REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Kiribati Oil Co. Ltd
For the Years Ended 31st December2013, 2014, 2015 and 2016

Kiribati Audit Office
December 2017

KIRIBATI AUDIT OFFICE

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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To The Readers Of
Kiribati Oil Co. Ltd Financial Statements
For The Years Ended 31 December 2013, 2014, 2015 and 2016

The Auditor-General, Mrs Matereta Raiman, is the auditor of Kiribati Oil Co. Ltd (KOIL)

The audit covered the Company's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1976, the Companies Ordinance, 1979 and SOE Act, 2013 that apply to the Financial Statements of the KOIL for the years ended 31 December, 2013 to 2016.

KOIL's Board of Directors and Management Responsibility

The Board of Directors and Management are responsible for the preparation and fair presentation of the Financial Statements in accordance with Generally Accepted Accounting Practice in Kiribati, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

It is my responsibility to express an independent opinion on these Financial Statements and reporting that opinion to you as required under the Public Finance (Control and Audit) Ordinance 1976. The audit was conducted in accordance with International Standards of Supreme Audit Institutions.

Unqualified Audit Opinion

In my opinion, the Financial Statements present fairly, in all material respects, the Financial Position of KOIL for the years ended 31st Dec, 2013 to 2016 and the results of its operations and its cash flows for the years then ended in accordance with Generally Accepted Accounting Practice in Kiribati.

The audit was completed on 14 December, 2017, and was the date at which my opinion was expressed.

Report on other Legal and Regulatory Requirements

KOIL lodged its Financial Statements for years 2013 to 2016 on the following dates which indicated KOIL's non-compliance with sec. 20 of SOE Act, 2013:

Year: 2013 * – lodged on 26th Sept, 2016
2014 * – " same date as above
2015 - lodged on 30th June, 2016
2016 - lodged on 14th Sept, 2017

Independence

When carrying out the audit we followed the independence requirements stipulated under section 114 (4) of the Kiribati Constitution and the requirements of the International Standards of Supreme Audit Institutions.

Other than the audit, we have no relationship with or interest in KOIL.

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Mrs. Matereta. Raiman.
Auditor General.

Date: 14 Dec 2017

KIRIBATI OIL COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2013.

Revised FS recd [illegible]

KIRIBATI OIL COMPANY LIMITED
DIRECTORS REPORT ON THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST DECEMBER, 2013

Directors of the Kiribati Oil Company Limited present their report on the financial statements of the company for the year ended 31st December, 2013 as follows.

1. State of Affairs
In the opinion of directors, the accompanying balance sheet gives a true and fair view of the state of affairs of the company as at 31st December 2013 and the accompanying income statement and cash flow statement give a true and fair view of the operating result and cash flow of the company for the year ended 31st December, 2013.

2. Dividend
There was no dividend declared or paid during the financial year.

3. Certificate of Solvency
In accordance with section 136 of the Companies Ordinance, directors of the Kiribati Oil Company Limited confirm that:-

(a) As at 31st December 2013, the company owned fixed assets valued at $4,867.988.38, current assets valued at $14,241,551.66, and nothing was owed to the company by directors or shareholders of the company as at that date.

(b) As at 31st December 2013, the company had its account receivables of $2,138,929.72 for which the government ministries owed the company by $473,870.35, the SOE owed $423,180.26, AKL owed $725,888.09, International Aircraft owed $251,454.73 and others from private sector owed $264,536.29.

(c) As at 31st December 2013, the company had its dishonored cheques of $5,755,459.83 of which the majority comprised of PUB dishonored cheques at the amount of $5,555,702.59, KSSL at the amount of $129,688.25 and $70,068.99 by the private sector.

(d) As at 31st December 2013, the company had its prepayments and other receivables of $572,295.73.

(e) As at 31st December 2013, the company had a current trade loan with ANZ bank of $1,452,115.63, account payable of $23,811.26, a sum owed to the Japanese Non-Project Grant Aid scheme amounting to $1,973.908.70, company tax payable amounting to $933,877.85 and nothing was owed by the company to directors or shareholders of the company as at that date.

(f) In the opinion of directors of the company, the company was able to pay its debts and liabilities as at 31st December 2013.

4. Subsequent Events
Since the date of the financial statements, there has been no significant event with material effect on the financial position or prospect of the company.

Signed for and on behalf of the Board and in accordance with a resolution of directors dated on 22nd day of September, 2016.

....
Chairman

....
Director

KIRIBATI OIL COMPANY LTD
Summary of Income Statement
Year ended 31st December 2013

	2013 Consolidated	2013 Tarawa	2013 Kiritimati	2012 Consolidated
Income				
Net Sales	33,204,030.61	28,793,692.97	4,410,337.64	31,964,411.75
Less COS	28,039,174.36	24,896,473.75	3,142,700.61	28,229,043.21
Gross Profit	5,164,856.25	3,897,219.22	1,267,637.03	3,735,368.54
Other Income	586,243.92	141,006.29	445,237.63	2,778,113.43
Total Income	5,751,100.17	4,038,225.51	1,712,874.66	6,513,481.97
Expenses				
Depreciation	820,040.11	660,252.42	159,787.69	805,950.42
Interest	0.00	0.00	0.00	41,945.07
Other Expenses	4,206,039.80	3,557,992.82	648,046.98	6,377,586.02
Total Expenses	5,026,079.91	4,218,245.24	807,834.67	7,225,481.51
Profit/(Loss) before I/Tax	725,020.26	(180,019.73)	905,039.99	(711,999.54)
Provision for I/Tax	248,757.09	(63,006.91)	311,764.00	0
Net Profit/(Loss)	476,263.17	(117,012.82)	593,275.99	(711,999.54)

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Consolidated Income Statement
Year ended 31st December 2013

	Notes	2013 Consolidated	2013 Tarawa	2013 Kiritimati	2012 Consolidated
Revenue	3	33,204,030.61	28,793,692.97	4,410,337.64	31,964,411.75
less Cost of Sales	4	28,039,174.36	24,896,473.75	3,142,700.61	28,229,043.21
Gross Profit		5,164,856.25	3,897,219.22	1,267,637.03	3,735,368.54
Other Income	5	586,243.92	141,006.29	445,237.63	2,778,113.43
Total Income		5,751,100.17	4,038,225.51	1,712,874.66	6,513,481.97
Expenses:					
Staff Costs	6	1,229,551.73	997,819.53	231,732.20	1,173,432.58
Travelling		75,750.21	72,476.91	3,273.30	60,090.48
Motor Vehicle Expenses		61,265.23	46,446.79	14,818.44	82,724.43
Vehicle Hire		26,065.18	20,812.18	5,253.00	29,815.55
Freight & Handling		398,340.43	347,901.47	50,438.96	581,722.70
Agency Costs		113,392.86	107,069.37	6,323.49	59,759.67
Directors Expenses		6,088.10	6,088.10	0.00	17,837.50
Office & Computer Supplies		17,360.84	16,315.14	1,045.70	17,444.89
Office Stationery		14,084.04	10,654.05	3,429.99	12,425.80
Office Repairs		8,074.92	6,263.82	1,811.10	13,226.34
Telecom Charges		9,256.70	8,276.30	980.40	11,878.01
Electricity & Water		92,644.72	87,424.46	5,220.26	86,740.17
LPG Sales Commission		15,248.50	15,248.50	0.00	12,692.70
Entertainment		8,189.25	5,018.50	3,170.75	6,905.75
Council Charges		2,300.00	2,300.00	0.00	3,672.50
Training		12,787.14	5,025.18	7,761.96	31,975.87
Depreciation	7	820,040.11	660,252.42	159,787.69	805,950.42
Advertisement/Promotion		4,789.35	2,943.35	1,846.00	4,598.80
General Repairs & Maintenance		74,834.78	65,015.69	9,819.09	47,770.31
Uniform & Safety Wears		15,248.19	10,666.28	4,581.91	11,849.19
Lab Testing		29,266.55	25,525.80	3,740.75	44,349.79
Fees	8	48,322.71	47,664.71	658.00	44,289.89
Land Lease		5,275.95	0.00	5,275.95	5,275.95
Miscellaneous Expenses	9	38,185.97	35,377.38	2,808.59	45,219.80
Tanker Discharge		95,652.59	82,437.69	13,214.90	89,212.68
Silver Jubilee		0.00	0.00	0.00	5,636.30
Doubtful Debts	10	984,053.49	709,194.82	274,858.67	2,650,742.77
Loan Interest		0.00	0.00	0.00	41,945.07
Trade Loan Interest		109,260.92	109,260.92	0.00	114,776.48
Bank Charges		11,239.70	10,676.70	563.00	13,232.74
Loss on Foreign Exchange		219.69	219.69	0.00	0.00
Empty Drums		703,869.49	703,869.49	0.00	712,827.60
Debts Write Off		0.00	0	0.00	161,181.29
Total Expenses		**5,030,659.34**	**4,218,245.24**	**812,414.10**	**7,001,204.02**
Operating Profit for the year		720,440.83	(180,019.73)	900,460.56	(487,722.05)
Prior Period Items		4,579.43	0.00	4,579.43	(224,277.49)
Profit/Loss Before I/Tax		725,020.26	(180,019.73)	905,039.99	(711,999.54)
Less I/Tax		248,757.09	(63,006.91)	311,764.00	0.00
Net Profit/(Loss) After I/Tax		476,263.17	(117,012.82)	593,275.99	(711,999.54)

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Chairman. Director.

KIRIBATI OIL COMPANY LTD
Consolidated Statement of Financial Position
As at 31st December 2013

	Notes	2013 Consolidated	2013 Tarawa	2013 Kiritimati	2012 Consolidated
Current Assets					
Cash & Cash Equivalents	11	2,587,144.96	2,484,189.21	102,955.75	3,195,612.33
Account Receivables	12	2,138,929.72	1,575,284.91	563,644.81	1,843,040.10
Dishonored Cheques	13	5,755,459.83	5,755,097.83	362.00	4,935,702.23
Prepayments and Other Receivables	14	572,295.73	506,492.58	65,803.15	435,483.18
Less Provin for Doubtful Debts		(3,634,796.26)	(3,359,937.59)	(274,858.67)	(3,064,972.26)
Stock	15	6,796,198.28	3,567,747.81	3,228,450.47	5,549,717.88
Spare Parts		26,319.40	15,679.40	10,640.00	31,181.92
Total Current Assets		**14,241,551.66**	**10,544,554.15**	**3,696,997.51**	**12,925,765.38**
Current Liabilities					
Account Payables	16	23,811.26	23,811.26	0.00	107.60
Accruals and Other Payables	17	470,134.12	449,696.84	20,437.28	323,742.13
Company Tax Payable		933,877.85	933,877.85	0.00	1,243,956.55
Trade Loan	18	1,452,115.63	1,452,115.63	0.00	1,794,940.64
ROC Taiwan	19	2,500,000.00	2,500,000.00	0.00	0.00
Total Current Liabilities		**5,379,938.86**	**5,359,501.58**	**20,437.28**	**3,362,746.92**
Working Capital		**8,861,612.80**	**5,185,052.57**	**3,676,560.23**	**9,563,018.46**
Long Term Assets					
Property, Plants and Equipments	7	2,693,006.45	2,367,412.05	325,594.40	2,965,084.71
WIP - Betio Projects	20	2,174,981.93	2,174,981.93	0.00	157,837.01
Total Long Term Assets		**4,867,988.38**	**4,542,393.98**	**325,594.40**	**3,122,921.72**
Long Term Liabilities					
NPGA Loan	21	1,973,908.70	1,973,908.70	0.00	1,973,908.70
		1,973,908.70	**1,973,908.70**	**0.00**	**1,973,908.70**
NET WORTH		**11,755,692.48**	**7,753,537.85**	**4,002,154.63**	**10,712,031.48**
Shareholders Equity:					
Paid up Capital		500.00	500.00	0.00	500.00
Reserves		1,033,548.00	1,033,548.00	0.00	1,033,548.00
Asset Revaluation Reserve		318,620.51	318,620.51	0.00	0.00
Retained Earnings	22	10,403,023.97	5,811,300.48	4,591,723.49	9,677,983.48
Total Equity		**11,755,692.48**	**7,163,968.99**	**4,591,723.49**	**10,712,031.48**

.... Chairman.

.... Director.

KIRIBATI OIL COMPANY LTD
Consolidated Cash Flow Statement
Year ended 31st December 2013

	2013	2012
Cash flows from Operating Activities:		
Cash receipts from Customers	33,114,331.87	35,750,219.17
Cash paid to Suppliers & Employees	(33,666,234.28)	(33,756,792.98)
Loan Interest Payment	0.00	(41,945.07)
Payment of Income Tax	(310,078.70)	(260,000.00)
Net Cash flow from Operating Activities	(861,981.11)	**1,691,481.12**
Cash flows from Financing Activities:		
Gov't Soft Loan	2,500,000.00	0.00
Bank Loan Repayment	0.00	(709,306.27)
NPGA Fuel Loan	0.00	(442,810.11)
Net Cash flow from Financing Activities	**2,500,000.00**	(1,152,116.38)
Cash flows from Investing Activities:		
Acquisition of fixed assets	(2,246,486.26)	(267,470.27)
Net Cash flow fromInvesting Activities	(2,246,486.26)	(267,470.27)
Movement in Cash and Cash Equivalents	(608,467.37)	271,894.47
Cash and Cash Equivalents, 1st January	3,195,612.33	2,923,717.86
Cash and Cash Equivalents, 31st December	2,587,144.96	3,195,612.33
Reconciliation of cash flows from Operating Activities:		
Net Profit (Loss) for the year	725,020.26	(711,810.59)
Add: Depreciations	820,040.11	805,950.42
Loan Interest	0.00	41,945.07
Decrease/-Increase in Current Assets	(1,924,253.65)	10,218.60
Increase/-Decrease in Current Liabilities	(482,808.06)	1,514,041.62
Adjustment to Retained Earnings	20.23	31,136.00
	(861,981.11)	1,691,481.12

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Chairman.

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Director.

KIRIBATI OIL COMPANY LTD
Statement of Movement of Equity
For Year Ended 31st December 2013

	2013	2012	2011
	725,020.26	(711,999.54)	742,375.98
Net Profit for the Year	725,020.26	(711,999.54)	742,375.98
Total Recognised Earnings	**20.23**	**31,324.95**	**1,603,403.05**
Adjustment	0.00	0.00	(500,000.00)
Dividend	318,620.51		
Revaluation Reserve	1,043,661.00	(680,674.59)	1,845,779.03
Movement in Equity for the Year	10,712,031.48	11,392,706.07	9,546,927.04
Equity at start of the year	11,755,692.48	10,712,031.48	11,392,706.07
Equity at end of the year			

Chairman.

Director.

1. GENERAL

The Kiribati Oil Company is a private company owned by the Government of Kiribati registered on 9th December 1986 under the Companies Ordinance with Registration No.21. Its authorized and paid-up capital is 500 shares of $1 each.

The main activities of the company are the importing, wholesaling and retailing of all petroleum products in Kiribati including lubes and all gas products.

The accounting period for the company is from January to December of each year or a calender year and the official currency used is the Australian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and relevant legislations applicable in Kiribati and the principal accounting policies adopted by the company are set out below.

2.1 Depreciation

Depreciation is calculated to distribute the cost of an asset over its useful life (less scrap value if any) using the straight line method. The following rates are used:

Plant & Machinery	25%
Office Equipment	25%
Fuel Tanks	10%
Fuel Pipes	10%
Water Tanks	10%
Outer Islands Projects	5%
Motor Vehicles	20%
Buildings	5%
Furniture & Fittings	25%

2.2 Trade Receivables

Trade Receivables or Account Receivables are recognised at invoice amount. A provision for impairment of trade receivables is established when the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or deliquency in payments are considered indicators that the trade receivable is impaired.

The basis of estimates of provision used is Accounts Receivable Aging Method for which the receivables are categorized into multiple terms and in the cmpany case we allow payment on term of n/30, and the typical classification in aging schedule will be from 0 - 30, 31 - 60, 61 - 90 and above 90 days. The percentages used are 1%, 10%, 30% and 50% in calculating the allowance impaired.

The carrying amount of the asset is reduced through the use of a provision account and the amount of loss is recognised is recognized in the income statement within other operating expenses.

When the trade receivable is uncollectible, it is written off against the provision of doubtful debts for trade receivables and subsequent recoveries of amounts perviously written off are written are credited to other operating income in the income statement.

2.3 Inventory

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Chairman.

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Director.

Stock is valued at the lower of cost and net realisable value and recorded using the FIFO cost flow method. Stock counted at the end of the year is as follows:

	2013			
	Total	Tarawa	Kiritimati	2012
Inventory	6,796,198.28	3,567,747.81	3,228,450.47	5,549,717.88

2.4 Revaluation of Fixed Asset

The company had revalued its Fixed Assets for Tarawa, which were formally owned by Mobil Oil and the increment in the value of Fixed Asset was recorded in the balance sheet of the company under the Property, Plant and Equipment with a contra to the Asset Revaluation Reserve under the Equity's account for the amount of $318,620.51. These includes Tanks, Pipings, Bundwall and Buildings.

2.5 Financial and Market Risk

The Company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory particularly to the US dollar. Foreign exchange risk arises from future commercial transactions. Management has looked into the future that the US dollar is suddenly becoming more strong against the AUD dollar, therefor we are looking for available options with our local bank in order to reduce risk from foreign exchange transactions. The loss and gain are recognized in the income statement when the loss and gain occurs. The company, however, has not yet proceeding with forward exchange agreement to hedging with bank on the US currency. KOIL may either take one of the two options or both such as 'Forward Exchange Contract to lock US dollar rate' or 'Establishing USD bank account'. The arrangements will have implications in our current accounting procedures and policies should we opt for the Forward Contract then hedge accounting will be adopted.

2.6 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as Income over the period necessary to match the grant on a systmatic basis to the cost that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

3. Revenues

	2013			2012
Sales:	Total	Tarawa	Kiritimati	
ADO	18,122,352.26	16,061,994.98	2,060,357.28	17,651,346.26
ULP	8,105,873.16	7,380,517.64	725,355.52	7,207,777.10
DPK	1,730,196.07	1,603,716.07	126,480.00	1,825,206.95
AvGas	92,862.00	28,122.00	64,740.00	193,927.20
JetA1	3,879,146.33	2,527,046.73	1,352,099.60	3,874,535.45
Lubes	720,235.64	678,927.15	41,308.49	744,187.03
LPG	531,492.80	513,368.40	18,124.40	467,431.76
Others	21,872.35	0.00	21,872.35	
	33,204,030.61	28,793,692.97	4,410,337.64	31,964,411.75

4. Cost of Sales

	2013			
	Total	Tarawa	Kiritimati	2012
ADO	14,721,857.17	13,112,505.46	1,609,351.71	14,445,918.18
ULP	7,892,679.07	7,203,929.99	688,749.08	7,786,047.39
DPK	2,097,296.00	1,970,816.00	126,480.00	2,281,956.17
AvGas	48,400.76	15,510.76	32,890.00	65,072.32
JetA1	2,243,025.04	1,632,801.63	610,223.41	2,558,287.39
Lubes	495,882.13	459,416.61	36,465.52	459,853.95
LPG	514,435.98	498,897.60	15,538.38	370,504.70
Drums	1,791.97	1,791.97	0.00	236,441.22
Cylinders	39.82	39.82	0.00	2,156.96
Others	23,766.42	763.91	23,002.51	22,804.93
	28,039,174.36	24,896,473.75	3,142,700.61	28,229,043.21

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Chairman. Director.

5. Other Income:

Doubtful Debts Decrease	418,220.79		418,220.79	2,387,566.08
Freight on Sales	50,538.35	50,538.35		53,987.08
Drums	22,601.50	22,601.50		35,525.00
Cylinders	12,610.00	12,610.00		10,277.00
Overtime Charges	57,063.82	30,973.50	26,090.32	52,916.25
Others	19,194.46	18,267.94	926.52	234,842.02
Waste Oil Sales	6,015.00	6,015.00	0.00	3,000.00
	586,243.92	141,006.29	445,237.63	2,778,113.43

6. Staff Cost

	Total	Tarawa	Kiritimati	2012
Executive Renumerations Package				
Salaries & Wages	134,863.42	111,413.79	23,449.63	117,492.87
KPF	10,085.90	8,327.26	1,758.64	10,223.09
Allowances	30,227.42	25,727.34	4,500.08	30,400.77
L/Grant & Commutation	16,793.42	14,329.38	2,464.04	14,872.02
Housing Assistance				13,933.50
	191,970.16	159,797.77	32,172.39	186,922.25
Staff Emoluments				
Salaries & Wages	631,778.25	498,810.02	132,968.23	580,871.01
KPF	45,409.05	34,937.59	10,471.46	55,682.05
Allowances	41,772.03	28,636.43	13,135.60	34,802.12
Overtime	149,350.48	128,935.88	20,414.60	131,106.80
L/Grant & Passage	61,821.25	49,847.05	11,974.20	50,054.96
House Subisdy	30,865.50	30,865.50	0.00	19,322.00
Temporary Assistance	63,794.46	53,198.74	10,595.72	101,671.39
Retirement Benefit	12,790.55	12,790.55	0.00	13,000.00
	1,037,581.57	838,021.76	199,559.81	986,510.33
	1,229,551.73	997,819.53	231,732.20	1,173,432.58

7. Depreciation and Fixed Assets **See Attached Depreciation and PPE Schedule in Annex 1**

8. Fees

	Total	2013 Tarawa	Kiritimati	2012
Subscription Fee	10.00	10.00	0.00	300.00
Consultancy Fee	23,126.72	23126.72	0.00	11,854.12
Audit Fee	3,000.00	3,000.00	0.00	12,000.00
Licence Fee	2,164.00	1,506.00	658.00	2,207.64
Vsat Licence & Fees	20,021.99	20,021.99	0.00	17,928.13
	48,322.71	47,664.71	658.00	44,289.89

9. Miscellaneous Expenses

	Total	2013 Tarawa	Kiritimati	2012
Advertisement and Promotions	10,383.55	8,275.55	2,108.00	14,227.49
Recruitment & Tender	1,554.30	1,554.30		1,549.85
Reference Materials	0.00	0.00		3,560.00
Mobil Expense	0.00	0.00	0.00	8,431.29
Waste Oil, Spills & Leakage	1,840.00	1,840.00		2,065.00
Sundries	17,614.62	16,914.03	700.59	9,706.52
Joint Consultative Meeting	6,765.50	6,765.50		5,679.65
Management Meeting Expense	28.00	28.00		
	38,185.97	35,377.38	2,808.59	45,219.80

10. Doubtful Debts

	2013	30 days	60 days	90 days	90+ days
Account Receivables Ageing Tarawa	695,113.67	1,340.73	6,314.65	2,361.75	685,096.54

Chairman.

Director.

Account Receivables Ageing Xmas	274,858.67	116.06	319.20	0.00	274,423.41
Dishonored Cheques Ageing Tarawa	2,664,823.92	635.00	20,320.00	150,495.00	2,493,373.92
Total Provision 2013	3,634,796.25	2,091.79	26,953.85	152,856.75	3,452,893.86
Less Prov of Doubtful Debts 2012					
Dishonored Cheques	2,065,538.64	1,442.07	50,800.00	192,405.00	1,820,891.57
Accounts Receivables	585,204.13	573.55	4,110.47	29,852.35	550,667.76
Total Provision 2012	2,650,742.77	2,015.62	54,910.47	222,257.35	2,371,559.33
Loss Impaired	**984,053.49**	**76.17**	(27,956.62)	(69,400.60)	**1,081,334.53**

11. Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash includes cast at bank, cash on hand, term deposits and cash in transits. Cash at the end of the as shown in the statements of cash flows is reconciled to the items related in the balance sheet as follows:

	2013			
	Total	Tarawa	Kiritimati	2012
Cheque A/c - Tarawa	1,438,681.80	1,438,681.80		2,890,191.64
Petty Cash - Tarawa/Xmas	398.80	198.80	200.00	400.00
Cash in transit	411,375.14	407,047.34	4,327.80	254,305.39
Term Deposit	20,000.00	20,000.00		0.00
Koil No# 2 Bank A/C - Tank Projects	618,261.27	618,261.27		0.00
Undeposite Funds	35,561.40	0.00	35,561.40	0.00
Xmas Imprest Account - 737022	62,866.55	0.00	62,866.55	40,317.54
Tarawa Deposit Account				10,397.76
	2,587,144.96	2,484,189.21	102,955.75	3,195,612.33

12. Account Receivables

	2013			
	Total	Tarawa	Kiritimati	2012
Airlines - Domestic	725,888.09	725,888.09	0.00	533,217.35
- Schedule Flights	151,508.55	140,048.55	11,460.00	103,513.55
- Un-scheduled Flights	99,946.18	35,315.10	64,631.08	129,086.68
Gov't Ministries	473,870.35	260,180.04	213,690.31	472,813.74
SOEs	423,180.26	302,875.76	120,304.50	374,211.63
Others	264,536.29	110,977.37	153,558.92	236,720.93
Adjustments				(6,523.78)
	2,138,929.72	1,575,284.91	563,644.81	1,843,040.10

13. Dishonor Cheques

	2013			2012
	Total	Tarawa	Kiritimati	
PUB	5,555,702.59	5,555,702.59		$ 4,726,574.99
KSSL	129,688.25	129,688.25		$ 129,688.25
Private	70,068.99	69,706.99	362.00	$ 79,438.99
	5,755,459.83	5,755,097.83	362.00	4,935,702.23

14. Prepayments and Other Receivables

	2013			
	Total	Tarawa	Kiritimati	2012
Agencies - Northern	52,015.95	52,015.95	0.00	11,280.23
Agencies - Central	101,628.22	101,628.22	0.00	(19,399.66)
Agencies - Southern	12,580.55	12,580.55	0.00	11,346.15
Agency - Teraina	15,334.26	0.00	15,334.26	16,392.71
Agency - Tabuaeran	1,892.84	0.00	1,892.84	3,672.80
Deposit to Vendors	110,009.09	110,009.09	0.00	310,173.15
Freight Refundable - Tarawa	212,405.86	212,405.86	0.00	33,092.73
Staff Imprest	5,630.53	5,630.53	0.00	6,331.89
Salary Advance - Tarawa	6,103.63	6,103.63	0.00	6,359.27
Sundry Debtors	54,694.80	6,118.75	48,576.05	55,067.19
Prepayments	0.00	0.00	0.00	1,166.72
	572,295.73	506,492.58	65,803.15	435,483.18

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Chairman.

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Director.

15. Stock

	2013			
	Total	Tarawa	Kiritimati	2012
ADO	2,726,725.16	1,167,330.66	1,559,394.50	2,172,386.35
ULP	1,586,799.81	953,238.92	633,560.89	1,087,562.04
DPK	440,407.84	175,716.87	264,690.97	490,908.04
JetA1	943,691.93	336,597.84	607,094.09	602,732.79
AvGAs	47,882.48	20,465.49	27,416.99	96,283.29
Lubes	518,526.40	480,039.57	38,486.83	569,624.65
LPG	418,902.81	406,881.03	12,021.78	318,207.50
Others	113,261.85	27,477.43	85,784.42	76,648.56
Cylinders				135,364.66
	6,796,198.28	3,567,747.81	3,228,450.47	5,549,717.88
	0.00	0.00	0.00	0.00

16. Account Payables

	2013			
	Total	Tarawa	Kiritimati	2012
Pacific Bulk Fuel	23,811.26	23,811.26	0.00	0.00
Mobil - (Kiritimati)				140.00
Kwai				(0.29)
Total - (Tarawa)				(32.11)
	23,811.26	23,811.26	0.00	107.60

17. Accruals and Other Payables

	2013			
	Total	Tarawa	Kiritimati	2012
Trade Creditors	139.71	0.00	139.71	0.00
Trade Loan	0.00	0.00	0.00	0.00
Deposits from Customers	103,324.90	103,324.90	0.00	68,326.92
Tender Deposit	0.00	0.00	0.00	15,000.00
Rentention Fee	62,043.72	62,043.72	0.00	0.00
Sundry Creditors	200,559.68	200,559.68	0.00	148437.84
Suspense - Kiritimati	0.00	0.00	0.00	0.00
Payroll Payables - Tarawa	17,368.82	17,368.82	0.00	31,379.29
Payroll Payables - Kiritimati	14,364.65	0.00	14,364.65	17,134.11
Directors Tax Payable	6,084.85	6,084.85	0.00	14,832.35
Withholding Tax - Tarawa	42,496.00	42,389.75	106.25	5,458.51
Other Payroll liabilities	0.00	0.00	0.00	0.00
Public Utilities Board	17,925.12	17,925.12	0.00	17,925.12
Accrued Expenses - Xmas	5,826.67	0.00	5,826.67	5,247.99
	470,134.12	449,696.84	20,437.28	323,742.13

18. Trade Loan

This is a short term loan which KOIL opt for to cater for double shipments of fuel for Tarawa and Kiritimati when the price of fuel in Singapre Platts or MOPS continued to increase. KOIL could not finance internally because PUB could not pay off its outstanding dishonor cheques of $4.73 million in 2012 and the outstanding has been accumulated to $5.56 million in 2013, hence KOIL acquired its loan from ANZ Bank which the GoK guaranteed $2 million to secure the facility.

19. ROC Taiwan

The Government of Taiwan had released fund of $2.5 million for the constructions of three new tanks in 2013. The payment is by instalment basis on the work phases of the constructions. The total capacity of new tanks is 4 million liters which doubled the capacity of existing tanks.

20. WIP Betio Projects

The WIP or Work in Progress relates project mainly on the three new storgae tanks in Betio. The Work in progress would be treated as Fixed Asset once the WIP works, etc is complete and whole. No depreciation allowed at this stage until the date the tanks are all complete.

21. NPGA

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Chairman.

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Director.

Non-Project Grant Aid is a form of Aid with no interest charged which was funded by Japan to the Government of Kiribati where Japan made directs payment for a purchased of Diesel fuel direct from Mobil in Fiji. KOIL meet all the landing cost and other local charges in Tarawa once fuel arrived Tarawa. KOIL sell the Diesel Oil to the public and all the proceeds from the sale the of Diesel Oil, KOIL is required to return the money to the the Kiribati Government Counter Part Fund account on certain periods. KOIL thus recognized the grant aid as a kind of loan or a liability where KOIL has the liability to reimbursed the Government for value of Diesel Purchased.

22. Retained Earnings

	2013			
	Total	Tarawa	Kiritimati	2012
Opening Balance	9,678,003.71	5,991,320.21	3,686,683.50	10,389,794.07
Adjustment	0.00	0.00	0.00	0.00
Current Earnings	725,020.26	(180,019.73)	905,039.99	(711,810.59)
Closing Balance	**10,403,023.97**	**5,811,300.48**	**4,591,723.49**	9,677,983.48

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Chairman.

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Director.

Annex 1: PPE Depreciation and Schedule 2013

7. Property, Plants and Equipments

TARAWA	Total	Plants, Properties & Machineries	Land & Building	Motor Vehicle	Tools & Equipment	Furniture & Fittings	Tanks
Accumulative Cost as at 1/12/2012	12,057,850.56	5,307,297.23	904,818.39	3,373,748.29	724,288.97	149429.08	1,598,268.60
Less Accumulated Depreciation	9,540,486.23	3,583,645.58	651,053.88	3,021,259.25	585,125.76	119988.41	1,579,413.35
Net Book Value as at 31/12/2012	2,517,364.33	1,723,651.65	253,764.51	352,489.04	139,163.21	29,440.67	18,855.25
Additions 2013	191,679.32	19,184.14	17,390.90	16,800.00	125,135.88	7,752.40	5,416.00
Revaluation	318,620.51		243,511.40				75,109.11
Disposal 2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation 2013	660,252.42	380,877.20	69,569.30	116,854.32	76,115.99	8,755.59	8,080.02
Net Book Value as at 31/12/2013	2,367,412.06	1,361,958.59	445,097.51	252,434.72	188,183.10	28,437.48	91,300.34

KIRITIMATI	Total	Plants, Properties & Machineries	Land & Building	Motor Vehicle	Tools & Equipment	Furniture & Fittings	Tanks
Accumulative Cost as at 31/12/2012	4,397,510	1,856,790	293,334	1,251,611	144,867	39,027	811,880
Less Accumulated Depreciation	3,949,789	1,767,853	177,941	1,130,206	137,749	38,663	697,372
Net Book Value as at 1/1/2013	447,720	88,937	115,393	121,405	7,117	365	114,508
Additions 2013	37,662	0	1,120	20,700	9,101	1,679	5,062
Disposal 2013	0	0	0	0	0	0	0
Depreciation 2013	159,788	14,918	14,599	76,317	5,170	400	48,385
Net Book Value as at 31/12/2013	325,595	74,018	101,915	65,789	11,049	1,644	71,185
					0		
Total Book Value as at 31/12/2013	2,693,007	1,435,977	547,012	318,223	199,232	30,082	162,485

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Chairman

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Director

KIRIBATI OIL COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2014.

Revised FS recd 28/9/16

KIRIBATI OIL COMPANY LIMITED
DIRECTORS REPORT ON THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST DECEMBER, 2014

Directors of the Kiribati Oil Company Limited present their report on the financial statements of the company for the year ended 31st December, 2014 as follows.

1. **State of Affairs**

In the opinion of directors, the accompanying balance sheet gives a true and fair view of the state of affairs of the company as at 31st December 2014 and the accompanying income statement and cash flow statement give a true and fair view of the operating result and cash flow of the company for the year ended 31st December, 2014.

2. **Dividend**

There was no dividend declared or paid during the financial year.

3. **Certificate of Solvency**

In accordance with section 136 of the Companies Ordinance, directors of the Kiribati Oil Company Limited confirm that:-

(a) As at 31st December 2014, the company owned current assets valued at $14,798,674.37 and fixed assets valued at $4,313,229.44 and nothing was owed to the company by directors or shareholders of the company as at that date.

(b) As at 31st December 2014, the company had its accounts receivable of $2,649,827.29 for which the government ministries owed $459,171.18, SOEs at the amount of $359,620.25, AKL owed $1,301,827.60, International Aircrafts owed $209,310.39 and $319,897.78 from private sector.

(c) As at 31st December 2014, the company had its prepayments and other receivables of $432,611.54.

(d) As at 31st December 2014, the company had its dishonored cheques of $6,852,072.26 of which the majority comprised of PUB dishonored cheques at the amount of $6,654,375.32, KSSL owed $129,688.25 and $68,008.49 from the private sector.

(e) As at 31st December 2014, the company had a current trade loan with ANZ bank of $1,383,383.08, a sum owed to the Japanese Non-Project Grant Aid scheme (NPGA) amounting to $1,973.908.70, company tax payable amounting to $1,182,634.94, accounts payable of $97,098.13 and nothing was owed by the company to directors or shareholders of the company as at that date.

(f) In the opinion of directors of the company, the company was able to pay its debts and liabilities as at 31st December 2014.

4. **Subsequent Events**

Since the date of the financial statements, there has been no significant event with material effect on the financial position or prospect of the company.

Signed for and on behalf of the Board and in accordance with a resolution of directors dated on 22nd Septebmer, 2016.

....	....
Chairman	Director

KIRIBATI OIL COMPANY LTD
Summary of Income Statement
Year ended 31st December 2014

	2014 Consolidated	2014 Tarawa	2014 Kiritimati	2013 Consolidated
Income				
Net Sales	33,420,422.47	28,672,905.82	4,747,516.65	33,204,030.61
Less COS	30,080,843.26	26,202,538.27	3,878,304.99	28,039,174.36
Gross Profit	3,339,579.21	2,470,367.55	869,211.66	5,164,856.25
CSO Grant from GoK	1,500,000.00	1,500,000.00	0.00	0.00
Other Income	228,781.08	185,174.00	43,607.08	590,823.35
Total Income	**5,068,360.29**	**4,155,541.55**	**912,818.74**	**5,755,679.60**
Expenses				
Depreciation	817,590.24	684,967.00	132,623.24	820,040.11
Interest	146,133.42	146,133.42	0.00	0.00
Other Expenses	3,989,722.68	3,539,221.56	450,501.12	4,210,619.23
Total Expenses	**4,953,446.34**	**4,370,321.98**	**583,124.36**	**5,030,659.34**
Profit/(Loss) before I/Tax	114,913.95	(214,780.43)	329,694.38	725,020.26
Provision for I/Tax	35,219.88	(75,173.15)	110,393.03	248,757.09
Net Profit/(Loss)	**79,694.07**	**(139,607.28)**	**219,301.35**	**476,263.17**

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Chairman.

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Director.

KIRIBATI OIL COMPANY LTD
Consolidated Income Statement
Year ended 31st December 2014

	Notes	2014 Consolidated	2014 Tarawa	2014 Kiritimati	2013 Consolidated
Revenue	3	33,420,422.47	28,672,905.82	4,747,516.65	33,204,030.61
less Cost of Sales	4	30,080,843.26	26,202,538.27	3,878,304.99	28,039,174.36
Gross Profit		3,339,579.21	**2,470,367.55**	**869,211.66**	**5,164,856.25**
CSO Grant from GOK		1,500,000.00	**1,500,000.00**	**0.00**	0.00
Other Income	5	228,781.08	**185,174.00**	**43,607.08**	586,243.92
Total Income		**5,068,360.29**	**4,155,541.55**	**912,818.74**	**5,751,100.17**
Expenses:					
Staff Costs	6	1,259,798.47	988,851.45	270,947.02	1,229,551.73
Travelling		69,715.00	62,691.10	7,023.90	75,750.21
Motor Vehicle Expenses		79,684.48	60,688.34	18,996.14	61,265.23
Vehicle Hire		29,437.09	25,076.04	4,361.05	26,065.18
Freight & Handling		498,055.66	434,076.16	63,979.50	398,340.43
Agency Costs		125,282.02	119,890.03	5,391.99	113,392.86
Directors Expenses		6,443.07	6,443.07	0.00	6,088.10
Office & Computer Supplies		13,257.86	12,423.51	834.35	17,360.84
Office Stationery		9,734.58	7,071.17	2,663.41	14,084.04
Office Repairs		15,347.21	6,932.42	8,414.79	8,074.92
Telecom Charges		9,195.84	8,276.14	919.70	9,256.70
Electricity & Water		97,708.88	92,582.43	5,126.45	92,644.72
LPG Sales Commission		15,300.90	15,300.90	0.00	15,248.50
Entertainment		2,334.25	516.45	1,817.80	8,189.25
Council Charges		2,020.00	2,020.00	0.00	2,300.00
Training		39,762.45	36,592.75	3,169.70	12,787.14
Depreciation	7	817,590.24	684,967.00	132,623.24	820,040.11
Advertisement/Promotion		16,871.24	12,542.29	4,328.95	4,789.35
General Repairs & Maintenance		97,799.90	78,485.04	19,314.86	74,834.78
Uniform & Safety Wears		24,704.31	22,794.41	1,909.90	15,248.19
Lab Testing		44,970.95	33,312.39	11,658.56	29,266.55
Fees	8	36,448.36	35,021.86	1,426.50	48,322.71
Land Lease		498.45	490.95	7.50	5,275.95
Miscellaneous Expenses	9	26,841.07	26,507.85	333.22	38,185.97
Tanker Discharge		119,652.04	103,426.45	16,225.59	95,652.59
Doubtful Debts	10	923,952.56	923,519.52	433.04	984,053.49
Trade Loan Interest		146,133.42	146,133.42	0.00	109,260.92
Bank Charges		11,392.70	10,175.50	1,217.20	11,239.70
Loss on Foreign Exchange		18,401.28	18,401.28	0.00	219.69
Empty Drums		395,112.06	395,112.06	0.00	703,869.49
Total Expenses		**4,953,446.34**	**4,370,321.98**	**583,124.36**	**5,030,659.34**
Operating Profit for the year		**114,913.95**	(214,780.43)	329,694.38	720,440.83
Prior Period Items		0.00	0.00	0.00	4,579.43
Profit/(Loss) Before I/Tax		114,913.95	(214,780.43)	**329,694.38**	725,020.26
Less I/Tax		35,219.88	(75,173.15)	110,393.03	248,757.09
Net Profit/(Loss) After I/Tax		79,694.07	(139,607.28)	219,301.35	476,263.17

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Consolidated Statement of Financial Position
As at 31st December 2014

	Notes	2014 Consolidated	2014 Tarawa	2014 Kiritimati	2013 Consolidated
Current Assets					
Cash & Cash Equivalents	11	3,434,130.60	3,422,923.58	11,207.02	2,587,144.96
Account Receivables	12	2,649,827.29	2,006,977.00	642,850.29	2,138,929.72
Dishonored Cheques	13	6,852,072.26	6,851,710.26	362.00	5,755,459.83
Prepayment and Other Receivables	14	432,611.54	289,452.36	143,159.18	572,295.73
Less Provin for Doubtful Debts		(4,558,748.82)	(4,283,457.11)	(275,291.71)	(3,634,796.26)
Stock	15	5,946,379.65	3,525,921.68	2,420,457.97	6,796,198.28
Spare Parts		42,401.85	15,671.18	26,730.67	26,319.40
Total Current Assets		**14,798,674.37**	**11,829,198.95**	**2,969,475.42**	**14,241,551.66**
Current Liabilities					
Account Payables	16	97,098.13	97,098.13	0.00	23,811.26
Accruals and Other Payables	17	258,114.19	256,076.59	2,037.60	470,134.12
Company Tax Payable		1,182,634.94	1,182,634.94	0.00	933,877.85
VAT		94,915.43	94,915.43	0.00	0.00
Trade Loan	18	1,383,383.08	1,383,383.08	0.00	1,452,115.63
Gov't Soft Loan	19	2,500,000.00	2,500,000.00	0.00	2,500,000.00
Total Current Liabilities		**5,516,145.77**	**5,514,108.17**	**2,037.60**	**5,379,938.86**
Working Capital		**9,282,528.60**	**6,315,090.78**	**2,967,437.82**	**8,861,612.80**
Long Term Assets					
Property, Plants and Equipments	7	2,125,776.61	1,924,113.32	201,663.29	2,693,006.45
WIP - Betio Projects	20	2,187,452.83	2,187,452.83	0.00	2,174,981.93
Total Long Term Assets		**4,313,229.44**	**4,111,566.15**	**201,663.29**	**4,867,988.38**
Long Term Liabilities					
NPGA Loan	21	1,973,908.70	1,973,908.70	0.00	1,973,908.70
Total Long Term Liabilities		**1,973,908.70**	**1,973,908.70**	**0.00**	**1,973,908.70**
NET WORTH		**11,621,849.34**	**8,452,748.23**	**3,169,101.11**	**11,755,692.48**
Shareholders Equity:					
Paid up Capital		500.00	500.00	0.00	500.00
Reserves		1,033,548.00	1,033,548.00	0.00	1,033,548.00
Asset Revaluation Reserve		318,620.51	318,620.51	0.00	318,620.51
Retained Earnings	22	10,269,180.83	5,347,762.96	4,921,417.87	10,403,023.97
Historical Balancing		0.00	0.00	0.00	0.00
Total Equity		**11,621,849.34**	**6,700,431.47**	**4,921,417.87**	**11,755,692.48**

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Chairman.

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Director.

KIRIBATI OIL COMPANY LTD
Consolidated Cash Flow Statement
Year ended 31st December 2014

	2014	2013
Cash flows from Operating Activities:		
Cash receipts from Customers	34,605,330.30	33,114,331.87
Cash paid to Suppliers & Employees	(33,349,379.94)	(33,666,234.28)
Trade Loan Interest Payment	(146,133.42)	0.00
Payment of Income Tax	(0.00)	(310,078.70)
Net Cash flow from Operating Activities	**1,109,816.94**	(861,981.11)
Cash flows from Financing Activities:		
Gov't Soft Loan	0.00	2,500,000.00
Net Cash flow from Financing Activities	**0.00**	**2,500,000.00**
Cash flows from Investing Activities:		
Acquisition of fixed assets	(262,831.30)	(2,246,486.26)
Net Cash flow fromInvesting Activities	(262,831.30)	(2,246,486.26)
Movement in Cash and Cash Equivalents	846,985.64	(608,467.37)
Cash and Cash Equivalents, 1st January	2,587,144.96	3,195,612.33
Cash and Cash Equivalents, 31st December	3,434,130.60	2,587,144.96

Reconciliation of cash flows from Operating Activities:

Net Profit (Loss) for the year	114,913.95	725,020.26
Add: Depreciations	817,590.24	820,040.11
Decrease/-Increase in Current Assets	289,862.93	(1,924,253.65)
Increase/-Decrease in Current Liabilities	136,206.91	(482,808.06)
Adjustment to Retained Earnings	(248,757.09)	20.23
	1,109,816.94	(861,981.11)

....
Chairman.

....
Director.

KIRIBATI OIL COMPANY LTD
Statement of Movement of Equity
For Year Ended 31st December 2014

	2014	2013	2012
Net Profit for the Year	114,913.95	725,020.26	(711,999.54)
Total Recognised Earnings	**114,913.95**	**725,020.26**	(711,999.54)
Adjustment	(248,757.09)	**20.23**	**31,324.95**
Dividend	0.00	0.00	0.00
Revaluation Reserve	0.00	318,620.51	0.00
Movement in Equity for the Year	(133,843.14)	1,043,661.00	(680,674.59)
Equity at start of the year	11,755,692.48	10,712,031.48	11,392,706.07
Equity at end of the year	11,621,849.34	11,755,692.48	10,712,031.48

....
Chairman.

....
Director.

1. GENERAL

The Kiribati Oil Company is a private company owned by the Government of Kiribati registered on 9th December 1986 under the Companies Ordinance with Registration No.21. Its authorized and paid-up capital is 500 shares of $1 each.

The main activities of the company are the importing, wholesaling and retailing of all petroleum products in Kiribati including lubes and all gas products.

The accounting period for the company is from January to December of each year or a calender year and the official currency used is the Australian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and relevant legislations applicable in Kiribati and the principal accounting policies adopted by the company are set out below.

2.1 Depreciation

Depreciation is calculated to distribute the cost of an asset over its useful life (less scrap value if any) using the straight line method. The following rates are used:

Plant & Machinery	25%
Office Equipment	25%
Fuel Tanks	10%
Fuel Pipes	10%
Water Tanks	10%
Outer Islands Projects	5%
Motor Vehicles	20%
Buildings	5%
Furniture & Fittings	25%

2.2 Trade Receivables

Trade Receivables or Account Receivables are recognised at invoice amount. A provision for impairment of trade receivables is established when the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or deliquency in payments are considered indicators that the trade receivable is impaired.

The basis of estimates of provision used is Accounts Receivable Aging Method for which the receivables are categorized into multiple terms and in the cmpany case we allow payment on term of n/30, and the typical classification in aging schedule will be from 0 - 30, 31 - 60, 61 - 90 and above 90 days. The percentages used are 1%, 10%, 30% and 50% in calculating the allowance impaired.

The carrying amount of the asset is reduced through the use of a provision account and the amount of loss is recognised is recognized in the income statement within other operating expenses.

When the trade receivable is uncollectible, it is written off against the provision of doubtful debts for trade receivables and subsequent recoveries of amounts perviously written off are written are credited to other operating income in the income statement.

2.3 Inventory

Stock is valued at the lower of cost and net realisable value and recorded using the FIFO cost flow method

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Chairman. Director.

2.4 Financial and Market Risk

The Company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory particularly to the US dollar. Foreign exchange risk arises from future commercial transactions. Management has looked into the future that the US dollar is suddenly becoming more strong against the AUD dollar, therefor we are looking for available options with our local bank in order to reduce risk from foreign exchange transactions. The loss and gain are recognized in the income statement when the loss and gain occurs. The company, however, has not yet proceeding with forward exchange agreement to hedging with bank on the US currency. KOIL may either take one of the two options or both such as 'Forward Exchange Contract to lock US dollar rate' or 'Establishing USD bank account'. The arrangements will have implications in our current accounting procedures and policies should we opt for the Forward Contract then hedge accounting will be adopted.

2.5 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as Income over the period necessary to match the grant on a systmatic basis to the cost that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

3. Revenues

	2014			2013
Sales:	Total	Tarawa	Kiritimati	
ADO	18,831,734.83	16,775,689.85	2,056,044.98	18,122,352.26
ULP	7,865,169.82	7,059,692.64	805,477.18	8,105,873.16
DPK	1,787,429.33	1,660,809.33	126,620.00	1,730,196.07
AvGas	15,770.00	0.00	15,770.00	92,862.00
JetA1	3,857,032.38	2,178,452.58	1,678,579.80	3,879,146.33
Premix (ULP)	2,811.50	2,811.50	0.00	0.00
Lubes	572,708.05	541,559.10	31,148.95	720,235.64
LPG	470,046.92	453,890.82	16,156.10	531,492.80
Other - Sales	17,719.64	0.00	17,719.64	21,872.35
	33,420,422.47	**28,672,905.82**	**4,747,516.65**	**33,204,030.61**

4. Cost of Sales

	2014			2013
	Total	Tarawa	Kiritimati	
ADO	16,464,159.07	14,554,866.81	1,909,292.26	14,721,857.17
ULP	8,193,841.33	7,331,404.72	862,436.61	7,892,679.07
DPK	2,276,911.98	2,150,291.98	126,620.00	2,097,296.00
AvGas	12,730.00	0.00	12,730.00	48,400.76
JetA1	2,291,580.66	1,380,619.29	910,961.37	2,243,025.04
Lubes	414,159.12	384,312.85	29,846.27	495,882.13
LPG	412,033.57	398,642.68	13,390.89	514,435.98
Drums	0.00	0.00	0.00	1,791.97
Cylinders	0.00	0.00	0.00	39.82
Premix (ULP)	2,399.94	2,399.94	0.00	0.00
Others	13,027.59	0.00	13,027.59	23,766.42
	30,080,843.26	26,202,538.27	3,878,304.99	28,039,174.36

5. Other Income:

	2014			2013
	Total	Tarawa	Kiritimati	
Doubtful Debts Decrease	0.00	0	0.00	418,220.79
Freight on Sales	52,551.23	52,551.23	0.00	50,538.35
Drums	34,719.64	34,719.64	0.00	22,601.50
Cylinders	8,466.00	8,466.00	0.00	12,610.00
Overtime Charges	55,935.80	31,765.80	24,170.00	57,063.82
Rent	865.13	0.00	865.13	0.00
Internet	215.00	0.00	215.00	0.00
Interest Earned	255.26	255.26	0.00	0.00
Gain from Foreign Exchange	10,288.26	10,288.26	0.00	0.00

.... Chairman.

.... Director.

Documentation Fees	2,514.91	2,514.91	0.00	0.00
Others	56,969.85	38,612.90	18,356.95	19,194.46
Waste Oil Sales	6,000.00	6,000.00	0.00	6,015.00
	228,781.08	185,174.00	43,607.08	586,243.92

6. Staff Cost

		2014		
	Total	Tarawa	Kiritimati	2013
Executive Renumerations Package				
Salaries & Wages	117,951.42	94,464.32	23,487.10	134,863.42
KPF	8,213.30	6,451.92	1,761.38	10,085.90
Allowances	27,210.98	22,456.14	4,754.84	30,227.42
L/Grant & Commutation	15,544.58	14,324.98	1,219.60	16,793.42
	168,920.28	137,697.36	31,222.92	191,970.16
Staff Emoluments				
Salaries & Wages	610,007.97	471,023.80	138,984.17	631,778.25
KPF	44,956.80	33,999.66	10,957.14	45,409.05
Allowances	50,904.99	35,924.79	14,980.20	41,772.03
Overtime	144,343.54	121,121.57	23,221.97	149,350.48
L/Grant & Passage	66,660.45	50,994.40	15,666.05	61,821.25
House Subisdy	39,975.42	39,975.42	0.00	30,865.50
Temporary Assistance	94,356.42	85,943.83	8,412.59	63,794.46
Retirement Benefit	13,875.30	7,875.30	6,000.00	12,790.55
Passage & Baggage	25,797.30	4,295.32	21,501.98	0.00
	1,090,878.19	851,154.09	239,724.10	1,037,581.57
Total	1,259,798.47	988,851.45	270,947.02	1,229,551.73

7. Depreciation and Fixed Assets — **See Attached Depreciation and PPE Schedule in Annex 1**

8. Fees

		2014		
	Total	Tarawa	Kiritimati	2013
Subscription Fee	0.00	0.00	0.00	10.00
Consultancy Fee	11,854.00	11854	0.00	23,126.72
Audit Fee	3,000.00	3,000.00	0.00	3,000.00
Licence Fee	2,271.00	844.50	1,426.50	2,164.00
Vsat Licence & Fees	19,323.36	19,323.36	0.00	20,021.99
	36,448.36	35,021.86	1,426.50	48,322.71

9. Miscellaneous Expenses

		2014		
	Total	Tarawa	Kiritimati	2013
Donations	0.00	0.00	0.00	10,383.55
Recruitment & Tender	4,292.85	4,292.85		1,554.30
Reference Materials	0.00	0.00		0.00
Waste Oil, Spills & Leakage	6,777.02	6,777.02		1,840.00
Sundries	5,195.90	4,862.68	333.22	17,614.62
Joint Consultative Meeting	10,442.70	10,442.70		6,765.50
Management Meeting Expense	132.60	132.60		28.00
	26,841.07	26,507.85	333.22	38,185.97

10. Doubtful Debts	2013	30 days	60 days	90 days	90+ days
Dishonored Cheques	694,954.71	(635.00)	(13,970.00)	(89,480.25)	799,039.96
Account Receivables Tarawa	228,564.81	(424.36)	(2,671.04)	20,955.60	210,704.61
Account Receivables Kiritimati	433.04	824.21	(304.20)	0.00	(86.97)
Loss Impaired	923,952.56	(235.15)	(16,945.24)	(68,524.65)	1,009,657.60

11. Cash and Cash Equivalents

....
Chairman.

....
Director.

For the purpose of the statements of cash flows, cash includes cast at bank, cash on hand, term deposits and cash in transits. Cash at the end of the as shown in the statements of cash flows is reconciled to the items related in the balance sheet as follows:

	2014			
	Total	Tarawa	Kiritimati	2013
Cheque A/c - Tarawa	2,051,850.61	2,051,850.61	0.00	1,438,681.80
Petty Cash - Tarawa/Xmas	398.80	198.80	200.00	398.80
Cash in transit	733,312.44	733,314.24	(1.80)	411,375.14
Term Deposit	20,255.26	20,255.26	0.00	20,000.00
Koil No# 2 Bank A/C - Tank Projects	617,304.67	617,304.67	0.00	618,261.27
Undeposite Funds	0.00	0.00	0.00	35,561.40
Xmas Imprest Account - 737022	1,589.37	0.00	1,589.37	62,866.55
Tarawa Deposit Account	9,419.45	0.00	9,419.45	0.00
	3,434,130.60	3,422,923.58	11,207.02	2,587,144.96

12. Account Receivables

	2014			
	Total	Tarawa	Kiritimati	2013
Airlines - Domestic	1,301,827.69	1,301,827.69	0.00	725,888.09
- Schedule Flights	104,029.46	37,082.06	66,947.40	151,508.55
- Un-schedule Flights	105,280.93	40,569.85	64,711.08	99,946.18
Gov't Ministries	459,171.18	257,270.27	201,900.91	473,870.35
SOEs	359,620.25	200,619.75	159,000.50	423,180.26
Others	319,897.78	169,607.38	150,290.40	264,536.29
	2,649,827.29	2,006,977.00	642,850.29	2,138,929.72

13. Dishonor Cheques

	2014			
	Total	Tarawa	Kiritimati	2013
PUB	6,654,375.52	6,654,375.52		5,555,702.59
KSSL	129,688.25	129,688.25		129,688.25
Private	68,008.49	67,646.49	362.00	70,068.99
	6,852,072.26	6,851,710.26	362.00	5,755,459.83

14. Prepayment and Other Receivables

	2014			
	Total	Tarawa	Kiritimati	2013
Agencies - Northern	115,795.45	115,795.45	0.00	52,015.95
Agencies - Central	138,719.54	138,719.54	0.00	101,628.22
Agencies - Southern	15,674.70	15,674.70	0.00	12,580.55
Agency - Teraina	31,103.70	0.00	31,103.70	15,334.26
Agency - Tabuaeran	4,527.31	0.00	4,527.31	1,892.84
Deposit to Vendors	(136,358.29)	(136,358.29)	0.00	110,009.09
Freight Refundable - Tarawa	108,426.02	108,426.02	0.00	212,405.86
Staff Imprest	6,495.33	6,158.58	336.75	5,630.53
Salary Advance - Tarawa	5,833.03	5,833.03	0.00	6,103.63
Sundry Debtors	142,394.75	35,203.33	107,191.42	54,694.80
Prepayments	0.00	0.00	0.00	0.00
	432,611.54	289,452.36	143,159.18	572,295.73

15. Stock

	2014			
	Total	Tarawa	Kiritimati	2013
ADO	1,686,803.63	647,043.45	1,039,760.18	2,726,725.16
ULP	1,355,932.54	818,544.81	537,387.73	1,586,799.81
DPK	286,597.25	246,806.68	39,790.57	440,407.84
JetA1	1,138,613.63	572,238.89	566,374.74	943,691.93
AvGAs	77,357.36	20,465.49	56,891.87	47,882.48
Lubes	895,640.63	804,925.85	90,714.78	518,526.40
LPG	398,323.20	388,201.89	10,121.31	418,902.81
Others	107,111.41	27,694.62	79,416.79	113,261.85
	5,946,379.65	3,525,921.68	2,420,457.97	6,796,198.28

....
Chairman.

....
Director.

16. Account Payables

	2014			
	Total	Tarawa	Kiritimati	2013
Pacific Bulk Fuel	2,366.30	2,366.30		23,811.26
Mobil Guam	87,052.99	87,052.99		
Liquip	7,678.84	7,678.84		
	97,098.13	97,098.13	0.00	23,811.26

17. Accruals and Other Payables

	2014			
	Total	Tarawa	Kiritimati	2013
Trade Creditors	0.00	0.00	0.00	139.71
Trade Loan	0.00	0.00	0.00	0.00
Deposits from Customers	101,848.65	101,848.65	0.00	103,324.90
Tender Deposit	0.00	0.00	0.00	0.00
Rentention Fee	97,088.07	97,088.07		62,043.72
Sundry Creditors	28,420.14	27,670.14	750	200,559.68
Suspense - Kiritimati	0.00	0.00	0.00	0.00
Payroll Payables - Tarawa	16,020.73	16,020.73	0.00	17,368.82
Payroll Payables - Kiritimati	1,048.50	0.00	1,048.50	14,364.65
Directors Tax Payable	6,103.60	6,103.60	0.00	6,084.85
Withholding Tax - Tarawa	7,584.50	7,345.40	239.10	42,496.00
Public Utilities Board	0.00	0.00	0.00	17,925.12
Accrued Expenses - Xmas	0.00	0.00	0.00	5,826.67
	258,114.19	256,076.59	2,037.60	470,134.12

18. Trade Loan

This is a short term loan which KOIL opt for to cater for double shipments of fuel for Tarawa and Kiritimati when the price of fuel in Singapre Platts or MOPS continued to increase. KOIL could not finance internally because PUB could not pay off its outstanding dishonor cheques of $4.73 million in 2012 and the outstanding has been accumulated to $5.56 million in 2013, hence KOIL acquired its loan from ANZ Bank which the GoK guaranteed $2 million to secure the facility.

19. ROC Taiwan Grant

This is a Grant Aid from the ROC Government of Taiwan with free interest for construction of three new storage tanks in Betio. The tanks capacity is doubling the existing storage tanks. The ROC Taiwan had released more than $3.6M for the constructions of the new tanks as at December 31, 2015.

20. WIP Betio Projects

The WIP or Work in Progress relates project mainly on the three new storgae tanks in Betio. The Work in progress would be treated as Fixed Asset once the WIP works, etc is complete and whole. No depreciation allowed at this stage until the date the tanks are all complete.

21. Non-Project Grant Aid (NPGA)

Non-Project Grant Aid is a form of Aid with no interest charged which was funded by Japan to the Government of Kiribati where Japan made directs payment for a purchased of Diesel fuel direct from Mobil in Fiji. KOIL meet all the landing cost and other local charges in Tarawa once fuel arrived Tarawa. KOIL sell the Diesel Oil to the public and all the proceeds from the sale the of Diesel Oil, KOIL is required to return the money to the the Kiribati Government Counter Part Fund account on certain periods. KOIL thus recognized the grant aid as a kind of loan or a liability where KOIL has the liability to reimbursed the Government for value of Diesel Purchased.

22. Retained Earnings

	2014			
	Total	Tarawa	Kiritimati	2013
Opening Balance	10,154,266.88	5,562,543.39	4,591,723.49	9,678,003.71
Current Earnings	114,913.95	(214,780.43)	329,694.38	725,020.26
Closing Balance	**10,269,180.83**	**5,347,762.96**	**4,921,417.87**	10,403,023.97

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Chairman. Director.

KIRIBATI OIL COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER, 2015.

KIRIBATI OIL COMPANY LIMITED
DIRECTORS REPORT ON THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST DECEMBER, 2015

Directors of the Kiribati Oil Company Limited present their report on the financial statements of the company for the year ended 31st December, 2015 as follows.

1. State of Affairs

In the opinion of directors, the accompanying balance sheet gives a true and fair view of the state of affairs of the company as at 31st December 2015 and the accompanying income statement and cash flow statement give a true and fair view of the operating result and cash flow of the company for the year ended 31st December, 2015.

2. Dividend

There was a dividend declared during the financial year and would be payable during the AGM 2016.

3. Certificate of Solvency

In accordance with section 136 of the Companies Ordinance, directors of the Kiribati Oil Company Limited confirm that:-

(a) As at 31st December 2015, the company owned fixed assets at the value of $4,267,070.61, current assets valued at $18,264,675.38 and nothing was owed to the company by directors or shareholders of the company as at that date.

(b) As at 31st December 2015, the company had its trade debtors of $3,347,783.65. The government ministries owed the company by $489,862.09, the SOE owed $229,902.39, and Domestic Airlines owed $1,877,118.951.

(c) As at 31st December 2015, the company had its dishonored cheque worth $7,584,221.38. About 97% of the dishonored checks comprised mainly of PUB at the amount of $7,373,625.14 and KSSL owed $129,688.25.

(d) As at 31st December 2013, the company did not have loans with ANZ bank.

(e) As at 31st December 2015, a sum owed to the Japanese Non-Project Grant Aid scheme amounting to $1,973.908.70.

(f) As at 31st December 2015, the company had tax payable amounting to $67,321.81 for year 2014 and $1,554,066.56 for year 2015 and nothing was owed by the company to directors or shareholders of the company as at that date.

(g) In the opinion of directors of the company, the company was able to pay its debts and liabilities as at 31st December 2015.

4. Subsequent Events

Since the date of the financial statements, there has been no significant event with material effect on the financial position or prospect of the company.

gned for and on behalf of the Board and in accordance with a resolution of directors dated on
29th day of June, 2015.

....
Chairman

....
Director

KIRIBATI OIL COMPANY LTD
Summary of Income Statement
Year ended 31st December 2015

	2015 Consolidated	2015 Tarawa	2015 Kiritimati	2014 Consolidated	2013 Consolidated
Income					
Net Sales	34,013,485.74	29,001,404.73	5,012,081.01	33,420,422.47	33,204,030.61
Less COS	25,148,470.49	21,556,196.04	3,592,274.45	30,080,843.26	28,039,174.36
Gross Profit	**8,865,015.25**	**7,445,208.69**	**1,419,806.56**	**3,339,579.21**	**5,164,856.25**
CSO Grant from GoK				1,500,000.00	
Other Income	265,594.52	218,384.47	47,210.05	228,781.08	590,823.35
Gain/(Loss) on Disposal	4,052.27	4,052.27			
Total Income	**9,134,662.04**	**7,667,645.43**	**1,467,016.61**	**5,068,360.29**	**5,755,679.60**
Expenses					
Depreciation	782,632.11	730,113.48	52,518.63	817,590.24	820,040.11
Interest	74,097.37	74,097.37	0.00	0.00	
Other Expenses	3,823,456.67	3,341,799.14	481,657.53	4,135,856.10	4,210,619.23
Total Expenses	**4,680,186.15**	**4,146,009.99**	**534,176.16**	**4,953,446.34**	**5,030,659.34**
Profit/(Loss) before I/Tax	4,454,475.89	3,521,635.44	932,840.45	114,913.95	725,020.26
Provision for I/Tax	1,554,066.56	1,232,572.40	321,494.16	35,219.88	248,757.09
Net Profit/(Loss)	2,900,409.33	2,289,063.04	611,346.29	79,694.07	476,263.17

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Consolidated Income Statement
Year ended 31st December 2015

	Notes	2015 Consolidated	2015 Tarawa	2015 Kiritimati	2014 Consolidated	2013 Consolidated
Revenue	3	34,013,485.74	29,001,404.73	5,012,081.01	33,420,422.47	33,204,030.61
less Cost of Sales	4	25,148,470.49	21,556,196.04	3,592,274.45	30,080,843.26	28,039,174.36
Gross Profit		8,865,015.25	7,445,208.69	1,419,806.56	3,339,579.21	5,164,856.25
CSO Grant from GOK		0.00	0.00	0.00	1,500,000.00	
Other Income	5	265,594.52	218,384.47	47,210.05	228,781.08	586,243.92
Total Income		**9,130,609.77**	**7,663,593.16**	**1,467,016.61**	**5,068,360.29**	**5,751,100.17**
Expenses:						
Staff Costs	6	1,373,422.81	1,118,196.93	255,225.88	1,259,798.47	1,229,551.73
Travelling		88,401.88	84,984.78	3,417.10	69,715.00	75,750.21
Motor Vehicle Expenses		54,552.24	41,336.60	13,215.64	79,684.48	61,265.23
Vehicle Hire		46,741.45	36,421.55	10,319.90	29,437.09	26,065.18
Freight & Handling		521,781.72	437,234.47	84,547.25	498,055.66	398,340.43
Outer Island Agency Costs		117,039.86	113,721.56	3,318.30	125,282.02	113,392.86
Directors Expenses		14,084.11	14,084.11	0.00	6,443.07	6,088.10
Office & Computer Supplies		18,013.62	15,680.42	2,333.20	13,257.86	17,360.84
Office Stationery		12,012.80	7,542.48	4,470.32	9,734.58	14,084.04
Office Repairs		28,060.61	26,292.41	1,768.20	15,347.21	8,074.92
Telecom Charges		17,799.88	14,015.94	3,783.94	9,195.84	9,256.70
Electricity & Water		96,619.60	91,502.64	5,116.96	97,708.88	92,644.72
LPG Sales Commission		22,861.10	22,861.10	0.00	15,300.90	15,248.50
Entertainment		6,656.70	2,070.78	4,585.92	2,334.25	8,189.25
Council Charges		1,893.75	1,893.75	0.00	2,020.00	2,300.00
Training		96,624.13	64,900.71	31,723.42	39,762.45	12,787.14
Depreciation	7	782,632.11	730,113.48	52,518.63	817,590.24	820,040.11
Advertisement/Promotion		15,870.53	14,262.13	1,608.40	16,871.24	4,789.35
General Repairs & Maintenance		216,179.97	204,550.89	11,629.08	97,799.90	74,834.78
Uniform & Safety Wears		23,322.40	18,607.02	4,715.38	24,704.31	15,248.19
Lab Testing		51,438.93	40,202.47	11,236.46	44,970.95	29,266.55
Fees	8	44,303.46	42,637.46	1,666.00	36,448.36	48,322.71
Land Lease		90.00	0.00	90.00	498.45	5,275.95
Insurance		1,278.00	1,278.00	0.00	0.00	0.00
Miscellaneous Expenses	9	15,767.45	14,624.30	1,143.15	26,841.07	38,185.97
Tanker Discharge		151,633.29	141,601.45	10,031.84	119,652.04	95,652.59
Doubtful Debts	10	426,292.54	426,292.54	0.00	923,952.56	984,053.49
Trade Loan Interest		74,097.37	74,097.37	0.00	146,133.42	109,260.92
Bank Charges		13,673.60	12,256.84	1,416.76	11,392.70	11,239.70
Loss on Foreign Exchange		0.00	0.00	0.00	18,401.28	219.69
Vat		36,933.71	36,933.71	0.00	0.00	0.00
Empty Drums		310,106.53	295,812.10	14,294.43	395,112.06	703,869.49
Total Expenses		**4,680,186.15**	**4,146,009.99**	**534,176.16**	**4,953,446.34**	**5,030,659.34**
Operating Profit for the year		**4,450,423.62**	**3,517,583.17**	**932,840.45**	**114,913.95**	**720,440.83**
Prior Period Items		0.00	0	0.00		4,579.43
Gain/(Loss) on Disposal		4,052.27	4,052.27	0.00		0.00
Profit/(Loss) Before I/Tax		4,454,475.89	3,521,635.44	932,840.45	114,913.95	725,020.26

Chairman.

Director.

Less I/Tax	1,554,066.56	1,232,572.40	321,494.16	35,219.88	248,757.09
Net Profit/(Loss) After I/Tax	2,900,409.33	2,289,063.04	611,346.29	79,694.07	476,263.17

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Chairman.

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Director.

KIRIBATI OIL COMPANY LTD
Consolidated Draft Statement of Financial Position
As at 31st December 2015

	Notes	2015 Consolidated	2015 Tarawa	2015 Kiritimati	2014 Consolidated	2013 Consolidated
Current Assets						
Cash & Cash Equivalents	11	6,714,316.93	6,715,092.45	(775.52)	3,434,130.60	2,587,144.96
Account Receivables	12	3,347,783.65	2,705,295.01	642,488.64	2,649,827.29	2,138,929.72
Dishonored Cheques	13	7,584,221.38	7,583,859.38	362.00	6,852,072.26	5,755,459.83
Prepayments and Other Receivables	14	(313,030.65)	(442,836.18)	129,805.53	432,611.54	572,295.73
Less Provin for Doubtful Debts		(4,985,041.36)	(4,709,749.65)	(275,291.71)	(4,558,748.82)	(3,634,796.26)
Stock	15	5,823,743.95	4,087,668.77	1,736,075.18	5,946,379.65	6,796,198.28
Spare Parts		92,681.48	66,643.92	26,037.56	42,401.85	26,319.40
Total Current Assets		**18,264,675.38**	**16,005,973.70**	**2,258,701.68**	**14,798,674.37**	**14,241,551.66**
Current Liabilities						
Account Payables	16	93,716.72	93,716.72	0.00	97,098.13	23,811.26
Accuals and Other Payables	17	712,359.15	668,449.99	43,909.16	258,114.19	470,134.12
Company Tax Payable		67,321.81	67,321.81	0.00	1,182,634.94	933,877.85
Dividend Payable	18	500,000.00	500,000.00	0.00	0.00	0.00
VAT		3,334.26	0.00	3,334.26	94,915.43	0.00
Trade Loan		0.00	0.00	0.00	1,383,383.08	1,452,115.63
ROC Taiwan Grant	19	3,640,000.00	3,640,000.00	0.00	2,500,000.00	2,500,000.00
Total Current Liabilities		**5,016,731.94**	**4,969,488.52**	**47,243.42**	**5,516,145.77**	**5,379,938.86**
Working Capital		**13,247,943.44**	**11,036,485.18**	**2,211,458.26**	**9,282,528.60**	**8,861,612.80**
Long Term Assets						
Property, Plants and Equipments	7	1,847,143.90	1,675,323.75	171,820.15	2,125,776.61	2,693,006.45
WIP - Betio Projects	20	2,419,926.71	2,419,926.71	0.00	2,187,452.83	2,174,981.93
Total Long Term Assets		**4,267,070.61**	**4,095,250.46**	**171,820.15**	**4,313,229.44**	**4,867,988.38**
Long Term Liabilities						
NPGA Loan	21	1,973,908.70	1,973,908.70	0.00	1,973,908.70	1,973,908.70
Total Long Term Liabilities		**1,973,908.70**	**1,973,908.70**	**0.00**	**1,973,908.70**	**1,973,908.70**
NET WORTH		**15,541,105.35**	13,157,826.94	2,383,278.41	11,621,849.34	11,755,692.48
Shareholders Equity:						
Paid up Capital		500.00	500.00	0.00	500.00	500.00
Reserves		1,033,548.00	1,033,548.00	0.00	1,033,548.00	1,033,548.00
Asset Revaluation Reserve		318,620.51	318,620.51	0.00	318,620.51	318,620.51
Retained Earnings	22	14,188,436.84	8,334,178.52	5,854,258.32	10,269,180.83	10,403,023.97
Total Equity		**15,541,105.35**	**9,686,847.03**	**5,854,258.32**	**11,621,849.34**	**11,755,692.48**

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Consolidated Cash Flow Statement
Year ended 31st December 2015

	Notes	2015	2014	2013
Cash flows from Operating Activities:				
Cash receipts from Customers		34,024,961.78	34,605,330.30	33,114,331.87
Cash paid to Suppliers & Employees		(29,958,891.67)	(33,349,379.94)	(33,666,234.28)
Trade Loan Interest Payment		(74,097.37)	(146,133.42)	
Payment of Income Tax		(1,115,313.13)		(310,078.70)
Net Cash flow from Operating Activities		**2,876,659.61**	**1,109,816.94**	**(861,981.11)**
Cash flows from Financing Activities:				
Gov't Soft Loan		1,140,000.00	0.00	2,500,000.00
Net Cash flow from Financing Activities		**1,140,000.00**	**0.00**	**2,500,000.00**
Cash flows from Investing Activities:				
Acquisition of fixed assets		(736,473.28)	(262,831.30)	(2,246,486.26)
Net Cash flow fromInvesting Activities		**(736,473.28)**	**(262,831.30)**	**(2,246,486.26)**
Movement in Cash and Cash Equivalents		3,280,186.33	846,985.64	(608,467.37)
Cash and Cash Equivalents, 1st January		3,434,130.60	2,587,144.96	3,195,612.33
Cash and Cash Equivalents, 31st December		6,714,316.93	3,434,130.60	2,587,144.96
		0.00		
<u>Reconciliation of cash flows from Operating Activities:</u>				
Net Profit (Loss) for the year		4,454,475.89	114,913.95	725,020.26
Add: Depreciations		782,632.11	817,590.24	820,040.11
Decrease/-Increase in Current Assets		(185,814.68)	289,862.93	(1,924,253.65)
Increase/-Decrease in Current Liabilities		(1,639,413.83)	136,206.91	(482,808.06)
Adjustment to Retained Earnings		(535,219.88)	(248,757.09)	20.23
		2,876,659.61	1,109,816.94	(861,981.11)

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Statement of Movement of Equity
For Year Ended 31st December 2015

	2015	2014	2013
Net Profit for the Year	4,454,475.89	114,913.95	725,020.26
Total Recognised Earnings	4,454,475.89	114,913.95	725,020.26
Adjustment	(35,219.88)	(248,757.09)	20.23
Dividend	(500,000.00)	0.00	0.00
Revaluation Reserve	0.00		318,620.51
Movement in Equity for the Year	3,919,256.01	(133,843.14)	1,043,661.00
Equity at start of the year	11,621,849.34	11,755,692.48	10,712,031.48
Equity at end of the year	15,541,105.35	11,621,849.34	11,755,692.48

Chairman.

Director.

KIRIBATI OIL COMPANY LTD
Notes to the Financial Statements
Year ended 31st December 2015

1. GENERAL

The Kiribati Oil Company is a private company owned by the Government of Kiribati registered on 9th December 1986 under the Companies Ordinance with Registration No.21. Its authorized and paid-up capital is 500 shares of $1 each.

The main activities of the company are the importing, wholesaling and retailing of all petroleum products in Kiribati including lubes and all gas products.

The accounting period for the company is from January to December of each year or a calender year and the official currency used is the Australian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and relevant legislations applicable in Kiribati and the principal accounting policies adopted by the company are set out below.

2.1 Depreciation

Depreciation is calculated to distribute the cost of an asset over its useful life (less scrap value if any) using the straight line method. The following rates are used:

Plant & Machinery	25%
Office Equipment	25%
Fuel Tanks	10%
Fuel Pipes	10%
Water Tanks	10%
Outer Islands Projects	5%
Motor Vehicles	20%
Buildings	5%
Furniture & Fittings	25%

Any asset is being disposed, gain or loss is recognized as income and expense in the income statement and a write off is made to the Fixed Asset and Accumulated Depreciation on the balance sheet.

2.2 Trade Receivables

Trade Receivables are recognised at invoice amount. A provision for impairment of trade receivables is established when the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or deliquency in payments are considered indicators that the trade receivable is impaired.

The basis of estimates of provision used is Accounts Receivable Aging Method for which the receivables are categorized into multiple terms and in the cmpany case we allow payment on term of n/30, and the typical classification in aging schedule will be 0 - 30, 31 - 60, 61 - 90 and above 90 days. The percentages used are 1%, 10%, 30% and 50% in calculating the allowance impaired.

The carrying amount of the asset is reduced through the use of a provision account and the amount of loss is recognised is recognized in the income statement within other operating expenses.

Chairman.

Director.

When the trade receivable is uncollectible, it is written off against the provision of doubtful debts for trade receivables and subsequent recoveries of amounts perviously written off are written are credited to other operating income in the income statement.

2.3 Inventory

Stock is valued at the lower of cost and net realisable value and recorded using the FIFO cost flow method.

2.5 Financial and Market Risk

The Company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory particularly to the US dollar. Foreign exchange risk arises from future commercial transactions. Management has looked into the future that the US dollar is suddenly becoming more strong against the AUD dollar, therefor we are looking for available options with our local bank in order to reduce risk from foreign exchange transactions. The loss and gain are recognized in the income statement when the loss and gain occurs. The company, however, has not yet proceeding with forward exchange agreement to hedging with bank on the US currency. KOIL may either take one of the two options or both such as 'Forward Exchange Contract to lock US dollar rate' or 'Establishing USD bank account'. The arrangements will have implications in our current accounting procedures and policies should we opt for the Forward Contract then hedge accounting will be adopted.

2.6 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as Income over the period necessary to match the grant on a systmatic basis to the cost that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

3. Revenues

	2015			2014
Sales:	Total	Tarawa	Kiritimati	
ADO	18,463,832.73	16,260,568.24	2,203,264.49	18,122,352.26
ULP	7,987,873.42	7,107,456.39	880,417.03	8,105,873.16
DPK	1,893,394.20	1,754,327.00	139,067.20	1,730,196.07
AvGas	42,170.00	0.00	42,170.00	92,862.00
JetA1	4,360,339.96	2,693,759.51	1,666,580.45	3,879,596.33
Premix (ULP)	194.25	194.25	0.00	0.00
Lubes	568,755.92	513,045.34	55,710.58	709,785.06
LPG	682,103.67	667,206.98	14,896.69	531,180.10
Other - Sales	9,974.57		9,974.57	21,872.35
Gas Stove	4,847.02	4,847.02		
	34,013,485.74	**29,001,404.73**	**5,012,081.01**	**33,193,717.33**

4. Cost of Sales

	2015			
	Total	Tarawa	Kiritimati	2014
ADO	12,738,691.46	11,084,011.98	1,654,679.48	14,742,481.58
ULP	6,919,661.18	6,063,622.83	856,038.35	7,928,346.62
DPK	2,094,459.63	1,898,310.57	196,149.06	2,107,295.77
AvGas	30,969.05	0.00	30,969.05	48,400.76
JetA1	2,342,517.24	1,547,188.86	795,328.38	2,242,243.56
Lubes	428,510.60	392,054.72	36,455.88	507,055.55
LPG	577,182.33	566,955.13	10,227.20	515,772.99
Drums	0.00	0.00	0.00	526.72
Cylinders	0.00	0.00	0.00	39.82
Premix (ULP)	140.01	140.01	0.00	0.00
Others	12,427.05	0.00	12,427.05	23,766.42
Gas Stove	3,911.94	3,911.94		
	25,148,470.49	**21,556,196.04**	**3,592,274.45**	**28,115,929.79**

Chairman.

Director.

5. Other Income:

	2015			
	Total	Tarawa	Kiritimati	2014
Doubtful Debts Decrease	0.00	0	0.00	418,220.79
Freight on Sales	64,304.71	64,304.71	0.00	50,600.75
Drums	54,538.24	51,069.79	3,468.45	25,720.50
Cylinders	17,296.62	17,296.62	0.00	12,610.00
Overtime Charges	43,984.01	39,584.56	4,399.45	57,063.82
Rent	968.67	0.00	968.67	0.00
Internet	30.00	0.00	30.00	0.00
Interest Earned	138.27	138.27	0.00	0.00
Gain from Foreign Exchange	23.07	23.07	0.00	0.00
Documentation Fees	9,234.39	9,234.39	0.00	0.00
Others	73,076.54	34,733.06	38,343.48	8,129.14
Waste Oil Sales	2,000.00	2,000.00	0.00	6,015.00
	265,594.52	**218,384.47**	**47,210.05**	**578,360.00**

6. Staff Cost

	2015			
	Total	**Tarawa**	**Kiritimati**	**2014**
Executive Renumerations Package				
Salaries & Wages	78,708.78	55,228.78	23,480.00	134,863.42
KPF	5,468.43	3,707.43	1,761.00	10,085.90
Allowances	23,642.58	19,397.34	4,245.24	30,227.42
L/Grant & Commutation	13,716.50	8,930.19	4,786.31	16,793.42
	121,536.29	87,263.74	34,272.55	191,970.16
Staff Emoluments				
Salaries & Wages	675,820.30	542,292.36	133,527.94	631,778.25
KPF	48,715.33	37,912.97	10,802.36	45,409.05
Allowances	54,918.18	40,240.04	14,678.14	41,772.03
Overtime	160,343.68	141,090.24	19,253.44	149,350.48
L/Grant & Passage	156,430.99	124,180.99	32,250.00	61,821.25
House Subisdy	41,985.50	41,985.50	0.00	30,865.50
Temporary Assistance	106,672.54	96,231.09	10,441.45	63,794.46
Retirement Benefit	7,000.00	7,000.00	0.00	12,790.55
Passage & Baggage	0.00	0.00	0.00	0.00
	1,251,886.52	1,030,933.19	220,953.33	1,037,581.57
	1,373,422.81	**1,118,196.93**	**255,225.88**	**1,229,551.73**

7. Property, Plant and Equipment See attached FA Schedule

8. Fees

	2015			
	Total	**Tarawa**	**Kiritimati**	**2014**
Consultancy Fee	10,955.00	10955	0.00	11,854.00
Audit Fee	3,000.00	3,000.00	0.00	3,000.00
Licence Fee	1,883.00	217.00	1,666.00	2,271.00
Vsat Licence & Fees	28,465.46	28,465.46	0.00	19,323.36
	44,303.46	42,637.46	1,666.00	36,448.36

9. Miscellaneous Expenses

	2015			
	Total	Tarawa	Kiritimati	**2014**
Recruitment & Tender	3,841.36	3,841.36		4,292.85
Reference Materials	1.20	1.20		0.00
Waste Oil, Spills & Leakage	785.00	785.00		6,777.02
Sundries	2,378.26	1,235.11	1,143.15	5,195.90
Joint Consultative Meeting	8,252.01	8,252.01		10,442.70
Management Meeting Expense	509.62	509.62		132.60

Chairman. Director.

15,767.45	14,624.30	1,143.15	26,841.07	

10. Doubtful Debts			2015		
	Total	1%	10%	30%	50%
Accounts Receivables	1,188,444.04	2,231.57	9,147.92	27,397.18	1,149,667.37
Dishonor Checks	3,521,305.61	810.90	51,629.02	36,560.81	3,432,304.88
	4,709,749.65	3,042.47	60,776.94	63,957.99	4,581,972.25
Less Provisions of Doubtful Debt	4,283,457.11				
Doubtful Debts	426,292.54				

11. Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash includes cast at bank, cash on hand, term deposits and cash in transits. Cash at the end of the year as shown in the statements of cash flows is reconciled to the items related in the balance sheet as follows:

		2015		
	Total	Tarawa	Kiritimati	2014
Cheque A/c - Tarawa	3,828,111.11	3,828,111.11	0.00	2,051,850.61
Petty Cash - Tarawa/Xmas	398.80	198.80	200.00	398.80
Cash in transit	1,317,033.42	1,317,035.22	(1.80)	733,312.44
Term Deposit	20,393.53	20,393.53	0.00	20,255.26
Koil No# 2 Bank A/C - Tank Projects	1,544,088.86	1,544,088.86	0.00	617,304.67
USD Bank Account	5,264.93	5,264.93	0.00	0.00
Undeposited Funds	0.00	0.00	0.00	0.00
Xmas Imprest Account - 737022	(16,842.67)	0.00	(16,842.67)	1,589.37
Tarawa Deposit Account	15,868.95	0.00	15,868.95	9,419.45
	6,714,316.93	**6,715,092.45**	**(775.52)**	**3,434,130.60**

KOIL has initially establish her USD Bank Account toward end of 2015 as a trial to help mitigate possible risk occurs from the exchange of AUD with USD currency. The value of the USD dollar ($) is converted using the exchange rate and recorded as AUD currency. Any gains or losses during the period of transactions and period of financial reporting are recognized as gains or losses from foreign exchange in the income statement and contra to the USD bank account in the Cash and Cash Equivalents of the balance sheet.

12. Account Receivables		2015		
	Total	Tarawa	Kiritimati	2014
Airlines - Domestic	1,877,118.95	1,869,872.70	7,246.25	1,301,827.69
- Schedule Flights	172,978.20	112,099.20	60,879.00	104,029.46
- Un-schedule Flights	115,611.35	47,724.90	67,886.45	105,197.70
Gov't Ministries	489,862.09	276,505.18	213,356.91	470,985.08
SOEs	229,902.39	200,695.64	29,206.75	330,166.45
Others	462,310.67	198,397.39	263,913.28	340,333.93
Adjustments				(2,713.02)
	3,347,783.65	2,705,295.01	642,488.64	2,649,827.29

		2015		2014
13. Dishonored Cheques	Total	Tarawa	Kiritimati	
PUB	7,373,625.14	7,373,625.14		6,654,375.52
KSSL	129,688.25	129,688.25		129,688.25
Private	80,907.99	80,545.99	362.00	68,008.49
	7,584,221.38	**7,583,859.38**	**362.00**	**6,852,072.26**

14 Prepayment and Other Receivables

		2015		
	Total	Tarawa	Kiritimati	2014
Agencies - Northern	105,163.77	105,163.77	0.00	41,287.07
Agencies - Central	178,304.89	191,183.93	(12,879.04)	101,628.22

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Chairman.

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Director.

Agencies - Southern	16,027.63	16,027.63	0.00	13,030.55
Agency - Teraina	31,636.60	0.00	31,636.60	15,334.26
Agency - Tabuaeran	0.00	0.00	0.00	1,892.84
Deposit to Vendors	(938,415.02)	(938,415.02)	0.00	493,718.77
Freight Refundable - Tarawa	155,436.66	155,436.66	0.00	212,405.86
Staff Imprest	6,751.17	5,884.78	866.39	5,630.53
Salary Advance - Tarawa	5,459.50	5,459.50	0.00	6,103.63
Sundry Debtors	122,770.16	12,588.58	110,181.58	54,694.80
Prepayments	3,833.99	3,833.99	0.00	0.00
	(313,030.65)	(442,836.18)	129,805.53	945,726.53

15. Stock

	2015			
	Total	Tarawa	Kiritimati	2014
ADO	1,789,491.85	983,585.40	805,906.45	1,686,803.63
ULP	1,221,189.67	869,620.55	351,569.12	1,355,932.54
DPK	289,066.85	270,784.01	18,282.84	286,597.25
JetA1	1,304,797.81	924,542.02	380,255.79	1,138,613.63
AvGAs	46,388.31	20,465.49	25,922.82	77,357.36
Lubes	740,961.35	659,387.16	81,574.19	895,640.63
LPG	320,268.18	316,971.15	3,297.03	398,323.20
Gas Stove	3,278.52	3,278.52	0.00	0.00
Others	108,301.41	39,034.47	69,266.94	107,111.41
	5,823,743.95	4,087,668.77	1,736,075.18	5,946,379.65

16. Account Payble

	2015	2014
Customs	86,037.89	
Pacific Bulk Fuel	7,678.84	7,678.84
Liquip		2,366.30
Mobil Guam		87,052.99
	93,716.73	97,098.13

17. Accruals and Other Payables

	2015			
	Total	Tarawa	Kiritimati	2014
Trade Creditors	0.00	0.00	0.00	139.71
Trade Loan	0.00	0.00	0.00	0.00
Deposits from Customers	450,494.48	411,046.96	39,447.52	103,324.90
Tender Deposit	0.00	0.00	0.00	0.00
Rentention Fee	97,088.07	97,088.07		62,043.72
Sundry Creditors	136,116.24	133,366.24	2750	200,559.68
Payroll Payables - Tarawa	13,695.47	13,695.47	0.00	17,368.82
Payroll Payables - Kiritimati	1,050.20	0.00	1,050.20	14,364.65
Directors Tax Payable	5,323.85	5,323.85	0.00	6,084.85
Withholding Tax - Tarawa	8,590.84	7,929.40	661.44	42,496.00
Public Utilities Board	0.00	0.00	0.00	17,925.12
Accrued Expenses - Xmas	0.00	0.00	0.00	5,826.67
	712,359.15	668,449.99	43,909.16	470,134.12

18. Dividend Payable

The dividend of $500,000.00 has been declared by the Shareholder and to be payable to the Government of Kiribati during the Annual General Meeting (AGM) 2015. The payout of Dividend will be a direct withdrawal from the Retained Earnings/Profit of the Shareholder's Equity.

19. ROC Taiwan Grant

....
Chairman.

....
Director.

This is a Grant Aid from the ROC Government of Taiwan with free interest for construction of three new storage tanks in Betio. The tanks capacity is doubling the existing storage tanks. The ROC Taiwan had released more than $3.6M for the constructions of the new tanks as at December 31, 2015.

20. WIP Betio Projects

The WIP or Work in Progress relates project mainly on the three new storgae tanks in Betio. The Work in progress would be treated as Fixed Asset once the WIP works, etc is complete and whole. No depreciation allowed at this stage until the date the tanks are all complete.

21. Non-Project Grant Aid (NPGA)

Non-Project Grant Aid is a form of Aid with no interest charged which was funded by Japan to the Government of Kiribati where Japan made directs payment for a purchased of Diesel fuel direct from Mobil in Fiji. KOIL meet all the landing cost and other local charges in Tarawa once fuel arrived Tarawa. KOIL sell the Diesel Oil to the public and all the proceeds from the sale the of Diesel Oil, KOIL is required to return the money to the the Kiribati Government Counter Part Fund account on certain periods. KOIL thus recognized the grant aid as a kind of loan or a liability where KOIL has the liability to reimbursed the Government for value of Diesel Purchased.

22. Retained Earnings

	2015			
	Total	Tarawa	Kiritimati	2014
Opening Balance	9,733,960.95	4,812,543.08	4,921,417.87	9,678,003.71
Current Earnings	4,454,475.89	3,521,635.44	932,840.45	576,078.37
Closing Balance	**14,188,436.84**	**8,334,178.52**	**5,854,258.32**	**10,254,082.08**

Chairman.

Director.

KOIL PLANT, PROPERTIES AND EQUIPMENT DEPRECIATION SCHEDULE

PPE - TARAWA 31/12/15	1/1/2015	Addition	Acc Dep	Dep	Disposal	NBV
PLANTS, PROPERTIES & MACH	5,398,568.97	151,664.86	4,325,097.03	396,438.69	(47,275.00)	781,423.11
TANKS	1,678,793.71	0.00	1,348,980.17	8,550.96	(247,064.17)	74,198.42
LAND & BUILDING	1,167,026.74	83,246.73	791,937.83	77,243.24	(2,085.25)	379,007.15
MOTOR VEHICLE	3,525,222.64	187,311.00	3,266,737.23	163,310.76	0.00	282,485.65
FURNITURE & FITTINGS	163,526.68	12,501.60	137,474.69	10,638.17	0.00	27,915.42
TOOLS & EQUIPMENTS	876,679.95	66,547.44	738,908.02	73,931.66	(94.00)	130,293.71
PPE TARAWA 31/12/15	**12,809,818.69**	**501,271.63**	**10,609,134.97**	**730,113.48**	**(296,518.42)**	**1,675,323.45**

PPE - KIRITIMATI 31/12/15	1/1/2015	Addition	Acc Dep	Dep	Disposal	NBV
PLANTS, PROPERTIES & MACH	1,856,789.78	4,353.27	1,794,516.36	12,379.92	0.00	54,246.77
TANKS	816,941.92		786,562.14	13,668.26	0.00	16,711.52
LAND & BUILDING	294,454.10		207,162.16	14,622.70	0.00	72,669.24
MOTOR VEHICLE	1,272,311.47		1,258,163.47	4,140.00	0.00	10,008.00
FURNITURE & FITTINGS	41,061.30	1,152.30	40,779.25	160.51	0.00	1,273.84
TOOLS & EQUIPMENTS	162,305.09	17,169.92	155,011.98	7,547.23	0.00	16,915.80
					5.00	(5.00)
PPE - KIRITIMATI 31/12/15	4,443,863.66	22,675.49	4,242,195.36	52,518.62	5.00	171,825.17
TOTAL	17,253,682.35	523,947.12	14,851,330.33	782,632.10	(296,513.42)	1,847,148.62

Chairman

Director

KIRIBATI OIL COMPANY LTD

FINANCIAL REPORTS

FOR PERIOD ENDED 31/12/2016

KIRIBATI OIL COMPANY LIMITED
DIRECTORS REPORT ON THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST DECEMBER, 2016

Directors of the Kiribati Oil Company Limited present their report on the financial statements of the company for the year ended 31st December, 2016 as follows.

1. **State of Affairs**

In the opinion of directors, the accompanying balance sheet gives a true and fair view of the state of affairs of the company as at 31st December 2016 and the accompanying income statement and cash flow statement give a true and fair view of the operating result and cash flow of the company for the year ended 31st December, 2016.

2. **Dividend**

There was a dividend declared for the financial year ended 31st December 2016 of $491,095.00 and a cumulative dividend payable of $991,095.00 at year ended 31st December 2016.

3. **Certificate of Solvency**

In accordance with section 136 of the Companies Ordinance. Directors of the Kiribati Oil Company Limited confirm that:-

(a) As at 31st December 2016, the company owned fixed assets at the value of $10,002,484.23 and current assets valued at $16,889,182.13.

(b) As at 31st December 2016, the company had its total accounts receivables of $4,633,664.84. The government ministries owed the company by $482,321.75 which equals to 10%, the SOE owed $247,789.59 or 5%, Domestic Airlines owed $2,576,283.15 equals to 56%, International Airlines owed $811,759.02 or 18% and the other 9% which equals to $515,511.33 comprised of private business.

(c) As at 31st December 2016, the company had its total dishonored cheque worth $8,153,280.75. About 97% of the dishonored checks comprised mainly of PUB at the amount of $7,943,276.36. 2% is owed by KSSL at the amount of $129,688.25 and 1% which equals to $80,316.14 is owed by private business.

(d) A total cumulative provision of doubtful debt of $9,195,434.70 has been estimated as doubtful at year ended 31st December 2016 based on accounts receivables of $4,633,664.84 and dishonored cheques of $8,153,280.75 thus giving net Accounts Receivables of $3,591,510.89.

(e) As at 31st December 2016, the company did not have any loans with ANZ bank and neither from other banks.

(f) As at 31st December 2016, a sum owed to the Japanese Non-Project Grant Aid scheme amounting to $1,973,908.70.

(g) As at 31st December 2016, the company had tax credits of $582,265.77 which will offset the company tax liability for year ended 31st December 2016 and nothing was owed by the company to directors or shareholders of the company as at that date.

(h) In the opinion of directors of the company, the company was able to pay its debts and liabilities as at 31st December 2016.

4. Subsequent Events

Since the date of the financial statements, there has been no significant event with material effect on the financial position or prospect of the company.

Signed for and on behalf of the Board and in accordance with a resolution of directors dated on the 30th day of August, 2017.

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Chairman

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Vice Chairman

KIRIBATI OIL COMPANY LTD
Summary of Income Statement - (Un-audited)
Year ended 31st December 2016

	2016 Consolidated	Tarawa	Kiritimati	2015 Consolidated
Income				
Net Sales	35,247,100.03	30,984,524.47	4,262,575.56	34,013,485.74
Less COS	22,501,610.18	19,607,996.26	2,893,613.92	25,148,470.49
Gross Profit	12,745,489.35	11,376,528.21	1,368,961.64	8,865,015.25
CSO Grant from GoK	-	-	-	-
Other Income	727,330.82	670,657.41	56,673.41	265,594.52
Gain/(Loss) on Disposal	8,248.70	8,248.70	-	4,052.27
Total Income	13,481,069.37	12,055,434.32	1,425,635.05	9,134,662.04
Expenses				
Depreciation	766,946.64	674,121.75	92,824.89	782,632.11
Interest	-	-	-	74,097.37
Other Expenses	9,533,424.05	8,830,207.97	703,216.08	3,823,456.67
Total Expenses	10,300,370.69	9,504,329.72	796,040.97	4,680,186.15
PPI	1,226,549.96	1,226,549.96	-	-
Profit/(Loss) before I/Tax	4,407,248.64	3,777,654.56	629,594.08	4,454,475.89
Provision for I/Tax	1,537,537.02	1,322,179.10	215,357.93	1,554,066.56
Net Profit/(Loss)	2,869,711.62	2,455,475.46	414,236.15	2,900,409.33

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Chairman.

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Vice Chairman.

KIRIBATI OIL COMPANY LTD

Consolidated Income Statement - (Un-audited)

Year ended 31st December 2016

	Notes	2016 Consolidated	Tarawa	Kiritimati	2015 Consolidated
Revenue	3	35,247,100.03	30,984,524.47	4,262,575.56	34,013,485.74
less Cost of Sales	4	22,501,610.18	19,607,996.26	2,893,613.92	25,148,470.49
Gross Profit		12,745,489.85	11,376,528.21	1,368,961.64	8,865,015.25
CSO Grant from GOK		-	-	-	-
Other Income	5	727,330.82	670,657.41	56,673.41	265,594.52
Total Income		13,472,820.67	12,047,185.62	1,425,635.05	9,130,609.77
Expenses:					
Staff Costs	6	1,515,325.54	1,225,406.72	289,918.82	1,373,422.81
Travelling		156,677.06	143,559.06	13,118.00	88,401.88
Motor Vehicle Expenses		74,269.61	66,793.29	7,476.32	54,552.24
Vehicle Hire		56,874.29	22,127.15	34,747.14	46,741.45
Freight & Handling		621,065.94	471,105.69	149,960.25	521,781.72
Outer Island Agency Costs		123,425.89	121,590.39	1,835.50	117,039.86
Directors Expenses		17,523.29	17,523.29	-	14,084.11
Office & Computer Supplies		19,319.00	17,043.60	2,275.40	18,013.62
Office Stationery		12,957.27	10,282.47	2,674.80	12,012.80
Office Repairs		24,972.17	16,979.45	7,992.72	28,060.61
Telecom Charges		17,579.69	12,875.59	4,704.10	17,799.88
Electricity & Water		108,810.65	101,463.62	7,347.03	96,619.60
LPG Sales Commission		28,274.06	28,274.06	-	22,861.10
Management Expense		7,631.19	1,634.25	5,996.94	6,656.70
Council Charges		2,420.00	2,420.00	-	1,893.75
Training		239,595.39	191,242.26	48,353.13	96,624.13
Depreciation	7	766,946.64	674,121.75	92,824.89	782,632.11
Advertisement/Promotion		21,011.66	19,473.21	1,538.45	15,870.53
General Repairs & Maintenance		160,075.78	86,724.33	73,351.45	216,179.97
Uniform & Safety Wears		48,996.24	45,438.28	3,557.96	23,322.40
Lab Testing		61,360.93	54,555.24	6,805.69	51,438.93
Fees	8	50,448.48	49,633.48	815.00	44,303.46
Land Lease		91.50	91.50	-	90.00
Insurance		7,902.15	7,902.15	-	1,278.00
Fuel Supply Tender		80,632.35	80,632.35	-	-
Miscellaneous Expenses	9	55,320.94	52,546.98	2,773.96	15,767.45
Tanker Discharge		74,505.96	62,762.71	11,743.25	151,633.29
Doubtful Debts	10	4,215,469.60	4,215,469.60	-	426,292.54
Trade Loan Interest		-	-	-	74,097.37
Bank Charges		15,490.36	13,717.29	1,773.07	13,673.60
Anniversary		60,577.14	60,577.14	-	-
AGM		1,678.93	1,678.93	-	-
Vat		1,219,281.62	1,219,281.62	-	36,933.71
Empty Drums		433,859.37	409,402.27	24,457.10	310,106.53
Total Expenses		10,300,370.69	9,504,329.72	796,040.97	4,680,186.15
Operating Profit for the year		3,172,449.98	2,542,855.90	629,594.08	4,450,423.62
PPI		1,226,549.96	1,226,549.96	-	-
Gain/(Loss) on Disposal		8,248.70	8,248.70	-	4,052.27
Profit/(Loss) Before I/Tax		4,407,248.64	3,777,654.56	629,594.08	4,454,475.89

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Chairman.

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Vice Chairman.

Loss I/Tax	1,537,537.02	1,322,179.10	215,357.93	1,554,066.56
Net Profit/(Loss) After I/Tax	2,869,711.52	2,455,475.46	414,236.15	2,900,409.33

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Chairman.

Vice Chairman.

KIRIBATI OIL COMPANY LTD
Consolidated Draft Statement of Financial Position - (Un-audited)
As at 31st December 2016

	Notes	2016 Consolidated	Tarawa	Kiritimati	2015 Consolidated
Current Assets					
Cash & Cash Equivalents	11	6,792,554.85	6,773,240.63	19,314.22	6,714,316.93
Account Receivables	12	4,633,664.84	3,924,113.23	709,551.61	3,347,783.65
Dishonored Cheques	13	8,153,280.75	8,152,918.75	362.00	7,584,221.38
Prepayments and Other Receivables	14	1,843,104.34	1,762,847.06	80,257.28	(313,030.65)
Less Provin for Doubtful Debts	10	(9,195,434.70)	(8,920,142.99)	(275,291.71)	(4,985,041.36)
Inventory	15	4,504,183.55	2,673,905.49	1,830,278.06	5,823,743.95
Spare Parts		157,828.50	119,973.73	37,854.77	92,681.48
Total Current Assets		16,889,182.13	14,486,855.90	2,402,326.23	18,264,675.38
Current Liabilities					
Account Payables	16	161,529.11	152,072.68	9,456.43	93,716.72
Accuals and Other Payables	17	640,289.30	520,957.61	119,331.69	712,359.15
Company Tax Payable		(582,265.77)	(582,265.77)	-	67,321.81
Dividend Payable	18	991,095.00	991,095.00	-	500,000.00
VAT		803,917.59	801,686.88	2,230.71	3,334.26
ROC Taiwan Grant	19	5,000,000.00	5,000,000.00	-	3,640,000.00
Total Current Liabilities		7,014,565.23	6,883,546.40	131,018.83	5,016,731.94
Working Capital		9,874,616.90	7,603,309.50	2,271,307.40	13,247,943.44
Long Term Assets					
Property, Plants and Equipments	7	3,041,423.38	2,669,685.18	371,738.20	1,847,143.90
WIP - Projects	20	6,961,060.85	6,907,627.77	53,433.08	2,419,926.71
Total Long Term Assets		10,002,484.23	9,577,312.95	425,171.28	4,267,070.61
Long Term Liabilities					
NPGA Loan	21	1,973,908.70	1,973,908.70	-	1,973,908.70
Total Long Term Liabilities		1,973,908.70	1,973,908.70	-	1,973,908.70
NET WORTH		17,903,192.43	15,206,713.75	2,696,478.68	15,541,105.35
Shareholders Equity:					
Paid up Capital		500.00	500.00	-	500.00
Reserves		1,033,548.00	1,033,548.00	-	1,033,548.00
Asset Revaluation Reserve		318,620.51	318,620.51	-	318,620.51
Retained Earnings	22	16,550,523.92	10,066,671.52	6,483,852.40	14,188,436.84
Total Equity		17,903,192.43	11,419,340.03	6,483,852.40	15,541,105.35

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Chairman.

....
Vice Chairman.

KIRIBATI OIL COMPANY LTD

Consolidated Cash Flow Statement - (Un-audited)

Year ended 31st December 2016

	2016	2015
Cash flows from Operating Activities:		
Cash receipts from Customers	37,408,547.30	34,024,961.78
Cash paid to Suppliers & Employees	(31,538,361.54)	(29,958,891.67)
Trade Loan Interest Payment	-	(74,097.37)
Payment of Income Tax	(649,587.58)	(1,115,313.13)
Net Cash flow from Operating Activities	5,220,598.18	2,876,659.61
Cash flows from Financing Activities:		
Gov't Soft Loan - ROC Taiwan	1,360,000.00	1,140,000.00
Net Cash flow from Financing Activities	1,360,000.00	1,140,000.00
Cash flows from Investing Activities:		
Acquisition of fixed assets	(6,502,360.26)	(736,473.28)
Net Cash flow fromInvesting Activities	(6,502,360.26)	(736,473.28)
Movement in Cash and Cash Equivalents	78,237.92	3,280,186.33
Cash and Cash Equivalents, 1st January	6,714,316.93	3,434,130.60
Cash and Cash Equivalents, 31st December	6,792,554.85	6,714,316.93

Reconciliation of cash flows from Operating Activities:

Net Profit (Loss) for the year	4,407,248.64	4,454,475.89
Add: Depreciations	766,946.64	782,632.11
Decrease/-Increase in Current Assets	1,453,731.17	(185,814.68)
Increase/-Decrease in Current Liabilities	637,833.29	(1,639,413.83)
Adjustment to Retained Earnings	(2,045,161.56)	(535,219.88)
	5,220,598.18	2,876,659.61

Chairman.

Vice Chairman.

KIRIBATI OIL COMPANY LTD
Statement of Movement of Equity - (Un-audited)
For Year Ended 31st December 2016

	2016	2015
Net Profit for the Year	4,407,248.64	4,454,475.89
Total Recognised Earnings	4,407,248.64	4,454,475.89
Adjustment	(1,554,066.56)	(35,219.88)
Dividend	(491,095.00)	(500,000.00)
Revaluation Reserve	-	-
Movement in Equity for the Year	2,362,087.08	3,919,256.01
Equity at start of the year	15,541,105.35	11,621,849.34
Equity at end of the year	17,903,192.43	15,541,105.35

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Chairman.

....
Vice Chairman.

KIRIBATI OIL COMPANY LTD.
Notes to the Financial Statements - (Un-audited)
Year ended 31st December 2016

1. GENERAL

The Kiribati Oil Company is a private company owned by the Government of Kiribati registered on 9th December 1986 under the Companies Ordinance with Registration No.21. Its authorized and paid-up capital is 500 shares of $1 each.

The main activities of the company are the importing, wholesaling and retailing of all petroleum products in Kiribati including lubes and all gas products.

The accounting period for the company is from January to December of each year or a calender year and the official currency used is the Australian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and relevant legislations applicable in Kiribati and the principal accounting policies adopted by the company are set out below.

2.1 Depreciation

Depreciation is calculated to distribute the cost of an asset over its useful life (less scrap value if any) using the straight line method.

Plant & Machinery	25%
Office Equipment	25%
Fuel Tanks	10%
Fuel Pipes	10%
Water Tanks	10%
Outer Islands Projects	5%
Motor Vehicles	20%
Buildings	5%
Furniture & Fittings	25%

Any asset is being disposed, gain or loss is recognized as income and expense in the income statement and a write off is made to the Fixed Asset and Accumulated Depreciation on the balance sheet.

2.2 Trade Receivables

Trade Receivables are recognised at invoice amount. A provision for impairment of trade receivables is established when the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or deliquency in payments are considered indicators that the trade receivable is impaired.

The basis of estimates of provision used is Accounts Receivable Aging Method for which the receivables are categorized into multiple terms and in the cmpany case we allow payment on term of n/30, and the typical classification in aging schedule will be 0 - 30, 31 - 60, 61 - 90 and above 90 days. The percentages used have been increased in 2016 from 1%, 10%, 30% and 50% to 5%, 20%, 50% and 75% respectively in calculating the allowance impaired.

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Chairman.

....
Vice Chairman.

The carrying amount of the asset is reduced through the use of a provision account and the amount of loss is recognised in the income statement within other operating expenses.

When the trade receivable is uncollectible, it is written off against the provision of doubtful debts for trade receivables and subsequent recoveries of amounts perviously written off are credited to other operating income in the income statement.

2.3 Inventory

Inventory is valued at the lower of cost and net realisable value and recorded using the FIFO cost flow method.

2.5 Financial and Market Risk

The Company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory particularly to the US dollar. Foreign exchange risk arises from future commercial transactions. The loss and gain are recognized in the income statement when the loss and gain occurs.

Management has looked into the future that the US dollar is suddenly becoming more strong against the AUD dollar, therefor we are looking for available options with our local bank in order to reduce risk from foreign exchange transactions. The company, however, has not yet proceeding with forward exchange agreement to hedging with bank on the US currency. KOIL may either take one of the two options or both such as 'Forward Exchange Contract to lock US dollar rate' or 'Establishing USD bank account'. The arrangements will have implications in our current accounting procedures and policies should we opt for the Forward Contract then hedge accounting will be adopted.

2.6 USD Bank Account

KOIL has initially establish her USD Bank Account toward end of 2015 as a trial to help mitigate possible risk occurs from the exchange of AUD with USD currency. The value of the USD dollar ($) is converted using the exchange rate and recorded as AUD currency. Any gains or losses during the period of transactions and period of financial reporting are recognized as gains or losses from foreign exchange in the income statement and contra to the USD bank account in the Cash and Cash Equivalents in the Current Asset of the balance sheet.

2.7 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systmatic basis to the cost that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

2.8 Dividend Pay Out Ratio

The Dividend Pay Out Ratio as approved by KOIL's Board of Directors is 20% of Net Profit After Tax and 80% will be retained and re-invested in the Company to increase returns and boost wealth of the Company.

3. Revenues

Sales:	Total	Tarawa	Kiriţimati	2015
ADO	18,478,600.36	16,414,150.37	2,064,449.99	18,463,832.73
ULP	9,147,137.22	8,308,455.44	838,681.78	7,987,873.42
DPK	1,755,537.49	1,625,706.29	129,831.20	1,893,394.20
AvGas	9,960.00	0.00	9,960.00	42,170.00
JetA1	4,335,210.25	3,191,150.00	1,144,060.25	4,360,339.96
Premix (ULP)	-	-	-	194.25
Lubes	680,413.90	642,024.76	38,389.14	568,755.92

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LPG	824,901.83	792,358.83	32,543.00	682,103.67
Other - Sales	7,501.91	2841.71	4,660.20	9,974.57
Gas Stove	7,837.07	7,837.07		4,847.02
	35,247,100.03	30,984,524.47	4,262,575.56	34,013,485.74

4. Cost of Sales

	Total	Tarawa	Kiritimati	2015
ADO	10,647,335.34	9,151,201.66	1,496,133.68	12,738,691.46
ULP	6,710,977.18	5,986,609.58	724,367.60	6,919,661.18
DPK	1,645,561.80	1,515,730.60	129,831.20	2,094,459.63
AvGas	7,069.86	0.00	7,069.86	30,969.05
JetA1	2,450,640.71	1,952,193.09	498,447.62	2,342,517.24
Lubes	407,331.35	384,757.23	22,574.12	428,510.60
LPG	623,923.50	608,733.66	15,189.84	577,182.33
Drums	-	-	-	-
Cylinders	-	-	-	-
Premix (ULP)	-	-	-	140.01
Others	2,620.13	2,620.13	-	12,427.05
Gas Stove	6,150.31	6,150.31	-	3,911.94
	22,501,610.18	19,607,996.26	2,893,613.92	25,148,470.49

5. Other Income:

	Total	Tarawa	Kiritimati	2015
Doubtful Debts Decrease	-	-	-	-
Freight on Sales	60,264.65	60,264.65	-	64,304.71
Drums	63,486.65	54,570.50	8,916.15	54,538.24
Cylinders	27,532.02	27,532.02	0.00	17,296.62
Overtime Charges	44,658.59	44,658.59	0.00	43,984.01
Rent	1,401.62	410.00	991.62	968.67
Internet	3.00	-	3.00	30.00
Interest Earned	139.62	139.62	-	138.27
Gain from Foreign Exchange	109,962.17	109,962.17	-	23.07
Documentation Fees	2,527.02	2,527.02	-	9,234.39
Others	412,279.22	365,516.58	46,762.64	73,076.54
Reduction in Prov of Ddebts	5,076.26	5,076.26	-	-
Waste Oil Sales	-	-	-	2,000.00
	727,330.82	670,657.41	56,673.41	265,594.52

6. Staff Cost

		2016		
	Total	Tarawa	Kiritimati	2015
Executive Renumerations Package				
Salaries & Wages	121,623.88	92,720.03	28,903.85	78,708.78
KPF	9,093.60	6,926.10	2,167.50	5,468.43
Allowances	30,876.70	25,338.14	5,538.56	23,642.58
L/Grant & Commutation	19,775.14	16,784.32	2,990.82	13,716.50
	181,369.32	141,768.59	39,600.73	121,536.29
Staff Emoluments				
Salaries & Wages	694,549.15	552,181.69	142,367.46	675,820.30
KPF	52,593.72	40,370.26	12,223.46	48,715.33
Allowances	56,924.32	43,548.28	13,376.04	54,918.18
Overtime	241,342.28	214,309.28	27,033.00	160,343.68
L/Grant & Passage	173,805.87	140,723.99	33,081.88	156,430.99
House Subisdy	43,111.00	43,111.00	-	41,985.50
Temporary Assistance	64,116.78	42,683.63	21,433.15	106,672.54
Retirement Benefit	6,710.00	6,710.00	-	7,000.00
Passage & Baggage	803.10	-	803.10	-
	1,333,956.22	1,083,638.13	250,318.09	1,251,886.52
	1,515,325.54	1,225,406.72	289,918.82	1,373,422.81

7. Property, Plant and Equipment — Appendix 1 attached - Page 15

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8. Fees

	2016 Total	Tarawa	Kiritimati	2015
Consultancy Fee	8,432.16	8432.16	-	10,955.00
Audit Fee	3,000.00	3,000.00	-	3,000.00
Licence Fee	959.75	144.75	815.00	1,883.00
Vsat Licence & Fees	38,056.57	38,056.57	0.00	28,465.46
	50,448.48	49,633.48	815.00	44,303.46

9. Miscellaneous Expenses

	Total	Tarawa	Kiritimati	2015
Recruitment	3,534.47	3,534.47	-	3,841.36
Reference Materials	-	-	-	1.20
Waste Oil, Spills & Leakage	34,454.44	34,454.44	-	785.00
Sundries	3,780.47	3,467.81	312.66	2,378.26
Joint Consultative Meeting	11,090.26	11,090.26	-	8,252.01
Recruitments	2,461.30	-	2,461.30	-
Management Meeting Expense	-	-	-	509.62
	55,320.94	52,546.98	2,773.96	15,767.45

10. Doubtful Debts & Accumulated Provisions of Doubtful Debts

Ageing	Rate	A/C Receivables Tarawa	A/C Receivables Xmas	Dishonored Cheques	2016
0 - 30	5%	10,988.63	5,149.65	-	16,138.27
31 - 60	20%	33,769.46	491.25	-	34,260.71
61 - 90	50%	89,565.85	786.88	-	90,352.73
90+	75%	2,500,929.66	444,140.25	6,114,689.06	9,059,758.97
		2,635,253.60	450,568.02	6,114,689.06	9,200,510.68
Less Cumm Provisions					(4,985,041.36)
Net Increase Impaired		**2,635,253.60**	**450,568.02**	**6,114,689.06**	**4,215,469.32**

Provision of Doubtful Debts

	2016	2015
Operning Balance	(4,985,041.36)	(4,558,748.82)
Add Net Increase Impaired	(4,215,469.32)	(426,292.54)
Less Provision Written Off	5,076.26	-
	(9,195,434.42)	(4,985,041.36)

11. Cash and Cash Equivalents

	Total	Tarawa	Kiritimati	2015
Cheque A/c - Tarawa	5,395,229.37	5,395,229.37	-	3,828,111.11
Petty Cash - Tarawa/Xmas	207.05	198.80	8.25	398.80
Cash in transit	1,174,767.94	1,158,323.24	16,444.70	1,317,033.42
Term Deposit	20,533.15	20,533.15	-	20,393.53
Koil No# 2 Bank A/C - Tank Projects	164,581.06	164,581.06	-	1,544,088.86
USD Bank Account	34,375.01	34,375.01	-	5,264.93
Xmas Imprest Account - 737022	2,861.27	-	2,861.27	(18,842.67)
Tarawa Deposit Account	-	-	-	15,868.95
	6,792,554.85	6,773,240.63	19,314.22	6,714,316.93

12. Account Receivables

	Total	Tarawa	Kiritimati	2015
Airlines - Domestic	2,576,283.15	2,524,837.70	51,445.45	1,877,118.95
- Schedule Flights	666,503.38	618,544.78	47,958.60	172,978.20
- Un-schedule Flights	145,255.64	75,583.56	69,672.08	115,611.35
Gov't Ministries	482,321.75	266,828.90	215,492.85	489,862.09
SOEs	247,789.59	218,618.64	29,170.95	229,902.39
Others	515,511.33	219,699.65	295,811.68	462,310.67
	4,633,664.84	3,924,113.23	709,551.61	3,347,783.65

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18. Dividend Payable

The total dividend of $1,470,196.00 has been declared for financial periods ended 31/12/2015 and 31/12/2016 and to be payable to the Government of Kiribati, being the Shareholder. The payout of Dividend will be a direct withdrawal from the Retained Earnings/Profit of the Shareholder's Equity.

19. ROC Taiwan Grant

This is a Grant Aid from the ROC Government of Taiwan with free interest for construction of three new storage tanks in Betio. The tanks capacity is doubling the existing storage tanks. The ROC Taiwan had released $1.36 million in 2016 to complete the constructions of the new fuel storage tanks.

20. WIP Betio Projects

The WIP or Work in Progress relates project mainly on the three new storgae tanks in Betio, in the outer islands including Kiritimati. The Work in progress would be treated as Fixed Asset once the WIP works, etc is complete and whole. No depreciation allowed at this stage until the date the tanks and other projects are all complete.

21. Non-Project Grant Aid (NPGA)

Non-Project Grant Aid is a form of Aid with no interest charged which was funded by Japan to the Government of Kiribati (GoK) where Japan made directs payment for a purchased of Diesel fuel direct from Exxon Mobil Ltd in Fiji. KOIL meet all the landing cost and other local charges once the Diesel Fuel arrived Tarawa. KOIL sell the Diesel Oil on behalf of GoK to the public and all the proceeds from the sale of Diesel Oil, KOIL is required to return the money to the Kiribati Government Counter Part Fund account on certain periods in line with the agreement between GoK and Japan. KOIL thus recognized the grant aid as a kind of loan or a liability where KOIL has the liability to reimbursed the Government for value of Diesel Purchased. The Japan's Aid to KOIL ceased about four to five years ago and the amount stands payable as at 31st December 2016 is $1,973,908.70.

22. Retained Earnings

	Total	Tarawa	Kiritimati	2015
Opening Balance	12,143,275.28	6,289,016.96	5,854,258.32	9,733,960.95
Current Earnings	4,407,248.64	3,777,654.56	629,594.08	4,454,475.89
Closing Balance	16,550,523.92	10,066,671.52	6,483,852.40	14,188,436.84

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7. Property, Plant and Equipment

PLANT, PROPERTIES AND EQUIPMENT DEPRECIATION SCHEDULE

	1/1/2016	Addition	Dep	Acc Dep	Disposal	Transfer	NBV 31/12/16
PLANTS, PROPERTIES & MACH	5,502,958.83	218,842.42	380,060.54	5,101,596.26	0.00	(17,980.00)	602,224.99
TANKS	1,431,729.54	0.00	8,550.96	1,366,082.09	0.00		65,647.46
LAND & BUILDING	1,248,188.22	112,664.99	50,684.07	919,865.14	0.00		440,988.07
MOTOR VEHICLE	3,712,533.64	1,325,698.62	156,782.58	3,087,546.32	(499,285.25)		1,451,400.68
FURNITURE & FITTINGS	176,028.28	1,005.55	10,592.70	158,705.56	0.00		18,328.27
TOOLS & EQUIPMENTS	943,133.39	28,252.90	67,450.90	880,290.58	0.00		91,095.71
PPE TARAWA	13,014,571.90	1,686,464.48	674,121.75	11,514,085.95	(499,285.25)	(17,980.00)	2,669,685.17

	1/1/2016	Addition	Dep	Acc Dep	Disposal	Transfer	NBV 31/12/16
PLANTS, PROPERTIES & MACH	1,861,143.05	134,930.12	50,468.70	1,857,364.98	0.00		138,708.19
TANKS	816,941.92	3,366.60	6,271.53	806,501.93	0.00		13,806.59
LAND & BUILDING	294,454.10	62,527.82	16,046.87	237,831.73	0.00		119,150.19
MOTOR VEHICLE	1,272,311.47	53,164.49	6,798.22	1,269,101.69	0.00		56,374.27
FURNITURE & FITTINGS	42,213.60	1,725.40	544.55	41,484.31	0.00		2,454.69
TOOLS & EQUIPMENTS	179,475.01	37,028.50	12,695.01	175,259.23	0.00		41,244.28
PPE - KIRITIMATI	4,466,539.15	292,742.93	92,824.88	4,387,543.87	0.00	0.00	371,738.21
TOTAL PPE	17,481,111.05	1,979,207.41	766,946.63	15,901,629.82	(499,285.25)	(17,980.00)	3,041,423.38

Chairman ____________

Vice Chairma ____________