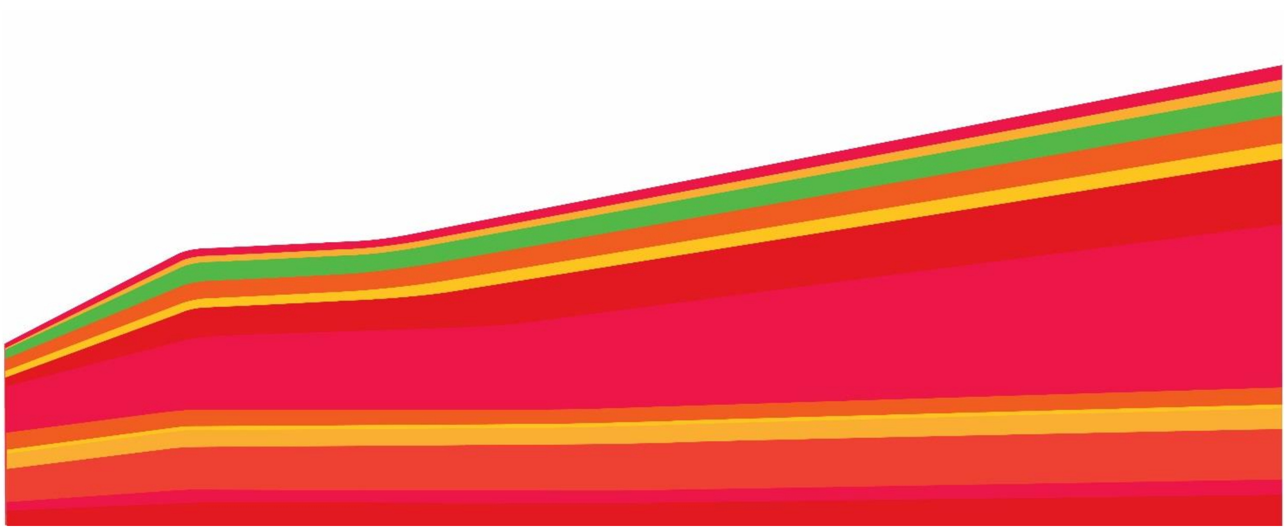
National Energy
CORPORATION OF TRINIDAD AND TOBAGO

NATIONAL ENERGY CORPORATION OF TRINIDAD & TOBAGO LIMITED

ANNUAL ADMINISTRATIVE REPORT

2013



Executive Summary

Annual Administrative Report, 2013

National Energy Corporation of Trinidad and Tobago Limited was incorporated in Trinidad and Tobago on September 07, 1979. The Company is a wholly owned subsidiary of the National Gas Company of Trinidad and Tobago Limited (NGC) and is principally engaged in the management of marine infrastructural facilities at the Port of Point Lisas. The company's registered office is located at the corner of Rivulet and Factory Roads, Brechin Castle, Couva. The company's financial year is January to December.

2013 was a year of resurgence for the Company as on June 25, 2013, the company's new brand, National Energy, was officially launched. The brand identity has been updated to reflect the changing needs of the growing local and international energy markets.

During the period January 01, 2013 to December 31, 2013, the Board of Directors of National Energy comprised seven members, two resigned during the period and new members were installed as delineated below:
Mr. Roop Chan Chadeesingh
Ms. Haseena Ali
Mr. Clyde Ramkhalawan
Mr. Cathal Healy-Singh – until January 07, 2013
Dr. Utam Maharaj – until January 07, 2013
Mr. Premchand Beharry – until December 19, 2013
Mr. Gordon Ramjattan – appointed January 08, 2013

National Energy is comprised of four (4) key groups namely, Energy Industry Development (EID), Finance and Administration, Operations, and Legal and Corporate Secretariat Services.

All Vice Presidents and the Manager of Legal and Corporate Secretariat Services report to the President, who then reports to the Boards of Directors. The company also reports directly and indirectly (through the NGC) to the Ministry of Finance, Investment Division, and the Ministry of Energy and Energy Industries (MEEI).

During the reporting period, several projects have progressed in support of the company's mandate. Significant events that occurred in 2013 are as follows:

- After review of the Feasibility Study and Confidential Information Memorandum of the Calcium Chloride/Caustic Soda Project (Carisal), the project was discontinued due to challenges in accessing funding.

- Testing and lab trial activities continued on the Calcium Chloride/Caustic Soda Project (Carisal)
- Drafting of a Project Agreement among National Energy, UWI and MEEI for the Wind Resource Assessment Programme. Prepared application to Green Fund to finance the project.
- Certificate of Environmental Clearance (CEC) was awarded to Chemtech Limited. MOU signed between Chemtech and National Energy for ongoing project development. Chemtech also received Outline Planning Approval from TCPD.
- Execution of Project Development Agreement among sponsors of the Mitsubishi Project. Submission of application to EMA for CEC.
- A Request for Approval for Inorganic Chemicals Investor meeting facilitation was sought to target potential investors from the Americas and Asia.
- A Project Monitoring Agreement was signed in 2012 between National Energy and Methanl Holdings (Trinidad Limited (MHTL) for MHTL's AUM II Complex. Development works continued on this project.
- Project feasibility study was evaluated for the Metaldom & Massy Holdings La Brea Steel Plant.
- Cabinet approval was granted for GORTT, National Energy, and Gasfin to enter into a Project Development Agreement.
- National Energy procured services for the installation of solar stills and stand-alone photo-voltaic systems for twenty-one (21) schools in Trinidad.

Other notable new developments for National Energy during 2013 include:

- The construction of Phase 1 of the Port of Galeota, T&T's first dedicated energy port.
- Pursuit of business opportunities in territories such as the Guyana-Suriname Basin.
- Expansion of the company's product portfolio to include inorganic chemicals.
- Implementation of renewable energy projects throughout T&T.

The staff complement at National Energy comprised of One Hundred and Seventeen Employees.

During the year 2013, National Energy recorded a Net Profit of $52.7M, $12.1M above the budgeted amount. Total Revenue was recorded at $281.72M. Total expenditure for the year amounted to $118.77M. Operating Profit for 2013 was $115.41M. Capital Expenditure was $35.21M, 52% below budgeted amount. Total assets for the year 2013 amounted to $1.44B. Cash and short-term investment as at December 31, 2013 amounted to $478.12M.

The staff complement at National Energy for the year 2013 amounted to one hundred and seventeen (117) employees.

In 2013, National Energy adopted the CSR theme of "Building Capacity, Minimizing Risk". In keeping with this theme, the company has done the following:

- Held sixteen (16) meetings with internal and external stakeholders to obtain feedback on the Company's Community Involvement Plan.
- Trained Two Hundred and Five (205) persons from the communities in various skills.
- Attained 100% completed of CSR calendar of activities.

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1. CORPORATE INFORMATION

National Energy Corporation of Trinidad & Tobago Limited (National Energy) was incorporated in Trinidad & Tobago on September 7, 1979 and continues to operate in accordance with Section 340 (i) of the Companies Act 1995. The company is a wholly owned subsidiary of The National Gas Company of Trinidad & Tobago Limited (NGC) and is engaged in the Management of Marine Infrastructure Facilities at the Port of Point Lisas. National Energy's registered office is located at the Corner of Rivulet and Factory Roads, Brechin Castle, Couva. The company's financial year is from January to December.

2. VISION, MISSION, MANDATE, CORE VALUES & COMPANY'S PROFILE

VISION STATEMENT

To be a global leader in the development of sustainable energy-based industries.

MISSION STATEMENT

We leverage our expertise through:

- Ownership and operation of assets
- Innovation
- Strategic Alliances
- Market Intelligence

for the benefit of all citizens.

MANDATE

The business activities of National Energy for 2013 include:

i. The conceptualization, promotion, development and facilitation of new energy-based and downstream industries in Trinidad and Tobago.
ii. Identification of new industrial estates and associated deep-water ports.
iii. Ownership and operation of marine and other infrastructure assets to facilitate all gas-based petrochemical and metal plants.
iv. Development and management of La Brea and Union Industrial Estates.
v. Towage and Harbour Operations.
vi. Sustainable Management of the environment.

CORE VALUES

National Energy's core values are as follows:

Team work – We encourage camaraderie and honest communication.

Flexibility – We must maintain an adaptable and proactive approach in the timely execution of our duties.

Integrity – We demonstrate technical competence, efficiency and professionalism in the execution of our duties.

Respect – We value and appreciate each other's views and contributions.

Transparency – We govern our operations through transparent practices and adherence to all policies and procedures.

Discipline – We operate as trustees for national energy development to ensure delivery of the shareholders' expectations.

Safety and Environment – We are committed to conducting our operations in a safe and environmentally sustainable manner.

Corporate Social Responsibility – We create opportunities for developing better communities in which we operate, by working in harmony with all stakeholders.

Customer Focus – We are committed to seeking the customers' interest by consistently delivering excellent service within the shortest possible time.

WE ARE NATIONAL ENERGY

2013 was a year of resurgence for National Energy Corporation of Trinidad and Tobago Limited as on June 25, 2013, the company's new brand, National Energy, was officially launched. The brand identity has been updated to reflect the changing needs of the growing local and international energy markets. The new look also echoes the vibrancy of our people as well as the energy from our natural resources.

The fresh and modern brand image is aimed at further positioning National Energy to achieve the following goals in the medium to long term:

- To engage in a diverse range of activities associated with the energy sector in line with Government's mandate.
- To develop an international brand image.
- To become a more integrated 'Energy Company' with the ownership of assets in energy-related entities.
- To become an international provider of energy services and logistics planning, especially for emerging energy provinces.

In 2013, National Energy continued along its path to growth with some notable new developments including:

- The construction of Phase 1 of the Port of Galeota, Trinidad and Tobago's first dedicated energy Port.
- Pursuit of business opportunities in territories such as the Guyana-Suriname Basin.
- Expansion of the company's product portfolio to include inorganic chemicals.
- Implementation of renewable energy projects throughout Trinidad and Tobago.

We are the facilitator of new sustainable energy-related projects in Trinidad and Tobago. We are positioned at the helm of innovation in the local energy industry.

NATIONAL ENERGY'S CORPORATE PROFILE

National Energy is a wholly-owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and for more than thirty (30) years has been committed to the development of infrastructure to support the energy industry, while providing quality service in the area of natural gas-based development.

The company's core business is "The conceptualization, promotion, development and facilitation of new energy-based and downstream industries in Trinidad and Tobago." In keeping with its mandate, National Energy provides energy services which include but are not limited to:

- Project Development
- Project appraisal and evaluation
- Facilitation of negotiations and discussions between Investors and State Agencies
- Facilitation of discussion for gas requirements
- Feasibility Studies
- Provision of Site and related Infrastructure
- Provision of Marine Services

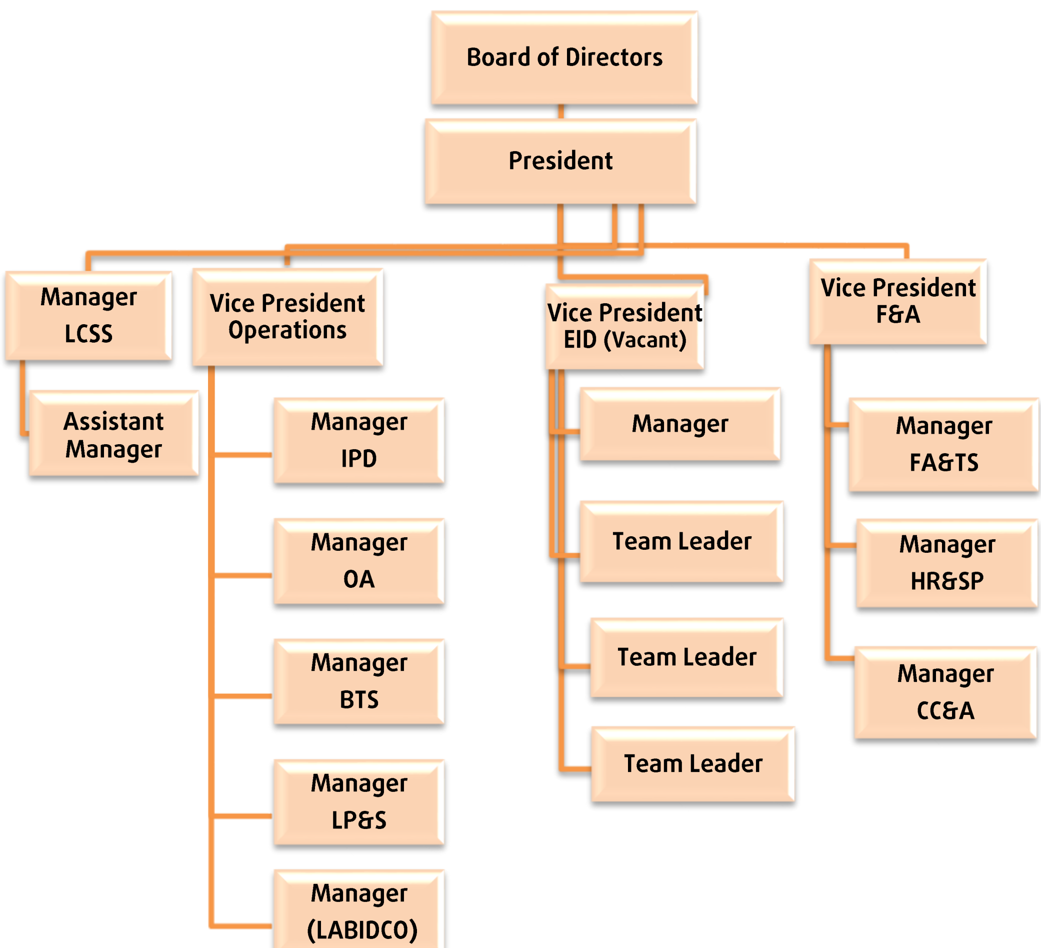
3. ORGANISATION STRUCTURE

a. CORPORATE STRUCTURE

The organisation is comprised of four (4) key groups as depicted in the Organisation Chart below:

The Executive Staff is comprised of:

- One (1) President
- Three (3)Vice Presidents
- Nine (9) Managers/Heads of Departments



i. **Energy Industry Development (EID)** - is involved in the conceptualization, development and promotion of the gas-based energy sector. This department undertakes research, market analysis, and technical and economic feasibility surveys to support Government's initiatives for the benefit of the country. EID is also responsible for tracking commodity trends and keeping track of natural gas, LNG, Urea, UAN, ammonia, methanol, iron and steel. This function feeds into the entire development process. Diversification of the natural gas downstream industries is also an important responsibility, as this seeks to ensure that the country gets more products for the same volume of natural gas, while maximizing the value derived from the country's natural gas potential.

ii. **Infrastructure Planning & Development (IPD)** - is responsible for the implementation of strategies, initiatives and plans for achieving the Infrastructure Planning and Development goals, objectives and key targets of the Operations Group.

iii. **Business & Technical Support (**BTS) - Provides strategic technical and business advice to the Vice President - Operations Team. This Division leads in the delivery of Project Controls and Contract Administration activities in accordance with Industry Standards and Company Policy and Procedure.

iv. **Legal & Corporate Secretariat Services (L&CSS)** - provides legal and corporate secretariat services.

v. **Loss Prevention & Sustainability (LP&S)** - provides health, safety and security services.

vi. **Finance, Accounting & Treasury Services (FA&TS)** - provides finance/treasury management and financial operations services.

vii. **Corporate Communication & Administration (CC&**A) - provides support services in the areas of Corporate Communication, Procurement, Facilities Management, and Information Communication Technology.

viii. **Operating Assets (OA)** - has responsibility for the implementation of strategies, initiatives and plans for achieving the Asset Management goals, objectives and key targets of the Operations Group.

ix. **Management of LABIDCO**
La Brea Industrial Development Company Limited (LABIDCO) is jointly owned by NGC and the Petroleum Company of Trinidad and Tobago Limited (Petrotrin) and is managed by National Energy.

Services at LABIDCO Estate include:

- Port Operations
- Leasing of developed industrial lands
- Bioremediation
- Logistic services for off-shore operators
- Pipe import and coating
- Offshore platform construction

b. DELEGATION OF AUTHORITY

As a subsidiary of the NGC, National Energy is guided by the policies and procedures of the NGC.

The Delegation of Authority Manual establishes financial authority limits for the procurement of goods and services and the execution of payments. All procurement of goods and services, with a value that is equal to or greater than TT$3 Million must be approved by the Finance and Tenders Committee and in cases where the value is greater than TT$6 Million, approval is required by the Board of Directors.

c. LEGISLATIVE AND REGULATORY FRAMEWORK

National Energy was incorporated on September 7, 1979 and continues to operate, as set out in the Articles of Continuance, under section 34 of the Companies Act, of July 7, 1998. National Energy has an authorised share capital of TT$103,427,000.00.

By way of Certificate dated January 19, 2006 the Articles of Association were adopted as the By-Laws of National Energy.

d. REPORTING FUNCTIONS

All Managers report to their respective Vice President, and the Vice Presidents report to the President who then reports to the Board of Directors. The company also reports directly and indirectly (through the NGC) to the Ministry of Finance, Investment Division and the Ministry of Energy and Energy Industries (MEEI).

4. PROJECT HIGHLIGHTS & DEVELOPMENT INITIATIVES

The energy sector remains a key driver of the economic development of Trinidad and Tobago and National Energy, through its Energy Industry Development Division (EID) continues to play a major role in delivering on the company's mandate. Global dynamics have now seen a shift from the reliance on midstream development to downstream activities. It is within this context that National Energy's strategy for the local market is focused on further development of the downstream petrochemical sector via six (6) key industries:

- Renewables
- Petrochemicals
- Plastics
- Bio-chemicals and Specialty Chemicals
- Metals
- Inorganic Chemicals supported by Energy Efficiency and Energy Services Frameworks

The company is seeking to develop projects that go beyond primary products to the manufacture of derivatives, as this provides the real value-added element to the natural gas value chain.

In 2013, projects were advanced in five (5) of the six (6) focus industries listed above.

Accomplishments are shown in table the below:

	Project Title	Detail of Project	Activities Undertaken in Year	Status
1.	Calcium Chloride/Caustic Soda Project (Carisal)	Carisal Calcium Chloride/Caustic Project proposes to construct a plant to produce: • Calcium Chloride • Caustic Soda • Sodium Hypochlorite • Hydrochloric Acid	Review of Carisal's feasibility study and Confidential Information Memorandum.	The project was stopped by the main investors due to challenges in accessing funding.
2.	Natural Gas to Animal Protein (Unibio)	Natural Gas Protein Manufacturing Project involves the development of a commercial Single Cell Protein Plant (SCP) in Trinidad and Tobago. The proposal is for the construction of a 3200 cubic meter (100,000 tpy) protein production plant to manufacture SCP from a fermentation process using methanol or natural gas as the substrate.	Testing and lab trial activities continued.	Project remained active.
3.	Wind Resource Assessment Programme (WRAP)	National Energy in collaboration with the Ministry of Energy and Energy Affairs (MEEI) embarked on a Wind Assessment Programme to determine Trinidad's suitability for wind energy.	Drafting of project agreement among National Energy, UWI and MEEI. Prepared application to Green Fund to finance the project.	Project remained active.
4.	Chemtech Limited	The project is an integrated melamine/formaldehyde cluster. It involves the use of locally produced methanol and melamine to produce resin, which would be used to create further downstream commodities such as Oriented Strand Board (OSB) and Veneer. The lumber would be sourced both locally and regionally.	CEC awarded on August 23, 2013. MOU signed between National Energy and Chemtech for ongoing project development. Chemtech received Outline Planning Approval from TCPD.	Project development work continued.
5.	Methanol to Dimethyl Ether (Mitsubishi)	Establishment of a 1,000,000 metric tonnes per year (tpy) Methanol Facility and a 20,000 tpy Dimethyl Ether Plant by a consortium comprising: NGC, Mitsubishi Gas Chemical Company Inc., Mitsubishi Corporation, Massy Holdings Ltd. & Caribbean Gas Chemical Limited. Petroleum Complex to be located at Union Industrial Estate (UIE), La Brea.	Execution of Project Development Agreement among Project Sponsors. Submission of application to EMA for Certificate of Environmental Clearance (CEC).	Project development works continued. Project remained active.
6.	Inorganic Chemicals	Inorganic chemicals are being explored simultaneously along with traditional hydrocarbon-based industries.	Issued a Request for Quotation (RFQ) for Inorganic Chemicals Investor Meeting facilitation to target potential investors from the Americas and Asia.	Project remained active.

	Project Title	Detail of Project	Activities Undertaken in Year	Status
7.	Ammonia, Urea, Melamine (MHTL AUM II)	MHTL AUM II Project consists of production of the following: • Granulated urea – 934,467 tpa • Melamine – 27,139 tpa • Ammonium Sulphate – 247,500 tpa • Melamine Formaldehyde – 10,350 tpa	A Project Monitoring Agreement was signed in 2012 between National Energy and Methanol Holdings (Trinidad) Limited (MHTL) for MHTL's AUM II Complex.	Development works continued.
8.	La Brea Steel Plant (Metaldom & Massy Holdings)	The La Brea Steel Complex consists of a 330,000 tonnes per year (tpy) steel making plant and a 200,000 tpy rolling mill, 200,000 steel bars, round and square steel.	Completion of feasibility study for the development of a vertically integrated iron and steel complex. The report was evaluated.	Project development activities with project sponsors.
9.	Mid-Scale LNG (Gasfin)	The Gasfin project consists of 500,000 tpa LNG	Cabinet approval was granted for GORTT, National Energy and Gasfin to enter into a Project Development Agreement (PDA) for the development of the project.	Project development work continued.
10.	Renewable Energy Technologies (MEEI)	The provision of procurement services for renewable energy technology projects on behalf of the MEEI.	National Energy procured services for the installation of solar stills and stand-alone PV systems for 21 schools in Trinidad.	Project remained active.

5. POLICIES & PROCEDURES

DEBT POLICY

The company's policy is to keep the gearing ratio between 25% - 30%.
(Gearing measures the proportion of assets invested in a business that are financed by long-term borrowing).

INVESTMENT POLICY

National Energy is guided by the Investment Policy of the parent company (NGC), which focuses on capital preservation in order to maintain satisfactory liquidity levels, so as to ensure that the company's commitments are met as and when they fall due. In this regard, maximization of return on investment is not National Energy's major objective because of the relationship between risk and return. National Energy's investments tend to be in relatively risk free assets with tenures of less than one (1) year.

National Energy seeks to further mitigate its risk exposure by diversifying the portfolio, thus ensuring that the maximum placement limits at any financial institution do not exceed 30% of the company's total investment portfolio for each financial institution and 40% for a Group.

Investments are usually in short term Government Paper, including Treasury Bills and open market operations (OMOs), together with bank term deposits with investment tenures of approximately ninety (90) days. This strategy seeks to ensure the availability of funds, in the event that some unforeseen financial obligation arises during the financial year.

INTERNAL AUDIT FUNCTIONS

The Internal Audit Function is facilitated by the Parent Company NGC, when required.

It should be noted that National Energy's Financial Statements were audited by external Auditors (Deloitte & Touché) for the period.

6. FINANCIAL OPERATIONS

BUDGET FORMULATION

BUDGET AND FORECASTING PROCEDURES

The company's Corporate Budget Document is prepared by the Finance Department and includes input from all other Departments.

- The Budget Document comprises three sub-budgets viz.:-
- Operating Revenue and Expenditure
- Capital Expenditure
- Cash Budget

The budget is prepared on an annual basis but also includes a three (3) year financial (Revenue and Expenditure) forecast, pro-forma balance sheets and projected cash flows.

BUDGET PREPARATION PROCESS

The budget is prepared using a Responsibility Accounting approach. Each Vice President, Divisional Manager, Assistant Manager and Departmental/Cost Centre Head is responsible for the development of inputs for the operating expenditure and capital expenditure budgetary provisions for his/her cost centre. However, certain items of expenditure (common to all cost centres) are assigned to specific Divisions e.g. Salaries and Related Benefits are assigned to the Manager, Human Resources.

BUDGET REVIEW AND APPROVAL PROCESS

Upon submission and completion of the departmental budgets, the Finance/Treasury Department reviews and recommends changes if necessary, before compiling the first draft of the corporate budget document for review by the President.

Following the review, the budget document is amended accordingly for submission to the Finance and Tenders Committee and the Board of Directors.

CASH BUDGET

An annual Cash Budget is prepared on the basis of the Corporate Revenue, Operating Expenditure, Capital Expenditure Budgets, Debt Servicing and payment of Dividends and Taxes.

The annual Cash Budget is analyzed over a twelve (12) month period and updated monthly on a twelve (12) month roll-over basis.

BUDGET IMPLEMENTATION

Upon approval by the Board of Directors, each Vice President/Divisional Manager/ Assistant Manager/Superintendent/Departmental Head is provided with a copy of the Corporate Budget Document.

FINANCIAL STATEMENTS

During the year 2013, National Energy Corporation recorded a net profit of $52.70M, $12.1M above budgeted profit of $40.60M. The favourable variance was mainly as a result of the reversal of a bad debt provision of $19M for Alutrint Limited.

Total recorded revenue of $281.72M was 3% above the budget amount of $272.50M. The increase in revenue resulted from increased tug hire on the marine side coupled with additional leased land income from UIE.

Total expenditure of $118.77M was 11% below budgeted amount of $132.98M. Lower salaries cost from non-implementation of planned market adjustments and lower maintenance and insurance costs.

Operating profit for 2013 was $115.41 or 24% above budgeted amount of $92.81M.

Capital expenditure of $35.21M was 52% below budgeted amount of $72.73M. This resulted mainly from the deferral of expenditure on Savonetta Pier in the sum of $12.6M, Chemtech equity investment at $10M and dredging at $24M.

Total assets for 2013 amounted to $1.44B compared to that of 2012 which amounted to $1.63B. Cash and short-term investment as at December 31, 2013 amounted to $478.12M.

See copies of National Energy's Audited Income Statement & Balance Sheet and Management Accounts Income Statement for 2013 attached at Appendix 1.

7. HUMAN RESOURCE DEVELOPMENT PLAN

a. ORGANISATIONAL ESTABLISHMENT

The Company is governed by a Board of Directors which comprises six (6) Board Members.

The key role of the President, Vice Presidents and Managers are as follows:

President

To provide effective leadership and direction to ensure that National Energy and LABIDCO achieve their strategic goals. This entails working with the Board of Directors, Senior National Energy/LABIDCO personnel to develop and implement the Strategic Plan and to introduce management systems aimed at maximising shareholder value, while developing a highly motivated, business oriented and customer driven organisation.

Vice President – Energy Industry Development

To ensure the development and utilization of the assets of the Company for the realisation of optimum benefits to the country from the gas-based industry.

Vice President – Operations

To maximise the company's growth and profitability while leading and managing all company operational function.

Vice President – Finance & Administration

To effectively integrate and provide strategic direction over the Finance, Administration and Human Resource Division. To also deliver and drive the development of National Energy's Business Plan and Corporate Scorecard

Manager – Finance, Accounting & Treasury Services

To ensure the provision of accurate, comprehensive and timely financial and accounting information to facilitate decision making at the corporate level for the achievement of the Company's business objectives.

Manager – Infrastructure, Planning & Development

The implementation of strategies, initiatives and plans for achieving the Infrastructure, Planning and Development goals, objectives and key targets of the Operations Group.

Manager – Business & Technical Support

To provide strategic, technical and business advice to the Vice President, Operations and the Operations Team. To lead in the delivery of Project Controls and Contract Administration activities in accordance with Industry Standards and Company Policy and Procedure.

Manager – Operating Assets

To implement strategies, initiatives and plans for achieving the Asset Management goals, objectives and key targets of the Operations Group.

Manager – Energy Industry Development

To provide overall strategic support to the Vice President, EID. To lead and direct work programs and other assignments for Business Development. To lead in the development of potentially viable projects in the Petrochemical and Energy intensive sectors for increased utilization of natural gas.

Manager – Legal & Corporate Secretariat Services

To provide legal advice with a view to protecting the Company from legal liability in its commercial/business operations, safeguard the Company's assets from claims/litigations and ensure compliance to statutory and common-law requirements.

Manager – Human Resources & Strategic Planning

To provide the sourcing, retention and optimal utilization of Human Resources, while ensuring there is alignment of the Corporate and Departmental Scorecards and IPCs to achieve the company's short, medium and long-term goals.

Manager – Corporate Communication and Administration
To provide leadership and effective and efficient corporate communications and functional general management services in support of the Company's strategic initiatives.

Manager – Loss Prevention & Sustainability
To create business value by partnering with management and championing best practices for the control of risks, loss and sustainability of a secured environment.

Manager – New Business
To identify and manage the development of new projects to generate new sources of revenue from National Energy Ports, Marine and Estate Business as well as managerial oversight of LABIDCO's operations.

b. CATEGORY OF EMPLOYMENT

In 2013, the categories of employees of National Energy were:

- Permanent – Ninety (90)
- Contract – Fifteen (15)
- Temporary – Twelve (12)

The staff complement was One Hundred and Seventeen (117) employees. The company recruited new positions, which were (i) Vice President, Finance & Administration; (ii) Human Resource Officer Learning & Employee Development; (iii) Senior Strategic Planning Officer; (iv) Assistant Manager, Contract Administration; (v) Manager New Business.

c. CAREER PATH SYSTEMS

The Performance Management System was used to identify the progression through which an employee moved during his/her employment with the company.

d. PERFORMANCE ASSESSMENT/MANAGEMENT STRATEGIES

The Individual Performance Contract (IPC) was used to support the Balanced Scorecard Performance Management System. Each employee was categorized into different levels e.g.:

L0 – President
L1 – Vice President
L2 – Managers
L3 – Assistant Managers/Section Heads
L4 – Supervisors
L5 – Individual Staff

e. PROMOTION – SELECTION PROCEDURES

The Performance Management System was used to determine the Human Resource decision to promote an employee. Other criteria used were:

i. Qualifications
ii. Capabilities
iii. Experience
iv. Attitude
v. Performance
vi. Work Ethic

f. EMPLOYEE SUPPORT SERVICES

National Energy engaged the services of Families in Action (FIA) to provide services to staff in the following areas:

i. Employee Assistance -

The Employee Assistance Programme (EAP) is a completely confidential service available to all employees. It provides both preventative and curative assistance for all types of issues, such as:

- Emotional/Psychological
- Financial
- Family/Marital
- Substance Abuse
- Other Personal Problems

ii. Counselling -

FIA provides individual and family counselling sessions to employees, and/or their eligible dependent. The service is not intended for long-term, on-going treatment. FIA assumes a pro-active approach, with prevention being the primary goal. They treat clients' problems before more serious ones develop. Following completion of a thorough assessment, an EAP Counsellor or Consultant, either continues to see the client for short-term problem resolution or refers the client for long-term assistance if required.

iii. Workplace Support -

FIA provides specialised services - each one designed to meet specific areas of concern within the organisation. The Workplace Support goes far beyond helping the employees resolve their personal problems; they are also focused on organisational development. FIA provides consultation on workplace policies and procedures that are instrumental in helping employers and employees maintain a safe and productive workplace. Some areas of consultation are for e.g. Critical Incident Management, Promoting Wellness, a Drug Free Workplace and Workplace Violence Prevention etc. They also engage in one-day managerial and supervisory training aimed at developing effective skills in communication, leadership and motivation amongst Managers and Supervisors.

8. PROCUREMENT PROCEDURES

The procurement function is used to procure and dispose of goods and materials, as well as works and services for National Energy at the best value, in a timely manner, abiding by applicable laws, while maintaining competitiveness and the highest ethical standards. As a subsidiary, National Energy adheres to the policy and procedures of the NGC.

Financial authority limits for the procurement of goods and services are as follows:

	Works & Services	Goods & Equipment
Manager	Up to $50,000	Up to $250,000
Vice Presidents	Up to $250,000	Up to $500,000
Management Tenders Committee	$250,001 - $750,000	$500,001- $1,000,000
Management Tenders Evaluation Committee	$750,001- $3,000,000	$1,000,001-$3,000,000
Board Tenders Committee	$3,000,001-$5,000,000	$3,000,001-$5,000,000
Board of Directors	>$5,000,000	>$5,000,000

Before a supplier/contractor can conduct business with National Energy, he/she must be pre-qualified in accordance with National Energy's prequalification criteria, namely:

1. Relevant work experience
2. Personnel Resource
3. Financial Position
4. Equipment Resource
5. Environment & Safety

Once a Supplier/Contractor is registered as a pre-qualified contractor for Goods and Services, he/she is placed in one of four (4) categories with the following value limits:

Mega	In excess of TT$5M
Major	From TT$500,001 to TT$5M
Medium	From TT$75,001 to TT$500,000
Minor	Up to TT$75,000

National Energy uses two Tender Boxes in its procurement procedures, Tender Box "A" and Tender Box "B".

Tender Box "A" is used for the procurement of works and services up to TT$250,000 and goods and materials up to TT$500,000. Tender Box "B" is used for the procurement of works and services greater than TT$250,000 and goods and Materials up to TT$500,000.

A user department could issue a Request for Quotation (RFQ) where the works and services in question do not exceed TT$250,000. The RFQs are deposited in Tender Box "A" on or before a specified date and time. Tenders above TT$250,000 in the case of works and services and above TT$500,000 in the case of goods and materials are issued by the Secretary Tenders Committee (Legal Department) and Tender Box "B" is used for these purposes. All procurement of goods not exceeding TT$500,000 are handled by the Procurement Section.

When Tenders are received they are forwarded to the user department for evaluation. Upon evaluation, the user department forwards the evaluation to the MTEC for approval, and depending on the value of the award, it is then sent to the Finance and Tenders Committee and/or Board of Directors for approval.

9. PUBLIC & COMMUNITY RELATIONS

Corporate Social Responsibility Report 2013

National Energy recognizes that the sustainability of its business depends largely on the company's relationship with its stakeholders. As the company continues to deliver on its mandate to promote Trinidad and Tobago's energy brand and assist in the diversification and expansion of the energy sector, the company has consciously invested in its stakeholders in particular, the fence line communities of La Brea, Mayaro/ Guayaguayare and Pt. Lisas South and East, in an effort to obtain a license to operate within these areas.

At present, National Energy is responsible for the development of the Port of Galeota in Guayaguayare and the expansion of Union Industrial Estate in La Brea. The company recognizes that the stakeholders in these areas are integral to the success of these projects and has solidified relationships with them to further promote the company's initiatives.

Over the years, National Energy in collaboration with its community partners, has developed a strategic plan of action which focuses on youth development, capacity building, culture, education and sport within these communities. The company considers capacity building a key component to building sustainable communities.

National Energy therefore adopted the CSR theme of "Building Capacity, Minimizing Risk" for 2013/2014. In keeping with this theme, the company has done the following:

- Held 16 meetings with internal and external stakeholders to obtain feedback on the company's Community Involvement Plan.
- Trained 205 persons from the communities in various skills.
- Attained 100% completion of Corporate Social Responsibility calendar of activities.

Carnival Contribution to Cadenza

National Energy has always been committed to youth development within its fence-line communities. The youths in the Guayaguayare/Mayaro area have been involved in different extracurricular activities, such as the steelpan and football. The Cadenza pan group is an established pan side with a large number of its musicians being youths.

The pan side is based at the old post office and the sweet sound fills the air at every practice. Through National Energy's commitment to the arts, youth development and community growth, the pan side was presented with a contribution to the continued growth of the group. National Energy endowed the group with uniformed jerseys which would be used for their performances. The pan group was elated to have received the assistance.

National Energy partners with NGC for ICC

Over the years National Energy has been working within in its fence-line communities to promote environmental sustainability and sensitize the communities on the importance of environmental management. On Saturday, September 21, 2013 the company, in partnership with The National Gas Company (NGC), joined the worldwide effort participating in the annual International Coastal Clean-Up (ICC).

More than a clean-up exercise, the ICC is also a data collection exercise that documents the pounds of garbage per site, as well as the type of debris found at each beach. This information is fed into a database compiled by the global organization Ocean Conservancy and serves to inform on the pounds of garbage found in the world's seas annually.

In 2013, National Energy joined the effort and has cleaned Station Beach in the fence-line community of La Brea and Rustville Beach in Guayaguayare. Over the year NGC officially joined with National Energy at both locations to assist in the clean-up effort.

Between the two locations more than two hundred volunteers gave of their time to the effort and successfully cleared the areas of debris. In total the teams collected over two thousand pounds of garbage from the sites.

This effort is an extension of the work that National Energy is engaged in currently. The company is committed to continue to educate and promote environmental sustainability.

APPENDIX I

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2013

Contents	**Page**

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of the Company as at the end of the financial year and the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Narinejit Pariag
Vice President – Finance & Administration

24 April 2014

Dr. Vernon Paltoo
President

24 April 2014

Deloitte.

Deloitte & Touche
54 Ariapita Avenue,
Woodbrook, Port of Spain,
Trinidad, West Indies.
Tel: + 1 868 628 1256
Fax: + 1 868 628 6566
Website: www.deloitte.com

Independent Auditors' Report
to the Shareholder of
National Energy Corporation of Trinidad and Tobago Limited

Report on the financial statements

We have audited the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Energy Corporation of Trinidad and Tobago Limited as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Company for the year ended 31 December, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on 30 April, 2013.

Deloitte & Touche

Deloitte & Touche
Port of Spain
Trinidad

24 April 2014

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	402,752	399,119
Asset held for sale		–	473
Investment properties	6	450,850	473,666
Deferred taxation asset	7 (b)	1,094	1,101
Deferred expenses	8	5,048	5,178
Total non-current assets		**859,744**	**879,537**
Current assets			
Cash and short-term deposits	9	478,124	499,843
Debt reserve fund	9 (c)	9,956	9,956
Trade and other receivables	10	75,910	183,411
Due from related parties		2,038	34,919
Taxation recoverable		9,129	15,824
Deferred expenses	8	2,199	1,714
Inventories		57	240
Total current assets		**577,413**	**745,907**
Total assets		**1,437,157**	**1,625,444**

The accompanying notes on pages 8 to 42 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Notes	2013	2012
Shareholder's equity and liabilities		**$'000**	**$'000**
Shareholder's equity			
Share capital	11	103,427	103,427
Capital contribution by NGC	12	119,514	119,514
Retained earnings		365,506	312,803
Total shareholder's equity		**588,447**	**535,744**
Non-current liabilities			
Long-term debt	13	608,135	706,680
Deferred taxation liability	7 (b)	40,305	39,939
Deferred income	15	49,386	39,617
Total non-current liabilities		**697,826**	**786,236**
Current liabilities			
Current portion of long-term debt	13	9,500	8,924
Trade and other payables	14	48,878	145,360
Deferred income	15	21,029	19,147
Due to related parties		1,682	9,576
Due to parent company		64,833	120,443
Taxation payable		4,962	14
Total current liabilities		**150,884**	**303,464**
Total liabilities		**848,710**	**1,089,700**
Total shareholder's equity and liabilities		**1,437,157**	**1,625,444**

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorized for issue by the Board of Directors on 24 April, 2014

Mr. Roop Chan Chadeesingh
Chairman

Haseena Ali

Mrs. Haseena Ali
Director

The accompanying notes on pages 8 to 42 form an integral part of these financial statements.

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Income			
Marine infrastructure income	16	269,883	248,893
Other operating income	17	4,653	9,694
Land lease income		8,729	6,970
Interest & other investment income		1,047	1,283
Gain on foreign exchange transactions		–	1,891
Project management fees		1,713	5,874
Total income		286,025	274,605
Expenses			
Marine expenses	18 (a)	98,333	97,011
Administrative and general expenses	18 (b)	50,788	81,838
Impairment expenses		8,609	34,832
Other expenses	18 (c)	376	246
Finance costs	18 (d)	44,760	49,996
Loss on foreign exchange transactions		3,407	-
Loss on disposal of property plant and equipment		127	798
		206,400	264,721
Profit before taxation		79,625	9,884
Taxation	7 (a)	(26,922)	(18,731)
Profit/(loss) for the year after taxation		**52,703**	**(8,847)**
Other comprehensive income		–	–
Total comprehensive income/(loss)		**52,703**	**(8,847)**

The accompanying notes on pages 8 to 42 form an integral part of these financial statements.

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Share Capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2012	103,427	119,514	321,650	544,591
Profit for the year after tax	–	–	(8,847)	(8,847)
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	–	(8,847)	(8,847)
Balance at 31 December 2012	103,427	119,514	312,803	535,744
Balance at 1 January 2013	103,427	119,514	312,803	535,744
Profit for the year after tax	–	–	52,703	52,703
Other comprehensive income for the year	–	–	–	–
Total comprehensive profit for the year	–	–	52,703	52,703
Balance at 31 December 2013	103,427	119,514	365,506	588,447

The accompanying notes on pages 8 to 42 form an integral part of these financial statements.

NATIONAL ENERGY CORPORATION OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Cash generated by operations	19	231,029	139,824
Taxation paid		(21,600)	(15,154)
Interest paid		(40,347)	(48,417)
Taxation received		6,698	-
Interest received		1,055	1,250
Net cash generated by operating activities		**176,835**	**77,503**
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,819)	(13,930)
Additions to investment properties		(5,391)	(6,940)
Net increase in short-term investments		(7,984)	(63,853)
Net proceeds from disposal of property, plant & equipment		655	-
Net cash used in investing activities		**(42,539)**	**(84,723)**
Cash flows from financing activities			
Net (decrease)/increase in balance due to parent company		(55,050)	42,324
Repayment of borrowings		(108,949)	(8,419)
Net cash (used in)/ generated by financing activities		**(163,999)**	**33,905**
Net (decrease)/increase in cash and cash equivalents		**(29,703)**	**26,685**
Cash and cash equivalents at beginning of year		378,121	351,436
Cash and cash equivalents at end of year	**9 (d)**	**348,418**	**378,121**

The accompanying notes on pages 8 to 42 form an integral part of these financial statements.

1. Corporate information

The Company was incorporated in Trinidad and Tobago on 7 September, 1979 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) which is owned by the Government of the Republic of Trinidad and Tobago (GORTT). It is principally engaged in the management of certain marine infrastructural facilities at the Port of Point Lisas and the promotion and development of the Union Industrial Estate at La Brea. The Company's registered office is located at Corner Rivulet and Factory Roads, Brechin Castle, Couva, Trinidad and Tobago.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost basis. The financial statements are presented in Trinidad and Tobago Dollars (TT$).

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. New and Revised Accounting Standards and interpretation

Standards and Interpretations adopted which impacted the financial statements

- **Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012)**

  The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**

  The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income.

2. New and Revised Accounting Standards and interpretation (continued)

Standards and Interpretations adopted which impacted the financial statements (continued)

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income** (continued)

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section; (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not results in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations adopted with no effect on the financial statements

- IFRS 10, Consolidated Financial Statements (annual periods beginning on or after 1 January 2013)
- IFRS 11, Joint Arrangements (annual periods beginning on or after 1 January 2013)
- IFRS 12, Disclosure in Interests in Other Entities (annual periods beginning on or after 1 January 2013)
- IFRS 13, Fair Value Measurement (annual periods beginning on or after 1 January 2013)
- IAS 16, Property, Plant and Equipment. Classification of servicing equipment (annual periods beginning on or after 1 January 2013)
- IAS 19, Employee Benefit (as revised in 2011) (annual periods beginning on or after 1 January 2013)
- IAS 27, Consolidated and Separate Financial Statements. Re-issued as IAS 27 Separate Financial Statements (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 28, Investments in Associates. Re-issued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 32, Financial Instruments Presentation. Tax effect of distribution to holders of equity instruments (annual periods beginning on or after 1 January 2013)

2. New and Revised Accounting Standards and interpretation (continued)

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial instruments[2]
- Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure[2]
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities[1]
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities[1]

[1]Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.
[2]Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company anticipate that the application of IFRS 9 in the future will impact on the amounts reported in respect of the Company's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

2. New and Revised Accounting Standards and interpretation (continued)

New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipated that the investment entities amendments will have any effect on the Company's financial statements as the Company is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments of IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

3. Summary of significant accounting policies

a) Cash and cash equivalents

Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) Trade receivables

Trade accounts receivable are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written-off when identified. Receivables from related parties are recognized and carried at cost.

3. Summary of significant accounting policies (continued)

c) Taxes

Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets arising from tax losses not yet recognized are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realized.

Deferred tax assets are recognized only if there is a reasonable expectation of realization. Deferred tax assets arises from tax losses yet to be recognised, and are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

d) Property, plant and equipment

Property, plant and equipment are stated at historical cost.

Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3% to 20%
Tugs and workboats	6.67%
Machinery and equipment	12.5% to 20%
Other assets	10% to 50%
Administration building	2%

3. Summary of significant accounting policies (continued)

d) Property, plant and equipment

Development costs are recognized as an asset to the extent that it is expected to generate future economic benefits.

Repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income when expenditure is incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

e) Investment property

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight line basis over the estimated economic useful lives of the assets at the following rates:

Development costs	3.33%
Buildings	3.33%

No depreciation is provided on freehold land.

Investment property is derecognized when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

f) Long-term debt

Long-term debt is initially recognized at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, long-term debt is subsequently measured at amortized costs using the effective interest rate method. Amortized cost is calculated by taking into account any directly attributable transaction costs.

3. Summary of significant accounting policies (continued)

g) Foreign currencies

The presentation and functional currency of the Company's financial statements is Trinidad and Tobago Dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognized in income/expense for the year.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Payables and accruals

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

j) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financials assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

3. Summary of significant accounting policies (continued)

j) Financial assets (continued)

Amortised cost
Loans and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of borrowing costs.

k) Financial liabilities

Interest bearing loans and borrowings
All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process.

l) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount.

3. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets (continued)

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

n) Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. Summary of significant accounting policies (continued)

n) Derecognition of financial assets and liabilities (continued)

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in assets.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

o) Employee benefits

The Company's employees are members of the Parent Company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the Parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

3. Summary of significant accounting policies (continued)

p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Marine infrastructure income
Revenue from the use of the Company's piers, docks and vessels is recognized upon performance of the services.

Property rental income
Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned.

Management fees
Management fees earned on government funded projects are accounted for on the accruals basis.

Interest income
Interest and investment income is accounted for on the accruals basis.

q) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

r) Provisions

The Company recognizes a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Summary of significant accounting policies (continued)

r) Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Non-operating contributions received from the Government are accounted for as capital grants.

Capital grants represent amounts received from the government for specific capital expenditure purposes. Capital grants not yet spent are classified as deferred capital grants. Capital grants relating to non-depreciable assets are deducted against the carrying amount of the asset to which it relates when the expense is incurred. When the capital grant is expended for depreciable assets, the related amounts are transferred from deferred capital grants to deferred income.

Deferred income is amortised to the statement of profit or loss on a systematic basis over the useful lives of the related assets

t) Deferred income

The Company is contractually obligated to invoice its pier users quarterly in advance. This is recognised as deferred income to the value of quarterly fixed user charges for the upcoming period, which will be credited to income in the relevant period to which it relates.

u) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has determined that there were no judgments apart from those involving estimations which have a significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property
The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets
The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments - Company as Lessor
The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets
Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Significant accounting judgements, estimates and assumptions (continued)

Tax assessments

The Company recognizes 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 determinations are made.

5. Property, plant and equipment

	Marine infrastructure assets	Machinery equipment	Development cost	Leasehold property	Other assets	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 January 2012	637,151	5,579	2,062	18,698	7,185	5,583	676,258
Additions	6,924	1,554	-	-	1,821	3,631	13,930
Transfers	5,464	112	-	-	-	(5,576)	-
Transfer to asset held for sale	(1,053)	-	-	-	-	-	(1,053)
Disposals	(1,055)	(35)	–	–	(313)	–	(1,403)
Balance at 31 December 2012	**647,431**	**7,210**	**2,062**	**18,698**	**8,693**	**3,638**	**687,732**
Additions	12,811	970	-	561	2,503	12,975	29,820
Transfers	14,798	-	-	1,406	-	(16,204)	-
Disposals	(4,290)	(7)	-	-	(1,757)	-	(6,054)
Balance at 31 December 2013	**670,750**	**8,173**	**2,062**	**20,665**	**9,439**	**409**	**711,498**
Accumulated depreciation							
Balance at 1 January 2012	(255,428)	(2,765)	(963)	(2,297)	(4,302)	-	(265,755)
Depreciation charge	(21,360)	(654)	(199)	(389)	(1,470)	-	(24,072)
Transfer to asset held for sale	580	-	-	-	-	-	580
Disposals	307	35	-	-	292	-	634
Balance at 31 December 2012	**(275,901)**	**(3,384)**	**(1,162)**	**(2,686)**	**(5,480)**	-	**(288,613)**
Depreciation charge	(22,516)	(953)	(197)	(402)	(1,811)	-	(25,879)
Disposals	4,015	6	-	-	1,725	-	5,746
Balance at 31 December 2013	**(294,402)**	**(4,331)**	**(1,359)**	**(3,088)**	**(5,566)**	-	**(308,746)**
Carrying amount							
At 31 December 2012	**371,530**	**3,826**	**900**	**16,012**	**3,213**	**3,638**	**399,119**
At 31 December 2013	**376,348**	**3,842**	**703**	**17,577**	**3,873**	**409**	**402,752**

5. Property, plant and equipment (continued)

a) In 2012 a decision was taken by management to dispose of the Robert M vessel which has a net book value of $0.473 million at 31 December 2012. The sale was finalized in March 2013.

6. Investment properties

	Buildings	Development cost	Capital work in progress	Total
	$'000	$'000	$'000	$'000
Cost				
Balance at 1 January 2012	571,512	388,586	31,455	991,553
Additions	-	-	6,940	6,940
Balance at 31 December 2012	**571,512**	**388,586**	**38,395**	**998,493**
Additions	-	5,352	38	5,390
Transfers	-	38,395	(38,395)	-
Balance at 31 December 2013	**571,512**	**432,333**	**38**	**1,003,883**
Accumulated depreciation				
Balance at 1 January 2012	(4,011)	(35,627)	-	(39,638)
Depreciation charge	(5,142)	(13,919)	-	(19,061)
Balance at 31 December 2012	**(9,153)**	**(49,546)**	-	**(58,699)**
Depreciation charge	(4,125)	(15,472)	-	(19,597)
Effect of reversal of impairment losses	-	(6,462)	-	(6,462)
Balance at 31 December 2013	**(13,278)**	**(71,480)**	-	**(84,758)**
Accumulated impairment				
Balance at 1 January 2012	(417,263)	(14,033)	-	(431,296)
Impairment losses charged to the profit or loss	(30,480)	(4,352)		(34,832)
Balance at 31 December 2012	**(447,743)**	**(18,385)**	-	**(466,128)**
Impairment (losses)/reversals charged to the profit or loss	(20,532)	11,923	-	(8,609)
Transfer to accumulated depreciation	-	6,462	-	6,462
Balance at 31 December 2013	**(468,275)**	-	-	**(468,275)**
Carrying amount				
At 31 December 2012	**114,616**	**320,655**	**38,395**	**473,666**
At 31 December 2013	**89,959**	**360,853**	**38**	**450,850**

6. Investment properties (continued)

	2013 $'000	2012 $'000
Amounts recognised in profit or loss		
Rental income from investment properties	8,729	6,970
Direct operating expenses	3,142	2,232

i) Investment properties comprise the lands at Union Industrial Estate (UIE) and a warehousing facility which was constructed on the UIE. The Company has applied for a reclamation licence in respect of the land on which the warehouse facility sits.

ii) The fair value was based on the investment property value in use. The recoverable amount of the Company's major assets has been determined based on a value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 5.72%. As a result of this analysis, management has recognised an impairment charge of $8.609 million (2012: $34.832 million) on its investment properties in the statement of profit or loss

Details of the Company's Union Industrial Estate and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At December 31, 2013	-	-	354,932	-
At December 31, 2012	-	-	317,281	-

Details of the Company's Brighton Materials Storage and Handling Warehouse facility and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At December 31, 2013	-	-	89,958	-
At December 31, 2012	-	-	114,616	-

7. Taxation

a) Taxation charge

	2013 $'000	2012 $'000
The major components of the taxation expense were as follows:		
Corporation taxation – current year	26,263	13,258
– prior year	–	5,883
Green fund levy	286	267
Deferred tax charge/(credit)	373	(677)
	26,922	18,731
The reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:		
Profit before tax	79,625	9,884
Tax at the rate of 25%	19,906	2,471
Non-deductible expenses	2,946	1,389
Permanent differences	3,784	8,731
Prior year adjustment	–	5,883
Other differences	–	(10)
Green fund levy	286	267
	26,922	18,731

b) Deferred tax

Significant components of the deferred tax assets and liabilities are as follows:

	2013 $'000	2012 $'000
Assets:		
Accrued vacation leave	606	457
Accrued interest payable	488	644
	1,094	1,101
Liabilities:		
Property, plant and equipment	40,305	39,939

7. Taxation (continued)

	2013 $'000	2012 $'000
Movement for the year in the net deferred tax liability:		
Balance at 1 January	38,838	39,515
Deferred tax charge/(credit) to statement of profit and loss	373	(677)
Balance at 31 December	39,211	38,838

8. Deferred expenses

	2013 $'000	2012 $'000
Balance at 1 January	6,892	3,675
Additions for the year	2,423	4,552
Amortization for the year	(2,068)	(1,335)
	7,247	6,892
Represented by:		
Non-current	5,048	5,178
Current	2,199	1,714
	7,247	6,892

Deferred expenses represent the cost of major overhaul to engines of vessels and tugs and associated dry docking costs which are being amortized over 5 years.

9. Cash and short-term deposits

	2013 $'000	2012 $'000
Cash at bank	348,418	371,121
Short-term deposits	129,706	128,722
	478,124	499,843
Investment held with Clico (Note b)	14,381	14,381
Less: Provision for impairment of short-term deposits (Note b)	(14,381)	(14,381)
	-	-
	478,124	499,843

9. Cash and short-term deposits (continued)

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $478.124 million (2012: $499.843 million).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of $14.381 million. CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of Trinidad and Tobago. The investment note certificates in CIB were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December, 2013.

(c) The Company has an Escrow account with First Citizens Bank Limited (FCB) and is required to maintain a balance on the account equivalent to two (2) loan instalments with the bank at all times. (See Note 13 (a))

(d) For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2013.

	2013 $'000	2012 $'000
Cash at banks and on hand	348,418	371,121
Short-term deposits (with an original maturity date of less than three months)	-	7,000
	348,418	378,121

10. Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables - third parties	78,754	91,065
Provision for doubtful debts	(17,143)	(21,625)
	61,611	69,440
Other receivables:		
Due from Government of Trinidad & Tobago - billed	(6,829)	73,798
Due from Government of Trinidad & Tobago - unbilled	6,180	10,977
Value Added Tax recoverable	6,407	10,719
Prepaid expenses	1,241	10,417
Insurance prepayment	1,260	1,071
Interest receivable	154	161
Wire transfers recoverable (note 18)	2,166	3,669
Other	3,720	3,159
	75,910	183,411

(a) Trade receivables are non-interest bearing and are generally on 15 - 30 days terms.

(b) During 2011 two wire transfers amounting to $31.888 million (US$4.975 million) were fraudulently withdrawn from one of the Company's bank accounts. Due to the lack of objective evidence of the final outcome of recovery efforts, a provision for $31.888 million was recorded at 31 December 2011.

Subsequently, the Company received $5.835 million and at 31 December 2013,the company continues to hold a provision of $23.509 million.

(c) As at 31 December 2013, trade receivables at a value of $17.143 million (2012:$21.625 million) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2013 $'000	2012 $'000
As at 1 January	21,625	5,338
Charge for year	–	18,169
Provision reversed	(4,482)	(1,882)
At 31 December 2013	17,143	21,625

10. Trade and other receivables (continued)

As at 31 December the ageing analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013	61,611	41,818	8,764	5,222	1,775	1,675	2,357
2012	69,440	43,555	8,943	2,347	9,646	734	4,215

11. Stated capital

	2013 $'000	2012 $'000
Authorized		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
1,034,270 ordinary shares of no par value	103,427	103,427

12. Capital contribution

The Parent Company, NGC provided the Company with a loan at an interest rate below market rate effective 31 December 2008. This resulted in the Company recognising a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008. (See Note 13(b)). As at 31 December 2010 and 2011 additional fair value adjustments of $4.256 million and $18.035 million were recorded on the loan from the parent due to a deferral of the commencement of loan instalments to 1 January 2012 and 1 January 2015 respectively.

13. Long-term debt

	Long-term Portion $'000	Current Portion $'000	2013 $'000	2012 $'000
First Citizens Bank (Note a)	–	9,500	9,500	18,424
NGC - UIE loan (Note b)	284,653	–	284,653	277,155
NGC advance (Note c)	323,482	–	323,482	420,025
	608,135	9,500	617,635	715,604

13. Long-term debt (continued)

a) The Company in pursuit of its capital expansion program obtained a loan from First Citizens Bank (FCB) on the 17 May 2004 in the value of $67.9 million. The loan provides for two equal semi-annual payments of interest only, followed by 18 semi-annual payments of principal and interest. Interest rate is fixed at 6.20% per annum. The loan is secured by the following:

i) Collateral Chattel Mortgage over two (2) tugboats - NEC Empress & NEC Majestic with carrying amounts totalling $37.780 million (2012: $39.658 million).
ii) Marine Hull, Machinery Risk and Protection & Indemnity Insurance over the two (2) tugboats.
iii) Deed of Assignment and Notice of Assignment of the proceeds of a Pier Usage contract.
iv) Deed of Charge over Deposit Account in the name of NEC to service loan facility.

b) On 12 April 2009, the Company was mandated by the Government of the Republic of Trinidad and Tobago (GORTT) to reimburse the parent company, NGC for the cost of the development of Union Industrial Estate, La Brea. The purchase consideration of US$58.518 million (TT$367.078 million) was set up as a loan with an effective date of 31 December 2008. The principal is to be paid in equal semi-annual instalments originally commencing 1 July 2009 with interest at a rate of 3.0% per annum. Interest for 2011 and 2010 has been capitalized with the loan. Interest payments commenced in 2012.

As the parent company had provided a loan at an interest rate below market rate, the Company recorded a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008. (Note 12)

c) As a result of the discontinuance of the aluminium smelter during 2010, the scope of works regarding the construction of the material, handling and storage facility was changed. This change resulted in a reduction in the amount of financing required from NGC to US$66.0 million. The loan agreement which was executed on 23 December 2010 provides for the Company to repay the principal over a period of not more than 15 years in equal semi-annual instalments with a rate thereon at a maximum of 7%. The first principal instalment is due within two (2) years of the date of execution of the loan agreement. At 31 December 2011 the loan repayments have been rescheduled to commence in December 2014.

As part of a proposal for the restructuring of National Energy's inter-company loans with NGC, a principal repayment of US$15.6 million was made on 31 August 2013, thus reducing the outstanding loan balance to US$50.2 million as at 31 December 2013. The principal installment is scheduled to commence in June 2014.

13. Long-term debt (continued)

c) Interest on the loan shall be paid semi-annually, with effect from the effective date of the loan.

Fair values	Carrying amount 2013 $'000	Carrying amount 2012 $'000	Fair value 2013 $'000	Fair value 2012 $'000
At 31 December	617,635	715,604	608,635	715,705

The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the year-end date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan with NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value.

Maturity profile of long-term debt

	2013 $'000	2012 $'000
In one year or less	22,664	8,924
In more than one year but not more than two years	18,759	25,910
In more than two years but not more than three years	20,043	22,663
In more than three years but not more than four years	21,415	24,224
In more than four years but not more than five years	22,881	25,894
In more than five years	511,873	607,989
	617,635	715,604

14. Trade and other payables

	2013 $'000	2012 $'000
Trade creditors	13,638	100,442
Accrued material/service	10,931	21,451
Employee related accruals	14,518	8,830
Retention	3,664	8,498
VAT payable	6,063	6,013
Accrued interest and taxes	64	126
	48,878	145,360

15. Deferred income

	2013 $'000	2012 $'000
Billings in advance (Note a)	16,810	16,413
Deferred income - Union Industrial Estate (Note b)	53,103	41,768
Deferred income - Other	502	583
	70,415	58,764
Non-current	49,386	39,617
Current	21,029	19,147
	70,415	58,764

Notes:

a) This amount relates to pier user charges billed in advance.

b) Deferred income - Union Industrial Estate:

	2013 $'000	2012 $'000
Balance at 1 January	41,768	20,481
Received during the year	15,052	–
Transferred from deferred Capital Grant	–	23,438
Amount released to income	(3,717)	(2,151)
Balance at 31 December	53,103	41,768

16. Marine infrastructure income

The marine assets principally consist of the ISCOTT dock, the Savonetta piers, the Point Lisas harbour and the tugs and workboats. Income earned is as follows:

	2013 $'000	2012 $'000
ISCOTT dock	5,687	5,687
Savonetta piers	133,067	132,074
Point Lisas harbour	35,611	34,071
Tugs and workboats	88,033	71,549
Dock fees – Berth	5,201	5,512
Rental Storage Facilities	1,530	–
Rental Storage Yard	754	–
	269,883	248,893

17. Other operating income

	2013 $'000	2012 $'000
Management fees - Labidco	696	578
Amortisation of deferred capital grant	3,717	2,151
Miscellaneous	240	6,965
	4,653	9,694

18. Expenses

	2013 $'000	2012 $'000
(a) Marine expenses:		
Depreciation and amortisation	40,455	38,540
Maintenance - marine facilities	23,991	25,869
Salaries and related benefits	8,698	8,995
Management fees - tugs & workboats	23,190	21,523
Insurance	1,880	1,965
Sea bed lease rent	119	119
	98,333	97,011
(b) Administrative and general expenses:		
Salaries and related benefits	40,192	34,427
Depreciation and amortisation	5,018	4,593
Management fees - NGC	1,000	1,000
Penalties	2,280	4,424
Insurance	1,555	683
Movement in provision for doubtful debts	(16,834)	16,286
Motor vehicle expense	2,422	1,995
General business travel	402	2,066
Fraudulent wire transfers (note 10 (b))	(2,166)	(3,669)
Security	2,269	1,888
Advertising and communications	2,874	2,791
Legal and professional fees	1,770	2,921
Other	10,006	12,433
	50,788	81,838
(c) Other expenses:		
Donation - other	376	246

18. Expenses (continued)

	2013 $'000	2012 $'000
(d) Finance costs:		
Interest on debt and borrowings - related parties	38,776	43,786
- third parties	971	1,521
Notional interest on related party loan	5,013	4,689
	44,760	49,996
(e) Staff costs:		
Included under marine expenses	8,698	8,995
Included under administrative and general expenses	40,192	34,427
	48,890	43,422

19. Cash flows from operating activities

	2013 $'000	2012 $'000
Profit before taxation	79,625	9,884
Adjustments for:		
Depreciation	45,475	43,133
Impairment of investment properties	8,609	34,832
Amortisation of deferred expenses	2,069	1,335
Interest expense	44,760	49,996
Non-cash offset of penalties	–	4,104
Loss on disposal of property, plant & equipment	127	798
Interest income	(1,047)	(1,283)
Amortisation of deferred income	(3,717)	(2,151)
Decrease/(increase) in parent company loan due to foreign currency translation	5,941	(2,986)
Operating profit before working capital changes	181,842	137,662
Decrease/(increase) in trade and other receivables and due from related parties	140,374	(64,578)
Decrease in inventories	183	6
Increase in deferred income & deferred capital grant	15,368	854
Increase in deferred expenses	(2,423)	(4,552)
(Decrease)/increase in trade and other payables	(104,315)	70,432
Cash generated by operations	**231,029**	**139,824**

20. Related party transactions

The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago, which is owned by the Government of Trinidad and Tobago. In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Alutrint Limited, Alutech Limited, Trinidad Generation Unlimited (TGU), Petrotrin and First Citizens Bank Limited.

The sales to and purchases from related parties are at arm's length, with the exception of the interest rate on the UIE loan from the parent company (See Note 13 b)). Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables with the exception of that relating to Alutech Limited. At 31 December 2013, the Company has recorded a provision for doubtful debts relating to amounts owed by related party Alutech of $22.419 million (2012: $22.419 million) and nil (2012: $20.309 million) due by Alutrint Limited. An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transaction, which have been entered into with related parties and the balance outstanding for the year ended 31 December 2013 and 31 December 2012.

		Income from related parties $'000	Purchase from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago					
Reimbursements	2013	-	-	-	64,833
	2012	-	-	-	120,443
Lease land	2013	2,672	-	-	-
	2012	-	-	-	-
Management fees	2013	-	1,000	-	-
	2012	-	1,000	-	-
Loans	2013	-	38,776	-	608,135
	2012	-	43,786	-	697,180
La Brea Industrial Company Limited					
Management fees/reimbursements	2013	696	-	-	2,038
	2012	578	-	9,250	10,767
Government of the Republic of Trinidad and Tobago					
Government funded project costs	2013	1,713	-	(649)	-
	2012	5,874	-	84,774	-
Directors' allowances and fees	2013	-	396	-	-
	2012	-	424	-	-

20. Related party transactions (continued)

	2013 $'000	2012 $'000
Compensation of key management personnel		
Short-term employee benefits	12,154	9,536

21. Operating lease arrangements

The Company as a lessor

The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between 1 and 29 years.

Future minimum rentals receivable under operating leases as at 31 December 2013 are as follows:

	2013 $'000	2012 $'000
Within one year	3,286	7,348
After one year but not more than five years	12,828	13,060
More than five years	66,375	51,777
	82,489	72,185

The Company as a lessee

The Company has entered into lease arrangements for motor vehicles for periods ranging between 1 and 4 years.

Future minimum rentals payable under operating leases as at 31 December are as follows:

	2013 $'000	2012 $'000
Within one year	411	84
After one year but not more than five years	1,793	119
	2,204	203

The Company currently leases land at Corner Rivulet and Factory Roads, Brechin Castle, Couva however, the lease agreement has not yet been finalised at the reporting date.

22. Financial risk management objectives and policies

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

The Company trades only with recognized credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has US$14.381M in investment note certificates with Clico Investment Bank Limited. As stated in Note 9 b), a provision has been established for this entire balance as the recoverability of this balance is doubtful.

Interest rate risk

The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 13.

Liquidity risk

The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

22. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December, 2013						
Assets						
Cash and cash equivalents	358,375	129,705	--	--	--	488,080
Trade and other receivables	--	8,789	67,121	--	--	75,910
Due from related parties	--	--	2,038	--	--	2,038
	358,375	**138,494**	**69,159**	--	--	**566,028**
Liabilities						
Interest bearing debt	--	-	62,319	230,866	813,837	1,107,022
Trade creditors and accruals	--	42,792	3,663	--	--	46,455
Due to related parties	--	--	1,682	--	--	1,682
Due to parent company	--	--	64,833	--	--	64,833
	--	**42,792**	**132,497**	**230,866**	**813,837**	**1,219,992**
Net liquidity position	**358,375**	**95,702**	**(63,338)**	**(230,866)**	**(813,837)**	**(653,964)**

22. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December, 2012						
Assets						
Cash and cash equivalents	381,077	128,722	-	-	-	509,799
Trade and other receivables	-	22,068	127,559	-	-	149,627
Due from related parties	-	-	34,919	-	-	34,919
	381,077	**150,790**	**162,478**	-	-	**694,345**
Liabilities						
Interest bearing debt	-	-	51,086	271,404	993,910	1,316,400
Trade creditors and accruals	-	135,035	8,497	-	-	143,532
Due to related parties	-	-	9,576	-	-	9,576
Due to parent company	-	-	120,443	-	-	120,443
	-	**135,035**	**189,602**	**271,404**	**993,910**	**1,589,951**
Net liquidity position	381,077	15,755	**(27,124)**	**(271,404)**	**(993,910)**	**(895,606)**

Foreign Currency Risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employees appropriate strategies to mitigate any potential losses.

22. Financial risk management objectives and policies (continued)

Foreign Currency Risk (continued)

The following table shows balances outstanding at year end denominated in foreign currencies.

As at December 31, 2013	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 44,562	TT$ 286,913
Trade and other receivables	US$ 7,890	TT$ 50,799
	GBP 7	TT$ 79
Trade and other payables	US$ 1,435	TT$ 9,241
	GBP 15	TT$ 163
	EUR 16	TT$ 141
Long-term debt	US$ 94,453	TT$ 608,135

As at December 31, 2012	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 37,815	TT$ 241,316
Trade and other receivables	US$ 13,327	TT$ 84,046
	GBP 3	TT$ 26
Trade and other payables	US$ 15,434	TT$ 98,488
	GBP 1	TT$ 6
	EUR 40	TT$ 332
Long-term debt	US$ 106,868	TT$ 681,974

22. Financial risk management objectives and policies (continued)

Foreign Currency Risk (continued)
The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before tax. There is minimal impact on the Company's equity.

	Increase/ (decrease) in exchange rate %	Effect on profit before tax $'000
2013	5%	13,986
	(5%)	(13,986)
2012	5%	22,721
	(5%)	(22,721)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2012.

The capital structure of the Company consists of share capital, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust capital structure, the Company may issue new shares by transfers from retained earnings, adjust the dividend payment to shareholders or make transfers to its reserves. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

23. Financial instruments

Fair values

Short-term financial assets and liabilities
The carrying amount of short-term financial assets and liabilities which comprises cash and short-term deposits, sundry debtors and current liabilities are on reasonable estimate of fair values because of the short-term nature of these instruments.

Long-term financial assets and liabilities
The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the reporting date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan from NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value (Note 13(c)).

24. Transfer of assets and liabilities of La Brea Industrial Development Company Limited

In 2007, the Board of Directors of La Brea Industrial Development Company Limited (LABIDCO) agreed to wind up LABIDCO and transfer the assets and liabilities of the Company to National Energy Corporation of Trinidad and Tobago Limited (NEC), subject to the approval of the shareholders of LABIDCO. This decision has not yet been effected.

25. Capital commitments

	2013 $'000	2012 $'000
Approved and contracted capital expenditure	64,313	142,407

These commitments include contractual commitments of $61.748 million (2012: $119.036 million) entered into by the Company on behalf of the Government of Trinidad and Tobago.

26. Contingent liabilities

Based on 2007 tax audit, the Board of Inland Revenue (BIR) has advised the Company of an outstanding tax obligation of $15.9 million, of which $7.6 million relates to penalty and interest. The Company has written to the BIR requesting a waiver of these payments as the wear and tear allowance for marine infrastructure assets is under review by BIR and yet to be determined. No provision has been made in the accounts for any tax liabilities.

27. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.