MJL Bangladesh Limited

Un-audited Consolidated Financial Statements

As at and for the period ended 30 September 2018

AMAR STOCK

MJL Bangladesh Limited and its Subsidiaries
Un-audited Consolidated Statement of Financial Position
As of 30 September 2018

	Note	30.09.2018 Taka	30.06.2018 Taka
ASSETS			
Property, plant and equipment	3	19,236,275,586	18,729,778,999
Intangible assets	4	6,002,009	7,793,021
Capital work-in progress	5	1,780,063,370	1,576,191,855
Deferred tax asset	6	-	-
Investment in Subsidiary and Associate	7	180,639,052	182,889,812
Investment in bonds and shares	8	90,820	8,943,071
Total Non-Current Assets		**21,203,070,837**	**20,505,596,758**
Inventories	9	2,457,546,628	2,217,792,197
Trade and other receivables	10	1,309,398,753	1,283,148,674
Investment in bonds and shares	8.1	66,738,282	70,770,633
Inter Group/company receivables	11	1,543,390,016	1,510,757,526
Advances, deposits and prepayments	12	1,397,929,704	1,118,370,553
Advance income tax	13	2,790,553,550	2,567,539,312
Investments in fixed deposits	14	379,688,318	302,336,023
Cash and cash equivalents	15	947,994,763	507,536,158
Total Current Assets		**10,893,240,014**	**9,578,251,077**
TOTAL ASSETS		**32,096,310,851**	**30,083,847,834**
EQUITY AND LIABILITIES			
Share capital	16	3,016,685,980	3,016,685,980
Share premium		4,589,200,000	4,589,200,000
Retained earnings	17	4,155,896,562	3,703,262,183
		11,761,782,542	**11,309,148,163**
Non-controlling interest	18	1,304,503,734	1,122,259,307
Total Equity		**13,066,286,276**	**12,431,407,470**
Liabilities			
Deferred tax liabilities	19	490,459,787	464,296,170
Long term loan (Net off current portion)		1,573,805,478	808,893,908
Obligation under finance lease (Net off current portion)		103,627,918	114,114,037
Advance lease rental against cylinder - Net off current maturity		2,306,365,634	2,581,416,014
Total Non-Current Liabilities		**4,474,258,817**	**3,968,720,129**
Long term loan (Current portion)		817,355,345	488,855,729
Obligation under finance lease (Current portion)		38,626,111	39,197,781
Advance lease rental against cylinder - Current maturity		721,710,908	475,014,859
Short term loan	20	7,280,959,764	7,489,911,387
Bank overdraft	21	1,380,556	136,957,508
Trade creditors	22	1,499,566,944	1,116,242,673
Provision for income tax	23	3,475,607,983	3,327,327,748
Subscription money payable		15,171,559	15,173,185
Dividend payable		38,973,576	39,021,759
Other liabilities	24	666,413,012	556,017,607
Total Current Liabilities		**14,555,765,758**	**13,683,720,235**
Total Liabilities		**19,030,024,575**	**17,652,440,364**
TOTAL EQUITY AND LIABILITIES		**32,096,310,851**	**30,083,847,834**
Net Asset Value (NAV) - Consolidated	32	**38.99**	**37.49**

The annexed notes form an integral part of these consolidated financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Executive Officer

Sd/-
Head of Finance & Planning

Sd/-
Company Secretary

MJL Bangladesh Limited

Un-audited Statement of Financial Position

As of 30 September 2018

	Note	30.09.2018 Taka	30.06.2018 Taka
ASSETS			
Property, Plant and Equipment	3A	6,493,994,198	6,363,406,050
Intangible assets	4A	401,172	600,398
Capital work-in progress	5A	528,412,016	476,984,106
Investment in Subsidiaries and Associate	7A	2,280,414,413	2,280,414,413
Investment in Bonds and Shares	8A	90,820	8,943,071
Total Non-Current assets		**9,303,312,619**	**9,130,348,038**
Inventories	9A	1,457,306,469	1,420,945,122
Receivables	10A	1,176,327,262	1,151,647,340
Investment in Bonds and Shares	8A.1	66,738,282	70,770,633
Inter company receivables	11A	2,844,770,362	2,967,811,508
Advances, deposits and prepayments	12A	456,031,844	332,144,968
Advance income tax	13A	2,790,553,550	2,567,539,312
Investments in fixed deposits	14A	376,388,318	302,336,024
Cash and cash equivalents	15A	177,759,307	331,545,252
Total Current Assets		**9,345,875,394**	**9,144,740,159**
TOTAL ASSETS		**18,649,188,013**	**18,275,088,198**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	3,016,685,980	3,016,685,980
Share premium		4,074,000,000	4,074,000,000
Retained earnings	17A	3,942,248,148	3,528,751,389
Total equity		**11,032,934,128**	**10,619,437,369**
Liabilities			
Deferred tax liabilities	19A	408,558,891	401,687,885
Total Non-Current liabilities		**408,558,891**	**401,687,885**
Short term loan	20A	2,887,677,037	3,147,677,334
Bank overdraft	21A	1,380,555	136,957,508
Trade creditors	22A	424,764,502	337,236,322
Provision for income tax	23A	3,413,096,076	3,283,559,447
Subscription money payable		15,171,559	15,173,185
Unpaid dividend		38,973,576	39,021,759
Other liabilities	24A	426,631,689	294,337,389
Total current liabilities		**7,207,694,994**	**7,253,962,945**
Total liabilities		**7,616,253,885**	**7,655,650,830**
TOTAL EQUITY AND LIABILITIES		**18,649,188,013**	**18,275,088,198**
Net asset value (NAV)	32A	**36.57**	**35.20**

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

Sd/-	Sd/-	Sd/-
Managing Director	**Director**	**Chief Executive Officer**
Sd/-		Sd/-
Head of Finance & Planning		**Company Secretary**

MJL Bangladesh Limited and its Subsidiaries

Un-audited Consolidated Statement of Profit or Loss and Other comprehensive income

For the period ended 30 September 2018

	Notes	Jul'18-Sep'18 Taka	Jul'17-Sep'17 Taka
Revenue		5,327,708,807	4,344,111,091
Less: VAT		316,316,362	280,230,539
Net revenue	26	5,011,392,445	4,063,880,551
Less: Cost of revenue	27	4,039,251,338	2,915,588,496
Gross profit		972,141,107	1,148,292,055
Add: Other income	28	84,272,411	79,366,637
		1,056,413,518	1,227,658,692
Less: Administrative and selling expenses	29	246,151,290	245,069,182
Income from operation		810,262,228	982,589,510
Less: Financial charge	30	203,723,304	179,417,142
Profit before tax		606,538,924	803,172,368
Less: Provision for income tax			
Current tax	23	148,280,235	144,147,409
Deferred tax		26,163,618	84,545,002
		174,443,853	228,692,411
Net profit after tax		**432,095,071**	**574,479,957**
Other comprehensive income	2.10	45,564,985	409,739
Total comprehensive income		**477,660,056**	**574,889,696**
Non Controlling Interest (Share of operating profit/(loss)		25,025,677	62,676,739
Comprehensive income attributable to ordinary shareholders		452,634,379	512,212,957
		477,660,056	**574,889,696**
Consolidated Earnings Per Share (EPS) - Basic	31	**1.42**	**1.70**

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Managing Director

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Director

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Chief Executive Officer

Sd/-
Head of Finance & Planning

Sd/-
Company Secretary

MJL Bangladesh Limited

Un-audited Statement of profit or loss and other comprehensive income

For the period ended 30 September 2018

(Amount in Taka)

	Note	Jul'18-Sep'18				Jul'17-Sep'17
		Oil Tanker Unit	Manufacturing Unit	Trading Unit	Total	Total
Revenue		278,672,627	1,263,670,387	1,029,646,959	2,571,989,973	2,166,050,684
Less: VAT		-	161,352,015	131,814,334	293,166,349	258,115,134
Net revenue		278,672,627	1,102,318,372	897,832,625	2,278,823,624	1,907,935,550
Less: Cost of revenue	26A 27 A	221,474,462	730,903,530	671,971,983	1,624,349,975	1,318,753,194
Gross profit		57,198,165	371,414,842	225,860,642	654,473,649	589,182,356
Add: Other income	28A	-	33,596,964	27,364,553	60,961,517	88,366,150
		57,198,165	405,011,806	253,225,195	715,435,166	677,548,506
Less: Administrative and selling expenses	29A	12,889,225	51,548,010	41,985,589	106,422,824	121,466,343
Financial charges	30A	11,177,698	26,415,203	21,515,047	59,107,948	19,643,477
		24,066,923	77,963,213	63,500,636	165,530,772	141,109,820
Profit before tax		33,131,242	327,048,593	189,724,559	549,904,394	536,438,685
Less: Provision for income tax:						
Current tax	23A				129,536,629	141,256,322
Deferred tax	19A				6,871,006	(9,689,742)
					136,407,635	131,566,580
Net Profit after tax					**413,496,759**	**404,872,106**
Other comprehensive income					-	-
Total comprehensive income					**413,496,759**	**404,872,106**
Earnings per share (EPS) - Basic	31A				**1.37**	**1.34**

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

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Managing Director

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Chief Executive Officer

Sd/-
Head of Finance & Planning

Sd/-
Company Secretary

AMAR STOCK

MJL Bangladesh Limited and its Subsidiaries

Un-audited Consolidated statement of changes in equity

For the period ended 30 September 2018

(Amount in Taka)

Particulars	Share Capital	Share Premium	Share Money Deposit	Retained Earnings	Non Controlling Interest	Total Equity
Balance as on 01 July 2018	3,016,685,980	4,589,200,000	-	3,703,262,183	1,122,259,307	12,431,407,470
Share Capital Issued to NCI by OCL	-	-	-	-	-	-
Share money deposit					-	-
Dividend for the period					157,218,750	157,218,750
Total Comprehensive Income for the period	-	-	-	452,634,379	-	-
Share of R/E of MJL (S) Pte.Ltd.	-	-	-	-	25,025,677	477,660,056
Balance at 30 September 2018	3,016,685,980	4,589,200,000	-	4,155,896,562	1,304,503,734	13,066,286,276
Balance as on 01 July 2017	3,016,685,980	4,589,200,000	-	2,951,590,685	625,274,616	11,182,751,281
Dividend for the period	-			-		-
Forex adjustment of share capital					-	-
Total Comprehensive Income for the period	-	-	-	512,212,957	62,676,739	574,889,696
Balance at 30 September 2017	3,016,685,980	4,589,200,000	-	3,463,803,642	687,951,355	11,757,640,977

The annexed notes form an integral part of these consolidated financial statements.

Sd/-
Managing Director

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Director

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Chief Executive Officer

Sd/-
Head of Finance & Planning

Sd/-
Company Secretary

MJL Bangladesh Limited

Un-audited Statement of changes in equity

For the period ended 30 September 2018

(Amount in Taka)

Particulars	Share Capital	Share Premium	Retained Earnings	Equity Total
Balance as on 01 July 2018	3,016,685,980	4,074,000,000	3,528,751,389	10,619,437,369
Dividend for the period	-	-	-	-
Total Comprehensive Income for the period	-	-	413,496,759	413,496,759
Balance at 30 September 2018	3,016,685,980	4,074,000,000	3,942,248,148	11,032,934,128
Balance as on 01 July 2017	3,016,685,980	4,074,000,000	3,125,530,593	10,216,216,573
Dividend for the period	-	-	-	-
Total comprehensive income for the period	-	-	404,872,106	404,872,106
Balance at 30 September 2017	3,016,685,980	4,074,000,000	3,530,402,699	10,621,088,679

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

Sd/-
Managing Director

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Director

Sd/-
Chief Executive Officer

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Head of Finance & Planning

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Company Secretary

AMARSTOCK

MJL Bangladesh Limited and its Subsidiaries
Un-audited Consolidated statement of cash flows
For the period ended 30 September 2018

	Jul'18-Sep'18 Taka	Jul'17-Sep'17 Taka
A. Cash flows from operating activities		
Cash received from revenue	5,296,404,297	4,582,643,905
Payroll and other payments to employees	(179,694,554)	(165,090,633)
Payment to suppliers	(3,251,263,054)	(3,048,939,223)
Payment for admin & selling expenses	(777,121,330)	(288,673,561)
Finance expenses paid	(200,801,340)	(156,614,784)
Income tax paid	(223,014,238)	(50,474,036)
Other business income	20,824,467	7,347,588
Net cash flow from operating activities	**685,334,251**	**880,199,258**
B. Cash flow from investing activities		
Payment against Capital work-in progress	(222,091,142)	(322,016,148)
Proceeds from sale of fixed assets	1,327,050	189,200
Advance for land	(210,516,800)	(3,318,100)
Investment in FDR	(77,352,294)	(265,814,131)
Investment in Subsidiary	-	-
Inter-Company payment	(39,081,659)	(140,785,718)
Investment in bond and shares	9,693,000	6,832,329
Investment income received	58,220,963	70,054,998
Acquisition of fixed assets	(610,957,972)	(1,025,428,970)
Net cash used in investing activities	**(1,090,758,854)**	**(1,680,286,540)**
C. Cash flows from financing activities		
Share capital issued	-	
Share Money Received	157,218,750	
Long term debt	1,093,411,186	(160,902,118)
Proceed from finance lease	-	
Subscription money paid	-	
Dividend paid	(48,183)	(3,740)
Short term loan	(240,563,053)	(218,130)
Bank overdraft	(135,576,953)	908,512,679
Long term loan	(28,558,540)	(932,800)
Net cash used in financing activities	**845,883,207**	**746,455,890**
D. Net (decrease)/ increase in cash and cash equivalents (A+B+C)	440,458,605	(53,631,391)
E. Cash and cash equivalent at beginning of the year	507,536,158	513,587,912
F. Cash and cash equivalent at end of the year	**947,994,763**	**459,956,521**
Consolidated Net Operating Cash Flow Per Share (NOCFPS)	**2.27**	**2.92**

The annexed notes form an integral part of these Consolidated financial statements.

Sd/-	Sd/-	Sd/-
Managing Director	**Director**	**Chief Executive Officer**
Sd/-		Sd/-
Head of Finance & Planning		**Company Secretary**

MJL Bangladesh Limited

Un-audited Statement of Cash Flows
For the period ended 30 September 2018

	Jul'18-Sep'18 Taka	Jul'17-Sep'17 Taka
A. Cash flows from operating activities		
Cash received from revenue	2,363,405,050	1,905,117,245
Payroll and other payments to employees	(92,002,432)	(72,523,538)
Payment to Suppliers	(1,553,208,607)	(1,502,727,761)
Payment for admin & selling expenses	(50,484,335)	(53,266,400)
Finance expenses Paid	(48,278,516)	(8,148,598)
Income tax paid	(223,014,238)	(50,474,036)
Other Business Income	9,078,905	6,418,256
Net cash flow from operating activities	**405,495,827**	**224,395,166**
B. Cash flows from investing activities		
Payment against capital work-in progress	(69,647,538)	(55,654,875)
Proceeds from sale of fixed assets	27,050	189,200
Advance for land	(210,516,800)	(3,318,100)
Investment in FDR	(74,052,294)	(265,814,131)
Inter-Company payment	123,041,147	(146,573,479)
Investment in bond and shares	9,693,000	6,832,329
Investment income received	58,220,963	70,054,998
Acquisition of fixed assets	(421,867)	(772,071)
Net cash used in investing activities	**(163,656,339)**	**(395,056,130)**
C. Cash flows from financing activities		
Subscription Money Paid		(3,740)
Dividend paid	(48,183)	(218,130)
Short term loan	(260,000,296)	268,119,926
Bank Overdraft	(135,576,953)	(932,800)
Net cash used in financing activities	**(395,625,432)**	**266,965,256**
D. Net cash decrease in cash and cash equivalents (A+B+C)	(153,785,944)	96,304,291
E. Cash & Cash equivalents at beginning of the year	331,545,252	92,260,029
F. Cash & Cash equivalents at end of the year	**177,759,307**	**188,564,321**
Net Operating Cash Flow Per Share (NOCFPS)	**1.34**	**0.74**

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

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Executive Officer

Sd/-
Head of Finance & Planning

Sd/-
Company Secretary

MJL Bangladesh Limited
Notes to the Financial Statements
As of and for the period from 01 July 2018 to 30 September 2018

1. Background of the company

1.1 Company profile

Mobil Jamuna Lubricants Limited was incorporated on 03 December 1998 as a private limited company. The company went into commercial operations on 20 May 1999. The Company converted into Public Limited Company on 03 December 2009 and changed its name to MJL Bangladesh Limited. The shares of the company are publicly traded in Dhaka and Chittagong Stock Exchanges from June 2011.

1.1.1 Registered office

The address of the Company's registered office is Mobil House, CWS (C) 9, Gulshan-1, Dhaka-1212.

1.1.2 Nature of Business

The Company owns the State-of-the -art lube Oil blending plant and blending and sells lubricants in local market and exports some of its products in international market.

1.1.3 Vessel - MT Omera Queen

MT Omera Queen (MTOQ) is a Crude Oil Tanker previously named as Okeanis which had Greece flag, Port of Registry was Pireaus. Building of this ship was completed on 26th November 1997 by the TSU Works Universal Shipbuilding, Japan under Lloyds Register class. According to IPO declaration, MTOQ was purchased by MJL Bangladesh Limited under a Memorandum of Agreement dated 21st January 2011 and delivered to the owner on 21st March 2011. She took flag of Bangladesh on September 2011 and got Port of Registry at Chittagong under the Technical Management of Timur Ship Management Pte Ltd, Singapore and Commercial Management of EC Bulk Carriers Limited, Dhaka, Bangladesh. She is the 2nd largest AFRAMAX Oil Tanker by a Bangladeshi Ship Owner and Bangladeshi Flagged vessel. Her present trading route is Persian Gulf and Arabian Sea.

Vessel - MT Omera Legacy

MT Omera Legacy (MTOL) is a Crude Oil Tanker previously named as AKTEA (IMO Number: 9291236) which had Greece flag, Port of Registry was CHIOS. Building of this ship was completed on 25th May 2005 by the Daewoo Ship building & Marine Engineering Co. Ltd, South Korea under Lloyds Register class. MTOL was purchased by MJL Bangladesh Limited under a Memorandum of Agreement dated 12 October 2017. She took flag of Bangladesh on August 2018 and got Port of Registry at Chittagong under the Technical Management of Timur Ship Management Pte Ltd, Singapore and Commercial Management of EC Bulk Carriers Limited, Dhaka, Bangladesh. She is the largest AFRAMAX Oil Tanker in Bangladeshi Flagged vessel. Her present trading route is Persian Gulf and Arabian Sea.

1.1.4 Description of subsidiaries and Associates

i. Omera Petroleum Limited (OPL):

Omera Petroleum Limited is a subsidiary of MJL Bangladesh Limited. MJL Bangladesh possesses 62.5% share of its shares. The company built an LPG (Liquefied Petroleum Gas) plant to import, store, bottle and distribute LPG through a strong marketing channel in the country. The main LPG Terminal will be located in Mongla (Bagerhat) in one of its industrial plot on the westside of 100 Feet wide Khulna-Mongla main road and East side of Pussur River. Primarily, the companyset

upthree satellite LPG bottling plants in three different locations of the country. The actual capacity of the plant is 300,000 MT.

ii. Omera Cylinders Limited (OCL):

Omera Cylinders Limited (OCL), a subsidiary of MJL Bangladesh Limited has set up a LPG Cylinder manufacturing Plant to cater the ever increasing market demand for LPG as alternative fuel power requirement of the country. Having the technical expertise and a good professional people, the company has the potentiality to deliver quality LPG Cylinder at an affordable rate to the intended segment of the market which will eventually play a significant role in the process of industrialization of the country. The particulars of the LPG cylinder manufacturing plant are as follows:
Cylinder Sizes:
12.5 kg cylinders- 80% of total production
5.5 kg cylinders- 10% of total production
35 kg cylinders- 10% of total production
MJL Bangladesh possesses 98.77% share of its capital structure.

iii. MJL & AKT Petroleum Limited

MJL & AKT Petroleum Limited is a subsidiary Company of MJL Bangladesh Limited, incorporated in Myanmar to carry out business as the authorized importer, dealer and distributer of ExxonMobil Engine Oil. MJL Bangladesh Limited possesses 51% share of its capital structure.

iv.MJL (S) PTE.LTD.

MJL (S) PTE. LTD. is an associate company of MJL Bangladesh Limited, a limited laibility company incorporated and domiciled in the Repubic of Singapore, engaged in the business of wholesale and trading of petroleum and related products. MJL Bangladesh possesses 25% share of its capital structure.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), and the Companies Act, 1994 and Securities andExchange Rules 1987. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from those prescribed by the Companies Act 1994. However, such differences are not material and management views IFRS titles and formats which give better presentation to the shareholders.

2.2 Reporting period

The financial period of the company covers one year from 01 July 2018 to 30 September 2018.

2.3 Inventories

Inventories are valued in accordance with IAS-2: Inventories i.e. at cost or estimated net realizable value whichever is lower. The cost of inventories includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion of considering the selling. When the inventories are used, the carrying amounts of those inventories are recognized in the period in which the related revenue is recognized.

2.4 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS-7: Statement of Cash Flows and the cash flows from operating activities have been presented under direct method as per part III of Securities & Exchange Rules, 1987.

2.5 Use of estimates and judgments

In the preparation of the financial statements management required to make judgments, estimates and assumptions as per IAS 8 : "Accounting Policies, Changes in Accounting Estimates and Errors" that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6 Events after reporting date

All material events occurring after the reporting date are considered and where necessary, adjusted for or disclosed. Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. Dividend payable to the company's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.7 Taxation

Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2018 on the accounting profit made by the company after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS-12 " Income Taxes".

Provision for deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the statement of comprehensive income as per IAS-12 "Income Taxes".

2.8 Property, plant and equipment

Recognition and measurement

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and the cost of the assets can be reliably measured.All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

Depreciation

Depreciation is charged for the period at the following rates on straight line method on all property, plant and equipment and no depreciation is charged on land and Work in progress:

Category of fixed assets	Rate of depreciation
Land	Nil
Building	5-10%
IT equipment	33%
Motor Vehicle	20%
Office equipment	20%
Plant and machinery	4-10%
Furniture and fixture	20%
Oil tanker	7.69-8.33%
Software	20%

For additions during the period, depreciation is charged on monthly basis from the month of acquisition and no depreciation is charged during the month when disposed of. On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sale proceeds.

2.9 Intangible assets

i. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

ii. Software represents the value of computer application software licensed for the use of the company. Intangible assets are carried at its cost, less accumulated amortization and impairment loss (if any).

iii. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

iv. Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

v. ERP software named Lubes Enterprise Information Systems (LENISYS) purchased from Technovista as local vendor is amortized using the straight line method over the estimated useful life of 15 (fifteen) years & other Software is amortized over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

2.10 Revenue recognition

i. Sales revenue

In accordance with the provisions of the IFRS-15 "Revenue from Contracts with Customers"; revenue from contracts with customers represents the amount that reflects the considerations to which entity expects to be entitled in exchange for goods supplied and service provided to customers during the period. Revenue from contracts with customers is recognized in the statement of Profit or Loss and Other comprehensive income when the performance obligation (supply of promised goods and services) is satisfied. performance obligation is satisfied at a point in time when customer obtains the control of goods and services. Revenue of freight from the Vessel (M.T. Omera Queen) is recognized at invoice date.

ii. Interest income

The interest income is recognized on accrual basis as agreed terms and conditions with the banks.

iii. Dividend income on shares

Dividend income on shares is recognized when the shareholders' right to receive payment is established which is usually when dividend is declared and ascertained.

iv. Other Comprehensive Income

Revenues, expenses, gains and losses appear in other comprehensive income when they have not yet been realized. It is particularly valuable for understanding ongoing changes in the fair value of a company's assets. Foreign currency translations loss and gain on investment in MJL & AKT Petroleum Co. Ltd. has been recorded as other comprehensive income.

2.11 Benefits to the employees

The retirement benefits accrued for the employees of the company as on reporting date have been accounted for in accordance with the provisions of IAS-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the company are outlined below:

i. Provident fund

Provident fund benefits are given to the permanent employees of the company in accordance with company's service rules. Accordingly a trust deed and provident fund rules were prepared. The provident fund has been approved as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. All confirmed employees of the company are contributing 10% of their basic salary as subscription to the Fund. The company also contributes equal amount of the employees' contribution. Interest or profit earned from the investments is credited to the members' account on yearly basis. The company introduced contributory Provident Fund Scheme from September 2009.

ii. Gratuity fund

The company operates a gratuity scheme, in respect of which provision is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employee Benefits". The company introduced Gratuity Scheme from June 2010.

iii. Workers Profit Participation Fund

According to amended Labour Act 2013, the company is required to set up "Worker's Profit Participation Fund" and transfer 5% of the net profits to this fund to be disbursed and/or utilized in accordance with the provision of the Act. The Bangladesh Energy Companies Association, on behalf of our Company and other member companies, has filed an appeal with the Government of Bangladesh for amendment/ waiver of the application of the "Worker Participation Fund" in respect of the energy companies in Bangladesh. The matter is at appeal stage now pending before the concerned government authority for decision. In absence of satisfactory response from the government authority and/or any claim from competent authorities such as the Directorate of Labour/National Board of Revenue, the company may proceed on with filing writ petition in this matter for appropriate relieffrom the High Court Division, Supreme Court of Bangladesh. The company expects to finalize this matter very soon. Accordingly no provision has been made in the financial statements for this obligation.

2.12 Foreign currency transaction

i. Foreign currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates, i e. the functional currency. The

financial statements of the company are presented in Taka which is the company's functional and presentation currency.

ii. Foreign currencies translation gains and losses

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of statement of financial position. Differences arising on conversion are charged or credited to the statement of comprehensive income.

2.13 Basic earnings per share

Basic earnings per share have been calculated in accordance with IAS 33 "Earnings per Share" which has been shown on the face of the statement of comprehensive income. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

2.14 Provision for liabilities

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.15 Share premium

Share premium is the capital that the company raises upon issuing shares that is in excess of the nominal value of the shares. The share premium may be applied by the company in paying up unissued shares to be allotted to members as fully paid bonus shares or writing-off the preliminary expenses of the company or the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company or in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company. Share premium was shown in accounts after deduction of income tax @3% on share premium as per Finance Act-2011.

2.16 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at banks.

2.17 Capital work in progress

Capital work in progress is reported on the basis of the report prepared by the construction company.

2.18 Allocation of common costs between trading and manufacturing units

Common costs have been allocated between trading, manufacturing and shipping units on the basis of proportionate sales revenue.

2.19 Determination and presentation of operating segment

Details of product-wise segment reporting as required by IFRS 8-"Operating segments" is followed.

2.20 Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

There are certain pending tax and VAT claims made against the Company, which will be settled through the legal process in due course. These are being vigorously defended by the Company. The management has not considered it necessary at the reporting date to make provisions in the financial statements in respect of any of these claims.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognized. Only when the realization of the related economic benefits is virtually certain recognition should take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

2.21 Approval of financial statements

The financial statements were approved by the Board of directors on 14 November 2018.

2.22 General

i. Figures have been rounded off to the nearest Taka.

ii. Previous period's/year's figures have been rearranged wherever considered necessary to conform to the current period's presentation.

iii. The number of employees drawing Tk.3,000 or more per month during the year ended 30 September 2018 was 222 (June 2018: 219).

AMAR STOCK