

**Evolving TecKnologies and Enterprise Development  
Company Limited**

**Consolidated Financial Statements**  
(Expressed in Trinidad and Tobago Dollars)

**30 September 2011**

# **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

We were engaged to audit the accompanying consolidated financial statements of Evolving TecKnologies and Enterprise Development Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 30 September 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 consolidated 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 conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis For Disclaimer Of Opinion**

#### **a) *Going concern***

As described in note 2.1.1 of the financial statements, these consolidated financial statements have been prepared on a going concern basis. The validity of this assumption depends on the ability of the Group to generate sufficient future cash flows and to maintain the continued support of the Government of the Republic of Trinidad and Tobago (GORTT).

The existence of the following factors as at the balance sheet date cast significant doubt about the use of the going concern assumption by the Group in the preparation of the consolidated financial statements for the year:

- i. The Group experienced negative operating cash flows for the year of \$248m and incurred substantial operating losses during the year of \$129m (2010: (\$251m)). The Group was in a net current liability position of \$610m (2010: \$632m) at the end of the year.
- ii. The parent company is dependent on the shareholder, Government of the Republic of Trinidad and Tobago (GORTT) to support its activities. While the parent company received capital contributions for the year amounting to \$106m (2010: \$240m) from GORTT and further capital contributions since year end amounting to \$382m and \$20m in 2012 and 2013 respectively, no letter of financial support was received from GORTT to confirm its continued financial support of the parent company in the future.
- iii. No reliable subsequent financial statements and cash flow budgets were available to support the Group's ability to meet its obligations as they fall due.

As a result, we have been unable to obtain sufficient audit evidence upon which to form an opinion whether application of the going concern assumption remains appropriate.

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NA Panchoo, F Parsotan, SW Ramirez, A West**

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## **Independent Auditor's Report (Continued)**

### **Basis For Disclaimer Of Opinion (continued)**

b) *Investment properties – fair value*

As explained further in note 5 to the consolidated financial statements, Investment Properties include several properties which were not fair valued as at the current and prior year ends in accordance with International Accounting Standard 40 – Investment Property. This constitutes non-compliance with the applicable accounting framework. The effect of this matter may be material to the consolidated financial statements, but it cannot be quantified. Consequently, we are unable to determine the impact of adjustments to the carrying amounts and changes in fair values of investment properties. The prior year audit report was also modified in respect of this matter.

c) *Investment properties – impairment*

As explained further in note 5c to the consolidated financial statements, Investment Properties includes a property which is under construction and development. This property is carried in the consolidated financial statements at a mixture of fair value and cost less impairment. There are impairment indicators regarding this property and management has not estimated the recoverable amount of this asset as required by International Accounting Standard 36 – Impairment of Assets. This constitutes non-compliance with the applicable accounting framework. The effect of this matter may be material to the consolidated financial statements, but it cannot be quantified. Consequently, we are unable to determine the impact of adjustments to the carrying amounts and changes in fair values of investment properties. The prior year audit report was also modified in respect of this matter.

d) *Property, plant and equipment - classification and measurement*

As explained further in note 6 to the consolidated financial statements, Property, plant and equipment includes furniture and equipment associated with the Trinidad Hilton Property and should have been accounted for as Investment Property. The carrying amount of the furniture and equipment is \$11m (2010 - \$18m). The consolidated financial statements do not comply with the requirements of International Accounting Standard 16 – Property, plant and equipment which constitutes non-compliance with the applicable framework. Furthermore, the carrying amount of the Trinidad Hilton Property, which was last fair valued in 2009, includes the furniture and equipment. As such, the effect of this matter may result in a misstatement of the Group's assets which may be material to the consolidated financial statements.

e) *Consolidation of subsidiary*

As explained in note 23 to the consolidated financial statements, 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, 2010 and 2011. 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.

**Independent Auditor's Report (Continued)**

**Disclaimer Of Opinion**

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

*PricewaterhouseCoopers*

31 December 2014  
Port of Spain  
Trinidad, West Indies

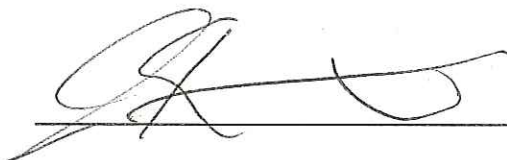
# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement Of Financial Position (Expressed in Trinidad and Tobago Dollars)

	Notes	30 September	
		2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment properties	5	1,589,951	1,657,973
Property, plant and equipment	6	14,907	22,837
Other receivables and prepayments	7	--	412
		<u>1,604,858</u>	<u>1,681,222</u>
<b>Current Assets</b>			
Other receivables and prepayments	7	128,331	115,172
Trade receivables	9	16,074	17,696
Taxation recoverable		14,931	14,931
Cash and cash equivalents	10	70,730	58,970
		<u>230,066</u>	<u>206,769</u>
<b>Total Assets</b>		<u><u>1,834,924</u></u>	<u><u>1,887,991</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital And Reserves</b>			
Share capital	11	1	1
Capital contributions	12	1,246,893	1,140,825
Accumulated deficit		(302,703)	(142,113)
<b>Total Equity</b>		<u>944,191</u>	<u>998,713</u>
<b>Non-current Liability</b>			
Deferred income	13	50,616	50,708
<b>Current Liabilities</b>			
Trade and other payables	14	211,338	407,975
Borrowings	15	628,779	430,595
		<u>840,117</u>	<u>838,570</u>
<b>Total Liabilities</b>		<u>890,733</u>	<u>889,278</u>
<b>Total Equity And Liabilities</b>		<u><u>1,834,924</u></u>	<u><u>1,887,991</u></u>

The notes on pages 8 to 38 are an integral part of these consolidated financial statements.

On 23 December 2014 the Board of Directors of Evolving TecKnologies and Enterprise Development Company Limited authorised these consolidated financial statements for issue.

 Director

 Director

# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement Of Comprehensive Income (Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September	
		2011 \$'000	2010 \$'000
Revenue	16	39,531	42,593
Net Gain From Fair Value Adjustment On Investment Properties	5	--	168,590
Other Operating Income		<u>24</u>	<u>281</u>
		<u>39,555</u>	<u>211,464</u>
<b>Expenses</b>			
Operating		(70,251)	(101,547)
Administrative		(59,905)	(63,273)
Marketing		<u>(415)</u>	<u>(725)</u>
	17	<u>(130,571)</u>	<u>(165,545)</u>
Impairment Provisions	18	<u>(37,762)</u>	<u>(297,353)</u>
Operating Loss		(128,778)	(251,434)
Finance Costs	15b	(31,610)	(444)
Interest Income	10	<u>109</u>	<u>677</u>
Loss Before Taxation		(160,279)	(251,201)
Taxation	19	<u>(311)</u>	<u>(153)</u>
Loss For The Year		(160,590)	(251,354)
Other Comprehensive Income		<u>--</u>	<u>--</u>
Total Comprehensive Loss For The Year		<u>(160,590)</u>	<u>(251,354)</u>
<b>Attributable To:</b>			
Owners of the parent		(160,590)	(251,354)
Non-controlling interests		<u>--</u>	<u>--</u>
		<u>(160,590)</u>	<u>(251,354)</u>

The notes on pages 8 to 38 are an integral part of these consolidated financial statements.

# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement Of Changes In Equity (Expressed in Trinidad and Tobago Dollars)

	Share Capital \$'000	Capital Contributions \$'000	Retained Earnings/ (Accumulated Deficit) \$'000	Minority Interest \$'000	Total \$'000
<b>Year ended 30 September 2010</b>					
Balance at 1 October 2009	1	900,873	109,241	(2,790)	1,007,325
Total comprehensive loss for the year	--	--	(251,354)	--	(251,354)
Change in shareholding (Note 21)	--	--	--	2,790	2,790
Capital contributions (Note 12)	--	239,952	--	--	239,952
Balance at 30 September 2010	1	1,140,825	(142,113)	--	998,713
<b>Year ended 30 September 2011</b>					
Balance at 1 October 2010	1	1,140,825	(142,113)	--	998,713
Total comprehensive loss for the year	--	--	(160,590)	--	(160,590)
Capital contributions (Note 12)	--	106,068	--	--	106,068
Balance at 30 September 2011	1	1,246,893	(302,703)	--	944,191

The notes on pages 8 to 38 are an integral part of these consolidated financial statements.



# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement Of Cash Flows (Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September	
		2011 \$'000	2010 \$'000
<b>Net Cash (Used In)/Generated From Operating Activities</b>	20	<u>(248,130)</u>	<u>74,633</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment	6	(1,269)	(1,158)
Expenditure on investment properties	5	(13,049)	(473,745)
Acquisition of minority interest	21	<u>--</u>	<u>2,790</u>
<b>Net Cash Used In Investing Activities</b>		<u>(14,318)</u>	<u>(472,113)</u>
<b>Cash Flows From Financing Activities</b>			
Capital contributions received	12	106,068	239,952
Proceeds from borrowings		<u>168,140</u>	<u>172,650</u>
<b>Net Cash Generated From Financing Activities</b>		<u>274,208</u>	<u>412,602</u>
<b>Increase In Cash And Cash Equivalents</b>		11,760	15,122
<b>Cash And Cash Equivalents, At Beginning Of Year</b>		<u>58,970</u>	<u>43,848</u>
<b>Cash And Cash Equivalents, At End Of Year</b>	10	<u><u>70,730</u></u>	<u><u>58,970</u></u>

The notes on pages 8 to 38 are an integral part of these consolidated financial statements.

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **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 131 Uriah Butler Highway, Charlieville, Chaguanas. 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**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **2.1.1 Going concern**

The Group as at 30 September 2011 had an accumulated deficit of \$303m and a total comprehensive loss of \$161m for the year then ended. Additionally, the Group's current liabilities exceed current assets by \$610m. Current liabilities which total \$840m include borrowings of \$629m (see Note 15).

However, 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), to ensure its continuance.

The majority of current liabilities (exclusive of borrowings) relate to Tamana Intech Park. In this regard, \$240m was specifically provided by GORTT in 2012 to liquidate these liabilities.

# Evolving TecNologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary Of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (continued)

##### 2.1.1 Going concern (continued)

Further indicators of GORTT's continued support to date has been evidenced by:

- eTeck's continued receipt of funds under the Public Sector Investment Programme (PSIP) in respect of ongoing initiatives and projects of \$382m and \$20m in 2012 and 2013 respectively;
- The allocation of \$32m in the 2014 national budget under PSIP;
- Debt service payments totalling \$79m over fiscal 2012 and 2013 through Capital Contributions. Refer to Notes 2.12; 15 and 28;
- The preparation of strategic, corporate and business plans for the organisation which are based on prudent assumptions which are considered realistic and achievable by the Board of the Directors;
- The noting of eTeck's strategic, corporate and business plans by Cabinet
- Cabinet's approval for the issuance of 99 year leases by eTeck;
- eTeck's continuing ability to consistently and adequately meet its liabilities as they fall due.

The Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The ability of the Group to continue to trade and to meet its obligations are dependent on the continued support of the GORTT 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. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

##### 2.1.2 Changes in accounting policy and disclosures

###### (a) *New and amended standards adopted by the Group*

The Group has adopted the following amended IFRSs as of 1 October 2010.

- IAS 1 (amendment), 'Presentation of financial statements' – effective 1 January 2010. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This did not have a material impact on the Group financial statements.
- IAS 7 (amendment), 'Statement of cash flows' (effective 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The Group applied the amendment to IAS 7 (amendment) from 1 October 2010. This did not have a material impact on the Group financial statements.
- IAS 17 (amendment), 'Leases' (effective 1 January 2010), Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17. This did not have a material impact on the Group financial statements.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary Of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (continued)

##### 2.1.2 Changes in accounting policy and disclosures (continued)

- (b) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group*
- IFRS 9, 'Financial Instruments' – effective from 1 January 2013. The objective of this IFRS is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows. It is not expected to have a material impact on the Group financial statements.
  - IAS 24 (Revised), 'Related party disclosures' (effective from 1 January 2011). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. It provides a partial exemption from the disclosure requirements for government-related entities. The Group will adopt this standard from 1 October 2011.
  - Amendments to IFRS 7 on derecognition (effective 1 July 2011). These amendments are a part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application subject to EU endorsement is permitted.
  - IFRS 13, 'Fair value measurement' (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.
  - Amendment to IAS 1, 'Financial statement presentation' on other comprehensive income (OCI) (effective 1 July 2012). This amendment changes the disclosure of items presented in the statement of comprehensive income. The IASB originally proposed that all entities should present profit or loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements. The amendment was developed jointly with the FASB, which has removed the option in US GAAP to present OCI in the statement of changes in equity.
  - Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012). Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 'Investment Property'. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **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 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 the fair values are recognised in statement of comprehensive income.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 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.

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% - 33 $\frac{1}{3}$ %	Reducing balance
Hilton: Furniture, Fixtures & Fittings	25%	Straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 deconsolidated 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 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **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 consolidated 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.

#### **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 other comprehensive income.

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **2 Summary Of Significant Accounting Policies (Continued)**

#### **2.6 Revenue recognition**

Revenue comprises the fair value of consideration received or receivable for services rendered in the ordinary course of the Company's activities. Revenue is shown net of value added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the activities as described below.

i) *Lease rental income*

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.

ii) *Project fee income*

Revenue earned as project fee income is recognised on an accrual basis in accordance with the terms of the agreement.

iii) *Interest income*

Interest income is recognised on an accrual basis.

#### **2.7 Employee benefits**

The parent company'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 company's pension plan. The plan is a defined contribution plan. Employees contribute 5% of their basic salary and the company contributes 10% of the employees' basic salary. The company'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 consolidated statement of comprehensive income.

#### **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.



# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **2 Summary Of Significant Accounting Policies (Continued)**

#### **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 Capital contributions**

Funding received from the State under the Public Sector Investment Programme (PSIP) are accounted for as capital contributions. Certain other funds received from the State for the execution of GORTT mandates are accounted for as capital contributions based on the facts and circumstances applicable to the funding provided.

Capital contributions 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 investment property.
- The value of assets transferred to the Group for which no or less than market consideration is required.

#### **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 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.

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **2 Summary Of Significant Accounting Policies (Continued)**

#### **2.13 Current and deferred income taxes (continued)**

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 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.

#### **2.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **2 Summary Of Significant Accounting Policies (Continued)**

#### **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.

(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 Impairment of non-financial assets**

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **2.18 Financial assets**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.8 and 2.9).

Impairment testing of trade receivable is described in note 2.8.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 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 and fair value interest rate 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 in line with policies approved by the Board of Directors.

##### (a) Market risk

###### *Foreign exchange risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

As at 30 September 2011, if the exchange rate between the Trinidad and United States dollars had moved by 5%, pre tax losses would have changed by \$3.4m (2010 - \$3.3m) as a result of US\$ denominated borrowings.

###### *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group finances its operations through a mixture of shareholder funding and borrowings. The Group is also exposed to interest rate risk on cash held on deposit and borrowings. The Group manages the interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments.

For the year ended 30 September 2011, the impact of a 1% change in the interest rate on variable rate borrowings was \$4.6m (2010 - \$4.0m).

##### (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.

Cash and deposits are held with a number of reputable financial institutions.

##### (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.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial Risk Management (Continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

##### Maturity analysis of financial liabilities

Financial liabilities	Less than 1 year \$'000	Total Contractual Cash Flows \$'000
<b>Year Ended 30 September 2011</b>		
Trade payables	47,733	47,733
Accrued expenses and other payables	163,437	163,437
Borrowings	628,779	786,841
Total	<u>839,949</u>	<u>998,011</u>

##### Maturity analysis of financial liabilities

Financial Liabilities	Less than 1 year \$'000	Total Contractual Cash Flows \$'000
<b>Year Ended 30 September 2010</b>		
Trade payables	179,193	179,193
Accrued expenses and other payables	228,782	228,782
Borrowings	430,595	457,189
Total	<u>838,570</u>	<u>865,164</u>

#### 3.2 Capital risk management

The objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise stakeholders' value.

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.

	2011 \$'000	2010 \$'000
Total borrowings	628,779	430,595
Less: cash and cash equivalents	<u>(70,730)</u>	<u>(58,970)</u>
Net debt	558,049	371,625
Total equity	<u>944,191</u>	<u>998,713</u>
	<u>1,502,240</u>	<u>1,370,338</u>
Gearing ratio	<u>37%</u>	<u>27%</u>

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)**

**30 September 2011**

(Expressed in Trinidad and Tobago Dollars)

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### **3 Financial Risk Management (Continued)**

#### **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.

### **4 Critical Accounting Estimates And Judgements**

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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) *Valuation of investment properties*

The Group has adopted various valuation methodologies for its investment properties. These valuations are based on a variety of factors including assumptions about current and expected market conditions, other external factors, earnings, etc., which are subject to change. Refer to Note 5a.

b) *Impairment of assets*

Impairment charges are based on a variety of factors and assumptions made by management and accordingly reported results may vary. Refer to notes 5 and 7.

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) *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.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 5 Investment Properties

	2011 \$'000	2010 \$'000
At beginning of the year	1,657,973	1,312,991
Additions - subsequent expenditure on investment properties	13,049	473,745
Adjustments - (Note 5c)	(43,300)	--
Impairments - (Note 18)	(37,762)	(297,353)
Net gain from fair value adjustment on investment properties	--	168,590
End of year	<u>1,589,960</u>	<u>1,657,973</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:

	Buildings and Completed Works (At Fair Value) \$m	Land (At Fair Value) \$m	Work In Progress (At Cost *) \$m	Total \$m
<b>Year ended 30 September 2011</b>				
Industrial Estates	240	428	27	695
Trinidad Hilton Property	156	36	3	195
Tamana Intech Park	--	100	600	700
Vanguard Hotel	--	--	--	--
<b>Balance at 30 September 2011</b>	<b>396</b>	<b>564</b>	<b>630</b>	<b>1,590</b>
<b>Year ended 30 September 2010</b>				
Industrial Estates	240	428	27	695
Trinidad Hilton Property	146	36	--	182
Tamana Intech Park	--	110	633	743
Vanguard Hotel	--	--	38	38
<b>Balance at 30 September 2010</b>	<b>386</b>	<b>574</b>	<b>698</b>	<b>1,658</b>

(\* less impairment)

The Industrial estates and the Trinidad Hilton property are stated at fair value. TIP is carried at a mixture of fair value and cost less impairment.

Expenses incurred on the Vanguard hotel in 2010 were fully impaired in 2011.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 5 Investment Properties (Continued)

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, 2010 and 2011 were not determined and accordingly the net fair values movements attributable to each of the years 2009, 2010 and 2011, 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.

##### ii) *Investment of 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 Group is a wholly owned enterprise and the leases are expected to be renewed for the foreseeable future upon expiry. The Group 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 parent 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 valuation exercise referred to in a) above, the shareholder, Government of the Republic of Trinidad and Tobago, has advised the parent company of its intention to vest several additional estates in the name of the parent company. 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 parent company's name but have not been fair valued by either the Directors or independently.



# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes To The Consolidated Financial Statements (Continued)** **30 September 2011** (Expressed in Trinidad and Tobago Dollars)

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### **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 which commenced on 25 February 2003. This property is sublet to Hilton International Trinidad Limited as described in Note 16. The land together with the buildings are being carried in the financial statements at fair value on the basis that the parent 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 parent company is taking steps to obtain documentation to confirm this position.

As at 30 September 2004, the Hilton property was carried in the financial statements at a Board of 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 substantially completed at 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. The Board of Directors and management consider that the valuation of \$182m applied to 2010 and prior year ends. As a result, all costs incurred on the hotel's renovation which were in excess of the valuation were impaired in the amount of \$119m. Refer to Note 16. Management obtained from the valuator, a notional apportionment of the values attributable to land and buildings of approximately \$36m and \$146m respectively.

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

An updated valuation at the end of the current year was not obtained. At the end of the current year, the brought forward carrying amount of \$182m was increased by \$13m to \$195m as a result of expenditure incurred on improvement works at the property.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued) 30 September 2011 (Expressed in Trinidad and Tobago Dollars)

### 5 Investment Properties (Continued)

#### c) Tamana Intech Park (TIP)

The movement in its carrying amount is as follows:

	Land (At Valuation) \$'000	Work In Progress (At Cost *) \$'000	Total \$'000
<b>Year ended 30 September 2011</b>			
Opening carrying amount	109,690	633,598	743,288
Adjustments	<u>(9,690)</u>	<u>(33,610)</u>	<u>(43,300)</u>
Closing carrying amount	<u>100,000</u>	<u>599,988</u>	<u>699,988</u>
<b>Year ended 30 September 2010</b>			
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>

(\* less impairment)

Tamana Intech Park is an industrial estate under construction which is located at Wallerfield in Trinidad. The land component of the park is stated at 2005 valuation of \$100m. This valuation does not consider development works which commenced in 2006 and is stated at cost less impairment. In 2009 and 2010 certain properties were considered impaired as construction was reduced considerably. 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 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 an updated valuation by an external independent valuator that was completed in 2012.

Adjustments are in respect of the following:

i) *De-recognition of investment property - \$9.690m*

This represents an adjustment for property located at Yanqui Road, Wallerfield in the amount of 37.15 acres for which eTeck does not have beneficial ownership. The property was occupied by squatters and was returned to the State several years ago.

ii) *Reversal of cost - \$33.610m*

In the prior year works were suspended at TIP, in part due to the non-settlement of contractor invoices. After negotiations with the contractors amounts were agreed as full and final settlement of outstanding balances. This resulted in the revision of previously recognised costs.

d) **Repairs and maintenance costs incurred on investment properties were as follows:**

- Arising from investment property that generated rental income during the period - \$3.5m.
- Arising from investment property that did not generate rental income during the period - \$17.2m.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

6 Property, Plant And Equipment	Equipment And Furniture \$'000
<b>Year Ended 30 September 2011</b>	
Opening net book amount	22,837
Additions	1,269
Depreciation charge	<u>(9,199)</u>
Closing net book amount	<u>14,907</u>
<b>At 30 September 2011</b>	
Cost	59,836
Accumulated depreciation	<u>(44,929)</u>
Net book amount	<u>14,907</u>
<b>Year Ended 30 September 2010</b>	
Opening net book amount	32,975
Additions	1,158
Depreciation charge	<u>(11,296)</u>
Closing net book amount	<u>22,837</u>
<b>At 30 September 2010</b>	
Cost	58,567
Accumulated depreciation	<u>(35,730)</u>
Net book amount	<u>22,837</u>
<b>At 30 September 2009</b>	
Cost	57,427
Accumulated depreciation	<u>(24,452)</u>
Net book amount	<u>32,975</u>

Property, plant and equipment comprise the following:

- a) Furniture, Fixtures and Fittings at the Trinidad Hilton Property (Note 5b) of approximately \$11m (2010 - \$18m). 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 of approximately \$4m (2010 - \$5m) at the parent's administrative offices.
- c) Depreciation expense has been charged in administrative expenses.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 7 Other Receivables And Prepayments

	2011 \$'000	2010 \$'000
Medical transcription project costs (Note 7.1)	--	--
Other receivable and prepayments (Note 7.2)	<u>128,331</u>	<u>115,584</u>
	<u>128,331</u>	<u>115,584</u>
Current portion	128,331	115,172
Non - current portion	<u>--</u>	<u>412</u>

#### 7.1 Medical Transcription Project Costs

Due from University of Trinidad and Tobago	7,604	7,604
Less: provision for impairment	<u>(7,604)</u>	<u>(7,604)</u>
	<u>--</u>	<u>--</u>

*Due from University of Trinidad and Tobago (UTT)*

This relates to expenditure on a medical transcription project. The project entailed 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 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 was reduced by approximately \$10m and the net outstanding receivable balance is fully impaired.

#### 7.2 Other receivables and prepayments

This balance includes approximately \$127m (2010: - \$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 correspondence in respect of the payment of the outstanding amounts. See also Contingent Liability note 26b.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 8 Investments

	2011 \$'000	2010 \$'000
Cost	10,110	10,110
Less: provision for impairment	<u>(10,110)</u>	<u>(10,110)</u>
	<u>    --</u>	<u>    --</u>

The parent company 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 parent company 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 parent company and was included in accrued expenses and other payables (see Note 7.1). Full provision has been made against this investment due to uncertainty over its viability.

### 9 Trade Receivables

Trade receivables	31,985	35,501
Less: Provision for impairment	<u>(15,911)</u>	<u>(17,805)</u>
Net trade receivables	<u>16,074</u>	<u>17,696</u>

#### 9.1 Ageing analysis

As at 30 September 2011, trade receivables of \$5m (2010: \$5.7m) were fully performing. \$11m (2010: \$12.0m) of trade receivables were past due but not impaired. The analysis of these balances is as follows:

31 – 60 days	5,077	584
Over 90 days	<u>5,948</u>	<u>11,384</u>
	<u>11,025</u>	<u>11,968</u>

#### 9.2 Movement in provision for impairment

Opening balance	17,805	16,508
(Decrease)/increase in provision	<u>(1,894)</u>	<u>1,297</u>
Closing balance	<u>15,911</u>	<u>17,805</u>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

10	<b>Cash And Cash Equivalents</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
	Cash at bank and in hand	38,676	6,310
	Fixed deposits and money market instruments	<u>32,054</u>	<u>52,660</u>
		<u>70,730</u>	<u>58,970</u>
	Interest income on short-term bank deposits	<u>109</u>	<u>677</u>
11	<b>Share Capital</b>		
	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	<b>Capital Contributions</b>	<u>1,246,893</u>	<u>1,140,825</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 capital contributions.		
	Balance at beginning of year	1,140,825	900,873
	PSIP funding received during the year	<u>106,068</u>	<u>239,952</u>
	Balancing at end of year	<u>1,246,893</u>	<u>1,140,825</u>
13	<b>Deferred Income</b>		
	Lease premiums from industrial estates (13a)	43,872	43,994
	Deferred revenue pertaining to project with Government Bodies (13b)	<u>6,744</u>	<u>6,714</u>
	Deferred income as at year end	<u>50,616</u>	<u>50,708</u>
	<b>13a) Leases of industrial estates</b>		
	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	43,913	44,060
	Total premiums invoiced during the financial year	479	476
	Premium income recognised during the financial year	<u>(520)</u>	<u>(542)</u>
	Deferred income as at year end	<u>43,872</u>	<u>43,994</u>
	<b>13b) Deferred revenue pertaining to project with Government Bodies</b>		

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

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 14 Trade And Other Payables

	2011 \$'000	2010 \$'000
Trade payables	47,733	179,193
Accrued expenses	163,437	228,782
Taxation payable	168	--
	<u>211,338</u>	<u>407,975</u>

### 15 Borrowings

- a) As at 30 September 2011, the Group has three (3) Loan Facilities that are guaranteed by the Government of the Republic of Trinidad and Tobago. They are as follows:

First Caribbean International Bank Limited	457,725	430,595
First Citizens Bank Limited	20,188	--
First Citizens Trustee Services Limited	150,866	--
	<u>628,779</u>	<u>430,595</u>

- b) Finance costs

Interest on bank borrowings	30,044	24,625
Other bank charges	1,566	444
Less: amounts capitalised on qualifying assets	--	(24,625)
	<u>31,610</u>	<u>444</u>

- i) **First Caribbean International Bank Limited (FCIB) - \$410m**

The parent company 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 Property. On 29 October 2009, the amount of the facility was increased to TT\$410m (with up to US\$10m available in United States dollars). 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 7.24% and 6.24% for the TT\$ drawings and 3.75% and 3.50% for the US\$ drawings. The principal together with accumulated interest is to be repaid upon maturity.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 15 Borrowings (Continued)

#### i) First Caribbean International Bank Limited (FCIB) - \$410m (continued)

The loan agreement sets out certain prepayment options. At year-end the balances of principal inclusive of accumulated interest of \$65m (2010: \$38m) were as follows:

- TT\$ drawings - TT\$389.18m
- US\$ drawings - US\$10.81m

The tenure 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. Cabinet, by Minute No. 2184 dated 18 August 2011 agreed to the liquidation of the short-term facility of up to \$410 million (inclusive of capitalised interest accrued on the short term facility at the date of liquidation) by a long term facility. It was agreed that the full amount to be raised was TT\$488 million.

Letter dated 21 August 2012 from the Ministry of Finance and Economy informed the parent company that the award of the mandate for the \$488 million facility was granted to ANSA Merchant Bank Limited. See Note 28c.

Loan covenants pertaining to the provision of audited financial statements have been breached and accordingly the balance has been classified as current.

#### ii) First Citizens Bank - \$160m

In August 2011, the parent company entered into a 10 year loan of TT\$ 160m to finance the development and management plan for the refurbishment and operationalisation of the Magdalena Grand Beach Resort (formerly VHL Hotel) in an effort to ensure that the hotel becomes operational by 1 November 2011. At year end \$20m of the facility was drawn down.

The loan 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. The balance at year end is inclusive of interest of \$48k.

Loan covenants pertaining to the provision of audited financial statements have been breached and accordingly the balance has been classified as current.

#### iii) First Citizens Trustee Services Limited - \$148m

This represents a 10 year loan facility which commenced in April 2011 to finance the following project at the Tamana Intech Park:

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

The loan carries an interest rate of 4.25% per annum. Principal and interest is to be repaid by semi-annual instalments. The balance at year end is inclusive of interest of \$2.9m.

Loan covenants pertaining to the provision of audited financial statements have been breached and accordingly the balance has been classified as current.



# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 16 Revenue

	2011 \$'000	2010 \$'000
Income from estates	16,959	17,021
Income from Trinidad Hilton (Note 16a)	13,315	15,678
Project fee income	5,144	6,042
Services and rental outlet income	2,996	3,006
Other income	765	729
Other property income	<u>352</u>	<u>117</u>
	<u>39,531</u>	<u>42,593</u>

16a 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 30 years from 1 October 2003.

### 17 Expenses By Nature

Hotel expenses	27,009	7,155
Staff cost (Note 17 a)	26,412	29,978
Repairs and maintenance – investment properties	20,607	94,816
Other expenses	15,895	13,696
Settlement of legal claim	12,000	--
De-recognition of investment properties (Note 5c)	9,690	--
Depreciation (Note 6)	9,199	11,296
Insurance	3,652	3,443
Hilton – lease rent	2,175	2,175
Office rent	2,092	1,826
Investment promotion	<u>1,840</u>	<u>1,160</u>
Total operating, administrative and marketing expenses	<u>130,571</u>	<u>165,545</u>

#### 17a Staff cost

Salaries	23,180	26,718
Retirement benefit costs	2,550	2,504
National insurance	<u>682</u>	<u>756</u>
	<u>26,412</u>	<u>29,978</u>

# Evolving TecNologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 18 Impairment Provisions

	2011 \$'000	2010 \$'000
Impairment of Trinidad Hilton Property (Note 18.1)	--	119,008
Impairment of Industrial Parks		
Tamana Intech Park (Note 18.2)	--	118,744
Other Industrial Parks (Note 18.3)	--	59,601
Impairment of Vanguard Hotel (Note 18.4)	<u>37,762</u>	<u>--</u>
	<u>37,762</u>	<u>297,353</u>

18.1 Costs of approximately \$119m relating to the Trinidad Hilton renovation project were impaired as a result of an independent valuation performed in 2009. Refer to Note 5b.

18.2 This impairment charge relates to the Tamana Intech Park. Refer to Note 5c.

18.3 Costs incurred in respect of the refurbishment of several industrial estates (excluding Tamana Intech Park) were impaired as a result of independent external valuations being lower than the carrying amounts of the various properties.

18.4 This impairment charge relates to previously capitalised renovation costs for Vanguard Hotel. Refer to Note 5.

### 19 Taxation

Current	<u>311</u>	<u>153</u>
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The Group's effective tax rate varies from the statutory rate as a result of the differences shown below:

Loss before taxation	<u>(160,279)</u>	<u>(251,201)</u>
Tax calculated at a rate of 25%	(40,069)	(62,800)
Income not subject to tax	--	(42,148)
Effect of non-deductible expenditure	11,819	70,307
Deferred tax asset not recognised	28,250	34,641
Business levy and green fund levy	<u>311</u>	<u>153</u>
Tax charge	<u>311</u>	<u>153</u>

At the statement of financial position date the parent company has taxation losses of approximately \$364m (2010 - \$251m). 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.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

20	<b>Net Cash (Used In)/Generated From Operating Activities</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
	<b>Operating Activities</b>		
	Loss before taxation	(160,279)	(251,201)
	<b>Adjustments for:</b>		
	Net gain from fair value adjustment on investment properties	--	(168,590)
	Depreciation (Note 6)	9,199	11,296
	Reversal of costs on investment properties (Note 5c)	33,610	--
	De-recognition of investment property (Note 5c)	9,690	--
	Interest capitalised (Note 15)	30,044	24,625
	Impairment of assets (Note 18)	<u>37,762</u>	<u>297,353</u>
		(39,974)	(86,517)
	<b>Changes in Working Capital</b>		
	Other receivables and prepayments – non-current	412	9,394
	Trade receivable	1,622	3,378
	Other receivables and prepayments – current	(13,159)	(52,768)
	Taxation (payable)/recoverable	(168)	712
	Deferred income	92	325
	Trade payables	(131,457)	126,626
	Accrued expenses and other payables	<u>(65,346)</u>	<u>73,636</u>
		(247,978)	74,786
	Taxation Paid	<u>(152)</u>	<u>(153)</u>
	<b>Net Cash (Used In)/Generated From Operating Activities</b>	<u>(248,130)</u>	<u>74,633</u>

### 21 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 owns 100% of the entity. Valeo Software Limited had no trading activities for the year.

### 22 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 12.
- ii) Key management includes directors (executive and non-executive) and members of the Board of Directors. The compensation paid or payable to key management for employee services amounted to approximately \$4.6m (2010 \$4.5m).

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 23 Subsidiaries And Associates

Subsidiaries and Associates	Interest %	Country of Incorporation
Vanguard Hotel Limited	100	Trinidad & Tobago
Medical Data Caribbean Limited	100	Trinidad & Tobago
Valeo Software Limited	100	Trinidad & Tobago
Interfix Ventures, LLC	49	United States of America

Medical Data Caribbean Limited, Valeo Software Limited and Interfix Ventures, LLC, are not operational.

- 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 as follows:

	\$'000
<i>Carrying amounts on acquisition:</i>	
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>
	<u>177,065</u>

*Details of net assets acquired and goodwill are as follows:*

Purchase consideration	139,000
Carrying amount of net assets acquire	<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) The unaudited results and financial position of VHL at 30 September 2011 were as follows:

Total assets	198,937
Total liabilities (excluding related party balances)	(9,050)
Net loss for the year	<u>(45,874)</u>

All assets except cash of approximately \$1.4m were impaired and all liabilities were consolidated after elimination of intercompany balances.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

### 24a Financial Instruments By Category

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

#### Assets as per consolidated statement of financial position

	2011 \$'000	2010 \$'000
Trade receivables	16,074	17,696
Cash and cash equivalents	<u>70,730</u>	<u>58,970</u>
	<u>86,804</u>	<u>76,666</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 consolidated statement of financial position

Trade payables	47,733	179,193
Accrued expenses and other payables	163,437	228,782
Borrowings	<u>628,779</u>	<u>430,595</u>
	<u>839,949</u>	<u>838,570</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.

### 24b 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>16,074</u>	<u>17,696</u>
Group 1 – Local customers with no history of default		

#### Cash at bank and in hand

Group A	<u>70,697</u>	<u>58,944</u>
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The rest of the balance sheet 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 2011

(Expressed in Trinidad and Tobago Dollars)

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### 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:

	2011 \$'000	2010 \$'000
Investment properties	<u>604,000</u>	<u>617,000</u>

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

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>34,800</u>	<u>36,975</u>
	<u>45,675</u>	<u>47,850</u>

### 26 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) *Valued Added Tax audit*

The Group received proposed adjustments from the VAT Administration Centre for material amounts in respect of several VAT return periods. The Group has responded to the proposed adjustments and is awaiting a reply from the VAT Administration Centre.

### 27 Forensic Investigation

The Attorney General of Trinidad and Tobago has advised eTeck 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.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued) 30 September 2011 (Expressed in Trinidad and Tobago Dollars)

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### 28 Subsequent Events

- a) The parent company 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 parent company.
- b) There was an extension of the maturity date of borrowings from First Caribbean International Bank Limited. Cabinet Minute dated 18 August 2011 agreed that the short term facility of \$410m would be liquidated inclusive of any accrued interest, and converted into a \$488m long term facility.

Cabinet also agreed:

- i) That the parent company meet principal and interest costs associated with the \$410m facility from the improved rent proceeds from the Hilton Trinidad and Conference Centre and;
- ii) That in the event that the balance after debt service is insufficient to finance the parent company's core operations, the shortfall will be met from GORTT subventions.

By letter dated 21 August 2012, the Ministry of Finance and Economy informed the parent company that the award of the mandate for the \$488m was granted to ANSA Merchant Bank Limited. This long-term facility will be guaranteed by GORTT.

The indicative terms and conditions of the \$488m loan are as follows:

- i. Term: 10 years
  - ii. Security: Initially, letter of guarantee from GORTT and thereafter by a Guarantee by GORTT
  - iii. Interest rate: 3%
  - iv. Principal repayment: Amortised and repayable semi-annually in instalments
  - v. Interest repayment: Calculated on a reducing balance, 30/360 day basis and repayable semi-annually in arrears.
- c) Cabinet Minute dated 3 May 2012 issued a directive that a parcel of land comprising approximately 56 acres situated at Point Fortin be transferred to the Ministry of Health for a consideration of \$1.00. Cabinet also agreed that the parent company 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.
  - d) The VHL Hotel, rebranded as the Magdalena Grand Beach and Golf Resort became fully operational in June 2012.
  - e) Capital works on the Flagship Building at the Tamana Intech Park which restarted in 2013 is scheduled to be completed in 2014 at an additional cost of \$97m. These works are funded by the GORTT's Public Sector Investment Programme.
  - f) The Board of Directors on 30 July 2013 agreed to the reconstruction of four factory shells at the Diamond Vale Industrial Estate at an estimated cost of \$20.9m. These shells were destroyed by fire in 2011. Funding is being sought from the Public Sector Investment Programme.
  - g) In September 2013, 4 additional factory shells were destroyed by fire at the Diamond Vale Industrial Estate. The carrying value of these shells was \$2.8m.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes To The Consolidated Financial Statements (Continued)

30 September 2011

(Expressed in Trinidad and Tobago Dollars)

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### 28 Subsequent Events (Continued)

- h) Subsequent to the year end, two wholly-owned special purpose subsidiaries were incorporated as part of a Group restructuring exercise, Asset Optimisation Company Limited (AOCL) and InvesTT Limited. After this, Cabinet by Minute dated 28 February 2013 agreed to rationalise the Group and establish two independent legal entities i.e. eTeck and InvesTT Limited. Instructions were also given to the Group's Board of Directors to take immediate action to dissolve AOCL, which was never operational. The new functions and operations of the companies are as follows:
- InvesTT becomes a wholly owned Government Enterprise under the purview of the Ministry of Trade, Industry and Investment;
  - The sole mandate of the Group is to refocus along the lines of asset management and development and the facilitation of economic zones in accordance with the recommendations of the September 2012 Technical Report of the World Bank Group on Special Economic Zones;
  - The sole mandate of InvesTT is to implement the investment policy and investment promotion strategy of the GORTT and act as the national "one stop shop" and point of access for potential investors in all sectors of the economy as well as facilitate all the relevant requirements and regulatory approvals required by investors.
- i) 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 the parent company.
- 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.

Financing for these projects will be done through concessional loans provided by the Export-Import (EXIM) Bank of the People's Republic of China.