

TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015 (Re-issued)

(Expressed in Thousands of United States Dollars)

Ernst & Young



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working world

TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED

We have audited the accompanying financial statements of Trinidad Generation Unlimited (“the Company”) which comprise the statements of financial position as at 31 December 2015 and 2014, and the statements of comprehensive income, changes in equity and cash flows for the years 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED (continued)

Other Matters

As described in Note 2 (a), these financial statements have been reissued to take effect of certain subsequent events as disclosed in Note 24: "Events after the reporting period". In our auditor's report dated 18 February 2016 in respect of the previously issued financial statements as at 31 December 2015 and for the year ended, we included an Emphasis of Matter paragraph on Going Concern. Note 2 (b) of these financial statements, has been updated by the Company to include subsequent information relative to the repayment of the short term loans and the pursuance of long term financing.



In our auditor's report dated 3 November, 2015, in respect of the financial statements as at 31 December 2014 and for the year ended, our opinion was qualified in respect of our inability to conclude on the completeness and accuracy of inventory of \$8.7 million as at 31 December, 2014. Subsequent to the issuance of those 2014 financial statements we were able to perform alternative audit procedures to conclude on the accuracy and completeness of the stated inventory balance as at 31 December 2014.

Port of Spain
TRINIDAD
10 October 2016

TRINIDAD GENERATION UNLIMITED

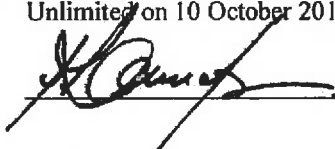
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015


(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	25,016	17,265
Net investment in leased assets	6	729,091	733,609
Deferred tax assets	18	<u>85,956</u>	<u>105,487</u>
		<u>840,063</u>	<u>856,361</u>
Current assets			
Cash and short-term deposits	7	94,885	91,582
Net investment in leased assets	6	4,518	3,755
Trade and other receivables	8	11,383	186,134
Tax recoverable 		1,001	1,003 
Inventories	9	<u>9,403</u>	<u>8,724</u>
		<u>121,190</u>	<u>291,198</u>
TOTAL ASSETS		<u>961,253</u>	<u>1,147,559</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	10	189,400	1
Capital contributions	11	–	189,399
Retained earnings		<u>42,390</u>	<u>203,024</u>
		<u>231,790</u>	<u>392,424</u>
Non-current liabilities			
Deferred tax liabilities	18	<u>179,945</u>	<u>177,786</u>
Current liabilities			
Trade and other payables	12	6,861	4,235
Dividends payable	23	4,000	4,000
Due to related parties	13	238,404	568,404
Short term loans	14	300,237	–
Tax payable		<u>16</u>	<u>710</u>
		<u>549,518</u>	<u>577,349</u>
Total liabilities		<u>729,463</u>	<u>755,135</u>
TOTAL EQUITY AND LIABILITIES		<u>961,253</u>	<u>1,147,559</u>

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

These financial statements were authorized for issue by the Board of Directors of Trinidad Generation Unlimited on 10 October 2016 and signed on their behalf by:

: Director

: Director

TRINIDAD GENERATION UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2015 \$'000	2014 \$'000
Revenue			
Finance lease income		101,534	101,916
Other revenue	15	<u>3,887</u>	<u>3,804</u>
		<u>105,421</u>	<u>105,720</u>
Expenses			
Administrative expenses	16 (a)	(13,943)	(13,892)
Operating expenses	16 (b)	<u>(10,193)</u>	<u>(6,381)</u>
		<u>(24,136)</u>	<u>(20,273)</u>
Operating profit		81,285	85,447
Finance expenses	17	(4,731)	(5)
Finance income	17	<u>6,848</u>	<u>7,332</u>
Profit before tax		83,402	92,774
Taxation	18	<u>(22,036)</u>	<u>(23,314)</u>
Net profit for the year		61,366	69,460
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income		<u>61,366</u>	<u>69,460</u>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Stated capital \$'000	Capital contributions \$'000	Retained earnings \$'000	Total \$'000
Year ended 31 December 2015				
Balance at 1 January 2015	1	189,399	203,024	392,424
Dividends proposed (Note 23)	—	—	(222,000)	(222,000)
Comprehensive income for the year	—	—	61,366	61,366
Issue of new ordinary shares (Note 10)	<u>189,399</u>	<u>(189,399)</u>	—	—
Balance at 31 December 2015	<u>189,400</u>	<u>—</u>	<u>42,390</u>	<u>231,790</u>
Year ended 31 December 2014				
Balance at 1 January 2014	1	189,399	134,564	323,964
Dividends proposed (Note 23)	—	—	(1,000)	(1,000)
Comprehensive income for the year	<u>—</u>	<u>—</u>	<u>69,460</u>	<u>69,460</u>
Balance at 31 December 2014	<u>1</u>	<u>189,399</u>	<u>203,024</u>	<u>392,424</u>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before taxation		83,402	92,774
Adjustments for:			
Depreciation	5	1,941	1,858
Other movements		—	(264)
Loss on disposal of property, plant and equipment		900	664
Interest income net of interest expense		<u>(2,175)</u>	<u>(7,081)</u>
Operating profit before changes in working capital		84,068	87,951
Decrease/(increase) in trade and other receivables		166,444	(78,484)
Increase in inventories		(679)	(2,676)
Decrease in amounts due to related parties (excluding financing activities)		—	(1,522)
Increase in trade and other payables		<u>1,403</u>	<u>179</u>
Net cash generated from operations		251,236	5,448
Interest received		15,154	321
Financing fees paid		(3,450)	—
Finance lease collections		3,754	3,366
Tax paid		<u>(1,037)</u>	<u>(111)</u>
Net cash generated from operations		<u>265,657</u>	<u>9,024</u>
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(10,591)	(273)
Investment in short term deposits		<u>(3,130)</u>	<u>(10,000)</u>
Net cash used in investing activities		<u>(13,721)</u>	<u>(10,273)</u>
Cash flows from financing activities			
Dividends paid	23	(222,000)	—
Repayment of financing contributions due to parent company		(330,000)	—
Proceeds from short term loans	14	<u>300,237</u>	<u>—</u>
Net cash used in financing activities		<u>(251,763)</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents		173	(1,249)
Cash and cash equivalents			
- at the beginning of the year		<u>31,582</u>	<u>32,831</u>
- at the end of the year	7	<u>31,755</u>	<u>31,582</u>

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

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

1. Corporate information

Trinidad Generation Unlimited (“TGU” or “the Company”) was incorporated in December 2006, and resides in the Republic of Trinidad and Tobago with its registered office situated at Third Floor, Mulchan Seuchan Road, Chaguanas. The Company’s principal activity is to engage in the acquisition, construction, ownership, and the operation, management and maintenance of power generation facilities.

The Company is wholly owned by Union Estate Electricity Generation Company Limited (“UEEGCL”), an entity controlled by the Government of the Republic of Trinidad and Tobago (“GORTT”).

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 the common control of the GORTT include National Energy Corporation of Trinidad and Tobago Limited, Trinidad and Tobago Electricity Commission (“T&TEC”) and TGU’s parent company UEEGCL.

TGU owns and operates a power generation plant in La Brea, Trinidad, and has entered into a 30 year Power Purchase Agreement (“PPA”) with T&TEC dated 15 September 2009 for the provision of capacity and associated energy generated by the plant to T&TEC. Based on the evaluation of the terms of the PPA, TGU has accounted for the PPA as a finance lease in accordance with IAS 17: “Leases”.

2. Significant accounting policies

a. Basis of preparation

These financial statements are prepared under the historical cost convention and are presented in United States dollars which is the Company’s functional currency.

These financial statements for the year ended 31 December, 2015 have been re-approved by the Board of Directors on 10 October, 2016 (relative to the financial statements which were previously approved and issued on 18 February, 2016) and are re-issued for the purpose of inclusion in an Offering Memorandum and to take effect of certain subsequent events which are further described in Note 24: “Events after the reporting period”.

Statement of compliance

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

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

b. Going concern

The construction of TGU's plant was funded by cash contributions from its parent, UEEGCL. On 31 July 2013, the parent decided that 25% of the capital contributed was to be converted to equity whilst the remaining 75% (\$568 million) was repayable on demand. In response TGU commenced a US\$600 million financing exercise.

At 31 December 2015, TGU had current liabilities of US\$300.2 million due to third party financial institutions of which \$150.2 million matures on 30 September and \$150 million matures on 21 December 2016. Subsequently, on 7 July 2016, the Company secured a new short term loan of US\$600 million, with Credit Suisse, that matures in 12 months (5 July 2017) and used the proceeds to repay these two existing short term loans, amounting to US\$294.6 million in aggregate at the time of repayment, as well as to repay the remaining amount due to the Parent Company, UEEGCL, of \$228 million.

These short term bridge loans were negotiated on the expectation that these loans would be repaid through long term debt financing which is currently being pursued by the Company. Should the Company not complete the refinancing in advance of these maturity dates, this may present a going concern risk to the Company.

Management and the Board of Directors have assessed this risk and the prospects for successfully completing the long term debt funding and the subsequent repayment of the short term loan due to Credit Suisse prior to the maturity date. Based on the assessment, Management and the Board of Directors believe that the timely completion of the long term debt funding is highly probable and have therefore concluded that these financial statements can be prepared on a going concern basis. This basis of preparation assumes that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business.

c. Changes in accounting policy and disclosures

Standards issued and effective

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2014, except for the standards and interpretations described below.

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015, however there was no impact on the amounts reported and/or disclosed in the financial statements.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. **Significant accounting policies** (continued)

c. **Changes in accounting policy and disclosures** (continued)

Standards issued and effective (continued)

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions – Effective 1 July 2014

These amendments require consideration of contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, recognition of such contributions as a reduction in the service cost in the period in which the service is rendered is permitted, instead of allocating the contributions to the periods of service. This amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle – Published December 2013

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards:

- IFRS 2, 'Share-based Payment'
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating Segments'
- IFRS 13, 'Fair Value Measurement'
- IAS 16, 'Property, Plant and Equipment'
- IAS 24, 'Related Party Disclosures'
- IAS 38, 'Intangible Assets'

These improvements are effective for annual periods beginning on or after 1 July 2014 and had no impact on the financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle – Published December 2013

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards:

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3, 'Business Combinations'
- IFRS 13, 'Fair Value Measurement'
- IAS 40, 'Investment Property'

These improvements were effective for annual periods beginning on or after 1 July 2014 and had no impact on the financial statements.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

d. Foreign currency translation

The financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Transactions in foreign currencies (other than United States dollars) are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the reporting date. Any resulting exchange differences are included in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

e. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a straight line basis at rates estimated to write off the assets over their estimated useful life, as follows:

	%
Computer equipment	33 1/3
Communication equipment	33 1/3
Machinery and equipment	25
Office furniture and equipment	25
Vehicles	25
Capital spares	3 1/3-11 1/9

Capital work in progress (CWIP) represents on-going capital works which were not completed at year end and therefore not depreciated.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

2. Significant accounting policies (continued)

e. Property, plant and equipment (continued)

The plant has been brought into operation in three phases, Phase 1A, Phase 1B and Phase 2 in accordance with the Power Purchase Agreement (PPA). The PPA was evaluated in accordance with the provisions of IFRIC 4 (refer to Note 2 e). This evaluation has resulted in the recognition of a leased asset related to the power plant (refer to Note 6).

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 comprehensive income when the asset is derecognised.

f. Leases

In accordance with IFRIC 4, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the lessor effectively retains substantially all risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Where substantially all the risks and rewards incidental to ownership of the asset are transferred to the lessee the lease is a finance lease. Finance leases are capitalized at the commencement of the lease at the fair value of the asset or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under a finance lease are recognized in the statement of financial position and presented as a recoverable balance at an amount equal to the net investment in the lease. Interest income and finance charges are recognized in the statement of comprehensive income.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

i. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued 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.

j. Cash and cash equivalents

Cash and short-term deposits comprise of cash held in depository bank accounts and one year term deposits held as at the reporting date.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank and deposits in banks with an original maturity of three months or less.

k. Trade and other receivables

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

l. Inventories

Inventories which consist of consumable spares and minor tools and equipment are carried at the lower of cost and net realisable value. Cost is determined based on the weighted average unit cost method.

m. Trade and other payables

Liabilities for trade and other payables which are normally settled on a 30-90 day terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

n. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

Interest income is recognized as it accrues unless collectability is in doubt.

Lease revenue

The recognition of lease income is based on a pattern reflecting a constant period rate of return on the net investment in leased asset. Contingent rents are recognised in the period in which they are earned.

o. Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

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

Deferred tax liabilities are recognized for all temporary differences except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profit will allow all parts of the deferred tax asset to be utilized.

p. Stated capital

Stated capital is classified within equity and is recognized at the fair value of the consideration received by the Company.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

q. Capital contributions

The funds provided by the shareholder (UEEGCL) had been classified under capital contributions and classified within equity in accordance with the Shareholders' Agreement and was recognised at the fair value of the consideration received by the Company. The balance has been reduced to nil following its utilization to settle the consideration due for the issue of additional Ordinary shares to the parent.

r. Dividends proposed

The Company recognises a liability to make dividend distributions to the parent in the period in which the dividends are approved by the Board of Directors.

s. Comparative information

Where necessary, comparative information has been reclassified to conform with changes in presentation in the current year. These changes relate to the reclassification of prior year expenses within the operating and administrative expense categories based on their nature and have no effect on net income for the current or previous years.

3. Significant accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with IFRS necessitates the use of estimates, assumptions and judgments. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent liabilities at year end as well as affecting the reported income and expenses for the year.

Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future years.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

3. Significant accounting estimates, assumptions and judgments (continued)

Operating lease commitments – Company as lessee

The Company has entered into vehicle and land leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it does not obtain all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Finance lease commitments – Company as lessor

Leases are classified as finance leases whenever based on management's evaluation of the terms and conditions of the arrangement, the terms of the lease transfer substantially all of the risks and rewards of ownership from the lessor. All other leases are classified as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These assumptions and estimates are based on parameters existing and available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company.

Property, plant & equipment

Management exercises judgment in determining the useful lives of categories of property plant and equipment and the appropriate method of depreciation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

4. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – Effective 1 January 2016
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Effective 1 January 2016
- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – Effective 1 January 2016
- IFRS 14, 'Regulatory Deferral Accounts' – Effective 1 January 2016
- Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants – Effective 1 January 2016
- Amendments to IAS 27 – Equity Method in Separate Financial Statements – Effective 1 January 2016
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018
- IFRS 16 Leases – Effective for annual periods beginning on or after 1 January 2019
- IFRS 9 Financial Instruments – Effective for annual periods beginning on or after 1 January 2018
- Annual Improvements 2012-2014 Cycle – These improvements are effective for annual periods beginning on or after 1 January 2016. They include:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
 - IFRS 7 Financial Instruments: Disclosures
 - IAS 19 Employee Benefits
 - IAS 34 Interim Financial Reporting

The Company is currently assessing the potential impact of these new standards and interpretations.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

5. **Property, plant and equipment**

	Machinery & equipment	Other assets	Capital spares	CWIP	2015 Total	2014 Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 January	1,400	2,196	18,009	–	21,605	21,996
Additions	189	54	2,642	7,706	10,591	273
Disposals and other movements	—	—	(993)	—	(993)	(664)
Balance at 31 December	<u>1,589</u>	<u>2,250</u>	<u>19,658</u>	<u>7,706</u>	<u>31,203</u>	<u>21,605</u>
Accumulated depreciation						
Balance at 1 January	342	848	3,150	–	4,340	2,482
Charge for the year	59	192	1,690	–	1,941	1,858
Disposals and other movements	—	—	(94)	—	(94)	—
Balance at 31 December	<u>401</u>	<u>1,040</u>	<u>4,746</u>	<u>—</u>	<u>6,187</u>	<u>4,340</u>
Net book value	<u>1,188</u>	<u>1,210</u>	<u>14,912</u>	<u>7,706</u>	<u>25,016</u>	<u>17,265</u>

6. **Investment in leased assets**

	2015 \$'000	2014 \$'000
Finance lease - gross investment	2,695,405	2,800,694
Less: Unearned finance income	(1,961,796)	(2,063,330)
Net investment in leased asset	733,609	737,364
Less amounts due within one year	(4,518)	(3,755)
	<u>729,091</u>	<u>733,609</u>

The Company entered into a Power Purchase Agreement (PPA) for the supply of capacity and associated energy generated for a term of thirty (30) years from the commencement of Phase 1A commercial operations. The power plant was brought into operation in three phases. Each phase provided incremental capacity for power generation as follows:

Phase 1A commissioned on 31 July 2011	225MW
Phase 1B commissioned on 20 December 2011	225MW
Phase 2 commissioned on 18 December 2012	270MW

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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

6. Investment in leased assets (continued)

The provisions of the PPA were evaluated in accordance with IFRIC 4: “Determining whether an arrangement contains a lease” and IAS 17: “Leases”. Phase 1A and Phase 1B were commissioned during 2011 and Phase 2 in 2012. Their related costs were transferred from capital work in progress and an investment in these assets was recognized in the respective years.

As at 31 December the gross investment and present value of receivables relating to future minimum lease payments were distributed as follows:

	2015		2014	
	Gross investment	Present value of receivable	Gross investment	Present value of receivable
	\$'000	\$'000	\$'000	\$'000
Within 1 year	105,577	4,518	105,289	3,755
1 to 5 years	421,445	22,929	421,445	20,478
Over 5 years	<u>2,168,383</u>	<u>706,162</u>	<u>2,273,959</u>	<u>713,131</u>
	<u>2,695,405</u>	<u>733,609</u>	<u>2,800,693</u>	<u>737,364</u>

7. Cash and short-term deposits	2015	2014
	\$'000	\$'000
Cash at bank	31,755	31,582
Short-term deposits	<u>63,130</u>	<u>60,000</u>
	<u>94,885</u>	<u>91,582</u>

Cash at bank earn interest at floating rates based on daily bank deposit rates.

Short-term deposits include US dollar and TT dollar denominated deposits with maturity dates of 1 year (2014: 1 year) with interest rates ranging from 0.65% to 1.65% per annum (2014: 0.32% per annum to 0.65% per annum).

For the purpose of the statement of cash flows, cash and cash equivalents comprise:	2015	2014
	\$'000	\$'000
Cash at bank	<u>31,755</u>	<u>31,582</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

8. Trade and other receivables

Trade receivables – T&TEC	1,970	168,792
Accrued revenues – T&TEC	8,704	17,323
Prepayments and other receivables	<u>709</u>	<u>19</u>
	<u>11,383</u>	<u>186,134</u>

Trade receivables and accrued revenues of \$10,674 (2014: \$186,115) are in respect of amounts due from a related party (Refer to note 13).

As at 31 December, the ageing analysis of trade receivables and accrued revenues is as follows:

	Total \$'000	Current \$'000	Past due but not impaired		
			>30 to 60 days \$'000	>60 to 90 days \$'000	> 90 days \$'000
2015	10,674	10,674	–	–	–
2014	186,115	15,637	14,200	7,685	148,593

9. Inventories	2015 \$'000	2014 \$'000
Spare parts	9,264	8,406
Materials in transit	<u>139</u>	<u>318</u>
	<u>9,403</u>	<u>8,724</u>

10. Stated capital

Authorized

Unlimited number of Ordinary shares at par value

Issued and fully paid

189,400,000 (2014: 1,000) Ordinary shares at no par value 189,400 1

A reconciliation of the issued and fully paid ordinary shares is summarised below:

	#'000 of shares	\$'000
At 31 December 2014	1	1
Issued on 15 May 2015	<u>189,399</u>	<u>189,399</u>
At 31 December 2015	<u>189,400</u>	<u>189,400</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

11. Capital contributions	2015	2014
	\$'000	\$'000
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>—</u>	<u>189,399</u>

On 15 May 2015 the Company issued additional ordinary shares of no par or nominal value to its parent, Union Estate Electricity Generation Company Limited. The consideration for these shares was settled by the capital of \$189,399,000 dollars previously contributed and standing to the credit of the parent. As a consequence, the Issued and Fully Paid Share capital of the Company reflects an increase by the \$189,399,000 dollars with an equal decrease in the capital contribution balance.

12. Trade and other payables	2015	2014
	\$'000	\$'000
Trade payables	1,371	352
Other payables	<u>5,490</u>	<u>3,883</u>
	<u>6,861</u>	<u>4,235</u>

Trade payables are non-interest bearing and are normally on 30-day terms.

13. Related parties

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operating decisions.

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 the common control of the GORTT include National Energy Corporation of Trinidad and Tobago Limited, Trinidad and Tobago Electricity Commission and Union Estate Electricity Generation Company Limited.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any amounts due to or from related parties except as stated in note 20.

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

13. Related parties (continued)

The following table provides the details of transactions with and balances due to related parties for the year:

	2015	2014
	\$'000	\$'000
Due to related parties		
Government of the Republic of Trinidad and Tobago	59	59
National Energy Corporation	322	322
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>238,023</u>	<u>568,023</u>
	<u>238,404</u>	<u>568,404</u>

The amount due to UEEGCL of \$238,023 (2014: \$568,023) is unsecured, interest free and expected to be settled upon consummation of an international debt offering by TGU.

During the year, short term financing in the amount of \$300,000 plus internal cash funding of \$30,000 were used to repay a portion of the amounts due to UEEGCL. Subsequently, the balance owed as at 31 December 2015 was fully settled by September 2016 as described in Note 24 below.

	2015	2014
	\$'000	\$'000
Due from related parties		
Trinidad and Tobago Electricity Commission (Note 8)	<u>10,674</u>	<u>186,115</u>
Purchases from related parties		
National Energy Corporation of Trinidad & Tobago - Lease rental	<u>334</u>	<u>334</u>
Sales to related parties		
Trinidad and Tobago Electricity Commission	<u>105,417</u>	<u>105,720</u>
Compensation of key management personnel		
Short-term employee benefits	<u>1,172</u>	<u>856</u>

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of members of key management personnel is a component of administration expenses in the statement of comprehensive income. The amount expensed during the year is shown above.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

14. Short term loans	2015 \$'000	2014 \$'000
TT Dollar Denominated (TTD960 million)	150,237	—
US Dollar Denominated (USD150 million)	<u>150,000</u>	<u>—</u>
	<u>300,237</u>	<u>—</u>

The TT dollar denominated loan, held with First Citizens Bank Limited, in the amount of TTD960 million was drawn on 30 September 2015 and matures at the end of 12 months. Interest is based on the TTD Open Market Operations Index plus 155 basis points (effective 2.8% per annum) and is payable semi-annually. The loan can be prepaid and is secured by assignment of the proceeds of the Power Purchase Agreement (PPA).

The US dollar denominated loan, held with Credit Suisse, in the amount of USD150 million was drawn on 21 December 2015 and matures at the end of 12 months. Interest is based on US dollar 3-month Libor plus 287.5 basis points (effective 3.4605% per annum), and is payable quarterly. The loan can be prepaid and is secured by assignment of the proceeds of the Power Purchase Agreement (PPA).

The proceeds of both loans in the amounts of \$300,000 plus \$30,000 of internal cash were used to pay down the balance owing to the parent (refer to Note 13).

The terms of the agreement mandates certain restrictions on the Company, including restriction on the issue of shares, incurring additional debt and the payment of any dividends as well as incurring capital expenditure in excess of US20 million dollars, without the expressed permission of the lenders. These loan agreements contains financial covenants requiring the Company to maintain certain interest cover and leverage ratios of 2:1 and 3:1 respectively. The Company is in compliance with these covenants as at year end.

The two loans referenced above were fully repaid from the proceeds of a new short term loan with Credit Suisse of US\$600 million raised on 7 July 2016. This is explained further within Note 24 below.

15. Other revenue	2015 \$'000	2014 \$'000
Capacity revenues – CPI adjustment	3,635	3,603
Energy delivered revenues	248	201
Miscellaneous	<u>4</u>	<u>—</u>
	<u>3,887</u>	<u>3,804</u>

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

16. Expenses	2015 \$'000	2014 \$'000
a. Administrative expenses		
Staff costs (refer to Note 16 c)	5,309	5,059
Insurance	3,276	3,518
Depreciation	1,941	1,858
Professional and legal fees	1,139	1,181
Events and community work	770	854
Travel and motor vehicle expenses	517	526
Rent	382	397
IT expenses	336	360
Utilities	179	120
Other	<u>94</u>	<u>19</u>
	<u>13,943</u>	<u>13,892</u>
b. Operating expenses		
Parts and supplies	2,489	863
Contracted services	3,533	1,677
Contract labour	1,648	2,109
Inspections	873	353
Safety and security	568	460
Repairs and maintenance	372	245
Training	204	334
Other	<u>506</u>	<u>340</u>
	<u>10,193</u>	<u>6,381</u>
c. Staff costs		
Salaries and wages	2,713	2,776
Allowances, subsistence and other benefits	2,387	2,085
Pension contributions	<u>209</u>	<u>198</u>
	<u>5,309</u>	<u>5,059</u>

TRINIDAD GENERATION UNLIMITED

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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

	2015	2014
	\$'000	\$'000
17. Finance expenses		
Financing fees	3,451	—
Interest expense	1,260	—
Loss on foreign exchange	15	—
Bank charges	<u>5</u>	<u>5</u>
	<u>4,731</u>	<u>5</u>
Finance income		
Interest income	6,848	7,081
Gain on foreign exchange	<u>—</u>	<u>251</u>
	<u>6,848</u>	<u>7,332</u>
18. Taxation		
Taxation charge for the year:		
Business levy	230	211
Green fund levy	115	106
Deferred tax	<u>21,691</u>	<u>22,997</u>
	<u>22,036</u>	<u>23,314</u>
A 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 taxation	<u>83,402</u>	<u>92,774</u>
Income taxes thereon at the rate of 25%	20,851	23,194
Tax effect of non-deductible expenses	949	111
Tax effect of income not taxable/allowances	(109)	(125)
Business levy	230	211
Green fund levy	115	106
Other	<u>—</u>	<u>(183)</u>
	<u>22,036</u>	<u>23,314</u>

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

18. Taxation (continued)	2015	2014
	\$'000	\$'000
Significant components of deferred tax are as follows:		
Deferred tax assets:		
Tax losses	85,641	105,487
Interest payable	<u>315</u>	<u>—</u>
Deferred tax liabilities:	<u>85,956</u>	<u>105,487</u>
Finance lease	178,235	177,453
Property, plant and equipment	<u>1,710</u>	<u>333</u>
	<u>179,945</u>	<u>177,786</u>

The Company has unutilized tax losses of \$342.6 million (2014: \$421.9 million) that are available indefinitely for offset against future taxable profits. Deferred tax assets have been recognized for the carry forward of these unused tax losses to the extent that it is possible that future tax profits will be available against which the tax losses can be utilized. There are no unrecognized deferred tax assets for the current or prior year.

19. Operating lease commitments

The Company has entered into a 30 year lease agreement commencing 15 January 2009 with the National Energy Corporation of Trinidad and Tobago for the lease of 149.955 hectares of land situated in La Brea, Trinidad. The rental lease expense of \$333,900 dollars is recorded in administrative expenses for the year ended 31 December 2015 (2014: \$333,900 dollars).

The Company also holds operating leases for its motor vehicles. The motor vehicle lease expense of \$266,923 dollars is recorded in administrative expenses for the year ended 31 December 2015 (2014: \$198,322 dollars).

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

	2015	2014
	\$'000	\$'000
Within one year	494	507
After one year but not more than five years	1,440	1,548
More than five years	<u>6,010</u>	<u>6,344</u>
	<u>7,944</u>	<u>8,399</u>

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

20. Commitments

Capital commitments

As at 31 December 2015, the Company had approved 3 contracts with the total outstanding value being \$4.9 million (2014: 12.627 million).

Contractual commitments

On 15 September 2009, the Company entered into a Power Purchase Agreement for 30 years with Alutrint Limited (Alutrint) and the Trinidad and Tobago Electricity Commission (T&TEC) as buyers in which each of the buyers is jointly and separately obligated to fulfilling the terms and conditions of the agreement which provides inter alia for the sale of the maximum available output of the plant. In accordance with the power purchase agreement these obligations would commence once Phase 1A of the plant is operational. Phase 1A became operational in 31 July 2011, Phase 1B on 20 December 2011, and Phase 2 became operational on 18 December 2012.

In 2011, the agreement to deliver output to Alutrint was discontinued, resulting in the full output of the plant being designated to T&TEC. The obligations of T&TEC under the Power Purchase Agreement are unconditionally guaranteed by the Government of Trinidad & Tobago. The total capacity of the plant is dedicated to T&TEC.

Financing commitment

In July 2015, the Board of Directors approved and invited bids for long term financing in the amount of US \$600 million for the purpose of repaying the amount owed to the parent company (UEEGCL) in the sum of \$568 million, as stated in Note 13.

On 30 September 2015 and on 21 December 2015 respectively, the Company entered into one (1) year loan agreements for bridge facilities to the intended long term financing (refer to Note 14).

The Company has embarked on the process to complete the long term funding (refer to Note 24).

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(Continued)

21. Financial risk management objectives and policies

The Company is exposed to credit risk and liquidity risk, arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below.

(i) Credit risk

Credit risk arises when failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at year end. The maximum exposure to credit risk for the components of the statement of financial position is shown below:

	Gross maximum exposure 2015 \$'000	Gross maximum exposure 2014 \$'000
Net investment in leased assets	733,609	737,364
Cash and short-term deposits	94,885	91,582
Trade and other receivables	<u>10,674</u>	<u>186,115</u>
	<u>839,168</u>	<u>1,015,061</u>

The net investment in leased asset and therefore 100% of the Company's revenue is earned from one related party under a Power Purchase Agreement (note 20), which is backed by a full Government of Trinidad and Tobago guarantee for risk of defaults. In addition, trade receivables amounting to \$10.6 million (2014: \$186 million) is also backed by the full Government guarantee.

Cash and short-term deposits are placed with reputable financial institutions.

The maximum exposure on these financial statements is equal to their carrying amounts at year end.

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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

21. Financial risk management objectives and policies (continued)

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with the financial instruments. The Company has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

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

	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
31 December 2015						
Trade and other payables	—	6,861	—	—	—	6,861
Due to related parties	238,023	381	—	—	—	238,404
Short term loans	—	—	309,613	—	—	309,613
	<u>238,023</u>	<u>7,242</u>	<u>309,613</u>	<u>—</u>	<u>—</u>	<u>554,878</u>
31 December 2014						
Trade and other payables	—	4,235	—	—	—	4,235
Due to related parties	568,023	381	—	—	—	568,404
	<u>568,023</u>	<u>4,616</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>572,639</u>

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. Risk management in this area is active to the extent that hedging strategies are available and cost effective.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

21. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of net profit for the year (due to changes in the fair value of monetary assets and liabilities) and the Company's equity:

	Increase/(decrease) in TT dollar rate	Effect on net profit \$'000	Effect on equity \$'000
2015			
US dollar	+1%	1,481	1,481
US dollar	-1%	(1,481)	(1,481)
2014			
US dollar	+1%	(161)	(161)
US dollar	-1%	161	161

The aggregate value of financial assets and liabilities by reporting currency are as follows:

2015	USD	TTD	Total
Financial assets	\$'000	\$'000	\$'000
Net investment in leased assets	733,609	-	733,609
Cash and short term deposits	89,689	5,196	94,885
Trade and other receivables	<u>10,674</u>	<u>-</u>	<u>10,674</u>
	<u>833,972</u>	<u>5,196</u>	<u>839,168</u>
Financial liabilities			
Trade and other payables	1,954	4,907	6,861
Due to related parties	238,404	-	238,404
Short term loans	<u>150,000</u>	<u>150,237</u>	<u>300,237</u>
	<u>390,358</u>	<u>155,144</u>	<u>545,502</u>

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

21. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

2014	USD	TTD	Total
Financial assets	\$'000	\$'000	\$'000
Net investment in leased assets	737,364	—	737,364
Cash & short term deposits	81,747	9,835	91,582
Trade and other receivables	<u>186,115</u>	<u>—</u>	<u>186,115</u>
	<u>1,005,226</u>	<u>9,835</u>	<u>1,015,061</u>
Financial liabilities			
Trade and other payables	4,070	165	4,235
Due to related parties	<u>568,023</u>	<u>381</u>	<u>568,404</u>
	<u>572,093</u>	<u>546</u>	<u>572,639</u>

(iv) 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's overall strategy remains unchanged from 2014.

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

22. Fair value of financial instruments

The carrying amounts of the Company's cash and short-term deposits, trade and other receivables, trade and other payables, short term loans, and due to related parties approximate their fair value, in view of their short-term maturities of a year or less. The fair value of the financial instruments is presented below:

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial assets:				
Net investment in leased asset	733,609	1,274,749	737,364	1,291,493
Cash and short-term deposits	94,885	94,885	91,582	91,582
Trade and other receivables	10,674	10,674	186,115	186,115
Financial liabilities:				
Trade and other payables	6,861	6,861	4,235	4,235
Due to related parties	238,404	238,404	568,404	568,404
Short term loans	300,237	300,237	-	-

The fair value of the leased asset was estimated using relevant industry and market observable data to arrive at a proxy for fair value at year end.

23. Dividends

On 29 October 2014, a final dividend of \$1 million (dividend per share of \$1 thousand dollars) was approved by the Board of Directors in respect of 2013. This final dividend has been recorded as a liability as at 31 December 2014 and charged against retained earnings for the year then ended.

On 25 August 2015, a final dividend for 2014 of \$190 million (dividend per share of \$1 dollar) and an interim dividend of \$32 million (dividend per share of 17 cents) for 2015 were approved by the Board of Directors. The final and interim dividends (\$222 million in aggregate) were charged against retained earnings and were all paid during the year 2015 except for \$4 million dollars which remained as a liability as at 31 December 2015.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

24. Events after the reporting period

On 29 June 2016, the Company repaid \$10 million of the balance due to the parent company, UEEGCL.

In addition, on 7 July 2016, the Company secured a new short term loan of \$600 million with one third party lender (Credit Suisse) that matures in 12 months, on 5 July 2017. The proceeds were used to repay the two existing short term loans, amounting to \$294.6 million in aggregate, and the balance due to the parent company amounting to \$228 million. The new loan carries interest at 3-month Libor plus a margin that starts at 2.875% with increments of 0.125% at each quarterly interest payment date.

The terms of the agreement mandates certain restrictions on the Company, including restrictions on the issue of shares, incurring additional debt and the payment of dividends as well as incurring capital expenditure in excess of US\$17.5 million, without the express permission of the lenders. These loan agreements contain financial covenants requiring the Company to maintain certain interest cover and leverage ratios of 3:1 and 6:1, respectively. The Company is in compliance with these covenants as at the date of approval of these financial statements.

The Company is currently in the process of seeking to secure long term financing through an International Bond Offering, the proceeds of which will be used to repay the short term loan due to Credit Suisse.

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