

THE GUYANA OIL COMPANY LIMITED



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- ULSD will result in better engine performance.
- ULSD reduces emission.
- ULSD decreases corrosion/maintenance in engines.
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- ULSD will eliminate exhaust blockages.
- ULSD Reduces black-smoke
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Recommended for vehicles from 2004 to (present)

Annual Report – 2016

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THE GUYANA OIL COMPANY LIMITED

NOTICE OF MEETING


NOTICE is hereby given that the forty-first (41st) Annual General Meeting of **THE GUYANA OIL COMPANY LIMITED** will be held on **Friday July 28, 2017** at 16:00 hours (4:00p.m.) in the Company's Conference Room, Kitty Service Station, Queen Street, Kitty, Georgetown, for the following purposes:-

AGENDA

1. To receive and consider the Audited Accounts for the year ended December 31, 2016 and the Reports of the Directors and Auditors thereon;
2. To authorise the Directors to fix the remuneration of the Auditors.
3. To confirm the payment of the Interim Dividend and declare a Final Dividend as recommended by the Directors.
4. Any Other Business.

By Order of the Board

Registered Office:
191 Camp Street
Georgetown


.....
Ilissa McTaire-Jones
Company Secretary

June 30, 2017

THE GUYANA OIL COMPANY LIMITED

CHAIRMAN'S REPORT

INTRODUCTION

I am pleased to present the Chairman's Report and Audited Financial Statements for the year ended 31st December, 2016.

The Company's business involves the importation, storage, distribution and marketing of motor gasoline, gasoil, kerosene, fuel oil, Castrol lubricants and bituminous products. The products are distributed through the largest distribution network in the petroleum business in Guyana, comprising forty-nine Dealer-Owned and eight Company-Owned Service Stations, all serviced by its three Terminals located in Regions II (Adventure), IV (Providence) and VI (Heathburn).

The Petro Caribe Agreement, which was suspended in August 2015 by the Venezuela Government due to their territorial claim, forced GuyOil to source all its petroleum supplies from the Petroleum Company of Trinidad and Tobago (Petrotrin) refinery in Trinidad. Consequentially, Guyoil negotiated and signed a supply agreement with Petrotrin in 2016.

The rationalization of our main product inventory and the commitment for the installation of a new computed based Inventory Management system, in the latter part of 2016, was aimed at enhancing the management of our inventory and ensuring adequate product availability.

Despite the increasing manifestation of smuggled/illegal fuel and the increased number of licensed private importers, Guyoil maintained its dominant position in the Guyana market and continued to be the leader in stabilizing fuel prices, to the benefit of the Guyanese consuming public and industries.

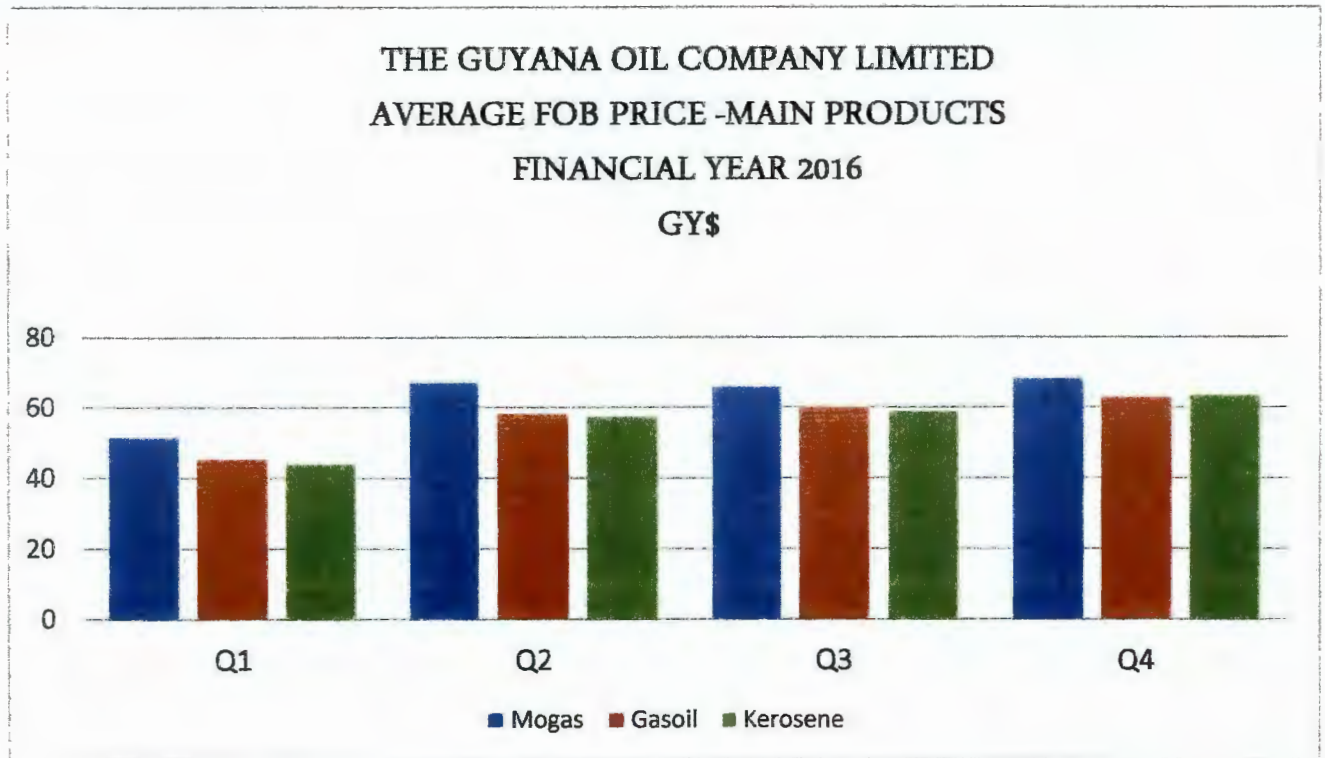
CORPORATE GOVERNANCE

The Board of Directors is committed to good Corporate Governance. The Company's Corporate Governance Policies confirm to internationally accepted rules and are designed to ensure that the Company is managed in the best interest of its shareholder, employees and customers.

During the year the Finance and Audit Committee, the Tender Board, Marketing and Security Committee and the Management Committee of the Board were active and contributed to the prudent management of the Company's affairs.

In 2016, there was the completion of the Organizational Restructuring of the Company, aimed at improving efficiency, transparency and accountability.

ACQUISITION PRICES



PERFORMANCE HIGHLIGHTS

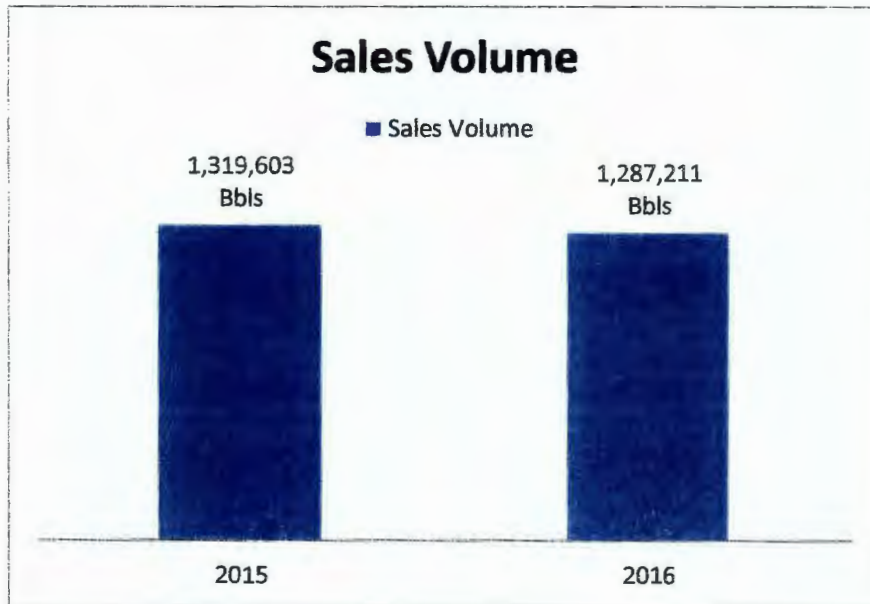
Sales Revenue

In 2016 sales was \$31.939B compared to \$36.407 in 2015, a decrease of \$4.468B or 12.27%
Cost of sales was \$25.889B compared to \$31.130B in 2015, a decrease of \$5.421B or 17.41%.



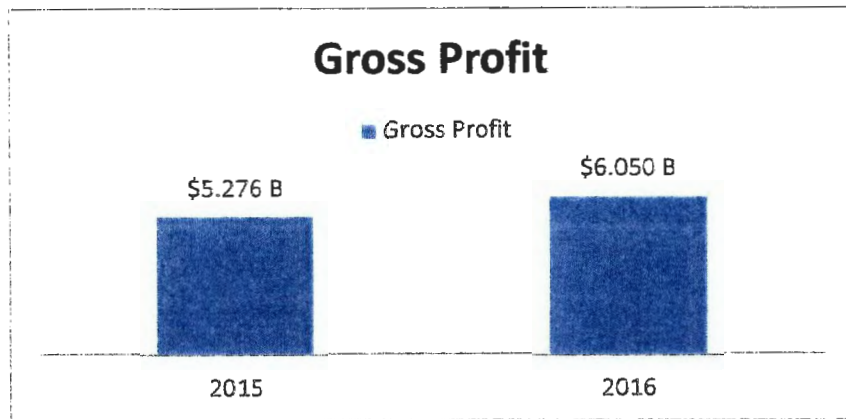
Sales Volume

Volume sales achieved were 1,287,211 bbls compared to 1,319,603 bbls in 2015, a decrease of 32,392 bbls or 2.45 %.



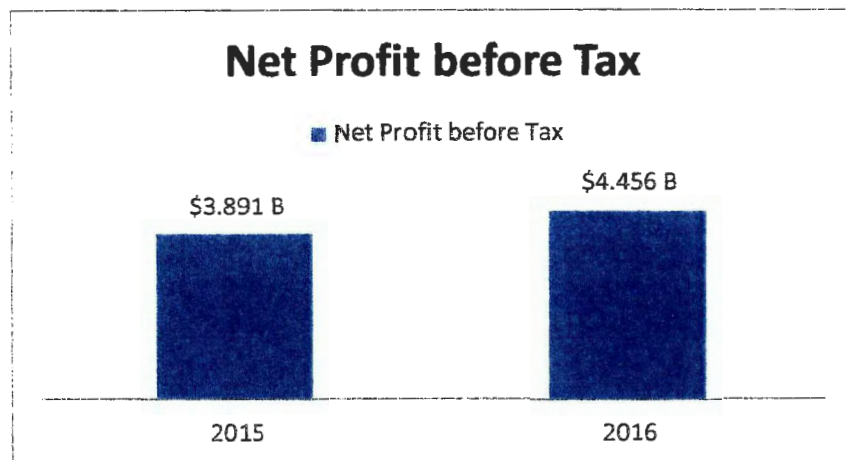
Gross Profit

Gross profit achieved in 2016 was \$6.050B compared to \$5.276B in 2015, an increase of \$0.774B or 14.67%.



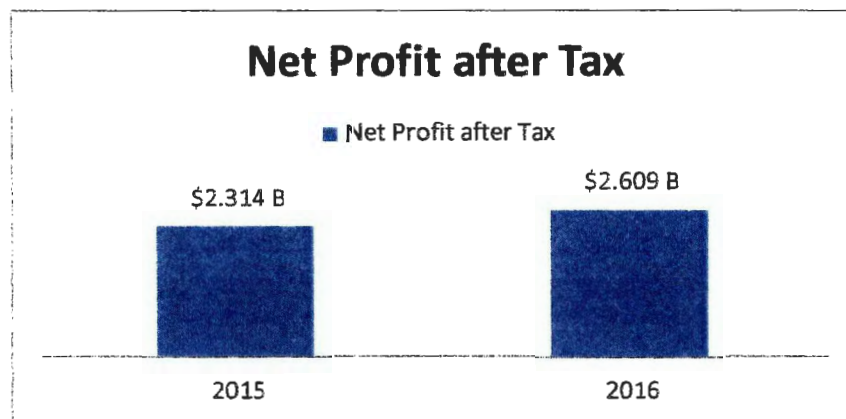
Net Profit before Tax

Net profit before taxation for 2016 was \$4.456B compared to \$3.891B in 2015, an increase of \$0.565B or 14.52%.



Net Profit after Tax

Net profit after taxation was \$2.609B compared to \$2.314B in 2015, an increase of \$0.295B or 12.74%.



FINANCIAL PERFORMANCE

The GuyOil 2016 performance benefitted from lower acquisition costs for petroleum products and better margins which resulted in enhanced profitability.

CONTRIBUTION TO COMMUNITY

Guyoil continued to honor its corporate responsibilities during the year by contributing \$3.253M to community based organizations and institutions involved in sports, education, culture and charitable work.

MANAGEMENT AND STAFF

The management and staff were able to meet the strong competitive market challenges in 2016 by continuing to deliver consistent, reliable, efficient and cost effective international quality services.

The streamlining and restructuring of the Company, which began in 2015, was completed in 2016 for full implementation in 2017.

PARTNERSHIP

We continue to build and improve our business partnership with BP/Castrol, benefiting from training in marketing and product knowledge, thereby enabling the company to maintain its market share in the lubricant business.

The higher quality Castrol products are sold at higher prices than the competition. This challenged GuyOil to adopt creative strategies to maintain its market share.

MARKETING FOCUS

The employment of a Marketing and Sales Manager enabled a greater focus on the implementation of effective competitive strategies.

The Company's drive to expand its market share for fuel and lubricants dictated an aggressive posture, with deliberate emphasis on the improvement of the delivery of customer services, aggressive pricing strategies and continuing staff training and development.

INDUSTRIAL RELATIONS

Industrial relations continued to be stable and cordial during the year. Employees received a salary increase of ten percent (10%) across the board, retroactive to January 2016. Additionally, an annual incentive bonus of four (4) weeks was paid to all employees.

INDEBTNESS TO THE COMPANY

Trade debtors are vigorously being pursued with the objective of collecting all debts. Legal action has been taken where necessary. The Company's credit policy is being strictly enforced.

TRAINING

Training continues to be an integral part of the Company's management strategy. Staff attended training seminars on Avjet product quality, Supervisory Management, Customer Service and Occupational Health and Safety/HIV.

Consumer sales representatives attended seminars on customer service, marketing and product knowledge. During the year some 2,633 man hours of in-house and external training were conducted.

EXPANSION AND FUTURE PROJECTS

During the year the Company continued with its program to consolidate and strengthen our delivery capacity. Capital expenditure for the year was \$405.218 M.

ACKNOWLEDGEMENTS

I wish to express sincere thanks and gratitude to my fellow Directors, Management and employees at all levels of the Company for their continued contributions towards the performance of The Guyana Oil Company Limited.

On behalf of the Board of Directors I would like to record our appreciation for the support received from our suppliers and customers. We look forward for their continued support in the years ahead.

I also wish to express our appreciation for the guidance and support we continue to receive from our subject Minister, Hon. Winston Jordan, MP, Minister of Finance, the staff of the Ministry of Finance and the Management and Directors of our parent company, NICIL.

.....
Mr. E. Lance Carberry
Chairman of the
Board of Directors

REPORT OF THE DIRECTORS - 2016

The Directors take pleasure in submitting their Annual Report for The Guyana Oil Company Limited, together with the Audited Financial Statements for the year ended December 31, 2016.

1. **SALES AND PROFITABILITY**

Revenue for the year was \$31.939 Billion.

Gross Profit for the year was \$6.050 Billion.

Net Profit for the year after taxation amounted to \$2.609 Billion.

2. **CAPITAL EXPENDITURE**

Capital Expenditure for the year amounted to \$405.216 Million categorized as follows:-

| | <u>GS'000</u> |
|------------------------------------|----------------------|
| (a) Land and Buildings | -- |
| (b) Plant, Machinery and Equipment | 4033 |
| (c) Office Furniture and Fittings | 25.550 |
| (d) Motor Vehicles | 78.726 |
| (e) Construction Work-in-progress | <u>296.907</u> |
| | <u>405.216</u> |

3. **DIRECTORS**

Members of the Board of Directors are appointed, and their remuneration fixed by the Minister of Finance.

The following persons were appointed Directors of the Company for the year 2016:-

From June 01 to December 31, 2016:

| | | |
|------------------------------|---|----------|
| (a) Mr. Everette L. Carberry | - | Chairman |
| (b) Mr. Oscar Phillips | - | Member |
| (c) Mr. Harryram Parmesar | - | Member |
| (d) Mr. Lawrence Paul | - | Member |
| (e) Mr. Berkley Wickham | - | Member |
| (f) Ms. Shaundell Brotherson | - | Member |
| (g) Ms. Shondel Hope | - | Member |

5. **DIRECTORS' INTEREST**

Members of the Board of Directors do not hold any Shares in the Company. No Director has any service contract with the Company.

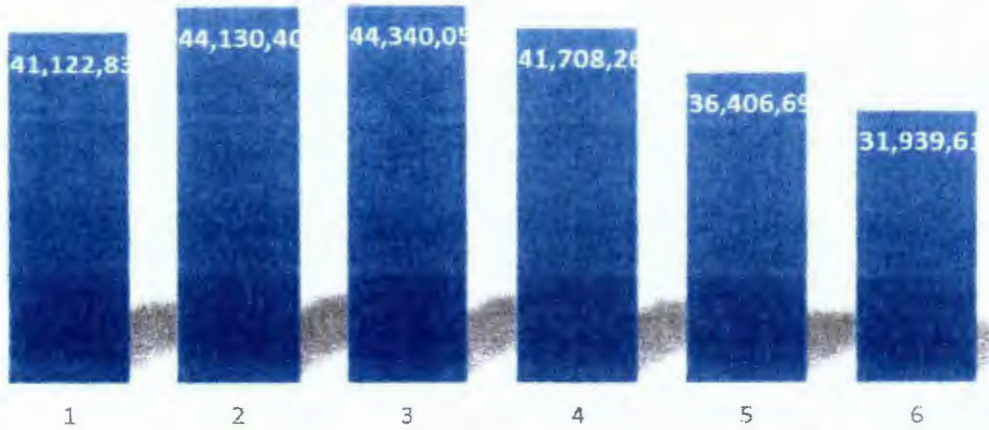
6. **AUDITORS**

In accordance with the Audit Act 2001, the Auditor General of Guyana, Auditor of the Company, contracted PKF Barcellos Narine & Co, to conduct the Audit for 2016.

TURN OVER

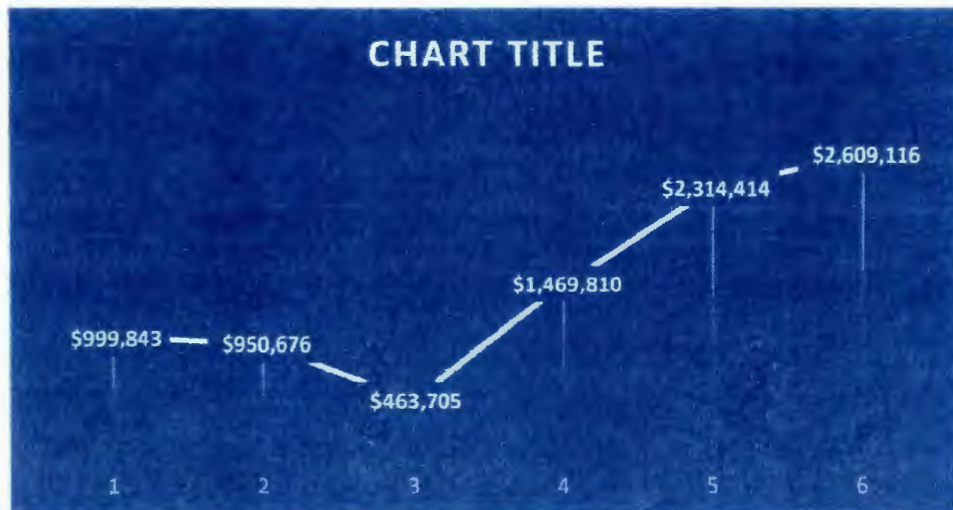
| YEAR | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| TURN OVER | \$ 41,122,832 | \$ 44,130,409 | \$ 44,340,055 | \$ 41,708,266 | \$ 36,406,699 | \$ 31,939,612 |

Chart Title



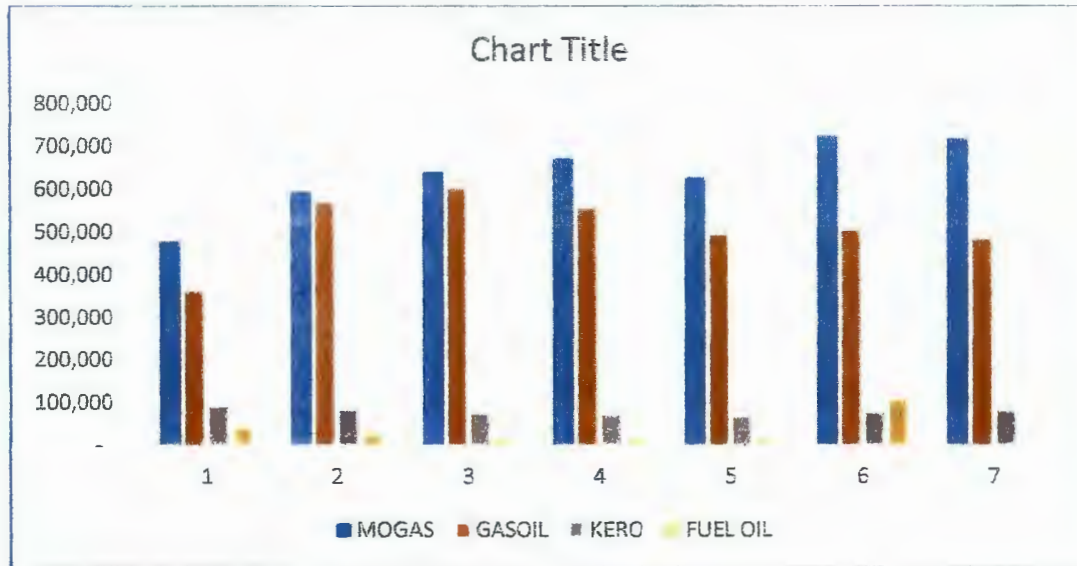
PROFIT AFTER TAX 2011-2016

| YEAR | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------------|------------|------------|--------------|--------------|--------------|
| | \$ 999,843 | \$ 950,676 | \$ 463,705 | \$ 1,469,810 | \$ 2,314,414 | \$ 2,609,116 |



SALES VOLUMES 2010 – 2016

| YEAR | MOGAS | GASOIL | KERO | FUEL OIL |
|------|---------|---------|--------|----------|
| 2010 | 476,593 | 362,277 | 87,908 | 39,599 |
| 2011 | 591,707 | 567,966 | 80,656 | 26,942 |
| 2012 | 639,539 | 601,794 | 71,632 | 13,019 |
| 2013 | 670,921 | 555,907 | 69,592 | 13,836 |
| 2014 | 626,669 | 494,024 | 63,976 | 12,450 |
| 2015 | 723,669 | 504,001 | 74,473 | 105,613 |
| 2016 | 716,298 | 483,439 | 78,862 | 3,613 |



LUBES VOLUMES

| LUBES | |
|-------|------|
| 2011 | 5094 |
| 2012 | 4900 |
| 2013 | 4642 |
| 2014 | 4238 |
| 2015 | 3903 |
| 2016 | 3930 |



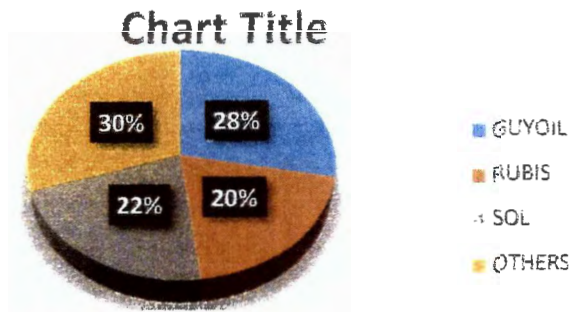
MARKET SHARE REPORT

2014 - 2016

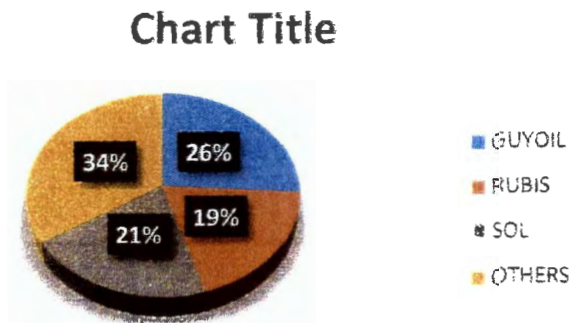
Market Share

| 2014 | | | 2015 | | | 2016 | | |
|--------|-----------|---------|--------|-----------|---------|--------|-----------|---------|
| COMP | BBLS | % SHARE | COMP | BBLS | % SHARE | COMP | BBLS | % SHARE |
| GUYOIL | 1,313,676 | 28 | GUYOIL | 1,231,431 | 26 | GUYOIL | 1,281,725 | 28.8 |
| RUBIS | 937,334 | 20 | RUBIS | 907,426 | 19 | RUBIS | 880,141 | 19.8 |
| SOL | 1,031,067 | 22 | SOL | 993,793 | 21 | SOL | 971,793 | 21.8 |
| OTHERS | 1,406,001 | 30 | OTHERS | 1,607,379 | 33 | OTHERS | 1,320,000 | 29.6 |

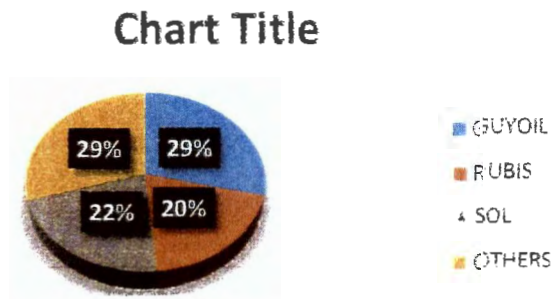
2014



2015



2016





Audit Office of Guyana

*P.O. Box 1002 63 High Street, Kingston Georgetown Guyana
Tel: 592-225-7592 Fax: 592-226-7257 <http://www.audit.org.gy>*

AG: 34/2017

17 May 2017

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE CONSOLIDATED FINANCIAL STATEMENTS
OF THE GUYANA OIL COMPANY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016**

Opinion

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the consolidated financial statements of the Guyana Oil Company Limited, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 3 to 22.

In my opinion, the consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Going Concern

The Group's consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so. As part of my audit of the consolidated financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Group's consolidated financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Group's ability to continue as a going concern.

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 IFRSs, 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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs 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 and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

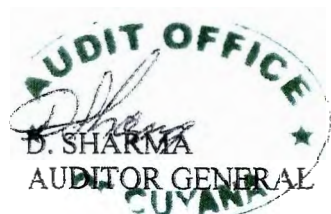
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the requirements of the Companies Act 1991.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN/or

INDEPENDENT AUDITOR'S REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

THE GUYANA OIL COMPANY LIMITED AND SUBSIDIARY

(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)

Opinion

We have audited the accompanying consolidated financial statements, and its subsidiary of The Guyana Oil Company Limited (wholly owned subsidiary of National Industrial and Commercial Investments Limited) which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, the financial position of the group as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the group within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the group's ability to continue as a going concern.

Management's Responsibility for the Financial Statements

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

.../..

Tel: (592) 225 8915 | (592) 225 8917/8

Fax: (592) 226 5340 | Email: bnpkf@networksgy.com | www.pkfgy.com

PKF Barcellos Narine & Co. | 106-7 Lamaha Street | Georgetown | Guyana

The Principal place of business where the list of partners' names is open to inspection is 106 Lamaha Street, Georgetown, Guyana.

PKF Barcellos Narine & Co. is authorized and regulated by the Institute of Chartered Accountants of Guyana.

PKF Barcellos Narine & Co. is a member of PKF International Limited, a network of legally independent member firms.

Auditors' Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 International Standards on Auditing 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 financial statements.


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

- Identify and assess the risks of material misstatement of the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the requirements of the Companies Act 1991.


PKF, BARCELLOS, NARINE & CO.
106 -107 Lamaha Street
North Cummingsburg
Georgetown

May 9, 2017

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Financial Position
As at December 31, 2016

| | Notes | Company | | Group | |
|-------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | G\$'000 | G\$'000 | G\$'000 | G\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant & equipment | 4 | 2,075,082 | 1,884,391 | 2,572,872 | 2,472,887 |
| Deferred tax assets | 5 | 19,154 | 37,090 | 30,561 | 37,090 |
| Related party | 6 | 791,214 | 821,326 | - | - |
| Investment in Subsidiary | | 100 | 100 | - | - |
| | | 2,885,550 | 2,742,907 | 2,603,433 | 2,509,977 |
| Current Assets | | | | | |
| Taxes Recoverable | | 4,398 | - | 4,398 | - |
| Inventories | 7 | 1,809,087 | 1,093,821 | 1,914,592 | 1,172,842 |
| Trade and other receivables | 8 | 526,497 | 1,100,723 | 636,775 | 1,131,862 |
| Cash and cash equivalents | 9 | 6,900,981 | 5,357,660 | 7,045,378 | 5,512,883 |
| Total current assets | | 9,240,963 | 7,552,204 | 9,601,143 | 7,817,587 |
| TOTAL ASSETS | | 12,126,513 | 10,295,111 | 12,204,576 | 10,327,564 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Stated capital | 10 | 575 | 575 | 575 | 575 |
| Capital reserves | 11 | 775 | 775 | 775 | 775 |
| Retained earnings | | 9,899,587 | 8,486,605 | 9,909,990 | 8,499,153 |
| | | 9,900,937 | 8,487,955 | 9,911,340 | 8,500,503 |
| Non-current liabilities | | | | | |
| Defined benefit liability | 12 | 157,791 | 161,658 | 157,791 | 161,658 |
| Current liabilities | | | | | |
| Accounts payable | 13 | 1,368,858 | 100,673 | 1,425,833 | 106,805 |
| Dividend Payable | | - | 1,000,000 | - | 1,000,000 |
| Taxes payable | | 698,927 | 544,825 | 709,612 | 558,598 |
| | | 2,067,785 | 1,645,498 | 2,135,445 | 1,665,403 |
| TOTAL EQUITY AND LIABILITIES | | 12,126,513 | 10,295,111 | 12,204,576 | 10,327,564 |

The notes on pages 10 to 21 form an integral part of these financial statements.

Approved and signed on behalf of the Board of Directors by:


Director


Director

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Income.
For the year ended December 31, 2016

| | Notes | Company | | Group | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 |
| Revenue | 14 | 31,939,612 | 36,406,699 | 32,990,337 | 37,095,340 |
| Cost of sales | | 25,889,152 | 31,130,416 | 26,758,860 | 31,630,050 |
| Gross profit | | 6,050,460 | 5,276,283 | 6,231,477 | 5,465,290 |
| Expenses | | | | | |
| Administrative | | 566,083 | 563,349 | 566,083 | 563,349 |
| Operating | | 657,240 | 528,523 | 831,221 | 691,507 |
| Marketing | | 469,142 | 449,230 | 469,142 | 449,230 |
| Total expenses | | 1,692,465 | 1,541,102 | 1,866,446 | 1,704,086 |
| Operating profit | | 4,357,995 | 3,735,181 | 4,365,031 | 3,761,204 |
| Other income | 15 | 67,574 | 130,269 | 67,574 | 130,269 |
| Interest received | 16 | 30,717 | 25,766 | 31,250 | 26,064 |
| Net Profit before Taxation | | 4,456,286 | 3,891,216 | 4,463,855 | 3,917,537 |
| Taxation | 17 | 1,847,170 | 1,576,802 | 1,856,885 | 1,590,575 |
| Net Profit after Taxation | | 2,609,116 | 2,314,414 | 2,606,970 | 2,326,962 |
| Other Comprehensive Income for the year (items that will not be reclassified subsequently to profit and loss:) | | | | | |
| Re-measurement of defined benefit plan | | 3,867 | - | 3,867 | - |
| Total Comprehensive Income | | 2,612,983 | 2,313,414 | 2,610,837 | 2,326,962 |
| Earnings per share (in dollars) | 18 | 4.54 | 4.03 | 4.54 | 4.05 |

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Statement of Changes in Equity
For the year ended December 31, 2016
Company

| | Notes | Stated capital (note 10) G\$ '000 | Capital reserves (note 11) G\$ '000 | Retained earnings G\$ '000 | Total G\$ '000 |
|-------------------------------|-------|--|---|----------------------------------|-------------------|
| Balance at January 01, 2015: | | | | | |
| - as previously stated | | 575 | 775 | 8,172,191 | 8,173,541 |
| Net profit for the year | | - | - | 2,314,414 | 2,314,414 |
| Dividends | | | | (2,000,000) | (2,000,000) |
| Balance at December 31, 2015 | | <u>575</u> | <u>775</u> | <u>8,486,605</u> | <u>8,487,955</u> |
| Balance as at January 1, 2016 | | 575 | 775 | 8,486,605 | 8,487,955 |
| Net profit for the year | | - | - | 2,609,116 | 2,609,116 |
| Other Comprehensive Income | | | | 3,867 | 3,867 |
| Dividends | | - | - | (1,200,000) | (1,200,000) |
| Balance at December 31, 2016 | | <u>575</u> | <u>775</u> | <u>9,899,588</u> | <u>9,900,938</u> |

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Changes in Equity
For the year ended December 31, 2016
Group

| | Notes | Stated capital (note 10) G\$ '000 | Capital reserves (note 11) G\$ '000 | Retained earnings G\$ '000 | Total G\$ '000 |
|-------------------------------------|-------|--|---|----------------------------------|-------------------|
| Balance at January 01, 2016: | | 575 | 775 | 8,172,191 | 8,173,541 |
| Net profit for the year | | - | - | 2,326,962 | 2,326,962 |
| Dividends | | - | - | (2,000,000) | (2,000,000) |
| Balance at December 31, 2015 | | 575 | 775 | 8,499,153 | 8,500,503 |
| Net profit for the year | | - | - | 2,606,970 | 2,606,970 |
| Dividends | | - | - | (1,200,000) | (1,200,000) |
| Other Comprehensive Income | | - | - | 3,867 | 3,867 |
| Balance at December 31, 2016 | | 575 | 775 | 9,909,990 | 9,911,340 |

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Statement of Cash Flows
For the year ended December 31, 2016

| <i>Company</i> | 2016 G\$'000 | 2015 G\$'000 |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | 4,456,286 | 3,891,216 |
| <i>Adjustments for:</i> | | |
| Interest receivable | (30,716) | (25,766) |
| Depreciation | 216,691 | 211,323 |
| Adjustment - Net Book Value of Asset Transfer Inter Company | (5,358) | |
| External payments Deposit Written Off | - | 107 |
| (Gain)/loss on disposal of property, plant & equipment | (2,699) | (40,123) |
| Operating profit before changes in working capital | 4,634,204 | 4,036,757 |
| Decrease/(Increase) in inventories | (715,266) | (111,773) |
| Decrease/(Increase) in trade and other receivables | 604,963 | (473,398) |
| (Decrease)/Increase in trade and other payables | 1,222,616 | (43,754) |
| Decrease/(Increase) in related party | 44,944 | |
| Increase/(decrease) in defined benefit liability | - | 42,196 |
| Cash generated from operations | 5,791,460 | 3,450,028 |
| Taxes paid | (1,679,530) | (1,258,096) |
| Net cash flows generated from operating activities | 4,111,931 | 2,191,932 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (405,216) | (203,765) |
| Interest received | 30,716 | 25,766 |
| Proceeds from sale of property, plant and equipment | 5,890 | 674,262 |
| Investment in Subsidiary | - | (100) |
| Net cash used in investing activities | (368,610) | 496,163 |
| Cash flows from financing activities | | |
| Dividend paid | (2,200,000) | (1,000,000) |
| Net cash used in financing activities | (2,200,000) | (1,000,000) |
| Net cash inflow for the year | 1,543,321 | 1,688,095 |
| Cash and cash equivalents at January 1 | 5,357,660 | 3,669,565 |
| Cash and cash equivalents at December 31 | 6,900,981 | 5,357,660 |
| Analysis of cash and cash equivalents as stated in the Balance Sheet: | | |
| Cash on Hand | 3,330 | 2972 |
| Cash on Deposit | 6,897,651 | 5,354,688 |
| Cash and cash equivalents as per balance sheet | 6,900,981 | 5,357,660 |

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

| <i>Group</i> | 2016 G\$'000 | 2015 G\$'000 |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | 4,463,855 | 3,917,537 |
| <i>Adjustments for:</i> | | |
| Interest receivable | (31,249) | (26,064) |
| Depreciation | 303,372 | 296,633 |
| Adjustment - Net Book Value of Asset Transfer Inter Company | (5,358) | - |
| External payments Deposit Written Off | - | 107 |
| (Gain)/loss on disposal of property, plant & equipment | (2,427) | (40,113) |
| Operating profit before changes in working capital | <u>4,728,193</u> | <u>4,148,100</u> |
| Decrease/(Increase) in inventories | (741,750) | (190,794) |
| Decrease(Increase) in trade and other receivables | 495,087 | 316,789 |
| (Decrease)/Increase in trade and other payables | 1,319,029 | (37,622) |
| Increase/(decrease) in defined benefit liability | - | 42,196 |
| Cash generated from operations | <u>5,800,559</u> | <u>4,278,669</u> |
| Taxes paid | (1,703,739) | (1,258,096) |
| Net cash flows generated from operating activities | <u>4,096,820</u> | <u>3,020,573</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (406,823) | (221,924) |
| Interest received | 31,249 | 26,064 |
| Transfer of Fixed Assets | 5,358 | - |
| Proceeds from sale of property, plant and equipment | 5,891 | 18,605 |
| Net cash used in investing activities | <u>(364,325)</u> | <u>(177,255)</u> |
| Cash flows from financing activities | | |
| Dividend | (2,200,000) | (1,000,000) |
| Net cash used in financing activities | <u>(2,200,000)</u> | <u>(1,000,000)</u> |
| Net cash inflow for the year | <u>1,532,495</u> | <u>1,843,318</u> |
| Cash and cash equivalents at January 1, 2016 | 5,512,883 | 3,669,565 |
| Cash and cash equivalents at December 31, 2016 | <u>7,045,378</u> | <u>5,512,883</u> |
| Analysis of cash and cash equivalents as stated in the Balance Sheet: | | |
| Cash on Hand | 3,455 | 3,022 |
| Cash on Deposit | 7,041,923 | 5,509,861 |
| Cash and cash equivalents as per balance sheet | <u>7,045,378</u> | <u>5,512,883</u> |

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

1. Incorporation and principal activities

The Guyana Oil Company Ltd was incorporated in the Co-operative Republic of Guyana under the Companies Act Cap. 89:01 on June 16, 1976 and continued under the Companies Act, 1991 on May 17, 1997. The Company's registered office is located at 191 Camp Street, Georgetown. The principal activities of the company consist of the purchase and sale of petroleum products.

Guyoil Aviation Services Inc's principal activity is the purchase and sale of Aviation Fuel.

These financial statements were approved by the Board on May 9, 2017.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention except for the valuation of certain items of property, plant and equipment vested in the Company on 16 June 1976 as stated in note 4.

The preparation of 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 Company's accounting policies. Those areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

In the current year, the Company adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB that are relevant.

At the date these financial statements were authorised, several Standards and Interpretations were in issue but not yet effective. These are not expected to have a significant impact on the financial statements of the Company.

(b) Income and expenditure

Income and expenditure are dealt with in these financial statements on the accrual basis.

(c) Revenue recognition

Revenue is recognised when the product has been delivered to the customer and the consideration becomes receivable. Turnover represents the value of goods sold to third parties.

2. Summary of significant accounting policies

(d) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses (if any). Depreciation is calculated on a straight-line basis at rates estimated to write off the assets over their expected useful lives. No depreciation is provided on freehold land and construction work-in-progress. The expected useful lives of the other property, plant and equipment are as follows:

| | |
|-----------------------------|---------------|
| Building | Over 20 years |
| Motor vehicles | Over 4 years |
| Equipment | Over 10 years |
| Office furniture & fittings | Over 10 years |
| Office Equipment | Over 4 years |

(e) Inventories

Inventories are stated at the lower at cost and net realisable value using primarily the average cost method.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Retirement benefit costs

The Company participates in a contributory multi-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

(h) Taxation

Tax shown charged against profits for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income and net property for the year, using tax rates in effect at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities are provided using the balance sheet liability method in respect of corporation taxes payable in future periods for taxable temporary differences. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is probable that taxable profit will be available for offset.

(i) Reporting and foreign currencies

The financial statements are presented in Guyana dollars. Foreign currency transactions are recorded at the rates prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in a foreign currency at the balance sheet date are retranslated at the rates prevailing at that date. Gains and losses arising on retranslation are included in the profit and loss for the period.

(j) Basis of Consolidation

The consolidated financial information includes the accounts of The Guyana Oil Company Ltd and its subsidiary

Guyoil Aviation Services Inc. The subsidiary is 100 % owned and commenced trading January 01, 2015.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

3. Critical accounting judgments and key sources of estimation uncertainty

Except for the judgments made by management in establishing provisions for impairment losses (note 6 and 7), there were no judgments or estimations that have a significant effect on the amounts recognised in the financial statements.

4. Property, plant and equipment

Company

| | Land and Buildings | Plant, Machinery & Equipment | Office Furniture & fittings | Motor Vehicles | Construction Work-in- Progress | Total |
|-----------------------------|-----------------------|---------------------------------------|-----------------------------------|----------------|--------------------------------------|------------------|
| | G\$'000 | G\$'000 | G\$'000 | G\$'000 | G\$'000 | G\$'000 |
| Cost/valuation | | | | | | |
| At January 01, 2016 | 1,467,294 | 1,158,574 | 239,018 | 439,198 | 204,494 | 3,508,578 |
| Additions | - | 4,033 | 25,550 | 78,726 | 296,907 | 405,216 |
| Inter Company Transfer | | | | 6,951 | | 6,951 |
| Disposals | - | (13,027) | (12,245) | (5,095) | - | (30,367) |
| Transfers | 267,336 | 68,770 | - | - | (336,106) | - |
| At December 31, 2016 | 1,734,630 | 1,218,350 | 252,323 | 519,780 | 165,295 | 3,890,378 |
| Depreciation | | | | | | |
| At January 01, 2016 | 385,933 | 679,198 | 181,208 | 377,848 | - | 1,624,187 |
| Charges | 83,154 | 74,813 | 26,250 | 32,474 | - | 216,691 |
| Inter Company Transfer | | | | 1,593 | | 1,593 |
| Disposals | - | (10,878) | (11,202) | (5,095) | - | (27,175) |
| At December 31, 2016 | 469,087 | 743,133 | 196,256 | 406,820 | - | 1,815,296 |
| Net book value | | | | | | |
| At December 31, 2016 | 1,265,543 | 475,217 | 56,067 | 112,960 | 165,295 | 2,075,082 |
| At January 01, 2016 | 1,081,361 | 479,376 | 57,810 | 61,350 | 204,494 | 1,884,391 |

Included in land and buildings is land costing \$1,320,000 (2015 - \$1,320,000). Fixed assets vested in the parent company upon incorporation were recorded at the net book value of the previous owner.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

4. Property, plant and equipment

Group

| | Land and Buildings | Plant, Machinery & Fittings | Office Furniture & fittings | Motor Vehicles | Construction Work-in- Progress | Total |
|-----------------------------|-----------------------|--------------------------------------|-----------------------------------|----------------|--------------------------------------|------------------|
| | G\$'000 | G\$'000 | G\$'000 | G\$'000 | G\$'000 | G\$'000 |
| <i>Cost/valuation</i> | | | | | | |
| At January 01, 2016 | 1,551,939 | 1,626,876 | 244,407 | 626,416 | 204,494 | 4,254,132 |
| Additions | - | 5,144 | 26,044 | 78,726 | 296,907 | 406,821 |
| Disposals | - | (11,938) | (12,604) | (5,095) | (1,089) | (30,726) |
| Transfers | 267,336 | 67,681 | - | - | (335,017) | - |
| At December 31, 2016 | 1,819,275 | 1,687,763 | 257,847 | 700,047 | 165,295 | 4,630,227 |
| <i>Depreciation</i> | | | | | | |
| At January 01, 2016 | 388,049 | 768,698 | 181,847 | 442,651 | - | 1,781,245 |
| Charges | 87,386 | 116,955 | 27,538 | 71,494 | - | 303,373 |
| Inter Co. Company Transfer | - | - | - | 1,593 | - | 1,593 |
| Disposals | - | (10,878) | (11,289) | (6,688) | - | (28,855) |
| At December 31, 2016 | 475,435 | 874,775 | 198,096 | 509,050 | - | 2,057,356 |
| <i>Net book value</i> | | | | | | |
| At December 31, 2016 | 1,343,840 | 812,988 | 59,751 | 190,997 | 165,295 | 2,572,871 |
| At January 01, 2016 | 1,163,890 | 858,178 | 62,560 | 183,765 | 204,494 | 2,472,887 |

The Guyana Oil Company Limited
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 Notes to the financial statements
 For the year ended December 31, 2016

| 5. Deferred tax assets | Company | | Group | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'001 |
| Deferred tax assets are attributable to the following: | | | | |
| Deferred tax on Minimum Tax | | | 34,787 | |
| <i>Property, plant and equipment:</i> | | | | |
| At January 1, | 37,090 | 44,463 | 37,090 | 44,463 |
| Movement during the year | (17,936) | (7,373) | (41,316) | (7,373) |
| At December 31, | 19,154 | 37,090 | 30,561 | 37,090 |

8. Related Party

| | | | | |
|--|---------|---------|---|--|
| Amount due from Guyoil Aviation Services Inc.: | 791,214 | 821,326 | - | |
|--|---------|---------|---|--|

Parties are considered related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions, or (b) the party is a member of a key management personnel.

7. Inventories

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Aviation Jet Fuel | - | - | 104,029 | 78,422 |
| Bulk petroleum | 1,460,370 | 802,768 | 1,460,370 | 802,768 |
| Lubricants | 178,554 | 177,128 | 178,554 | 177,128 |
| Spares, materials and supplies | 139,228 | 85,993 | 140,704 | 86,592 |
| Other | 30,935 | 27,932 | 30,935 | 27,932 |
| | 1,809,087 | 1,093,821 | 1,914,592 | 1,172,842 |

8. Trade and other receivables

| | | | | |
|--------------------------------------|----------------|------------------|----------------|------------------|
| Trade debtors | 290,758 | 407,866 | 362,828 | 425,659 |
| Other debtors | 17,977 | 27,470 | 37,028 | 27,470 |
| Prepayments | 285,495 | 733,120 | 304,652 | 746,466 |
| | 594,230 | 1,168,456 | 704,508 | 1,199,595 |
| Provision for bad and doubtful debts | (67,733) | (67,733) | (67,733) | (67,733) |
| | 526,497 | 1,100,723 | 636,775 | 1,131,862 |

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

| | Company | | Group | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| 9. Cash and cash equivalents | | | | |
| (a) Cash on hand - local currencies | 3,330 | 2,972 | 3,455 | 3,022 |
| (b) Demand deposits | 1,562,758 | 2,073,330 | 1,576,225 | 2,087,175 |
| (c) Savings deposits | 3,265,640 | 1,997,188 | 3,265,640 | 1,997,188 |
| (d) Term deposits | 130,550 | 129,086 | 130,550 | 129,086 |
| (e) Foreign currency balances | 1,938,703 | 1,155,083 | 2,069,508 | 1,296,411 |
| Total | 6,900,981 | 5,357,660 | 7,045,378 | 5,512,883 |

- (a) These are non-interest bearing cash balances with no dates for maturity.
(b) This represents a non-interest bearing chequing account.
© The weighted average rate of interest for the year was 1.45 % (2015 - 1.45%). There is no date of maturity.
(d) This represents short term investments with interest at an average interest rate of 1.75 % with varying maturity dates.
(e) These represent foreign currency accounts with no maturity dates.

| | Company | | Group | |
|--|-----------------|-----------------|-----------------|------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 |
| 10. Stated capital | | | | |
| Issued and fully paid: 575,000 ordinary shares | 575 | 575 | 575 | 575 |

The company is authorised to issue a maximum of 5,000,000 ordinary shares at a minimum issue price of \$1 each. All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

11. Capital reserve

This represents the difference between the net book value of the assets acquired on June 16, 1976, the date of incorporation, and the purchase consideration.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

12. Defined benefit liability

The Company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company'

The plan covers all permanent employees. The average number of employees in the pension scheme was 249, (2015 - 236). The last actuarial valuation was done at December 31, 2016.

| | Company | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | G\$'000 | G\$'000 | G\$'000 | |
| Net Liability in Statement of Financial Position | | | | |
| Present Value of Defined benefit obligations | 755,350 | 719,890 | 755,350 | 719,890 |
| Fair value of plan assets | (597,559) | (558,232) | (597,559) | (558,232) |
| Net Defined benefit liability/(Asset) | 157,791 | 161,658 | 157,791 | 161,658 |

Expense recognised in the Statement of Comprehensive Income

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Current service cost | 56,964 | 51,651 | 56,964 | 51,651 |
| Net Interest on Net defined benefit Liability/(Asset) | 6,765 | 4,780 | 6,765 | 4,780 |
| Net pension cost | 63,729 | 56,431 | 63,729 | 56,431 |

The 2013 figures are restated due to the inadvertent interchange of the figures in the 2013 audited Financial Statements

Movement in Present Value of Defined Benefit Obligation

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Defined benefit obligation at start of year | 719,890 | 637,710 | 719,890 | 637,710 |
| Current Service Cost | 56,964 | 51,651 | 56,964 | 51,651 |
| Interest Cost | 34,804 | 31,549 | 34,804 | 31,549 |
| Members Contribution | 15,692 | 14,242 | 15,692 | 14,242 |
| - Experience adjustments | (23,804) | (1,645) | (23,804) | (1,645) |
| Benefits Paid | (48,196) | (13,617) | (48,196) | (13,617) |
| Defined benefit obligation at end of year | 755,350 | 719,890 | 755,350 | 719,890 |

Movement in Fair Value of Plan Assets

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Fair Value of Plan Assets at start of year | 558,232 | 518,248 | 558,232 | 518,248 |
| Interest Income | 28,039 | 26,769 | 28,039 | 26,769 |
| Return on Plan Assets, excluding interest Income | 6,129 | (21,464) | 6,129 | (21,464) |
| Company Contribution | 37,663 | 34,054 | 37,663 | 34,054 |
| Members Contribution | 15,692 | 14,242 | 15,692 | 14,242 |
| Benefits Paid | (48,196) | (13,617) | (48,196) | (13,617) |
| Fair Value of Plan Assets at end of year | 597,559 | 558,232 | 597,559 | 558,232 |

Summary of Principal Assumptions as at 31 December.

| | % per annum | % per annum | % per annum | % per annum |
|-------------------|-------------|-------------|-------------|-------------|
| Discount rate | 5.0 | 5.0 | 5.0 | 5.0 |
| Salary increases | 5.0 | 5.0 | 5.0 | 5.0 |
| Pension increases | 2.0 | 2.0 | 2.0 | 2.0 |

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

| 13. Accounts payable | Company | | Group | |
|----------------------|------------------|-----------------|------------------|----------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 |
| Trade payables | 1,335,857 | 68,218 | 1,337,308 | 68,218 |
| Accruals | 21,236 | 32,455 | 23,921 | 33,355 |
| Other payables | 11,765 | - | 64,604 | 5,232 |
| Total | 1,368,858 | 100,673 | 1,425,833 | 106,805 |

14 Revenue

| | | | | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gasoline | 19,388,791 | 21,368,364 | 19,388,791 | 21,368,364 |
| Gasoil | 10,530,569 | 12,595,265 | 10,530,569 | 12,595,265 |
| Kerosene | 1,183,988 | 1,393,717 | 1,183,988 | 1,393,717 |
| Avjet | - | - | 1,050,725 | 688,641 |
| Fueloil | 43,447 | 173,797 | 43,447 | 173,797 |
| Lube oil | 651,405 | 669,802 | 651,405 | 669,802 |
| Lube grease | 19,006 | 18,492 | 19,006 | 18,492 |
| Bitumen | 72,845 | 130,198 | 72,845 | 130,198 |
| Tyres, batteries & accessories | 49,561 | 57,064 | 49,561 | 57,064 |
| Total | 31,939,612 | 36,406,699 | 32,990,337 | 37,095,340 |

15 Other income

| | | | | |
|--|---------------|----------------|---------------|----------------|
| Subletting of tanker Income | 134,337 | 214,454 | 134,337 | 214,454 |
| Cost associated with subletting tanker | 125,465 | 178,692 | 125,465 | 178,692 |
| | 8,872 | 35,762 | 8,872 | 35,762 |
| Other | 58,702 | 94,507 | 58,702 | 94,507 |
| Total | 67,574 | 130,269 | 67,574 | 130,269 |

16 Interest Received

| | | | | |
|-----------------------|---------------|---------------|---------------|---------------|
| Bank Interest - Gross | 38,396 | 32,207 | 38,929 | 32,579 |
| Withholding Tax | (7,679) | (6,441) | (7,679) | -6,515 |
| Net | 30,717 | 25,766 | 31,250 | 26,064 |

17 Taxation

The tax charge is made up as follows:

Current year

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Corporation tax | 1,745,813 | 1,518,371 | 1,766,828 | 1,532,144 |
| Less - Overprovision 2014 | - | (15,288) | - | (15,288) |
| | 1,745,813 | 1,503,083 | 1,766,828 | 1,516,856 |
| Capital Gains Tax Write Back | - | (577) | - | (577) |
| Property tax | 83,421 | 67,263 | 83,421 | 67,263 |
| Less - Overprovision 2014 | - | (340) | - | (340) |
| | 1,829,234 | 1,569,429 | 1,850,249 | 1,583,202 |
| Withholding Tax | - | - | 107 | - |
| Deferred tax | | | | |
| (Origination)/reversal of temporary differences on fixed assets | 17,936 | 7,373 | 6,529 | 7,373 |
| Total | 1,847,170 | 1,576,802 | 1,856,885 | 1,590,575 |

The Guyana Oil Company Limited
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 Notes to the financial statements
 For the year ended December 31, 2016

19 Financial risk management

The Company's activities expose it to a number of risks. These risks and the Company's policies for managing them are as follows:

(a) Market risks

Market risk embodies not only the potential for loss but also the potential for gain.

i) Currency risk

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The equivalent Guyana dollar values of assets and liabilities denominated in foreign currencies are as follows:

| | Company | | Group | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| Cash and cash equivalents | 1,938,703 | 1,155,083 | 2,068,788 | 1,296,411 |
| Accounts payable | (93,133) | (17,097) | (122,601) | (23,229) |
| Net exposure to currency risk | 1,845,570 | 1,137,986 | 1,946,187 | 1,273,182 |

All foreign currency assets and liabilities are denominated in United States dollars. Management monitors its foreign currency requirements on a regular basis to minimise exposure.

ii) Fair value interest rate risk

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risks.

iii) Price risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not significantly exposed to price risks as its financial instruments are not traded in the market.

The Company has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the gross margin of these products. The Company monitors market prices and adjust selling prices accordingly. The Company has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

19 Financial risk management continued

(b) Credit Risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The financial instruments exposed to credit risks are as follows:

| | Company | | Group | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 |
| Trade and other receivables | 526,497 | 1,100,723 | 636,775 | 1,131,862 |
| Related Party | 791,214 | 821,326 | - | |
| Cash and cash equivalents | 6,900,981 | 5,357,660 | 7,045,378 | 5,512,883 |
| | 8,218,692 | 7,279,709 | 7,682,153 | 6,644,745 |
| Defined benefit liability | (157,791) | (161,658) | (157,791) | (161,658) |
| Accounts payable | (1,368,858) | (100,673) | (1,425,835) | (106,805) |
| Taxes payable | 698,927 | (544,825) | 709,612 | (558,598) |
| Net exposure to credit risk | 7,390,970 | 6,472,553 | 6,808,139 | 5,817,684 |

The primary source of credit risk is trade and other receivables. Management monitors this source of risk and ensures that appropriate action, such as legal action, is taken to protect the company. Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counterparties are mainly regulated financial institutions with no known liquidity problems.

(c) Liquidity risk

This is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

All liquid assets and liabilities mature within one year of the balance sheet date.

(d) Cash flow interest rate risk

This is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The company is not significantly exposed to such risks.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

20 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

21 Related party transactions and balances

| | Transactions Company | | Group | |
|---|--------------------------|-----------------|-----------------|-----------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| <i>Sale of goods - Transactions</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 1,219,091 | 1,115,168 | 1,219,091 | 1,115,168 |
| Government agencies | 2,021,799 | 2,021,799 | 2,052,007 | 2,052,007 |
| <hr/> | | | | |
| | Due (to)/from Company | | Group | |
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| <i>Sale of goods - Due(to)/from</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 19,975 | (37,837) | 19,975 | (37,837) |
| Government agencies | (136,894) | (146,890) | (136,894) | (159,772) |
| <hr/> | | | | |
| | Transactions Company | | Group | |
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| <i>Other Income - Transactions</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 92,480 | 204,869 | 92,480 | 204,869 |
| <hr/> | | | | |
| | Due (to)/from Company | | Group | |
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| <i>Other Income - Due (to) / from</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 8,062 | 13,726 | 8,062 | 13,726 |
| <hr/> | | | | |

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

21 Related party transactions and balances continued

Directors emoluments

| | Company | | Group | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| | (Jan-Jun 2015) | | (Jan-Jun 2015) | |
| Keshav Mangal - Chairman | | 479 | | 479 |
| Neermal Rekha - Director | | 63 | | 63 |
| Oscar Phillips - Director | | 69 | | 69 |
| Lance Carberry - Director | | 51 | | 51 |
| Harryram Parmesar - Director | | 75 | | 75 |
| Hubert Rodney - Director | | 51 | | 51 |
| | - | 788 | - | 788 |
| | (Jul-Dec 2015) | | (Jul-Dec 2015) | |
| Lance Carberry - Chairman | 664 | 148 | 664 | 148 |
| Oscar Phillips - Director | 699 | 183 | 699 | 183 |
| Harryram Parmesar - Director | 699 | 171 | 699 | 171 |
| Lawrence Paul - Director | 675 | 171 | 675 | 171 |
| Berkley Wickham - Director | 312 | 123 | 312 | 123 |
| Shondel Hope - Director | 459 | 123 | 459 | 123 |
| S. T - Brotherson. - Director | 663 | 183 | 663 | 184 |
| | 4,171 | 1,102 | 4,171 | 1,103 |
| | 4,171 | 1,890 | 4,171 | 1,891 |

22 Commitments and contingencies

Operating lease commitments

At the balance sheet date, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | Company | | Group | |
|------------------|------------------|------------------|------------------|------------------|
| | 2016 G\$'000 | 2015 G\$'000 | 2016 G\$'000 | 2015 G\$'000 |
| Within one year | 1,584,766 | 1,500,000 | 1,586,291 | 1,586,291 |
| Within two years | 1,584,766 | 1,500,000 | 1,586,291 | 1,586,291 |
| Total | 3,169,532 | 3,000,000 | 3,172,582 | 3,172,582 |

Operating lease payments represent rentals of ocean vessels. Charges are negotiated every two (2) years.

Contingent liabilities

The Company is a plaintiff in several litigation matters with defaulting customers and others. The Company is also a defendant in litigation. The outcome of these and the Company's liability, if any, cannot be determined at this time.

23 Key Management Personnel

The company had six (6) ((2015 five (5)) senior managers whose annual emoluments for the year 2016 was 48,397,706. (2015 - \$ 37,200,582). Two of the managers retired while the service of one was terminated during 2016.

The two retired managers were re-hired as contract employees.



Audit Office of Guyana

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AG: 32/2017

28 April 2017

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE GUYANA OIL COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the financial statements of Guyana Oil Company Limited, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 2 to 28.

In my opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Guyana Oil Company Limited as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act of 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so. As part of my audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs 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 financial statements.

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

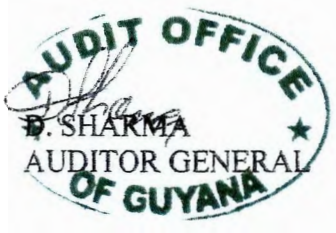
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 my audit.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN/cr

INDEPENDENT AUDITOR'S REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
THE GUYANA OIL COMPANY LIMITED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)

Opinion

We have audited the accompanying financial statements The Guyana Oil Company Limited (wholly owned subsidiary of National Industrial and Commercial Investments Limited) which comprise the statement of financial position as at December 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Company as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the company within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

Management's Responsibility for the Financial Statements

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

.../..

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PKF Barcellos Narine & Co. | 106-7 Lamaha Street | Georgetown | Guyana

The Principal place of business where the list of partners' names is open to inspection is 106 Lamaha Street, Georgetown, Guyana.

PKF Barcellos Narine & Co. is authorized and regulated by the Institute of Chartered Accountants of Guyana.

PKF Barcellos Narine & Co. is a member of PKF International Limited, a network of legally independent member firms

THE GUYANA OIL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

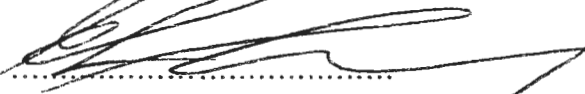
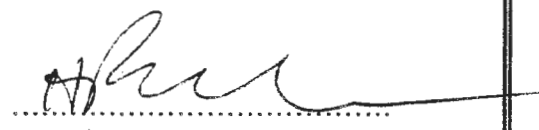
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

DECEMBER 31, 2016

Amounts in thousands

| ASSETS | Notes | G\$ | G\$ | G\$ 2015 |
|-------------------------------------|-------|-----------|-------------------|-------------------|
| Non Current Asset | | | | |
| Property, Plant and Equipment | 2 | 2,075,083 | | 1,884,391 |
| Deferred Tax | 3 | 19,154 | | 37,090 |
| Investment | 4 | 100 | | 100 |
| Related Company | 5 | 791,214 | | 821,326 |
| | | | 2,885,551 | 2,742,907 |
| Current Assets | | | | |
| Guyana Revenue Authority | | 4,398 | | |
| Inventories | 6 | 1,660,666 | | 959,487 |
| Goods in Transit | 7 | 148,421 | | 134,334 |
| Receivables | 8 | 526,497 | | 1,100,723 |
| Cash and Bank | 9 | 6,900,981 | | 5,357,660 |
| | | | 9,240,963 | 7,552,204 |
| Total Assets | | | <u>12,126,514</u> | <u>10,295,111</u> |
| EQUITY AND LIABILITIES | | | | |
| Capital and Reserve | | | | |
| Share Capital | 10 | 575 | | 575 |
| Capital Reserve | 11 | 775 | | 775 |
| Retained Earnings | | 9,899,588 | | 8,486,605 |
| | | | 9,900,938 | 8,487,955 |
| Non Current Liability | | | | |
| Defined Benefit Liability | 12 | | 157,791 | 161,658 |
| Current Liabilities | | | | |
| Payables | 13 | 1,368,858 | | 100,673 |
| Dividend Payable | | - | | 1,000,000 |
| Taxation | | 698,927 | | 544,825 |
| | | | 2,067,785 | 1,645,498 |
| Total Equity and Liabilities | | | <u>12,126,514</u> | <u>10,295,111</u> |

On behalf of the Board:

The attached statement and notes on pages 7 to 28 forms an integral part of these financial statements.

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousand except for Earnings per Share

| | Notes | G\$ | G\$ | G\$ 2015 |
|---|-------|----------------|-------------------|-------------------|
| Revenue | 14 | | 31,939,612 | 36,406,699 |
| Cost of Sales | 15 | | <u>25,889,152</u> | <u>31,130,416</u> |
| Gross Profit | | | 6,050,460 | 5,276,283 |
| Deduct | | | | |
| <i>Expenses:</i> | | | | |
| Operating | 16 | 657,240 | | 528,522 |
| Marketing | 17 | 469,142 | | 449,229 |
| Administrative | 18 | <u>564,150</u> | | <u>560,776</u> |
| Profit From Operations | | | <u>1,690,532</u> | <u>1,538,527</u> |
| | | | 4,359,928 | 3,737,756 |
| Finance Cost | 19 | | <u>1,933</u> | <u>2,575</u> |
| | | | 4,357,995 | 3,735,181 |
| Other Income | 20 | | <u>98,291</u> | <u>156,035</u> |
| Total Comprehensive Income before Taxation | | | 4,456,286 | 3,891,216 |
| Taxation | 21 | | <u>1,847,170</u> | <u>1,576,802</u> |
| Total Comprehensive Income for the year | | | <u>2,609,116</u> | <u>2,314,414</u> |
| Other Comprehensive Income | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Re-measurement of defined benefit pension plan | | | <u>3,867</u> | <u>-</u> |
| Total Comprehensive Income for the year | | | <u>2,612,983</u> | <u>2,314,414</u> |
| Earnings per Share in Dollars | 22 | | 4,538 | 4,025 |

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2016

| Amounts in thousands | Share Capital G \$ | Capital Reserve G \$ | Retained Earnings G \$ | Total G \$ |
|---------------------------------------|--------------------------|----------------------------|------------------------------|--------------------|
| January 1, 2015 | 575 | 775 | 8,172,191 | 8,173,541 |
| Net Comprehensive Income for the year | - | - | 2,314,414 | 2,314,414 |
| Dividends | - | - | (2,000,000) | (2,000,000) |
| Balance - December 31, 2015 | <u>575</u> | <u>775</u> | <u>8,486,605</u> | <u>8,487,955</u> |
| Balance - January 1, 2016 | 575 | 775 | 8,486,605 | 8,487,955 |
| Net Comprehensive Income for the year | - | - | 2,609,116 | 2,609,116 |
| Other Comprehensive Income | | | 3,867 | 3,867 |
| Dividends | <u>-</u> | <u>-</u> | <u>(1,200,000)</u> | <u>(1,200,000)</u> |
| Balance - December 31, 2016 | <u>575</u> | <u>775</u> | <u>9,899,588</u> | <u>9,900,938</u> |

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF CASHFLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands

| Cash Flow from Operating Activities | G\$ | G\$ | G\$ 2015 |
|--|------------|-------------------------|-------------------------|
| Net Comprehensive Income Before Taxation | | 4,456,286 | 3,891,216 |
| Adjustments for: | | | |
| Interest Received | (30,716) | | (25,766) |
| Gain on Disposal | (2,699) | | (40,123) |
| Depreciation | 216,692 | | 211,323 |
| Net Assets Transferred to Subsidiary | (5,358) | | 655,669 |
| Investment in Subsidiary | - | | (100) |
| External Payments Deposits Written Off | - | | 107 |
| | | <u>177,918</u> | <u>801,110</u> |
| Operating Profit before Working Capital Changes | | 4,634,204 | 4,692,326 |
| Working Capital Changes | | | |
| Receivables | 574,226 | | 347,928 |
| Related Company | 30,112 | | (821,326) |
| Inventories | (701,179) | | (111,773) |
| Goods in Transit | (14,087) | | - |
| Defined Pension Liability | - | | 42,196 |
| Payables | 1,268,185 | | (43,754) |
| | | <u>1,157,257</u> | <u>(586,729)</u> |
| Cash Generated from Operations | | 5,791,461 | 4,105,597 |
| Taxation | | | |
| Taxes Paid | | <u>(1,679,530)</u> | <u>(1,258,096)</u> |
| | | 4,111,932 | 2,847,501 |
| Cash Flow from Investing Activities | | | |
| Interest Received | 30,716 | | 25,766 |
| Sale Proceeds from Disposal of Tangible Fixed Assets | 5,891 | | 18,593 |
| Purchase of Tangible Fixed Assets | (405,218) | | (203,765) |
| | | <u>(368,610)</u> | <u>(159,406)</u> |
| Net Increase in Cash and Cash Equivalents | | 3,743,321 | 2,688,095 |
| Cash Flow from Financing Activities | | | |
| Dividends Paid | | <u>(2,200,000)</u> | <u>(1,000,000)</u> |
| | | 1,543,321 | 1,688,095 |
| Cash and Cash Equivalents - January 1 | | <u>5,357,660</u> | <u>3,669,565</u> |
| Cash and Cash Equivalents - December 31 | | <u><u>6,900,981</u></u> | <u><u>5,357,660</u></u> |
| Analysis of Cash and Cash Equivalents - December 31 | | | |
| Cash on Hand | | 3,330 | 2,972 |
| Cash at Bank | | <u>6,897,651</u> | <u>5,354,688</u> |
| | | <u><u>6,900,981</u></u> | <u><u>5,357,660</u></u> |

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies

(a) Incorporation and Principal Accounting Policies

(i) Incorporation and Principle Activity

The company was incorporated in the Co-operative Republic of Guyana under the Companies Act 89:01 on June 16, 1976 and continued under the Companies Act 1991 on May 17, 1997.

The Company's registered office is located at 191 Camp Street, South Cummingburg, Georgetown.

The company's principle activities consist of the purchase and sale of petroleum products.

These financial statements were approved by the board on April 28, 2017.

(ii) Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and its presentation comply with the Companies Act 1991.

There were several pronouncements by The International Accounting Standards Board (IASB) which are effective for the current financial year. These were issued as a result of the Board's annual improvements to the standards in issue.

There were also several other pronouncements as a result of the ongoing improvements which are adopted when they become effective.

Management reviews all pronouncements and those that have an impact on the company's financial reporting are generally early adopted.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies cont'd:

i. The following pronouncements which became effective were adopted as applicable:

| New and Amended & Effective Periods | Effective Periods |
|---|--------------------------|
| IAS 1 Disclosures Initiative to IAS 1 | January 1, 2016 |
| Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation | January 1, 2016 |
| Amendments to IFR 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception | January 1, 2016 |
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | January 1, 2016 |
| Amendments to IFRS 11 – Accounting for Acquisitions of Interest of Joint Operations | January 1, 2016 |
| IFRS 14 -Regulatory Deferral Accounts | January 1, 2016 |
| Amendments to IAS 16 and IAS 41 – Agriculture Bearer Plants | January 1, 2016 |
| Amendments to IAS 27 – Equity Method in Separate Financial Statements | January 1, 2016 |
| Annual Improvements 2012-2014 Cycle | January 1, 2016 |
| ii-The following pronouncements have been issued but are not yet effective; however, they are available for early adoption if applicable: | |
| IFRS 7 Disclosure Initiative – Amendments to IAS 7 | January 1, 2017 |
| IAS 12 Recognition for Deferred Tax Assets for Unrealised Losses | January 1, 2017 |
| IFRS 9 - Financial Instruments: (2014) | January 1, 2018 |
| IFRS 15 - Revenue From Contracts with Customers | January 1, 2018 |
| IFRS 16 - Leases | January 1, 2019 |
| Interpretation | |
| IRRIC 22 – Foreign Currency Transactions and advance consideration | January 1, 2018 |

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies cont'd:

(b) Information about key sources of estimation of uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future.

Key Sources of Estimation of Uncertainty.

The company 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 disclosed below:

(i) Statutory Taxes

Provision is made for expenses relating to the current period for which there is no set amount. Any additional tax due is provided for as a current period tax expense.

(ii) Other Provisions

Provision is made for expenses relating to the current period for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

(c) Tangible Fixed Assets

(i) Presentation and Disclosure

Tangible Fixed Assets held for trade and administrative purposes are stated in the statement of financial position at cost less any accumulated depreciation and impairment losses(if any).

(ii) Depreciation

No depreciation is charged on freehold land and construction work-in-progress. Depreciation on other tangible fixed assets is computed on straight-line basis over their estimated useful lives as follows:

Assets are depreciated at the following rates:

| | |
|--------------------------------|-------------------|
| Buildings | 5 % Over 20 years |
| Motor Vehicles | 25 % Over 4 years |
| Office Equipment | 25% Over 4 years |
| Equipment, Plant and Machinery | 10% Over 10 years |
| Office Furniture & Fittings | 10% Over 10 years |

The gain or loss arising on the disposal or retirement of an item of equipment, furniture and motor vehicle is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(d) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units if a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and bank balances that are not restricted.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(g) Income and Expenditure

Income and expenditure are dealt with in these financial statements on the accrual basis.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of the revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(j) Trade and Other Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Receivables". Trade and other receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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1 Accounting Policies (cont'd)

(k) Related Company

Related Company relationship exists between the company and its wholly owned subsidiary. The balance as at December 31, 2016 represent expenses paid by the company on its behalf.

No Interest is charged on outstanding balances.

(l) Retirement benefit Cost

The company participates in a contributory mutli-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

(m) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(n) Foreign Currency

(i) Functional and Presentation Currency

The company's financial statements are presented in Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign Currency Transactions are translated to Guyana Dollars at the rates of exchange ruling at the dates of such transactions. At the statement of financial position date all amounts denominated in Foreign Currencies are converted to Guyana Dollars at the exchange rates ruling on that date. Any gain or loss arising from their conversion is written off to the statement of comprehensive income.

(ii) Transactions and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

(o) 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 statement of income on a straight-line basis over the period of the lease.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(p) Taxation

Taxation expense includes statutory and deferred taxation.

(i) Statutory

The tax payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated using tax rates that have been enacted at the date of the statement of financial position.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(iii) Statutory and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside the statement of comprehensive income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

| Amounts in thousands | Land & Building | Plant & Machinery | Furniture & Equipment | Motor Vehicles | Work-in- Progress | Total |
|-----------------------------|--------------------|----------------------|--------------------------|-------------------|----------------------|------------------|
| 2. Tangible Fixed Assets | G\$ | G \$ | G \$ | G \$ | G \$ | G \$ |
| Cost | | | | | | |
| January 1, 2015 | 1,225,400 | 1,574,313 | 228,744 | 547,851 | 466,546 | 4,042,854 |
| Additions | - | 7,219 | 17,036 | - | 179,510 | 203,765 |
| Transfer Inter-Company | - | (440,105) | (1,331) | (174,770) | (79,182) | (695,388) |
| Transfers | 250,277 | 41,491 | - | 70,612 | (362,380) | - |
| Disposal | <u>(8,383)</u> | <u>(24,344.00)</u> | <u>(5,431)</u> | <u>(4,495)</u> | <u>-</u> | <u>(42,653)</u> |
| January 1, 2016 | 1,467,294 | 1,158,574 | 239,018 | 439,198 | 204,494 | 3,508,578 |
| Additions | - | 4,033 | 25,550 | 78,725 | 296,910 | 405,218 |
| Transfer Inter-Company | - | - | - | 6,951 | - | 6,951 |
| Transfers | 267,336 | 68,770 | - | - | (336,106) | - |
| Disposal | - | (13,027) | (12,245) | (5,095) | - | (30,367) |
| Over/(Under) Classification | <u>(149,100)</u> | <u>157,280</u> | <u>(8,175)</u> | <u>(2)</u> | <u>(4)</u> | <u>0</u> |
| December 31, 2016 | <u>1,585,530</u> | <u>1,375,630</u> | <u>244,148</u> | <u>519,777</u> | <u>165,294</u> | <u>3,890,380</u> |
| Depreciation | | | | | | |
| January 1, 2015 | 311,002 | 670,131 | 152,463 | 383,169 | - | 1,516,765 |
| Charged for the year | 81,642 | 72,463 | 33,853 | 23,365 | - | 211,323 |
| Transfer Inter-Company | - | (47,521) | (39) | (24,191) | - | (71,751) |
| Retired on Disposal | <u>(6,711)</u> | <u>(15,874)</u> | <u>(5,070)</u> | <u>(4,495)</u> | <u>-</u> | <u>(32,150)</u> |
| January 1, 2016 | 385,933 | 679,199 | 181,207 | 377,848 | - | 1,624,187 |
| Charged for the year | 83,154 | 74,813.43 | 26,250 | 32,474 | - | 216,692 |
| Transfer Inter-Company | - | - | - | 1,593 | - | 1,593 |
| Retired on Disposal | - | (10,878.57) | (11,202) | (5,095) | - | (27,175) |
| Over/(Under) Classification | <u>(138,442)</u> | <u>143,820.13</u> | <u>(3,673)</u> | <u>(1,705)</u> | <u>-</u> | <u>(0)</u> |
| December 31, 2016 | <u>330,645</u> | <u>886,954</u> | <u>192,582</u> | <u>405,115</u> | <u>-</u> | <u>1,815,297</u> |
| Net Book Values: | | | | | | |
| December 31, 2015 | <u>1,081,361</u> | <u>479,375</u> | <u>57,811</u> | <u>61,349</u> | <u>204,495</u> | <u>1,884,390</u> |
| December 31, 2016 | <u>1,254,885</u> | <u>488,676</u> | <u>51,565</u> | <u>114,662</u> | <u>165,295</u> | <u>2,075,083</u> |

Including in Land and Buildings is Land costing \$120,993,826 (2015 - G\$ 120,993,826).

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

| Amounts in thousands | G\$ | G\$ 2015 |
|--|-----------------|----------------|
| 3. Deferred Tax | | |
| Attributable to the following: | | |
| <i>Property, Plant and Equipment :</i> | | |
| At January 1 | 37,090 | 44,463 |
| Movement during the year | <u>(17,936)</u> | <u>(7,373)</u> |
| At December 31 | <u>19,154</u> | <u>37,090</u> |

Timing differences arising from different rates used for depreciation and wear and tear allowances.

4. Investment

At Cost:

Guyoil Aviation Services Incorporated
 100 000 Shares

| | | |
|--|------------|------------|
| | <u>100</u> | <u>100</u> |
|--|------------|------------|

5. Related Company

Guyoil Aviation Services Incorporated :

| | | |
|--------------------------------------|----------------|------------------|
| Balance - January 1 | 821,326 | - |
| <i>Add:</i> | | |
| <i>Expenses Paid for the company</i> | <u>777,236</u> | <u>1,338,485</u> |
| | 1,598,562 | 1,338,485 |
| <i>Less:</i> | | |
| <i>Repayments</i> | 754,220 | 505,333 |
| <i>Product Transfer</i> | <u>53,128</u> | <u>11,826</u> |
| | <u>807,348</u> | <u>517,159</u> |
| Balance-Dec 31 | <u>791,214</u> | <u>821,326</u> |

Represents working capital support.

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

| 6. Inventories | G\$ | G\$ 2015 |
|--------------------------------|------------------|-----------------|
| Bulk Petroleum | 1,305,163 | 604,628 |
| Bitumen | 6,786 | 63,683 |
| Lubricants | 178,554 | 177,128 |
| Spares, materials and supplies | 138,776 | 92,215 |
| Others | 31,386 | 21,833 |
| | <u>1,660,666</u> | <u>959,487</u> |

Inventory expected to turnover within one (1) year.

| | | |
|----------------------------|----------------|----------------|
| 7. Goods in Transit | <u>148,421</u> | <u>134,334</u> |
|----------------------------|----------------|----------------|

Represents payments for fuel supplied in January 2017.

8. Trade and Other Receivables

| | | |
|-------------------------------|-----------------|------------------|
| Trade Receivables | 290,758 | 407,866 |
| Prepayments | 285,495 | 733,120 |
| Deposits | 7,113 | 7,113 |
| Bank Interest Receivable | 878 | 875 |
| Other | - | 3,488 |
| Value Added Tax | 9,987 | 15,994 |
| | <u>594,230</u> | <u>1,168,456</u> |
| Less: Provision for Bad Debts | <u>(67,733)</u> | <u>(67,733)</u> |
| | <u>526,497</u> | <u>1,100,723</u> |

Prepayment represents advance payment on bunker charges, assets, freight, insurance and rental of night bags.

Age Analysis is as follows:

| | | |
|--------------------------------------|----------------|------------------|
| > than 30 Days | 370,043 | 956,014 |
| < than 30 days but less than 90 days | 102,775 | 66,595 |
| > than 90 days | 121,412 | 145,847 |
| | <u>594,230</u> | <u>1,168,456</u> |

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

| 9(a) Cash and Bank | G\$ | G\$ 2015 |
|-----------------------------|------------------|------------------|
| i Cash on Hand | 3,330 | 2,972 |
| ii Current Accounts | 2,537,952 | 2,947,543 |
| iii Savings Deposits | 1,905,696 | 743,139 |
| iv Foreign Currency Account | 1,938,703 | 1,155,083 |
| v Fixed Deposits | 130,550 | 129,086 |
| vi Term Deposits | 384,750 | 379,837 |
| | <u>6,900,981</u> | <u>5,357,660</u> |

- i This is non-interest bearing cash balances with no maturity dates.
- ii Represents non-interest bearing chequing accounts.
- iii The weighted average rate of interest for the year was 1.45% (2015 - 1.45%). There is no date of maturity.
- iv This represents foreign currency account with no maturity dates.
- v&vi Represents short term investments with interest at an average interest rate of 1.75% with varying maturity dates.

| 10. Share Capital | G\$ | G\$ 2015 |
|--|--------------|-----------------|
| Authorised 5 000 000 Ordinary Shares | <u>5,000</u> | <u>5,000</u> |
| Issued and Fully Paid 575 000 Ordinary Shares | <u>575</u> | <u>575</u> |

All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

| | | |
|----------------------------|------------|------------|
| 11. Capital Reserve | <u>775</u> | <u>775</u> |
|----------------------------|------------|------------|

This arose due to the difference between the net book value of the assets acquired on the date of incorporation and the purchase consideration.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

| Amounts in thousands | G\$ | G\$ 2015 |
|---|--------------------|--------------------|
| 12. Defined Benefit Liability | | |
| The company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company. | | |
| The plan covers all permanent employees. The average number of employees in the pension scheme was 249 (2015 - 236 persons). The last actuarial valuation was done at December 31, 2016. | | |
| <i>Net Liability in statement of financial position</i> | | |
| Present value of defined benefit obligations | 755,350 | 719,890 |
| Fair value of plan assets | (597,559) | (558,232) |
| Net Defined benefit liability /(Asset) | 157,791 | 161,658 |
| <i>Expense recognised in the Statement of Comprehensive Income</i> | | |
| Current service cost | 56,964 | 51,651 |
| Net Interest on Net defined benefit liability/(Asset) | 6,765 | 4,780 |
| Net pension cost | 63,729 | 56,431 |
| <i>Movement in Present Value of Defined Benefit Obligation</i> | | |
| Defined benefit obligation at start of year | 719,890 | 637,710 |
| Current Service Cost | 56,964 | 51,651 |
| Interest Cost | 34,804 | 31,549 |
| Members Contributions | 15,692 | 14,242 |
| Re-measurements - Experience Adjustments | (23,804) | (1,645) |
| Benefits Paid | (48,196) | (13,617) |
| Defined benefit obligation at end of year | 755,350 | 719,890 |
| <i>Movement in Fair Value of Plan Assets</i> | | |
| Fair Value of Plan Assets at start of year | 558,232 | 518,248 |
| Interest Income | 28,039 | 26,769 |
| Return on Plan Assets, excluding interest income | 6,129 | (21,464) |
| Company Contribution | 37,663 | 34,054 |
| Members Contribution | 15,692 | 14,242 |
| Benefits Paid | (48,196) | (13,617) |
| Fair Value of Plan Assets at end of year | 597,559 | 558,232 |
| <i>Summary of Principle Assumptions as at 31 December</i> | | |
| | % Per annum | % Per annum |
| Discount rate | 5.0 | 5.0 |
| Salary increases | 5.0 | 5.0 |
| Pension increases | 2.0 | 2.0 |

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

| 13. Trade and Other Payables | G\$ | G\$ 2015 |
|-------------------------------------|------------------|-----------------|
| Trade Payables | 1,335,857 | 68,218 |
| Accruals | 21,236 | 32,455 |
| Other Payables | 11,765 | - |
| | <u>1,368,858</u> | <u>100,673</u> |

Other Payables includes security deposits, insurance refund unclaimed and staled cheques.

14. Revenue

| | | |
|----------------------------------|-------------------|-------------------|
| Gasolene | 19,388,791 | 21,368,363 |
| Kerosene | 1,183,988 | 1,393,717 |
| Gasoil | 10,530,569 | 12,595,265 |
| Fuel Oil | 43,447 | 173,797 |
| Bitumen | 72,845 | 130,198 |
| Lube Oil | 651,405 | 669,802 |
| Lube Grease | 19,006 | 18,492 |
| Tyres, Batteries and Accessories | 49,561 | 57,063 |
| | <u>31,939,612</u> | <u>36,406,699</u> |

15. Cost of Sales

| | | |
|--------------------|-------------------|-------------------|
| Opening Stock | 1,093,821 | 982,048 |
| Add: | | |
| Purchases | 26,604,418 | 31,242,189 |
| | <u>27,698,239</u> | <u>32,224,237</u> |
| Less: | | |
| Closing Stock | 1,809,087 | 1,093,821 |
| Cost of Goods Sold | <u>25,889,152</u> | <u>31,130,416</u> |

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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

| Amounts in thousands | GS | GS 2015 |
|--|---------|---------|
| 16. Operating Expenses: | | |
| Advertising, Sponsorship & Sales Promotion | 506 | 1,605 |
| Allowances | 9,202 | 8,389 |
| Cleaning and Sanitation | 3,923 | 3,397 |
| Damaged Stock | - | 8,280 |
| Depreciation | 101,531 | 95,197 |
| Electricity | 13,154 | 14,197 |
| Freight & Other Handling Charges | 74,810 | 72,552 |
| Gain (Loss) | 90,722 | 26,416 |
| Insurance | 13,936 | 9,122 |
| Internal Fuel Usage | 18,780 | 20,993 |
| Legal and Professional Fees | 3,227 | 6,532 |
| Meals and Entertainment | 275 | 184 |
| Medical Scheme | 1,160 | 859 |
| Motor Vehicle Expenses | 28,152 | 22,804 |
| National Insurance Scheme | 6,604 | 5,854 |
| Pension Scheme | 5,977 | 13,164 |
| Rates and Taxes | 554 | 392 |
| Rebates | 70,832 | - |
| Rental Expenses | 2,788 | 3,919 |
| Repairs and Maintenance | 64,534 | 67,938 |
| Road Transportation | 986 | 33,241 |
| Security Fees | 1,685 | 1,460 |
| Severance | 776 | 416 |
| Staff Welfare | 9,603 | 7,964 |
| Stamp Duties | 7,535 | 7,519 |
| Stationery, Office and Other Supplies | 9,771 | 8,548 |
| Stipend | 1,592 | 1,327 |
| Subscriptions and Publications | 119 | 80 |
| Telephone and Internet | 2,267 | 2,494 |
| Travelling and Subsistence | 19,061 | 2,343 |
| Uninsured Losses | 7 | 13 |
| Vacation Leave Entitlement | 4,859 | 4,870 |
| Wages and Salaries | 88,130 | 76,384 |
| Water Rates | 182 | 69 |
| | 657,240 | 528,522 |

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

| 17. Marketing Expenses | G\$ | G\$ 2015 |
|--|---------|----------|
| Allowances | 4,468 | 3,509 |
| Cleaning and Sanitation | 1,901 | 2,462 |
| Depreciation | 74,995 | 52,328 |
| Electricity | 21,411 | 26,826 |
| Entertainment, Luncheons, Parties and AGM Expenses | 243 | 187 |
| Freight and Other Handling Charges | 17 | 100 |
| Gain (Loss) | 23,168 | 41,411 |
| Insurance | 3,502 | 1,580 |
| Internal Fuel Usage | 1,109 | 1,433 |
| Legal and Professional Fees | - | 150 |
| Medical Scheme | 4,031 | 2,302 |
| Motor Vehicle Expenses | 1,674 | 463 |
| National Insurance Scheme | 15,054 | 13,167 |
| Pension Scheme | 15,681 | 25,280 |
| Rates and Taxes | 6,131 | 4,892 |
| Rental of Night Bags | 3,731 | 4,245 |
| Repairs and Maintenance | 38,266 | 51,368 |
| Sales Promotion | 192 | 406 |
| Security Fees | 5,164 | 4,198 |
| Severance | 506 | 364 |
| Staff Welfare | 22,030 | 17,370 |
| Stamp Duties and Postage | 29 | 33 |
| Stationery, Office and Other Supply | 13,181 | 10,656 |
| Stipend | 1,498 | 1,732 |
| Subscriptions & Publications | 13 | - |
| Telephone and Internet | 3,500 | 2,760 |
| Travelling and Subsistence | 1,226 | 477 |
| Uninsured Losses | (68) | 144 |
| Vacation Leave Entitlement | 13,107 | 10,895 |
| Wages and Salaries | 192,241 | 167,718 |
| Water Rates | 1,142 | 774 |
| | 469,142 | 449,229 |

THE GUYANA OIL COMPANY LIMITED
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Amounts in thousands

| 18. Administrative Expenses | G\$ | G\$ 2015 |
|--|---------|----------|
| Advertising, Sponsorship & Sales Promotion | 46,487 | 23,478 |
| Allowances | 8,939 | 9,386 |
| Auditors Remuneration | 5,245 | 5,596 |
| Bad Debts | 578 | 16,729 |
| Cleaning and Sanitation | 298 | 304 |
| Depreciation | 40,166 | 63,798 |
| Directors Fees | 4,171 | 1,890 |
| Donations | 3,253 | 1,912 |
| Electricity | 14,948 | 12,258 |
| Entertainment, Luncheons, Parties and AGM Expenses | 21,348 | 5,554 |
| Exchange Loss | 8,177 | 7,905 |
| Freight & Other Handling Charges | 82 | 31 |
| Gratuity | - | 2,404 |
| Insurance | 2,257 | 1,356 |
| Internal Fuel Usage | 7,880 | 6,977 |
| Legal and Professional Fees | 8,493 | 3,859 |
| Medical Scheme | 3,209 | 2,178 |
| Motor Vehicle Expenses | 3,476 | 2,003 |
| National Insurance Scheme | 16,564 | 15,594 |
| Pension Scheme | 23,464 | 45,257 |
| Rates and Taxes | 630 | 3,266 |
| Rental | 624 | 1,184 |
| Repairs and Maintenance | 4,811 | 13,421 |
| Road Transportation | 200 | 118 |
| Security Fees | 36 | 109 |
| Severance | 3,184 | 475 |
| Software Upgrades & Update | 2,774 | 7,863 |
| Staff Welfare | 26,996 | 37,190 |
| Stamp Duties and Postage | 5,745 | 7,881 |
| Stationery, Office and Other Supply | 12,562 | 10,011 |
| Stipend | 888 | 605 |
| Subscriptions & Publications | 2,259 | 927 |
| Telephone and Internet | 6,372 | 4,921 |
| Travelling and Subsistence | 5,946 | 4,088 |
| Uninsured Losses | 31 | 51 |
| Vacation Leave Entitlement | 13,989 | 13,273 |
| Wages and Salaries | 257,759 | 226,933 |
| Water Rates | 308 | (8) |
| | 564,150 | 560,776 |

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
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Amounts in thousands

| | G\$ | G\$ 2015 |
|---------------------------------|---------------|----------------|
| 19. Finance Cost | | |
| Bank Charges | 1,933 | 2,575 |
| | <u>1,933</u> | <u>2,575</u> |
| 20. Other Income | | |
| Subletting of Tanker | 8,872 | 35,762 |
| Interest Earned on Bank Account | 30,716 | 25,766 |
| Rental - Convenient Store | 10,608 | 13,860 |
| Rental - ATM Facility | 1,200 | 1,200 |
| Services | 24,153 | - |
| Sale of Tex Gas | 10,911 | - |
| Guygas Commission | 2,427 | 1,632 |
| Gain on Disposal | 2,699 | 40,123 |
| Overage | 586 | 642 |
| Other | 6,118 | 37,050 |
| | <u>98,290</u> | <u>156,035</u> |

Other includes sale of water, ice, phonecards and newspaper.

| | G\$ | G\$ 2015 |
|----------------------------------|----------------------|------------------|
| 21. Taxation | | |
| Corporation Taxes | 1,745,813 | 1,503,083 |
| Property Taxes | 83,421 | 66,923 |
| Capital Gains Taxes Written Back | - | (577) |
| Deferred Taxes | 17,936 | 7,373 |
| | <u>L/1 1,847,170</u> | <u>1,576,802</u> |

Reconciliation of Tax Expense

| | | |
|---|------------------|------------------|
| Accounting Profit | 4,456,286 | 3,891,216 |
| Excess wear and tear allowances over depreciation | (61,591) | - |
| Non Deductible Expense | 3,253 | - |
| Income not subject to corporation tax | <u>(33,416)</u> | <u>(32,207)</u> |
| Chargeable Income | <u>4,364,532</u> | <u>3,859,009</u> |
| Corporation Tax Calculated at the statutory rate of 40% | 1,745,813 | 1,503,083 |
| 2% on Turnover | 638,792 | 728,134 |

THE GUYANA OIL COMPANY LIMITED
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Amounts in thousands (except for Earning per Share)

| 22. Earnings per share in dollars | G\$ | G\$ 2015 |
|--|---------------|-----------------|
| This is computed as follows: | | |
| Net Comprehensive Income For The Year | 2,609,115,991 | 2,314,413,375 |
| Divided by: | | |
| Number of shares Issued | 575,000 | 575,000 |
| Earnings/ (Loss) per share in Dollars | 4,538 | 4,025 |

23. Contingent Liabilities

Operating Lease Commitments

At the Statement of Financial Position date, the company has outstanding commitments under non-canceable operating leases, which fall due as follows:

| | | |
|------------------|-------------------------|-------------------------|
| Within one year | 1,586,655 | 1,584,766 |
| Within two years | <u>-</u> | <u>1,584,766</u> |
| Total | <u><u>1,586,655</u></u> | <u><u>3,169,532</u></u> |

Operating lease payment represents rental of ocean vessels. Charges are negotiated every two (2) years.

Contingent Liabilities

The company is a plaintiff in several litigation matters with defaulting customers and others. The company is also a defendant in litigation. The outcome of these and the company's liability, if any, cannot be determined at this time.

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands

1 Accounting Policies (cont'd)

24. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the Board whose objective is to identify, assess, monitor and control in an effort to minimize these risks which would result in an increase in profitability.

The main financial risks affecting the company are:

(i) Market Risks

Market risk embodies not only the potential for loss but also the potential for gain.

a) Currency Risk

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange currency requirements. The equivalent Guyana Dollar values of assets and liabilities denominated in foreign currencies are as follows:

| 2016: | G\$ |
|-------------------------------|------------------|
| Cash and cash equivalents | 1,938,703 |
| Payables | 93,133 |
| Net exposure to currency risk | <u>2,031,835</u> |
| G\$ 2015 | |
| 2015: | |
| Cash and cash equivalents | 1,155,083 |
| Payables | (17,097) |
| Net exposure to currency risk | <u>1,137,986</u> |

All foreign currency assets and liabilities are denominated in United States Dollars. Management monitors its foreign currency requirements on a on a regular basis to minimise exposure.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands

1 Accounting Policies (cont'd)

24. Financial Risk Management

b) Fair Value interest rate risk

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The company is not significantly exposed to interest rate risk.

c) Price Risk

This is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The company has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the margin of these products. The company monitors market prices and adjust selling prices accordingly. The company has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

(ii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's exposure and the credit ratings of its counterparties are continuously monitored by management and that appropriate action, such as legal action, is taken to protect the company. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is a insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counter-parties are mainly regulated financial institutions with no known liquidity problems.

The following table shows the company's maximum exposure. It excludes those assets that are not deemed to give rise to credit risk.

| Credit Risk Analysis | 2016 G\$ | 2015 G\$ |
|-----------------------------|-------------------------|-------------------------|
| Trade and Other Receivables | 526,497 | 1,100,723 |
| Cash Resources | <u>6,900,981</u> | <u>5,357,660</u> |
| | 7,427,478 | |
| Defined Benefit Liability | 157,791 | 161,658 |
| Accounts Payable | 1,368,858 | 100,673 |
| Taxes Payable | <u>698,927</u> | <u>544,825</u> |
| | <u>2,225,576</u> | <u>807,156</u> |
| Net Exposure to credit Risk | <u><u>5,201,902</u></u> | <u><u>(807,156)</u></u> |

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands

1 Accounting Policies (cont'd)

24. Financial Risk Management cont'd:

(iii) Liquidity Risk

This is the risk an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Ultimate responsibility for liquidity risk management rests with the board of directors. The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

All liquid assets and liabilities mature within one year of the balance sheet date.

(iv) Cash Flow interest rate Risk

This is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The company is not significantly exposed to such risk.

| | Non Interest Bearing G\$ | Total G\$ |
|------------------------------|--------------------------------|--------------|
| December 31, 2016 | | |
| Financial Assets | | |
| Related Company | 791,214 | 791,214 |
| Receivables | 526,497 | 527,024 |
| Cash Resources | 4,479,985 | 4,484,465 |
| | 5,797,695 | 5,802,702 |
| Financial Liabilities | | |
| Defined Benefit Liability | 157,791 | 157,949 |
| Dividend Payable | - | - |
| Payables | 1,368,858 | 1,370,227 |
| | 1,526,649 | 1,528,176 |
| Net Sensitivity Gap | 4,271,046 | 4,274,526 |
| December 31, 2015 | | |
| Financial Assets | | |
| Related Company | 821,326 | 821,326 |
| Receivables | 1,100,723 | 1,100,723 |
| Cash Resources | 4,105,599 | 4,105,599 |
| | 5,206,322 | 5,206,322 |
| Financial Liabilities | | |
| Defined Benefit Liability | 161,658 | 161,820 |
| Dividend Payable | 1,000,000 | 1,000,000 |
| Payables | 100,673 | 100,673 |
| | 1,262,331 | 1,262,493 |
| Net Sensitivity Gap | 3,943,991 | 3,943,829 |

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NOTES TO THE FINANCIAL STATEMENTS
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Amounts in thousands

1 Accounting Policies (cont'd)

25. Fair value of financial assets and liabilities

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

26. Related Party Transactions and Balances

| | Transactions | | Due (to)/from | |
|---|--------------|-----------|---------------|-----------|
| | G\$ | G\$ 2015 | G\$ | G\$ 2015 |
| <i>Sale of goods</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 1,219,091 | 1,115,168 | 19,976 | (37,837) |
| Government Agencies | 1,807,666 | 2,021,799 | (136,894) | (146,980) |
| <i>Other Income</i> | | | | |
| Entities wholly or partly owned by the Government of Guyana | 92,480 | 204,869 | 8,062 | 13,726 |

27. Key Management Personnel

The company had six (6) (2015 - five (5)) senior managers whose annual emoluments for the year was \$48,397,706 (2015 - \$37,200,582). Two of the managers retired while the service of one was terminated during 2016. However, the two retired managers were re-hired immediately on a contractual basis.

28. Directors' Emoluments

| | G\$ | G\$ 2015 |
|--------------------|-------|----------|
| Keshav Mangal | - | 479 |
| Neermal Rekha | - | 63 |
| Oscar Phillips | 699 | 252 |
| Lance Carberry | 664 | 199 |
| Harryram Parmesar | 699 | 246 |
| Hubert Rodney | - | 51 |
| Lawerence Paul | 675 | 171 |
| Berkley Wickham | 312 | 123 |
| Shondel Hope | 459 | 123 |
| Shaundel B. Taylor | 663 | 183 |
| | 4,171 | 1,890 |
| | 4,171 | 1,890 |