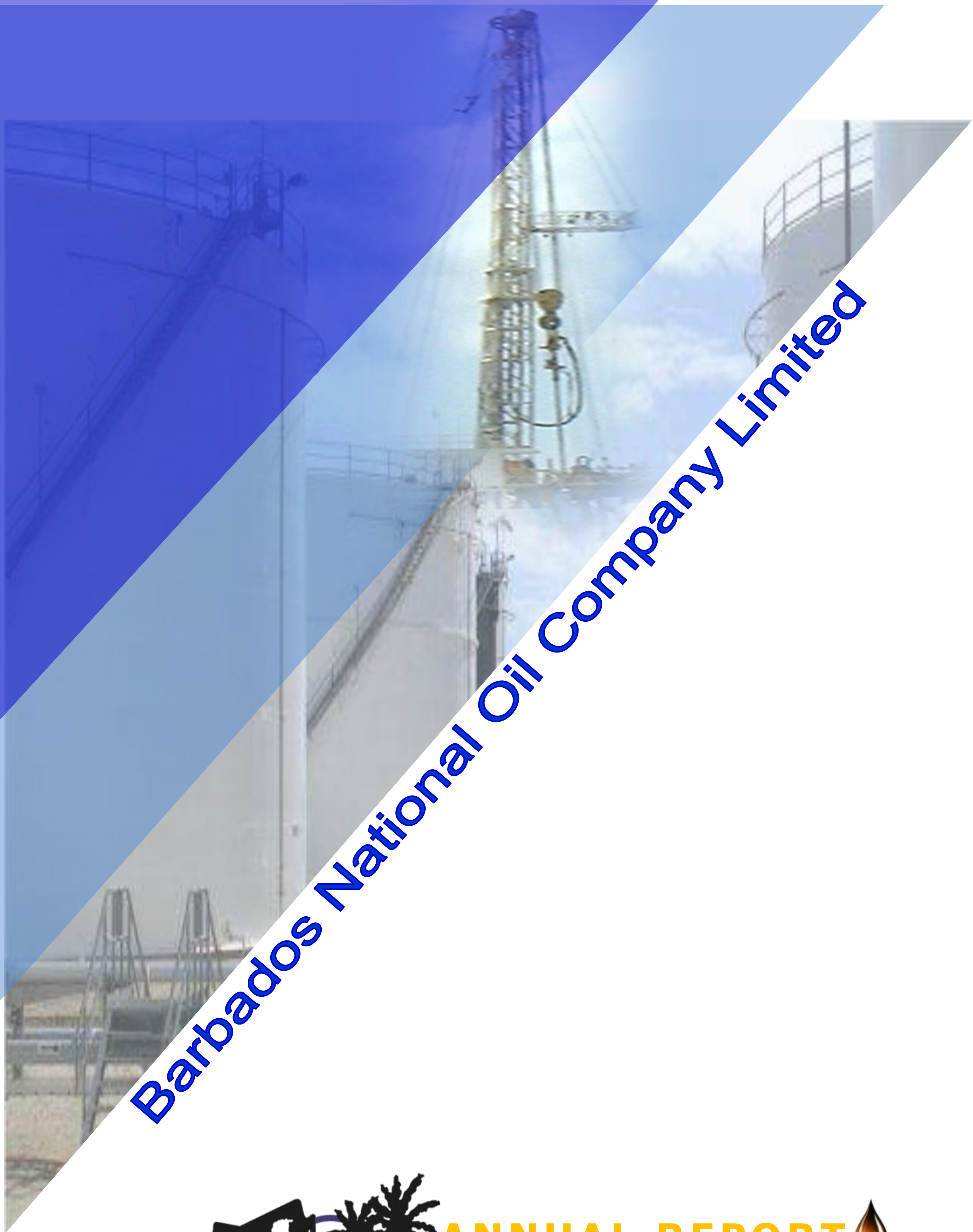
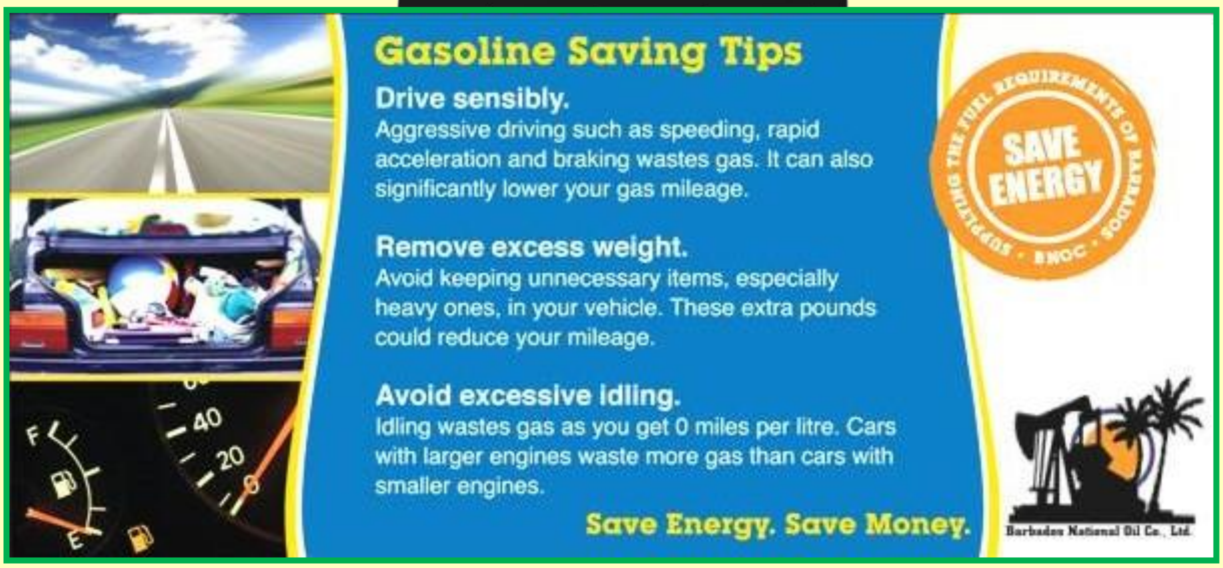


Barbados National Oil Company Limited

ANNUAL REPORT

and Audited Financial Statements

2015


Gasoline Saving Tips
Drive sensibly.
Aggressive driving such as speeding, rapid acceleration and braking wastes gas. It can also significantly lower your gas mileage.
Remove excess weight.
Avoid keeping unnecessary items, especially heavy ones, in your vehicle. These extra pounds could reduce your mileage.
Avoid excessive idling.
Idling wastes gas as you get 0 miles per litre. Cars with larger engines waste more gas than cars with smaller engines.
Save Energy. Save Money.
SUPPLYING THE FUEL REQUIREMENTS OF BARBADOS
SAVE ENERGY
BNOC
Barbados National Oil Co., Ltd.

Contents

CORPORATE INFORMATION

Registered Office

Woodbourne
St. Philip, Barbados

Shareholders

Government of Barbados
National Petroleum Corporation

Attorneys-At-Law

Mr. Roger C. Forde, QC
Mr. Aidan J. Rogers
Charles Russell LLP *(until 31 October 2014)*
Charles Russell Speechlys *(from 1 November 2014)*

Corporate Secretary

Ms. Monica Hinds

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Board of Directors

Dr. Leonard Nurse, Chairman
Mr. Tennyson Beckles *(deceased 27 October 2014)*
Mr. Leslie Barker
Mr. Ronald Hewitt
Mr. Everton Lashley
Mr. G. Hayden Workman
Mr. Jehu Wiltshire
Mr. Ashley Bignall *(commenced 11 September. 2014)*
Mr. Wayne Forde *(ceased 10 September 2014)*
Ms. Jean Hill *(ceased 10 September 2014)*
Chairman National Petroleum Corporation or nominee *(vacant)*

Members of the Board of Barbados National Oil Company Limited (BNOCL) are also Ex-Officio Directors of Barbados National Oilfield Services Limited (BNOSL) and Barbados National Oil Holding Company Limited (BNOHCL)

LIST OF FIGURES, CHARTS AND TABLES

CORPORATE PROFILE

The ***Barbados National Oil Company Limited (BNOCL)*** was incorporated in February 1983 following the cessation of onshore exploration and production operations in Barbados by Mobil Explorations Inc.

The company's primary objective and core business is the economic exploration and production of the country's hydrocarbon potential onshore Barbados. Its secondary but equally important objective is to ensure that energy products are supplied to the country at the most competitive prices on a sustainable, efficient and reliable basis.

BNOCL continued to pursue the diversification of the energy mix in the country, particularly as it relates to alternative energy sources for commercial and industrial purposes. The objective of this policy direction is to assist in reducing the country's dependence on imported fossil fuel, thereby reducing the demand for foreign exchange, while contributing to the protection of the environment.

Upstream operations are onshore only and are conducted under a Mineral Lease Agreement with the Government. This Lease authorises the company to carry out exploration and production activities in an area of 16,438 acres (6,652.2 hectares) in the parishes of St. Philip, St. George, St. Thomas and St. Andrew as shown in *Figure 1.*

During the thirty-two years of the company's existence, an average of 1,250 barrels of oil per day and 2,900 million cubic feet of natural gas per day have been produced. This represented approximately 20% of the country's demand. The graph at *chart 1* shows the annual production of crude oil and natural gas from the inception in March 1983 to 31 March 2015.

Production for the year under review came from the Woodbourne area, which is made up of a number of distinct geological providences, namely Central and West Woodbourne, Lower Greys, Hampton and Edgecumbe.

The company continued to employ various enhanced recovery techniques on low-producing wells in an effort to increase the rate of recovery.

Locally produced crude oil is stored at the terminal at Fairy Valley for shipment to Trinidad where it is refined by Petrotrin at their Point-a-Pierre refinery under a Processing Agreement. The value of the refined products processed from BNOCL's crude oil at Petrotrin is used to purchase heavy fuel oil, which is returned to the country for use mainly as fuel for power generation.

Figure 1
Map of Barbados showing the location of the four areas making up the Mineral Lease.

CORPORATE PROFILE

The BNOCL Group, which includes a Marketing Division, comprises three (3) wholly owned subsidiary companies. BNOCL also has a 30.4% equity in an Associated Company.

Barbados National Oilfield Services Limited (BNOSL) was incorporated in 1998 to provide the services of Operator under a Production Sharing Contract (PSC). On the conclusion of that PSC in 2004, BNOS was retained to execute the exploration and production activities on behalf of the parent company.

Barbados National Terminal Company Limited. (BNTCL) was incorporated in 1998 following the closure of the Mobil refinery. Its purpose is to manage the storage and distribution of gasoline, diesel and fuel oil, as well as the storage and exportation of crude oil on behalf of the Group. BNTCL also stores aviation (jet) fuel and kerosene on behalf of the major oil companies. The company, which commenced operations at the temporary Needham's Point Facility in St. Michael, presently operates from its state-of-the-art terminal at Fairy Valley, Christ Church that was constructed in 2004. Heavy fuel oil is handled at the Esso Terminal at Holborn, St. Michael under a long term Lease Agreement with Esso Standard Oil S.A. The decision to use the Holborn terminal for fuel oil was partially influenced by its close proximity to the BL&P power generating plant at Spring Garden, which consumes approximately 95% of imported heavy fuel oil.

Barbados National Oil Holding Company Limited (BNOHCL) manages certain real estate assets owned by the Group.

The ***Marketing Division*** of BNOCL sources, imports and sells gasoline and diesel to the major oil companies and heavy fuel oil to the Barbados Light and Power Company Limited and other commercial entities.

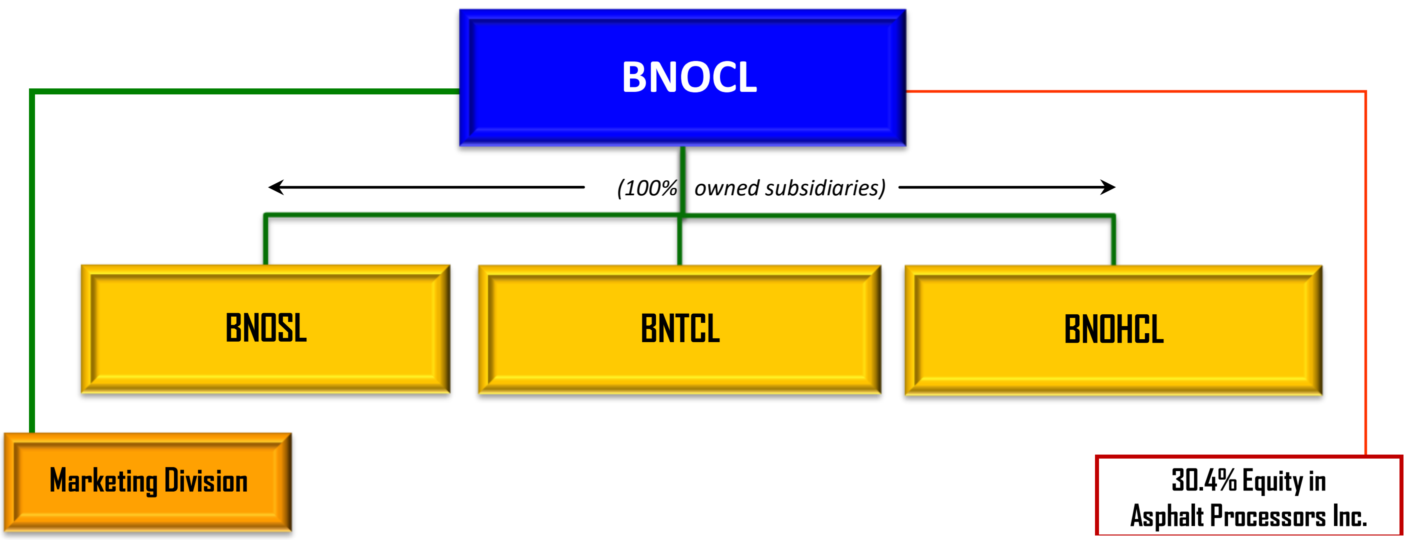


Chart 1

Annual Production of Crude Oil and Natural Gas

The figures represent production from inception in 1983 to end of the financial year to 31 March 2015.
The production for the year 1983 does not represent a full year's production as the company commenced operations during the course of that year.

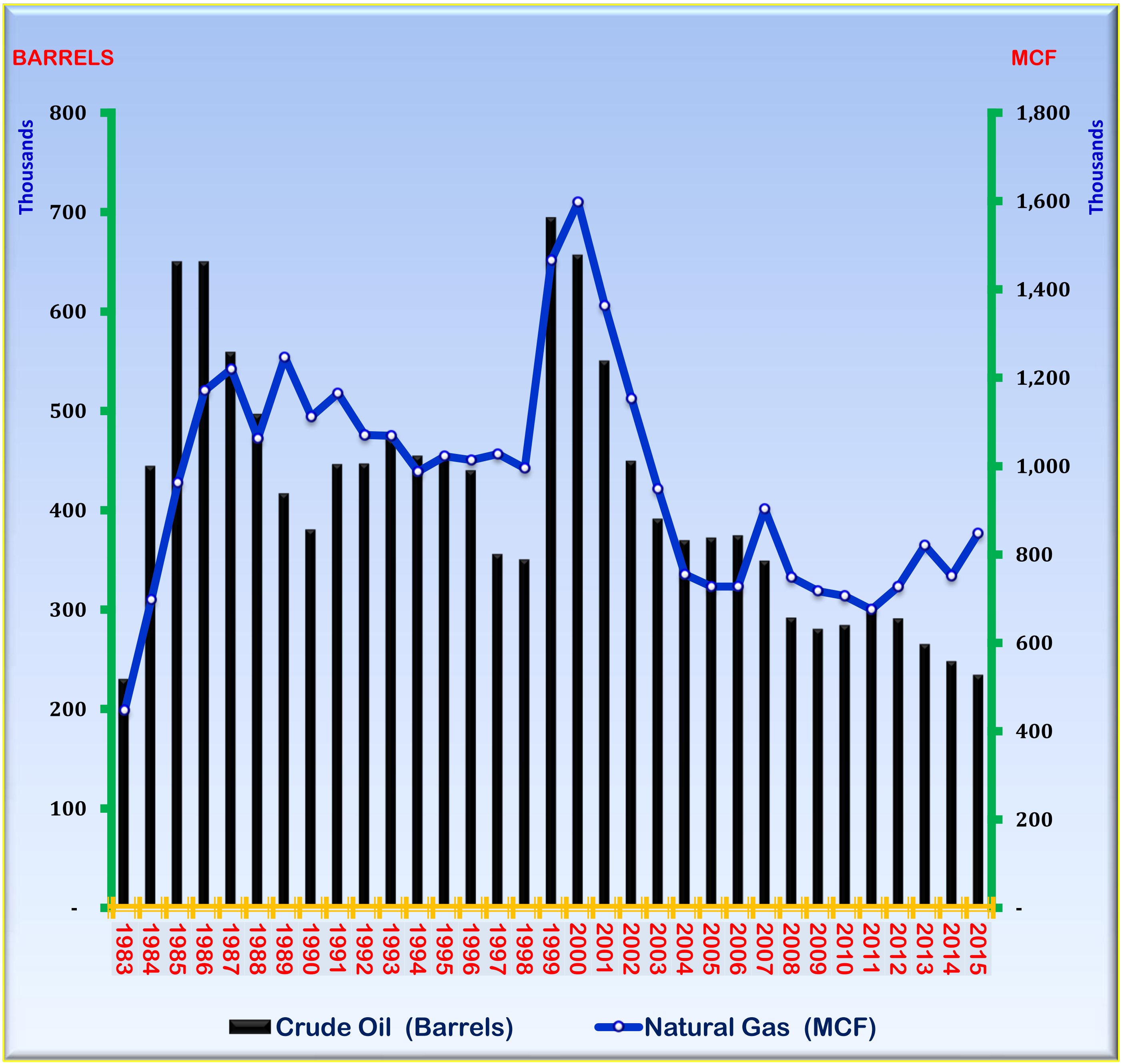


Chart 2
Crude Oil Production
Average Barrels per day (BPD)

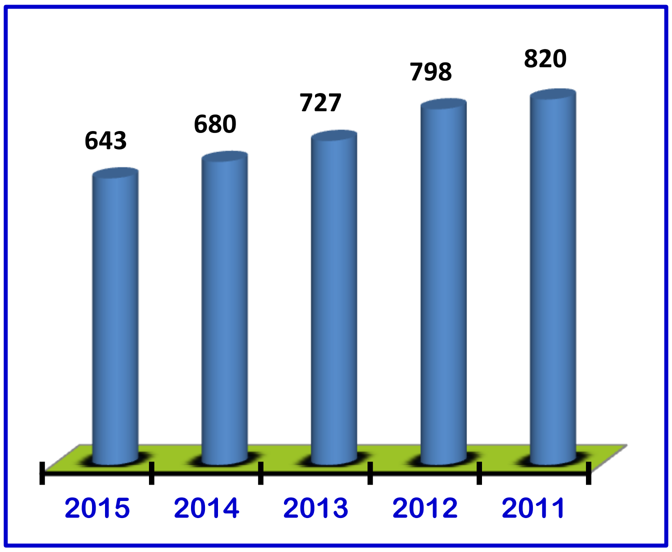


Chart 3
Crude Oil Production
Total Annual Production (Barrels)

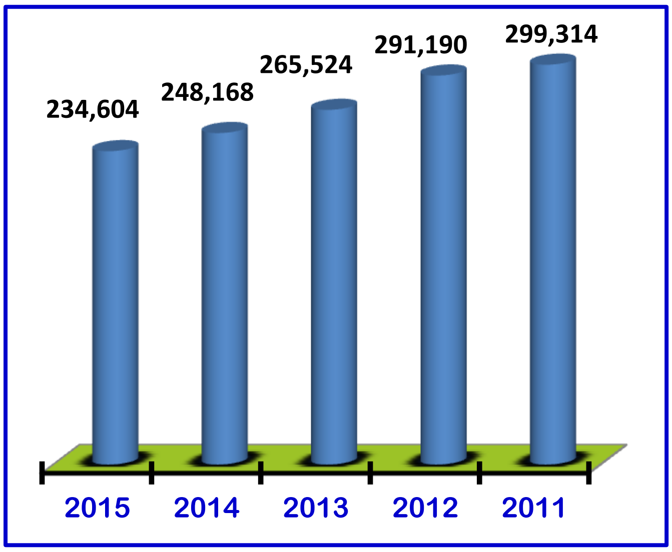


Chart 4
Natural Gas Production
Average Cubic Feet per day (MCFD)

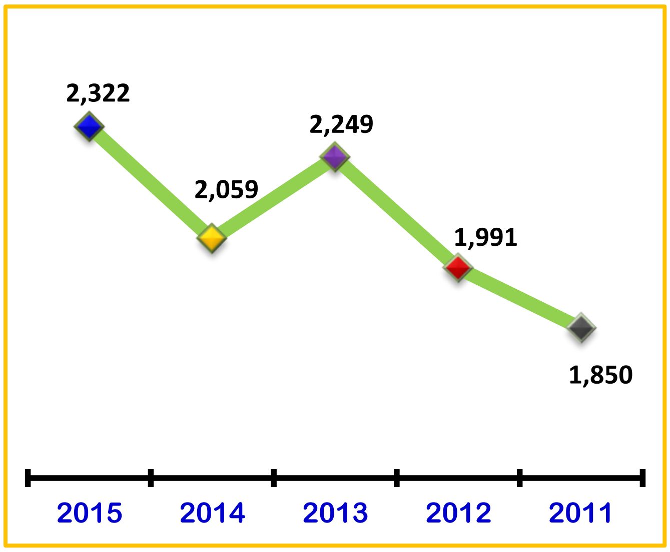


Chart 5
Natural Gas Production
Total Annual Production (MCF)

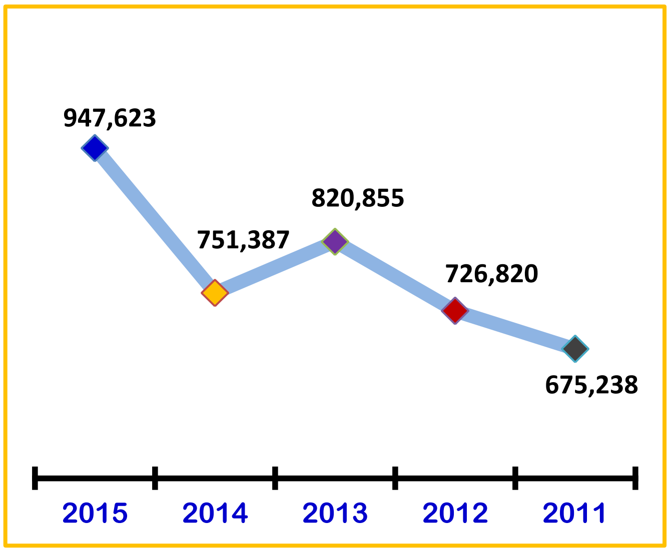


Chart 6

Volume of Petroleum Products Imported

(Thousands of Barrels)

(The Company ceased the importation of high sulphur diesel on 1st November 2013 and commenced the importation of Ultra-Low-Sulphur Diesel [ULSD])

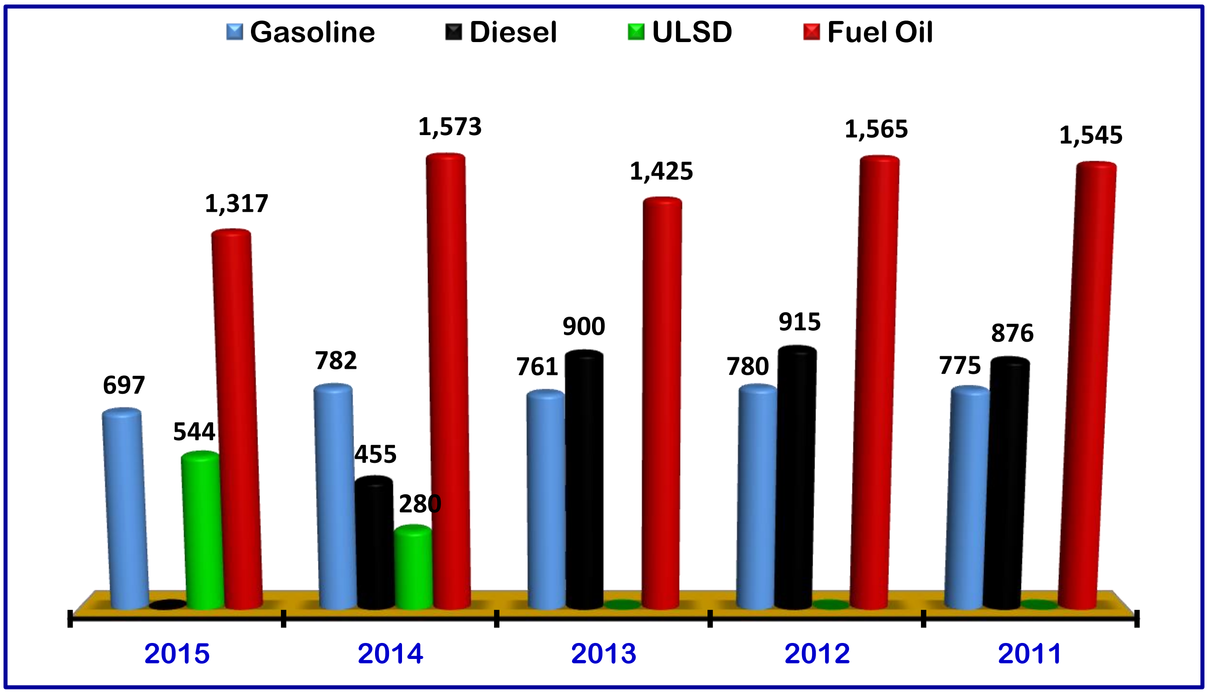


Chart 7

Average CIF Price of Products

(Barbados Dollars – BDS$ per barrel)

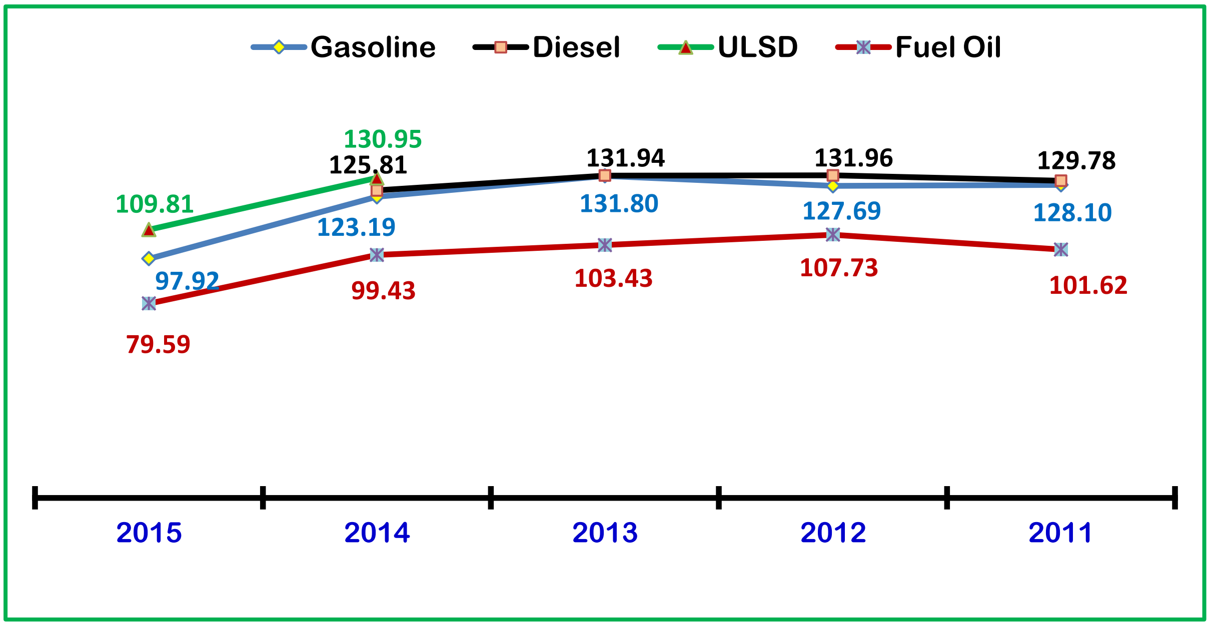


Chart 8

Total Production
Crude Oil and Natural Gas

(including associated productive wells)

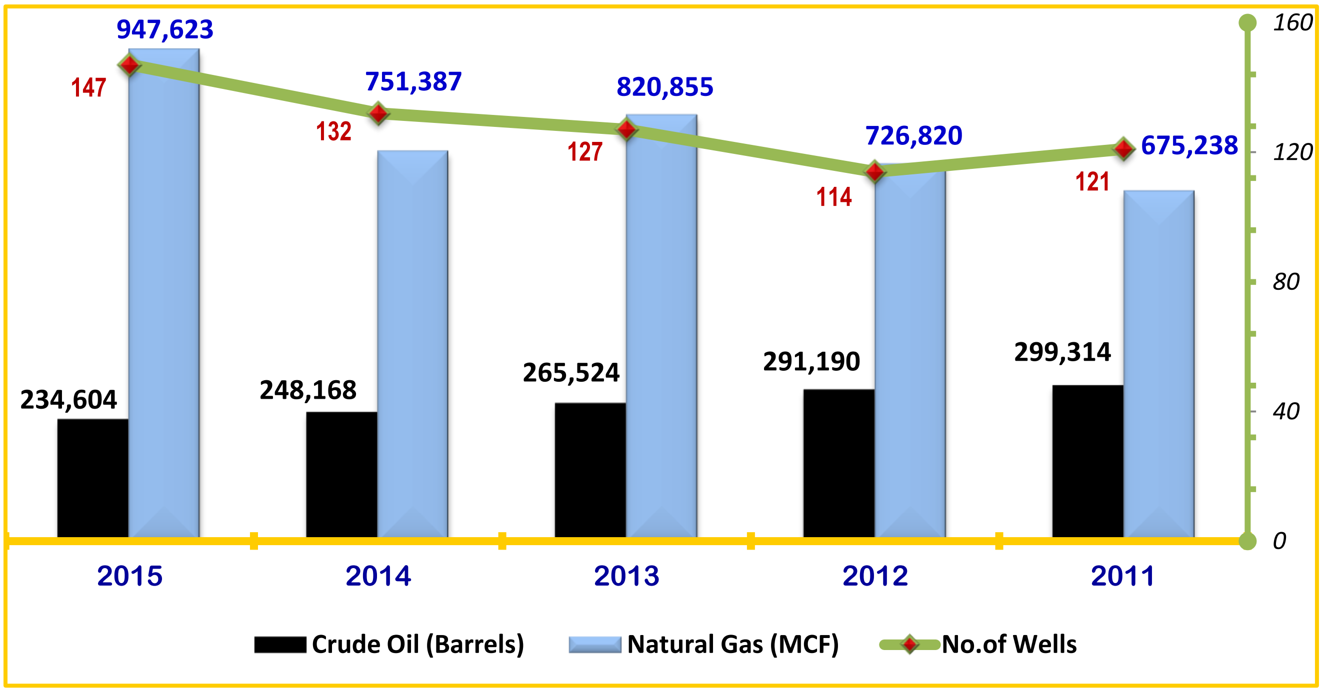
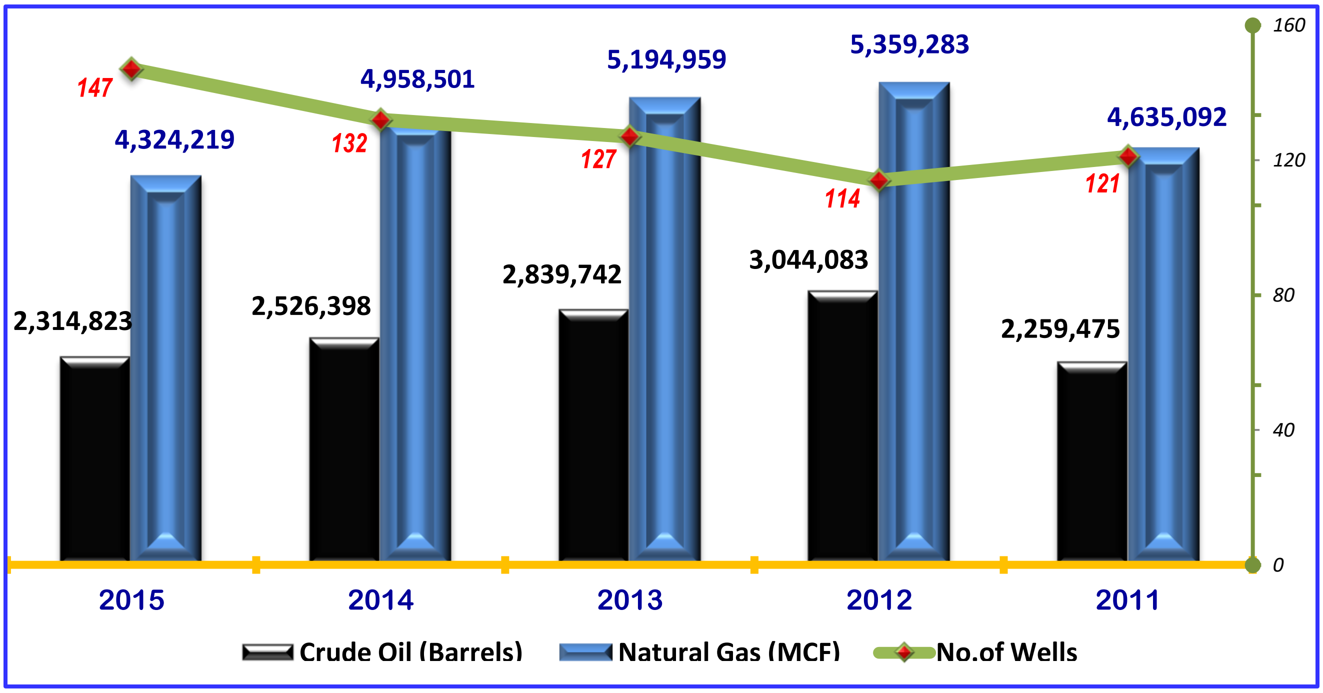


Chart 9

Proven Reserves
Crude Oil and Natural Gas

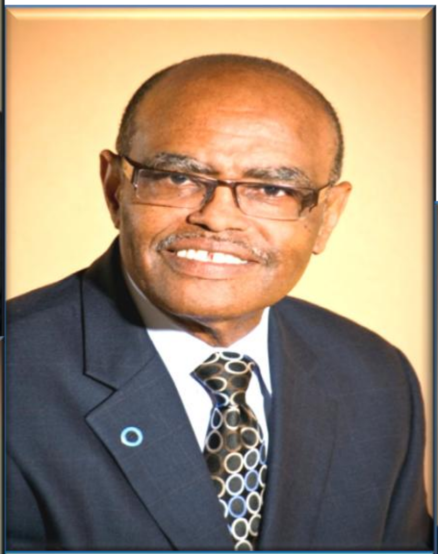
(including associated productive wells)



Board of Directors

- *Dr. Leonard Nurse*
  Chairman

- *Mr. Ronald Hewitt*



- *Mr. G. Hayden Workman*

- *Mr. Leslie Barker*

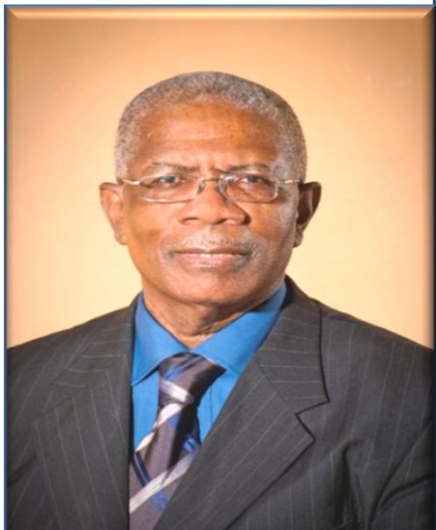
- *Mr. Jehu Wiltshire*

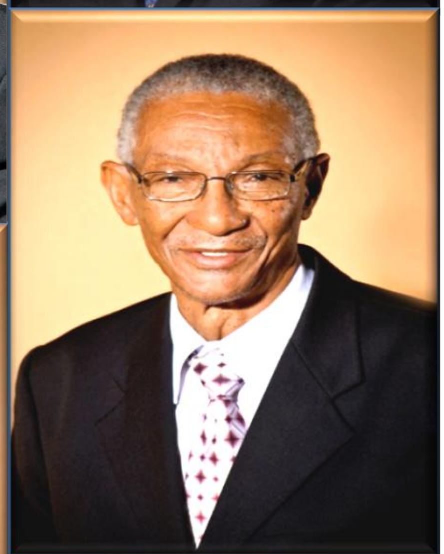
- *Mr. Everton Lashley*

- *Mr. Dave Waithe*
  (Director BNTCL)

- *Mr. Ashley Bignall*
  (commenced Directorship 11 September 2014)

- *Mr. Tennyson Beckles*
  Deputy Chairman
  (deceased 27 October 2014)





- *Mr. Douglas Greenidge*
  (Director BNTCL)
  (resigned 31 January 2015)

- *Ms. Jean Hill*
  (ceased Directorship 10 September 2014)

- *Mr. Wayne Forde*
  (ceased Directorship 10 September 2014)


Winton Gibbs, General Manager

The year 2015 brought severe challenges to all oil producing countries by virtue of the significant fall in international crude oil prices. As a result, the BNOCL Group realigned its operating strategy in an effort to remain viable in this dynamic environment.

It is recognised that oil prices will fluctuate significantly in the oil and gas sector given the geopolitical issues that prevail in that sector.

At the beginning of the current financial year, international oil prices were marginally above US$100 per barrel. These prices started to decline from the first quarter of 2014 but showed a significant fall from July 2014. This fall continued and the price was recorded at under US$50 per barrel at 31 March 2015.

During the year to 31 March 2015, BNOCL continued to supply most of the country's requirement of petroleum products, namely, gasoline, diesel and fuel oil, through diligent negotiations with reputable suppliers, to ensure that the most competitive prices could be offered to consumers.

Ultra-Low-Sulphur Diesel (ULSD), the environmentally friendly product, which the Company introduced to replace high-sulphur diesel, continued to be favourably received by stakeholders and consumers.

The company continued to diversify the Group with the view to its development into an integrated energy corporation. Appropriate technologies have been employed to enhance the Company's upstream operations.

The Company has also continued to develop its renewable energy projects, which are expected to come on stream following the enactment of the relevant legislation, and the acquisition of appropriate licences and approvals from regulatory bodies.

The Company continued to pursue suitable joint venture partners, both regionally and internationally in an effort to further develop its upstream operations.

Financial Performance

The financial statements of BNOCL and BNTCL were restated for the year ended 31 March 2014. During the terminal's tank cleaning/maintenance operations, the intercompany transactions for the purchase/sale and subsequent replacement of tank heels were incorrectly treated.

During the year under review, the Group recorded a net loss of ($3.3 million) in 2015 compared to a net income as restated for the year ended March 2014 of $30.3 million.

The retained earnings brought forward of $99.3 million was restated upwards by $0.7 million to $100 million as a result of the terminal's tank cleaning operation mentioned above.

The net loss of ($3.3 million) together with a declared dividend of ($53 million), when deducted from the restated retained earnings brought forward of $100 million left a carried forward retained earnings of $43.7 million.

The Group ended the year with a net cash inflow of $21.7 million.

Pricing Mechanism on Petroleum Products (Gasoline and Diesel)

The pricing mechanism, which was introduced by the Government in October 2008, continued to be a vital element in the Group's operations. The primary purpose of the pricing mechanism was to allow the Company to recoup losses incurred when it subsidised petroleum products and fuel oil for the generation of electricity in the period of high oil prices during years late 2006 to mid 2008.

The proceeds from the 10 cents per litre mechanism partially provided the cash flow for BNOCL to service the company's $160 million Bond issued to the public. The shortfall was funded from the Company's cash flow. In October 2014, the mechanism was adjusted from 10 cents per litre to 20 cents per litre to allow the Company to fully service this debt and to restore its cash flow.

Under this pricing mechanism, the retail (pump) prices of gasoline and diesel are adjusted on a monthly basis to conform to the actual cost, insurance and freight (CIF prices) of these products. The average CIF prices of the products purchased during the current month are used as the basis for calculating the retail prices of product for the following month. This policy is intended to provide product to the consumers at cost price.

The Government retains the option of determining the retail prices in the event of unusually high oil prices in the future.
For the year to March 2015, the proceeds from the pricing mechanism were $28.7 million. These proceeds assisted the company in honouring its commitment to deposit $38.2 million to the Debt Service Reserve Account to facilitate the repayment of the Bond obligations. The shortfall of $9.5 million was provided from the Company's cash flow.

Gasoline and Diesel

BNOCL purchases gasoline and diesel at international prices under supply agreements with a regional refinery and a foreign supplier. These refined products are sold to the marketers at CIF price plus the allocated pricing mechanism.

The Division of Energy and Telecommunications determines the revenue (retail pump price) based on the previous month's average purchase invoices, while the cost of sales is based on the current month's actual purchase invoices.

Ultra-Low-Sulphur Diesel (ULSD)

ULSD was introduced to the market in November 2013 at a price comparable to that of high-sulphur diesel (HSD). This cleaner fuel, which replaced HSD, continued to be favourably received by the stakeholders and consumers.

Heavy Fuel Oil (HFO)

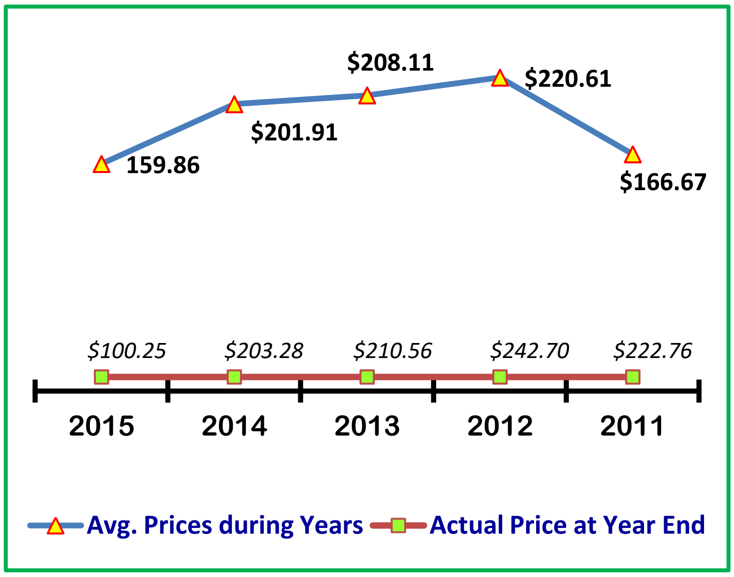
During the period under review, BNOCL maintained the contract to supply heavy fuel oil to the Barbados Light and Power Company Limited (BL&P), which was awarded following a competitive bid. The retail price of heavy fuel oil to the BL&P is therefore not controlled by Government. Heavy Fuel Oil is supplied to the BL&P on the basis of actual cost, insurance and freight plus a negotiated nominal profit margin to cover incidental marketing costs.

The cost price of HFO is linked directly to the international market (Platts US MarketScan).

Chart 10

Average Crude Oil Prices as at 31 March 2015

(Barbados Dollars – BDS$ per barrel)



Crude Oil Prices

As seen in the graph at chart 10, the average price of crude oil decreased by BDS$42 to approximately BDS$159 per barrel when compared to an average of BDS$201 per barrel in 2014.

Crude oil prices continued to fall during the period and by 31 March 2015 the actual price was BDS$100 per barrel when compared to BDS$203 at the end of March 2014.

Drilling Operations

During the year, the Company executed extensive upgrades to its drilling and workover rigs and other equipment as part of its ongoing preventative maintenance programme, and to comply with international standards and the Safety and Health at Work (SHAW) legislation.

As a result of the maintenance programme, the Company decided to delay its planned drilling programme until the next financial year.

Production

The company continued to employ various enhanced recovery techniques to improve production on its active and intermittent wells. For the year under review, the company produced 234,604 barrels of crude oil compared with 248,168 barrels for the year 2014, and 947,623 mcf of natural gas compared with 751,387 mcf for the year 2014.

Supply of Natural Gas

The company continued to supply natural gas to the National Petroleum Corporation without interruption. The two organisations continued to work closely to ensure that NPC's customer growth can be reasonably developed given the declining trend of proven reserves of the company.

Natural Gas Supply Initiatives

The Company has been able to maintain an adequate supply of product to the National Petroleum Corporation, but was cognisant that the current volume supplied from local production was not sustainable for the long-term. The Company is aware of the declining level of proven natural gas reserves onshore Barbados and has commenced alternative initiatives to maintain product supply.

In order to ensure security of supply to the NPC and to meet its growth potential, the Company, in conjunction with the NPC, has initiated discussions with potential suppliers for the importation of containerised LNG. It was anticipated that the first container would be received before the third quarter of the new financial year.

In 2010, the Government established a Natural Gas Importation Negotiating Committee to evaluate and coordinate the proposed importation of natural gas from Tobago by a subsea pipeline. However, the development of other renewable and alternate energy initiatives has seriously impacted the viability of this project. No decision has yet been received on the progress or future of this initiative to date.

Production Abroad

The Company continued to explore opportunities with the view to establishing operations and developing reserves overseas. In this regard, the discussions which were being conducted last year between the potential joint venture partners and a Government-owned entity in Trinidad, aimed at pursuing a field rejuvenation project onshore Trinidad, were put on hold following a change in administration in that country.

Renewable Energy and Energy Efficient Projects

As the industry stakeholders embraced Government's initiative for the renewable energy sector, the Group has positioned itself to make a significant contribution designed to develop and diversify its energy mix. One of the Company's major strategic objectives is to operate as an independent power producer of renewable energy for sale to the electricity grid. In this regard, the Company continued plans for the installation of photovoltaic systems on some of its buildings and other suitable locations.

Terminal Operations

The terminal has successfully commissioned the new equipment for Gum testing in Jet fuel. This operation, which was previously out-sourced, has been brought in-house and has increased the terminal's efficiency. The terminal is now equipped to conduct full recertification of Jet fuel, and to explore the possibility of commercialising this operation.

The terminal continued to maintain high levels of efficiency and compliance with international standards.

Corporate Facility

The plans and designs for the construction of a new multi-functional energy-efficient corporate building have been finalised and the approvals from the relevant regulatory bodies are being sought.

The new corporate office is expected to positively impact the level of efficiency between the existing departments, which are currently segregated. In addition, this new facility would greatly enhance the Company's corporate image as it prepares to broaden its activities to include major offshore operations.

Scholarship Programme

The company continued to offer an annual scholarship to suitably qualified Barbadian students pursuing a first degree at the University of the West Indies in geology, petroleum engineering or a petroleum related course of study.

The scholarship is intended to satisfy the expected demand for professionals in the local petroleum industry as the company expands its upstream onshore operations, and as the country moves towards the development of its offshore exploration programme.

Board of Directors

At the Annual General Meeting for the year to 31 March 2015, Dr. Leonard Nurse and Mr. Ronald Hewitt were appointed Chairman and Deputy Chairman respectively of the Companies.

During the financial year the Board said a final farewell to Mr. Tennyson Beckles who passed away in October, 2014. The Board expressed its appreciation for the valuable contribution which Mr. Beckles made to the development of the Group of Companies.

Included on the Board of Directors are the Permanent Secretary of the Division of Energy and Telecommunications, the Permanent Secretary of the Ministry of Finance and Economic Affairs and the Chairman of the National Petroleum Corporation or their nominees. The latter position was vacant as at 31 March 2015.

Associated Company

BNOCL has a 30.4% equity interest in Asphalt Processors Inc. This associated company purchases heavy fuel oil from BNOCL for the production of asphalt for local and regional consumption.

Conclusion

The execution of its core business and the sustainable delivery of petroleum products to the consumer at the most competitive prices, given the volatility of the world market prices, remained the main challenges to the Company.

In order to mitigate the impact of this volatile situation, the Company continued to seek ways of reducing product costs. In addition, the Company continued to employ appropriate technologies and to negotiate with reputable service providers in an effort to maximise its oil and gas production and reserves.

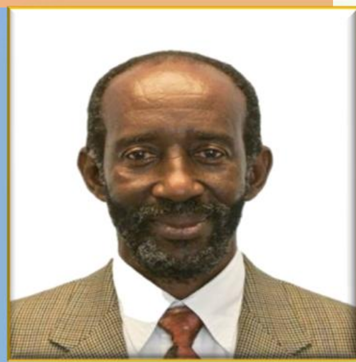
The Company is committed to positively impacting the renewable energy sector and in this regard has developed a number of medium term strategies.

The company expresses its appreciation to its Shareholders, the Division of Energy and Telecommunications, its Board of Directors, employees and other stakeholders for their support and commitment towards the growth and development of the Group of Companies.

SENIOR MANAGEMENT TEAM

- *Winton Gibbs*
  General Manager

- *Gordon Worme*
  Operations Manager
  (deceased 27 July 2014)



- *Mervyn Gordon*
  Technical Manager

- *Brenda Hinds*
  Human Resources Manager

- *Joan Hinds-Holder*
  Finance Manager

- Carolyn Forde-Bryan
  Internal Auditor

- *Terrence Straughn*
  Terminal Superintendent

- *Pedro Bushelle*
  Information Technology Manager

- *Wesley Carter*
  Trading and Marketing Manager

During the year, the Company consistent with its plans to diversify into an integrated energy Company, continued to strengthen its policies and procedures and develop its human capital. These plans included a series of employee awareness and change management workshops designed to facilitate the proposed amalgamation with the National Petroleum Corporation (NPC) as mandated by Cabinet. This amalgamation would result in the establishment of a new corporate entity. The comprehensive and strategic plans for this initiative are ongoing.

The Company continued to work closely with internal and external stakeholders on the implementation of two new ERP systems namely SAP and KRONOS, which the Company is introducing to streamline the Group's operations. It was anticipated that the systems would be fully operational during the next financial year, once no unforeseen challenges arose.

In accordance with Company policy, staff training and development continued across the Group, with a focus on the development of the skills of the HSSE Officers who attained certified training from the National Examination Board in Occupational Safety and Health (NEBOSH). In addition, the Company ensured that the operators attained the requisite hands-on training for the efficient and safe operation of the Company's newly acquired state-of-the-art wireline unit.

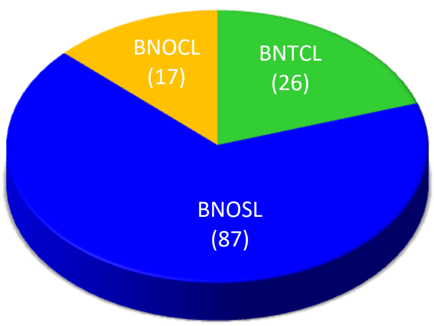
The Company continued to work closely with statutory bodies, including state regulatory agencies, to ensure that its operations were compliant with the health, safety and environmental legislations, statutory requirements and best practices. These agencies included Environmental Protection Department, (EPD) Barbados Fire Service, Ministry of Labour, Department of Emergency Management and the Barbados Water Authority. It is the Company's policy to maintain a safe and secure working environment for its employees

Staff Appointments and Changes

In May 2014, the Company welcomed Mr. Bernard Pinder who joined the Group as Messenger in the Administration Department to replace Mr. Richard Jarvis who left the Company. The Group also welcomed Mr. Glyne Harper as Tank Battery Operator in the Production Department, and Mr. Raymond Burrowes who joined the Company in November 2014 as Driver/Operator in the Production Department with responsibility to operate the newly acquired Pal-Finger Crane.

During this period the Company extended farewell wishes to Mr. Mark Archer and Mr. Fitz Layne who retired from the positions of Messenger and Driver/Operator respectively, with a combined twenty-seven years of service. The Group acknowledged their invaluable contribution and dedicated service at farewell functions held in their honour and wished them well in their golden years.

As at 31 March 2015, there were 133 permanent employees in the Group of Companies.



- *Bernard Pinder*
  Messenger

- *Raymond Burrowes*
  Driver/Operator

- *Glyne Harper*
  Tank Battery Operator

- *Mark Archer*
  Messenger (Rtd.)

- *Richard Jarvis*
  Former Messenger

- *Fitz Layne*
  Driver/Operator (Rtd.)

This year the oil and gas sector across the globe was not without its share of challenges as a result of the declining world market price of crude oil. In view of this situation, the Company continued not only to explore possibilities of maximising oil and natural gas production onshore, but also to control operating cost. In this regard, the Company finalised plans in preparation for its 2015/2016 drilling programme, which was due to commence at the end of the 2015 calendar year. The planned programme would consist of both developmental and exploration wells.

At the beginning of the year, the Company was in an advanced stage of negotiations with potential oil and gas joint venture partners and a statutory corporation in Trinidad and Tobago for the rejuvenation of mature oilfields in Trinidad and Tobago. This project was put on hold by the new Government in Trinidad. It was anticipated that the initiative would be reviewed by the new administration in due course.

The Company continued to engage potential joint venture partners with the view to assisting in the further development of its onshore operations.

Crude Oil Production

The production of crude oil decreased by approximately 6% or 13,560 barrels to 234,607 barrels compared with 248,168 barrels in 2014. The most productive fields continued to be Lower Greys, West Woodbourne and Edgecumbe, which represented 31%, 26% and 29% of total production respectively.

Chart 11

Total Crude Oil Production by Field

(Barrels)

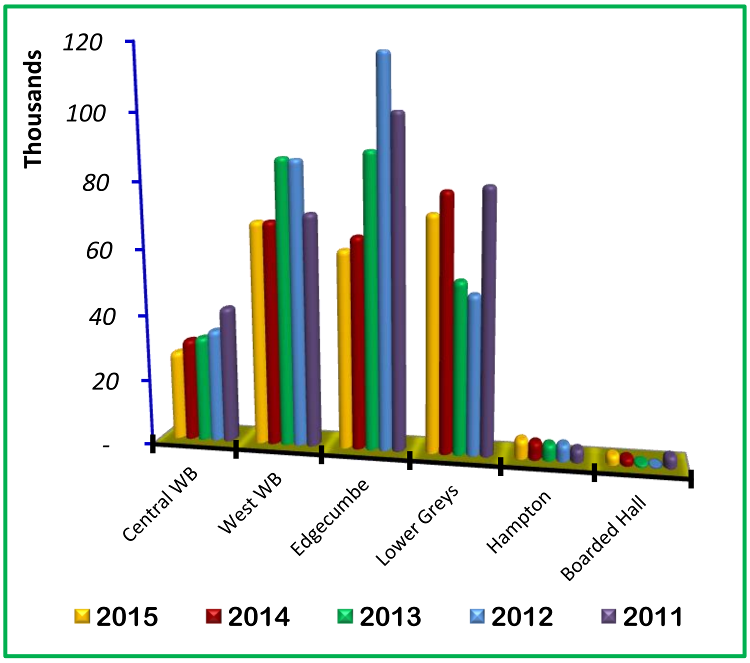


Chart 12

Total Natural Gas Production by Field

(MCF)

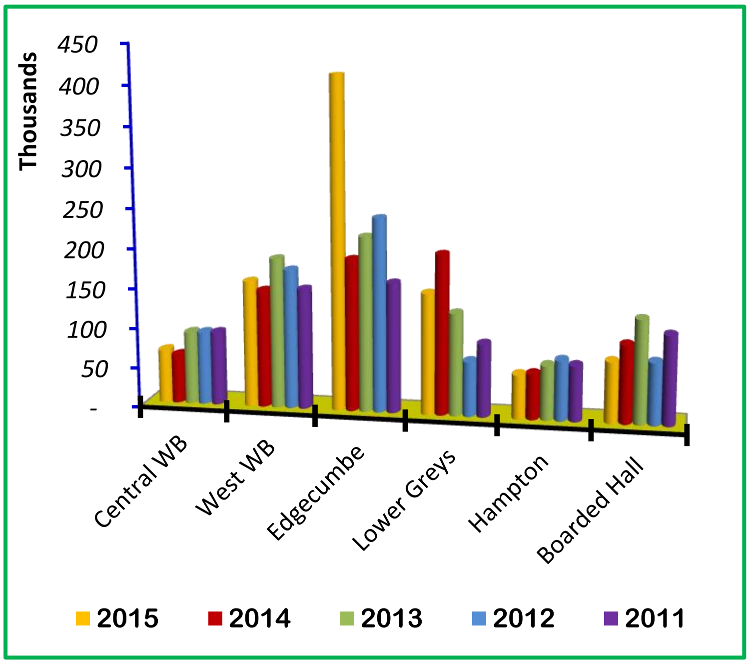


Chart 13
Proven Reserves of Crude Oil
(Barrels)

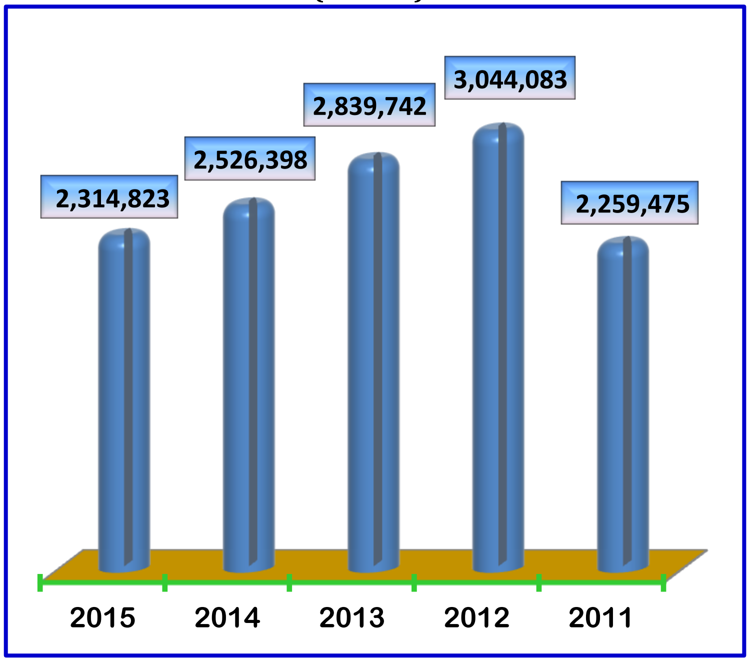
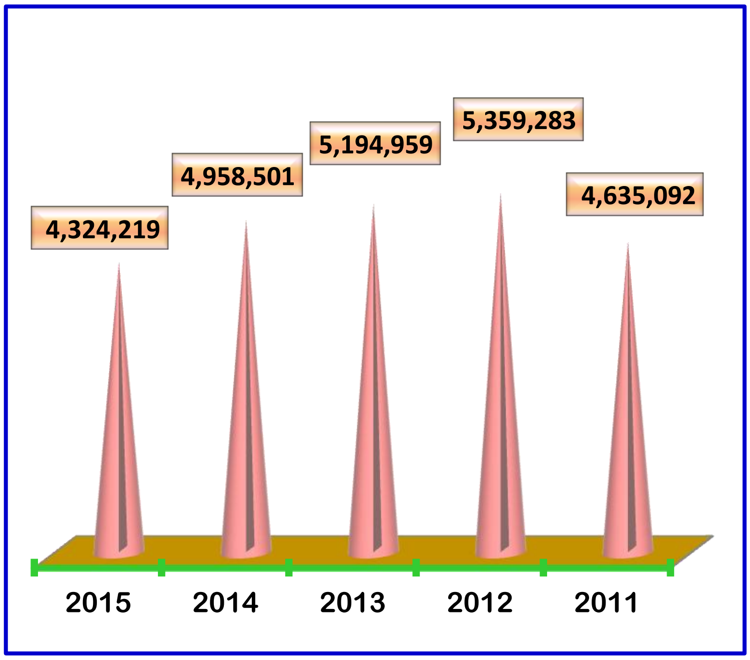


Chart 14
Proven Reserves of Natural Gas
(Cubic Feet)



Natural Gas Production

For the year under review, natural gas production increased by 26% to 947,623 mcf compared with 751,387 mcf in 2014. During the period, two outlying gas wells were tied into the network to meet the increasing demand by the NPC. In an effort to ensure security of supply of product, the Company engaged in discussions with a potential supplier for the importation of containerised LNG. Those discussions continued favourably and it was anticipated that the initial shipment would arrive during the first quarter of the new financial year.

For the year 2015, total gas sales to NPC decreased by 2.8.% to 496,071 mcf from 510,212 mcf in 2014.

Wireline Services

During the year, the Company acquired a fully equipped state-of-the-art Wireline Unit, which would enable it to conduct the relevant services in-house. The new unit allowed the Company to successfully execute its outstanding perforation programme on the nine developmental/semi-developmental wells from its 2012 drilling programme, which was delayed due to the unavailability of the contracted supplier. The first well to be perforated in-house with the newly acquired unit was Woodbourne No. 129.

Drilling Programme

The Company agreed to reschedule its drilling programme until the next financial year to conduct comprehensive maintenance and upgrades to its drilling and workover rigs and other field equipment. The upgrades, which were in keeping with the required local and international standards and best practices, are aimed at increasing the versatility and efficiency of the drilling rig as the Company sought to identify a new oilfield, possibly with deeper reservoirs. The upgrades are also aimed at ensuring that the Company comply with the requirements of the Health and Safety at Work Act.

Proven Reserves

As at 31 March 2015, the Company recorded crude oil reserves of 2,314,823 barrels, which represented a decrease of approximately 9% from 2,526,398 barrels in 2014. Natural gas reserves decreased by approximately 15% to 4,324,219 MCF from 4,958,501 MCF recorded in 2014. See Charts 13 and 14.

The overall decline in oil and gas reserves was due to the fact that no reserves were added for the current year as a result of the postponement of the 2014 drilling programme. However, nine (9) wells were recompleted after production from existing zones fell below the economic limit.

The overall drop in reserves is mainly attributed to a decrease in the reserve categories of proved developed non-producing for both oil and gas as some wells changed category upon recompletion. The proved developed producing category for oil increased marginally.

Work Programme

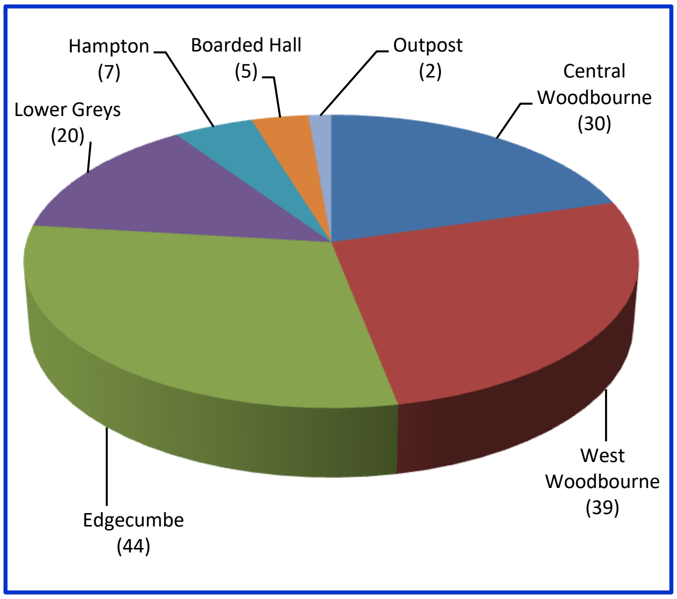
The Company maintained approximately 147 wells on production for year, compared to 132 wells in 2014. The Work Programme consisted of thirty-four workovers. In addition, the Company completed gravel pack, oil enhancing and recompletion operations on some wells to boost production levels where production had declined below the economic limit.

Crude Oil Transfers and Sales

The transfer of crude oil by pipeline from the Woodbourne Development Area to the BNTCL terminal at Fairy Valley continued without interruption.

The total quantity of local crude oil shipped to the Petrotrin refinery in Trinidad during the year was 238,109 barrels, representing a decrease of 10.5% when compared to 266,116 barrels in 2014.

Chart 15
Active Wells by Field
(As at March 31st, 2015)



The Group experienced a marginal loss for the year to March 2015. The consolidated net loss for the current year of ($3.3 million) compared unfavourably with the previous year's profit of $30.3 million, as restated. The Parent Company (BNOCL) recorded a net loss of ($5.0 million) for the year compared with a profit of $24.5 million for 2014 as restated. BNOS also recorded a loss ($2.6 million) compared with a profit $1.9 million in the previous year. BNTCL and BNOHCL reported net incomes of $4.1 million and $122,000 respectively, compared with the year to 31 March 2014 of $4.0 million and 42,000 respectively.

The Group's net loss was due primarily to a significant decrease in the revenue of the Parent Company and its subsidiary BNOSL as a result of the decline in world crude oil prices.

The Group has been able to maintain an acceptable level of efficiency in major aspects of its operations, having maintained it operating costs at $28.8 million compared to $31.4 million in 2014. The operations comprise its upstream and downstream activities, which include terminalling and supply of certain petroleum products.

This financial year was the sixth full year of operation since the pricing mechanism was implemented. The pricing mechanism was introduced primarily to enable the company to halt losses on the sale of gasoline and diesel by ensuring that the cost, insurance and freight (CIF) prices were borne by the consumer.

Additionally, through the pricing mechanism in the form of a Cess tax, the Government introduced 15 cents per litre to BNOCL and 2 cents per litre to BNTCL on the sale of gasoline and diesel to facilitate the recovery on losses incurred by these Companies in previous years, as a result of the subsidies on gasoline, diesel and electricity. In May 2012, the Government reduced the Cess tax to BNOCL from 15 to 10 cents per litre. This tax was re-instated to 20 cents per litre in October 2014.

Revenue

The Group's gross revenue decreased by 22.4% from $728.9 million in the year ended March 2014 to $565.8 million in the current year. Of this total, the sale of refined petroleum products accounted for $558.1 million representing 22.2% decrease on the previous year's revenue of $717.6 As noted under 'operating cost', the cost of refined products also decreased by approximately 19.1%.

The decrease in refined product sales resulted from the sale of a slightly lower volume of product at slightly lower average selling prices. In the year under review, 2,635,025 barrels were sold at an average price of $211.81/bbl. For the financial year ending March 31, 2014, a total of 2,972,318 barrels were sold at an average price of $241.44/bbl.

Revenue from the sale of natural gas increased marginally by 2.77% from $3.83 million in 2014 to $3.72 million in the year under review. The price of natural gas to the National Petroleum Corporation had been previously reduced by the Government of Barbados to a fixed rate of $7.50 mcf.

BNTCL's throughput fees on the storage of aviation fuel increased by 37.9% from $2.9 million in 2014 to $4.0 million in the current year. This resulted from an increase in the volume of aviation fuel handled by the terminal facility from 844,102 barrels in 2014 to 1,158,670 barrels in the current year. The throughput fees also included the fees applied for the volume of kerosene handled by the terminal for the year of 4,533 barrels, compared to 4,430 barrels in 2014.

Operating Cost

The operating cost of the Group decreased by 19.1% from $674.7 million in the year 2014 as restated, to $545.8 million in the current year.

The major contributor was a decrease in the cost of refined products sold from $643.3 million in the year 2014 to $517.1 million in the current year. This reduction resulted from the sale of a lower volume of product at a lower average purchase price per barrel than in the previous year.

Overall, in the year 2015, the average cost of sales of 2,635,026 barrels of refined product was $196.24, compared to cost of sales of $216.69 for the 2,972,318 barrels of product sold in 2014.

General and Administration Expenses

The General and Administration expenses of the Group increased by 9.2% from $13.0 million in 2014 to $14.2 million in the year under review. This increase in general expenses was primarily due to an increase in professional and other costs. Debt servicing costs decreased by 16.9% from $13.0 million in 2014 to $10.8 million in the year under review and is mainly attributable to the partial amortization of Series 3, 4 and 5 of the $160 million Bond Issue.

Other Income and Expenses

Other income comprising, interest income, gain on disposal of property, plant and equipment and other income increased by $846,882 from $200,551 in 2014 as restated, to $1,047,433 in the current year. This increase is the net result of increases in interest income earned mainly on funds in the debt service account invested in secured instruments.

Net income - Group

The Group reported an after-tax loss of ($3.3 million) in the current year compared with an after-tax profit as restated of $30.3 million for the year 2014.

Net Income - Parent and Subsidiary Companies

BNOCL, the Parent Company as an entity, reported an operating loss of ($5.0 million), a decrease of 120.4% from the reported profit of $24.5 million in 2014, as restated.

BNOSL, the upstream operating company, reported a loss of ($2.6 million) in the current year compared to a profit as restated of $1.9 million for the year 2014, a decrease of 236.8% or $4.5 million.

BNTCL, the terminalling company, reported a net profit of $4.1 million compared to a profit of $4.0 million in 2014, an increase of $100K.
The Holding company, the real estate entity of the Group, reported a net profit of $122,414 compared to the profit of $42,188 in 2014, an increase of 80,226.

Cash Flow

The Company's operations generated a net cash inflow of $109.6 million. Financing activities, which dealt mainly with the repayment of the Bond Issue utilised $45.2 million.

The investing activities, which included the purchase of plant and equipment and provision for well abandonment, used a further $9.5 million, leaving a net increase in cash and cash equivalents for the year of $54.9million.

The net increase in cash and cash equivalents for the year of $54.9 million is added to the opening overdraft balance of $33.2 million, leaving a positive cash and cash equivalents balance of $21.7 million.

Table 1

[Non-Consolidated]
NET INCOME OF THE GROUP OF COMPANIES
(BDS$ Millions)

Year ended March 31st	BNOCL	BNOSL	BNTCL	BNOHCL
2015	(4.959)	(2.578)	4.113	0.122
2014 Re-stated	24.463	1.910	4.013	0.042
2013	25.177	0.851	2.531	0.067
2012	39.440	9.061	5.243	0.044
2011	42.408	0.970	4.880	0.055

The Company continued to source the domestic requirements for gasoline from Petrotrin, the Trinidad and Tobago state-owned refinery under a contractual arrangement, while the domestic requirements for ultra low sulphur diesel and heavy fuel oil were imported from regional and international refineries, under competitive terms.

Heavy Fuel Oil (HFO)

During the year under review, the Company imported 1,316,690 barrels of HFO, or 256,459 barrels lesser than the previous year, when 1,573,149 barrels were imported. Of the total imported during the current year, 199,514 barrels or 15% were supplied from locally produced crude oil, refined under a Processing Agreement with Petrotrin, with the remaining 85% supplied by an international vendor under a under a competitive agreement.

Power generation accounted for 93% of HFO imported into the domestic market, while asphalt production used 3%, with the remainder being used for bunkering, industrial and manufacturing purposes. During the previous year, 84% of the HFO was used for power generation, 2% for asphalt production and the remainder for bunkering, industrial and manufacturing purposes.

Gasoline

For the year 2015, the volume of gasoline imported decreased by 11% from 781,972 barrels in 2014 to 696,798 barrels. The maximum and minimum purchase prices for gasoline were BD$270 and BD$144 per barrel, respectively. However, the average purchase price of this product was BD$217 per barrel.

As noted in Chart 16, at March 31, 2015 the retail price of gasoline was BD$2.85 per litre. Of that price, 31.4% represented the cost of the product, 40.7% represented Government taxes, the marketers' margin accounted for 15.9% and the company's storage fee and margin accounted for 12.0%.

Ultra Low Sulphur Diesel

The domestic market has favourably adopted Ultra Low Sulphur Diesel (ULSD) since its introduction in November of the 2014 fiscal year. For the year to 31 March 2015, the Company imported 543,841 barrels of ULSD at an average price of BD$223 per barrel. In comparison, total diesel imported in 2014 amounted to 735,421 barrels, which comprised 455,457 and 279,964 barrels of high-sulphur diesel and ULSD respectively. During 2015, the maximum and minimum purchase prices for ULSD were BD$265 and BD$146 per barrel, respectively.

Over the years, the Company had imported high-sulphur diesel and currently imports ultra-low-sulphur diesel for direct sale to Esso to bunker cruise vessels. The required volumes are off-loaded and stored at the Holborn facility. For the year to 31 March 2015, this volume totalled 25,000 barrels and was included in the reported overall volumes imported. Previous year's direct imports for Esso were 42,000 bbls (2014), 77,000 bbls (2013), 78,000 (2012) and 89,209 bbls (2011).

As noted in chart 17, at March 31, 2015 the retail price of ULSD was BD$2.12 per litre. Of that price, 43.3% represented the cost of the product, 24.3% represented Government taxes, the marketers' margin accounted for 17.1% and the company's storage fee and margin accounted for 15.3%.

Shipping

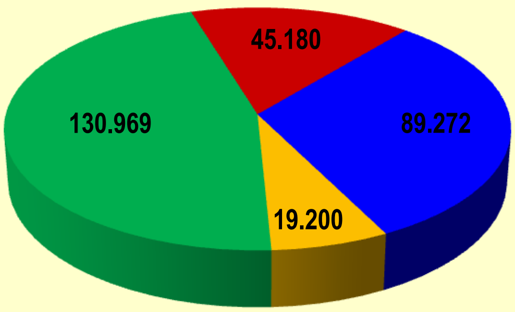
BNOCL extended the time charter contract with its marine freighter for one year with an option to roll over for an additional year. The segregated configuration of the holding tanks of the vessel has facilitated the transportation of both white oils (clean products) and black products on any given voyage. Moreover, the time charter arrangement has given BNOCL the control, flexibility, and scope to more effectively manage the carriage of petroleum products from both import and export perspectives, without incurring additional costs.

BREAKDOWN OF BENEFICIARIES OF RETAIL (PUMP) PRICE

(Barbados Cents per litre)

Chart 16

GASOLINE

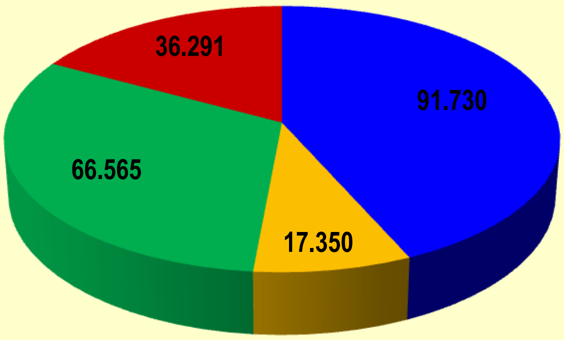


GASOLINE : 284.621 - BDS Cents per Litre *(effective March 8, 2015)*

- **Cost of Product** = 89.272
- **Margin to BNOCL/BNTCL** = 19.200
  [BNOCL Margin = 0.750 / Loss Recovery = 10.000]
  [BNTCL Throughput Fee = 6.450 / Loss Recovery = 2.000]
- **Margin to Government** = 130.969
  [VAT = 42.390 / Excise Tax = 73.579 /
  Diesel Rebate Arrears = 5.000 / Loss Recovery = 10.000]
- **Margin to Marketers** = 45.180
  [Wholesalers' Margin = 20.365 / Dealers' Margin = 24.815]

Chart 17

ULTRA-LOW-SULPHUR DIESEL



ULSD : 211.936 - BDS Cents per Litre *(effective March 8, 2015)*

- **Cost of Product** = 91.730
- **Margin to BNOCL/BNTCL** = 17.350
  [BNOCL Margin = 0.750 / Loss Recovery = 10.000
  BNTCL Throughput Fee = 4.600 / Loss Recovery = 2.000]
- **Margin to Government** = 66.565
  [VAT = 31.565 / Excise Tax = 20.000 /
  Diesel Rebate Arrears Recovery = 5.000 / Loss Recovery = 10.000]
- **Margin to Marketers** = 36.291
  [Wholesalers' Margin =15.479 / Dealers' Margin = 20.812]

The terminal located at Fairy Valley achieved another successful year of uninterrupted storage and handling of the island's petroleum stock requirements.

Volume of Products Stored and Distributed

For the year to 31 March 2015, the terminal stored 2,596,986 barrels of petroleum products, which comprised heavy fuel oil, ultra-low-sulphur diesel and high-sulphur diesel. This year's total volumes decreased when compared to 2,976,474 barrels stored for the year ending March 2014. The current volumes included 64,657 barrels of products (39,940 and 27,981 barrels of gasoline and fuel oil respectively), which were invoiced by the Marketing Division at the end of the previous financial year, but were in-transit and were not received into the terminal's facility until April 2014 (the beginning of the 2015 financial year).

It is recognised that there would be some operational adjustments between the volume of products invoiced and actual volumes stored. For the current financial year, this variance was recorded at 3,264 barrels. In this report, management has considered the variances that were recorded in past reporting years, which were not previously highlighted, and have appropriately restated the volumes accordingly, where applicable.

For the year 2015, the terminal distributed 2,587,373 barrels, which comprised heavy fuel oil, ultra-low-sulphur diesel and high-sulphur diesel, compared to 2,891,260 barrels in 2014. The difference between the stored and actual throughput volumes represented the opening and closing inventory.

For the financial year 2015, the terminal stored 1,182,492 barrels of jet fuel compared to 849,404 barrels in 2014. During this period, the terminal distributed 1,162,203 barrels of jet fuel compared to 848,532 barrels in 2014.

The volume of kerosene distributed was 4,533 barrels compared with 4,430 barrels in 2014.

Asset Integrity Management Programme

As part of its asset integrity management programme, the terminal also successfully completed a very comprehensive tank inspection and cleaning exercise on the two gasoline storage tanks. Additionally, all project plans were finalised to have the suite of product tanks calibrated in accordance with international standard and best practice of recalibration after ten years in operation. These projects signified the completion of the terminal's asset management programme for the petroleum tanks, which were successfully cleaned and inspected in accordance with industry operating standards and best practices.

Pipeline Maintenance

The terminal commenced the in-line inspection of its seven pipelines, which was contracted to an international service provider for the project management and technical oversight of the project. By the end of March 2015, substantial work was completed on the project, which included a full analysis of the pipeline system, operating specifications and inspection technology, which facilitated the finalisation of the request for proposal for the cleaning, gauging and inspection of the pipelines, in accordance with industry standards.

The pipeline project was scheduled to commence during the second quarter of 2015/2016 financial year.

The terminal operations continued to be fully compliant with international standards and best industry practices. The efficiency and consistency in the safety standards at the terminal operations is linked to its strong risk management principals and hazard identification training. Additionally, more enhanced systems were implemented to improve the percentage loss control for volume reconciliation of the storage and distribution of clean petroleum product (CCP).

The internal security and management controls were upgraded to ensure that the integrity of its loading systems was secured and operational efficiency was maintained.

The terminal operations remained compliant with all local and international operating standards, through the commitment of its competent staff and strong and effective HSSE environment.

Chart 18

Total Volume of Refined Products Stored/Throughput (HFO, Gasoline, HSD, ULSD)

(Barrels)

(For the years 2011 – 2015)

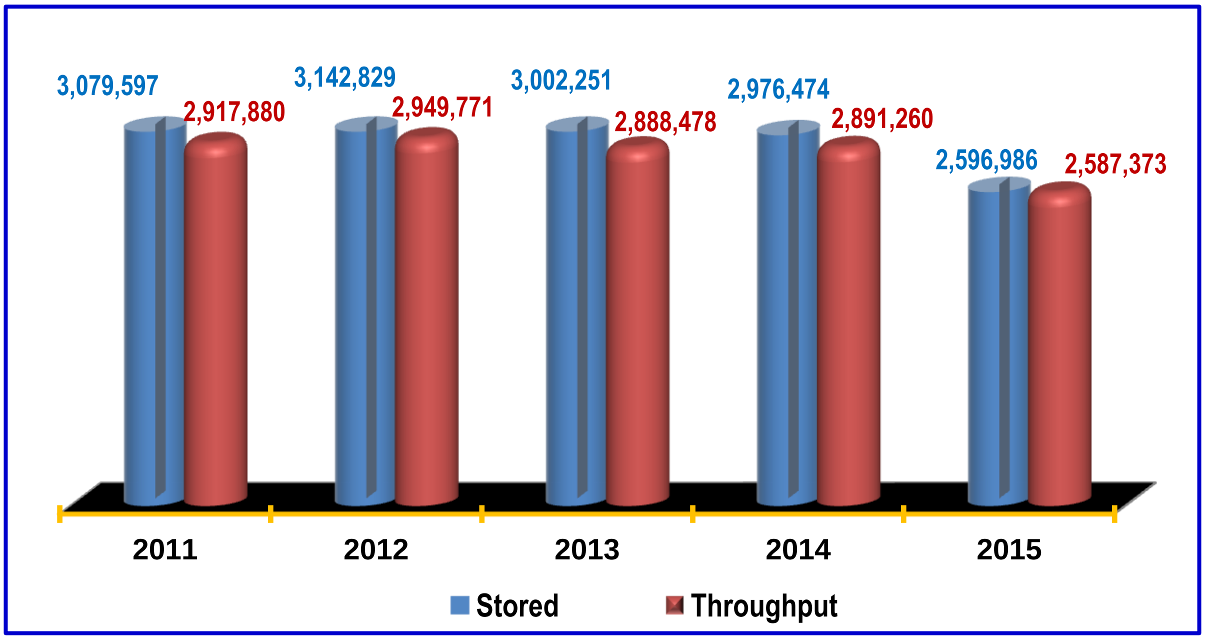


Chart 19

Total Volume of Jet Fuel Stored/Throughput

(Barrels)

(For the years 2011 – 2015)

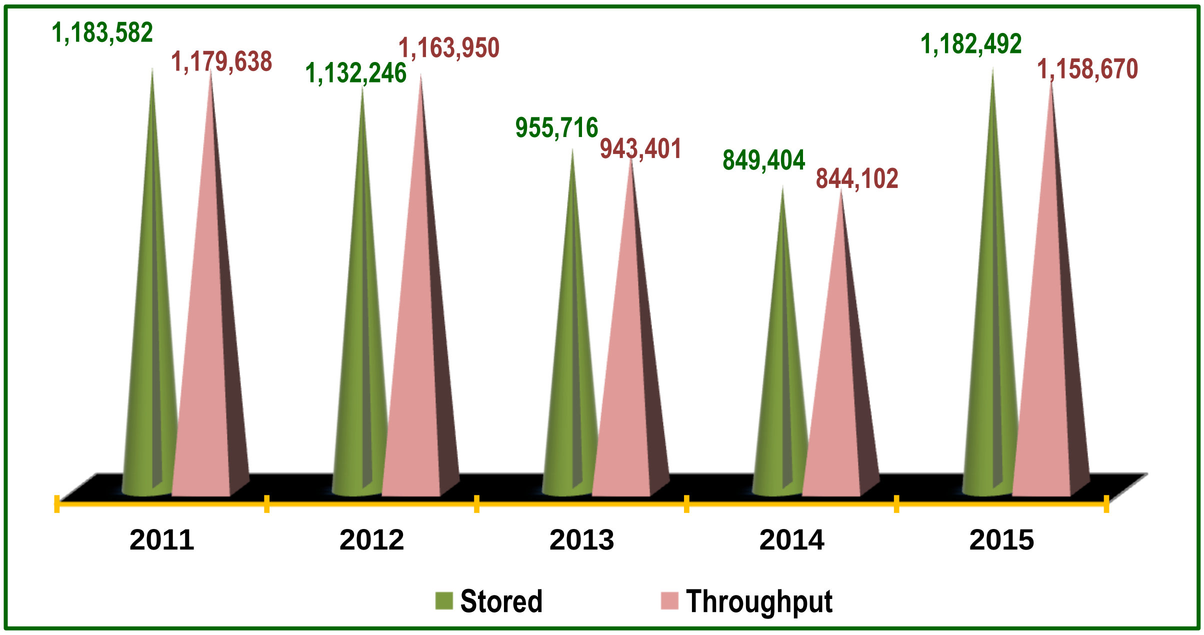


Chart 20

Stored Volume of Products (by Fuel)

(000' Barrels)

(For the years 2011 – 2015)

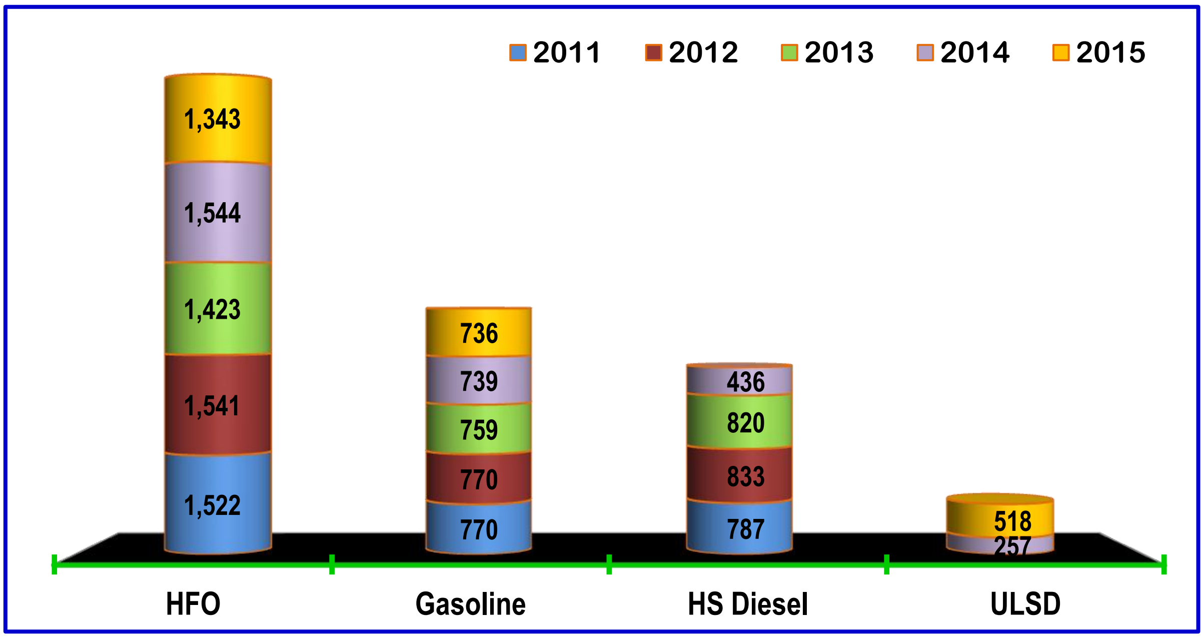
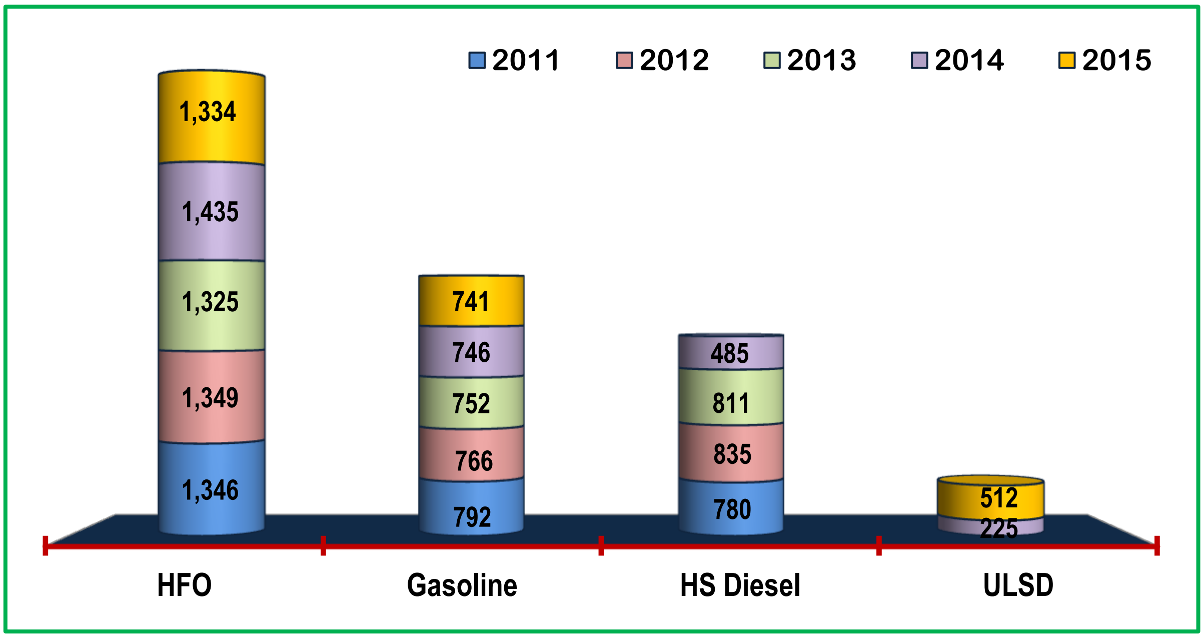


Chart 21

Throughput Volume of Products (by Fuel)

(000' Barrels)

(For the years 2011 - 2015)



(Note: BNOCL commenced the importation of Ultra-Low-Sulphur Diesel (ULSD) in November 2013, following the cessation of High-Sulphur Diesel (HSD) in October of that year).

Operator measuring product volume in re-calibrated tanks at Fairy Valley.

Automated system for the ship-to-shore operations at Oistins Pumping Station pwc

BARBADOS NATIONAL OIL COMPANY LIMITED

Consolidated Financial Statements
March 31, 2015
(expressed in Barbados dollars)

BARBADOS NATIONAL OIL COMPANY LIMITED

Registered Office

Woodbourne
St. Philip
Barbados

Directors

Dr. Leonard Nurse, Chairman
Mr. Tennyson Beckles *(deceased 27 October 2014)*
Mr. Leslie Barker
Mr. Ronald Hewitt
Mr. Everton Lashley
Mr. G. Hayden Workman
Mr. Jehu Wiltshire
Mr. Ashley Bignall *(commenced 11 September 2014)*
Mr. Wayne Forde *(ceased 10 September 2014)*
Ms. Jean Hill *(ceased 10 September 2014)*
Chairman National Petroleum Corporation or nominee *(vacant)*

Corporate Secretary

Ms. Monica Hinds

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Attorneys-at-Law

Roger C. Forde QC
Aidan J. Rogers
Charles Russell LLP *(until 31 October 2014)*
Charles Russell Speechlys *(from 1 November 2014)*

pwc

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Barbados National Oil Company Limited

We have audited the accompanying consolidated financial statements of **Barbados National Oil Company Limited**, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

PricewaterhouseCoopers SRL., The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: +246-626-6700, F: +246-436-1275, www.pwc.com/bb

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Barbados National Oil Company Limited** as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

This report is made solely to the Group's shareholders as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

December 13, 2016
Bridgetown, Barbados

Barbados National Oil Company Limited
Consolidated Statement of Financial Position
As at March 31, 2015
(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Current assets		
Cash and cash equivalents (note 5)	**21,654,563**	3,112,801
Term deposits (note 6)	**6,693,186**	6,587,240
Debt service reserve (note 7)	**22,107,086**	9,907,559
Accounts receivable (note 8)	**73,749,261**	90,746,645
Due by related companies (note 9)	**15,273,555**	17,267,578
Inventories (note 11)	**47,623,287**	77,927,045
Prepaid expenses	**308,933**	153,254
Financial investments (note 10)	**9,828,000**	9,920,000
Corporation tax refundable	**1,466,287**	5,965
	198,704,158	215,628,087
Current liabilities		
Bank overdraft (note 5)	**–**	36,322,970
Accounts payable and accrued liabilities (note 15)	**85,295,952**	32,071,797
Borrowings - current portion (note 7)	**21,529,968**	31,661,658
Due to Government of Barbados (note 16)	**10,200,000**	10,200,000
	117,025,920	110,256,425
Working capital surplus	**81,678,238**	105,371,662
Financial investments (note 10)	**14,151,205**	12,218,498
Inventories (note 11)	**1,352,839**	750,550
Investment in associated company (note 12)	**761,368**	738,100
Property, plant and equipment (note 13)	**187,559,697**	193,043,463
Deposit on plant and equipment (note 14)	**1,749,259**	2,075,146
Provision for abandonment (note 17)	**(31,529,997)**	(27,929,997)
Due from Government of Barbados (note 18)	**2,219,345**	2,219,345
Accounts payable and accrued liabilities (note 15)	**(61,431,446)**	(13,929,321)
Employee benefits (note 19)	**(936,699)**	(1,865,717)
Borrowings (note 7)	**(109,218,261)**	(130,138,124)
Deferred tax liability (note 20)	**(1,634,009)**	(1,553,774)
Net assets	**84,721,539**	140,999,831
Represented by:		
Equity		
Share capital (note 21)	**41,014,809**	41,014,809
Retained earnings	**43,706,730**	99,985,022
	84,721,539	140,999,831

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

Approved by the Board of Directors on December 7, 2016

Director

Director

(expressed in Barbados Dollars)

	Share capital $	Retained earnings $	Total $
Balance at March 31, 2013	41,014,809	69,657,202	110,672,011
Comprehensive income for the year			
Net income for the year	–	29,030,862	29,030,862
Other comprehensive income	–	595,871	595,871
Total comprehensive income for the year	–	29,626,733	29,626,733
Balance at March 31, 2014 - as previously reported	41,014,809	99,283,935	140,298,744
Prior period adjustment (note 31)	–	701,087	701,087
Balance at March 31, 2014 as restated	41,014,809	99,985,022	140,999,831
Comprehensive loss for the year			
Net loss for the year	–	(3,961,537)	(3,961,537)
Other comprehensive income	–	683,245	683,245
Total comprehensive income for the year	–	(3,278,292)	(3,278,292)
Dividend declared (note 21)	–	(53,000,000)	(53,000,000)
Balance at March 31, 2015	**41,014,809**	**43,706,730**	**84,721,539**

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

Barbados National Oil Company Limited

Consolidated Statement of Comprehensive Income

As at March 31, 2015

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Revenue		
Upstream revenue (note 22)	**3,720,533**	3,826,590
Refined products sales	**558,129,393**	717,630,761
Terminal throughput fees	**3,963,767**	7,536,196
	565,813,693	728,993,547
Operating costs		
Cost of goods sold - refined products (note 25)	**517,100,086**	643,321,560
Facilities leasing costs (note 28)	**3,245,173**	3,492,838
Terminal operating costs	**4,972,444**	5,221,334
Depreciation and depletion (note 13)	**14,447,363**	13,121,126
Royalties	**5,101,457**	6,994,471
Increase in provision for inventory obsolescence (note 11)	**954,722**	2,547,336
	545,821,245	674,698,665
Gross profit	**19,992,448**	54,294,882
General and administrative expenses (note 25)	**(14,173,680)**	(12,982,364)
Interest expense (note 7)	**(10,756,626)**	(12,964,672)
Operating (loss)/profit	**(4,937,858)**	28,347,846
Other income (note 23)	**1,047,433**	200,551
(Loss)/income before undernoted item and taxation	**(3,890,425)**	28,548,397
Share of income/(loss) of associated company (note 12)	**23,268**	(100,477)
(Loss)/income before taxation	**(3,867,157)**	28,447,920
Taxation (note 20)	**(94,380)**	1,284,029
Net (loss)/income for the year	**(3,961,537)**	29,731,949
Other comprehensive income		
Remeasurements of defined employee benefits	**683,245**	595,871
Total comprehensive (loss)/income for the year	**(3,278,292)**	30,327,820

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

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows

For the year ended March 31, 2015

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Cash flows from operating activities		
Net (loss)/income for the year before tax	**(3,867,157)**	28,447,920
Adjustments for:		
Depreciation and depletion	**14,447,363**	13,121,126
Provision for inventory obsolescence	**(954,722)**	(2,547,336)
Pension plan expense	**920,902**	1,296,153
Share of (income)/loss of associated company	**(23,268)**	100,477
Interest expense	**10,756,626**	12,964,672
Interest income	**(1,410,309)**	(33,306)
(Gain)/loss on disposal of property, plant and equipment	**(58,940)**	28,696
Amortisation of inventories	**204,476**	153,346
Amortisation of bond issue cost	**152,191**	227,301
Operating income before working capital changes	**20,167,162**	53,759,049
Decrease in accounts receivable	**16,997,384**	1,511,498
Decrease/(increase) in amount due by related companies	**1,994,023**	(1,340,817)
Decrease in inventories	**31,258,480**	7,499,670
(Increase)/decrease in prepaid expenses	**(155,679)**	426,081
Decrease/(increase) in accounts payable and accrued liabilities	**47,726,280**	(26,278,742)
Increase in well abandonment provision	**3,600,000**	–
Cash from operations	**121,587,650**	35,576,739
Interest paid	**(10,673,003)**	(13,251,039)
Income taxes paid (net)	**(1,474,467)**	248,732
Pension plan contributions paid	**(1,166,675)**	(779,352)
Interest received	**1,304,363**	29,143
Net cash generated from operating activities	**109,577,868**	21,824,223
Cash flows from investing activities		
Purchases of property, plant and equipment	**(6,014,381)**	(6,326,742)
Decrease/(increase) in deposit on plant and equipment	**325,887**	(1,638,601)
Proceeds from disposal of property, plant and equipment	**58,940**	196,005
Transfers on plant and equipment	**(1,559,740)**	198,947
Adjustment of property, plant and equipment	**2,210,524**	–
Increase in abandonment provision	**(3,600,000)**	–
Purchase of inventory - tank heels	**(806,765)**	(744,389)
Interest received	**(105,946)**	(3,751)
Increase in short term deposits	–	(6,400,000)
Net cash used in investing activities	**(9,491,481)**	(14,718,531)
Carried forward	**100,086,387**	7,105,692

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

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows ... continued

As at March 31, 2015

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Brought forward	**100,086,387**	7,105,692
Cash flows from financing activities		
Repayment of borrowings	**(31,412,262)**	(33,588,979)
(Increase)/decrease in debt service reserve	**(12,199,527)**	3,956,215
Proceeds from borrowings	**230,841**	252,351
Repayment of debt securities	**2,239,456**	2,201,713
Purchase of debt securities	**(33,659,163)**	(14,920,000)
Redemption of debt securities	**29,579,000**	5,500,000
Net cash used in financing activities	**(45,221,655)**	(36,598,700)
Net increase/(decrease) in cash and cash equivalents and bank overdraft	**54,864,732**	(29,493,008)
Cash and cash equivalents, less bank overdraft - beginning of year	**(33,210,169)**	(3,717,161)
Cash and cash equivalents - end of year (note 5)	**21,654,563**	(33,210,169)

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

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Barbados National Oil Company Limited

Notes to

Consolidated

Financial Statements

For Year Ended March 31, 2015

(expressed in Barbados Dollars)

1. General information

The Company is incorporated under the Laws of Barbados. The common shares are 75.48% owned by the Government of Barbados and 24.52% by the National Petroleum Corporation.

The principal activities of Barbados National Oil Company Limited ("the parent company" or "BNOCL") and its Subsidiaries ("the Group") are the exploration and production of the onshore hydrocarbon potential of Barbados and the importation, storage and supply of petroleum products to the Barbados market.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

i) New standards, amendments and interpretations adopted by the Company

IFRS 10 (amendment)	'Consolidated financial statements' (effective January 1, 2014)

ii) New standards, amendments and interpretations mandatory for the first time for the financial period beginning April 1, 2014 but not currently relevant to the Company

IAS 27 (revised 2011)	'Separate financial statements' (effective January 1, 2014)
IAS 28 (revised 2011)	'Associates and joint ventures'
IAS 32 (amendment)	'Financial instruments: asset and liability offsetting (effective January 1, 2014)
IAS 36 (amendment)	'Impairment of assets' (effective January 1, 2014
IFRIC 21	'Levies' (effective January 1, 2014)

iii) New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2014 and not early adopted

IFRS 9	'Financial instruments'
IFRS 15	'Revenue from contracts with customers'
IAS 1 (amendment)	'Presentation of financial statements'
IAS 16 & 38 (amendment)	'Clarification of acceptable methods of depreciation and amortisation
IAS 19 (amendment)	'Defined benefit plans:- Employee contributions'

2 Significant accounting policies *…continued*

b) Basis of consolidation

These financial statements consolidate the accounts of BNOCL and its wholly-owned subsidiary companies, Barbados National Oilfield Services Limited (BNOSL), Barbados National Terminal Company Limited (BNTCL) and Barbados National Oil Holding Company Limited (BNOHCL).

c) Revenue recognition

Upstream revenue represents the revenue from the production and sale of natural gas and is recognised on an accrual basis.

Refined product sales reflect the invoiced value of goods and services provided net of VAT and are recognised on an accrual basis. They also include the net refined value of crude oil produced.

Throughput fees reflect the invoiced value of storage fees for petroleum products net of VAT and are recognised on an accrual basis.

Interest income is interest earned from bank deposits and money market placements and is recognised on an accrual basis.

d) Investment in associated company

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates profits or losses is recognised in the statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the price at which stock can be realised in the normal course of business, less incidental costs of transportation, storage and refining. Provision is made for obsolete or slow moving items. Non-current inventory represents tank heels and can only be sold when tanks are emptied. Amortisation of tank heels is charged over 3 - 5 years depending on the product.

2 Significant accounting policies *...continued*

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	-	3 - 30 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	4 - 5 years
Well equipment	-	15 years
Natural Gas Compression facilities	-	10 years
Seismic cost	-	10 years
Production and operating equipment	-	10 years
Pipelines and terminal	-	35 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each consolidated statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

g) Intangible drilling costs and depletion

Intangible drilling costs incurred in the development of an exploratory well are capitalised in these consolidated financial statements under the successful efforts method of accounting.

Intangible drilling costs are amortised on the basis of the existing production of hydrocarbons for the year relative to the total proven developed reserves of hydrocarbons, using a combination of the Decline Curve Analysis and the Empirical Volumetric calculations based on log analysis techniques.

2 Significant accounting policies *...continued*

h) Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Barbados dollars, which is the Group's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

i) Employee benefits

The Group operates a defined benefit pension plan on behalf of the employees, the assets of which are held in a segregated fund. The pension plan is funded by payments from employees and the Group, taking into account the recommendations of independent qualified actuaries.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statement of other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2 Significant accounting policies *...continued*

j) Provisions

Provisions for abandonment are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, and are shown in the consolidated statement of comprehensive income.

k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented in current liabilities on the consolidated statement of financial position.

l) 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 of these receivables. A provision for impairment of accounts receivable 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 receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. The amount of the provisions is recognised in the consolidated statement of comprehensive income.

m) Taxation

Taxation expense in the consolidated statement of comprehensive income comprises current tax charges.

Current tax charges are based on taxable income for the year, which differ from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group’s liability for current tax is calculated at tax rates that have been enacted at consolidated statement of financial position date.

The Group follows the liability method of accounting for deferred tax.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

2 Significant accounting policies *...continued*

n) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are expensed.

o) Provision for abandonment

A provision is established towards the cost of returning the surface location of each successful well to its original condition. The cost is included as part of the intangible drilling costs and depleted over the production life of the well.

p) Royalty expense

Royalty expense is charged by the Government of Barbados at a rate of 12.5% on the sale of crude oil and natural gas. The basis is in accordance with the substance of the relevant agreements.

q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

r) Impairment of non-financial assets

Fixed assets and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

3. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

a) ***Estimated impairment of assets***

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in the significant accounting policies section. The recoverable amounts of some assets have been determined based on value-in-use calculations. These calculations require the use of estimates.

b) ***Depletion of intangible drilling and development costs***

The Group makes provisions for the depletion of its intangible drilling and development costs as stated in Note 13. Judgement is required in determining the level of depletion based on the expected production from the Group's well reserves.

c) ***Employee benefits***

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are disclosed in Note 19. Any changes in these assumptions will impact the carrying amount of pension obligations or assets.

d) ***Provision for abandonment***

A provision is established towards the cost of returning the surface location of each successful well to its original condition as stated in Note 17. Judgement is required in determining the provision based on the remedial cost of each well.

e) ***Provision for obsolescence***

The Group make provisions for obsolete inventory as disclosed in note 11. Judgement is required in determining the level of provision based on the age and future use of the inventory item.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, market risk (including currency risk, cash flow and fair value interest rate risk) and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team through continuous review of Group performance.

a) Market risk

i) Foreign exchange risk

The Group is not exposed to significant foreign exchange risk. Foreign currency transactions are primarily from petroleum product purchases and maintenance of the terminal facility.

These transactions have been formally fixed to United States dollars (US$) to mitigate exposure to fluctuations in foreign currency exchange rates, where the Barbados dollar and United States dollar are fixed 2:1.

ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2015 and 2014, the Group's borrowings at variable rate were denominated in the Barbados dollar and United States dollar.

At March 31, 2015, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been $108,489 (2014 - $208,794) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

(expressed in Barbados Dollars)

4 Financial risk management *…continued*

b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's credit risk arises from cash and cash equivalents, deposits with financial institutions as well as credit exposure to customers and other receivable.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, financial position, credit quality and other factors. Sales balances due from customers are settled in cash. Deposits are placed only with well known banks and financial institutions.

The maximum credit risk exposure is as follows:

	2015		2014	
	$	**%**	**$**	**%**
Cash and bank balances	**21,654,563**	**17.01**	3,112,801	2.33
Term deposit	**6,693,186**	**5.25**	6,587,240	4.94
Debt service reserve	**22,107,086**	**17.35**	9,907,559	7.43
Accounts receivable	**37,684,608**	**29.58**	74,337,166	55.75
Due by related companies	**15,273,555**	**11.99**	17,267,578	12.95
Financial investments	**23,979,205**	**18.82**	22,138,498	16.60
	127,392,203	**100.00**	133,350,842	100.00

(expressed in Barbados Dollars)

4 Financial risk management *…continued*

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of its short term obligation. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
At March 31, 2015					
Secured bank loans	**11,508,815**	**20,827,889**	**23,433,060**	**22,153,020**	**77,922,784**
Secured bond issue	**15,811,692**	**25,970,208**	**28,022,452**	**13,289,085**	**83,093,437**
Trade and other payables	**27,128,826**	–	–	–	**27,128,826**
Due to Government of Barbados	**10,200,000**	–	–	–	**10,200,000**
Total liabilities	**64,649,333**	**46,798,097**	**51,455,512**	**35,422,105**	**198,345,047**
At March 31, 2014					
Bank overdraft	36,322,970	–	–	–	36,322,970
Secured bank loans	11,001,390	21,082,597	30,490,268	25,932,039	88,506,294
Secured bond issue	30,473,144	34,584,206	38,219,492	16,723,460	120,000,302
Trade and other payables	25,129,399	–	–	–	25,129,399
Due to Government of Barbados	10,200,000	–	–	–	10,200,000
Total liabilities	113,126,903	55,666,803	68,709,760	42,655,499	280,158,965

(expressed in Barbados Dollars)

4 Financial risk management *…continued*

c) Liquidity risk *…continued*

The table below analyses the company's financial assets into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date.

	Less than 1 year $	Between 1 and 2 years $	Total $
At March 31, 2015			
Cash and cash equivalents	**21,654,563**	–	**21,654,563**
Term deposits	**6,693,186**	–	**6,693,186**
Debt service reserve	**22,107,086**	–	**22,107,086**
Accounts receivable	**37,684,608**	–	**37,684,608**
Due by related companies	**15,273,555**	–	**15,273,555**
Financial investments	**9,828,000**	**14,151,205**	**23,979,205**
Assets held for managing liquidity	**113,240,998**	**14,151,205**	**127,392,203**
At March 31, 2014			
Cash and cash equivalents	3,112,801	–	3,112,801
Term deposits	6,587,240	–	6,587,240
Debt service reserve	9,907,559	–	9,907,559
Accounts receivable	74,337,166	–	74,337,166
Due by related companies	13,905,019	3,362,559	17,267,578
Financial investments	9,920,000	12,218,498	22,138,498
Assets held for managing liquidity	117,769,785	15,581,057	133,350,842

Capital risk management

The Group's objective is to provide returns to its shareholders and benefits to other stakeholders and to reduce operating cost.

The Group uses the gearing ratio to monitor capital. This ratio is calculated as net debt divided by total capital. Net debt is current borrowings less cash. Total capital is equity plus net debt.

(expressed in Barbados Dollars)

5. Cash, cash equivalents and bank overdraft

	2015 $	2014 $
Cash and cash equivalents	**21,654,563**	3,112,801
Bank overdraft	–	(36,322,970)
	21,654,563	(33,210,169)

The bank overdraft is secured by the following securities:

- A legal mortgage of $30M over all the assets of the company and assignment of an insurance policy over stock held at BNTCL.
- Lien over fixed deposit for $6,400,000.
- Assignment of Limit of Indemnity policy, over Fairy Valley for US$100M and US$11M worth of stock consisting of either crude oil to be shipped or refined oil.

The interest rate on the overdraft is based on the minimum savings rate plus 3.74% per annum. The effective rate in 2015 applicable to the facility at the statement of financial position was 6.25 % (2014 - 6.25%).

6. Term deposits

	2015 $	2014 $
Term deposits	**6,693,186**	6,587,240

Term deposits have maturities of 6 months or less and bear interest at 1.00% to 1.20% (2014 - 1.60% to 1.85%).

(expressed in Barbados Dollars)

7. Borrowings

	2015 $	2014 $
i) Barbados National Oil Company Limited	**41,924,747**	63,426,305
ii) Barbados National Terminal Company Limited	**88,823,482**	98,373,477
	130,748,229	161,799,782
Less: Current portion	**(21,529,968)**	(31,661,658)
Long-term portion	**109,218,261**	130,138,124

i) Barbados National Oil Company Limited

Bond issue

On January 16, 2010, a Trust Deed agreement was executed between the company and BNB Finance & Trust Corporation (BNB), to raise the aggregate sum of $160M comprising BDS$ and US$ bonds for the purpose of financing the company's short and medium term obligations.

Bonds are tenured over a period of 3 - 9 years in five series at fixed and floating rates:

i) Series 1 - BDS$25M with interest rate of 5.25% per annum matured on December 31, 2012.
ii) Series 2 - US$25M with interest rate of 5.75% per annum and matured on December 31, 2014.
iii) Series 3 - BDS$25M with interest rate of 6.375% per annum and matures on December 31, 2016.
iv) Series 4 - BDS$20M with interest rate of 6.75% per annum and matures on December 31, 2019.
v) Series 5 - US$20M with interest rate of 7.25% per annum for the first 3 years and thereafter a determined rate at 0.5% above the interest rate for US$ Bonds issued by the Government of Barbados with similar maturity and risk.

The bond issue comprises of:

	2015 $	2014 $
a) Fixed rate bonds - BD$	**19,696,617**	37,482,939
b) Floating rate bonds - US$	**22,723,827**	26,591,254
	42,420,444	64,074,193
Less issue costs	**(495,697)**	(647,888)
	41,924,747	63,426,305

(expressed in Barbados Dollars)

7 Borrowings *...continued*

i) Barbados National Oil Company Limited *...continued*

Bond issue *...continued*

	2015 $	2014 $
Non-current		
a) Fixed rate bonds - BD$/US$	**12,926,093**	19,697,017
b) Floating rate bonds - US$	**18,566,254**	22,723,827
	31,492,347	42,420,844
Less issue costs	**(495,697)**	(647,888)
	30,996,650	41,772,956
Current		
a) Fixed rate bonds - BDS$/US$	**6,770,524**	17,785,922
b) Floating rate bonds - US$	**4,157,573**	3,867,427
	10,928,097	21,653,349
	41,924,747	63,426,305

The Bonds are secured by a charge over the Debt Service Reserve Account and a guarantee by the Government of Barbados in favour of the Trustee.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2015 $	2014 $	2015 $	2014 $
Borrowings	**31,492,347**	42,420,844	**88,394,012**	91,672,344

The fair value of current borrowings approximates their carrying values as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the latest bond rates which range from 4.48% to 6.03% (2014 - 3.53% to 6.52%).

Debt Service Reserve Account

The Company is required to maintain a Debt Service Reserve Account in an amount equal to the total amount of scheduled principal payments plus interest due and payable on each payment date for the next twelve months on the outstanding bonds. At year end the debt service reserve account held $22,107,086 (2014 - $9,907,559).

(expressed in Barbados Dollars)

7 Borrowings *...continued*

ii) Barbados National Terminal Company Limited

	2015 $	2014 $
Non-current		
a) Fixed rate bond	**26,250,000**	28,750,000
b) Bank borrowings	**41,805,556**	45,694,444
c) Bank borrowings	**10,166,055**	13,920,724
	78,221,611	88,365,168
Current		
Borrowings	**10,601,871**	10,008,309
Total borrowings	**88,823,482**	98,373,477

The maturity of the non-current borrowings is as follows:

	2015 $	2014 $
1 - 2 years	**20,508,261**	20,986,500
2 - 5 years	**27,018,905**	32,239,774
Over 5 years	**30,694,445**	35,138,894
	78,221,611	88,365,168

Borrowings include:

a) A fixed rate $50,000,000 Bond 2004 - 2026 with interest payable semi annually in arrears based on the outstanding principal, computed on a 360 day basis. The bond is secured by a guarantee to the extent of $50,000,000 from the Government of Barbados.

The effective interest rates applicable to this bond are as follows:

First 2 years	5.75%
Next 5 years	6.25%
Next 5 years	6.75%
Next 5 years	7.00%
Last 5 years	7.25%

The bond initially had a 2 year moratorium on principal payments, then equal semi-annual payments of principal. Interest is payable semi-annually in arrears based on outstanding principal. Repayment of principal on this bond commenced on December 11, 2006.

(expressed in Barbados Dollars)

7 Borrowings *...continued*

ii) Barbados National Terminal Company Limited *...continued*

b) Interest on the loan is payable monthly in arrears at minimum saving rate (MSR) plus 3.75% based on the outstanding principal, computed on a 365 day basis. The loan is secured by a guarantee to the extent of $70,000,000 from the Government of Barbados. The effective rate applicable to this loan at the consolidated statement of financial position date was 6.25% (2014 - 6.25%).

The loan is repayable with equal quarterly principal payments of $972,222. Repayment of principal commenced on December 24, 2008.

c) Interest on the loan is payable monthly in arrears at the latest 10 year government paper rate plus 0.75%, which is subject to annual reset, based on the blended principal and interest computed on a 360 day basis. The loan is secured by a first legal debenture over the fixed and floating assets of Barbados National Terminal Company Limited stamped to cover $30,000,000, with a specific charge over land, buildings and terminal facility at Fairy Valley. The effective rate applicable to this loan at the consolidated statement of financial position date was 7.625% (2014 - 7.625%).

The bond and loans are also secured by the following securities:

- Guarantee from Barbados National Oil Company Limited for $30.8M.
- Assignment of comprehensive insurance over the assets held as security.
- Assignment of Limit of Indemnity policy, over Fairy Valley for US$100M.

8. Accounts receivable

	2015	**2014**
	$	**$**
Trade receivables	**35,611,829**	65,389,340
Loan receivable	**2,029,642**	2,029,642
Duty prepaid	**10,412,947**	6,228,216
VAT receivable	**17,214,975**	10,215,884
Other receivable	**8,479,868**	6,883,563
	73,749,261	90,746,645

Loan receivable represents an advance to the Ministry of Energy and Environment, which was unsecured, interest free and has no stated date of repayment.

(expressed in Barbados Dollars)

8 Accounts receivable *...continued*

Trade receivables that are less than 30 days past due are not considered impaired. As of March 31, 2015, trade receivables of $16,038,830 (2014 - $22,928,915) were past due but not impaired. The trade receivables relate to customers for whom there is no history of default. The aging analysis of the receivables is as follows:

	2015 $	2014 $
Less than 30 days	**21,602,641**	44,490,067
30 - 60 days	**14,002,938**	13,574,251
61 - 90 days	–	454
Over 90 days	**6,250**	7,324,568
Total trade receivables	**35,611,829**	65,389,340

The other classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk at March 31, 2015 is the fair value of each class of receivable mentioned above, which approximates their carrying values. The Group does not hold any collateral as security.

There was no impairment provision on accounts receivable in 2015 and 2014.

9. Related party transactions

Due by related companies:

	2015 $	2014 $
National Petroleum Corporation (NPC) (i)	**8,094,478**	7,462,698
Asphalt Processors Inc. (ii)	**7,179,077**	9,804,880
	15,273,555	17,267,578

i) The amount due by NPC is normally payable within 30 days of the invoice date. As at year end $4,089,858 (2014 - $3,362,559) was past due but not impaired. However a special arrangement has been agreed with NPC for the payment of a fixed monthly amount.

ii) The amount due from Asphalt Processors Inc. arises from sale transactions and is unsecured and bears no interest.

(expressed in Barbados Dollars)

10. Financial investments

	2015 $	2014 $
Non-current		
Available-for-sale:		
Debt securities (unlisted)		
Made up as follows:		
Barbados Tourism Investment Inc	**1,666,667**	3,333,333
Barbados Agricultural Management Co. Ltd - Bond	**3,920,000**	3,920,000
Transport Board - Bond	**4,392,375**	4,965,165
Barbados Port Inc - Bond	**4,172,163**	–
	14,151,205	12,218,498

	2015 $	2014 $
Balance - beginning of year	**12,218,498**	14,920,211
Purchase of debt securities	**4,000,000**	5,000,000
Repayment of debt securities	**(2,239,456)**	(2,201,713)
Interest payable	**172,163**	–
Disposal of financial assets	–	(5,500,000)
Balance - end of year	**14,151,205**	12,218,498
Current		
Held-to-maturity		
Government of Barbados Treasury Note (December 20, 2014 - June 20, 2015)	**9,828,000**	9,920,000
	23,979,205	22,138,498

No provision for impairment of financial investments was required in 2015 or 2014.

The fair value of held-to-maturity investments at year end was $9,856,272 (2014 - $9,920,339)

(expressed in Barbados Dollars)

11. Inventories

	2015 $	Restated 2014 $
Refined products	**24,640,043**	49,693,869
Crude oil	**11,816,617**	13,926,073
Materials	**25,045,279**	24,693,948
Goods in transit	**353,072**	57,145
	61,855,011	88,371,035
Less: non-current portion - tank heels	**(1,352,839)**	(750,550)
	60,502,172	87,620,485
Less: provision for obsolescence on materials	**(12,878,885)**	(9,693,440)
	47,623,287	77,927,045

Non-current inventory represents the cost of petroleum products owned by BNTCL. These are tank heels and can only be sold when tanks are emptied. The balance is being amortised using a straight line basis over a three - five year period when it is expected that the tanks will be cleaned and replenished.

12. Investment in associated company

	2015 $	2014 $
Equity value of investment - beginning of year	**738,100**	838,577
Share of profit/(loss) of associated company for the year	**23,268**	(100,477)
Equity value of investment - end of year	**761,368**	738,100

The Group has a 30.40% interest in the associated company, Asphalt Processors Inc., a company incorporated in Barbados.

(expressed in Barbados Dollars)

13. Property, plant and equipment

	Land, buildings & leasehold improvements $	Furniture, fittings and office equipment $	Motor vehicles $	Well equipment $	LPG processing facilities $	Seismic cost $	Production and operation equipment $	Intangible drilling and development costs $	Construction in progress $	Total $
At March 31, 2013										
Cost	18,419,493	3,384,611	3,538,892	37,823,520	10,257,428	1,041,793	151,280,518	172,611,776	1,833,783	400,191,814
Accumulated depreciation	(4,133,784)	(2,845,583)	(2,047,830)	(29,300,466)	(10,257,428)	(940,905)	(43,151,184)	(111,811,517)	–	(204,488,697)
Net book amount	14,285,709	539,028	1,491,062	8,523,054	–	100,888	108,129,334	60,800,259	1,833,783	195,703,117
Year ended March 31, 2014										
Opening net book amount	14,456,550	574,777	1,863,975	8,934,993	972,122	92,993	104,572,466	67,909,356	884,263	200,261,495
Additions	324,840	1,450,566	173,928	–	–	60,289	1,635,460	1,205,073	1,476,586	6,326,742
Transfers	(814)	1,065	1	–	–	–	(11,053)	–	(188,146)	(198,947)
Disposals - cost	(89,229)	(932,296)	(383,029)	–	–	–	(2,285,247)	(117,424)	–	(3,807,225)
Accumulated Dep. on disposals	36,596	927,891	332,790	–	–	–	2,285,247	–	–	3,582,524
Depreciation and depletion charges	(627,730)	(656,108)	(577,069)	(811,163)	(92,171)	(14,101)	(5,444,376)	(4,898,408)	–	(13,121,126)
Closing net book amount	14,100,213	1,365,895	1,410,596	8,123,830	879,951	139,181	100,752,497	64,098,597	2,172,703	193,043,463
At March 31, 2014										
Cost	19,429,616	4,150,025	3,805,387	38,906,847	11,307,417	1,102,082	152,628,983	186,703,205	2,172,703	420,206,265
Accumulated depreciation	(5,329,403)	(2,784,130)	(2,394,791)	(30,783,017)	(10,427,466)	(962,901)	(51,876,486)	(122,604,608)	–	(227,162,802)
Net book amount	14,100,213	1,365,895	1,410,596	8,123,830	879,951	139,181	100,752,497	64,098,597	2,172,703	193,043,463

(expressed in Barbados Dollars)

13. Property, plant and equipment *…continued*

	Land, buildings & leasehold improvements $	Furniture, fittings and office equipment $	Motor vehicles $	Well equipment $	LPG processing facilities $	Seismic cost $	Production and operation equipment $	Intangible drilling and development costs $	Construction in progress $	Total $
Year ended March 31, 2015										
Opening net book amount	14,100,213	1,365,895	1,410,596	8,123,830	879,951	139,181	100,752,497	64,098,597	2,172,703	193,043,463
Additions	–	2,202,594	82,775	–	–	–	1,750,001	590,859	1,388,152	6,014,381
Transfers	–	–	–	–	–	–	1,559,740	–		1,559,740
Transfers out	–	–	–	–	–	–	–	–	(2,210,524)	(2,210,524)
Increase in provision for abandonment (note 17)	–	–	–	–	–	–	–	3,600,000	–	3,600,000
Disposals - cost	–	(87,008)	(170,410)	–	–	–	(7,500)	–	–	(264,918)
Accumulated dep. on disposals	–	87,008	170,410	–	–	–	7,500	–	–	264,918
Depreciation and depletion charges	(655,087)	(1,676,516)	(580,937)	(810,101)	(70,820)	(19,125)	(5,638,900)	(4,995,877)	–	(14,447,363)
Closing net book amount	**13,445,126**	**1,891,973**	**912,434**	**7,313,729**	**809,131**	**120,056**	**98,423,338**	**63,293,579**	**1,350,331**	**187,559,697**
At March 31, 2015										
Cost	19,429,616	6,265,611	3,717,752	38,906,847	11,307,417	1,102,082	155,931,224	190,894,064	1,350,331	428,904,944
Accumulated depreciation	(5,984,490)	(4,373,638)	(2,805,318)	(31,593,118)	(10,498,286)	(982,026)	(57,507,886)	(127,600,485)	–	(241,345,247)
Net book amount	**13,445,126**	**1,891,973**	**912,434**	**7,313,729**	**809,131**	**120,056**	**98,423,338**	**63,293,579**	**1,350,331**	**187,559,697**

(expressed in Barbados Dollars)

14. Deposit on plant and equipment

In the current financial year, deposits were made on equipment for storage shed, evaporator gum bath, air conditioning units and pumps.

15. Accounts payable and accrued liabilities

	2015 $	2014 $
Non-current		
Duty payable (i)	**61,431,446**	13,929,,321
Current		
Trade payables	**26,750,772**	24,706,280
VAT payable	**4,622,036**	6,012,500
Accrued expenses	**795,209**	1,149,435
Other payables	**127,935**	120,102
Duty payable	–	83,480
Dividend payable (note 21)	**53,000,000**	–
	85,295,952	32,071,797
	146,727,398	46,001,118

i. The duty payable is to be paid to the Accountant General on behalf of the Comptroller of Customs The accumulated balance is payable over a three and a half year period with five (5) semi-annual instalments commencing on November 1, 2016.

16. Due to Government of Barbados

The Group received a loan of $10,200,000 from the Government of Barbados to facilitate the remediation of the Needham's Point site at Gravesend, St. Michael. The loan is interest free and repayable on demand.

17. Provision for abandonment

	2015 $	2014 $
Balance at beginning of year	**27,929,997**	27,929,997
Increase in provision for the year	**3,600,000**	–
Balance at end of year	**31,529,997**	27,929,997

The Group has made a provision for costs estimated to be $137,500 (2014 -$125,000) per well which is required to return the surface location of existing wells (including those on which joint operations were done) to their original condition. The cost of abandonment is included in intangible drilling and development costs under property, plant and equipment and is amortised to the statement of comprehensive income in line with the Group's depletion charge for the year. During the year, the Group increased the provision due to the increased cost estimated to abandon a well. If management's estimate were to change by 10% the provision would increase or decrease by $3,152,999.

(expressed in Barbados Dollars)

18. `Due from Government of Barbados

Gasoline/Diesel Offset

This balance was established on instruction from the Government of Barbados in its Total Retail Price Build-up for gasoline and diesel. By this arrangement, $0.20 per litre is charged to the price of gasoline and $0.23 per litre is deducted from the price of diesel. These amounts are intended to cancel each other. The balance resulted from variances in the actual volumes of gasoline and diesel consumed. This amount is due from the Government of Barbados.

	2015	**2014**
	$	**$**
Balance at beginning and end of year	**2,219,345**	2,219,345

19. Employee benefits

The parent company and one of its subsidiary companies operate defined benefit pension plans for their employees under segregated fund policies with Sagicor Life Inc. The plans are valued triennially by independent actuaries.

In respect of the defined benefit plans operated by the Group, the amounts recognised in the consolidated statement of financial position are as follows:

	2015	**2014**
	$	**$**
Fair value of plan assets	**13,654,502**	11,953,510
Present value of funded obligations	**(14,591,201)**	(13,819,227)
Net liability in the consolidated statement of financial position	**(936,699)**	(1,865,717)

(expressed in Barbados Dollars)

19 Employee benefits *...continued*

The movement in the present value of funded obligations is as follows:

	2015 $	2014 $
Present value of funded obligations - beginning of year	**13,819,227**	12,572,609
Interest cost	**1,128,394**	1,038,876
Current service cost (including voluntary contributions)	**1,007,924**	1,046,572
Past service cost - vested benefits	–	341,945
Benefits paid	**(179,203)**	(61,760)
Actuarial gain on obligation	**(1,185,141)**	(1,119,015)
Present value of funded obligations - end of year	**14,591,201**	13,819,227

The movement in the fair value of plan assets is as follows:

	2015 $	2014 $
Fair value of plan assets - beginning of year	**11,953,510**	10,627,822
Expected return on plan assets	**472,120**	338,756
Contributions - total	**1,408,075**	1,065,026
Benefits paid	**(179,203)**	(61,760)
Administration and other non plan investment management expenses	–	(16,334)
Fair value of plan assets - end of year	**13,654,502**	11,953,510

Movements in the net liability recognised in the consolidated statement of financial position are as follows:

	2015 $	2014 $
Net liability at beginning of year	**(1,865,717)**	(1,944,787)
Net expense recognised in the statement of comprehensive income	**(920,902)**	(1,296,153)
Contributions paid	**1,166,675**	779,352
Remeasurements included in the statement of other comprehensive income	**683,245**	595,871
Net liability at end of year	**(936,699)**	(1,865,717)

(expressed in Barbados Dollars)

19 Employee benefits *...continued*

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2015 $	2014 $
Current service cost	**766,525**	760,899
Interest on obligation	**1,128,394**	1,038,876
Expected return on plan assets	**(974,017)**	(861,901)
Administration and other non plan investment management expenses	–	16,334
Past service cost	–	341,945
Total included in employee expenses	**920,902**	1,296,153
Actual return on plan assets	**472,120**	338,756

Plan assets are comprised as follows:

	2015	2014
Mortgages	**18%**	18%
Bonds	**51%**	51%
Equities	**21%**	21%
Real estate	**4%**	4%
Current assets and liabilities	**6%**	6%
	100%	100%

(expressed in Barbados Dollars)

19 Employee benefits *...continued*

Expected contributions for the year ending March 31, 2016 are $1,335,690. The next full triennial valuation is due on April 1, 2016. Interim valuations are performed at each year end.

The Group's defined pension plan is under segregated fund policies with Sagicor Life Inc. Assets are matched to the pension obligations by investing in long term securities with maturities that match the benefits payments as they fall due and in the currency of benefit payments. Whether the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation is monitored actively. The Group has not changed the processes used to manage its risk from previous years. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Principal actuarial assumptions at the consolidated statement of financial position date are as follows:

	2015	**2014**
Discount rate at end of year	**7.75%**	7.75%
Expected return on plan assets at end of year	**7.75%**	7.75%
Future promotional salary increases	**5.00%**	5.00%
Future pension increases	**1.00%**	1.00%
Proportion of employees opting for early retirement	**0.00%**	0.00%
Future inflationary salary increases	**2.00%**	2.00%
Future changes in NIS Ceiling	**4.25%**	4.25%
Mortality	**GAM 94**	GAM 94

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Barbados bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The trustees invest the funds for the defined benefits section of the plan primarily via two pooled segregated funds and amend their asset allocation benchmark as necessary to meet the objectives. The government bonds in the funds represent primarily investments in Government of Barbados securities. There are limited investments in corporate bonds.

However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

19 Employee benefits *...continued*

Changes in bond yields

A decrease in Government of Barbados bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in Assumption**	**Decrease in assumption**
Discount rate	1%	12,463,764	17,335,638
Salary growth rate	0.5%	15,498,243	13,750,110
Life expectancy	1 year	14,609,486	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan asset recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(expressed in Barbados Dollars)

20. Taxation

Under the Petroleum Winning Operations Taxation Act, Cap. 82, the parent company is not subject to taxation on exploration revenue until its level of regular exports of petroleum average 10,000 barrels a day, measured over a period of 30 consecutive days, or until the expiration of a period of five years from the date on which petroleum was first regularly exported by the parent company, whichever is earlier. The parent company did not meet these criteria during the year.

The corporation tax charge for the year is comprised as follows:

	2015 $	2014 $
Current tax	**14,671**	5,829
Deferred tax charge	**134,319**	203,352
Over provision of prior year current tax	**(526)**	(1,471,273)
Under/(over) provision of prior year deferred tax	**5,816**	(21,937)
Prior year deferred tax asset now being recognised	**(59,900)**	–
	94,380	(1,284,029)

The tax on the Group's (loss)/income before taxation, differs from the theoretical amount that would arise using the statutory taxation rate of Barbados as follows:

	2015 $	Restated 2014 $
(Loss)/income before taxation	**(3,867,157)**	28,447,920
Tax calculated at statutory rate of 25% (2014 - 25%)	**(966,789)**	7,111,980
Tax effects of the following:		
Income not subject to tax under Petroleum Winnings		
Operations Taxation Act Cap. 82	–	(3,264,183)
Expenses not deductible for tax purposes	**1,472,959**	1,461,966
Decrease in deferred tax asset not recognised	**(191,155)**	(4,945,861)
Prior year over provision - current and deferred tax	**5,290**	(1,493,210)
Gains not subject to tax	**(5,816)**	25,119
Commercial building allowance	**(12,500)**	(12,500)
Investment allowance	**(147,707)**	(167,340)
Prior year deferred tax asset now being recognised	**(59,900)**	–
	94,380	(1,284,029)

(expressed in Barbados Dollars)

20 Taxation *...continued*

The unrecognised deferred tax asset consists of the following components:

	2015 $	Restated 2014 $
Accelerated tax depreciation	**(700,555)**	(7,468,091)
Unutilised tax losses (note 24)	**67,864,445**	75,013,850
Inventory provision	**342,306**	350,681
Unpaid interest	**–**	236,023
Pension asset	**(936,699)**	(1,865,717)
	66,569,497	66,266,746
Deferred tax asset at 25% (2014 - 25%)	**16,642,374**	16,566,687

The deferred tax asset has not been recognised due to the uncertainty of recoverability in future periods.

The deferred tax liability comprises as follows:

	2015 $	Restated 2014 $
Accelerated depreciation	**(7,419,614)**	(6,215,095)
Unutilised tax losses (note 24)	**605,554**	–
Unpaid interest	**278,023**	–
	(6,536,037)	(6,215,095)
Deferred tax liability at 25% (2014 - 25%)	**(1,634,009)**	(1,553,774)

The above temporary differences have no expiry date.

(expressed in Barbados Dollars)

21. Share capital

Authorised

The parent company is authorised to issue an unlimited number of shares of no par value

Issued

	2015 $	2014 $
82,030 common shares	**41,014,809**	41,014,809

The shares are allotted as follows:

	2015 Number	2014 Number
Government of Barbados - common shares	**61,913**	61,913
National Petroleum Corporation - common shares	**20,117**	20,117
Dividend declared	**82,030**	82,030

On March 20, 2015, the Board of Directors declared a dividend of $53,000,000 payable to its shareholders for the financial year ended March 31, 2015.

22. Upstream revenue

Upstream revenue represents the Group's portion of the sales attributable to natural gas production. This revenue is comprised as follows:

	2015 $	2014 $
National Petroleum Corporation (a related party)	**3,720,533**	3,826,590

(expressed in Barbados Dollars)

23. Other income

	2015 $	Restated 2014 $
Lease of property (note 28)	**(488,000)**	(488,000)
Interest income	**1,410,309**	944,883
Gain/(loss) on disposal of property, plant and equipment	**58,940**	(28,696)
Other income	**2,764**	31,841
Amortisation of tank heels (note 11)	**(204,476)**	(153,346)
Other expenses - repair of pipeline at Oistins	**267,896**	(106,131)
	1,047,433	200,551

24. Tax losses

Accumulated tax losses which are available for set off against future taxable income for corporation tax purposes are as follows:

Year	Losses b/fwd. $	Utilised $	Incurred $	Losses c/fwd. $	Expiry date
2006	4,425,997	(4,425,997)	–	–	
2007	15,157,703	(4,176,076)	–	10,981,627	2016
2008	12,575,469	–	–	12,575,469	2017
2009	42,854,681	–	–	42,854,681	2018
2015	–	–	2,058,222	2,058,222	2022
	75,013,850	(8,602,073)	2,058,222	68,469,999	

The tax losses are as computed by the Group's companies in their corporation tax returns.

(expressed in Barbados Dollars)

25. Expenses by nature

	2015 $	Restated 2014 $
Petroleum products	**497,342,062**	623,647,643
Staff costs (note 26)	**14,090,569**	14,194,542
Repairs and maintenance	**1,941,225**	2,211,572
Insurance	**2,274,332**	2,767,835
Utilities	**644,491**	702,760
Other	**14,981,087**	12,779,572
Total cost of sales and general and administrative expenses	**531,273,766**	656,303,924

26. Staff costs

Staff costs funded by the Group were as follows:

	2015 $	2014 $
Wages, salaries and bonus	**10,723,920**	10,722,097
Allowances	**516,270**	530,208
National insurance	**736,978**	731,420
Medical and other costs	**2,113,401**	2,210,817
	14,090,569	14,194,542
Number of persons employed by the Group at year end	**127**	132

27. Key management compensation

Key management compensation comprises senior management of the Group. Compensation to these individuals was as follows:

	2015 $	2014 $
Salaries and other short-term benefits	**1,754,596**	1,638,168

(expressed in Barbados Dollars)

28. Commitments

a. Operating lease commitments

In March 2005, Cabinet agreed to lease land situated at Coverley, Christ Church, Barbados, to the Company for the purpose of developing the new storage and terminal facility. The lease agreement is for a period of 50 years with an option to renew for a further 25 years at an annual rent of $488,000 per annum. The rent is to be reviewed every 5 years.

The movement in the lease for land is as follows:

	2015	**2014**
	$	**$**
Balance - beginning of year	**81,333**	73,333
Annual rent	**488,000**	488,000
Payment	**(488,000)**	(480,000)
Balance - end of year	**81,333**	81,333

b. Facilities leasing costs

In March 2006, ESSO Standard Oil S.A. Limited ("ESSO") and the Company negotiated an agreement whereby ESSO will provide storage and handling services to the Company for an initial period of at least 10 years. The services include the receiving, storage, handling and delivery of petroleum products in and out of ESSO's Holborn Terminal located at Fontabelle, St. Michael at a standard fee rate of US$1.30 for each barrel of product delivered out of the terminal.

29. Contingent asset

In September 2005, there was an accident involving BNTCL's pipelines at Oistins and its shipper. Currently, BNTCL is legally pursuing its claims against the shipper amounting to $1.2 million plus interest and incidental costs. The Group has not recognised this amount as an asset in the consolidated financial statements due to the uncertainty of its outcome.

30. Contingent liabilities

Bank guarantees have been entered into by the Company to provide security on the Barbados National Terminal Company Limited's bank borrowings. The liabilities attached to these guarantees at March 31, 2015 amount to $30,800,000 (2014 - $30,000,000).

(expressed in Barbados Dollars)

31. Restatement of incorrect treatment of inventory tank heels

During the year ended March 31, 2014, the company inadvertently omitted billings from its subsidiary company, the Barbados National Terminal Company Limited for purchase of diesel tank heels and off takes for cleaning which occurred during the month of November 2013. In addition the company inadvertently omitted billings to BNTCL for the replacement of the diesel tank heels when the tanks were refilled for the year ended March 31, 2014 by the company. During the current year, management became aware of the errors and have restated the prior year balance for the incorrect treatment of the inventory tank heels retrospectively. The prior year results have been restated in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.

The effects of this error are shown in the following tables:

Impact of change on the consolidated statement of comprehensive income

	(Previously stated) for the year ended March 31, 2014 $	Prior period adjustment $	As restated for the year ended March 31, 2014 $
2014			
Non - current assets			
Inventories	49,463	701,087	750,550
Equity			
Retained earnings	(99,283,935)	701,087	(99,985,022)

(expressed in Barbados Dollars)

31 Restatement of incorrect treatment of inventory tank heels *...continued*

Impact of change on the consolidated statement of comprehensive income:

	For the year ended March 31, 2014 $	Prior period adjustment $	As restated for the year ended March 31, 2014 $
2014			
Cost of goods sold - refined products	(644,065,949)	744,389	(643,321,560)
Other income	243,853	(43,302)	200,551
Income before undernoted item and taxation	27,548,310	701,087	25,249,397
Income before taxation	27,746,833	701,087	28,447,920
Net income for the year	29,030,862	701,087	29,731,949
Total comprehensive income for the year	29,626,733	701,087	30,327,820

32. Other events

i. On September 18, 2014, the Cabinet of the Government of Barbados agreed to the divestment of BNTCL. The Board of Directors at its meeting of December 19, 2014 approved the divestment of BNTCL. The company is in the process of concluding discussion on the sale, however the purchaser and the purchase price has not as yet been determined as at the year end of March 31, 2015. It is expected the divestment will be concluded during the 2016/2017 fiscal year.

ii. On October 30, 2014, the Cabinet of the Government of Barbados agreed to the merger of BNOCL and the National Petroleum Corporation. Subsequently on January 28, 2015, the Board of Directors at its meeting approved the merger of BNOCL with National Petroleum Corporation, which is expected to be undertaken on a phased basis over a period of one year with the first phase concentrating on the merger of the administrative and back office services.

BNOCL, BNTCL, BNOSL, BNOHCL

Audited

Non-Consolidated

Financial Statements

For Year Ended March 31, 2015

Non-Consolidated

Barbados National Oil Company Limited

Statement of Financial Position

As at March 31, 2015

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Current assets		
Cash on hand and at bank (note 5)	**19,409,572**	186,155
Term deposits (note 6)	**6,693,186**	6,587,240
Debt service reserve (note 7)	**22,107,086**	9,907,559
Accounts receivable and prepayments (note 8)	**64,339,383**	82,679,139
Due from subsidiary companies (note 9)	**88,405,303**	86,485,429
Due from associated company (note 9)	**7,179,077**	9,804,880
Inventories (note 10)	**33,945,957**	61,445,566
Financial investments (note 12)	**9,828,000**	9,920,000
	251,907,564	267,015,968
Current liabilities		
Bank overdraft (note 5)	**–**	36,322,970
Accounts payable and accrued liabilities (note 11)	**81,851,265**	28,700,467
Borrowings - current portion - (note 7)	**10,928,097**	21,653,349
	92,779,362	86,676,786
Working capital surplus	**159,128,202**	180,339,182
Financial investments (note 12)	**14,151,205**	12,218,498
Investments in subsidiary companies (note 13)	**1,002**	1,002
Investment in associated company (note 14)	**648,470**	648,470
Property, plant and equipment (note 15)	**34,290,280**	33,640,229
Deposit on plant and equipment (note 16)	**–**	79,061
Due from subsidiary companies (note 9)	**1,400,000**	1,400,000
Due from Government of Barbados (note 19)	**2,219,345**	2,219,345
Accounts payable accrued liabilities (note 11)	**(61,431,446)**	(13,929,321)
Employee benefits (note 17)	**(1,424,794)**	(2,110,938)
Provision for abandonment (note 18)	**(27,087,500)**	(23,875,000)
Borrowings - long term (note 7)	**(30,996,650)**	(41,772,956)
Net assets	**90,898,114**	148,857,572
Represented by:		
Equity		
Share capital (note 20)	**41,014,809**	41,014,809
Retained earnings	**49,883,305**	107,842,763
	90,898,114	148,857,572

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

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Revenue (note 21)	**560,915,968**	720,230,571
Operating costs		
Cost of goods sold - refined products (note 24)	**537,755,062**	667,234,971
Subsidiary lifting costs (note 9)	**11,020,438**	11,145,281
Royalties	**3,191,283**	4,186,385
Depreciation and depletion (note 15)	**4,096,815**	3,211,433
	556,063,598	685,778,070
	4,852,370	34,452,501
General and administrative expenses (note 24)	**(8,329,984)**	(6,334,671)
	(3,477,614)	28,117,830
Other income and expenses (note 25)	**2,586,360**	2,019,609
Operating (loss)/profit	**(891,254)**	30,137,439
Finance charges (notes 7 and 24)	**(4,570,211)**	(6,142,278)
(Loss)/income before taxation	**(5,461,465)**	23,995,161
Taxation (note 22)	**–**	–
Net income for the year	**(5,461,465)**	23,995,161
Other comprehensive income		
Remeasurements of defined pension benefits for employees (note 17)	**502,007**	467,383
Total comprehensive (loss)/income for the year	**(4,959,458)**	24,462,544

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

Non-Consolidated

Barbados National Terminal Company Limited
Statement of Financial Position
As at March 31, 2015
(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Assets		
Current assets		
Cash and cash equivalents (note 6)	**501,037**	1,309,018
Accounts receivable (note 7)	**489,927**	631,610
Inventories (note 8)	**705,452**	596,181
Prepaid expenses	**93,349**	36,620
Due from related party (note 10)	**1,517,164**	1,488,437
Corporation tax refundable	**9,685**	11,794
	3,316,614	4,073,660
Current liabilities		
Accounts payable and accrued liabilities (note 9)	**1,304,920**	1,489,110
Due to parent company (note 10)	**1,374,400**	24,801
Borrowings - current portion (note 13)	**10,601,871**	10,008,309
Due to Government of Barbados (note 14)	**10,200,000**	10,200,000
	23,481,191	21,722,220
Working capital deficiency	**(20,164,577)**	(17,648,560)
Inventories (note 8)	**1,352,839**	750,550
Employee benefits (note 21)	**488,095**	245,221
Property, plant and equipment (note 11)	**95,360,850**	98,803,439
Deposit on plant and equipment (note 12)	**545,173**	1,461,808
Borrowings - long-term (note 13)	**(78,221,611)**	(88,365,168)
	(639,231)	(4,752,710)
Represented by:		
Equity		
Share capital (note 16)	**1,000**	1,000
Accumulated deficit	**(640,231)**	(4,753,710)
	(639,231)	(4,752,710)

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

(expressed in Barbados Dollars)

	2015 $	Restated 2014 $
Revenue		
Through-put fees (note 10)	**26,493,567**	28,178,433
Direct cost		
Facilities lease (note 22(ii))	**(3,245,173)**	(3,492,838)
Operating expenses (note 18)	**(4,972,444)**	(5,221,334)
	(8,217,617)	(8,714,172)
Gross profit	**18,275,950**	19,464,261
General and administrative expenses (note 18)	**(8,184,701)**	(8,751,644)
Other income/(expenses) (note 19)	**26,881**	(5,323)
Operating profit	**10,118,130**	10,707,294
Finance cost (note 13)	**(6,186,415)**	(6,822,394)
Income before taxation	**3,931,715**	3,884,900
Taxation (note 15)	**526**	–
Net income for the year	**3,932,241**	3,884,900
Other comprehensive income		
Remeasurements of defined employee benefits (note 21)	**181,238**	128,488
Total comprehensive income for the year	**4,113,479**	4,013,388

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

Barbados National Oilfield Services Limited

Statement of Financial Position

As at March 31, 2015

(expressed in Barbados Dollars)

	2015 $	2014 $
Current assets		
Cash and cash equivalents (note 6)	**1,723,234**	1,592,512
Trade and other receivables (note 7)	**9,132,620**	7,552,530
Inventories (note 8)	**12,971,878**	15,885,298
Due from related company (note 9)	**8,094,478**	7,462,698
Corporation tax recoverable (note 15)	**1,471,273**	–
	33,393,483	32,493,038
Current liabilities		
Trade and other payables (note 10)	**2,057,261**	1,796,833
Due to parent company (note 12)	**85,886,332**	85,379,452
Due to fellow subsidiary companies (note 11)	**2,418,087**	2,252,197
	90,361,680	89,428,482
Working capital deficiency	**(56,968,197)**	(56,935,444)
Deposit on plant and equipment (note 14)	**1,204,086**	534,277
Property, plant and equipment (note 13)	**56,307,942**	58,984,858
Provision for abandonment (note 16)	**(4,442,497)**	(4,054,997)
Deferred tax liability (note 15)	**(1,704,409)**	(1,553,774)
Net liabilities	**(5,603,075)**	(3,025,080)
Represented by:		
Equity		
Share capital (note 17)	**1**	1
Accumulated deficit	**(5,603,076)**	(3,025,081)
	(5,603,075)	(3,025,080)

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

(expressed in Barbados Dollars)

	2015 $	2014 $
Revenue		
Crude oil sales (note 22)	**14,087,049**	21,037,197
Natural gas sales (note 22)	**1,194,346**	1,427,488
	15,281,395	22,464,685
Operating costs		
Royalties	**1,910,174**	2,808,086
Field expenses	**4,838,771**	4,512,046
Workover expenses	**1,910,103**	2,357,885
Warehousing expenses	**1,416,959**	2,069,828
Production expenses	**3,873,364**	4,371,226
Maintenance expenses	**2,340,955**	2,061,686
Engineering expenses	**870,782**	981,940
Geological expenses	**366,808**	393,134
LPG Plant expenses	**1,421,786**	1,105,106
Wireline expenses	**696,849**	–
Depreciation and depletion (note 13)	**5,268,431**	4,904,778
Inventory write-off	**252,680**	2,077,398
Increase in inventory obsolence	**954,722**	2,547,336
	26,122,384	30,190,449
Less: Parent lifting cost recovery (note 22)	**(11,020,438)**	(11,145,281)
	15,101,946	19,045,168
Gross profit	**179,449**	3,419,517
General and administrative expenses (note 19)	**(2,663,377)**	(2,804,561)
Other income		
Gain/(loss) on disposal of property, plant and equipment	**54,395**	(16,814)
Miscellaneous income	**2,173**	22,177
(Loss)/income before taxation	**(2,427,360)**	620,319
Taxation (note 15)	**(150,635)**	1,289,858
Net comprehensive (loss)/income for the year	**(2,577,995)**	1,910,177

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

Barbados National Oil Holding Company Limited
Statement of Financial Position
As at March 31, 2015
(expressed in Barbados Dollars)

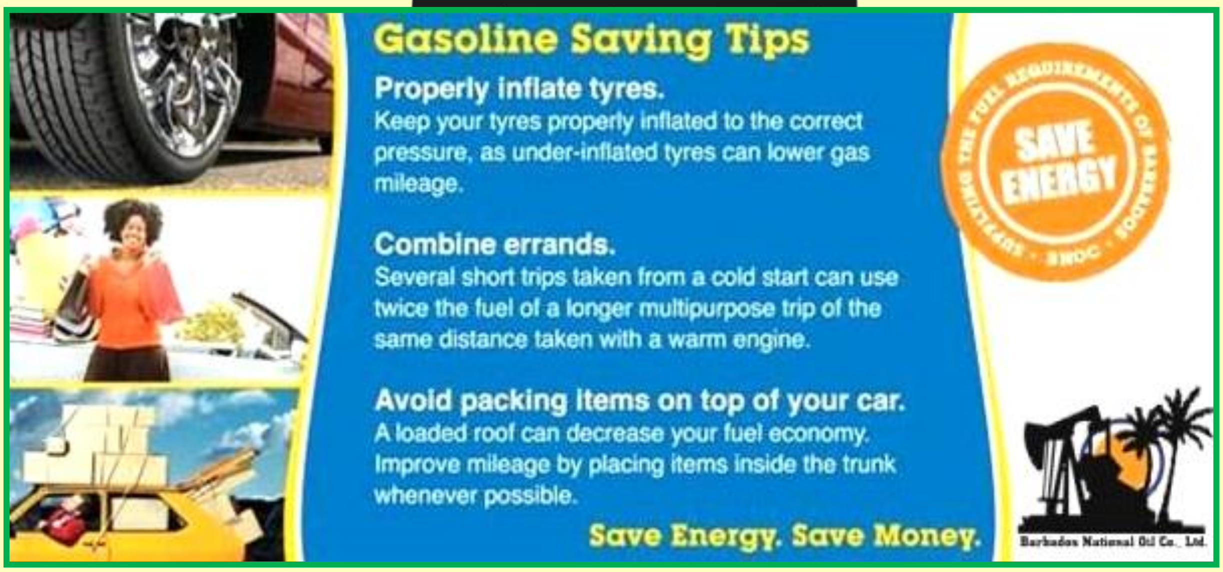
	2015 $	2014 $
Assets		
Current assets		
Cash	**20,720**	25,116
Prepaid expenses	**2,915**	–
Due from related company (note 5)	**900,923**	763,655
	924,558	788,771
Deferred tax asset (note 7)	**70,400**	–
Property, plant and equipment (note 6)	**1,600,625**	1,614,937
Total assets	**2,595,583**	2,403,708
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	**11,568**	15,449
Due to parent company (note 5)	**1,145,404**	1,080,904
Corporation tax payable	**14,671**	5,829
	1,171,643	1,102,182
Non-current liabilities		
Loan due to parent company (note 5)	**1,400,000**	1,400,000
Total liabilities	**2,571,643**	2,502,182
Equity		
Share capital (note 8)	**1**	1
Retained earnings/(accumulated deficit)	**23,939**	(98,475)
Total equity	**23,940**	(98,474)
Total liabilities and equity	**2,595,583**	2,403,708

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

(expressed in Barbados Dollars)

	2015 $	2014 $
Income		
Rental income (note 5)	**180,000**	180,000
Royalties and surface lease	**6,420**	6,420
	186,420	186,420
General and property expenses		
Insurance	**21,775**	47,921
Property taxes	**30,704**	22,500
Professional fees	**10,792**	11,530
Depreciation (note 6)	**14,312**	14,312
Bank charges	**152**	140
	77,735	96,403
Operating profit	**108,685**	90,017
Finance cost (note 5)	**(42,000)**	(42,000)
Income before taxation	**66,685**	48,017
Taxation (note 7)	**55,729**	(5,829)
Net income and total comprehensive income for the year	**122,414**	42,188

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


Gasoline Saving Tips
Properly inflate tyres.
Keep your tyres properly inflated to the correct pressure, as under-inflated tyres can lower gas mileage.
Combine errands.
Several short trips taken from a cold start can use twice the fuel of a longer multipurpose trip of the same distance taken with a warm engine.
Avoid packing items on top of your car.
A loaded roof can decrease your fuel economy. Improve mileage by placing items inside the trunk whenever possible.
Save Energy. Save Money.
SUPPLYING THE FUEL REQUIREMENTS OF BARBADOS · BNOC ·
SAVE ENERGY
Barbados National Oil Co., Ltd.

Annual Report
2015

BARBADOS NATIONAL OIL COMPANY LIMITED
Woodbourne, St. Philip, Barbados, W.I.
Tel: (246) 418-5200 Fax: (246) 420-1818

Report Designed and Compiled by
Executive Professional Services
Email: thebusinessexecutive@gmail.com