,952	--	--	--	239,952
Balance at 30 September 2010	1	1,140,825	--	(142,113)	--	998,713
Year Ended 30 September 2009						
Balance at 1 October 2008 (as previously reported)	1	763,132	873,780	(241,062)	(2,736)	1,393,115
Prior period adjustment (Note 22)	--	--	(873,780)	910,697	--	36,917
Restated balance at 1 October 2008	1	763,132	--	669,635	(2,736)	1,430,032
Total comprehensive loss for the year	--	--	--	(560,394)	(54)	(560,448)
Shareholder advances received	--	137,741	--	--	--	137,741
Balance at 30 September 2009	1	900,873	--	109,241	(2,790)	1,007,325

The notes on pages 7 to 34 are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Consolidated Statement Of Cash Flows

	Notes	Year Ended 30 September	
		2010 \$'000	2009 \$'000
Net Cash Generated From Operating Activities	18	<u>50,008</u>	<u>23,645</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(1,158)	(24,462)
Expenditure on investment properties		(473,745)	(503,682)
Acquisition of minority interest		<u>2,790</u>	<u>--</u>
Net Cash Used In Investing Activities		<u>(472,113)</u>	<u>(528,144)</u>
Cash Flows From Financing Activities			
Shareholder advances received		239,952	137,741
Proceeds from borrowings		<u>197,275</u>	<u>233,320</u>
Net Cash Generated From Financing Activities		<u>437,227</u>	<u>371,061</u>
Net Increase/(Decrease) In Cash And Cash Equivalents		15,122	(133,438)
Cash And Cash Equivalents, At Beginning Of Year		<u>43,848</u>	<u>177,286</u>
Cash And Cash Equivalents, At End Of Year	10	<u><u>58,970</u></u>	<u><u>43,848</u></u>

The notes on pages 7 to 34 are an integral part of these financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements 30 September 2010

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 The Atrium, Don Miguel Road Extension, El Socorro. 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), development of new industrial estates and investment promotion. The Company is also an investment holding company and its main operating subsidiary is Vanguard Hotel Limited. 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.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) *Amendment to standard, early adopted by the Group*

- IAS 1 (amendment) - 'Presentation of financial statements', which permits non disclosure of notes to opening statement of financial position when there is a restatement.

(b) *New and amended standards effective in 2009 adopted by the Group.*

The Group has adopted the following new and amended IFRS as of 1 January 2009 which has not had a significant impact on the disclosures in the financial statements:

- IAS 1 (revised), 'Presentation of financial statements';
- IFRS 7 – Financial instruments – Disclosures (amendment).

(c) *New and amended standards, effective in 2009 but not relevant to the Group.*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 but are not relevant to the Group's operations:

- IFRS 2 (amendment) – Share-based payment.

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.*

The following standards, amendments and interpretations have been published and are mandatory for accounting periods beginning on or after 1 January 2010, but the Group has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners';
- IAS 27 (revised), 'Consolidated and separate financial statements';
- IAS 38 (amendment), 'Intangible Assets';
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for sale.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Going Concern

The Group had a total comprehensive loss for the year of \$251m and at the statement of financial position date had an accumulated deficit of \$142m. In addition the group's current liabilities exceeded current assets by \$632m. Current liabilities include borrowings of \$431m.

Notwithstanding these factors the Directors believe that the Group will have adequate resources to meet its obligations as they fall due.

The ability of the Group to continue to trade and meet its obligations are dependent on the continued support of the shareholder (Government of the Republic of Trinidad and Tobago) in the form of direct financing and or the provision of guarantees to third parties in the case of borrowings.

While the Group has not received written indication of such ongoing support the Directors are of the view that such support will continue. The support of the shareholder subsequent to the date of the statement of financial position has continued as evidenced by the following:

- Agreement was reached in principle for existing borrowings at the statement of financial position date of \$431m to be rescheduled over a period to 2022 which the shareholder has agreed to fully guarantee.
- Additional borrowings totalling \$308m were obtained and are fully guaranteed by the shareholder.
- The shareholder has provided the funds to meet obligations as required for two years since the statement of financial position date.
- Receipt of additional funding in the amounts of \$112.1m for 2011 and \$282.4m to date for 2012.

The Group will not commit to further expenditure unless the shareholder has committed to fund it. The Group has prepared strategic corporate and business plans based on prudent assumptions with the objectives of streamlining its activities to meet its objectives as outlined by the shareholder and prioritising significant expenditure in order to maximise returns. These plans have been submitted to and reviewed by the shareholder. The Group continues to generate positive operational cash flows and has met and is projected to meet all of its normal obligations.

The Group has, therefore, concluded that no material uncertainty exists regarding its ability to continue as a going concern and that it is appropriate to continue to adopt the going concern basis in preparing its financial statements.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.2 Investment property

Property that is held for long-term rental or for capital appreciation or both, 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.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its 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 determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable 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.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction.

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 the statement of comprehensive income.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.3 Property, plant and equipment

Property, plant and equipment, is stated at historical cost less 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 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. All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated at the following rates which are considered appropriate to write off the cost of the assets over their estimated useful lives:

Equipment and furniture	10% - 33⅓%	reducing balance
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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. They are de-consolidated from the date that control ceases.

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 recognised 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.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.4 Consolidation (Continued)

(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 the statement of comprehensive income, 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 associates are eliminated to the extent of the Group's interest in the associates. 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 2010

2 Summary Of Significant Accounting Policies (Continued)

2.5 Foreign currency translation

i) *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.

ii) *Foreign currency transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange 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. Lease premiums are deferred and recognised as revenue over the term of the lease.

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 the 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 the statement of comprehensive income.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with bank and other short-term highly liquid investments with original maturities of three months or less. The Group has no bank overdrafts.

2.10 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.11 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 less (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.

2.12 Shareholder advances

Shareholder advances comprise:

- amounts received from the state for the execution of projects stipulated by the shareholder. In some cases project expenditure is capitalised and included as property, plant and equipment.
- 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 shareholder advances are amounts received by the Group under the Public Sector Investment Programme (PSIP).

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.13 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 Group's 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 or 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 taxes 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.

2.14 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.15 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 the statement of comprehensive income on a straight-line basis over the period of the lease.

Evolving TeckNologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

2 Summary Of Significant Accounting Policies (Continued)

2.15 Leases (Continued)

(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.

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Comparatives

Comparatives have been adjusted for changes in presentation in the current year. The comparative financial statements were restated as described in Note 22.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

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 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

	Less than 1 year \$	Total Contractual cash flows \$
Financial Liabilities		
Year Ended 30 September 2010		
Trade payables	179,193	179,193
Accrued expenses and other payables	228,782	228,782
Borrowings	<u>457,189</u>	<u>457,189</u>
Total	<u>865,164</u>	<u>865,164</u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

Maturity Analysis Of Financial Liabilities (Continued)

Financial Liabilities	Less than 1 year \$	Total Contractual cash flows \$
Year Ended 30 September 2009		
Trade payables	52,567	52,567
Accrued expenses and other payables	155,146	155,146
Borrowings	<u>248,695</u>	<u>248,695</u>
Total	<u>456,408</u>	<u>456,408</u>

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 (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2010 \$	2009 \$
Total borrowings	430,595	233,320
Less cash and cash equivalents	<u>(58,970)</u>	<u>(43,848)</u>
Net debt	371,625	189,472
Total equity	<u>998,713</u>	<u>1,007,325</u>
Total capital	<u>1,370,338</u>	<u>1,196,797</u>
Gearing ratio	<u>27%</u>	<u>16%</u>

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 2010

4 Critical Accounting Estimates And Judgments

Estimates and judgements 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 judgements, estimates and assumptions may significantly differ from actual results are discussed below:

(a) Income taxes

Some judgement 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.

(b) 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.

(c) Title and leasehold interests in investments properties

Assumptions regarding title and lease renewals for certain investment properties have been made, the details of which are disclosed in Note 5.

(d) Impairment of assets

Impairment charges are based on a variety of factors and assumptions made by management and accordingly reported results may vary.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

5 Investment Properties

	2010 \$'000	2009 \$'000
At beginning of the year	1,312,991	1,288,748
Additions – subsequent expenditure on investment property	473,745	503,682
Impairments	(297,353)	(206,738)
Net gain/(loss) from fair value adjustments on investment property	<u>168,590</u>	<u>(272,701)</u>
End of year	<u>1,657,973</u>	<u>1,312,991</u>

The Group has 4 major investment properties:

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

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

	Buildings and Completed Works (At Valuation)	Land (At Valuation)	Work In Progress (At Cost)	Total
Industrial estates	\$240m	\$428m	\$27m	\$695m
Trinidad Hilton Property	\$146m	\$36m	--	\$182m
Tamana Intech Park	--	\$110m	\$633m	\$743m
Vanguard Hotel	--	--	\$38m	<u>\$38m</u>
Total				<u>\$1,658m</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. Vanguard Hotel's carrying amount is \$38m, which represents costs incurred on its refurbishment that was incomplete at the year end. In 2003 all industrial estate assets as well as the Trinidad Hilton Property) were purchased from Tourism and Industrial Development Company of Trinidad and Tobago Limited (TIDCO) for a consideration of \$1. There were subsequent directors' and independent valuations of portions of the investment properties over the ensuing years. However, the fair values of all properties as at the ends of 2008, 2009 and 2010 were not determined and accordingly the net fair values movements attributable to each of the years 2009, 2010 and the cumulative effect on prior years cannot be determined, as described below. The following sets out the details of each investment property:

a) Industrial estates

Up to 30 September 2006, the industrial estates were carried in the financial statements at a 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 are considered by management and the Board of Directors 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.

Evolving TecNologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

5 Investment Properties (Continued)

a) Industrial estates (Continued)

- 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.
- iii) The replacement cost or contractors method
This method was mainly used for properties that are purpose built and which are not normally sold on the market.

Included in the valuation of the industrial estates are several leasehold properties which are carried in the financial statements on the basis that the Group 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 TIP. This portion of the Tamana Intech Park 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 Group'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 valuation exercise referred to in a) above, the shareholder, Government of the Republic of Trinidad and Tobago, has advised the Group of its intention to vest several additional estates in the name of the Group. The vesting process is not yet complete and accordingly the directors' valuation as indicated above did not include these estates.

Certain properties are vested in the Group's name but have not been fair valued either by the Directors or independently.

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 as described in note 15. The land together with the buildings are being carried in the financial statements at fair value on the basis that the Group 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 Group is taking steps to obtain documentation to confirm this position.

Up to 30 September 2004, the Hilton property was carried in the financial statements at a directors' valuation of approximately \$200m. On 30 September 2005, an independent professional valuation was completed and the valuation was adjusted to \$275m. Management had obtained from the valuator, a notional apportionment of the valuation, of which \$30m related to land and \$245m related to buildings.

Renovation works commenced on the hotel in 2007 and were in progress at the year end. An updated independent valuation, as at 30 September 2009 was obtained which reflected a decline in the value of this property to \$182m. Management and the Board of Directors consider that the valuation of \$182m applies to the current and prior year ends. As a result, all costs incurred on the hotel's renovation which were in excess of the valuation were impaired - \$119m (2009 - \$158m) (note 16).

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

5 Investment Properties (Continued)

b) Trinidad Hilton Property (Continued)

Management has obtained from the valuator, a notional appointment of the values attributable to land and buildings and site improvements, of approximately \$36m and \$146m respectively.

The professional valuator used the investment or income capitalisation method in determining the valuation.

c) Tamana Intech Park (TIP)

The movement in its carrying amount is as follows:

	Land (At Valuation)	Work In Progress (At Cost)	Total
	\$'000	\$'000	\$'000
Year Ended 30 September 2010			
Opening carrying amount	109,690	449,989	559,679
Additions	--	302,353	302,353
Impairment charge	<u>--</u>	<u>(118,744)</u>	<u>(118,744)</u>
Closing carrying amount	<u>109,690</u>	<u>633,598</u>	<u>743,288</u>
Year Ended 30 September 2009			
Opening carrying amount	109,690	221,914	331,604
Additions	--	276,775	276,775
Impairment charge - T&TEC sub-station	<u>--</u>	<u>(48,700)</u>	<u>(48,700)</u>
Closing carrying amount	<u>109,690</u>	<u>449,989</u>	<u>559,679</u>

Tamana Intech Park is an industrial estate under construction which is located at Wallerfield in Trinidad. It is in the process of being developed, development having commenced in 2006. The land component of the park is stated at a valuation of \$110m. Costs amounting to approximately \$801m in respect of development works on the park have been capitalised as at the year end, of which \$168m have been impaired. \$119m was impaired in 2010 and \$49m in 2009. 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 since mid 2010 and there have been other issues related to the park as explained under Subsequent Events note 26. There is now a phased approach to development of the park and certain changes from the original plans and conceptual framework have been implemented. The current status is that there is a medium-term plan in place regarding the development of certain lots for occupation by potential tenants. In addition, the directors are satisfied that the state will provide the required funding and support for the completion of the development of the park. In view of the aforementioned, the Board of Directors have considered the carrying amount of the park and have concluded that costs amounting to approximately \$119m in respect of the park's development are impaired and that the remaining valuation of \$110m and costs of \$633m are not impaired. The Board of Directors intends to commission an updated valuation by an external independent valuator in the near future.

Evolving TeckNologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

5 Investment Properties (Continued)

d) Vanguard Hotel

The property is owned by Vanguard Hotel Limited (VHL), a subsidiary and is located at Plantations Estate, Lowlands, Tobago. At year end, the hotel was not operational and was undergoing extensive renovation. Commercial operations restarted in late 2011.

This property was not fair valued at year end. The carrying amount of approximately \$38m represents expenditure incurred on renovation works. The remaining elements of the property are carried at nil amounts. Management and the Board of Directors considered at the statement of financial position date that the carrying amount was appropriate in light of several factors including uncertainties regarding the hotel's future operation, inherent challenges in the valuation process and the fact the VHL's financial statements were unaudited.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

6 Property, Plant And Equipment

	Equipment And Furniture \$'000
Year Ended 30 September 2010	
Opening net book amount	32,975
Additions	1,158
Depreciation charge	<u>(11,296)</u>
Closing net book amount	<u><u>22,837</u></u>
At 30 September 2010	
Cost	58,567
Accumulated depreciation	<u>(35,730)</u>
Net book amount	<u><u>22,837</u></u>
Year Ended 30 September 2009	
Opening net book amount	16,531
Additions	24,462
Depreciation charge	<u>(8,018)</u>
Closing net book amount	<u><u>32,975</u></u>
At 30 September 2009	
Cost	57,427
Accumulated depreciation	<u>(24,452)</u>
Net book amount	<u><u>32,975</u></u>
At 30 September 2008	
Cost	32,965
Accumulated depreciation	<u>(16,434)</u>
Net book amount	<u><u>16,531</u></u>

Property, plant and equipment comprise the following:

- a) Furniture and fittings at the Trinidad Hilton Property (Note 6b) of approximately \$18m (2009 - \$28m). These assets were not included in the independent valuation of the property. Management considers it reasonable and prudent to account for these assets as property, plant and equipment.
- b) Equipment and furniture and of approximately \$5m (2009 - \$5m) at the Group's administrative offices.

Evolving TeckNologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

7 Other Receivables And Prepayments	2010 \$'000	2009 \$'000
<u>Non-current</u>		
Medical transcription project costs (Note 7.1)	--	9,765
Other	<u>412</u>	<u>41</u>
	<u>412</u>	<u>9,806</u>
<u>Current</u>		
Premium receivable (Note 7.2)	--	742
Other receivables and prepayments (Note 7.3)	<u>115,172</u>	<u>61,662</u>
	<u>115,172</u>	<u>62,404</u>
7.1 Medical Transcription Project Costs		
Due from University of Trinidad and Tobago	7,604	17,369
Less: provision for impairment	<u>(7,604)</u>	<u>(7,604)</u>
	<u>---</u>	<u>9,765</u>

Due From University of Trinidad and Tobago

This relates to expenditure on a medical transcription project. The project entails training of Trinidad and Tobago nationals in medical transcription and the establishment of a medical transcription industry in Trinidad and Tobago. The balance due from University of Trinidad and Tobago (UTT) is governed by an agreement which indicates that all costs incurred by eTeck on the training component of the medical transcription project would be fully reimbursed to eTeck by UTT. The contract covers costs incurred from April, 2004 and is for a period of 2 years. Under the provisions of the agreement, eTeck also charges UTT a 15% management fee. There was a corresponding payable balance due to UTT included under other payables and accruals in the prior year. By agreement dated 12 March 2010, UTT agreed to offset amounts due to UTT by eTeck against the amounts due by UTT to eTeck. As a result the gross receivable balance has been reduced by approximately \$10m.

7.2 This represents premiums collectible for leases entered into by the Group, the majority of which are for 99 years. The corresponding amounts which are recorded as deferred income are shown in note 13 a.

7.3 This balance includes approximately \$114m attributable to Value Added Tax (VAT) refunds in respect of several return periods over a number of years. The refunds are due from the VAT Administration Centre, which is a State agency. The Board of Directors and management, after obtaining professional advice, are of the view that the refunds are properly due to eTeck under the provisions of the legislation which govern VAT.

The VAT Administrative Centre has not responded to the Company's correspondence in respect of the payment of the outstanding amounts. See also Contingent Liability note 27b.

8 Investments

Cost	10,110	10,110
Less provision for impairment	<u>(10,110)</u>	<u>(10,110)</u>
	<u>---</u>	<u>---</u>

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 and is included in accrued expenses and other payables. Full provision has been made against this investment due to uncertainty over its timing and/or recovery.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

9 Trade Receivables	2010 \$'000	2009 \$'000
Trade receivables	35,501	37,582
Less: Provision for doubtful debts	<u>(17,805)</u>	<u>(16,508)</u>
Net trade receivables	<u>17,696</u>	<u>21,074</u>
9.1 Credit quality – third party		
Fully performing	5,728	14,211
Past due	29,773	23,371
Provision for impairment	<u>(17,805)</u>	<u>(16,508)</u>
	<u>17,696</u>	<u>21,074</u>
9.2 Ageing analysis		
As at 30 September 2010, \$11,986k (2009 - \$6,883k) of trade receivables were past due but not impaired. The analysis of these balances is as follows:		
31 – 60 days	584	555
Over 90 days	<u>11,384</u>	<u>6,328</u>
	<u>11,968</u>	<u>6,883</u>
9.3 Movement in provision for impairment		
Opening balance	16,508	13,815
Increase in provision	1,297	4,856
Amounts written off	<u>--</u>	<u>(2,163)</u>
Closing balance	<u>17,805</u>	<u>16,508</u>
10 Cash and Cash Equivalents		
Cash at bank and in hand	6,310	11,406
Fixed deposits and money market instruments	<u>52,660</u>	<u>32,442</u>
	<u>58,970</u>	<u>43,848</u>
11 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>
12 Shareholder advances	<u>1,140,825</u>	<u>900,873</u>

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 Shareholder Advances. There is no indication 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 2010

13 Deferred Income	2010 \$'000	2009 \$'000
Leases of industrial estates (13a)	43,994	43,669
Deferred revenue pertaining to project with Government Bodies (13b)	<u>6,714</u>	<u>6,714</u>
Deferred income as at year end	<u>50,708</u>	<u>50,383</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 lease premium payable 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. Premiums invoiced are recorded as deferred income and recognised over the term of the lease.

Total unamortised premiums received in prior year	44,060	37,454
Total premiums invoiced during the financial year	476	5,938
Total premiums due within one year (Note 7.2)	--	742
Premium income recognised during the financial year	<u>(542)</u>	<u>(465)</u>
Deferred income as at year end	<u>43,994</u>	<u>43,669</u>

b) Deferred revenue pertaining to project with Government Bodies

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

14 Borrowings	<u>430,595</u>	<u>233,320</u>
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eTeck entered into a short term bridge loan agreement comprising two tranches with First Caribbean International Bank Limited (FCIB) on 28 November 2008 in the amount of TT\$220m (with up to 25% available in United States dollars) in connection with the renovation/upgrading of the Trinidad Hilton Hotel. On 29 October 2009, the amount of the facility was increased to TT\$410m (with up to US\$10m available in United States dollars). The loan is guaranteed by the Government of the Republic of Trinidad and Tobago. Drawings can be made in both Trinidad and Tobago dollars and United States dollars (subject to certain minimum and maximum amounts) and the respective interest rates are:-

- TT\$ drawings - base lending rate less 2.26%
- US\$ drawings - 90 day LIBOR plus 3.25%

Interest rates are subject to change based on market conditions. Interest is accrued and capitalised monthly on the drawn down balance. The interest rate for the year varied between 8.49% and 6.74% for the TT\$ drawings and 3.53% and 3.73% for the US\$ drawings. The principal together with accumulated interest is to be repaid upon maturity.

The loan agreement sets out certain prepayment options. At year-end the balances of principal and accumulated interest on the loans were as follows:-

- TT\$ drawings - TT\$364.6m
- US\$ drawings - US\$10.4m

The tenor of this loan facility in the first instance was eighteen months. Subsequent to the statement of financial position date, the maturity of the loan has been extended to accommodate refinancing (see note 26g). At year-end, the balance of principal and interest amounted to approximately \$430,995,000. Certain loan covenants pertaining to the provision of the information to FCIB have been breached.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued)

30 September 2010

15 Revenue	2010 \$'000	2009 \$'000
Income from estates	17,021	17,272
Income from Trinidad Hilton (Note 15a)	15,678	7,391
Project fee income	6,042	9,095
Services and rental outlet income	3,006	2,942
Miscellaneous revenues	729	1,929
Other property income	<u>117</u>	<u>352</u>
	<u>42,593</u>	<u>38,981</u>

15a. 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.

16 Impairment Provisions

The provision comprises the following items:

Impairment of Trinidad Hilton Hotel (Notes 5 and 16.1)	119,008	158,038
Impairment of Industrial Parks		
Tamana Inteck Park (Notes 5c and 16.2)	118,744	48,700
Other Industrial Parks (Note 16.3)	<u>59,601</u>	<u>--</u>
	<u>297,353</u>	<u>206,738</u>

16.1 Costs of approximately \$119m (2009 - \$158m) related to the Trinidad Hilton renovation project were impaired a result of the updated independent valuation (Note 6b).

16.2 This impairment charge relates to TIP. See Note 5c.

16.3 This impairment charge relates to costs incurred in respect of the refurbishment of several industrial estates (excluding Tamana Intech Park). The impairment charge has resulted because the independent external valuations are lower than the carrying amounts of the various properties.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

17 Taxation	2010 \$'000	2009 \$'000
Current	<u>153</u>	<u>71</u>

The Group's effective tax rate varies from the statutory rate as a result of the differences shown below:

Loss before taxation	<u>(288,963)</u>	<u>(560,377)</u>
Tax calculated at a rate of 25%	(72,241)	(140,094)
Effect of non-deductible expenditure	41,795	121,064
Deferred tax asset not recognised	30,446	19,030
Green fund levy and business levy	<u>153</u>	<u>71</u>
Tax charge	<u>153</u>	<u>71</u>

At the statement of financial position date the Group has taxation losses of approximately \$254m (2009 - \$113m). These losses have not yet been agreed with the Board of Inland Revenue.

At the statement of financial position date no deferred tax asset on the tax losses was recognised on account of uncertainty over the timing of their recovery.

18 Net Cash Generated From Operating Activities

Operating Activities

Loss before taxation	(251,201)	(560,377)
Adjustments for:		
Net (gain)/loss from fair value adjustment as investment properties	(168,590)	272,701
Depreciation	11,296	8,018
Impairment of property, plant and equipment	<u>297,353</u>	<u>206,738</u>
	(111,142)	(72,920)
Changes in working capital:		
Other receivables and prepayments - Non-current	9,394	877
Trade receivable	3,378	(3,170)
Other receivables and prepayments - Current	(52,768)	(48,311)
Taxation recoverable	712	--
Deferred income	325	683
Trade payables - Current	126,626	22,151
Accrued expenses and other payables	<u>73,636</u>	<u>125,109</u>
	50,161	24,419
Taxation paid	<u>(153)</u>	<u>(774)</u>
Net Cash Generated From Operating Activities	<u>50,008</u>	<u>23,645</u>

19 Staff Costs

Salaries	26,715	26,940
Retirement benefit costs	2,507	2,207
National insurance	<u>756</u>	<u>888</u>
	<u>29,978</u>	<u>30,035</u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

20 Related Party Transactions

- (i) The Group receives funding from the state which is accounted for as shareholder advances as described in accounting policy Note 2.12 and Note 12.
- (ii) Key management compensation costs amounted to approximately \$4.5m (2009 - \$2.8m).

21a) Financial Instruments By Category

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

Assets as per statement of financial position	2010 \$'000	2009 \$'000
Trade receivables	17,696	21,074
Cash and cash equivalents	<u>58,970</u>	<u>43,848</u>
	<u>76,666</u>	<u>64,922</u>

The only category of financial assets held by the Group is loans 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 statement of financial position

Trade payables	179,193	52,567
Accrued expenses and other payables	228,782	155,146
Borrowings	<u>430,595</u>	<u>233,320</u>
	<u>838,570</u>	<u>441,033</u>

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.

21b) 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	<u>17,696</u>	<u>21,074</u>
Group 1 – Local customers with no history of default		

Cash at bank and in hand

Group A	<u>58,944</u>	<u>43,825</u>
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The rest of the statement of financial position item "cash and cash equivalents" is cash on hand.

Group A – Trinidad and Tobago based banking institutions.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

22 Restatement

The comparative financial statements in respect of 2009 have been restated as a result of the classification of certain investment properties in accordance with International Accounting Standard 40 – Investment Property. These properties were previously accounted for as property, plant and equipment. The impact of the adjustments is summarised below:

- i) Statement of Financial Position
 - Decrease in property plant and equipment from \$1,336m to \$33m, a reduction of \$1,303m which is now presented as investment properties.
 - Increase in investment properties from nil to \$1,313m.
- ii) Statement of Comprehensive Income
 - Increase in loss before taxation of \$255m comprised of:
 - Net Loss from fair value adjustment on investment properties of \$272m, which was not previously recognised.
 - Reduction in depreciation expenses by \$17m.
- iii) Statement of Changes in Equity
 - Opening equity at 1 October 2008 was increased by approximately \$37m with a corresponding increase in total assets. This change relates to the reversal of depreciation charges.
The opening accumulated deficit at 1 October 2008 was adjusted by \$911m comprising:
 - Transfer of revaluation reserves of \$874m
 - Reversal of depreciation charges of \$37mThe previously reported revaluation reserve as at 1 October 2008 was eliminated.
 - There was an increase in equity of approximately \$10m from the previously reported amount as at 30 September 2009.

The following sets out the changes from amounts previously reported:

- a) Effect on the 2008 and 2009 statement of financial position – investment properties
- b) Effect on the 2008 and 2009 statement of financial position – property, plant and equipment
- c) Effect on 2009 statement of comprehensive income

a) Investment properties

	\$'000
<u>Effect on 2008 Statement of Financial Position:</u>	
Investment properties as previously reported	--
Adjustment to recognize investment properties	<u>1,288,748</u>
Investment properties as restated	<u>1,288,748</u>
Total shareholders' equity as previously reported	1,395,851
Adjustment for investment properties	<u>36,917</u>
Total shareholders' equity as restated	<u>1,432,768</u>
Total assets as previously reported	1,503,268
Adjustment for recognition of investment properties	<u>36,917</u>
Total assets as restated	<u>1,540,185</u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

22 Restatement (Continued)

a) Investment properties (Continued)

<u>Effect on 2009 Statement of Financial Position:</u>	\$'000
Investment properties as previously reported	--
Adjustment to recognize investment properties	<u>1,312,991</u>
Investment properties as restated	<u>1,312,991</u>
Total shareholders' equity as previously reported	1,000,497
Adjustment to recognize investment properties	<u>9,618</u>
Total shareholders' equity as restated	<u>1,010,115</u>
Total assets as previously reported	1,489,123
Adjustment for recognition of investment properties	<u>9,618</u>
Total assets as restated	<u>1,498,741</u>

b) Property, plant and equipment

<u>Effect on 2008 Statement of Financial Position:</u>	
Property, plant and equipment as previously reported	1,268,362
Adjustment to recognize investment properties – fair values	(1,288,748)
Adjustment to recognize investment properties – reversal prior years' of depreciation charges	<u>36,917</u>
Property, plant and equipment as restated	<u>16,531</u>
Total shareholders' equity as previously reported	1,398,157
Adjustment for investment properties	<u>36,917</u>
Total shareholders' equity as restated	<u>1,432,768</u>
Total assets as previously reported	1,503,268
Adjustment for recognition of investment properties	<u>36,917</u>
Total assets as restated	<u>1,540,185</u>
<u>Effect on 2009 Statement of Financial Position:</u>	
Property, plant and equipment as previously reported	1,336,348
Adjustment to recognize investment properties – fair values	(1,312,991)
Adjustment to recognize investment properties	<u>9,618</u>
Property, plant and equipment as restated	<u>32,975</u>
Total shareholders' equity as previously reported	1,000,497
Adjustment for investment properties	<u>9,618</u>
Total shareholders' equity as restated	<u>1,010,115</u>
Total assets as previously reported	1,489,123
Adjustment for recognition of investment properties	<u>9,618</u>
Total assets as restated	<u>1,498,741</u>

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

22 Restatement (Continued)

c) Effect on 2009 Statement of Comprehensive Income	\$'000
Loss after taxation as previously reported	(304,757)
Reversal of depreciation charge on properties accounted for previously as property, plant and equipment instead of as investment properties	17,010
Net Loss From fair Value Adjustment on Investment Properties	<u>(272,701)</u>
Loss after taxation as restated	<u>(560,448)</u>
Other comprehensive income as previously reported	(240,534)
Reversal of revaluation loss on properties accounted for previously as property, plant and equipment instead of as investment properties	228,392
Reversal of depreciation transfer between revaluation reserve and retained earnings	<u>12,142</u>
Other Comprehensive Income as restated	<u>--</u>

23 Minority Interest

This balance relates to the net liabilities attributable to the Group's interest in Valeo Software Limited, in which the Group had a 51% interest. In March 2010 the Group acquired the minority interest and now own 100% of the entity. Valeo Software Limited had no trading activities for the year.

24 Business Combinations

a) Effective 30 September 2008, the Group acquired a controlling interest in Vanguard Hotel Limited (VHL). The purchase consideration for the acquisition was \$139m. VHL ceased its main activity, that of hotel operations, in late 2008. The assets and liabilities of Vanguard Hotel Limited according to the unaudited accounts as at 30 September 2008 were as follows:

	Acquiree's Carrying Amounts . \$'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>

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

24 Business Combinations (Continued)

The assets and liabilities of the acquiree were not fair valued at the date of acquisition, in accordance with IFRS 3.

Details of net assets acquired and goodwill are as follows:

	Acquiree's Carrying Amounts \$'000
Purchase consideration	139,000
Carrying amount of net assets acquired	<u>(177,065)</u>
Negative goodwill	<u>38,065</u>

The negative goodwill was included in the 2008 impairment provision of \$148m which represents the net amount of this credit and all VHL's assets (\$186m) which were impaired, excluding cash balances.

- b) The unaudited assets and liabilities of VHL at 30 September 2010 and results for the year then ended were as follows:

	\$'000
Assets	199,913
Liabilities	(19,912)
Net loss	(19,266)

All assets except cash of approximately \$0.1m were impaired and all liabilities were consolidated.

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:

Property, plant and equipment	<u>\$616.8m</u>
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- b) The Group is committed to the following minimum lease payments:

	2010 \$'000	2009 \$'000
Less than 1 year	2,175	2,175
Greater than 1 and not later than 5 years	8,700	8,700
Later than 5 years	<u>36,975</u>	<u>39,150</u>
	<u>47,850</u>	<u>50,025</u>

26 Subsequent Events

- a) Management and the Board of Directors decided to re-examine implementation strategies pertaining to the Tamana Intech Park project. This process is still ongoing. The Group has received claims for material amounts from certain contractors in connection with the project. These claims are in the process of being evaluated and negotiated and where appropriated have been accounted for.

Evolving TecKnologies and Enterprise Development Company Limited

Notes To The Consolidated Financial Statements (Continued) 30 September 2010

26 Subsequent Events (Continued)

- b) Subsequent to the year end, the Group received a mandate from the state to manage the operations of a 55 room hotel at National Academy of the Performing Arts (NAPA) via the engagement of an appropriate hotel operator. Following this, management has written to the Ministry of Trade to request transfer of this project to another government ministry.
- c) Subsequent to the year end, the Board of Directors approved the winding up of Medical Data Caribbean Limited and Valeo Software Limited.
- d) Subsequent to the year end, the Company entered into financing arrangements with financial institutions for material amounts to provide funding for the Tamana Intech Park Project at Wallerfield (\$148m) and the VHL Magdalena Grand Project (\$160m). The borrowings are fully secured by GORTT.
- e) The Attorney General of Trinidad and Tobago has advised the parent company that a forensic investigation of several aspects of its operations as well as certain specific transactions will be conducted. The investigation has commenced but has not been completed as at the date of issue of the financial statements. The effect, if any, on the operations and/or financial statements cannot therefore be identified.
- f) The Group has received claims for material amounts arising in the ordinary course of business. Management has considered the claims and obtained external professional advice as considered necessary. Amounts have been recognised and or disclosed in the financial statements where appropriate. The final outcome of the claims is uncertain and there may be additional liabilities to the Group.
- g) There was an extension of the maturity date of borrowings from FirstCaribbean International Bank Limited. Agreement has been reached in principle with another financial institution for a long-term loan facility, the proceeds of which will be used to settle the amount due to FirstCaribbean International Bank Limited. This long-term facility will be guaranteed by the shareholder.
- h) Significant refurbishment activities were performed relating to VHL and the hotel resumed commercial operations in late 2011.
- i) Two wholly-owned special purpose subsidiaries were incorporated as part of a group restructuring exercise.
- j) The shareholder issued a directive that a parcel of land comprising approximately 56 acres situated at Pont Fortin, be transferred to the Ministry of Health for a consideration of \$1.00. eTeck will be reimbursed the sum of \$35.4m for expenditure incurred as at 20 April 2012 for development works undertaken on the parcel of land. The parcel of land is carried in the financial statements at a valuation of \$36.9m.

27 Contingent Assets and Liabilities

- a) Litigation and claims
At the 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. The outcome of these matters is uncertain. In addition to the Group's internal resources, it engages the services of external legal counsel.
- b) VAT audit
The Group received proposed adjustments from the VAT Administration Centre for material amounts in respect of several VAT return periods. The Company has responded to the proposed adjustments and is awaiting a reply from the VAT Administration Centre.

