BNOCL

ANNUAL REPORT

2018

ANNUAL REPORT

& AUDITED STATEMENTS

2018

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BNOCL

BARBADOS NATIONAL OIL COMPANY LIMITED

MISSION STATEMENT

To efficiently and economically identify and produce hydrocarbon resources and utilise the Petroleum Value Chain and emerging solar technologies to contribute to energy production in Barbados

VISION STATEMENT

To become a fully integrated energy company by providing affordable energy products and services through the efficient management of reserves, production and new technologies while contributing to the energy security of Barbados

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 Speechlys (UK)

Corporate Secretary

Ms. Monica Hinds (ceased December 31, 2017)
Mr Ashley Bignall (Appointed January 1, 2018)

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Board of Directors – BNOCL

(Until May 25, 2018, except where stated)
Dr. Leonard Nurse - Chairman
Mr. Leslie Barker
Mr. Ashley Bignall (Ceased December 31, 2017)
Mr. Noel Greenidge (Appointed April 16, 2016)
Mr. Ronald Hewitt
Mr. Everton Lashley
Mr. Jehu Wiltshire
Mr. Hayden Workman

(Appointed September 3, 2018)
Mr. William Alexander McDonald - Chairman
Ms. Lachmi Connell - Deputy Chairman
Ms. Ethnie Bellamy-Weekes
Mrs. Stephanie Catling-Birmingham
Ms. Alexandra Daniel
Mr. Lorenzo Harewood (Ceased February 8, 2019)
Mrs. Andria Shepherd-Payne
Mr. David Straughn
Mr Jehu Wiltshire

Board of Directors – BNTCL

(Until May 25, 2018, except where stated)

Dr. Leonard Nurse - Chairman
Mr. Leslie Barker
Mr. Ashley Bignall (Ceased December 31, 2017)
Mr. Noel Greenidge
Mr. Dave Waithe
Mr. Jehu Wiltshire
Mr. Hayden Workman

(Appointed September 3, 2018)

Mr. William Alexander McDonald - Chairman
Mr. Herbert Yearwood - Deputy Chairman
Ms. Ethnie Bellamy-Weekes
Ms. Lasandra Bobb
Ms. Jamila Burgess
Dr. Kim Burton
Ms. Alexandra Daniel
Ms. Gillian Morris
Mrs. Andria Shepherd-Payne
Mr. David Staples
Ms. Lana Trotman
Mr. Jehu Wiltshire

Senior Management

Mr Winton Gibbs – General Manager
Mr Mervyn Gordon – Technical Manager (Retired October 31, 2017)
Mrs. Joan Hinds-Holder – Finance Manager
Mrs. Brenda Hinds – Human Resources Manager (Retired November 17, 2017)
Mr Terrence Straughn– Terminal Superintendent
Mr Wesley Carter – Trading and Marketing Manager
Mr Pedro Bushelle – Information Technology Manager
Mrs. Carolyn Forde-Bryan – Internal Auditor

Sub-Committees

There are six Sub-Committees reporting to the Group Board.

Amalgamation Committee
Chairperson – Mr Winton Gibbs

Establishment Committee
Chairperson – Dr Leonard Nurse

Finance and Audit Committee
Chairperson – Mr Ronald Hewitt

Pension Trustee Committee
Chairperson – Mr Ashley Bignall

Technical Committee
Chairperson – Dr Leonard Nurse

Tenders Committee
Chairperson – Dr Leonard Nurse

Board of Directors

Sitting (l to r): Mr. Ashley Bignall, Mr. Ronald Hewitt, Dr. Leonard Nurse (Chairman), Mrs. Ethnie Bellamy-Weekes

Standing (l to r): Mr. Noel Greenidge, Mr. Dave Waithe, Mr. Everton Lashley, Mr. Hayden Workman, Mr. Jehu Wiltshire

Corporate Profile

The Barbados National Oil Company Limited (BNOCL or the company) 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 authorizes 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.

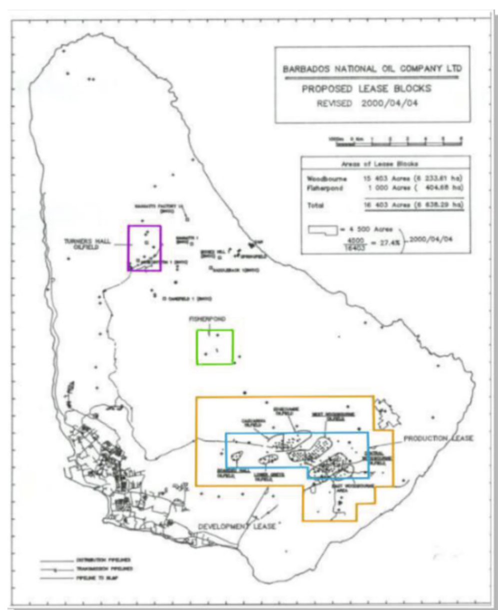


Figure 1:Map of Barbados showing the location of the four areas making up the Mineral Lease.

Production for the year under review came from the Woodbourne area, which is made up of several 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 to increase the rate of recovery.

Locally produced crude oil is stored at the terminal at Fairy Valley, Christ Church for shipment to Trinidad where it is now sold to Petrotrin. Previously, the crude was refined by Petrotrin at Point-a-Pierre refinery under a Processing Agreement. This Processing Agreement was mutually discontinued at the end of June 2016.

The BNOCL Group is comprised of three (3) wholly owned subsidiary companies. BNOCL also has a 30.4% equity in its associated company, Asphalt Processors Inc.

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

- **Barbados National Terminal Company Limited (BNTCL or the Terminal)** 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. BNTCL, which was constructed in 2004, commenced operations at the temporary Needham's Point Facility in St

Michael. It currently operates from its state-of-the-art terminal at Fairy Valley, Christ Church.

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 proximity to the BL&P power generating plant at Spring Garden, which consumes approximately 95% of the imported heavy fuel oil.

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

During the year under review, the Government established the Barbados National Energy Policy (BNEP) 2017-2037 which was designed to "establish and maintain a sustainable energy sector for Barbados". The new policy focused on the generation of renewable energy from solar, wind and biofuels in both the electrical and transportation sectors. BNOCL's strategic direction therefore was concentrated on aligning and pursuing business growth consistent with that policy whilst transforming its energy portfolio beyond the exploration and production of indigenous hydrocarbons and fossil fuels.

The Company remained focused on securing competitive prices for the mix of petroleum products, namely gasoline, diesel and heavy fuel oil which it purchases annually for local consumption. It was successful in achieving this objective through contractual arrangements with regional and international suppliers, which also ensured that it sustained adequate supplies of these products.

BNOCL maintained adequate supplies of petroleum products (i.e. heavy fuel oil, gasoline and ultra-low-sulphur diesel) for local consumption during the year ended March 31, 2018, through several contractual arrangements with regional and international suppliers.

Natural Gas

As natural gas production declined by 17%, the increased demand for natural gas was reflected in the additional importation of Liquified Natural Gas (LNG) when approximately 1 million gallons more were imported when compared to the previous year. This represented an increase of about 33% with total imports for the year reaching 2,979,587 gallons.

Gasoline and Diesel

BNOCL imported 4% less gasoline in 2018 as compared to the 2017 period. Gasoline prices in 2018 peaked at BDS$195 per barrel or at approximately 2.5% less when compared to 2017. Conversely, diesel imports increased by 13% over the period to 532,987 barrels with prices peaking at BDS$189 per barrel. The Company also recorded a decline in Heavy Fuel Oil imports when 6% less or 1,209,836 barrels were received at the Terminal.

Financial Performance

During the year under review, the BNOCL Group recorded comprehensive income of BDS$10.5 million which compared favourably to the previous year when the Group had a total comprehensive loss of BDS$7.1 million. This was due to several factors including decreased operational costs, reduction in losses by the BNOS entity and profitability in two of its subsidiaries, namely BNOCL and BNTCL.

In contrast to the 2017 fiscal year when revenue declined by 5%, revenue in 2018 increased by 14.5% to BDS$419.50 million. This was attributed to higher sales prices for BNOCL's refined petroleum products. The average price for crude oil declined to BDS$126.57 per barrel from the previous year when it was BDS$129.64 per barrel. While revenue for natural gas increased by 22% from BDS$8.43 million in 2017 to BDS$10.86 during this period.

Crude Oil and Natural Gas Production

For the period under review, crude oil production was 228,841 barrels, a negligible increase from the previous period when 226,780 barrels were produced. Natural gas production also declined minimally by 2% from 557,748 mcf in 2017 to reach 544,376 mcf. As a result, the reduced natural gas production, BNOCL continued to supplement the local supply with imported LNG.

Terminal Operations

The Terminal located at Fairy Valley which is tasked with the importation, storage and distribution of petroleum products for Barbados, completed yet another successful year of uninterrupted supply of these products. Great emphasis was placed on improving the Terminal's HSSE management systems, loss control, as well as maintaining a comparatively high level of operations in alignment with international and industry best practices.

The divestment of BNTCL was anticipated to be completed during the year, and consequently, most of the significant projects were curtailed. However, the proposed sale was delayed when the Fair Trading Commission (FTC), which was reviewing the terms and conditions of the prospective sale of BNTCL, rejected the proposed acquisition transaction. The FTC subsequently requested additional information from both parties.

Renewable Energy Strategy

The Government of Barbados implemented the Barbados National Energy Policy (BNEP) 2017-2037 which was designed to "establish and maintain a sustainable energy sector for Barbados". The new policy focused on renewable energy to be generated by utilising solar, wind and biofuels in both the electrical and transportation sectors. BNOCL's strategic direction during the period therefore was to champion this policy by aligning and pursuing business growth consistent with this policy.

Health and Safety

The Safety and Health at Work Act 2005 (SHaW Act) sought to strengthen the existing guidelines and regulations for an effective health and safety operations for individuals in and around the work environment.

In light of the SHaW Act, BNOCL therefore decided to enhance its health and safety practices throughout its group of companies. Consequently, BNOCL established a new department called Health, Safety, Security and Environment (HSSE) was established to focus solely on HSSE matters. This function was formerly subsumed under the Human Resources portfolio. The new post of Group HSSE Manager was subsequently created to head that department and ensure compliance with the Act.

Offshore Petroleum Exploration Activity

BNOCL's collaboration with BHP Billiton (BHP) continued in 2018, however during the year their intent was to complete interpretation of onshore rock and oil samples and BNOCL's oil and core samples from selected wells. The study aimed to help determine the local rock relationship to Formations in the BHP's Trinidad & Tobago northern acreage. Additionally, a geochemical study was conducted on Woodbourne's oilfield and on onshore Barbados oils.

BNOCL received the offshore data package from the Division of Energy and Telecommunications which contained the Sandy Lane 1 well information and eight (8) selected seismic lines. BNOCL's Geology department worked on the interpretation of the seismic lines. Additionally, BNOCL requested and received offshore seismic data from Exxon Mobil, which had formerly undertaken studies in the early 80s.

Human Resources and Administration Overview

During the year BNOCL focused on its strategy to become a diversified energy company. The Human Resources Department in its support of this objective ensured that it engaged staff in the level of professional training required to strengthen the company's human resource capital.

One of the key administrative developments in the company during this period was the switch in the payroll processing system from Micropay to Kronos. In addition, the payroll function which was previously undertaken by the Finance department was added to the Human Resources department's portfolio. This brought about some adjustments in the general functions of the department to facilitate the new task. The necessary familiarization training was subsequently undertaken during the transition period.

The company was simultaneously preparing for the pending amalgamation of BNOCL and National Petroleum Corporation (NPC). The department was therefore actively involved in providing support to NPC to assist them to bridge the gap with the implementation of the Kronos software at their offices.

Staff Appointments and Secondments

During the year under review, BNOCL welcomed two persons on secondment from the National Petroleum Corporation (NPC) – Mr. James Browne and Mr. Damien Catlyn. Mr. Browne, NPC's former General Manager, joined the company as the Chief Operations Officer. Mr. Catlyn vacated the position of HSSE Officer at NPC to become Group HSSE Manager providing services to both entities.

Mr. Ashley Bignall also joined BNOCL as the Chief Financial Officer after serving on BNOCL's Board of Directors for several years. Ms. Melissa Griffith joined the company as the Human Resources Assistant on March 1, 2018. Ms. Griffith previously worked with the NPC and was involved in their Kronos implementation process.

Mr. Rodney Alkins rejoined the company as the Administrative Officer in April 2017 and Ms. LeKeisha Jordan as the HSSE Coordinator & Marine Focal Point for BNTCL in January 2018. Mr. Alkins previously held the same position in 2009 and Ms. Jordan worked at BNOCL as Project Officer and in the post of General Manager's Assistant in 2008.

Retirements

Several long-standing staff retired during this year. BNTCL said farewell to two members of their staff in August 2017. Ms. Lynn Catlyn retired from the post of Accounts Clerk and Mr. Anthony Applewhaite was the Purchasing Assistant. Both employees served the company for nineteen (19) years in their respective roles. Mr. Mervyn Gordon, Technical Manager, retired in October 2017 after twenty-one (21) years of service to BNOSL. Mrs. Brenda Hinds, Human Resources Manager served BNOCL for twelve (12) years before retiring in November 2017.

In December 2017 five (5) persons retired. Mr. James Jack, a Roustabout and Mr. Roger Jemmott, the Warehouse Clerk, retired from the Warehouse Department after thirty-two (32) years and twenty-nine (29) years of service, respectively. Mr. Anthony Sealy was an Assistant Workover Foreman and a founding member of the BNOSL team when he retired after thirty-four (34) years of service. Ms. Monica Hinds was a long-standing member on BNOCL's Board of Directors before joining BNOCL in 2013 as Financial Consultant. Mr. Maurice Lee Chee was the Rig Supervisor responsible for the maintenance of the Drilling Rig for several years.

Promotions

With the departure of some of these retired employees, there was some staff movement within the Company for this year. In December, Mr. Ronnie Gittens was promoted to the position of Group Human Resources Manager and Mr. Clarence Cummins was promoted to the position of Warehouse Clerk. The Warehouse Department also welcomed Mr. Damien Harewood as a Roustabout in February.

As at March 31, 2018, the BNOCL Group employed 138 employees. This number was represented as follows: BNOCL -16, BNOSL - 82 permanent and14 temporary and BNTCL - 23 permanent and 3 temporary.

NEW EMPLOYEES

Rodney Alkins
Administrative Officer

Ashley Bignall
Chief Financial Officer

James Browne
Chief Operations Officer

Damien Catlyn
Health, Safety, Security and Environmental Manager

Melissa Griffith
Human Resources Assistant

LeKeisha Jordan
HSSE Coordinator
& Marine Focal Point

RETIREES

Anthony Applewhaite
Purchasing Assistant

Lynn Catlyn
Accounts Clerk

Mervyn Gordon
Technical Manager

Brenda Hinds
Human Resources Manager

Monica Hinds
Financial Consultant

James Jack
Roustabout

Roger Jemmott
Warehouse Clerk

Maurice Lee Chee
Rig Supervisor

Anthony Sealy
Assistant Workover Foreman

Technical and Operations Overview

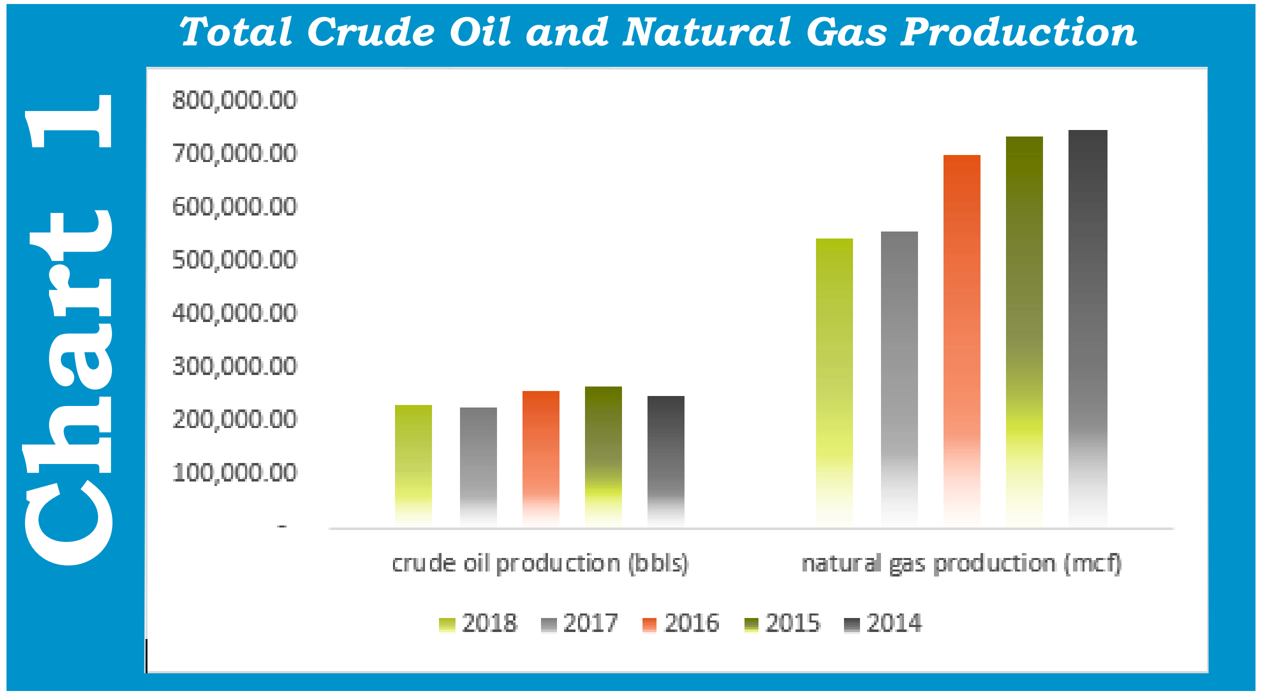
Crude Oil Production

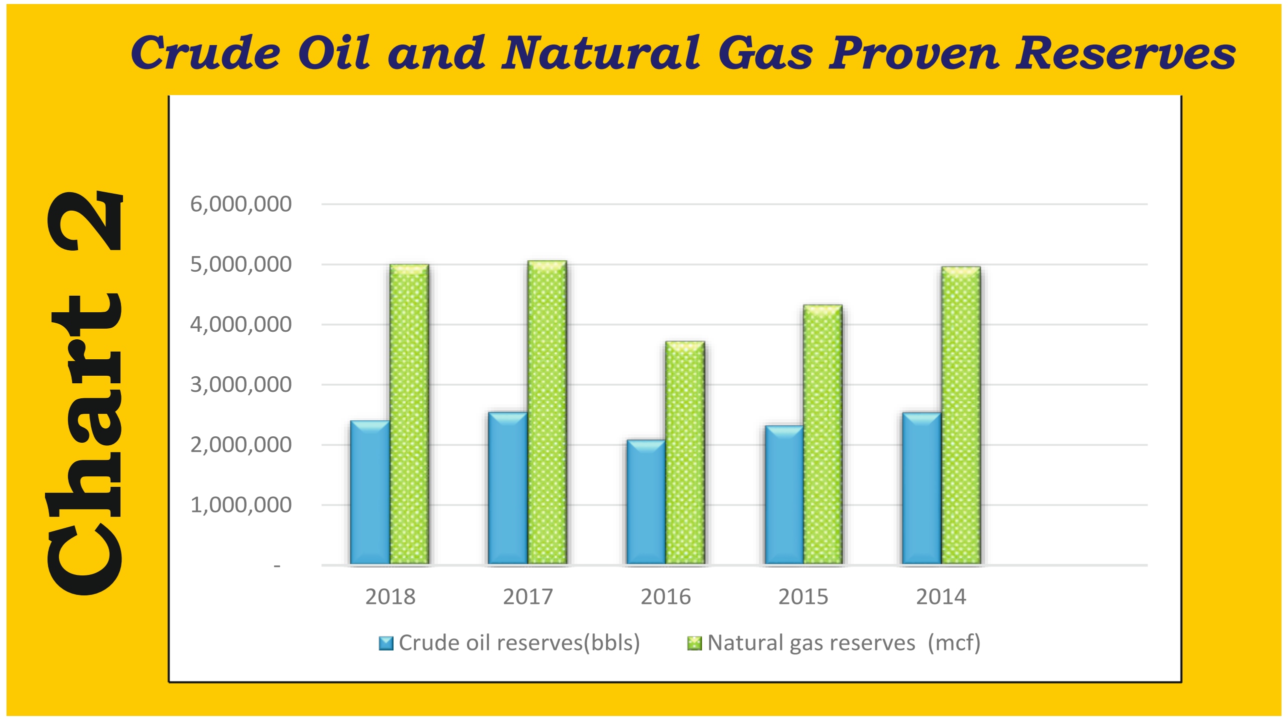
Crude oil production for the fiscal year increased marginally by 1% from 226,780 barrels in 2017 to 228,841 barrels. While there was no drilling programme undertaken during this period, BNOCL was able to maintain its production at levels comparable to the previous year. (See Chart 1).

Natural Gas Production

During the year, natural gas production declined marginally by 2% from 557,748 mcf to 544,376 mcf.

Natural gas sales increased by 4% from 538,819 mcf in the previous fiscal year to 558,351 mcf in the current year to fulfill the greater demand from the National Petroleum Corporation (NPC). Sales comprised of liquified natural gas (LNG) which increased by 53% from 161,387 mcf in the fiscal year 2016-17 to 246,588 mcf in the current year. Simultaneously, locally produced natural gas was reduced by 17% from 377,432 mcf in 2017 to 311,763 mcf. Thus, indicating that LNG sales were to a large extent substituting for the locally produced gas.





Reserves

At March 31, 2018 crude oil reserves were reported to be approximately 2.4 million barrels. When compared to the previous year when the oil stream was determined at 2.5 million barrels. This indicated a 7% reduction in the level of reserves. Natural gas reserves were estimated at 5 billion cubic feet, a 1% reduction from 2017 when they were evaluated to be at 5.1 billion cubic feet. (See Chart 2).

Workovers

During the year a total of fifty-six (56) workovers were performed. These workovers encompassed routine, initial completions, recompletions, gravel packs and fracture stimulation.

Renewable Energy Overview

2018 was a transitional year for the Renewable Energy Department (RED) as it undertook major work to achieve the goals set for 100% renewable energy alternatives for the country. This involved outlining plans related to the various sectors; solar, biomass, wind and energy efficiency in general which would become the roadmap for the department for the subsequent years.

Operationally, following a hurricane impact analysis, the selected Secondary Schools were ranked relative to their ability to withstand a Category IV storm. Photovoltaic system designs were subsequently completed for those schools which satisfied the criteria. It is anticipated that installation of these systems on school roofs would commence in 2019.

The department worked closely with the Project Executing Unit (PEU) and selected the service provider Gamma Solutions Inc for the 4.1MW photovoltaic project to be located at Well Sites at Woodbourne WB105 and WB111, as well as Lower Greys LG8 and LG12, Woodbourne Central and the National Petroleum Corporation. This work was scheduled to commence in the second quarter of 2019.

RED also collaborated with the Ministry of Housing and Lands as well as the Ministry of Energy & Water Resources (MEWR) to identify several potential wind farm locations throughout the island. This led to work with the PEU on the scope and evaluation criteria for conducting a wind study which would assess five locations initially: Lamberts - St. Lucy, Spring Hall/Chance Hall - St. Lucy, Bath, St. John, the St George Valley and Woodbourne, St. Philip. After that assessment, a recommendation was made to install wind measurement devices on the three most suitable sites. The selection of the service provider for that project is anticipated to occur in 2019 with data collection being initiated in 2020.

Additional work was done in scoping a potential biogas facility to be erected at the Gas Plant, located at Woodbourne, St Philip. Expressions of Interest were sought and a prospective design was submitted to the Town and Country Development Planning Office with a view to further developing the project. A comprehensive energy audit was also completed for BNOCL to assess its current electricity usage and to identify possible opportunities to reduce its annual electricity costs.

The department also continued its work with stakeholders such as the MEWR, UWI, and the Barbados Chamber of Commerce through representatives sitting on various committees, facilitating site tours and sharing information with the general public.

Marketing Overview

BNOCL was able to maintain adequate supplies of petroleum products for local consumption during the year ended March 31, 2018 through several contractual arrangements with regional and international suppliers.

Importation of Liquefied Natural Gas (LNG)

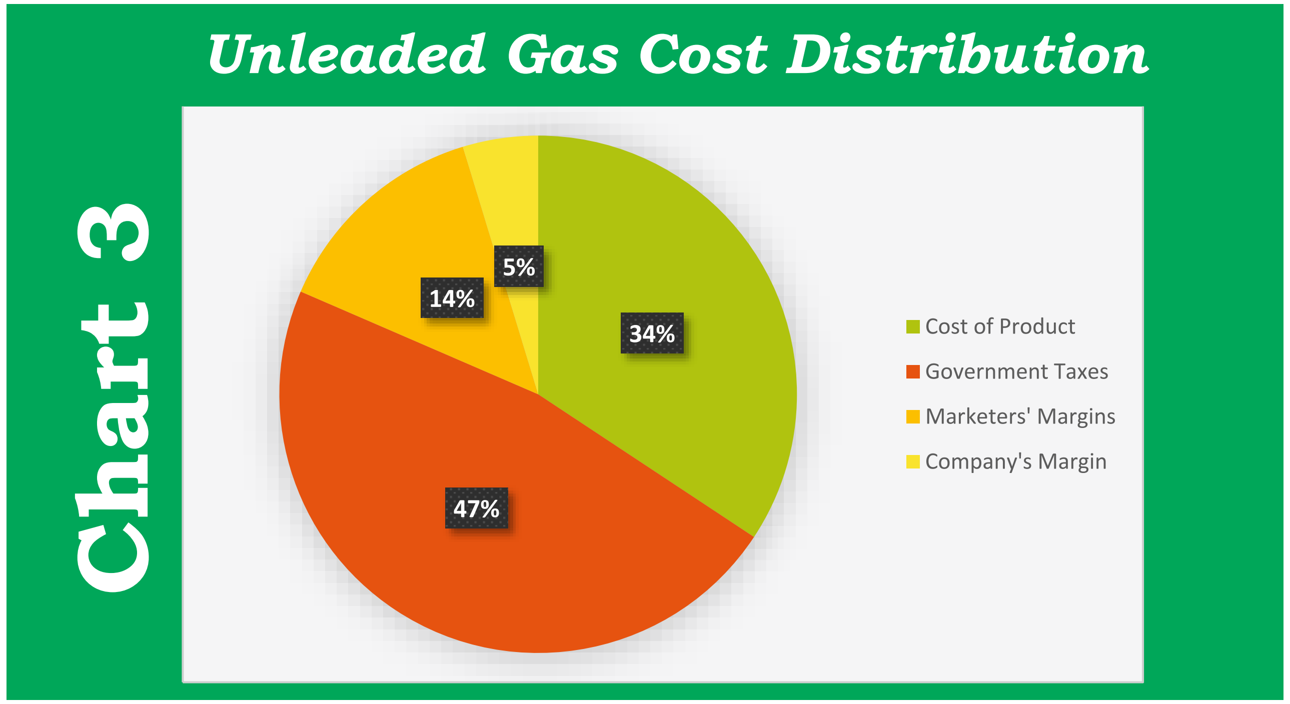
During the fiscal year, BNOCL imported 2,979,587 gallons (or 246,247 MMBtu) of Liquefied Natural Gas (LNG) to supplement the domestic, commercial and residential demand. This represented an increase of approximately 1 million additional gallons over the quantity imported during 2017.

Approximately 82% of that product was sourced from New Fortress Energy in the USA, while the remaining 18% or 549,905 gallons were imported from the Dominican Republic.

Gasoline

BNOCL sourced its gasoline from the Trinidad & Tobago's state-owned refinery Petrotrin throughout the year. However, imports decreased by 4% from 773,643 barrels in 2017 to 742,668 barrels in 2018.

The purchase price for this commodity ranged from BDS$150 per barrel to BDS$195 per barrel, during the period under review, with the average price being BDS$168 per barrel. At March 31, 2018 the retail price of gasoline was BDS$3.44 per litre. Of that price, 34.3% represented the cost of the product, 47.2% represented Government taxes, the marketers' margin accounted for 13.8% and the company's storage fee and margin accounted for 4.7%. (See Chart 3).



Ultra-Low Sulphur Diesel (ULSD)

The Company procured ultra-low sulphur diesel from Shell Trading, given the unavailability of this product from regional refineries, in the year under review. 532,987 barrels of ULSD were imported at an average price of BDS$164 per barrel. This represented a 13% increase in the quantity imported when compared to the previous year when 470,237 barrels of diesel were imported. The purchase price peaked at BDS$189 per barrel, while the minimum purchase price was BDS$137.

The retail purchase price of ULSD was BDS$2.60 per litre as at March 31, 2018. Of that price, 40.5% represented the cost of the product, 35.9% represented Government taxes, the marketers' margin accounted for 15.9% and the Company's storage fee and margin accounted for 7.7%.

Heavy Fuel Oil (HFO)

To satisfy the local demand for heavy fuel oil, BNOCL obtained supplies under contractual agreements with Novum Energy of the USA, Petrotrin of Trinidad and Tobago, and the Vitol Terminal in St. Eustatius.

During the fiscal period under review, BNOCL imported 1,209,836 barrels of HFO, or 73,794 barrels 6% less than the previous year, when 1,283,630 barrels were imported. Of the total quantity imported 87% was supplied by Novum Energy, 8% from Petrotrin and 5% from Vitol.

89% of HFO imported into the domestic market was consumed in power generation, while asphalt production utilised 1% and the remainder was used for bunkering, industrial and manufacturing purposes.

Shipping

The logistical and economic benefits of having a time charter contract as opposed to contracts of affreightment were manifested during the 2018 fiscal year. From a logistical perspective, BNOCL was able to effectively manage the transportation of petroleum products across the Caribbean Sea to the various load and discharge ports. This allowed the company to avoid the incurrence of demurrage charges, notwithstanding the challenges presented by the various weather systems.

Terminal Overview

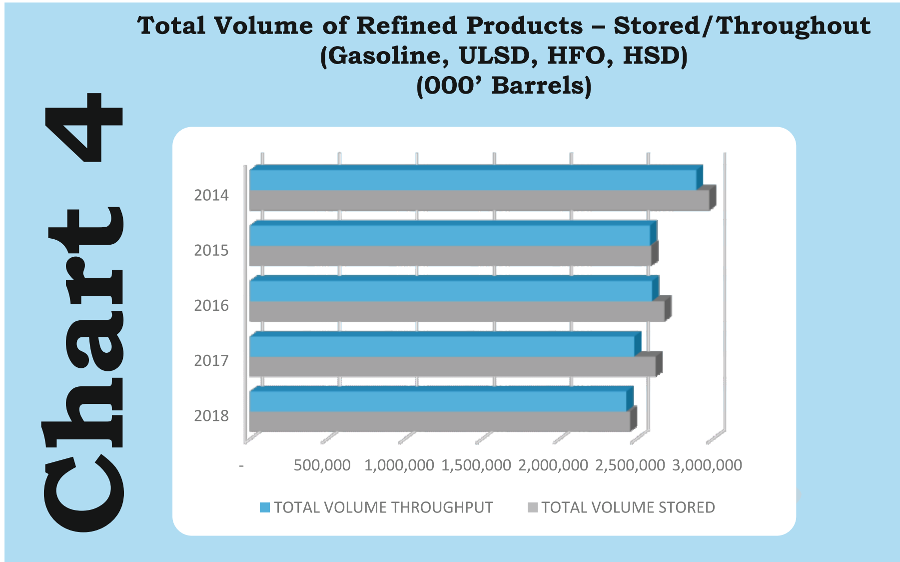
The Terminal achieved another successful year of uninterrupted importation, storage and distribution of petroleum products. The divestment of BNTCL was anticipated to be completed during the year and therefore most of the major projects were curtailed as a result of this. Management emphasised loss control management, improvement in HSSE management systems and the continued alignment of operations to best industry practices and standards, resulting in a relatively high degree of operational excellence.

Stored and Throughout Volumes of Refined Products

For the financial period under review, the Terminal imported and stored a total of 2,457,813 barrels of combined petroleum products (Gasoline, ULSD, HFO and Asphalt feed). This total reflects an overall decline of approximately 7% when compared to the previous year's figures of 2,624,878 barrels. (See Chart 4).

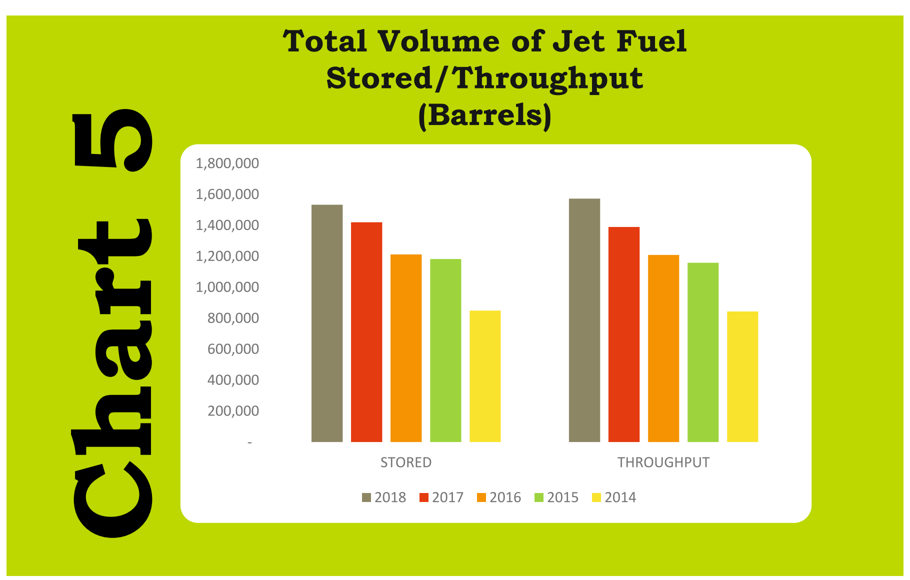
This declining trend was mainly attributed to the decreasing imports of unleaded gasoline and fuel oil. Gasoline imports reached 810,824 barrels in 2017 versus 741,005 in 2018, while fuel oil imports diminished from 1,329,053 barrels in 2017 to 1,211,314 barrels in 2018. A reduction of 9% in both instances. In contrast, ULSD imports increased from 484,998 barrels in the previous financial period to 505, 494 barrels, an overall increase of approximately 4%.

The downward trend observed in total imports was also reflected in total throughput for gasoline, diesel and combined fuel oil. Throughput volumes decreased from 2,484,366 barrels in 2017 as compared to 2,432,528 barrels in the current year, representing a 9% reduction.



Stored and Throughout Volumes of Aviation Fuel

BNTCL's imports of aviation fuel increased by approximately 8% when 1,533,750 barrels in 2018 were imported versus 1,420,002 barrels in 2017. Aviation throughput volumes also showed an overall increase from 1,390,063 barrels to 1,572,628 barrels or a 13% increase from the previous year. (See Chart 5).



Asset Integrity Management

Several capital and operating expenditure projects associated with asset integrity management of the facility were placed on hold as the company awaited the outcome of the pending divestment. Consequently, the multimillion-dollar pipeline repair project recommended from the Inline Pipeline Inspection conducted in 2016 was not actioned.

The Maintenance department however implemented the Pipeline Integrity Management Programme (P.I.M.P) which entailed cleaning and dewatering of various pipelines during the year. Additionally, the department successfully completed several preventative and predictive maintenance initiatives.

At the end of the year under review, the department was preparing a Request for Proposal for an energy audit and overall electrical integrity inspection to be conducted on the facility to reduce energy consumption within the company by 20%. Plans for the construction of a new Maintenance Annex and Workshop were also being finalised.

Health and Safety Overview

With the creation of the new HSSE department, the Group HSSE Manager was tasked with providing oversight over all HSSE matters across the Group of Companies.

A risk-based approach to the management of HSSE operations was utilized within the department. In order to achieve this, a heavy emphasis was placed on training to increase the HSSE awareness of staff at all levels. Sensitisation sessions were arranged for senior management and supervisory staff detailing the company's expectations in the area of health and safety. Training was also conducted with staff throughout the company. The HSSE Committee was rejuvenated and new members joined. A training session was convened for these individuals using personnel from the Safety & Health section of the Labour department.

The department also focused on its response to environmental incidents and therefore created and updated its emergency response plans for BNOCL's areas of operation. This included certification courses in Oil Spill Clearance and On-scene Commander as well as Shoreline Clean-up Assessment techniques. Participants from across the oil and gas industry as well as relevant regulatory partners were invited to participate with employees from the BNOCL Group.

The monthly health talks on a variety of topics for staff and annual Health Fair which formed part of BNOCL's Wellness initiatives were held during the year under review. In addition, the Joint Water Monitoring Programme with the Barbados Water Authority to analyse the quality of water at strategic locations throughout the Woodbourne oilfield continued as per inception.

The Joint Water Monitoring Programme with the Barbados Water Authority continued with sampling taking place at strategic locations within the Woodbourne oilfield to ensure that the Hampton Pumping Station's water supply was not compromised.

Also, during the year, the management at BNTCL commenced the process of revising its current HSSE management system with the intent of improving the existing safety and hazard awareness culture at that entity. In this regard, the company identified several areas of concerns which were highlighted for benchmarking in the following year.

Financial Overview

Net Income

The BNOCL Group experienced total comprehensive income of BDS$10.5 million for the year ended March 31, 2018 as compared to a total comprehensive loss of (BDS$7.1 million) in 2017. The parent company BNOCL as an entity recorded net income of BDS$8.8 million for the year 2018 as compared to a loss of (BDS$3.1 million) in 2017. BNOSL recorded a total comprehensive loss of (BDS$6.5 million) in 2018 as compared to a total comprehensive loss of (BDS$8.6 million) in 2017.

The return to profitability at the Group level was primarily due to the increased profitability of BNOCL and BNTCL and the reduction in the losses of BNOSL due to increases in natural gas revenue and the reduction of field expenses. BNTCL recorded a profit of BDS$8.37 million in 2018. This was almost double the profit of BDS$4.66 million recorded in 2017.

Revenue

The Group's gross revenue increased by 14.5% from BDS$366.51 million in the year ended March 2017 to BDS$419.50 million in the current fiscal year. The sale of refined petroleum products accounted for BDS$365.92 million or 87.2% of gross revenue for the current year. This represented a 14.4% increase on the previous year's refined products revenue of BDS$319.90 million. The increase in this segment of the business resulted from the sale of these products at higher than average prices.

Despite a decrease of 6% in volumes, revenue from the sale of fuel oil increased by 11.6% from BDS$121.89 million in 2017 to BDS$136.03 million in the year under review. Revenue from gasoline and diesel increased from BDS$195.79 million to BDS$228.28 million. This represented an increase of 16.6%.

Revenue from the sale of natural gas increased from BDS$8.43 million in 2017 to BDS$10.86 million in the year under review. The price of indigenous natural gas to the National Petroleum Corporation continued to be fixed at a rate of BDS$7.50 per mcf while imported gas was sold to the NPC at a rate calculated on a cost-plus margin basis.

BNTCL's throughput fees to non-related companies decreased by 21.4% or BDS$1.87 million from BDS$8.75 million in 2017 to BDS$6.87 million in the current year. These amounts are included in the total Terminal throughput fees of BDS$28.01 million for the year under review. These throughput fees increased by BDS$1.1 million or 4% compared to the figure of BDS$27 million for 2017.

Operating Cost

The operating cost of the Group increased by 11.3% from BDS$351 million in 2017 to BDS$390.54 million in the current year. The major contributor was an increase in the overall cost of refined product to BDS$348.84 million in the current year compared with a cost of BDS$312.89 million in 2017. This represented an increase of 11.5% when compared to the previous year and was attributable primarily to an increase in the volumes of diesel imported and generally higher costs per barrel.

General and Administration Expenses

In the year under review, the Group's General and Administration expenses marginally increased by 1.1% from BDS$13.27 million in 2017 to BDS$13.42 million while its debt servicing costs decreased by 14.7% from BDS$6.90 million in 2017 to BDS$5.89 million in the year under review. The reduced debt servicing costs was mainly due to the amortization of the various loans of the Group. The total loans balance was BDS$89.74 million in 2017, but this figure was reduced to BDS$72.26 million in the year under review.

Cash Flow

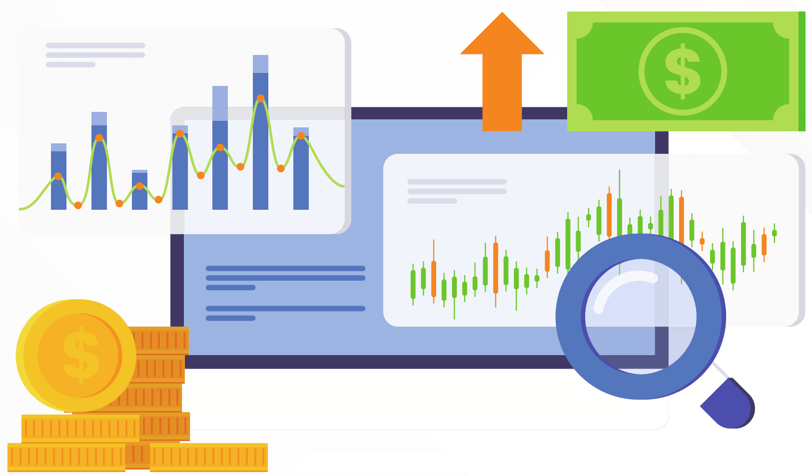
The Group generated BDS$15.22 million from its operating activities for the current year. This was a significant increase when compared to the BDS$2.25 million in cash utilized in operations in 2017. The company also utilized BDS$5.30 million in investing and BDS$6.65 million in financing activities in the year ended March 2018. The opening cash balance of the Group was negative (BDS$22.18 million) while the ending cash balance was negative (BDS$18.92 million). This represented an overall increase of BDS$3.26 million in the cash balance of the Group.

Barbados National Oil Company Limited

Consolidated Financial Statements

March 31, 2018

(expressed in Barbados dollars)



Barbados National Oil Company Limited

Registered office

Woodbourne
St. Philip
Barbados

Directors

(Until May 25, 2018, except where stated)

Dr. Leonard Nurse - Chairman
Mr. Leslie Barker
Mr. Ashley Bignall (Ceased December 31, 2017)
Mr. Noel Greenidge (Appointed April 16, 2016)
Mr. Ronald Hewitt
Mr. Everton Lashley
Mr. Jehu Wiltshire
Mr. Hayden Workman

(Appointed September 3, 2018)

Mr. William Alexander McDonald - Chairman
Ms. Lachmi Connell - Deputy Chairman
Ms. Ethnie Bellamy-Weekes
Mrs. Stephanie Catling-Birmingham
Ms. Alexandra Daniel
Mr. Lorenzo Harewood (Ceased February 8, 2019)
Mrs. Andria Shepherd-Payne
Mr. David Straughn
Mr. Jehu Wiltshire

Corporate Secretary

Ms. Monica Hinds (Ceased December 31, 2017)
Mr. Ashley Bignall (Appointed January 1, 2018)

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Attorneys-at-law

Mr. Roger C. Forde, QC
Charles Russell Speechlys

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Independent auditor's report

To the Shareholders of Barbados National Oil Company Limited

Our qualified opinion
In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Barbados National Oil Company Limited (the Company) and its subsidiaries (together 'the Group') as at March 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2018;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion
The in-house oil and gas reserves reports prepared as at March 31, 2018 and March 31, 2017 did not fully evaluate in-place volumes, reserves resources and project cost assumptions nor were they prepared in accordance with Society of Petroleum Engineers or Petroleum Resource Management System guidelines. As such the oil and gas reserves reported in both reports were deemed to be inconclusive. In the absence of reliable information with respect to the Group's oil and gas reserves, we were unable to determine whether adjustments might have been necessary in respect of the depletion costs reported in the consolidated statement of comprehensive income and consolidated statement of cash flows, and property, plant and equipment reported in the consolidated statement of financial position for the current year and prior year.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
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The Group has not measured its provision for abandonment based on the present value of the expected future cash flows that will be required to perform the decommissioning. This is not in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'. As such we were unable to determine whether adjustments might have been necessary in respect of property, plant and equipment and the provision for abandonment reported in the consolidated statement of financial position and depletion costs reported in the consolidated statement of comprehensive income and the consolidated statement of cash flows for the current and prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information
Management is responsible for the other information. The other information comprises the 2018 Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Other Matter

This report is made solely to the Company'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 Company'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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

Bridgetown, Barbados
July 16, 2019

Barbados National Oil Company Limited

Consolidated Statement of Financial Position

As at March 31, 2018

(expressed in Barbados dollars)

	2018 $	2017 $
Current assets		
Cash and cash equivalents (note 5)	**5,295,068**	3,936,620
Term deposits (note 6)	**7,921,220**	7,750,586
Debt service reserve (note 7)	**3,527,654**	10,273,881
Accounts and other receivables (note 8)	**53,567,724**	52,508,283
Due by related companies (note 9)	**35,185,805**	24,997,555
Inventories (note 11)	**42,569,619**	39,608,767
Prepaid expenses	**444,817**	490,449
Financial investments (note 10)	**9,906,000**	19,840,000
Corporation tax refundable	**1,467,947**	1,461,169
	159,885,854	160,867,310
Current liabilities		
Bank overdraft (note 5)	**24,216,721**	26,118,760
Accounts payable and accrued liabilities (note 15)	**137,538,728**	116,717,411
Due to related company (note 9)	**3,091,166**	–
Borrowings - current portion (note 7)	**17,327,761**	17,995,265
Due to Government of Barbados (note 16)	**10,200,000**	10,200,000
	192,374,376	171,031,436
Working capital deficit	**(32,488,522)**	(10,164,126)
Long-term accounts and other receivables (note 8)	**27,589,961**	24,566,874
Financial investments (note 10)	**6,974,029**	8,054,122
Inventories (note 11)	**791,753**	1,083,442
Investment in associated company (note 12)	**217,976**	468,667
Property, plant and equipment (note 13)	**194,723,599**	199,506,439
Deposit on property, plant and equipment (note 14)	**1,713,216**	1,669,069
Provision for abandonment (note 17)	**(42,246,007)**	(38,151,297)
Accounts payable and accrued liabilities (note 15)	**(22,930,802)**	(45,303,620)
Employee benefits (note 18)	**(1,475,927)**	(2,399,999)
Borrowings (note 7)	**(54,937,828)**	(71,747,869)
Deferred tax asset (note 19)	**192,768**	91,443
Net assets	**78,124,216**	67,673,145
Represented by:		
Equity		
Share capital (note 20)	**41,014,809**	41,014,809
Retained earnings	**37,109,407**	26,658,336
	78,124,216	67,673,145

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

Approved by the Board of Directors on June 30, 2019

Alvey McDonald ______ Director   ______ Director

Barbados National Oil Company Limited

Consolidated Statement of Changes in Equity

For the year ended March 31, 2018

(expressed in Barbados dollars)

	Share capital $	Retained earnings $	Total $
Balance at March 31, 2016	41,014,809	33,794,615	74,809,424
Net loss for the year	–	(4,305,937)	(4,305,937)
Other comprehensive loss	–	(2,830,342)	(2,830,342)
Total comprehensive loss for the year	–	(7,136,279)	(7,136,279)
Balance at March 31, 2017	41,014,809	26,658,336	67,673,145
Net income for the year	–	9,728,673	9,728,673
Other comprehensive income	–	722,398	722,398
Total comprehensive income for the year	–	10,451,071	10,451,071
Balance at March 31, 2018	**41,014,809**	**37,109,407**	**78,124,216**

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

Barbados National Oil Company Limited

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2018

(expressed in Barbados dollars)

	2018 $	2017 $
Revenue		
Upstream revenue (note 21)	**46,696,839**	37,870,622
Refined products sales	**365,924,894**	319,895,181
Terminal throughput fees	**6,874,614**	8,747,334
	419,496,347	366,513,137
Operating costs		
Cost of goods sold - refined products (note 24)	**348,837,126**	312,892,302
Cost of goods sold - crude oil (note 24)	**15,473,814**	13,723,114
Facilities leasing costs (note 27)	**3,600,936**	3,846,645
Terminal operating costs (note 24)	**4,039,984**	5,465,242
Depreciation (note 13)	**8,268,470**	8,340,502
Depletion (note 13)	**5,752,049**	3,187,823
Royalties	**3,407,172**	2,859,022
Provision for inventory obsolescence (note 11)	**1,159,401**	680,435
	390,538,952	350,995,085
Gross profit	**28,957,395**	15,518,052
General and administrative expenses (note 24)	**(13,420,255)**	(13,269,918)
Interest expense (note 7)	**(5,886,525)**	(6,903,238)
Operating profit/(loss)	**9,650,615**	(4,655,104)
Other income (note 22)	**227,424**	547,858
Profit/(loss) before share of loss of associated company	**9,878,039**	(4,107,246)
Share of loss of associated company (note 12)	**(250,691)**	(194,659)
Profit/(loss) before taxation	**9,627,348**	(4,301,905)
Taxation (note 19)	**101,325**	(4,032)
Net income/(loss) for the year	**9,728,673**	(4,305,937)
Other comprehensive income/(loss)		
Remeasurements of defined employee benefits (note 18)	**722,398**	(2,830,342)
Total comprehensive income/(loss) for the year	**10,451,071**	(7,136,279)

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, 2018

(expressed in Barbados dollars)

	2018 $	2017 $
Cash flows from operating activities		
Profit/(loss) before taxation	**9,627,348**	(4,301,905)
Adjustments for:		
Depreciation	**8,268,470**	8,340,502
Depletion	**5,752,049**	3,187,823
Provision for inventory obsolescence	**1,159,401**	680,435
Pension plan expense	**1,058,668**	621,710
Share of loss of associated company	**250,691**	194,659
Interest expense	**5,886,525**	6,903,238
Interest income	**(856,437)**	(1,029,371)
Gain on disposal of property, plant and equipment	**(55,319)**	(34,628)
Amortisation of inventories	**291,689**	310,231
Amortisation of bond issue cost	**116,097**	118,910
Write-off of deposit on assets	**–**	355
Write-off of intangible drilling cost	**–**	404
Operating income before working capital changes	**31,499,182**	14,992,363
Decrease in debt service reserve	**6,746,227**	21,072,389
Increase in accounts receivable	**(4,082,528)**	(20,995,316)
Increase in amount due by related companies	**(10,188,250)**	(7,790,910)
Increase in inventories	**(4,120,253)**	(6,310,635)
Decrease/(increase) in prepaid expenses	**45,632**	(196,467)
Increase in due to related company	**3,091,166**	–
(Decrease)/increase in accounts payable and accrued liabilities	**(1,551,501)**	4,484,978
Cash generated from operations	**21,439,675**	5,256,402
Interest paid	**(5,813,930)**	(6,835,709)
Income taxes paid (net)	**(6,778)**	(13,557)
Pension plan contributions paid	**(1,260,342)**	(1,689,607)
Interest received	**856,437**	1,029,371
Net cash generated from/(used in) operating activities	**15,215,062**	(2,253,100)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(5,142,969)**	(10,441,696)
Increase in deposit on plant and equipment	**(44,147)**	(1,058,341)
Proceeds from disposal of property, plant and equipment	**55,318**	34,628
Purchase of inventory - tank heels	**–**	(351,065)
Interest paid	**(170,634)**	(209,920)
Net cash used in investing activities	**(5,302,432)**	(12,026,394)
Carried forward	**9,912,630**	(14,279,494)

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows *...continued*

For the year ended March 31, 2018

(expressed in Barbados dollars)

	2018 $	2017 $
Brought forward	**9,912,630**	(14,279,494)
Cash flows from financing activities		
Repayment of borrowings	**(17,666,237)**	(20,570,189)
Repayment of debt securities	**1,080,094**	813,693
Purchase of debt securities	**(9,906,000)**	(40,121,410)
Redemption of debt securities	**19,840,000**	19,844,000
Net cash used in financing activities	**(6,652,143)**	(40,033,906)
Net increase/(decrease) in cash and cash equivalents	**3,260,487**	(54,313,400)
Cash and cash equivalents - beginning of year	**(22,182,140)**	32,131,260
Cash and cash equivalents - end of year (note 5)	**(18,921,653)**	(22,182,140)

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

(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 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 Group

The following amendment to published standards is applicable to the financial period. The amendment below did not have a significant impact on the financial statements:

Amendment to IAS 7, 'Statement of cash flows' on the disclosure initiative (effective January 1, 2017). These amendments introduce additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

ii) New standards, amendments and interpretations mandatory for the first time for the financial period beginning April 1, 2017 but not currently relevant to the Group

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses (effective January 1, 2017).

Annual improvements 2014-2016 to IFRS 12, **'Disclosure of interests in other entities'** regarding clarification of the scope of the standard (effective January 1, 2017).

(expressed in Barbados dollars)

2 Significant accounting policies *…continued*

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.

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 currency 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.

(expressed in Barbados dollars)

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.

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.

(expressed in Barbados dollars)

2 Significant accounting policies *…continued*

a) Basis of preparation *…continued*

iii) New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2017 and not early adopted *…continued*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and has determined that the following are relevant to the Group's operations. The Group has not early adopted the new standards, amendments and interpretations nor has the Group assessed their full impact.

IFRS 9	'Financial instruments' simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value where the basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial asset. (effective January 1, 2018)
IFRS 15	'Revenue from contracts with customers'. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. (effective January 1, 2018)
IFRS 16	'Leases'. This new standard now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. (effective January 1, 2019)

b) Basis of consolidation

These consolidated financial statements include 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 revenue from the production and sale of natural gas and crude oil. It is recognised on an accrual basis net of VAT.

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.

(expressed in Barbados dollars)

2 Significant accounting policies *...continued*

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 consolidated 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.

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 group 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.

(expressed in Barbados dollars)

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) Accounts payable

Accounts payable 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.

Accounts payable 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.

(expressed in Barbados dollars)

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 estimated reserves of the Group's wells.

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 18. 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 estimated remedial cost of the Group's wells.

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.

(expressed in Barbados dollars)

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit 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 currency 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 2018 and 2017, the Group's borrowings at variable rate were denominated in the Barbados dollar and United States dollar.

At March 31, 2018, 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 $142,104 (2017 - $176,731) 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:

	2018		2017	
	$	%	$	%
Cash and bank balances	**5,295,068**	**4.63**	3,936,620	3.40
Term deposit	**7,921,220**	**6.93**	7,750,586	6.71
Debt service reserve	**3,527,654**	**3.08**	10,273,881	8.89
Accounts and other receivables	**45,571,516**	**39.84**	40,670,646	35.21
Due by related companies	**35,185,805**	**30.76**	24,997,555	21.64
Financial investments	**16,880,029**	**14.76**	27,894,122	24.15
	114,381,292	**100.00**	115,523,410	100.00

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(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 $	More than 1 year $	Total $
At March 31, 2018			
Bank overdraft	**24,216,721**	–	**24,216,721**
Accounts payable	**136,789,939**	**22,930,802**	**159,720,741**
Borrowings	**21,520,709**	**67,727,008**	**89,247,717**
Due to related company	**3,091,166**	–	**3,091,166**
Due to Government of Barbados	**10,200,000**	–	**10,200,000**
Total liabilities	**195,818,535**	**90,657,810**	**286,476,345**
At March 31, 2017			
Bank overdraft	26,118,760	–	26,118,760
Accounts payable	115,959,983	45,303,620	161,263,603
Borrowings	23,391,538	88,712,840	112,104,378
Due to Government of Barbados	10,200,000	–	10,200,000
Total liabilities	175,670,281	134,016,460	309,686,741

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

4 Financial risk management *...continued*

c) Liquidity risk *...continued*

The table below analyses the Group'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 $	More than 1 year $	Total $
At March 31, 2018			
Cash and cash equivalents	**5,295,068**	**–**	**5,295,068**
Term deposits	**7,921,220**	**–**	**7,921,220**
Debt service reserve	**3,527,654**	**–**	**3,527,654**
Accounts and other receivables	**45,571,516**	**–**	**45,571,516**
Due by related companies	**35,185,805**	**–**	**35,185,805**
Financial investments	**9,906,000**	**6,974,029**	**16,880,029**
Assets held for managing liquidity	**107,407,263**	**6,974,029**	**114,381,292**
At March 31, 2017			
Cash and cash equivalents	3,936,620	–	3,936,620
Term deposits	7,750,586	–	7,750,586
Debt service reserve	10,273,881	–	10,273,881
Accounts and other receivables	40,670,646	–	40,670,646
Due by related companies	24,997,555	–	24,997,555
Financial investments	19,840,000	8,054,122	27,894,122
Assets held for managing liquidity	107,469,288	8,054,122	115,523,410

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.

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

5 Cash and cash equivalents

	2018 $	2017 $
Cash on hand and at bank	**5,295,068**	3,936,620
Bank overdraft	**(24,216,721)**	(26,118,760)
	(18,921,653)	(22,182,140)

The Company has an overdraft facility of $30,000,000 with Republic Bank (Barbados) Limited.

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 term deposit for $6,400,000. (note 6)
- Lien over bank accounts for $152,143 and $168,750 in the name of the Company.
- Assignment of an insurance policy expiring April 1, 2018.

The interest rate on the overdraft is based on the minimum savings rate plus 3.74% per annum. The effective rate applicable to the facility at the statement of financial position date was 6.25% (2017 - 6.25%).

6 Term deposits

	2018 $	2017 $
Term deposits	**7,921,220**	7,750,586

Term deposits have maturities of 6 months or less and bear interest at 0.01% (2017 - 0.03% to 0.60%) (Note 5).

(expressed in Barbados dollars)

7 Borrowings

	2018 $	2017 $
i) Barbados National Oil Company Limited	**13,770,982**	20,850,919
ii) Barbados National Terminal Company Limited	**58,494,607**	68,892,215
	72,265,589	89,743,134
Less: Current portion	**(17,327,761)**	(17,995,265)
Long-term portion	**54,937,828**	71,747,869

i) Barbados National Oil Company Limited

Bond issue

On January 16, 2010, a Trust Deed agreement was executed between the Company and Republic Bank Finance & Trust (formerly BNB Finance & Trust Corporation), 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 matured 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:

	2018 $	2017 $
a) Fixed rate bonds - BD$	**4,589,857**	6,981,091
b) Floating rate bonds - US$	**9,291,970**	14,096,770
	13,881,827	21,077,861
Less issue costs	**(110,845)**	(226,942)
	13,770,982	20,850,919

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

7 Borrowings

	2018 $	2017 $
i) Barbados National Oil Company Limited	**13,770,982**	20,850,919
ii) Barbados National Terminal Company Limited	**58,494,607**	68,892,215
	72,265,589	89,743,134
Less: Current portion	**(17,327,761)**	(17,995,265)
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	13,881,827	21,077,861
Less issue costs	**(110,845)**	(226,942)
	13,770,982	20,850,919

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

7 Borrowings *...continued*

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

Bond issue *...continued*

	2018 $	2017 $
Non-current		
a) Fixed rate bonds - BD$/US$	**2,033,082**	4,589,692
b) Floating rate bonds - US$	**4,126,702**	9,291,971
	6,159,784	13,881,663
Less issue costs	**(110,845)**	(226,942)
	6,048,939	13,654,721
Current		
a) Fixed rate bonds - BDS$/US$	**2,556,610**	2,391,399
b) Floating rate bonds - US$	**5,165,433**	4,804,799
	7,722,043	7,196,198
	13,770,982	20,850,919

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 fair value of the borrowings are as follows:

	Fair value 2018 $	2017 $
Borrowings	**13,893,457**	63,436,233

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 2.67% to 10.58% (2017 - 4.68% to 5.18%).

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 $3,527,654 (2017 - $10,273,881).

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

7 Borrowings *...continued*

ii) Barbados National Terminal Company Limited

	2018 $	2017 $
Non-current		
a) Fixed rate bond	**18,750,000**	21,250,000
b) Bank borrowings	**30,138,889**	34,027,778
c) Bank borrowings	**–**	2,815,370
	48,888,889	58,093,148
Current		
Borrowings	**9,605,718**	10,799,067
Total borrowings	**58,494,607**	68,892,215

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

	2018 $	2017 $
1 - 2 years	**12,777,767**	15,593,147
2 - 5 years	**19,166,651**	19,166,667
Over 5 years	**16,944,471**	23,333,334
	48,888,889	58,093,148

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% (2017 - 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% (2017 - 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.
- Letter of Undertaking from Barbados National Oil Company to remit funds to satisfy monthly loan repayments at the Banks' request

8 Accounts and other receivables

	2018 $	**2017 $**
Current:		
Trade receivables	**43,296,925**	38,354,467
Loan receivable	**2,029,642**	2,029,642
Duty prepaid (note 31 iv)	**7,996,208**	11,837,637
Other receivable	**244,949**	286,537
	53,567,724	52,508,283
Non-current:		
VAT receivable (note 31 iv)	**27,589,961**	24,566,874
Total accounts and other receivables	**81,157,685**	77,075,157

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

(expressed in Barbados dollars)

8 Accounts and other receivables *...continued*

Trade receivables that are less than 30 days past due are not considered impaired. As of March 31, 2018, trade receivables of $11,667,668 (2017 - $7,955,762) 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:

	2018 $	**2017 $**
Less than 30 days	**31,629,257**	30,398,705
30 - 60 days	**11,627,985**	7,910,170
61 - 90 days	**–**	–
Over 90 days	**39,683**	45,592
Total trade receivables	**43,296,925**	38,354,467

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

The maximum exposure to credit risk at March 31, 2018 is the fair value of each class of receivable mentioned above, which approximates its carrying values. The Group does not hold any collateral as security.

There was no impairment provision on accounts and other receivables in 2018 or 2017.

9 Related party transactions

Due by related companies:

	2018 $	**2017 $**
National Petroleum Corporation (NPC) (i) (note 31 iv)	**26,312,847**	16,507,601
Asphalt Processors Inc. (ii)	**8,872,958**	8,489,954
	35,185,805	24,997,555

i) The amount due by NPC is unsecured, interest free and normally payable within 30 days of the invoice date. As at year end $13,425,676 (2017 - $6,569,911) was past due but not impaired

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

Due to related party:

	2018 $	**2017 $**
National Petroleum Corporation (note 31 iv)	**3,091,166**	–

This amount is unsecured, bears no interest and is repayable on demand.

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

10 Financial investments

		2018 $	2017 $
Non-current			
Loans and receivables:			
Transport Board - Bond	(i)	**2,600,172**	3,122,726
Barbados Port Inc - Bond	(ii)	**4,373,857**	4,931,396
		6,974,029	8,054,122
Balance - beginning of year		**8,054,122**	8,430,405
Repayment of debt securities		**(1.080,093)**	(813,692)
Interest receivable		–	437,409
Balance - end of year		**6,974,029**	8,054,122
Current			
Loans and receivables:			
Government of Barbados Treasury Note (December 20, 2014 - June 20, 2015)		**9,906,000**	19,840,000
		16,880,029	27,894,122

i) The investment in the Transport Board bonds accrues interest at 6.875% and matures on March 31, 2021.

ii) The investment in the Barbados Port Inc. bonds accrues interest at 7.5% and matures on March 31, 2024.

The fair value of loans and receivables at year end was $17,433,978 (2017 - $28,325,803).

No provision for impairment of financial investments was required in 2018 or 2017.

Barbados National Oil Company Limited
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(expressed in Barbados dollars)

11 Inventories

	2018 $	2017 $
Refined products	**27,476,370**	25,785,687
Crude oil	**6,814,846**	6,336,218
Materials	**24,535,470**	22,702,518
Goods in transit	**1,131,395**	1,323,273
	59,958,081	56,147,696
Less: non-current portion - tank heels (i)	**(791,753)**	(1,083,442)
	59,166,328	55,064,254
Less: provision for obsolescence on materials	**(16,596,709)**	(15,455,487)
	42,569,619	39,608,767

	2018 $	2017 $
i) Non-current - tank heels		
Balance at beginning of year	**1,083,442**	1,042,608
Purchase of tank heels during the year	–	351,065
Amortisation (note 22)	**(291,689)**	(310,231)
Balance at end of year	**791,753**	1,083,442

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 to five year period when the tanks are expected to be cleaned out and replenished.

12 Investment in associated company

	2018 $	2017 $
Equity value of investment - beginning of year	**468,667**	663,326
Share of loss of associated company for the year	**(250,691)**	(194,659)
Equity value of investment - end of year	**217,976**	468,667

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

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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, 2016										
Cost	20,518,675	6,907,156	3,883,051	38,906,847	11,307,417	1,102,082	160,610,496	206,678,717	2,104,713	452,019,154
Accumulated depreciation	(6,385,136)	(5,980,841)	(3,132,490)	(32,403,792)	(10,590,457)	(1,001,151)	(63,362,924)	(132,303,557)	–	(255,160,348)
Net book amount	14,133,539	926,315	750,561	6,503,055	716,960	100,931	97,247,572	74,375,160	2,104,713	196,858,806
Year ended March 31, 2017										
Opening net book amount	14,133,539	926,315	750,561	6,503,055	716,960	100,931	97,247,572	74,375,160	2,104,713	196,858,806
Additions	144,624	219,517	103,586	1,195	–	–	1,226,712	7,181,598	1,564,464	10,441,696
Transfers in/(out)	902,016	–	–	–	–	–	–	–	(902,016)	–
Transfers in	102,372	–	–	–	–	–	163,994	–	–	266,366
Increase in provision for abandonment (note 17)	–	–	–	–	–	–	–	3,468,300	–	3,468,300
Disposals - cost	–	–	(82,609)	–	–	–	–	(404)	–	(83,013)
Accumulated dep. on disposals	–	–	82,609	–	–	–	–	–	–	82,609
Depreciation and depletion charges	(715,614)	(316,494)	(366,460)	(810,808)	(92,171)	(19,125)	(6,019,830)	(3,187,823)	–	(11,528,325)
Closing net book amount	14,566,937	829,338	487,687	5,693,442	624,789	81,806	92,618,448	81,836,831	2,767,161	199,506,439
At March 31, 2017										
Cost	21,667,687	7,126,673	3,904,028	38,908,042	11,307,417	1,102,082	162,001,202	217,328,211	2,767,161	466,112,503
Accumulated depreciation	(7,100,750)	(6,297,335)	(3,416,341)	(33,214,600)	(10,682,628)	(1,020,276)	(69,382,754)	(135,491,380)	–	(266,606,064)
Net book amount	14,566,937	829,338	487,687	5,693,442	624,789	81,806	92,618,448	81,836,831	2,767,161	199,506,439

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March 31, 2018

(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, 2018										
Opening net book amount	14,566,937	829,338	487,687	5,693,442	624,789	81,806	92,618,448	81,836,831	2,767,161	199,506,439
Additions	205,366	236,533	668,401	–	2,753,940	–	41,471	149,765	1,087,493	5,142,969
Transfers	–	14,000	–	–	197,619	–	–	–	(211,619)	–
Increase in provision for abandonment (note 17)	–	–	–	–	–	–	–	4,094,710	–	4,094,710
Disposals - cost	–	(238,963)	–	–	–	–	–	–	–	(238,963)
Accumulated dep. on disposals	–	238,963	–	–	–	–	–	–	–	238,963
Depreciation and depletion charges	(773,276)	(293,738)	(231,079)	(810,809)	(212,068)	(19,125)	(5,928,375)	(5,752,049)	–	(14,020,519)
Closing net book amount	**13,999,027**	**786,133**	**925,009**	**4,882,633**	**3,364,280**	**62,681**	**86,731,544**	**80,329,257**	**3,643,035**	**194,723,599**
At March 31, 2018										
Cost	21,873,053	7,138,243	4,333,465	38,908,042	14,258,976	1,102,082	162,042,673	221,572,686	3,643,035	475,111,219
Accumulated depreciation	(7,874,026)	(6,352,110)	(3,408,456)	(34,025,409)	(10,894,696)	(1,039,401)	(75,311,129)	(141,243,429)	–	(280,387,620)
Net book amount	**13,999,027**	**786,133**	**925,009**	**4,882,633**	**3,364,280**	**62,681**	**86,731,544**	**80,329,257**	**3,643,035**	**194,723,599**

(expressed in Barbados dollars)

14 Deposit on property, plant and equipment

At March 31, 2018, the Group made a deposit of $1,520,000 (2017 - $1,520,000) toward the purchase of land at Fairy Valley, Christ Church and made deposits totalling $193,216 (2017 - $149,069) on plant and equipment. A further $13,580,000 (2017 - $13,680,000) is due in relation to the land at Fairy Valley, Christ Church and $Nil (2017 - $Nil) is due in relation to the plant and equipment.

15 Accounts payable and accrued liabilities

	2018 $	2017 $
Non-current		
Duty payable (i) (note 31 iv)	**22,930,802**	45,303,620
Current		
Accounts payable	**41,329,085**	17,130,579
VAT payable (note 31 iv)	**1,611,424**	1,114,912
Accrued expenses	**1,680,512**	9,167,357
QEH payable (note 31 iv)	**6,809,880**	1,812,689
Fuel rebate payable	**–**	906,344
Other payables	**67,827**	545,530
Duty payable (note 31 iv)	**33,040,000**	33,040,000
Dividend payable (notes 21 and 31 ii)	**53,000,000**	53,000,000
	137,538,728	116,717,411
	160,469,530	162,021,031

(i) On October 31, 2016 the Ministry of Finance and Economic Affairs informed the Group that duty in the amount of $82.601M was payable 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. (note 31 iv)

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(expressed in Barbados dollars)

17 Provision for abandonment

	2018 $	2017 $
Balance at beginning of year	**38,151,297**	34,682,997
Increase in provision for the year	**4,094,710**	3,468,300
Balance at end of year	**42,246,007**	38,151,297

The Group has made a provision for costs estimated at $178,201 (2017 - $166,375) per well which has been determined to be 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 consolidated 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 $4,224,601.

18 Employee benefits

The Group operates 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:

	2018 $	2017 $
Fair value of plan assets	**19,863,976**	17,858,920
Present value of funded obligations	**(21,339,903)**	(20,258,919)
Net liability in the consolidated statement of financial position	**(1,475,927)**	(2,399,999)

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(expressed in Barbados dollars)

18 Employee benefits *...continued*

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

	2018 $	2017 $
Present value of funded obligations - beginning of year	**20,258,919**	15,668,854
Interest cost	**1,613,136**	1,268,499
Current service cost (including voluntary contributions)	**1,237,829**	1,037,658
Benefits paid	**(862,914)**	(208,904)
Actuarial gain on obligation	**(907,067)**	2,492,812
Present value of funded obligations - end of year	**21,339,903**	20,258,919

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

	2018 $	2017 $
Fair value of plan assets - beginning of year	**17,858,920**	15,031,298
Actual return on plan assets	**1,229,453**	902,012
Contributions - employer	**1,260,342**	1,689,606
Contributions - employee	**378,175**	444,908
Benefits paid	**(862,914)**	(208,904)
Fair value of plan assets - end of year	**19,863,976**	17,858,920

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

	2018 $	2017 $
Net liability at beginning of year	**(2,399,999)**	(637,554)
Net expense recognised in the statement of comprehensive income	**(1,058,668)**	(621,709)
Contributions paid	**1,260,342**	1,689,606
Remeasurements included in the statement of other comprehensive income	**772,398**	(2,830,342)
Net liability at end of year	**(1,475,927)**	(2,399,999)

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18 Employee benefits ...continued

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

	2018 $	2017 $
Current service cost	**859,653**	592,753
Interest on obligation	**1,613,136**	1,268,499
Expected return on plan assets	**(1,414,121)**	(1,239,543)
Total included in employee expenses	**1,058,668**	621,709

The amounts recognised in other comprehensive income is as follows:

	2018 $	2017 $
Actuarial gain on obligation	**907,066**	(2,492,811)
Actual return on plan assets	**1,229,453**	902,012
Expected return on plan assets	**(1,414,121)**	(1,239,543)
	722,398	(2,830,342)

	2018 $	2017 $
Actual return on plan assets	**1,229,453**	902,012

Plan assets are comprised as follows:

	2018	2017
Mortgages	**15%**	16%
Bonds	**52%**	49%
Equities	**18%**	18%
Real estate	**3%**	3%
Current assets and liabilities	**12%**	14%
	100%	100%

(expressed in Barbados dollars)

18 Employee benefits *...continued*

Expected contributions for the year ending March 31, 2019 are $1,123,185. The next full triennial valuation is due on April 1, 2019. 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:

	2018	**2017**
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	**2.50%**	2.50%
Future pension increases	**0.75%**	0.75%
Future inflationary salary increases	**4.25%**	4.25%
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.

(expressed in Barbados dollars)

18 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%	18,407,706	25,048,377
Salary growth rate	0.5%	22,428,109	20,302,302
Life expectancy	1 year	21,258,632	–

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 liability 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.

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19 Taxation

Under the Petroleum Winning Operations Taxation Act, Cap. 82, the Group 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 Group did not meet these criteria during the year.

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

	2018 $	2017 $
Current tax	–	14,553
Deferred tax release	**(101,325)**	(10,521)
	(101,325)	4,032

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

	2018 $	2017 $
Profit/(loss) before taxation	**9,627,347**	(4,301,905)
Tax calculated at statutory rate of 30% (2017 - 25%)	**2,888,204**	(1,075,476)
Tax effects of the following:		
Tax effect of rate at which deferred tax asset is computed	**(1,895,074)**	–
Expenses not deductible for tax purposes	**2,721,958**	2,466,426
Prior year over provision - current and deferred tax	**(196,029)**	(4,297)
Losses not subject to tax	**75,207**	48,665
Commercial building allowance	**(66,000)**	(12,500)
Investment allowance	**(280,381)**	(154,261)
Tax losses expiring unutilised	**1,265**	713,745
Movement in deferred tax asset not recognised	**(3,350,475)**	(1,978,270)
	(101,325)	4,032

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(expressed in Barbados dollars)

19 Taxation *...continued*

The unrecognised deferred tax asset consists of the following components:

	2018 $	2017 $
Decelerated tax depreciation	**10,573,139**	2,473,022
Unutilised tax losses (note 23)	**17,971,981**	47,332,321
Inventory provision	**342,306**	342,306
Pension liability (note 18)	**1,475,927**	2,399,999
	30,363,353	52,547,648
Deferred tax asset at 30% (2017 - 25%)	**9,109,006**	13,136,912

The deferred tax asset has not been recognised due to the uncertainty of recoverability in future periods and relates to Barbados National Oil Company Limited, Barbados National Oilfield Services Limited and Barbados National Terminal Company Limited.

The deferred tax asset recognised comprises as follows:

	2018 $	2017 $
Accelerated depreciation	**3,577**	3,577
Unutilised tax losses (note 23)	**234,873**	–
Unpaid interest	**404,109**	362,195
	642,559	365,772
Deferred tax asset at 30% (2017 - 25%)	**192,768**	91,443

The deferred tax asset relates solely to Barbados National Oil Holding Company Limited and has been recognised due to the reasonable expectation of recoverability in future periods.

The above temporary differences have no expiry date, except for unutilised tax losses, the expiry dates of which are disclosed in Note 23.

On October 1, 2018 the Government announced a change to the corporate tax rate from 25% to 30% which was retroactively applied to all financial years ending in 2018.

(expressed in Barbados dollars)

20 Share capital

Authorised
The Company is authorised to issue an unlimited number of shares of no par value

Issued

	2018 $	2017 $
82,030 common shares	**41,014,809**	41,014,809

The shares are allotted as follows:

	2018 Number	2017 Number
Government of Barbados - common shares	**61,913**	61,913
National Petroleum Corporation - common shares	**20,117**	20,117
	82,030	82,030

21 Upstream revenue

Upstream revenue represents sales attributable to natural gas and crude oil as follows:

	2018 $	2017 $
Natural gas - National Petroleum Corporation (a related party)	**10,862,770**	8,427,972
Crude oil - Petrotrin Company of Trinidad and Tobago Limited	**35,834,069**	29,442,650
	46,696,839	37,870,622

During 2016 the Group's refining arrangement with Petrotrin Company of Trinidad and Tobago Limited expired and continued as direct sales of crude oil rather than a refining arrangement.

(expressed in Barbados dollars)

22 Other income

	2018 $	2017 $
Lease of property (note 27)	**(488,000)**	(488,000)
Interest income	**856,437**	1,029,371
Gain on disposal of property, plant and equipment	**55,319**	34,628
Other income	**95,357**	282,090
Amortisation of tank heels (note 11)	**(291,689)**	(310,231)
	227,424	547,858

23 Tax losses

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

Tax losses related to unrecognised deferred tax asset:

Year	Losses b/fwd. $	Utilised $	Incurred $	(Expired) $	Adjustments $	Lossess c/fwd. $	Expiry date
2009	26,231,876	(26,227,660)	–	(4,216)	–	–	
2015	2,058,222	(1,452,531)	–	–	–	605,691	2022
2016	11,663,048	–	–	–	–	11,663,048	2023
2017	7,379,175	–	–	–	(2,389,431)	4,989,744	2024
2018	–	–	713,498	–	–	713,498	2025
	47,332,321	(27,680,191)	713,498	(4,216)	(2,389,431)	17,971,981	

Tax losses related to recognised deferred tax asset:

Year	Losses b/fwd. $	Incurred $	Losses c/fwd. $	Expiry date
2009	–	234,873	234,873	2025

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

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(expressed in Barbados dollars)

24 Expenses by nature

	2018 $	2017 $
Petroleum products	**355,728,844**	316,389,358
Staff costs (note 25)	**15,837,196**	17,507,995
Consulting and professional fees	**2,318,982**	1,951,723
Repairs and maintenance	**959,083**	2,064,142
Insurance	**1,405,380**	1,460,938
Utilities	**661,525**	642,463
Other	**4,860,169**	5,333,957
Total cost of goods sold, terminal operating costs and general and administrative expenses	**381,771,179**	345,350,576

25 Staff costs

Staff costs funded by the Group were as follows:

	2018 $	2017 $
Wages, salaries and bonus	**12,068,267**	14,453,552
Allowances	**519,764**	552,605
National insurance	**770,911**	799,274
Pension expense	**1,079,633**	621,709
Medical and other costs	**1,398,621**	1,080,855
	15,837,196	17,507,995
Number of persons employed by the Group at year end	**161**	161

26 Key management compensation

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

	2018 $	2017 $
Salaries and other short-term benefits	**1,979,098**	1,990,512

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(expressed in Barbados dollars)

27 Commitments

a) Operating lease commitments

In March 2005, Cabinet agreed to lease land situated at Coverley, Christ Church, Barbados, to the Group 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:

	2018 $	2017 $
Balance - beginning of year	**81,333**	569,333
Annual rent	**488,000**	488,000
Payment	**–**	(976,000)
Balance - end of year	**569,333**	81,333

b) Facilities leasing costs

In March 2006, ESSO Standard Oil S.A. Limited ("ESSO") and the Group negotiated an agreement whereby ESSO will provide storage and handling services to the Group 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.

c) The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 $	2017 $
No later than one year	**488,000**	488,000
Later than 1 year and no later than 5 years	**2,440,000**	2,440,000
Later than 5 years	**15,128,000**	15,616,000
	18,056,000	18,544,000

28 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.

(expressed in Barbados dollars)

29 Contingent liabilities

Bank guarantees have been entered into by the Group to provide security on the Barbados National Terminal Company Limited's bank borrowings. The liabilities attached to these guarantees at March 31, 2018 amount to $30,800,000 (2017 - $30,800,000).

30 Other events

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

On January 11, 2018, the Cabinet subsequently agreed inter alia:

i) that the National Petroleum Corporation Act, Cap 280 be repealed;
ii) that the assets and liabilities and rights and obligations of the National Petroleum Corporation be vested in the new Barbados National Petroleum Products Limited;
iii) that a holding company titled the Barbados National Energy Corporation be established and that the assets of four entities including those of the Barbados National Petroleum Products Limited be vested in this company.

Following the change of Government in May 2018, the Company is awaiting communication as to the direction now to be taken.

31 Subsequent events

i) On September 18, 2014, the Cabinet of the Government of Barbados agreed to the divestment of the company. The Board of Directors of the parent company approved this decision at its meeting of December 19, 2014. On November 28, 2017 the Fair Trading Commission in its final report on the proposed acquisition rejected the transaction. The sale agreement between Barbados National Oil Company Limited and BNTCL Holdings Limited subsequently expired as at July 3, 2018.

ii) At a Board of Directors' meeting of the Company on November 12, 2018 it was resolved to withdraw the dividend of $53M declared on March 20, 2015 to be paid to stockholders on record upon the divestment of Barbados National Terminal Company Limited. The dividend payable included in accounts payable and accrued liabilities was reversed in the Company's financial statements during the financial year ended March 31, 2019.

iii) Subsequent to the year end, the Government of Barbados announced that all corporation tax rates will move to a sliding scale of 5.5% to 1% effective January 1, 2019.

iv) As at January 31, 2019, the Ministry of Finance, Economic Affairs and Investment instructed state owned enterprises and other public bodies to write off intragovernmental debt (including tax refunds and budgetary transfers which have not been made) incurred prior to September 1, 2018 effective December 31, 2018.

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