THE WEST INDIES OIL COMPANY LIMITED

Consolidated Financial Statements

December 31, 2016

(Expressed in Eastern Caribbean Dollars)

THE WEST INDIES OIL COMPANY LIMITED

Table of Contents

BDO

Tel: 268-462-8868
268-462-8869
268-462-8992
Fax: 268-462-8808

Cnr Factory Road and Carnival Gardens
P.O. Box 3109
St. John's
Antigua

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE WEST INDIES OIL COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of The West Indies Oil Company Limited ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Antigua and Barbuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Board of Directors of
THE WEST INDIES OIL COMPANY LIMITED

Auditors' Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

Chartered Accountants
October 12, 2017

Antigua and Barbuda

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Financial Position

December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Assets				
Current Assets				
Cash and cash equivalents		$	38,202,624	43,953,018
Trade and other receivables	6		80,022,937	83,509,034
Inventories	7		12,402,266	18,093,237
Total current assets			130,627,827	145,555,289
Non-current Assets				
Property held for development and sale	9		9,148,000	9,148,000
Investment property	10		2,334,961	2,916,109
Property, plant and equipment	11		132,973,085	87,936,602
Deferred tax asset	19		1,387,413	1,585,889
Total non-current assets			145,843,459	101,586,600
Total Assets			276,471,286	247,141,889
Liabilities				
Current Liabilities				
Trade and other payables	12		67,942,266	41,861,660
Tax payable			1,291,826	2,918,316
Total Current Liabilities			69,234,092	44,779,976
Total Liabilities			69,234,092	44,779,976
Shareholders' Equity				
Share capital	13		14,800	14,800
Contributed surplus	14		128,889,407	128,889,407
Revaluation surplus	15		68,896,419	68,896,419
Accumulated surplus			9,436,568	4,561,287
Total Shareholders' Equity			207,237,194	202,361,913
Total Liabilities and Shareholders' Equity		$	276,471,286	247,141,889

Approved by the Board of Directors on October 03, 2017.

Director .... **Director** ....

The notes on pages 7 to 37 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Sales		$	223,311,530	274,165,449
Cost of sales			(180,722,436)	(222,013,766)
Gross profit			42,589,094	52,151,683
Other operating income	16		13,898,504	14,688,648
Net sales and other operating income			56,487,598	66,840,331
Operating expenses				
Selling, general and administrative	17		(31,130,886)	(37,046,263)
Depreciation on property, plant and equipment	11		(2,915,934)	(2,845,069)
Provision for APUA Claim	21		(67,500)	(2,506,203)
Bad debts expense			(324,693)	(144,533)
Exchange loss			(580,945)	(540,141)
Depreciation on investment property	10		(358,219)	(367,136)
			(35,378,177)	(43,449,345)
Net operating income			21,109,421	23,390,986
Finance income (cost)				
Interest income			63,828	376,613
Interest expense			-	(788,542)
			63,828	(411,929)
Net income before taxation			21,173,249	22,979,057
Taxation				
Corporation tax			(5,373,510)	(5,591,314)
Withholding tax			(65,913)	(392,260)
Deferred tax			(150,562)	(78,232)
	19		(5,589,985)	(6,061,806)
Net income for the year			15,583,264	16,917,251
Total comprehensive income for the year		$	15,583,264	16,917,251

The notes on pages 7 to 37 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Share Capital	Contributed Surplus	Revaluation Surplus	Accumulated Deficit	Total
Balance at December 31, 2014	$ 14,800	28,626,941	112,836,574	(12,355,964)	129,122,351
Increase in revaluation surplus	-	-	4,929,845	-	4,929,845
Loan forgiven by the Government of Antigua and Barbuda	-	100,262,466	-	-	100,262,466
Market value of land transferred to Government of Antigua and Barbuda	-	-	(48,870,000)	-	(48,870,000)
Total comprehensive income for the year	-	-	-	16,917,251	16,917,251
Balance at December 31, 2015	14,800	128,889,407	68,896,419	4,561,287	202,361,913
Total comprehensive income for the year				15,583,264	15,583,264
Dividend declared	-	-	-	(10,707,983)	(10,707,983)
Balance at December 31, 2016	$ 14,800	128,889,407	68,896,419	9,436,568	207,237,194

The notes on pages 7 to 37 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Cash flows from operating activities				
Net income before taxation		$	21,173,249	22,979,057
Adjustments for:				
Depreciation on property, plant and equipment	11		2,915,934	2,845,069
Depreciation on investment property	10		358,219	367,136
Provision for APUA Claim			67,500	2,506,203
Bad debts expense			324,693	144,533
Interest income			(63,828)	(376,613)
Interest expense			-	788,542
Gain on disposal of fixed assets			(7,558)	(544,521)
Operating income before changes in working capital			24,768,209	28,709,406
Change in trade and other receivables			3,316,835	19,774,238
Change in inventories			5,690,970	654,816
Change in trade and other payables			20,833,694	(8,860,806)
			54,609,708	40,277,654
Taxes paid			(7,018,000)	(11,018,000)
Net cash provided by operating activities			47,591,708	29,259,654
Cash flows from investing activities				
Purchase of property, plant and equipment			(47,952,417)	(6,339,927)
Proceeds from the sale of property, plant and equipment			7,558	545,419
Interest received			63,828	376,613
Net cash used in investing activities			(47,881,031)	(5,417,895)
Cash flows from financing activities				
Dividends paid			(5,461,071)	(39,009,427)
Interest paid			-	(788,542)
Net cash used in financing activities			(5,461,071)	(39,797,969)
Decrease in cash and cash equivalents during the year			(5,750,394)	(15,956,210)
Cash and cash equivalents, beginning of year			43,953,018	59,909,228
Cash and cash equivalents, end of year		$	38,202,624	43,953,018
Represented by:				
Cash and cash equivalents		$	38,202,624	43,953,018

The notes on pages 7 to 37 are an integral part of these financial statements.

(Expressed in Eastern Caribbean Dollars)

1. **Reporting Entity**:

The West Indies Oil Company Limited (the "Group") is a private company incorporated on March 24, 1961 under the laws of Antigua and Barbuda. The Group is fifty-one (51%) majority owned by the Government of Antigua and Barbuda, 25% by PDVSA, the State-Owned petroleum company of the Bolivarian Republic of Venezuela and 24% by Fancy Bridge, an investment company based in Hong Kong.

The principal activity of the Group is the storage and distribution of petroleum products. The Group also engages in real estate development.

The registered office of the Group is located at Friars Hill Road, St. John's, Antigua.

2. **Basis of Preparation**:

(a) *Statement of Compliance:*
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standard Board (IASB).

These consolidated financial statements were approved by the Board of Directors on October 03, 2017.

(b) *Basis of Consolidation*:
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, West Indies Oil Company (Dominica) Limited (collectively referred to as "the Group").

(i) *Subsidiary*
A subsidiary is an entity controlled by the Group. The separate financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date the control ceases. The accounting policies of the subsidiary have been changed when necessary to align them with policies adopted by the Group.

(c) *Basis of Measurement:*
These consolidated financial statements have been prepared on the historical cost basis, modified by the revaluation of land and buildings.

(d) *Functional and Presentation Currency*:
These consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

(Expressed in Eastern Caribbean Dollars)

2. **Basis of Preparation**: *(cont'd)*

(e) *Use of Estimates and Judgments:*
In preparation these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) *Judgements:*
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following note:

- Note 20 – land lease classification.

(ii) *Assumptions and estimation uncertainties:*
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

- Note 19 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 3(e) – estimated useful life of property, plant and equipment;
- Note 20 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources: and
- Note 4 – determination of fair values.

i. *Measurement of fair values:*
A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2. **Basis of Preparation**: *(cont'd)*

(e) Use of Estimates and Judgements: (cont'd)

(ii) Assumptions and estimation uncertainties: (cont'd)

i. Measurement of fair values: (cont'd)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurements are categorised in entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 3(a) – financial instruments.

(f) Adoption of New or Revised Standards, Amendments to Standards and Interpretations:

The Group has adopted the following amendments to standards and new interpretations effective from January 1, 2015. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

These amendments clarify that:

- an entity currently has a legally enforceable right to set-off if that right is:
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and

(Expressed in Eastern Caribbean Dollars)

2. **Basis of Preparation**: *(cont'd)*

(f) Adoption of New or Revised Standards, Amendments to Standards and Interpretations: (cont'd)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). (cont'd)

- gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
  - eliminate or result in insignificant credit and liquidity risk; and
  - process receivables and payables in a single settlement process or cycle

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 – Levies

This interpretation offers guidance on accounting for levies imposed by governments.

<u>Standards Issued But Not Yet Adopted</u>

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. The Group has not early adopted the following new or amended standards in preparing these financial statements.

Effective January 1, 2017

IFRS 15, 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Effective January 1, 2018

IFRS 9 *Financial Instruments (2015).* IFRS 9 (2015) replaces IAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of IFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2014). IFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2014. IFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

(Expressed in Eastern Caribbean Dollars)

2. **Basis of Preparation**: *(cont'd)*

(f) Adoption of New or Revised Standards, Amendments to Standards and Interpretations: (cont'd)

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Given the nature of the Group's operations, this standard is expected not to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

The following new or amended standards are not expected to have a significant impact on the Group's financial statements:

- *Annual Improvements to IFRSs 2010-2013 Cycle*
- *Annual Improvements to IFRSs 2011-2014 Cycle*
- IFRS 14 *Regulatory Deferral Accounts*
- *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*
- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*
- *Equity Method in Separate Financial Statements (Amendments to IAS 27)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*
- *Annual Improvements to IFRSs 2013-2015 Cycle – various standards*

3. **Summary of Significant Accounting Policies:**

(a) Financial Instruments:

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Group initially recognises loans and receivables on the date when they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3. **Summary of Significant Accounting Policies:** *(cont'd)*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and net amount presented in the statement of financial position when, and only when, the Group has legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b) Financial Assets:

Management determines the classification of its financial assets at initial recognition.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost less provision for impairment. Receivables are included in trade and other receivables. Receivables with maturities in excess of twelve (12) months after the reporting date are classified as non-current assets.

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessments carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

(c) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit or loss within selling, general and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance for trade receivables. Subsequent recoveries of the amounts previously written off are credited in the statement of profit and loss.

(d) Inventories:

Inventories are stated at the lower of cost or net realisable value, cost being determined on a first in-first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. A provision is made when the recoverable amount of inventories is likely to be less than cost.

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(e) *Property, Plant and Equipment:*

i. *Recognition and Measurement:*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. *Subsequent expenditure:*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. *Depreciation:*

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvements/roads	25 years
Building	10 – 20 years
Transportation	5 years
Terminal	10 – 30 years
Sales equipment	10 – 25 years
Furniture and other equipment	4 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) *Investment Property:*

Property held for rental and not occupied by the Group is classified as investment property. Investment property is comprised of warehouses and service stations and is carried at cost less accumulated depreciation and impairment losses, if any.

The Group uses the cost model to account for its investment property. Initially, an item of investment property is measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property.

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(f) *Investment Property: (cont'd)*
Depreciation is provided using the straight-line method at rates considered adequate to write-off the cost, less residual value, over the estimated useful lives of the assets. The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets. Warehouses are depreciated at a rate of five (5%) percent annually, while service stations are depreciated at a rate of three (3%) percent to five (5%) percent annually.

(g) *Revenue Recognition:*
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below.

Revenue from the sale of petroleum products is recognised upon the delivery of products and customer acceptance and is shown net of sales taxes.

The sales of lots of land held for development are recognised at the time that the risks and rewards of ownership pass to the purchaser as evidenced by a signed purchase contract.

Other income is recognised on the accrual basis.

(h) *Property Held for Development and Sale:*
Property held for development is measured at:

- Carrying value as at the time of classification as development property; plus
- Subsequent development and construction costs; less
- Amounts transferred to cost of sales relating to lots sold.

Costs directly related to the development of land held for development and sale are capitalised and include planning costs, consultancy fees and construction costs. General and administrative expenses associated with Friars Hill Development project are expensed in the year incurred.

Construction costs for houses are attributed to individual properties and de-recognised at the time of the sale of the lot upon which the house was built. Capitalised common development costs are assigned to individual lots based on the surveyed square footage of each lot and de-recognised at the time of the sale of the lot.

(i) *Cash and Cash Equivalents:*
Cash and cash equivalents comprise cash balances.

Included in cash and cash equivalents is a current account of EC$37,681,135 (2014: EC$50,541,848) which bore interest at the rate of 1% percent per annum (2015: 1%). until October 1st 2016, when the rate was reduced to 0%.

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(j) *Taxation:*

Taxation on the profit or loss for the year comprises of current and deferred tax. Taxation is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the statement of financial position liability method and providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(k) *Foreign Currency Translation:*

Transactions in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(l) *Borrowings:*

Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the term of the borrowings on an effective interest rate basis.

(m) *Provisions:*

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to liability.

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(n) *Trade Payables:*
Trade payables are recognised at fair value and subsequently measured at amortised cost.

(o) *Consolidation:*
A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred. They are de-consolidated from the date that control ceases.

4. **Determination of Fair Values**:

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *Trade and Other Receivables:*
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) *Non-derivative Financial Liabilities:*
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and tax payable is not materially different from their carrying amount due to their short-term period to maturity or their contractual terms.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**:

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and it also assesses financial and control risks to the Group.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Directors oversee how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

(a) *Credit Risk*:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

i. *Trade and Other Receivables:*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the country in which customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

ii. *Cash at hand and at Bank:*

Cash and cash equivalents are held with established financial institutions, which represent minimum risk of default.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(a) *Credit Risk*: *(cont'd)*

The maximum exposure to credit risk at the reporting date was:

		2016	2015
Cash and cash equivalents	$	38,202,624	43,953,018
Trade and other receivables		91,744,182	81,431,695
	$	129,946,806	125,384,713

Credit risk in respect of trade and other receivables is limited as these balances are shown net of provision for doubtful debts. Cash at hand and at Bank are held with financial institutions which represent minimum risk of default.

(b) *Liquidity Risk:*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(b) Liquidity Risk: (cont'd)

The following are the contractual maturities of financial assets and liabilities excluding the impact of netting arrangements:

		2016				
		Carrying Amounts	**Contractual Cash Flows**	**6 months or less**	**6 - 12 Months**	**More than 1 Year**
Assets						
Cash and cash equivalents	$	38,202,624	38,202,624	38,202,624		
Trade and other receivables		91,744,182	94,832,589	94,678,613	153,976	
		129,946,806	133,035,213	132,881,237	153,976	
Liabilities						
Trade and other payables		(59,268,192)	(59,268,192)	(59,268,192)		
		(59,268,192)	(59,268,192)	(59,268,192)		
Liquidity cover	$	70,678,614	73,767,021	73,613,045	153,976	
Cumulative liquidity cover	$	70,678,614	73,767,021	73,613,045	153,976	73,767,021

5. **Financial Risk Management**: *(cont'd)*

(b) *Liquidity Risk: (cont'd)*

The following are the contractual maturities of financial assets and liabilities excluding the impact of netting arrangements:

		2015				
		Carrying Amounts	**Contractual Cash Flows**	**6 months or less**	**6 - 12 Months**	**More than 1 Year**
Assets						
Cash and cash equivalents	$	43,953,018	43,953,018	43,953,018	-	-
Trade and other receivables		81,431,695	82,572,554	80,831,064	1,741,490	-
		125,384,713	126,525,572	124,784,082	1,741,490	-
Liabilities						
Trade and other payables		(33,690,060)	(33,690,060)	(33,690,060)	-	-
Due to parent company		(33,690,060)	(33,690,060)	(33,690,060)	-	-
Liquidity gap	$	91,694,653	92,835,512	91,094,022	1,741,490	-
						-
Cumulative liquidity cover	$	91,694,653	92,835,512	91,094,022	1,741,490	-

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(c) *Market Risk:*
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and price risk will affect the value of the Group's assets, the amount of its liabilities and/or income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on certain of its financial assets.

(*i)* *Price Risk:*
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Group has no significant exposure to such risk.

(ii) *Interest Rate Risk:*
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustments within a specified period. The Group has no significant exposure to interest rate risk.

(iii) *Currency Risk:*
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currencies giving rise to this risk are the Eastern Caribbean Dollar and United States Dollar arising from purchasing transactions. The Group does not face any such risk since it transacts its operations in Eastern Caribbean Dollars, which is its functional currency. The Eastern Caribbean Dollar, in which the Group also transacts business, is fixed in relation to the United States Dollar.

(d) *Fair Value:*
The fair values of cash and cash equivalents, trade and other receivables and trade and other payables are not materially different from their carrying amount due to their short-term to maturity or their contractual terms.

It is not practicable to determine the fair value of due to parent company because there are no specific terms of repayment.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(e) *Capital Management*:

It is the Group's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholder's equity. The Group is not subject to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the year.

6. **Trade and other Receivables**:

		2016	2015
Trade receivables	$	77,573,618	82,819,511
VAT recoverable, net		2,409,670	1,286,070
Prepaids		753,537	896,981
Other receivables		1,058,591	28,504
		81,795,416	85,031,066
Less: Provision for impairment - trade and other receivables		(1,772,479)	(1,522,032)
	$	80,022,937	83,509,034

The fair values of trade and other receivables approximates their carrying values above.

As of December 31, 2016, trade receivables of EC$41,977,126 (2015: EC$47,436,462) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of these trade receivables is as follows:

		2016	2015
Overdue by 1 to 30 days	$	8,682,225	11,628,926
Overdue by 31 to 60 days		6,599,922	7,360,014
Overdue by more than 60 days		26,694,979	28,447,522
	$	41,977,126	47,436,462

As of December 31, 2016, trade receivables of EC$ 1,772,479 (2015: EC$1,522,032) were considered impaired and provided for based on the Group's accounting policy (See Note 3). The aging of these receivables is as follows:

6. **Trade and other Receivables**: *(cont'd)*

		2016	2015
Overdue by 31 to 60 days	$		-
Overdue by more 60 to 90 days			-
Overdue by more than 90 days		1,772,479	1,522,032
	$	1,772,479	1,522,032

The other classes within trade and other receivables do not contain impaired assets.

Movements on the provisions for impairment of trade receivables are as follows:

		2016	2015
At January 1	$	1,522,032	1,493,607
Bad debt expense		702,054	145,252
Write-offs		(451,607)	(116,827)
At December 31	$	1,772,479	1,522,032

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following:

		2016	2015
Eastern Caribbean dollars	$	65,320,958	68,235,926
United States dollars		14,701,979	15,273,108
	$	80,022,937	83,509,034

(Expressed in Eastern Caribbean Dollars)

7. **Inventories**:

		2016	2015
Fuel oil	$	5,383,817	1,431,444
Mogas		945,494	7,156,580
Diesel		1,919,269	5,167,608
LPG		1,001,831	477,497
Jet Fuel		304,579	1,245,025
Kerosene		21,987	-
Other		242,274	
Total petroleum products		9,819,251	15,478,154
Consumable stores and supplies		2,583,015	2,615,083
	$	12,402,266	18,093,237

8. **Related Party Balances and Transactions**:

(a) *Related Parties:*

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:

i) has control or joint control over the reporting entity;

ii) has significant influence over the reporting entity; or

iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(Expressed in Eastern Caribbean Dollars)

8. **Related Party Balances and Transactions**: *(cont'd)*

(a) *Related Parties: (cont'd)*

b) An entity is related to a reporting entity if any of the following conditions applies: *(cont'd)*

v) The entity is controlled, or jointly controlled by a person identified in (a).

vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and

b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) *Remuneration of Key Members of Management:*
Details of key management compensation, shown as part of payroll and related costs under selling, general and administrative expenses in the consolidated statement of comprehensive income, are shown below:

		2016	2015
Salaries and wages	$	1,042,800	777,700
Other staff costs		505,366	418,382
Pension costs		66,899	48,545
	$	1,615,065	1,244,627

(Expressed in Eastern Caribbean Dollars)

9. **Property Held for Development and Sale**:

		2016	2015
Balance at beginning of year	$	9,148,000	76,262,155
Land transferred to shareholder - Government of Antigua and Barbuda		-	(48,870,000)
Write-down of revaluation surplus		-	(18,244,155)
Balance at end of year	$	9,148,000	9,148,000

Land included in property held for development and sale was contributed to the Company by the Government of Antigua and Barbuda. The land was valued at its market value of $80,604,808 as of December 31, 1992 by an independent firm of appraisers.

In April 2015 as part of the transaction in which the government increased its minority shareholding from 25% to 100% of the shares thereby acquiring control of the company, lands with cost of $48,870,000 were transferred to the Government of Antigua and Barbuda (GOAB). This transaction resulted in an equivalent reduction in the revaluation surplus of the shareholders' equity. See statement of changes in shareholders' equity for the effect on contributed surplus of the transaction between the shareholders GOAB and National Petroleum, Ltd (former parent company).

As at December 31, 2015, the land was revalued at EC$9,148,000 resulting a decrease in revaluation surplus of EC$18,244,155 (Note 15).

(Expressed in Eastern Caribbean Dollars)

10. **Investment Property**:

		Warehouses	Service Stations	Total
Cost				
At December 31, 2014	$	2,973,539	5,205,546	8,179,085
Additions		-	7,959	7,959
At December 31, 2015		2,973,539	5,213,505	8,187,044
Disposals		(1,070,059)		(1,070,059)
At December 31, 2016	$	1,903,480	5,213,505	7,116,985
Depreciation:				
At December 31, 2014	$	(2,060,528)	(2,843,271)	(4,903,799)
Charge for the year		(148,677)	(218,459)	(367,136)
At December 31, 2015		(2,209,205)	(3,061,730)	(5,270,935)
Charge for the year		(139,760)	(218,459)	(358,219)
Written back on Disposal		847,130		847,130
At December 31, 2016	$	(1,501,835)	(3,280,189)	(4,782,024)
Net Book Value:				
At December 31, 2016	$	401,645	1,933,316	2,334,961
At December 31, 2015	$	764,334	2,151,775	2,916,109

The Directors of the Group have estimated the fair value of the above investment property as of December 31, 2016 to be EC$12,315,000 (2015: EC$12,315,000) based on comparable market transactions.

The following amounts in the consolidated statement of comprehensive income relate to investment property:

	Note		2016	2015
Rental income	16	$	603,573	491,160
Depreciation on investment		$	358,219	367,136

(Expressed in Eastern Caribbean Dollars)

11. **Property, Plant and Equipment**:

		Land	Land Improvements/ Roads	Building	Transportation	Jetty and Tank Farm	Sales Equipment	Furniture and other Equipment	Mini Refinery	Construction In Progress	Total
Cost:											
At December 31, 2014	$	36,600,000	3,719,834	5,222,936	8,132,998	116,088,825	18,118,217	8,838,958	1,211,730	1,728,679	199,662,177
Additions		-	-	-	388,316	2,275,500	1,839,708	575,579	-	3,489,139	8,568,242
Revaluations		23,174,000	-	-	-	-	-	-	-	-	23,174,000
Disposals		-	-	-	(3,072,175)	-	-	(159,979)	-	(2,236,275)	(5,468,429)
At December 31, 2015		59,774,000	3,719,834	5,222,936	5,449,139	118,364,325	19,957,925	9,254,558	1,211,730	2,981,543	225,935,990
Additions				21,000	690,212	5,607,562	1,437,669	683,827		45,119,709	53,559,979
Disposals					(39,000)		(15,000)			(5,607,562)	(5,661,562)
At December 31, 2016	$	59,774,000	3,719,834	5,243,936	6,100,351	123,971,887	21,380,594	9,938,385	1,211,730	42,493,690	273,834,407
Depreciation:											
At December 31, 2014	$	-	(1,354,262)	(4,723,341)	(7,880,399)	(101,565,561)	(14,126,747)	(7,609,936)	(1,125,330)	-	(138,385,576)
Charge for the year		-	(148,794)	(85,637)	(179,688)	(1,104,722)	(820,518)	(500,310)	(5,400)	-	(2,845,069)
Written back on disposals		-	-	-	3,071,278	-	-	159,979	-	-	3,231,257
At December 31, 2015		-	(1,503,056)	(4,808,978)	(4,988,809)	(102,670,283)	(14,947,265)	(7,950,267)	(1,130,730)	-	(137,999,388)
Charge for the year			(148,793)	(82,342)	(295,883)	(1,044,980)	(803,224)	(535,312)	(5,400)		(2,915,934)
Written back on disposals					39,000		15,000				54,000
At December 31, 2016	$		(1,651,849)	(4,891,320)	(5,245,692)	(103,715,263)	(15,735,489)	(8,485,579)	(1,136,130)		(140,861,322)
Net Book Value:											
At December 31, 2016	$	59,774,000	2,067,985	352,616	854,659	20,256,624	5,645,105	1,452,806	75,600	42,493,690	132,973,085
At December 31, 2015	$	59,774,000	2,216,778	413,958	460,330	15,694,042	5,010,660	1,304,291	81,000	2,981,543	87,936,602

11. **Property, Plant and Equipment**: *(cont'd)*

Property, plant and equipment include seventy (70) acres of land contributed to the Group by the Government of Antigua and Barbuda. The land was valued at its market value as of December 31, 1992 by an independent firm of appraisers.

As at December 31, 2005, the above seventy (70) acres of land were revalued at EC$30,492,000, resulting in the recognition of an additional revaluation surplus of EC$5,414,949. As at December 31, 2014, the seventy (70) acres of land were revalued at EC$36,590,000, resulting in the recognition of an additional revaluation surplus of EC$6,098,000. The lands were further revalued as at December 31, 2015 to $59,764,000 resulting in the recognition at an additional revaluation surplus of EC$23,174,000 (Note 15).

The land was valued at its market value by an independent valuator. The revaluation surplus was credited to the 'revaluation surplus' account in equity (Note 15).

12. **Trade Payable and Other Payables**:

		2016	2015
Trade payables	$	41,368,882	21,789,271
Accrued liabilities		16,908,997	15,679,544
APUA Claim Payable (Note 22)		2,506,203	2,506,203
Security deposits		1,911,272	1,886,642
Dividend Payable		5,246,912	-
	$	67,942,266	41,861,660

All of the trade and other payables are contractually or constructively due within twelve (12) months of the reporting date.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

		2016	2015
Eastern Caribbean dollars	$	39,508,281	25,750,845
United States dollars		28,433,985	16,110,815
	$	67,942,266	41,861,660

(Expressed in Eastern Caribbean Dollars)

13. **Share Capital**:

		2016	2015
Authorized, issued and fully paid 595,000 Ordinary shares of $.0.025 per share par value	$	14,800	14,800

14. **Contributed Surplus**:

		2016	2015
Inclusion of land contributed by Government of Antigua (See Note 11).	$	1	1
Arising as a result of forgiveness of debt and contributions from former shareholders in the period December 31, 1969		35,490,940	35,490,940
Arising on the purchase of the Company by the Government of Antigua and Barbuda from Natomas Company on September 01, 1976		13,966,243	13,966,243
Arising on acquisition by the Company of The West Indies Oil Company (Dominica) Limited from the Government of Antigua and Barbuda on January 30, 1980		1,000	1,000
Transfer of contributed surplus to write off the accumulated deficit to January 31, 1980		(20,831,243)	(20,831,243)
Arising as a result of forgiveness of debt and contributions from former shareholders in April 2015		100,262,466	100,262,466
	$	128,889,407	128,889,407

(Expressed in Eastern Caribbean Dollars

15. **Revaluation Surplus**:

		2016	2015
Revaluation of terminalling and marketing assets, (except for motor vehicles) as of December 31, 1981.	$	80,656,787	80,656,787
Valuation of land used in terminalling operations as of December 31, 1992		25,077,052	25,077,052
Valuation of land held for development as of December 31, 1992		80,604,808	80,604,808
Write down of idle assets at December 31, 1992 and 2003		(80,656,787)	(80,656,787)
Valuation of land used in terminalling operations as of December 31, 2005 (See Note 11).		5,414,949	5,414,949
Valuation of land used in terminalling operations as of December 31, 2014		6,098,000	6,098,000
Valuation of land used in terminalling operations as of December 31, 2015 (see Note 11)		23,174,000	23,174,000
Valuation of land used held for development and sales as of December 31, 2015 (see Note 11)		(18,244,155)	(18,244,155)
Release on land held for development as at December 31, 2015		(48,870,000)	(48,870,000)
Release on sales of land held for development		(4,358,235)	(4,358,235)
	$	68,896,419	68,896,419

(Expressed in Eastern Caribbean Dollars)

16. **Other Operating Income**:

	Notes		2016	2015
Storage fees		$	7,052,319	9,425,985
Transmission fees			1,995,359	1,848,101
Laboratory fees			1,509,295	222,104
Bunkering Income			1,471,682	-
Warehouse rental	10		603,573	491,160
Port charges			555,368	970,638
Agency fees			296,950	502,083
Berthing fees			256,500	567,000
Miscellaneous income			150,570	140,674
Convenience store income			139,200	139,200
Gain on disposal of fixed assets			7,558	545,419
Friars Hill Development Project	18		(139,870)	(163,716)
		$	13,898,504	14,688,648

(Expressed in Eastern Caribbean Dollars)

17. **Selling, General and Administrative Expenses**:

		2016	2015
Payroll and related costs	$	14,386,561	14,467,606
Product haulage		4,960,669	5,019,051
Repair and maintenance		3,148,588	4,635,384
Insurance		2,378,331	2,633,158
Utilities		1,363,576	1,450,201
Port charges		1,110,784	1,398,444
Security		487,997	391,276
Direct purchases		410,740	500,259
Travel and entertainment		402,807	497,525
Rent		401,209	545,391
Legal and professional fees		398,228	3,714,163
Inspection		273,043	245,612
Fuel Usage		206,364	-
Directors' fees		190,750	304,875
Dues and subscriptions		188,634	180,717
Advertising and promotion		158,349	86,448
Office expenses		146,791	191,270
Donations		124,475	158,106
Training		99,728	-
Freight and duty		63,931	72,744
Bank charges		50,513	106,884
Bad debt expense		-	23,930
License and taxes		-	12,600
Commission on lubricant		-	12,173
Other operating expenses		178,818	398,446
	$	31,130,886	37,046,263

(Expressed in Eastern Caribbean Dollars)

18. **Friars Hill Development Project**:

		2016	2015
Revenue from Sale of Land and Houses	$	-	-
Expenses			
Construction cost of houses sold during the year		-	-
General and administrative expenses		139,870	163,716
		139,870	163,716
Net (loss) for the year from the project	$	(139,870)	(163,716)

(Expressed in Eastern Caribbean Dollars)

19. **Taxation**:

Reconciliation of income tax calculated at applicable tax rate with income tax expense as follows:

		2016	2015
Income before taxation	$	21,173,249	22,979,057
Tax at twenty-five (25%) percent		5,447,641	5,807,141
Add/(Deduct):			
Tax effect on items not allowable as tax deductible items		50,360	50,650
Tax effect on capital balancing allowance		(207,839)	139,874
Tax effect on losses (utilized)/not utilized		83,348	(406,351)
Deferred tax		198,475	452,492
Withholding tax		18,000	18,000
Current tax expense	$	5,589,985	6,061,806

The deferred tax asset balance arises from decelerated tax depreciation and is recognized using a rate of 25% being the effective tax rate.

The Group has incurred income tax losses of EC$277,828 which can be carried forward for a period of six (6) years and applied to reduce taxable income by an amount not exceeding one half of taxable income in any one year of assessment. The losses would expire as follows:

Date of Expiration	Losses
December 31, 2020	$277,828

20. **Commitments and Contingencies**:

The Group leases land from the Government of Antigua and Barbuda on which certain pipelines have been installed. As of December 31, 1995, this lease had seventy-five (75) years remaining. The Group has a waiver of the annual rental of EC$5,000.

21. **Potential Customer Claim**

The Company's sole customer for Fuel Oil, The Antigua Public Utilities Authority performed a review of the loading, delivery and metering procedures for the product over the months May – September 2015 at WIOC and the customer's facilities. The customer's preliminary report dated November 18th 2015 was shared with WIOC's management. In the report addressed to APUA's management, APUA claims that there is potential liability to APUA of $6,277,476. APUA's management has not submitted a formal claim, but have referred the report to WIOC for discussion and a response. It is WIOC's position that the potential liability has not been adequately substantiated with the details of the calculation and supporting documentation not provided with the preliminary report. In addition, it is also WIOC's position that the report does not provide a basis for making a provision for a potential liability for amounts due to the customer. The amount of liability assessed by the WIOC amounted to $2,506,203. This amount has been recorded as a liability as of December 31, 2015.

22. **Tax Assessments**

During the financial year ended December 31, 2016, the Company was assessed additional corporate and withholding tax amounting to $12,765,524 by the Inland Revenue Department (IRD) in respect of the years ended December 31, 2005 to 2016. The Company recorded an accrual of tax liability amounting to $7,236,788. The difference of $5,528,736 is due to Antigua and Barbuda Sales Tax (ABST) credits which have not been applied to the company's account by the IRD because these credits have not been audited by the ABST division of the IRD. The company expects this audit to be completed in 2017 and will adjust for any additional corporate and withholding tax liability if a revision is required as a result of the audit.

(Expressed in Eastern Caribbean Dollars)

23. **Shareholding**

On April 1, 2015, The Government of Antigua and Barbuda (GOAB), the previous minority shareholder acquired the 75% interest of NPL Limited the long-time majority shareholder. This transaction resulted in significant changes to the Company's capital structure and debt profile.

1) The long term inter-company debt of $139,271,893 was retired by a combination of debt write-down of $100,262,466, credited to contributed surplus and a payment of $39,009,427.

2) Land with an appraised value of $47,870,000 was transferred to the GOAB. The reduction in the net assets of the Company were charged to the Contributed Surplus.

The GOAB subsequently sold 24% of its shares to Fancy Bridge a Hong Kong based investment company and a further 25% to PDVSA the state-owned petroleum company of the Bolivarian Republic of Venezuela in June and October 2015 respectively.