



PETROLEUM COMPANY OF TRINIDAD AND TOBAGO LIMITED

**SECTION 66D OF THE CONSTITUTION
OF THE REPUBLIC OF TRINIDAD AND TOBAGO**

REPORT ON PETROTRIN

FOR THE PERIOD 2007 OCTOBER 01-2008 SEPTEMBER 30

2009 September 07

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INTRODUCTION

Petroleum Company of Trinidad and Tobago Limited ("Petrotrin"), was incorporated on 1993 January 21. It is a limited liability company that is wholly owned by the Government of the Republic of Trinidad and Tobago. The registered office of the Company is located at Administration Building, Southern Main Road, Pointe-a-Pierre, Trinidad, West Indies

MISSION VISION VALUES

Our Mission

Petrotrin as the national petroleum company operates to optimise the returns from its resources for the benefit of its shareholders and the citizens of Trinidad and Tobago.

Our Vision

A high performing energy organisation that delivers superior results to its shareholders every time, all the time.

We will be a premier fully integrated petroleum-based energy organisation, the preferred supplier in the Caribbean and Latin America, recognised for our responsiveness to our employees, customers, the State and other stakeholders.

We will make Petrotrin innovative, dynamic, viable, and efficient; safe in our operations and sensitive to the ecology; driven by customers, competent and empowered people, creative business ideas and appropriate leading technology.

Our Values

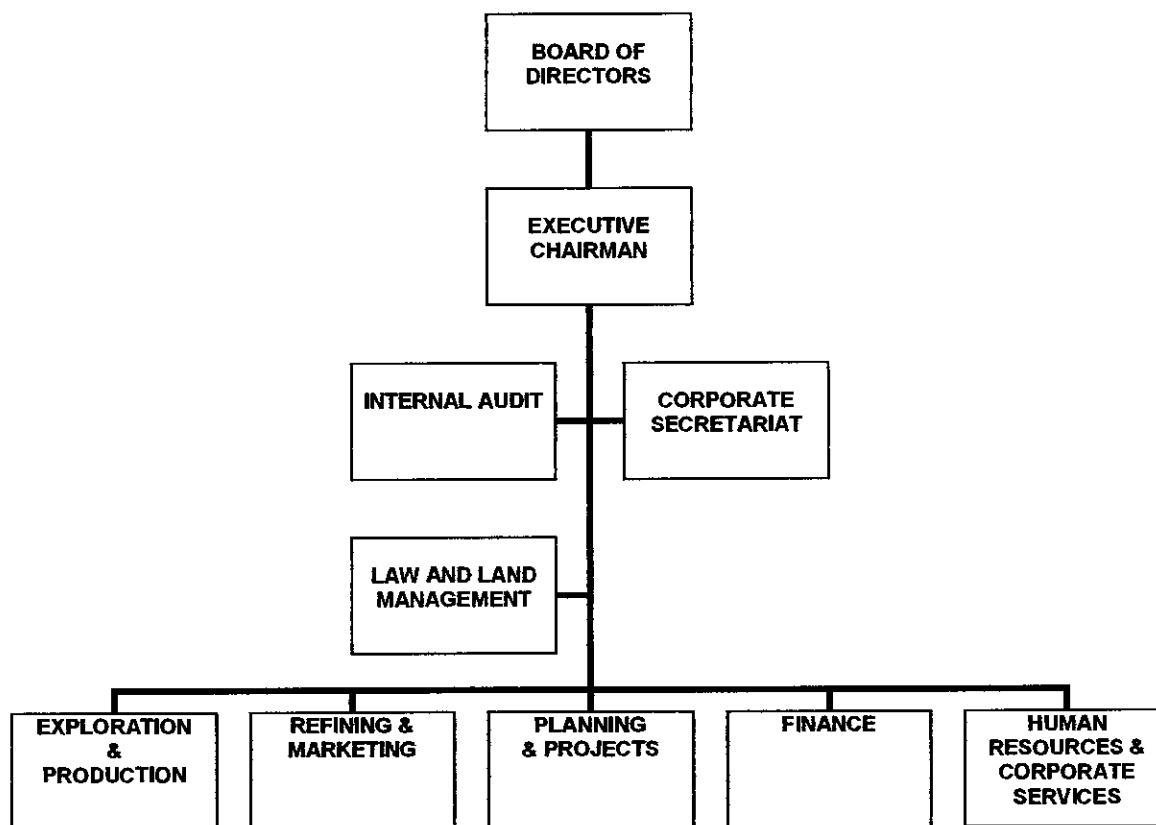
People: We respect and trust people and value their ideas, are committed to their development and have the highest regard for human dignity. All officers and employees must adhere to high ethical standards, honesty and integrity in the conduct of our business.

Performance: We strive constantly for professionalism, quality performance and continuous improvements through teamwork and technology, with the goal of providing products or services which meet or exceed the expectations of our stakeholders, at a cost which represents value.

Profit: We strive to create profits since it is the fuel for survival, growth and viability. It keeps us in business, allows us to provide financial returns for our shareholders and to meet our obligations to our employees, suppliers, lenders and the State.

Positive Change: We will be open and honest in our communications so as to embrace and leverage on positive change, recognizing that every employee must be allowed to innovate and contribute to our learning organisation.

COMPANY STRUCTURE



BOARD OF DIRECTORS

Members

During the year the Board of Directors comprised eight directors, seven of whom were non-executive directors. Together they possessed the range of skills, knowledge and experience necessary to enable them to effectively govern the company. The balance of non-executive directors to executive directors ensured that the Board was able to exercise independent judgement with sufficient management information to enable proper and objective assessment of corporate issues.

The members of the Board during the year were:

Malcolm Jones (Executive Chairman)
Charmaine Baptiste
Anthony Chan Tack
Garvin Chimming
Angela Hamel-Smith (resigned effective 2008 April 01)
Andrew Jupiter
Harry Pirtheesingh
Ramnarine Ramdass

Committees

The Board established committees to assist in exercising its authority, including the performance of the business. All committees met as required and were appointed by and from among the members of our Board of Directors. The responsibilities and composition of these committees are described below.

Operations Committee - The responsibilities of the Committee are as follows:

- Review the operational items that require board approval and make appropriate recommendations to the board
- Develop for approval of the full board and monitor the strategic direction of our operations, e.g., expansion of the lease operatorship program, refinery upgrade, joint ventures (local and overseas) etc.
- Review and monitor critical sections of the operations which include, among other things, maintenance, asset logistics and HSE
- Review and monitor significant operational budget items to ensure consistency with strategic direction.

The members of the Committee during the year were Anthony Chan Tack (Convenor), Malcolm Jones, Andrew Jupiter and Harry Pirtheesingh.

Finance & Tenders Committee - The responsibilities of the Committee are as follows:

- Review financial matters that require Board approval
- Review and advise management on our financial strategies, including funding strategies
- Review and monitor budgets and three-year plans, and recommend same to the board for approval
- Award tenders for works and services valued between US\$5.0 million and US\$15.0 million
- Review tenders for works and services valued above US\$15.0 million and make appropriate recommendations to the board for their award
- Periodically review the Company's Tenders and Contracts Policy Guide to ensure transparency is maintained.

The members of the Committee during the year were Charmaine Baptiste (Convenor), Malcolm Jones, Andrew Jupiter and Ramnarine Ramdass.

Audit Committee - The primary responsibility of the Audit Committee is to assist the board of directors in fulfilling its oversight responsibilities. To that end, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee also reviews the effectiveness of the following functions: the company's system of internal financial control and risk management, the internal audit function, the external audit process and the company's process for monitoring compliance with laws and regulations affecting financial reporting and the code of business conduct. Details of these responsibilities are set out in the Audit Charter.

The members of the Committee during the year were Ramnarine Ramdass (Convenor), Charmaine Baptiste, Garvin Chimming and Harry Pirtheesingh.

Personnel Committee - The responsibilities of the Committee are as follows:

- Develop for approval of the full board and periodically review the company's personnel and organizational policies
- Review and recommend to the full board the appointment of members of the Executive Council of the company, including compensation terms and conditions
- Review our organizational structure and assist management in optimizing the organization as required by the business environment to achieve the company's goals
- Give negotiation mandates to management.

The members of the Committee during the year were Angela Hamel-Smith (Convenor), Malcolm Jones and Garvin Chimming.

CORPORATE GOVERNANCE

The role and responsibilities of the Board of Directors include that of governance, guidance, oversight, input into and final approval of Petrotrin's strategies and performance objectives, the formulation of policies and high-level resource allocation.

The Board of Directors seeks to ensure, via its corporate governance process, the safeguarding of the shareholders' interests and compliance with pertinent laws and regulations. As such, the Board considers significant risks, the effectiveness of the enterprise risk management and internal control processes and promptness of remedial actions.

The Board of Directors has chartered its Audit Committee with direct responsibilities for oversight over the Internal Audit and Enterprise Risk Management functions. The Committee reviews the annual audit plan of its internal auditors and meets with external auditors on their service plan and the results of their work. The Audit Committee also receives summarised reports of all audits, investigations and special reviews on a quarterly basis and is also kept informed of management's efforts at remedial action.

The Internal Audit Department is responsible for the appraisal of the effectiveness, efficiency and adequacy of Petrotrin's systems of internal control, enterprise risk management and corporate governance. It has an approved charter and its independence is assured via its reporting lines directly to the Audit Committee, and to the Executive Chairman. A risk-based approach is used in the development of the annual audit plan and in the planning of individual audit assignments.

The Audit Committee is also monitoring the implementation and development of an Enterprise Risk Management (ERM) function into the company. The system, when fully implemented, will include relevant policies, procedures, defined risk categories and risk registers. Risk managers will identify high severity risks and develop appropriate control and response strategies. The ultimate objective will be to incorporate ERM as part of the common culture and new ways of working at Petrotrin.

Except for those matters that the Board has reserved for its own decision-making, the Executive Chairman holds delegated authority to achieve the corporate objectives. In addition, there are established policies and procedures and schedules pertaining to the delegation of financial and personnel authorities to individual members of management.

Notwithstanding these further delegations, the Executive Chairman remains accountable to the Board for the authority delegated to him.

The company's management continuously monitors and updates, whenever necessary, the internal systems in order to ensure that the company's standards reflect best international practice while tailored to meet the specific needs of Petrotrin.

The Board of Directors is also determined to ensure that the right tone is set at the top and that employees subscribe to the highest standard of business ethics and conduct. There are publicised policies on Conflict of Interest, Code of Business Ethics and Conduct, Corporate Fraud and Whistleblowing. In addition, there are specific policies and procedures to assist in the detection and prevention of fraud. Included in this thrust is the SilentWhistle system – whereby employees and other stakeholders can report on irregularities, make suggestions or ask questions of management. These activities can be done anonymously, if desired.

The above-described governance processes are but some of the ways whereby the Board of Directors and the company's management seek to provide the type of leadership and sound judgement that will keep Petrotrin aligned with global best practices and which will benefit all stakeholders.

BUSINESS

We are an integrated oil and gas company, wholly owned by the Government. Our business includes

- (i) refining crude oil and marketing and selling refined petroleum products in Trinidad and Tobago and internationally,
- (ii) exploring for and producing crude oil and natural gas over the southern two-thirds of Trinidad and offshore, (our Refinery utilizes substantially all of the crude oil we produce, which for the fiscal years ended September 30, 2006, 2007 and 2008, was 59,405 bpd, 53,556 bpd and 49,261 bpd, respectively), and
- (iii) selling natural gas to NGC for use in Trinidad and Tobago and selling LNG (produced from our equity natural gas) through a joint venture for delivery principally to the United States.

We are a major supplier of petroleum products to the Eastern Caribbean market and one of the largest companies, in any industry, in Trinidad and Tobago.

Our core operations are organized into R&M and E&P. We own and operate the sole oil refinery in Trinidad and Tobago, a facility located in Pointe-à-Pierre, with capacity to produce up to 150,000 bpd of a range of finished refined petroleum products. In order to operate our Refinery at its full operating capacity and to produce our desired yield of refined products, we import crude oil from other countries, including Venezuela, Colombia, Brazil, Nigeria, the Democratic Republic of Congo and Gabon, in addition to utilizing all of our own crude oil production (except that received from the TSP joint venture).

Our R&M business involves purchasing crude oil, refining crude oil in our Refinery, storing and handling crude oil and refined products and marketing, selling and delivering refined

products. Our Refinery converts crude oil into various refined products, including LPG, gasoline, jet fuel/kerosene, No. 2 oil (commonly referred to as diesel) and heavy fuel oil. We supply all of the domestic market demand for refined products (with the exception of small amounts of lube oils) and export the remainder of our production.

Our E&P business involves exploring for and producing crude oil and natural gas, both onshore and offshore. We conduct offshore exploration and production activities in a shallow-water block to the east of Trinidad called Galeota, in the offshore Soldado fields to the southwest of Trinidad, and onshore fields across the south of Trinidad, some of which extend from the coast to approximately 25 miles from the shore. We conduct most of our exploration activities through joint ventures.

BUSINESS STRATEGY

The 2007/2008 period represents the third year of Petrotrin's Strategic Plan 2005/2009. The 4 stated goals of the plan were: Growth Platform Development, Financial Discipline, Operational Excellence and Business Orientated Relationships. During the year, the performance in highlights was as follows:-

- Given the mature fields operated by the company, Petrotrin was not very successful in meeting this target. However, the company was able to engage in several successful joint ventures in oil and gas. The NCMA (North Coast Marine Acreage) joint venture was one of the most lucrative. Our E&P division continued the work of investing and seeking new partners
- The higher oil and gas prices resulted in much higher prices and margins – the company was able to meet and surpass its target in 2007/2008
- Rising costs of materials, equipment and service contracts however became a bigger challenge as production costs rose in many areas and so did operating costs. This was an international phenomenon plaguing the industry
- Under financial discipline – several cost management exercises were initiated to manage costs in all the divisions – specifically, the Journey to Excellence Programme (refinery) was successful in several areas of R&M, however inflation pressures due to rising costs of operation stymied some of these efforts; given the changing international markets and changing demand for gasoline – our response was the refinery upgrade - the GOP upgrade project was a major initiative in response to this threat
- The company for the most part maintained its key markets in 2007/2008; as a mitigation strategy, the threat of Petrocaribe saw company initiatives/research to secure alternative markets in the US if necessary
- HSE targets were generally met
- Human Resources – given the mature senior workforce, the company continued its Executive Leadership development programme to train the next generation of leaders; the company also continued the JOR or job organization review – right people in right areas as a best fit for operational excellence.

FINANCIAL RESULTS

The year 2008 was an excellent one for Petrotrin as we achieved strong financial results, satisfactory operational performance and realized a healthy net earnings of TT\$2,466 million. The fiscal year the market saw surging crude oil and natural gas prices and high refinery margins with the oil price climbing to a record high of over US\$144 in 2008 July and falling to under US\$92 in September. NYMEX West Texas Intermediate (WTI) crude oil price averaged US\$107.61 per barrel, refinery margin was US\$8.65 per barrel while Henry Hub natural gas price averaged US\$9.04 per million British thermal unit (MMBTU) with a net back well head gas price of US\$6.55 per thousand cubic feet (MCF).

In 2008 our revenues of \$40,059 million represented a significant increase of 51.5% over fiscal 2007. This increase was mainly attributable to the increasing oil and gas prices and high refinery margins experienced in the first three (3) quarters of the fiscal year. This was however, offset by lower production and sales volumes and higher government take. As a result of the extraordinary global economic environment, the group's net profit after tax was \$2,466 million a 76.7% increase over fiscal 2007 with both Refining and Marketing and Exploration and Production business units performing well, each recording profits of over one billion dollars.

MAJOR ACTIVITIES DURING 2008

Exploration & Production

Overview

Petrotrin is engaged in the domestic exploration for, and production of, crude oil and natural gas (both onshore and offshore). This upstream part of its business comprises principally three business divisions:

- Production Operations – This subdivision comprises our own operated assets and the associated supported services such as drilling, workovers and maintenance. This subdivision optimizes production of oil and gas from the Land and Trinmar fields (described below)
- Exploration and Development – This subdivision provides technical expertise, services and support to optimize returns from our upstream assets through oil and gas reserves as well as providing economically and technically sound exploration and exploitation activities and upstream asset monetization. This subdivision also focuses on improving operational efficiency, including expansion and optimization of enhanced oil recovery programme ("EOR") projects and improving access to oil and gas field technical data
- Joint Venture Operations – This subdivision identifies, evaluates and negotiates new joint ventures and oversees the technical and commercial operations of our joint ventures. When necessary it obtains support from both Production Operations and Exploration and Development.

The main focus of E&P is to cost-effectively locate and produce oil and gas. Its main objectives are:

- To conduct upstream operations in a safe and environmentally sound manner in compliance with all applicable HSE standards and legislation

- To maintain and upgrade plant, property and equipment infrastructure in order to sustain and enhance production levels while operating at optimal production costs
- To invest in growth opportunities for the long-term to increase reserves and to improve our production portfolio mix by increasing the amount and percentage of gas production and production from growth assets (i.e. less mature assets)
- E&P continues to focus on increasing production of oil and gas at optimal operating cost, restructuring its portfolio
- To focus on growth opportunities and the gas business, finding new reserves, applying appropriate new technology for improving performance and addressing safety and environmental concerns.

During 2008 the Exploration & Production Division continued to implement strategies and projects towards realization of the objectives as specified in the Strategic Plan 2005-2009. These included:

- addition of oil and gas reserves
- increasing oil and gas production
- improving the production portfolio mix to comprise more gas and less mature assets
- improving health, safety and environmental standards throughout upstream operations.

Exploration and Development

The company's exploration efforts in its operated assets during the year were largely focused on the Trinmar Operations acreage, for which a sizeable volume of technical studies already exist, and which has significant exploration potential.

One exploration well, Triton S-884, was drilled in Trinmar's North Field in 2008 March. At year's end, the well was awaiting installation of production facilities to allow for testing. Re-processing of existing seismic data to increase resolution and reliability and to better determine exploration potential of the reservoirs, was also undertaken.

Onshore, re-processing of approximately 650 line km of 2D seismic data, which was shot on Land in the early nineties, continued throughout the year, while in-house G&G interpretation studies of the onshore core fields continued. A major initiative to stimulate exploration activity onshore was the decision to undertake approximately 215 km² of 3D seismic data in the core fields, which would allow detailed mapping for future exploration and exploitation drilling, particularly for Enhanced Oil Recovery projects, with lower geological risk.

Other major exploration efforts were via the company's joint venture partnerships as follows:

- Central Block (Onshore) - A 3D seismic survey, which had begun in 2007 June over the western portion of the block, was completed in 2007 November. Processing of the seismic data was ongoing at year's end.
- Block 3a (Off the east coast of Trinidad) - Petrotrin elected to enter into Phase 2 Exploration in which the commitment was one well. The Bruce-1 exploration well was drilled in 2007 October/November, but was abandoned as a dry hole.
- Blocks 1a and 1b (In the Gulf of Paria) - A 4-well exploration programme that had commenced in 2007 September with Zandolie West-1, continued with the drilling of

Anole-1, Zandolie East-1 and finally Tegu-1 in 2008 May. The partners obtained approval from the MOEEI for an Assessment Plan, for which studies were ongoing at year's end.

- Block 22 (North of Tobago) - A 4-well exploration programme commenced in 2007 November with Cassra-1, followed by Cassra-2, Sancoche-1, and finally Bene-1 in 2008 July. At year's end the technical evaluation of the exploration programme was in progress.

As part of its ongoing development activities, the company continued to undertake geological and reservoir engineering studies on various fields, both in Trinmar Operations and Onshore, to identify suitable drilling opportunities and to undertake further development projects as necessary.

In Trinmar Operations, several studies applying current technologies and geological principles were undertaken including:

- High-Resolution stratigraphic interpretations applying Sequence Stratigraphic principles in the East Field Heavy oil area.
- Technical Evaluation of Idle Acreages in Main Field using SpecDecomp technology.
- Other technical studies in the North and East Soldado Fields

On Land, several technical studies were conducted to identify future primary and EOR development opportunities.

Production Operations

Petrotrin's total oil and gas equivalent production for 2007/2008 averaged 74,092 BOEPD. Land and Galeota produced an average of 16,935 BOEPD while Trinmar Operations averaged 27,277 BOEPD. Additionally, the company's share of production from its various Joint Ventures (JVs) averaged 25,003 BOEPD.

Onshore, thirteen (13) development wells were drilled and in Trinmar Operations five (5) wells (including one exploration well) were drilled for the year. Twenty-two (22) Recompletions (NRTs) were undertaken onshore and seven (7) in Trinmar Operations. Total new oil production from these oil-winning activities was 1,346 BOPD. Drilling in Trinmar Operations was suspended upon expiration of the rig contract in 2008 April, as the more prospective opportunities were located in areas that required installation of new production infrastructure. Subsequent efforts were therefore focused on getting the required infrastructure in place to allow the new wells to be brought on production as early as possible. The Land drilling programme fell short of its expected targets as most of the current opportunities were high risk prospects, particularly given the complexity and maturity of the fields and the limitations of the current technical data.

The drilling and workover programmes continued to be the main mechanisms through which Petrotrin sought to increase production in its core fields. Additionally, various other production optimization and enhancement initiatives were implemented throughout the various fields during the year in order to stem the natural decline of the very mature fields that Petrotrin operates.

Ongoing and continual upgrading of the existing infrastructure, as well as installation of new infrastructure where necessary to meet operational requirements and environmental

and safety standards, continued to be of paramount importance to the E&P operations. During the year the company continued this thrust by conducting a Process Safety Management audit on its Drilling and Workover operations on land to determine areas for improvement in safety performance. A departmental unit was subsequently established to implement and institutionalize Process Safety Management in all of the upstream operations. Risk assessments are now required to be conducted before commencing any job so that adequate risk mitigation strategies can be put in place to minimize job related accidents.

Some of the major infrastructure projects undertaken during the year included:

- The Integrated Production Reporting and Optimising Data-Communication System (iPRODS) project, which was initiated onshore in 2006, continued with the purchase of equipment for six (6) wells for which installation work was ongoing at year's end. This project is intended to allow for the remote monitoring of production facilities and thereby improve the response time for corrective action
- The installation of a new compressor platform (CP4) along with two (2) new gas compressors and associated facilities. The compressor equipment packages were received and at year's end, preparations were being made to install the completed platform structure. This project is geared towards alleviating the gas lift capacity constraints that most of the Trinmar Operations fields experience on a regular basis
- Offshore Electrical Distribution System (Phase 1 – GP2), which involves installation of two (2) electrical generators to allow for electrification of several areas of the Trinmar fields. The platform structure to accommodate the generators was installed and most major pieces of equipment were received. Work was ongoing at year's end on this project which is expected to be completed in the third quarter 2009
- Conversion of screwed piping to fabricated piping throughout the Trinmar facilities to improve safety of the operations. Actual conversion work began late in the fiscal year in the East, North and Main Fields and was ongoing at year's end
- Various other offshore infrastructural projects were in various stages of progress. These included an upgrade to Cluster 6, structural upgrade to Block Station 16 and process upgrade of Platform 14.

Of the eight (8) platforms in Trinmar Operations' Main Field that were taken out of service for integrity assessments in 2007, five (5) were returned to service by year's end. The impact of these shut-in facilities was a significant contributor to the lower average production for the year in Trinmar Operations as compared to the previous year.

Joint Ventures

Petrotrin continues to use joint venture (JV) arrangements to conduct most of its exploration activities. This strategy allows the company to increase its indigenous crude and natural gas supply, spread risk and harness the experience, technology and capital resources of other major players in the upstream business. Such arrangements therefore continue to play a significant role in the company's production portfolio, particularly as the company seeks to redirect its upstream portfolio into less mature assets and increased gas production.

At the end of the financial year, negotiations were ongoing for a number of new joint venture contracts arising out of the Government's 2005 bid round, and for which Petrotrin was assigned a carried participation. The Production Sharing Contracts (PSCs) for the Central Range Block (shallow and deep horizons) were executed and work was in progress on the respective joint venture agreements. Several other PSCs were in various stages of negotiations between the bidders and the State. These included: South West Peninsula Block (Shallow and Deep), Guayaguayare Block, Block 2ab and NCMA 2.

Arrangements were also substantially advanced at year end for the joint venturing of Petrotrin's Galeota Block with Bayfield Energy (Galeota) Limited (formerly Burren Energy Limited) with the expectation that the new operator would assume operatorship of Galeota in the second quarter of fiscal 2009.

The Pelican Field and associated facilities of the Trintomar subsidiary were partially divested to EOG Trinidad Resources Limited (EOGR) in 2008 March with EOGR now operating the Pelican Platform and associated facilities. Petrotrin's equity in the wider SECC Block is now 16%.

The North Coast Marine Acreage (NCMA) and (South East Coast Consortium (SECC) joint ventures continued to be the largest contributors to Petrotrin's gas production portfolio, while Teak-Samaan-Poui (TSP) was the largest JV crude producer. Equity JV oil production averaged 3,656 BOPD, which was approximately 6% less than the previous year. Equity JV gas production averaged 123.8 MMCFD, which was approximately 1% less than the previous year.

Highlights of some of the principal JV activities include:

- NCMA - The Phase 3c sub-sea development well P2 with an exploration leg was drilled early in the financial year and construction of the Poinsettia platform, to which P2 would be produced, was well advanced at year's end. Installation of the jacket and topsides was expected by the first quarter of fiscal 2009
- Central Block – Gas development well Carapal Ridge 2, which had been drilled during fiscal 2007, was tied in to the production system in 2008 February and commissioned in 2008 June
- SECC – First gas from the Oilbird development, for which six wells had been drilled during fiscal 2007, was deferred to fiscal 2009 due to delays in tie-ins to NGC's new BUD pipeline
- TSP – First gas from the Teak Blowdown Project, to compress low pressure produced gas for sales, was deferred to fiscal 2009. Oil production in this JV experienced some shortfall due to gas lift supply constraints and limited drilling.

The Lease Operatorships and Farmouts programme continued to be a steady source of indigenous crude to Petrotrin and contributed an average of 6,643 BOPD for the year, an increase of 5% over the previous year. Licence renewals for several operatorships were ongoing at year's end.

Refining & Marketing

Overview

R&M is responsible for the purchase of crude oil used in the refining process, the storage and handling of crude oil and refined products, the operation of our Refinery, and the marketing and sale of refined petroleum products.

The focus areas for the year were Safety, Margin and People and Organisation. The period under review saw Refining & Marketing (R&M) on the final phase of the Journey towards Excellence project. This 5-year refinery performance improvement programme was in the last year and the new ways of working together with new systems, tools and techniques are delivering rewards in terms of improved HSE, Operational and Financial targets.

The refinery benefited from improved reliability allowing refinery utilisation to reach its highest level at 78 percent. The total sales volume for the year was 151,561 BPD consisting of 17.3 percent, 22.7 percent, 22.5 percent, 33.3 percent and 4.2 percent into the local, regional, extra-regional, international and bunker markets, respectively. During the fiscal year 2008, crude and product prices remained high and the company once again experienced a favourable realized average indicative gross margin of US\$8.65 per barrel thus enabling positive financial performance reflected in the pre-tax profit of \$1,404.8 million for R&M.

Refinery Crude Oil Supply

For the year ended 2008 September 30, the refinery processed approximately 55.25 million barrels of crude oil (an average of 150,953 BPD). Approximately 41 percent of the crude supplies comprised indigenous crude of which roughly 79 per cent was Petrotrin's own crude oil production and the remaining 21 percent sourced from other local producers (including BHP Billiton). Approximately 58 percent of crude supplies were imported crude via a mix of term (20 percent) and spot (80 percent) contracts sourced primarily from Nigeria, the Democratic Republic of Congo, Gabon, Colombia, Brazil, Russia and Venezuela. The remaining 1 percent of crude supplies represented crude from Barbados for processing under a Third-Party Processing Agreement.

Refined Product Sales

Refined products were sold into four (4) market channels: local, regional, extra-regional and international, which are differentiated by geography, customer base, logistics and price. In fiscal 2008, the company continued to focus on maximizing refined product sales into the regional and extra-regional markets which provided the best netbacks.

Gross sales in fiscal 2008 averaged 151,561 BPD, which was in line with the throughput of 150,953 BPD, but was 5.0 percent lower than the previous year's average of 159,574 BPD. A lower throughput than last fiscal year, as well as partial implementation of the PetroCaribe arrangement contributed to a decrease in sales into the company's premium markets, which moved from 102,268 BPD in 2007 to 94,644 BPD in 2008, a decrease of 7 percent.

Operations

In the first quarter, the company's safety performance was marred by a fatality in December. The Division responded by placing greater emphasis on risk identification and mitigation and increased communication (weekly meetings, safety talks, safety caravans and safety updates on monthly newsletters). This enabled the Refining and Marketing Division to achieve the Lost Time Injury Frequency target for the period under review. For the first time R&M recorded in excess of 3 million injury free man-hours. Continuing efforts to improve effluent water quality resulted in an increase in environmental compliance and R&M again surpassed their target. During the year, work continued apace on the Sour Water Treatment Project, a major initiative to further improve effluent water quality. The project was commissioned on target in 2008 December.

Significant progress was made towards completing competency profiles and through Job Organisation Reviews improved organizational structures were agreed, and implementation was well underway. Some new work processes and tools already in place were working well.

Several challenges were faced during the year to keep process plant availability at high levels, not least of which was the rising cost of maintenance labour and materials and availability of material and skilled personnel. At the end of the period an improvement in plant mechanical availability was recorded over the previous year. Of special note was the increased reliability of the Visbreaker unit, a key process plant for reducing the yield of low valued fuel oil. This increased availability together with improvements in operational performance contributed to an average Refinery utilization of 78.0 percent notably higher than the previous year of 69.0 percent.

Despite the higher refinery utilization, crude throughput at 150,953 BPD was 4.9 percent lower than the previous year of 158,764 BPD. This was mainly influenced by reliability issues on the No.1 CDU unit as well as prevailing market conditions that at times rendered high crude throughput levels uneconomical.

The liquid recovery at 97.6 percent was the same as last year. The increased utilization, however, of the more complex downstream units meant that the yield of higher valued products was increased at the expense of lower valued products like fuel oil and intermediates, reflected in a decrease in fuel oil yield from 34.1percent to 33.5 percent and intermediates from 10.8 percent to 9.5 percent.

Major Projects

Gasoline Optimization Programme (GOP)

Petrotrin's GOP for its Pointe-a-Pierre Refinery will improve the viability of the Refinery and allow the company to maintain and increase its market share for gasoline products by producing higher volumes of environmentally friendly gasoline products. This programme consists of the following projects.

- a) Installation of a C₅/C₆ Isomerisation Complex (installation of 28,000 BPSD Naphtha Pre-fractionation Unit, installation of a 7,400 BPSD Light Naphtha Hydrotreater Unit, installation of a 7,400 BPSD C₅/C₆ Isomerisation Unit.

- b) Installation of a 25,000 BPSD Continuous Catalyst Regeneration (CCR) Platformer Complex (installation of a 25,000 BPSD Heavy Naphtha Hydrotreater Unit, installation of a 25,000 BPSD CCR Platformer Unit) and a 66kV/12kV Substation.
- c) Installation of a 10,200 BPSD C₃/C₄ Sulphuric Acid Alkylation Unit and 300 short tons per day Sulphuric Acid Regeneration Plant.
- d) Upgrade of the Fluid Catalytic Cracking Unit (FCCU).
- e) Installation of the Offsite facilities and Upgrade of Utility Systems.

Bechtel International Inc., (Bechtel) is providing the project management consultancy services for the GOP.

At the end of the fiscal year 2008, the project was 70% completed. The status of the individual projects as at year's end was:

- C₅/C₆ Isomerisation Complex - During the fiscal year 2008, Fluor Daniel Latin America was engaged in final tests and turnover documentation on the Engineering, Procurement and Construction (EPC) for the C₅/C₆ Isomerisation Complex. At the end of the fiscal year 2008, the EPC activities were 99% completed. Mechanical completion is expected by end 2008 November.
- CCR Platformer Complex and 66kV/12kV Substation - During the fiscal year 2008, the EPC contractor for the CCR Platformer Complex and 66kV/12kV Substation, Samsung Engineering Construction Limited, completed construction of the 66kV substation. This substation was energised on April 28 and mechanical completion was achieved on May 12. On the CCR Platformer Complex, installation of most major equipment including the CCR Reactor was completed by the end of the fiscal year. At the end of the fiscal year, the EPC activities were 82% completed versus a plan of 83%. Engineering and procurement were 99% and 98% completed respectively and overall completion of the project was 83%.
- C₃/C₄ Sulphuric Acid Alkylation Unit and Sulphuric Acid Regeneration Plant - During the fiscal year 2008, the EPCM contractor, ABB/Lumus/Techint (ALT), mobilised on site and completed piling for the Alky Unit and commenced piling for the Acid Unit. Foundation works for the Alky Unit and prefabrication of tanks and piping also commenced. At the end of the fiscal year 2008 the EPCM works for the Alkylation Unit/ Acid Regeneration Unit progressed to 68% completed.
- Upgrade of the Fluid Catalytic Cracking Unit - During the fiscal year 2008, the EPC contractor for the Phase II Upgrade of the Fluid Catalytic Cracking Unit, CB&I, commenced mobilisation and preparation of laydown areas. Site construction works commenced on the Merox Area where concrete piling was completed and foundation works were in progress. At the end of the fiscal year 2008 the EPC activities were 42% completed compared to a plan of 85%. The overall completion of the project was 58%.
- Installation of Offsite Facilities and Upgrade of Utility Systems - During the year work continued on the offsite facilities for the C₅/C₆ Isomerisation Complex. Piperack piles and piperacks were installed. Pipe installation was in progress. Work commenced on the new API Separator. Erection of the Oil Skimmer Tank and the

new Isom Flare were completed. Engineering work proceeded on offsite facilities for the other GOP units with materials being ordered and tenders issued progressively as detailed engineering was being advanced. Manufacture of two new Package Boilers was completed and installation of piles was completed for foundations for the new boilers. Work commenced on the foundations for the Water Treatment Facilities. The need was identified for a desalination plant with process designs in progress and various procurement options were being considered. At the end of the fiscal year 2008, overall completion on this project was 51%.

Ultra Low Sulphur Diesel (ULSD) Plant

The construction of the new ULSD Plant will enable Petrotrin to meet stringent new diesel quality specifications (sulphur and aromatics) in the local, regional and international markets. The project is expected to be completed in Fourth Quarter 2011. At the end of fiscal 2007 the Front End Engineering and Design (FEED) was completed and preparation of the Invitation to Bid (ITB) documents for the Project Management Services Work Package and Engineering, Procurement and Construction (EPC) Work Package were in progress.

New Corporate Headquarters

Works continued apace on the construction of Petrotrin's new Corporate Headquarters. The complex consists of two (2) four-storey building blocks joined by an atrium, a one-storey services building located west of the main building, surface parking broken-up into four separate lots and a large water retention pond which will be used for rain water run-off retention and adiabatic cooling.

During fiscal 2007 steel erection for both the North and South Blocks was completed and layouts of all four floors reflecting the allocation of Departments/people were substantially completed.

New Refinery Laboratory

At end fiscal 2007, foundation works were in progress, and the contract for the Superstructure was awarded. The design and layout of the New Refinery Laboratory will facilitate improved operational efficiencies and will meet HSE requirements and standards, as well as incorporate energy efficiency utilising a Total Laboratory Air Flow Control System. Construction of the new facility will be completed in the third quarter 2009.

Desalination Plant for Water Supply to New Refinery Plants

This project involves the installation of a desalination plant (on a Build, Own, Operate, Transfer (BOOT) arrangement) to provide the additional water requirements for the new plants in the refinery. Originally, it was expected that the incremental water requirements would have been met by WASA through the Beetham Water Recovery Project, but the incremental water will be needed far earlier than WASA's expected completion date. The desalination plant's capacity is 10 million imperial gallons per day and completion is expected by fourth quarter 2010.

Power Supply/Distribution Upgrade for New Projects

This expansion/upgrade provides increased electrical power (from 33 MVA to 130 MVA) due to increases and additions in GOP and non-GOP projects requirements, as well as improves reliability of the incoming power supply from T&TEC to the PAP Compound. The expansion comprises installation of a 132/66 kv Substation, a 66/12 kv Substation, upgrade of overhead 66 kv overhead lines to 175 MVA and extension of the incoming 66 kv lines to the West Area. Completion is expected by fourth quarter 2010.

New Launch Landing Stage/Jetty Building – Pointe-a-Pierre

A new Launch/ Tug Landing Stages (Jetty) and a new Marine Building for offices, change rooms/ lockers and associated facilities are being constructed in Pointe-a-Pierre. These facilities will allow the marine department to function more efficiently and effectively while meeting Petrotrin's safety and environmental requirements.

At end of fiscal 2007 contracts were awarded for dredging and for construction of the jetty. The application for Certification of Environmental Compliance (CEC) has been made and processing was in progress. ECD for the project is second quarter 2010.

Facilities for Fuel Distribution to Caroni And Piarco

Petrotrin will be installing facilities to provide fuels (jet, diesel, gasolines) to a new Road Tank Wagon (RTW) Distribution Facility at Caroni and to the Piarco Jet Fuel Distribution facility, via a multi-product pipeline.

The overall project is currently at the engineering design stage. The facilities at Pointe-a-Pierre, the Caroni Terminal and product pipelines are scheduled for commissioning by early 2010.

Preparation for a New Industrial Estate at Pointe A Pierre

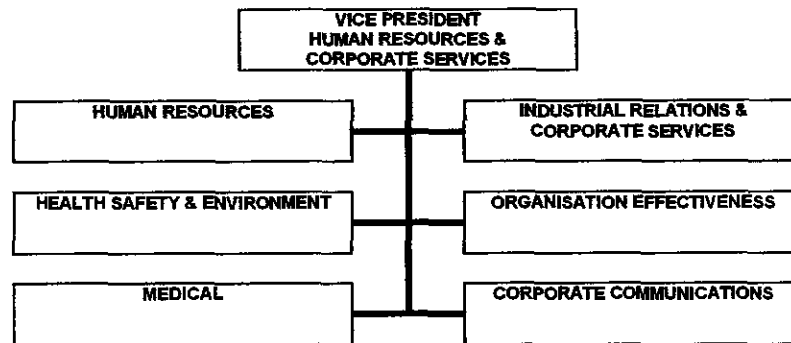
Preparation works for the establishment of an Industrial Estate within the confines of the present refinery compound at Pointe-a-Pierre commenced in 2007 March with the demolition and removal of the Normal Paraffin's Unit. The project caters for the removal of all redundant Plants, Units and associated facilities (e.g pipelines, pipe racks, tanks, buildings, and workshops) in the areas earmarked for the Industrial Estate. Demolition works are continuing, as well as engineering for the relocation of piping and pipe racks. The overall completion date for demolition and relocation works is end-2009.

Human Resources and Corporate Services

Objective

Human Resource and Corporate Services is committed to workforce and business success through the comprehensive provision of people related systems, practices, approaches environments and services.

Human Resources and Corporate Services Structure



The activities listed above for the operating areas and the Strategic Direction of the Company have influenced the focus and direction of the Human Resources and Corporate Services Division to ensure the delivery of :

- Performance Focused, efficient capable staff
- Improvement in Organisation effectiveness
- First quartile HSE performance
- Strong trusted leadership
- Strategic public relations
- Effective employee and union communication
- Strategic Shareholder, staff and union relationships
- Developing a competency based organization

Major Activities of the Division

The Division launched a Leadership and Culture change process across the organisation in December 2007, which sought to focus the entire organisation on five core areas, namely;

- Visible Leadership
- Effective Communication
- Consequence Management
- Organising to Deliver result
- A review of all policies and procedures.

Moreover an employee satisfaction survey was carried out, which recorded participation levels of 64% (the highest to date), but more importantly, we received tangible feedback, with 72% of the recipients recording both a desire and a willingness to embrace change within the organisation among other things.

Work also continued in earnest on our succession management programme. In this regard we were able to replace two of our senior Executives (the manger HSE, and the Chief Audit Executive) who retired, with individuals internally, who had been previously identified and developed as potential successors, into those roles.

Our HSE performance was also the best recorded in the company's history, with the number of lost time accidents per million man hours worked, registering 3.3, down from 6.9, the previous year. This success was largely attributed to our concerted drive to make safety and safe work a personal responsibility, as well as have the leadership assume a more visible presence on the shop floor addressing safety issues directly. In this regard, we also had strong Board encouragement and support.

On the industrial relations front, our focus was on the management of our nine labour agreements as well as maintaining a functional relationship with our three Bargaining agents, namely the OWTU, NPSA and the EPA. Moreover, the training of our supervisory staff in the treating of employee related matters including the disciplining errant employees, continued.

The workplace and facilities management group, have ensured the employees continue to have functional workspaces, with best suited ergonomic design. They also continue to maintain the stock of company residential real estate, as well as all non- operations related infrastructure, including roads and drainage.

Petrotrin's Medical Department consists of a 60-bed hospital and eight (8) Medical Centres. The output of services delivered in fiscal year 2007/2008 was as follows:

Area	Total	Area	Total
Doctors' Consultations	88,604*	Specialist Referrals	10,062*
Surgery	1,083	Ultrasound	3,075
X-rays	8,584	Laboratory Investigations	149,131
Physiotherapy	5,776	Hospital Admissions	2,299
Deliveries	116	Immunizations	1,915
Patients seen after 4pm	4,465	Prescriptions Filled	147,450*

*Includes estimates from Trinmar Operations

The following are some of the key policies and procedures developed to support the strategic direction of the organisation and guide the management of its Human Capital.

Petrotrin Corporate Scholarship Awards Programme Policy - This policy allows Petrotrin to offer five to ten Scholarships per annum to persons pursuing Graduate and Post Graduate studies and an additional five scholarships per annum to persons pursuing Technicians Diplomas/Associate Degrees per annum.

The awards are geared towards

- Attracting and hiring high potential employees who provide the 'BEST FIT' with the organisation's business needs.
- Mitigating the shortage of core skills
- Ensuring that employees are equipped with the necessary knowledge, skills and experiences to generate higher levels of performance
- Supporting the development of identified future successors

Leave of Absence Policy - This policy is intended to address employees desire to take time-off to do additional studies or other activities geared at improving performance or efficiency in the organisation. This is allowed based on the employees' tenure in the organisation and the exigencies of the company's business.

Succession Management Policy - This policy supports the process of succession management which strives to achieve the following objectives:

- Ensuring the organisation's capacity to respond to immediate gaps and to meet future needs
- Positively impacting organisational certainty and sustainability
- Supporting the organisation's retention strategy
- Triggering and encourage development activity to prepare individuals for future roles
- Reducing external recruitment expenditure- a proportion of future leaders are developed from within the organisation
- Generating clear understanding of future capability requirement
- Reviewing the pipeline of talent in line with business and strategy

Absenteeism Policy - This policy is geared is to:

- Outline the principles to be adopted to minimize the impact and cost of employee absence from work
- Outline the roles and responsibilities of personnel involved in the supervision of employees as they relate to the management of employee absence thereby minimizing disruption of work schedules and financial liability associated with excessive accrued leave entitlement
- Establish attendance rates as an important indicator of business performance
- Ensure that the established standards are applied uniformly throughout the organisation

Health Safety and Environment Policy Statement - This is intended to regulate the actions of all employees as they relate to Health, Safety and Environment. The policy has the following imperatives:

- Effective Communication systems
- Risk Assessment
- The importance of HSE management systems
- Effective Audits

Procedure for Refusal to Work - The objective of the policy is as follows:

- To preserve the employee's right to refuse to do work that poses serious and imminent danger to himself
- To define the manner in which an employee may refuse to do such work
- To ensure that Petrotrin is compliant with the requirements of Part III of the Occupational Health and Safety Act

There are some other policies which support the operations. While these are as important as the others, these were mentioned because of the strategic direction of the organisation.

Corporate Social Responsibility

A widely quoted definition by the World Business Council for Sustainable Development states that "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." (CSR: Meeting Changing Expectations, 1999). This holistic approach to business regards organizations as (for example) being full partners in their communities, rather than seeing them more narrowly as being primarily in business to make profits and serve the needs of their shareholders.

At Petrotrin, there is the recognition that Corporate Social Responsibility goes beyond charity and requires that a responsible company take into full account their impact on all stakeholders and on the environment when making decisions. For 2007/2008, Petrotrin sought to balance the needs of all stakeholders with its need to make a profit and reward its shareholders adequately.

Hence, through planned projects and initiatives for 2007/2008, Petrotrin demonstrated, in a tangible way, the Company's commitment as indicated in its corporate Social Responsibility Policy (CSRP), to social investment, which concentrated on the following areas:

- Education
- Culture
- Sport
- Environment
- Community Empowerment

For 2007/2008, Petrotrin provided sponsorship and donations in the above areas. The specific projects which benefited from Petrotrin's philanthropy included:

Education

Petrotrin has a long-standing relationship with several secondary schools in its fence line communities and in 2007/2008, partnered with some of them on a number of initiatives. Initiatives included a fund raising drive for upcoming centenary celebrations and renovation of an AV Room and Library.

The Global Young Leaders Conference (GYLC) is a unique leadership development program that brings together outstanding young people from around the world to build critical leadership skills in a global context. GYLC offers students the opportunity to learn from and exchange ideas with some of the world's top business leaders, policy officials, lobbyists, journalists, diplomats and academics in the challenging and dynamic environments of Washington, D.C. and New York City; Vienna, Budapest and Prague; or Beijing, Hangzhou and Shanghai. In 2007/2008, Petrotrin financially assisted twenty-one (21) exemplary students who were selected to attend.

The UWI Development and Endowment Fund has, since its inception in 1979, staged fundraising projects to provide financial assistance to deserving students at the St. Augustine Campus. The Fund has committed itself to assist in supplementing the students' resources for living and other expenses. While the Government's initiative of free education has helped to alleviate the plight of many of them, expenses for room and

board still present a problem for many deserving students who have the academic ability, but not the financial capacity to access tertiary education. Petrotrin has supported the fund over the years and 2007/2008 was no different Petrotrin's support for this initiative will help, in no small way, to arrest the decline in the educational and moral fabric of society.

Culture

Petrotrin has been a supporter of the development of arts and culture in Trinidad and Tobago. As such, it has partnered with and sponsored many cultural groups over the years. Petrotrin has assisted organisations such as TUCO, National Youth Action Committee and The Orchestral Society of Trinidad and Tobago annually over the recent years including 2007/2008. This has allowed these organisations to continue providing opportunities for those involved in arts and culture to develop and hone their craft. The assistance given has enabled these groups to increase the number of those involved, particularly the youth and thus developing Trinidad and Tobago's indigenous culture.

Petrotrin and its predecessor companies have been major contributors to the development of the steelband art form over the years. It has sponsored several bands, assisted many others especially in the fence line communities and in various ways provided assistance to Pan Trinbago and its affiliates. In recent years, the Company has refocused its contribution to include a developmental component for its sponsored Bands. Petrotrin recognises that it has an inherent responsibility to continue its contribution to the further development and preservation of the heritage of the instrument. As a state-owned company, Petrotrin believes that it is important that it partners with organizations that demonstrate long term commitment rather than short term and seasonal. Petrotrin's contribution to the art form was significant for 2007/2008.

Sport

Petrotrin has been an advocate of the unceasing development of youth and sport 2007/2008 was another remarkable year for Petrotrin and its partnerships with sporting groups. The late Jizelle Salandy made her Mandatory defense against Karolina Lukasik of Germany on March 29th 2008 at the Jean Pierre Complex. Petrotrin, as a proponent of the further development of the link between youth and sport, financially contributed to the boxer's match.

Groups such as Trinidad and Tobago Table Tennis Association (TTTTA), Trinidad and Tobago Optimist Dinghy Association and the Trinidad and Tobago Police Service Netball Team all benefited in 2007/2008 from Petrotrin's assistance. Petrotrin has been assisting the Trinidad and Tobago Table Tennis Association (TTTTA) over the last five (5) years, which has enabled the association to expand the quality and quantity of their activities. 2007/2008 was no different as assistance was given the Association for the successful hosting of the 2008 National League Competition

Trinidad and Tobago Optimist Dinghy Association continued to sustain their program in Trinidad and Tobago, in an effort to raise the profile of youth sailing as an alternative sport in the rural areas and especially the coastal villages, with the focus on underprivileged children. The Association's partnership with Petrotrin has been a successful one and it continues to grow and provides an avenue for underprivileged youths in some of Petrotrin's fence line communities to display their prowess and to excel in the sport at an international level.

Petrotrin also lent its assistance to the Trinidad and Tobago Police Service Netball Team, which hosted the Inaugural Annual Caribbean Police Netball Tournament at the Jean Pierre Complex in Port of Spain from May 11th to 17th 2008. It was the hope of the Netball Team to unite Caribbean Forces in the fight against crime by fostering long-lasting relationships amongst its security personnel.

Community Empowerment

Petrotrin believes that community development, particularly that of its fenceline communities is extremely important to national development. As a result, Petrotrin has always supported the groups and organisations that foster community improvement and empowerment. One such group that had Petrotrin's support in 2007/2008 was the San Fernando District Scout Council, which has been rendering yeoman service in keeping the Scout movement alive in San Fernando and environs. The group engaged in several fundraising ventures in 2008 such as the "Scouts Can Really Cook". The tenets of the scouting movement, "to promote the development of young people in achieving their full physical, intellectual, social and spiritual potential and to create responsible citizens" is in keeping with Petrotrin's thrust of support for the nation's youth.

The year 2008 marked 100 years of commercial oil production in Trinidad and Tobago. The Point Fortin Improvement Committee planned celebrations of this historical milestone in the Borough of Point Fortin where the first commercial oil well was constructed. Petrotrin, being a product of this history, joint in the celebrations with a contributions to the Committee. Another fenceline community group which had assistance from Petrotrin in 2007/2008 was the Marabella Family Crisis Centre, which began its operations on February 7th 1992 in response to what it identified as a critical need for relief for persons living below the poverty line in the Marabella area. Petrotrin has always lauded efforts such as those of the Crisis Centre and so the company lent its support to the Centre's hosting its Youth Development Activities.

Other Projects

Transplant Links- Transplant Links is a charity committed to bringing skilled surgical teams to countries that need to learn the skills. On April 19, 2008 the group brought a team of doctors to transplant kidneys donated from patients into their children who were suffering from kidney failure. This important medical milestone took place with Petrotrin's financial assistance and was an important route for raising awareness of the ongoing transplant programmes in Trinidad and Tobago and the need for organ donation.

Habitat for Humanity- In 2008, Petrotrin continued its five-year partnering programme with the Habitat for Humanity.

Kelvin Pope (Mighty Duke)- Organizing Committee of Network Community Organisation staged a calypso show with a difference with a view of presenting to the public Duke's rich contribution to Trinidad and Tobago and at the same time presenting him with appropriate funding to cover his medical expenses. The function successfully took place at the Central Bank Auditorium in Port of Spain on Wednesday 24th October 2007.

San Fernando Jazz Festival - In 2008, Petrotrin continued its association with the San Fernando Jazz Festival. Petrotrin has been among the major sponsors of the San Fernando Jazz Festival since its inception in 2004. The Company has continued to support this project, which was designed to further heighten the cultural profile of Trinidad

and Tobago's "Industrial Capital" through the hosting of one of the few authentic Jazz Festivals in the Caribbean. This year's Festival, which took place from September 17-20 on the picturesque San Fernando Hill, featured significant international jazz artistes.

Finance

Major activities undertaken in the Finance Division included:

- a. The preparation of Management and Audited Financial Statements
- b. Preparation of 2008/2009 Budgets and Completion of Quarterly Re-forecasts
- c. Treasury
 - i. Insurance Activities:
 - Placement/Renewal of 15 Insurance Policies
 - Preparation of the following Studies and Reports:
 - Preparation of Insurance Renewal Report Risk Retention Study
 - Preparation of Construction Risk Assessment of GOP
 - Preparation of PaP Refinery Risk Report
 - ii. Cash Activities - Cash Payments by way of:
 - Local cheques and bank transfers – approximately 17,563 transactions totalling TT\$3,284.62 million
 - Foreign payments – approximately 1,747 transactions totalling US\$5,281.39 million
 - Inter-bank transfers – approximately 223 transactions totalling TT\$6,372.87
 - Trade Financing – New Loans amounting to US\$1,102.47 million
 - Investment – Based on cash needs, excess funds are invested and recalled daily with the following closing balance:
 - US\$366.37 million
 - TT\$459.58 million
 - iii. Financial Analysis Activities:
 - Quarterly and Year End Pension and Savings Plans Reviews with local and foreign fund managers
 - Preparation of Pensions and Savings Plans Investment Reports
 - Preparation of RFP for US\$850 million financing
- d. Issue of the following Policies and procedures:
 - Asset Capitalization
 - Procurement
 - Tenders and Contracts for Works and Services (revised)

The activities of the Procurement Department included:

The Procurement Department is responsible for the cost effective acquisition of Goods and or Services throughout the Company's operations. This does not include the purchase of crude, medical supplies and freelance services.

For the reporting period a total of \$1,930,420,822.36 was spent for the acquisition of goods and services, accounting for some 59,085 material line items and 5,790 service transactions.

80% of the value of the material purchases accounted for 3,595 line items at a cumulative value of \$445,583,490.23. Similarly for services 80% was accounted for by 599 line items at a cumulative value of \$1,089,338,900.

The major areas of materials purchases included Chemicals and Tubular Goods for use in R&M and E&P and major pieces of equipment for maintenance and or upgrade activities. The major services contracted included Offshore Transport and Plant T&I and Refinery upgrade projects.

Within our strategic framework we have initiated the use of high quality procurement strategies and techniques in pursuit of significant and measurable value-added, while adhering to the fundamentals of accountability, transparency, and value for money. As a result we realised a total cost saving of 33% over historical prices of US\$2,515,743.68 or US\$15,849,185.19 in the use of e-Auction. (See table below)

E AUCTION	GENERATED SAVINGS		COMPARISON PRICES \$USD	
	\$USD	\$TTD	PETROTRIN PRICES	E AUCTION PRICES
2007 Dec	1,229,845.40	7,748,026.02	6,290,348.20	5,060,502.80
2008 June	643,556.53	4,054,406.14	13,928,051.58	13,284,495.05
2008 Sep	642,341.75	4,046,753.03		
	2,515,743.68	15,849,185.19	7,290,658.00	6,648,316.25

The activities of the Information and Communications Telecommunication Technology Department included:

- Implementation of Production Module of the Well Information System
- Connection to the Government's Energy Data Hub
- Implementation of the central component of the SAP HR module
- On-going support of installed base of computer software and infrastructure

POLICIES AND PROCEDURES USED DURING THE YEAR

Policies and procedures serve a significant management need by providing authoritative guidance in an organised manner to the overall Company. They are the media by which Petrotrin's business processes are documented, published and communicated. Through a well-conceived policy and procedure system, the company's vision becomes an integral part of its operations.

Petrotrin's policy statements reflect the "rules" governing the implementation of its processes, as well as the general attitude of the organization, its basic objectives, goals and vision towards the subject matter.

Procedures are concerned with the implementation of policies; they define and outline the rules, regulations, methods, timing, place, and personnel responsible for accomplishing the stated policy. The step-by-step process, from start to finish, is outlined in procedure documents.

It would be impractical as well as impossible to put all the organizations policies and procedures in writing. It is Petrotrin's policy therefore to have written policies and procedures established for processes which are assessed to have a high impact on the company's strategic goals or are attributed a high-risk profile. In determining which policies and procedures require documentation, the impact of performance or non-performance and the attendant financial implications are considered. Internal Audit, Finance and the relevant department's designate play a key role in this evaluation.

A listing of the company's policies is attached hereto at Appendix A.

LIST OF PETROTRIN POLICIES

Absenteeism
Acting Appointments
Annual Budget Policy
Asset Abandonment and Site Restoration
Asset Capitalisation
Attendance, Punctuality and Performance
Bank Reconciliation
Bloodbome Pathogens Policy
Career Continuum for Professional Staff
Career Path for Management Assistants
Career Planning
Cellular Telephones
Chemicals Selection & Approval
Chemical Transport
Code of Ethics
Collection/Provision for a Write Off of Bad Debts
Committals & Auto Accruals - Monitoring & Close Out
Communications
Company Loans
Company Property
Compensation for Private Payroll Staff (1-16)
Complaints by or against Company Contractors
Complaints by or against Company Suppliers
Computer Systems Usage
Conflict of Interest
Consultant Register of Interest
Contractor HSE
Corporate Credit Cards
Corporate Electronic Data Management Policy Guide
Corporate Fraud
Delegation of Fin. Authorities - Groups & Positions
Delegation of Fin. Authorities - Policy Guide
Delegation of Fin. Authorities - Procedure Guide
Development of Policies & Procedures
Disaster Recovery
Disciplinary Policy / Procedure Guide
Disposal of Computer Equipment
Dividend Policy
Donations and Sponsorships
Dress and Grooming
Education Assistance
Education Assistance for Post-Graduate Programmes
Employee Training and Development
Employment
Employment of Relatives
Employment References
Enterprise Wide Risk Management

Environmental Statement
Exit Interviews
Filling of Vacancies
Finance & Business Development Letter Reference Numbers
Freelance Services
Fundamental Rules
Gasoline Optimisation Program Authorities
Gas Supply to TBTL and Recoveries from NGC
General Conditions of Contract
General Conditions of Purchase
GOP Authorities
Handling Unsolicited Business Proposals
HIV AIDS Policy
Home PC Support
Housing - Residential Properties
HR Authorities
HSE Certificate Training
Identification Cards
Injuries Sustained During Sporting Activities
Job Description & Specifications
Job Evaluation
Leaves of Absence
Management / Employee Relations
Manpower Establishment
Materials Purchasing Procedures
Material Safety Data Sheets
Membership in Professional Associations
Non-Permanent Employees
Occupational Safety and Health
Old OSH Policy
Online Invoices
Organisational Structure: Mgr. Supervisory Level
Orientation for New Employees
Overseas Travel
Payment of Variable Pay
Partnering with the State
Performance Management
Personal Protective Equipment
Personnel Records
Petrotrin Diaries
Petrotrin Local Content Policy
Pre-Employment Medicals
Probationary Period
Procurement
Purchase of Imported Crude
Receipt & Disbursement of Imprest Funds
Recognition Programmes
Recruitment and Hiring of Temporary Employees
Recruitment and Selection
Re-employment of Former Employees
References
Refreshments and Snacks Service
Resignations
Safety Footwear
Safety Footwear Issue
Schedule of Financial Authorities - Petrotrin July 01, 2009
Schedule of Financial Authorities - GOP July 01, 2009

Scholarships Award Programme
Secondment of Employees
Security
Selection Testing
Separation
Service Entry
Service Entry Appendix 1
Service Entry Appendix 2
Service Entry Appendix 3
Sexual Harassment
Smoking
Stale-Dated Cheques
Standard Deductions
Strike Notice - Contractor Performance Assessment
Substance Abuse Policy
Substance Abuse Procedure
Succession Planning
T.D. 1 Forms
Tenders & Contacts for Works & Services - Procedure
Terms of Reference - Executive Leadership Team
Third-Party Corporate Software
Transfers
Transport for Company Business
Union / Management Relations
Use of Company Owned or Rented Vehicles
Use of Company Telephones
Vacation Homes
Vehicular Safety
Vendor Evaluations Policy Guide
Vendor Registration Committee
Visitors on the Job
Wage & Salary Administration/Remuneration
Whistleblowing
