

"If you have any queries about this document, you may consult issuer and issue manager."

Information Document for Direct Listing

ON

JAMUNA OIL COMPANY LIMITED.

Jamuna Bhaban, Agrabad Commercial Area, Chittagong.
Phone-031-720181-3, 810134-9,810408.
Fax-031-713289, E-mail:jamunabd@spnetctg.com.

Offloading of Ordinary shares of Tk.10.00 each Totaling00

Listing Date with DSE & CSE : September, 2007.

Article I.

Article II.

Article III.

Manager to the Issue

ICB Capital Management Limited.
(A Subsidiary of ICB)
BSB Building (14th Floor),
08, DIT Avenue, Dhaka.

Date of Information Document : September, 2007

"CONSENT OF THE DHAKA & CHITTAGONG STOCK EXCHANGE LTD. HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE **DHAKA & CHITTAGONG STOCK EXCHANGE (DIRECT LISTING) REGULATIONS, 2006**. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE EXCHANGE DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SHARE OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MAKE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER AND/OR AUDITOR."

Section 1.01
Section 1.02

Availability of Information Document

Information Document of the company may be available at the following addresses :

Company	Contact Person	Contact Number
JAMUNA OIL COMPANY LIMITED Jamuna Bhaban, Agrabad Commercial Area, Chittagong. Phone: 031-720181-3, 810134-9, 810408.	Md. Nazmul Hoque Company Secretary	Phone : 031-720181-3, 810134-9 Fax : 880-031-713289 E-Mail : jamunabd@spnetctg.com

Manager To the Issue	Contact Person	Contact Number
ICB Capital Management Ltd. BSB Building (14th Floor), 08 DIT Avenue, Dhaka.	Md. Iftikhar-uz-zaman Chief Executive Officer	Tel : 02-7160422,7160326-27, 9563455 EXT 196 E-mail : ceocmcl@accesstel.net Website : www.icbcmi.com.bd

Underwriters	Contact Person	Contact Number
Not Applicable.		

(i) Stock Exchanges	Available at	Contact Number
Dhaka Stock Exchange Ltd. 9F Motijheel C/A, Dhaka-1000.	DSE Library	02-9564601-7
Chittagong Stock Exchange Ltd. CSE Building, 1080 sheikh Mujib Road, Chittagong.	CSE Library	031-714632-3 031-720871-3

Information Document is also available on the website (www.secbd.org) and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

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A. Disposal of Shares

Details of offloading shares by the Existing Shareholders As per Regulation 5 of DHAKA & CHITTAGONG Stock Exchange (Direct Listing) Regulations, 2006

1. The company shall offload Ordinary shares of Tk.10.00 per share worth Tk. (Taka) only with a minimum market lot of 50 (Fifty) shares following the Regulation 5 of Stock Exchange (Direct Listing) Regulations, 2006, the Depository Act, 1999 and regulations issued there under.
2. The information Document, as vetted by DSE & CSE, shall be published in at least two widely circulated national dailies (One in English and one in Bengali) minimum 7 (Seven) days before commencement of trade upon listing by DSE & CSE along with an electronic copy for posting in the web page of DSE & CSE.
3. The company shall simultaneously submit the vetted Information Document with all exhibits to SEC, to the stock Exchange(s) where it tends to list its securities.
4. The existing shareholders of the company shall sell their shares through brokers of the exchange upon listing.
5. No existing shareholder of the company shall sell more than 50% of his existing shareholdings until the company holds the annual general meeting after completion of one full accounting year of the company upon listing with the Exchange.
6. The conditions stated in 4 and 5 is subject to the provision that the existing shareholders shall offer for sell at least 10% of the shareholdings in the company within 30(thirty) working days from the date of listing.
7. The following declaration shall be made by the company in the Information Document, namely :-

"Declaration about Listing of Shares with the Stock Exchange(s) :

Application(s) will be made to the Dhaka and/or Chittagong Stock Exchange(s) for permission of the share of the company for dealing in any or both of the said Stock Exchange(s) and for the quotation of the stock exchange(s) and shall simultaneously furnish a copy thereof, along with the copies of documents mentioned under sub regulation (ii), to the Securities and Exchange Commission (SEC)

In case of failure to fulfill the requirements by the company the Stock Exchange(s) shall reject the application for listing showing reasons thereof, under intimation to the Securities and Exchange Commission within 60 (sixty) days from the date of application."

B. Risk Factors and management perceptions:

Investors should be aware that there are some risks associated with an investment in the Company. The investors should carefully analyze the following risks in addition to the information contained in the Information Document before taking decision:

- a) **Interest rate risk :** Interest rate risk is concern to borrowed fund in terms of long and short. Volatility in money market and demand for loan in capital market presses to make high the rate of interest. High rate of interest enhance the cost of fund of a firm, which has borrowed fund, and squeeze the profit. No loan is required for operational activities or for capital expenditure of JOCL.

Management Perception :

Since the JOCL has no any loan the interest rate risk does not arise.

- b) **Exchange rate risk** : Exchange rate risk is not related to core business of JOCL, since it receive refine products from BPC in local currency rate and supply to customers in local currency also. Moreover the company is a distributor of Mobil Jamuna Lubricants Limited (MJLL) for lube oil marketing in Bangladesh through transactions made by local currency. In sometimes company import some machinery items from abroad.

Management Perception :

To avoid risk for fluctuation of foreign currency JOCL deliberately makes forward contract with respective banks for importing goods, which reduces the negative impact in JOCL's profitability.

- c) **Industry risk** : Total oil market in Bangladesh is controlled by the Govt. through BPC. Total market share is fixed for three oil marketing company under the control of BPC.

Management Perception :

Since oil market share in Bangladesh is fixed and there is no other private oil company, the industry risk is under the control of the company.

- d) **Market & Technology related risk** : Technology for a oil distributing company like transmission, distribution, storing and measuring of oil is upgrading rapidly in the developed countries as well as other developing countries in the world. Emergence of new technology may cause for obsolescence of existing technology/equipment. So embracing with new technology is essential for ensuring better services and cost efficient.

Management Perception :

The management of JOCL is aware of technological changes and has attempt for adoption of new technology gradually with a careful manner. The gradual adoption of new technology can keep aside risk of obsolescence or other uncertainties. Further more routine and proper maintenances of the transmission, distribution, storage, and measuring facilities carried out by the JOCL ensures longer service life for the existing equipment and facilities.

- e) **Potential or existing Government regulations** : The business activities of the Company is fully controlled under policies , rules and regulations adopted by Government that is, policies related to oil price fixation, demand & supply and distribution is fully under the control of Government . So any unfavourable policy adopted by Government may negatively impact the business operation of JOCL.

Management Perception :

Since total oil market of Bangladesh is controlled and monitor by the Government through BPC. Any existing or potential government regulations are generally in favour of the oil marketing companies. So any unfavourable rules, regulations, policies adopted by Government will equally impact the existing venture of oil industry.

- f) **Potential changes in global or national policies** : The performance of the company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, as such political turmoil, war, terrorism, political unrest in the country or in oil exporting countries may adversely affect the economy in general.

Management Perception :

The risk due to changes in global or national policies is beyond control for any company. Yet the company is cautious for adoption of policies and preventive measures as and when required to reduce the risk.

- g) **Non operating history** : There is no history of JOCL of non operation.

Management Perception :

To over come these uncertainties the company has plan to face the problem such as power backup system demand management, which may reduce the non operating risk.

Operational Risk : Non-availability of power for onward distribution, non-smooth supply from BPC & ERL and other sources may affect the smooth operational activities of JOCL. On the other hand the plants and equipment related with oil storage and distribution network system may face some operational & mechanical faults due to various national disasters and carelessness & negligence in handling the operating system may also lead to severe accidents and losses.

Management Perception :

The Company is backed with power generating and demand management system, which is favourable for reducing operational risk. Besides, key installation storage tanks are under insurance coverage in order to reasonable compensation for any damages. Apart from those, routine check and proper maintenance of storage, and distribution network can reduce and eliminate the operational risk.

C. Description of Business**Information about the Company :**

Jamuna Oil Company Limited (JOCL) is a petroleum marketing Company which is serving the nation for many years. The Company formed as a private limited company on March 12, 1975 under the Companies Act, 1913 (Amended 1994). Actually the Company is inheritor of Pakistan national Oils Limited, which was formed in 1964. After our long cherished independence the Pakistan national Oils Limited renamed Bangladesh National Oils by an Ordinance of 1972. In the year 1975 the company acquired all the properties, rights, interests and assets of Bangladesh National Oils. The Company has been functioning as subsidiary of Bangladesh Petroleum Corporation (BPC) since its establishment. The Company markets Octane, Petrol, Diesel, Kerosene, Furnace Oil, Bitumen, Lubricants and LP Gas. As per decision of Bangladesh Government and Bangladesh Petroleum Corporation, the Company converted into public limited company on 25-06-2007.

Principal products or services of the company :

The main products which markets the Company are as follows :

- a. Octane (HOBC)
- b. Petrol (MS)
- c. Kerosene (SKO)
- d. Diesel (HSD)
- e. Light Diesel Oil (LDO)
- f. Furness Oil (FO)
- g. Jute Batching Oil (JBO)

Apart from those the Company also markets bitumen, lubricants, LP gas.

Market for the products or services of the company:

The Company markets Petroleum Fuel Oil, Lubricants, LP Gas and Bitumen through out the country. The Company occupied 32.97% share of the market in the year 2005-2006 and up to December of FY 2006-2007 company controlled the market share 33.14%.

The relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues:

The products of the company which contributions more than 10% to total revenue are appended bellow:

Products	Contribution Percentage to	
	Total revenue	
	July-Dec., 2006	FY 2005-06
Octane (HOBC)	0.72	1.25
Petrol (MS)	25.59	19.81
Kerosene (SKO)	8.28	9.88
Diesel (HSD)	38.90	46.73
Light Diesel Oil (LDO)	0.06	0.01
Furness Oil (FO)	4.88	8.02
Jute Batching Oil (JBO)	0.23	0.17
BITUMEN	1.52	2.18
LUBRICANTS & GREASE	19.06	10.62
LPG	0.77	1.32

Name of associates, subsidiary/related holding company and their core areas of business :

Bangladesh Petroleum Corporation (BPC) is holding Company of Jamuna Oil Company Limited. The main functions of BPC are -

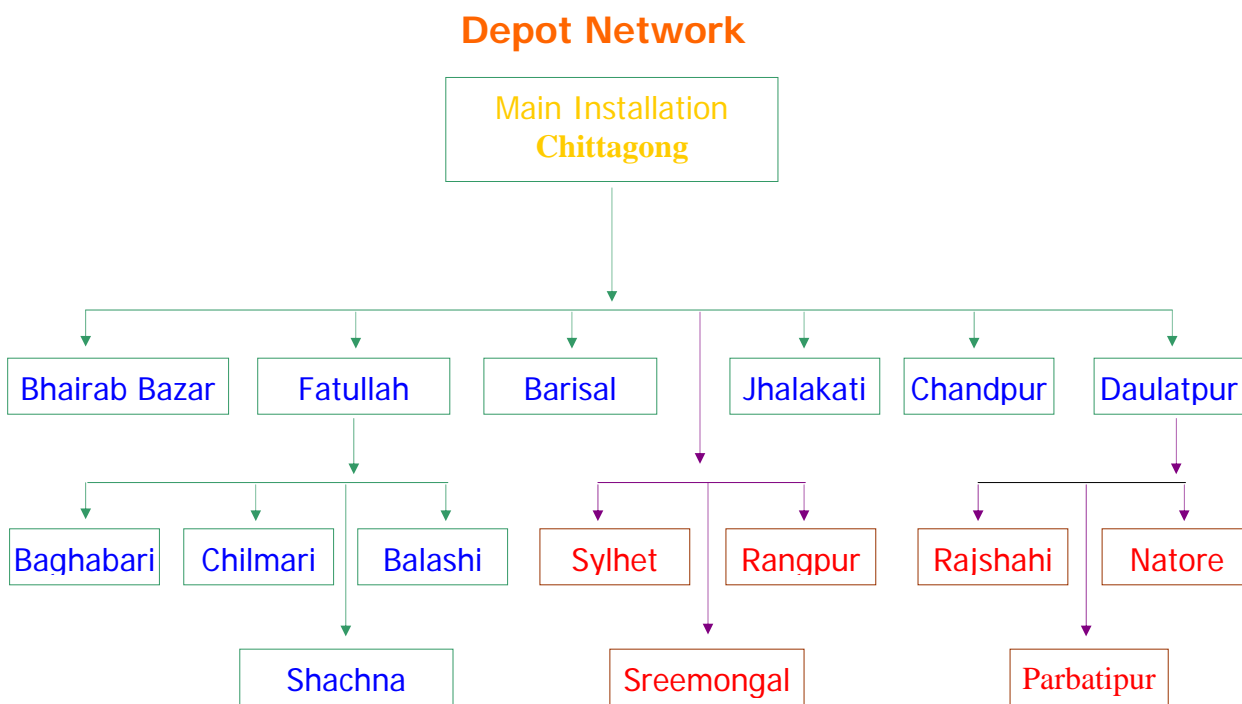
- i. Procurement of crude oil for processing in the country's refinery and import of deficit refined petroleum products and lubricants;
- ii. Monitoring ERL's operations, marketing and distribution of petroleum products in the country;
- iii. Controlling price and quality of petroleum products throughout the country;
- iv. Export of surplus naphtha and furnace oil;
- v. Implementation of development projects in the country.

The Company invested Tk. 877.00 lacs in Mobil Jamuna Lubricants Limited and Tk. 877.00 lacs in Mobil Jamuna Fuels Limited. Mobil Jamuna Lubricants Limited set up a state-of-the-art lube oil blending plant (LOPB) at patenga, Chittagong, in 2003. It has by this time proved its excellence in providing a professional array of quality lubricant products and technical, oil testing services, to satisfy a diverse range of customer needs in Automotive, Industrial, Marine and Aviation Lubricant sectors. The plant incorporates the very latest in-line blending technology to allow most of Exxon Mobil's diversified product lines to be blended and packaged in Bangladesh.

Mobil Jamuna Fuels Limited has been formed with a view to produce LPG bottle, but the project did not implemented due to objection of Chittagong port authority. Now Mobil Jamuna Fuels Limited is studding the viability for set up a naphtha project.

Distribution procedure of products or services:

At first the Company storages its all products in main installation at Patenga, Chittagong. From the main installation, products are supplied to various locations throughout the country. The storage network of the company is shown below:



From those storages, products are distributed to enlisted dealers/agents/retailer and Government consumers & Industrial sectors.

Competitive conditions in the business :

Meghna Petroleum Limited, Padma Oil Limited and the Company are entrusted with the responsibility of distribution/marketing of petroleum products under discretion of BPC to meet up the demand for same of the country. Total market of the country is equally shared by each Company, which has been decided by BPC. Being market share is fixed the Company has not to face competition for its main products yet the Company faces competition for its products like Lubricants, Bitumen, LP Gas etc. with nationalized and private organizations.

Sources and availability of raw materials and the names of the principal suppliers :

The Company markets refined oil, petroleum gas and lubricant products. Bangladesh Petroleum Corporation, Eastern Refinery and several Gas fields of Petrobangla are the sources of refined oil and Condensate Petroleum Gas. On the other hand, Mobil Jumana Lubricants Limited is the main source of Lubricant products.

Sources of, and requirement for power, gas and water:

The required electricity is consumed from BPDB, DESA, DESCO and Palli Biddiyut samity of REB. Water is required for auxiliary purpose, which is meet up from own resources or from local arrangement as availability.

Name of any customers who purchase 10% or more of the company's products:

There are no customers of JOCL who purchase 10% or more of company's products

Description of any contract which the company has with its principal suppliers or Customers:

For Lubricant Products the company has an agreement with Mobil Jamuna Lubricants Limited.

Description of any material patents, trademarks, licenses or royalty agreements:

There is no such type of agreement.

Number of total employees and number of full-time employees :

As on June, 2007 employee's position of the company is as follows :

Description	Number of Employee
Management	148
Non-Management Stuff	123
Non-Management Worker	282
Total	553

All of them are full time employee.

Production/Storage capacity and current utilization :

The storage capacity of petroleum products is 1,26,593 MT and the capacity is fully utilized.

D. Description of Property :**Information in respect of plants and property :-****Location of the principal plants and other property and the condition thereof :****Plant and Machinery :**

Sl. No.	Name of the Plant/Property	Location	Condition
1	Main Installation	Patenga, Chittagong	Good
2	Fatullah Depot	Fatullah, Narayangonj	Good
3	Barisal Depot	Barisal	Good
4	Bhairab Bazar Depot	Bhairab	Good
5	Daulatpur Depot	Daulatpur, Khulna	Good
6	Baghabari Depot	Baghabari	Good
7	Chandpur Depot	Chandpur	Good
8	Sylhet Depot	Sylhet	Good
9	Jhalakati Depot	Jhalakati	Good
10	Parbatipur Depot	Parbatipur, Dinajpur	Good
11	Balashi Depot	Balashi, Kurigram	Good
12	Sachna Bazar	Sachna Bazar, Jamalgonj, Sunamgonj	Good

Filling & Service Station Facilities (as per JOCL's sales division) :

1	Dhaka Division	All over Dhaka Division 52 Nos.	Good
2	Chittagong Division	All over Chittagong Division 60 Nos.	Good
3	Khulna Division	All over Khulna Division 23 Nos.	Good
4	Bogra Division	All over Bogra Division 22 Nos.	Good

Building :

1	Main Installation	Potenga, Chittagong	Good
2	Jamuna Bhaban,	Agrabad, Chittagong	Good
3	Halishahar	Halishahar, Chittagong	Good
4	Muradpur	Muradpur, Chittagong	Good
5	Mirpur	Mirpur, Dhaka	Good
6	Fatullah Depot	Fatullah, Narayangonj	Good
7	Daulatpur Depot	Daulatpur, Khulna	Good
8	Barisal Depot	Barisal	Good
9	Sylhet Depot	Sylhet	Good
10	Sreemongol Depot	Sreemongol, Sylhet	Good
11	Chandpur Depot	Chandpur	Good
12	Brahmanbaria Depot	Brahmanbaria	Good
13	Rangpur Depot	Rangpur	Good
14	Bhairab Bazar Depot	Bhairab	Good
15	Baghabari Depot	Baghabari, Sirajgonj	Good

Freehold Land :

1	Main Installation	Potenga, Chittagong	Good
2	Jamuna Bhaban,	Agrabad, Chittagong	Good
3	Fatullah Depot	Fatullah, Narayangonj	Good
4	Daulatpur Depot	Daulatpur, Khulna	Good
5	Barisal Depot	Barisal	Good
6	Chandpur Depot	Chandpur	Good
7	Brahmanbaria Depot	Brahmanbaria	Good

Tank & Pipe Line :

1	Main Installation	Potenga, Chittagong	Good
2	Fatullah Depot	Fatullah, Narayangonj	Good
3	Barisal Depot	Barisal	Good
4	Bhairab Bazar Depot	Bhairab	Good
5	Daulatpur Depot	Daulatpur, Khulna	Good
6	Baghabari Depot	Baghabari, Sirajgonj	Good
7	Chandpur Depot	Chandpur	Good
8	Sylhet Depot	Sylhet	Good
9	Sreemongol Depot	Sreemongol, Sylhet	Good
10	Brahmanbaria Depot	Brahmanbaria	Good

Leasehold Land :

1	Halishahar Housing Estate	Halishahar, Chittagong	Good
2	Muradpur Housing complex	Muradpur, Chittagong	Good
3	Chittagong Terminal	Patenga, Chittagong	Good
4	Mirpur Housing & Settlement	Mirpur, Dhaka	Good
5	Kawran Bazar	Kawran Bazar, Dhaka	Good

Pump, Filling & Fire Fighting Equipment :

1	Main Installation	Patenga, Chittagong	Good
2	Jamuna Bhaban	Agrabad, Chittagong	Good
3	Fatullah Depot	Fatullah, Narayangonj	Good
4	Barisal Depot	Barisal	Good
5	Bhairab Bazar Depot	Bhairab	Good
6	Daulatpur Depot	Daulatpur, Khulna	Good
7	Baghabari Depot	Baghabari, Sirajgonj	Good
8	Chandpur Depot	Chandpur	Good
9	Sylhet Depot	Sylhet	Good
10	Parbatipur Depot	Parbatipur	Good
11	Balashi Depot	Balashi, Kurigram	Good
12	Sachna Bazar	Sachna Bazar, Jamalgonj, Sunamgonj	Good
13	Brahmanbaria Depot	Brahmanbaria	Good

Laboratory Office & Engineering Equipment :

1	Main Installation	Patenga, Chittagong	Good
2	Jamuna Bhaban, Chittagong	Agrabad, Chittagong	Good
3	Resident Office, Dhaka	Dhaka	Good
4	Divisional Office, Khulna	Khulna	Good
5	Divisional Office, Bogra	Bogra	Good
6	Fatullah Depot	Fatullah, Narayangonj	Good
7	Baghabari Depot	Baghabari, Sirajgonj	Good
8	Daulatpur Depot	Daulatpur, Khulna	Good
9	Barisal Depot	Barisal	Good
10	Sylhet Depot	Sylhet	Good
11	Chandpur Depot	Chandpur	Good
12	Bhairab Bazar Depot	Bhairab	Good
13	Sreemongol Depot	Sreemongol, Sylhet	Good
14	Chilmari Depot	Chilmari	Good
15	Balashi Depot	Balashi	Good
16	Natore Depot	Natore	Good
17	Jalokati Depot	Jalokati	Good
18	Parbatipur Depot	Parbatipur, Dinajpur	Good

Vehicles & Other Rolling Stock :

1	Main Installation	Patenga, Chittagong	Good
2	Jamuna Bhaban, Chittagong	Agrabad, Chittagong	Good
3	Resident Office, Dhaka	Dhaka	Good
4	Baghabari Depot	Baghabari, Sirajgonj	Good
5	Divisional Office, Khulna	Khulna	Good
6	Fatullah Depot	Fatullah, Narayangonj	Good
7	Daulatpur Depot	Daulatpur, Khulna	Good
8	Divisional Office, Bogra	Bogra	Good

Railway Siding & Jetty :

1	Main Installation	Patenga, Chittagong	Good
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Furniture & Fixture :

1	Main Installation	Patenga, Chittagong	Good
2	Jamuna Bhaban, Chittagong	Agrabad, Chittagong	Good
3	Resident Office, Dhaka	Dhaka	Good
4	Divisional Office, Khulna	Khulna	Good
5	Divisional Office, Bogra	Bogra	Good
6	Fatullah Depot	Fatullah, Narayangonj	Good
7	Baghabari Depot	Baghabari, Sirajgonj	Good
8	Daulatpur Depot	Daulatpur, Khulna	Good
9	Barisal Depot	Barisal	Good
10	Sylhet Depot	Sylhet	Good
11	Chandpur Depot	Chandpur	Good
12	Bhairab Bazar Depot	Bhairab	Good
13	Sreemongol Depot	Sreemongol, Sylhet	Good
14	Chilmari Depot	Chilmari	Good
15	Balashi Depot	Balashi	Good
16	Natore Depot	Natore	Good
17	Jalokati Depot	Jalokati	Good
18	Parbatipur Depot	Parbatipur, Dinajpur	Good
19	Sachna Bazar	Sachna Bazar, Jamalgonj, Sunamgonj	Good

MT Jamuna & Others :

1	Main Installation	Patenga, Chittagong	Good
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Storage Tanks :

1	Main Installation	Potenga Chittagong	Good
2	Fatullah Depot	Fatullah, Narayangonj	Good
3	Daulatpur Depot	Daulatpur, Khulna	Good
4	Sylhet Depot	Sylhet	Good
5	Chandpur Depot	Chandpur	Good
6	Bhairab Bazar Depot	Bhairab	Good
7	Sreemongol Depot	Sreemongol, Sylhet	Good
8	Barisal Depot	Barisal	Good
9	Rangpur Depot	Rangpur	Good
10	Parbatipur Depot	Parbatipur, Dinajpur	Good
11	Baghabari Depot	Baghabari, Sirajgonj	Good

The company itself owns the entire fixed assets except lease hold assets. The properties, plants and equipments owned by the company and written down value are displayed in the following manner :

(Figure in Tk.)

Particulars	Written down Value at 31 December 2006	Written down Value at 30 June 2006
Freehold Land	98,27,747.00	98,27,747.00
Leasehold Land	75,24,422.00	75,76,867.00
Building	1,06,30,269.00	1,15,13,484.00
Tank & Pipe Line	1,49,65,884.00	1,62,24,706.00
Plant & Machinery	6,11,745.00	6,79,963.00
Up-Country Depot	9,38,64,037.00	9,23,36,812.00
Service & Filling Station	21,386.00	28,078.00
Pump filling & Fire Fighting equipment	46,66,548.00	5,062,121.00
Laboratory office & Engg. Equipment	29,97,194.00	3,400,720.00
Vehicles and other Rolling Stock	46.00	82,855.00
Railway siding and Jetty	11.00	11.00
Furniture and Fixture	20,21,292.00	2,156,340.00
Returnable Packages	3.00	3.00
Oil Tanker MT Jamuna & others	3.00	3.00
Total :	14,71,30,587.00	14,88,89,710.00

Description of lease holds property & Expiration date of the lease :

LEASE HOLD LAND :

SL No.	PARTICULARS & LOCATION	LEASE TAKEN FROM	DATE OF ACQUISITION	LEASE PERIOD	AREA IN ACRE	TAKA
1	KAWRAN BAZAR, DHAKA	RAJUK, DHAKA	26/02/1976	99 YRS	0.582	30,19,019.00
2	KAWRAN BAZAR F/S, DHAKA	DO	01/10/1978	99 YRS	0.245	11,10,938.00
3	MIRPUR STAFF QUARTER, DHAKA	ASSTT. COMMISSIONER SETTLEMENT DHAKA	03/08/1980	99 YRS	0.990	3,44,335.00
4	HALISHAHAR STAFF QUARTER, CHITTAGONG.	ADM OFFICER	01/03/1981	99 YRS	0.7017	3,50,783.00
5	MURADPUR HOUSING COMPLEX, CHITTAGONG.	CDA, CHITTAGONG	01/01/1985	99 YRS	1.216	51,52,382.00
6	LAND AT PATENGA, CTG.	ERL	16/11/1988	50 YRS	2.028	2,13,547.00
7	FORMER IBP LAND, CTG.					298.00
TOTAL :					5.7627	1,01,91,301.00

Mortgage or other type of lien on the property owned by the company :

The Company itself owns the entire fixed assets other than leased property. There is no mortgage or lien on the property.

E. Plan of Operation and discussion of Financial Conditions :

Internal and external sources of cash:

Internal Sources:

Summary of Financial Performance

Taka in '000

Particulars	July-Dec 06	2005-06	2004-05	2003-04	2002-03	2001-02
Turnover	20,269,244	37,283,419	28,184,361	24,451,085	21,863,388	20,039,339
Cost of Sales	(19,927,448)	(36,794,031)	(27,869,321)	(24,246,231)	(21,572,509)	(19,724,173)
Gross Profit	341,796	489,388	315,040	204,854	290,879	315,166
Overheads	(172,579)	(364,429)	(303,668)	(283,100)	(283,624)	(266,684)
Trading Profit	169,217	124,959	11,371	(78,246)	7,255	48,482
Other Income	66,877	136,864	52,708	38,583	79,810	99,389
Interest paid back to BPC	-	-	(59,251)	-	-	-
Contribution to WPPF	(11,805)	(13,091)	(241)	-	(4,353)	(7,394)
Provision for Income Tax	(90,000)	(120,000)	(1,721)	-	(31,100)	(49,200)
Provision for Distribution Tax	-	-	-	(3,750)	(2,500)	-
Un-appropriated profit B/F	3,685	(35,047)	(37,913)	1,010	4,398	3,121
Net profit available for appropriation	137,974	93,685	(35,047)	(42,403)	53,510	94,398

External Sources:

There are no external sources of cash.

Material commitments for capital expenditure and the expected sources of Funds:

The material commitments in terms of development activities with estimated cost, sources of fund, Year of completion of those projects with other relevant information is available in the following manner:

Name of projects	Estimated Cost	Sources of Fund	Year of Completion	Remarks
Construction of Mongla Oil Installation Project	4392.13 Lacs	Internal source	March, 2007 to March, 2010	One third of the project cost will be financed by the company. The rest amount of the project cost will be financed equally by POCL and MPL.

Causes of any material changes in income, cost of goods sold, other operating expenses and net income:

		(Tk. in Crore)						
Sl.No.	Particulars	July'06 – Dec'06	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1.	Gross Income	40.87	62.62	36.77	24.34	37.07	41.46	39.30
2.	Other operating expenses	17.26	36.44	36.29	28.31	28.36	26.67	26.88
3.	Net Income Before Tax	23.61	26.18	0.48	(3.97)	8.71	14.79	12.42
4.	Net Profit after Tax & WPPF	13.43	12.87	0.29	(4.34)	4.91	9.13	7.08

As JOCL is not a manufacturing concern "cost of goods sold" is not applicable here.

Causes of Material changes:

The company earned profits in the financial year 2005- 06 but loss incurred in the financial year 2003-04 due to the following reasons :-

- i) Due to fall of lubricant product sale; company's profit declined TK. 262.28 lacs,
- ii) Due to unfavourable weather operational loss of the company has been increased TK. 148.73 lacs,
- iii) On account of condensate purchase; company's earning declined TK. 589.85 lacs, due to condensate price increased by the Government,
- iv) Besides, as per decision of BPC on account of interest against short term deposit TK. 478.78 lacs credited to BPC instead of company's account. For this reason company's profit declined.

To remove the above problem company management taken efficient and effective measures. As a result company made profit in the financial year 2005-2006 and onward.

Seasonal Aspects:

Normally there is no seasonal impact on the business of the Company. Because demand for products of the company is almost stable in all seasons. However, demand for Diesel increased at December to April of every year for cultivation of Boro and Irri. The Company holds sufficient Diesel in depots situated at different part of the country to meet with that demand.

Known trends, events or uncertainties:

Civil disorder, natural calamities are generally known events that may affect the Company's business.

Change in the assets used to pay off any liabilities:

No asset of the company has been used to pay off any liabilities.

Loans taken from the holding/Subsidiary company or loans given to those companies:

The company did not take any loan from its holding or subsidiary organization or did not give to those also.

Future contractual liabilities :

The Company has no future contractual liabilities that may impact on the Companies financial fundamental.

Estimated future capital expenditure:

Estimated future capital expenditure for construction of storage tank, purchase of office equipment, construction of pipe line and jetty, purchase of pump, purchase of fire fighting equipment, generator, renovation of existing facilities etc. is Tk. 2462.51 lacs.

Vat, income tax, customs duty or other tax liabilities yet to be paid:

a. VAT

There are no VAT liabilities of the Company.

b. Income tax

JOCL has been paying advance Income Tax. Tax assessment up to assessment year 2004-05 has been completed. Tax assessment for the year 2005-06 and 2006-07 has been submitted. Therefore there is no tax liability unpaid.

c. Customs duty or other liability

There are no dues outstanding on account of Customs duty or other tax liabilities.

Sources of Vat, income tax, customs duty and other tax liabilities yet to be paid:

Unpaid/unadjusted liabilities, if any, on account of VAT, Income Tax, Customs Duty or Other Tax liabilities will be paid out from internal source of the company.

Details of operating lease (if any) during last five years:

The company did not obtain any operating lease during last five years.

Last five years Financial commitment including lease commitment:

The company does not have such commitments.

Personnel related schemes to make provision for in future years :

The following retirement benefit schemes for the employees of JOCL have been introduced:

1. Provident Fund

The company operates a recognized Contributory Provident Fund (CPF) for its permanent employees. The fund is administered by a Board of Trustees and is funded by 10% contributions equally from the employee and the employer. The fund is managed separately and is recognized by National Board Of Revenue (NBR).

2. Gratuity

The company also maintains Gratuity Scheme for permanent employees.

3. Annual Bonus and other Incentives :

There is a provision for two annual Bonus every year for the permanent employees of the Company. Besides this, the company has earned leave encashment facilities as per guideline of the company.

Break down of all expenses including fee of issue manager and underwriters :

- I. **Fee of Issue Manager : 0.095% of issued capital.**
- II. **Fee of underwriters:** Not applicable.

Revaluation of assets :

The latest revalued on company's assets made on 30.06.2005. The revaluation made by a prominent Chartered Accountants Firm named M/s Huda Vasi Chowdhury & Co. The valuation made for reflection of actual value of its assets. The revalued amount is not incorporated in the accounts as on 30.06.2006 and 31-12-2006. The summary of revaluation show in below:

Hoda Vasi Chowdhury & Co
Chartered Accountants

JAMUNA OIL COMPANY LIMITED
Valuation of Networth As at 30 June 2005

	Amount in Taka		
	Audited Book Version	Revalued Amount	Revaluation Surplus/(Deficit)
Goodwill	-	255,760,000	255,760,000
Tangible Fixed Assets:			
Fixed Assets	156,610,713	2,552,866,271	2,396,255,558
Capital Work-In-Progress	24,040,322	23,724,669	(315,653)
	180,651,035	2,576,590,940	2,395,939,905
Investment	175,000,000	175,000,000	-
Current Assets :			
Stocks	3,376,856,063	3,359,190,364	(17,665,699)
Debtors	291,126,421	291,126,421	-
Advances, Deposits & Prepayments	853,361,088	847,941,622	(5,419,466)
Cash & Bank Balances	251,091,528	252,375,905	1,284,377
	4,772,435,100	4,750,634,312	(21,800,788)
Less :			
Current Liabilities :			
Creditors & Accruals	4,617,945,523	4,619,140,419	1,194,896
Provision for Taxation	(82,645,232)	(82,645,232)	-
	4,535,300,291	4,536,495,187	1,194,896
Net Current Assets	237,134,809	214,139,125	(22,995,684)
Less : Deferred Liabilities			
Employees Gratuity	-	(134,260,765)	(134,260,765)
Net Worth	<u>592,785,844</u>	<u>3,087,229,300</u>	<u>2,494,443,456</u>
Represented by			
Share Capital	50,000,000	50,000,000	-
Capital Reserved	152,833,103	152,833,103	-
General Reserved	425,000,000	2,919,443,456	2,494,443,456
Un-appropriated Profit/ (Loss)	(35,047,259)	(35,047,259)	-
	592,785,844	3,087,229,300	2,494,443,456
	<u>592,785,844</u>	<u>3,087,229,300</u>	<u>2,494,443,456</u>

The above noted adjustments are proposed on various heads of accounts as a result of revaluation and review of relevant figures appearing on the audited financial statements as at 30 June 2005.

Last five years transactions between the issuer company and its subsidiary/holding company :

There is no any transaction between Issuer Company and its subsidiary or holding organization during last five years

Special report from the auditors regarding any allotment of shares to promoters or sponsors :

To whom it may concern

This is to certify that as per share register and other relevant records maintained by Jamuna Oil Company Limited (JOCL), the paid up capital of the company as at 31st December, 2006 was Tk. 50,000,000.00 divided into 5,000,000 ordinary shares of Tk.10 each as shown below :

The break-up of the paid up share capital of last five years and sixth months ended on 31st December, 2006 commencing from 30th June, 2002 is as follows :

Particulars	Amount in Taka					
	31 December 2006	June 2006	June 2005	June 2004	June 2003	June 2002
5,000,000 Ordinary shares of TK. 10.00 each other than cash	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
For 2005-2006 Proposed Issue of Bonus shares other than cash	50,000,000					
For 2005 – 2006 Newly Issued :- Proposed Issue of Bonus shares of TK. 10.00 each	--	50,000,000	--	--	--	--
Total :	100,000,000	100,000,000	50,000,000	50,000,000	50,000,000	50,000,000

Note : Ordinary shares of TK. 10.00 each issued as bonus shares i.e. 5,000,000 shares were declared as bonus shares infavour of BPC being approved at company's 31st Annual General Meeting held on 29th June, 2007. As a result total paid-up capital will stand to TK. 100,000,000.00 as on 30 June, 2007. Further 35,000,000 numbers bonus shares of TK. 10.00 each were declared by the Members as bonus shares infavour of BPC at company's EGM held on 26th August, 2007. As a result of the declaration of bonus shares total paid-up capital will stand at TK. 450,000,000.00 as on 30th June, 2008

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants
 67 (2nd Floor), Dilkusha C/A, Dhaka-1000

Sd/
M. J. ABEDIN & CO.
Chartered Accountants
 National Plaza (6th Floor), 1/G Free School Street
 Sonargaon Road, Dhaka-1205

Material information having an impact on the affairs of the company :

Statement of changes in Equity for the year ended 30 June,2006

Particulars	Share Capital	Proposed issue of Bonus share	Capital Reserve	General Reserve	Surplus/ (Deficit)	Total Taka
Balance at 01 July, 2005	50,000,000	-	152,833,103	425,000,000	(35,047,259)	592,785,844
Addition during the year	-	-	-	40,000,000	-	40,000,000
Net profit for the year	-	-	-	-	38,732,085	38,732,085
Issue of share capital		50,000,000	-	-	-	50,000,000
Balance at 30 June 2006	50,000,000	50,000,000	152,833,103	465,000,000	3,684,826	721,517,929

F. Directors and Officers:

Names, ages and positions of all Directors, alternate Directors of the company :

Names and address of the directors	Age	Position	Representative of
Mr. Md. Wahidunnabi Choudhury Additional Secretary, Energy & Mineral Resources Division.	55	Chairman of JOCL Board	Energy & Mineral Resources Division.
Mr. Anwarul Karim Joint Secretary & Chairman, Bangladesh Petroleum Corporation, Chittagong.	49	Director of JOCL Board	Bangladesh Petroleum Corporation
Mr. Md. Alauddin Joint Secretary (Admin & Operations) Energy & Mineral Resources Division.	56	Director of JOCL Board	Energy & Mineral Resources Division.
Mr. Ahmed Ali Member, National Board of Revenue	55	Director of JOCL Board	National Board of Revenue
Mr. Arastoo Khan Joint Secretary (Budget 1), Finance Division, Ministry of Finance,	51	Director of JOCL Board	Ministry of Finance
Mr. Syed Md. Matlubur Rahman Deputy Secretary (Admin) Energy & Mineral Resources Division.	49	Director of JOCL Board	Energy & Mineral Resources Division.
Mr. Md. Masudur Rahman Managing Director, Jamuna Oil Company Limited	56	Director of JOCL Board	Bangladesh Petroleum Corporation

Date of first becoming Director and date of expiry of current term :

SI.No.	a) Name of Directors	Date of becoming Director for the first time	Date of Expiration of Current Term
1.	Mr. Md. Wahidunnabi Choudhury	08.01.2006	32nd AGM
2.	Mr. Anwarul Karim.	03.06.2007	34rd AGM
3.	Mr. Md. Alauddin.	08.02.2007	32nd AGM
4.	Mr. Ahmed Ali.	08.02.2007	33rd AGM
5.	Mr. Arastoo Khan.	08.02.2007	33rd AGM
6.	Mr. Syed Md. Matlubur Rahman	05.04.2007	34rd AGM
7.	Mr. Md. Masudur Rahman.	18.07.2007	34rd AGM

Involvement of Directors with other companies:

SI.No.	Name of director.	Name of other organization/company where the director is involved	Position.
01.	Mr. Md. Wahidunnabi Choudhury	Bakhrabad Gas Systems Ltd., Bangladesh Petroleum Corporation	Chairman Director
02.	Mr. Anwarul Karim	Eastern Lubricants Blending Ltd. Padma Oil Company Ltd. Megna Petroleum Ltd. Eastern Refinery Limited	Chairman Chairman Chairman Director
03.	Mr. Md. Alauddin	--	--
04.	Mr. Ahmed Ali	--	--
05.	Mr. Arastoo Khan	Karmashangthan Bank IFIC Bank SAARC Development Fund	Director Director Director
06.	Mr. Syed Md. Matlubur Rahman	Bangladesh Gas Field Company Ltd.	Director
07.	Mr. Md. Masudur Rahman	Mobil Jamuna Luricants Ltd. Mobil Jamuna Fuels Ltd.	Director Director

Involvement of Directors with listed company in terms of dividend and category:

SI.No.	Name of director.	Name of organization/company where the director is involved	Position.	Listing category in terms of dividend
01.	Mr. Anwarul Karim	Eastern Lubricants Blending Ltd. Padma Oil Company Ltd.	Chairman Chairman	"A" "A"
02.	Mr. Arastoo Khan	IFIC Bank	Director	"Z"

Family relationship among directors, alternate directors, nominees and officers:

There is no family relationship among Directors, alternate Directors, nominees and Officers.

Short bio-data of each director:

Short Bio-data of each Director :

The Board of Directors of JOCL comprises 7 (seven) Members including the Chairman and Managing Director. A brief introduction of the Members of the Board of Directors is as follows :

1. MR. MD. WAHIDUNNABI CHOUDHURY

ADDITIONAL SECRETARY,

ENERGY AND MINERAL RESOURCES DIVISION AND CHAIRMAN.

Mr. Md. Wahidunnabi Choudhury, Additional Secretary, Energy and Mineral Resources Division and Chairman of the Board of Directors of the Company was born on 3rd March 1952 in Chittagong. He obtained his BA (Hons.) & MA degrees in Economics from Dhaka University. He joined the Bangladesh Civil Service (Administration) Cadre in 1981 and served as Assistant Commissioner, Metropolitan Magistrate, Upazila Nirbahi Officer and Deputy Commissioner and District Magistrate in the field administration of the country.

Before joining this Energy and Mineral Resources Division he served as Joint Secretary in the Power Division and Ministry of Commerce. He attended various training programs at home and abroad. He is also the Chairman of the Board of Directors of Bakhrabad Gas Systems Limited and the Director of the Board of Directors of Bangladesh Petroleum Corporation..

2. MR. ANWARUL KARIM

CHAIRMAN, BPC AND DIRECTOR.

Mr. Anwarul Karim was born in a respectable Muslim Family on December 31, 1958 at Mizan Road No-2, Feni, He graduated with Honors in Public Administration from the University of Dhaka in 1980 and did his MSS from the same University in 1981. He is a NORAD Fellow and completed M. Phil Program in Public Administration and Organization Theory from the University of Bergen, Norway in 2000 under NORAD Fellowship with distinction marks for his thesis. He also participated in CSRT (Comprehensive Security Response to Terrorism) Course during August-September 2006 at the Asia Pacific Center for Security Studies (APCSS) in Honolulu, Hawaii, USA.

Mr. Karim joined the Bangladesh Civil Service in January 1984. Prior to joining as Chairman, BPC in his long career in the Civil Service he has served as Assistant Commissioner and Magistrate, UNO, ADC, Deputy Commissioner and District Magistrate (Narayanganj and Rangpur), Member (Joint Secretary), Bangladesh Administrative Appellate Tribunal and as Joint Secretary he has served in the Ministries of Home Affairs, Commerce and Establishment. He is a widely traveled man and has visited Norway,

Sweden, Denmark, Bahrain, India, Thailand, Sri Lanka, USA and Singapore. He is married and blessed with three children.

3. MR. MD. ALAUDDIN

JOINT SECRETARY (ADMN. & OP.)

ENERGY AND MINERAL RESOURCES DIVISION AND DIRECTOR.

Mr. Md. Alauddin, Joint Secretary (Admn. & Op.) Energy and Mineral Resources Division and Director, Jamuna Oil Company Limited., was born on June 2, 1951. He joined in the Government Service as Deputy Magistrate & Deputy Collector - Noakhali in the year 1973. During his tenure in service, he worked as L,A,O - Tangail & Khulna, T.N.O - Homna, Comilla, Additional Deputy Commissioner - Kishoregonj, Pabna & Chittagong. He also worked as CMM – Rajshahi. Mention be made here that, he was Deputy Commissioner - Barisal during the period from January, 1998 to April, 2001.

4. MR. AHMED ALI

MEMBER (TAX ADMINISTRATION AND MONITORING),

NATIONAL BOARD OF REVENUE AND DIRECTOR.

Mr. Ahmed Ali, Member (Tax Administration and Monitoring), National Board of Revenue was born on February 29, 1952. He obtained his B.A.(Hons) in 1973 and M.A. in 1974 in Economics from University of Dhaka. He started his service career as an Assistant Director of Bangladesh Bank in 1976. In 1979 he joined in the civil service in BCS (Taxation) cadre as an Assistant Commissioner of Taxes. In his service career in the Taxation Department Mr. Ali worked as Director General of Directorate of Inspection of Taxes from 2000-2001. He also served as Commissioner of Taxes in different Taxes Zones from 2001-2005. Presently he is serving as a Member in the National Board of Revenue, the apex of the revenue administration of the country.

5. MR. ARASTOO KHAN

JOINT SECRETARY (BUDGET-1),

FINANCE DIVISION, MINISTRY OF FINANCE AND DIRECTOR.

Mr. Arastoo Khan is currently Joint Secretary (Budget), Finance Division, Ministry of Finance. He was born on November 21, 1956. He did his bachelors honours in International Relations from Dhaka University. He did his Masters (MSS) from the same discipline securing First Class First position. He joined Bangladesh Civil Service in 1982 and joined the Government as Assistant Accountant General. In 1989-90 session he obtained degree in Master in Public Administration (MPA) from John F. Kennedy School of Government, Harvard University, Boston, USA. He joined finance Division as Deputy Secretary in Budget wing in 2001. He was promoted as Joint Secretary and served as Wing Head of Resources and Debt Management Wing. Currently, he heads Budget Wing-1 of Finance Division. He is also Director of Karmashangthan Bank, IFIC Bank. In regional setting, he is on the Board of Directors of SAARC Development Fund, and sits on the Steering Committee of South Asian University Steering Committee.

6. MR. SYED MD. MATLUBUR RAHMAN

DEPUTY SECRETARY (ADMINISTRATION),

ENERGY & MINERAL RESOURCES DIVISION AND DIRECTOR.

Mr. Syed Md. Matlubur Rahman, Deputy Secretary (Administration), Energy & Mineral Resources Division and Director of the Company was born on November 16, 1958. He obtained Masters of Social Science in Social Welfare and Research from Dhaka University

in the year 1982. He is a Civil Servant and a member of the Bangladesh Civil Service (Administration) Cadre.

In the service period he worked as Assistant Secretary, Senior Assistant Secretary, Upazilla Magistrate, Upazilla Nirbahi Officer in various places in the field administration. He also worked as Assignment officer in the Prime Ministers Office, Magistrate 1st Class in Dhaka City Corporation, Deputy Director in Privatization Commission and served as secretary in National Housing Authority. He is also a Director of the Board of Directors of Bangladesh Gas Field Company Limited.

7. MR. MD. MASUDUR RAHMAN MANAGING DIRECTOR & DIRECTOR

Mr. Md. Masudur Rahman, Managing Director & Director of Jamuna Oil Company Limited was born in 15th August, 1951. He obtained Bachelor of Science in Mechanical Engineering from Bangladesh University of Engineering and Technology, Dhaka in the year 1975. He is a life fellow of the institution of Engineers Bangladesh. He was the chief executive of Meghna Petroleum Limited for 2¹/₂ years and worked in the same capacity in Padma Oil Company Limited on deputation for 2¹/₂ years. He is also a Director of Mobil Jamuna Lubricants Limited (MJLL) & Mobil Jamuna Fuels Limited (MJFL) – Two joint venture Companies in Bangladesh

Holding of 5% or more shares in the paid-up capital by the directors or shareholders of the Issuer is loan defaulter in terms of the CIB report of the Bangladesh Bank:

As the Shareholder or Directors of JOCL are nominated by the Govt. through Bangladesh Petroleum Corporation, the question of involvement of JOCL Shareholders and Directors as a loan defaulter in terms of the CIB report of the Bangladesh Bank shall not arise.

Description of Senior executives and officers :

Name	Position	Educational Qualification	Date of Joining in the company	Last Five (5) years experience
Mr. Md. Masudur Rahman	Managing Director	B. Sc. Engineering (Mechanical)	02/07/2007	He was the Managing Director of MPL & POCL.
Mr. Md. Oudrat-E-Elahi	General Manager (Marketing) & Head of Audit	B. Sc. Engineering (Mechanical)	15/11/2006	He served as Senior Executive of different capacities in MPL.
Mr. Syed Giasuddin Ahmed	Dy. General Manager (Resident)	MBA from IBA (Major in Finance & Management)	28/07/1975	He served as Senior Executive in sales department.
Mr. Md. Ferdausul Karim	Dy. General Manager (Engineering & Personnel)	B. Sc. Engineering (Civil)	02/12/1989	He served as TM, OM. ME
Mr. Md. Asadul Huq	Dy. General Manager (Sales)	B.Sc. in Agriculture	15/11/1983	He served as Senior Executive in chemicals department.
Mr. Abdur Rahman	Dy. General Manager (Operations)	B. Sc. Engineering (Civil)	10/10/1987	He served as COD, AE, ME, OM.
Mr. A A M Saifuddin	Dy. General Manager (Finance)	B. Sc.	15/05/1975	He served as Senior Executive in Finance Department.
Mr. Md. Nazmul Hoque	Company Secretary	B. Com (Hons). (Accounting), CA (CC)	21/11/1993	He served as Senior Executive in Finance Department.

G. Involvement of the Officers and Directors in certain legal proceedings :

No officer or Director of the company was involved in any of the following types of legal proceedings in the last 10 (Ten) years or for the period of commercial operation:

1. Any bankruptcy petition filed by or against any company of which any officer or Director or nominee of the Company filing the prospectus was a Director, Officer or general partner at the time of bankruptcy or within 2(two) years prior to that time;
2. Any conviction of an officer, director or nominee in the criminal proceedings or any criminal proceedings pending against him;
3. Any order, judgment or decree of any court of competent jurisdiction against officer, director or nominee permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any officer or director or nominee in any type of business, securities or banking activities.
4. Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any officer or director or nominees in any type of business, securities or banking activities.

H. Certain Relationships and Related Transactions :

Transaction with related parties:

The Company has no proposed transaction nor had any transaction during the last 2(two) years with following related parties:

1. Any director or executive officer of the company;
2. Any Director or officer;
3. Any person owning 5% or more of the outstanding stock of the issuer;
4. Any members of the immediate family(including spouse, parents, brothers, sisters, children and in-laws) of any of the above persons;
5. Any transaction or arrangement entered into by the company or it's holding company (BPC) for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/sister concerns, or who was a director or connected in any way with a director at any time during the last two years prior to the publication of Information document.
6. Any director holding any position, apart from being a director in the issuer company, in any company, society, trust, organization or proprietorship or partnership firm.

Loans taken or given from or to any director or any person connected with the director:

Not Applicable for the Company.

Pecuniary or non-pecuniary interests and facilities enjoyed by a director:

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Information documents. The directors only receive the fees for their attendance in the Board meeting and other functions. The Employee directors take salary and other benefits as per personal and compensation.

I. Executive Compensation :

Name and designation with the amount of remuneration paid to the top ten salaried officers in the last accounting year (2005-06) :

JAMUNA OIL COMPANY LIMITED AGRABAD, CHITTAGONG

Name and designation with the amount of remuneration paid to the top ten salaried officers in the last accounting year (2006-07)

SL/No.	CODE	NAME	DESIGNATION	BASIC	HR	BONUS	CPF	Remarks
1	961	MR. MOHAMMED ALI	MD	265200	159120	44200	26520	From 26/09/05 to 18/12/06
		MR. A J KHAN CHAUDHURI	MD	265200	159120	44200	26520	From 18/12/06 to 02/07/07
2		MR. NIZAM UDDIN	GM (MARKETING)	248400	149040	41400	24840	From 28/09/05 to 12/11/06
		MR. QUDRAT-E-ELAHI	GM (MARKETING)	240600	144360	40100	24060	Joined on 15/11/06
3	760	MR. SYED GIAS UDDIN AHMED	DGM (RES)	236700	142020	40100	23670	
4	848	DR. SK.MD. SAYEDUR RAHMAN	CMO	219600	131760	37200	21960	
5	849	MR. MD. ASADUL HUQ	DGM (SALES)	219600	131760	37200	21960	
6	711	MR. SHAHID HOSSAIN MIAH	AGM (CHE)	214500	128700	36300	21450	
7	742	MR. ABDUR RAHMAN	DGM (OPS)	212400	127440	36000	21240	
8	768	MR. MD. FERDAUSUL KARIM	DGM (ENGG)	201600	120960	33600	20160	
9	920	DR. MD. MUSTAFIZUR RAHMAN	MO	201300	120780	34100	20130	
10	636	MR. A. A. M SAIFUDDIN	DGM (FINANCE)	201300	120780	34100	20130	

Note : 1. Mr. M Masudur Rahman Joined as a Managing Director as on 02/07/07. His basic pay Tk. 22,100.

Aggregate amount of remuneration paid to all officers and directors in the last accounting year :

The aggregate amount of remuneration paid to Directors and Officers including Staff in the FY 2005-06 & the period from July 2006 – December 2006.

The amount of remuneration represents the payment of salary & benefits of all employees including Managing Director and Directors of the Company. The salary & benefits relating to Managing Director and Directors of the Company for the accounting period was as follows:

<u>Particulars</u>	<u>July 2006 to December 2006</u>	(Amount in Taka)
		<u>2005-2006</u>
Directors	63,000.00	58,500.00
Employees	<u>99,656,622.00</u>	<u>19,80,80,626.00</u>
Total :	<u>99,719,622.00</u>	<u>19,81,39,126.00</u>

Remuneration paid to any Director who was not an officer during the last accounting year :

The remuneration/honorarium paid to the directors (who were not officers) Tk. 58,500.00 during the FY 2005-06 and Tk. 63,000.00 for the period from July 2006 to December 2006

Contract with any officer or director for the payment of future compensation:

Not Applicable.

Increment of the remuneration to the officers and directors of the company in the current year:

JOCL follows Government pay scale policy for annual increment on the basis of basic salary of permanent officers, Employee Director(s), and employees.

J. Options granted to Officers, Directors and Employees :

Not applicable.

K. Transaction with Promoters:

As JOCL is a Govt. owned company, the question of receiving any benefit by the promoters is irrelevant. However, Government being the promoter of the company did not receive anything of value directly or indirectly from any director or any person connected with the Director.

L. Tangible assets per share:

Net Tangible asset value is based on historical accounting book value of shareholder's net tangible assets. This is determined on the basis of audited balance sheet period ended on 31 December, 2006 and the financial year ended on 30 June, 2006 as follows:

Sl. No.	Assets	31 December, 2006 Net Amount (Taka)	30 June, 2006 Amount (Taka)
1.	Current assets	11,816,495,056.00	6,068,666,177.00
2.	Capital Work In Progress	62,464,893.00	46,705,766.00
3	Invesments	175,400,000.00	175,400,000.00
4.	Net fixed assets	147,130,587.00	148,889,710.00
a.	Total Assets	12,201,490,536.00	6,439,661,653.00

Sl. No.	Liabilities	Net Amount (Taka)	Amount (Taka)
1.	Current liabilities	11,345,682,986.00	5,718,143,724.00
b.	Total Liabilities	11,345,682,986.00	5,718,143,724.00

Net Asset Value (NAV): (a-b)= for 31 December, 2006 : Tk. 855,807,550.00 and For 30 June, 2006 : Tk. 721,517,929.00

- i)
- ii)
- iii) **No. Of Shares : 5,000,000**
- iv)
- v) **Net Asset Value per share of Tk.10.00 each: Tk. 171.16 for 31 December, 2006 and 144.30 for 2005-2006**

No. of Shares (Diluted) (..... + *.....) =

Note: Deposit for share (up to .../.../200...) =

vi) Net Asset Value per share of Tk.10.00 each: Tk. (Diluted)

M. Ownership of the Company's Securities:

Sl. No.	Name of Owners of Security	Position in the company	No. Of Shares	Amount in Taka	% of the securities represented by ownership	Comment
1	Bangladesh Petroleum Corporation	Corporation	49,99,993	4,99,99,930.00	100%	The securities are owned as per record.
	Bangladesh Petroleum Corporation	- do -	1	10.00		
2	Mr. Mohammad Ishaque	Director (Finance), BPC	1	10.00		The securities are owned as per record.
3	Mr. Md. Taherul Islam	Director (Marketing), BPC	1	10.00		The securities are owned as per record.
4	Mr. Mohammed Nurul Amin	Secretary, BPC	1	10.00		The securities are owned as per record.
5	Mr. Mizanur Rahman	Sr. General Manager (Commercial), BPC	1	10.00		The securities are owned as per record.
6	Mr. Gouranga Chandra Dey	General Manager (Finance), BPC	1	10.00		The securities are owned as per record.
7	Mr. Md. Giasuddin Anchari	General Manager (Audit), BPC	1	10.00	The securities are owned as per record.	
Total :			50,00,000	5,00,00,000.00	100%	

Number of shares owned by the top ten salaried officers, directors and all other officers :

No share is owned by any salaried officers.

N. Description of Securities Outstanding or Being Offered :

Dividend, voting and preemption rights of the shares outstanding or being offered:

The share capital of the company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights of any preferred stock outstanding or being offered:

If the company at any time issues convertible preference shares or Debenture or Bond with the consent of SEC, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the shares, if any, of the company are freely transferable, the company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Payment of dividends to common or preferred stockholders:

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
- b) No higher dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
- c) No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividends shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgments the financial position of the company may justify.
- e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

Others material rights of common or preferred stockholders:

The Shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting Standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure/ record date for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

O. Debt Securities:

Terms and conditions of debt securities that the company may have issued or to be issued:

Not applicable for the company.

Principal amount, maturity date, interest rate and other features of all debt securities:

Not applicable for the company.

All other material provisions giving or limiting the rights of the holders of debt:

Not applicable for the company.

Trustees designated by the indenture for outstanding debt or for debt being offered:

Not applicable for the company.

P. Financial Statement Requirements :

REPORT OF THE DIRECTOR

Bismillahir Rahmanir Rahim

Hon'ble Shareholders

Assalamu Alikum

It is indeed a great pleasure for me to welcome you all on behalf of Board of Director to this 31st Annual General Meeting of Jamuna Oil Company Limited. Thank you very much for making of convenient to attend this meeting.

Company's Profit :

The Company has set a bright example by earning Tk.24.87 crore, the highest profit in the history of the Company. In this auspicious moment, I on behalf of the Board of Directors present before you a brief report on the over all activities of the company together with the balance sheet as on 30th June 2006, Profit and Loss Account, Auditor Report for the financial year 2005-2006.

Company's Business :

Jamuna Oil Company Limited is basically a petroleum marketing company which deals in marketing of Petroleum Fuel Oil, Lubricants, LP Gas and Bitumen. For marketing petroleum products throughout the country the company has got a countrywide extensive network of 16 depots in addition to main installation at Guptakhal in Chittagong, 431 nos. Filling Station 852 nos. Agents and 181 nos. Packed Point dealers. Besides, there are 732 nos. Dealers for marketing LP Gas throughout the country. The company has 77 storage Tanks having a total capacity of 126593 M.Tons as on 30-06-2006 for storage of POL products and smooth distribution.

Sales Statistics :

During the year the sales quantity was 12940.21 lac litres and the proceeds thereof was Tk.3728.34 crore, in the previous year the sale quantity was 13058.68 lac litres and the respective sale proceeds was Tk.2818.44 crore.

The company earned 30.65% share of Petroleum Fuel and 25.60% of Lubricants of the industry sale in the said year. The company achieved the 94.76% of the sales target. During the year the Company earned gross margin of Tk.48.94 crore as against 31.50 crore in the previous year. In comparison to the previous year the company earned more margin of 17.44 crore for differential price of condensate selling. Moreover the profit of Tk.1.70 crore increase due to operational gain during the year against operational loss of Tk.1.44 crore in the previous year.

Operating Expenses :

During the year the total operating cost stood at 36.44 crore as compared to Tk.30.37 crore against the previous year. It is mentioned here that increase in amount of salary and allowances has been reflected due to employment of new staffs and officer accordingly. The amount of interest of Tk.0.03 crore payable to BPC decrease due to the decrease of sales during the year. The amount of depreciation increased by Tk.0.07 crore due to increase of fixed assets during the year in respect to that of the previous year. The administrative expenses increased due to gratuity provision of Tk.5.00 crore has been made during the year. During the year for good management the company has earned more Tk.1.70 crore on account of operational gain.

Financial results and appropriation :

The Directors are pleased to report the Financial results for the year 2005-2006 and recommended the following appropriations :

Financial Results :

Operating profit	261,823,247
Contribution to workers participation fund	13,091,162
Net profit before tax	248,732,085
Provision for income tax	120,000,000
Net profit after tax	128,732,085
Unappropriated loss brought forward	(35,047,259)
Unappropriated profit	93,684,826

Recommended for distributions :

Distributions of bonus share @ 100% on paid up share capital	50,000,000
Transfer to General reserve	40,000,000
Unappropriated profit	3,684,826
Distributable profit	93,684,826

Contribution to the National Exchequer :

During the year company has contributed to National Exchequer Tk. 4.26 crore in the form of vat, income tax etc. which was Tk. 3.15 crore in the previous year.

Capital Structure :

The Authorized Capital of the Company is Tk.100,000,000.00 divided into 10,000,000 Ordinary shares of Tk.10 each, whereas the issued and paid-up capital is Tk.50,000,000.00 divided into 5,000,000 Ordinary Shares of Tk.10 each fully paid up. The Government owns and controls the hundred percent share capital (100%) of the Company - through BPC.

Position of Share Holding of the Company as on 30 June 2006 :

Name of the Share Holders	% of Share Holding	Number of Shares
Bangladesh Petroleum Corporation (BPC)	99.99%	4,999,998
Secretary (BPC)	0.005%	1
Senior General Manager - Accounts (BPC)	0.005%	1
Total :	100.00	5,000,000

Capital Employed :

During the year the company employed total capital of Tk.72.15 crore (i.e. total Asset 19.56 crore investment Tk.17.54 crore and current asset 35.05 crore) which was 59.28 crore in the previous year.

Earning on Investment :

During the year the income earned on investment was at the rate of 34.47% which was 0.77% in the previous year. During the year the earning on investment increased by 33.70% due to increase of gross margin and other income.

Debtors and Creditors :

The debtors balance in the 30th June 2006 was Tk.34.00 crore which was Tk.29.00 crore in the previous year. It is mentioned here that the debtors amount increased greatly due to amount of customs duty, vat, income tax etc. paid for the company's share of product received ex- import of BPC and other finance. As on the 30th June 2006 the creditors balance was Tk.571.81 crore. The main portion of creditors balance was due to BPC against product cost and other Government and Semi Government organisations for services. As on the close of business of the year there was inventory of Tk.250.00 crore which was Tk.337.00 crore in the previous year.

Extention of Business :

The company has appointed 103 nos. Agents, 18 nos. LPG Dealers, and 13 nos. Filling Station (Dealers own financing scheme). Besides, arrangement has been made for direct delivery to a number of Government/Semi Government organizations.

Construction of physical structures :

During the year the company has completed the following works towards increasing the supply of fuel oil:

I)	Land Development	.....	Tk.	874,097.00
II)	Building	.....	Tk.	3,437,477.00
III)	Tank and pipe Lines	.....	Tk.	3,669,352.00
IV)	Plant & Machinery	.....	Tk.	2,903,199.00
V)	Office equipments	.....	Tk.	957,206.00
IV)	Furniture and Fixtures	.....	Tk.	<u>220,843.00</u>
Total :				<u>Tk. 12,062,174.00</u>

Human Resources Development :

On the 30th June 2006 Company's workers & staff position was 420 and Officers positions was 159 May Allah bless the Officers, Workers and Staff with sound health and long life who have relived from the Company's service during the year after discharging their duties with sincerety and devotion. On 2nd October, 2006 Mr. Abdul Mannan, Senior Officer Expired while he was on the job. May Allah bless there souls with peace and forgiveness.

Management Employee Relations :

During the year the company enjoyed a satisfactaory relationship with the workers and staff.

Welfare Activities and Environment Protection :

As a partner of the development of the company, the company was associated with plantation, recreation events like picnic, sports, distribution of stipened to the employees dependants etc. The company is going ahead with welfare programme together with its development activities and financial progress.

Auditors :

The joint auditors Messrs M.J. Abedin & Co., Chartered Accountants and Messrs Howlader Younus & Co., Chartered Accountants retired and being eligible offer themselves for re-appointment.

Directors :

Messrs SK Khurshid Alam, Dr. SK. Abdur Rashid, Sajjat Hossain, A.K.M. Jahangir, Meskat Ahmed Chowdhury & Mohammed Ali retired from Board. Messrs Md. Wahid-un-Nabi Chowdhury, Anwarul Karim, Md. Alauddin, Ahmed Ali, Arastoo Khan, Syed Md. Motalabur Rahman & Ahmed Jamal Khan Choudhuri have been nominated in place thereof.

Conclusion :

Finally on behalf of the Board of Directors, I would like to express my sincere thanks to the Management, Customs, Bankers, Bangladesh Petroleum Corporation, The Ministry of Energy and Mineral Resources, Planning Commission, National Board of Revenue, Finance Division, Ministry of Finance and other Government and Non-Government agencies for their support and co-operation. I hope the company's reputation and good performance will continue to grow in the years ahead. Now I am submitting the report of the Board of directors for the year 2005-2006 before the honorable share holders for their kind consideration and approval.

Thanks in all, Allah Hafez.

On behalf of the Board of Directors

Sd/

(**Md. Wahidunnabi Chowdhury**)
Chairman

31 Jyaishta 1414
14 June 2007

AUDITORS' REPORT
TO
THE MEMBERS OF
JAMUNA OIL COMPANY LIMITED

We have audited the accompanying Balance Sheet of **JAMUNA OIL COMPANY LIMITED** as on June 30, 2006 and the related Profit and Loss Account along with Cash Flow Statement for the year then ended. These financial statements are the responsibility of the management of the company. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of opinion:

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The required provision for gratuity is Tk. 16 crore against which Tk. 5 crore has been provided.
2. Included in debtors of Tk. 44,371,237.15 due from Balaka Filling station recovery of which is uncertain but no provision there against has been made in the accounts.
3. Balance confirmation from respective parties under different head of accounts including from the following parties were not obtained and furnished to us:

Bangladesh Petroleum Corporation
Padma Oil Co. Ltd.
Meghna Oil Co. Ltd.
Eastern Refinery Ltd.
Sylhet Gas Field Ltd.
Asphaltic Bitumen Plant
Mobil Jamuna Lubricants Ltd.
4. Investment in shares of Mobil Jamuna Fuels Limited (MJFL) is Taka 87,700,000 (877 shares of Taka 100,000 each), against which 110 shares of Taka 100,000 each have been allotted to Jamuna Oil Company Ltd.

Opinion:

Except for the effect of the matter noted in preceding paragraph 1 and 2, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement respectively exhibit a true and fair view of the state of affairs of the company as on June 30, 2006 and of its profit as well as cash flow for the year then ended and that the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been drawn up in conformity with the law with particular reference to note 1(c) (xii).

We also report that:

- (i) Except for matters described in preceding para 3 to 4 above, we have obtained all the information and explanations which were necessary for the purposes of our audit;
- (ii) Proper books of account as required by law were maintained by the company so far as it appeared from our audit of those books; and
- (iii) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account maintained by the company and audited by us.

Sd/

HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/

M. J. ABEDIN & CO.
Chartered Accountants

Dated : June 13, 2007
Place: Dhaka

JAMUNA OIL COMPANY LIMITED
BALANCE SHEET
AS AT 30TH JUNE, 2006

	<u>Notes</u>	<u>2005-2006</u> <u>TAKA</u>	<u>2004-2005</u> <u>TAKA</u>
SOURCES OF FUND			
SHAREHOLDERS' EQUITY :			
Share Capital	2	50,000,000	50,000,000
Proposed issued of Bonus Share		50,000,000	-
Capital Reserve	3	152,833,103	152,833,103
General Reserve	4	465,000,000	425,000,000
Surplus/(Deficit)		<u>3,684,826</u>	<u>(35,047,259)</u>
		<u>721,517,929</u>	<u>592,785,844</u>
APPLICATION OF FUND			
TANGIBLE FIXED ASSETS :			
(At cost less depreciation)	5	148,889,710	156,610,713
Capital Work-in-Progress	6	<u>46,705,766</u>	<u>24,040,322</u>
		<u>195,595,476</u>	<u>180,651,035</u>
INVESTMENT	7	175,400,000	175,000,000
CURRENT ASSETS :		6,068,666,177	4,855,080,332
Stock-in-Trade	8	2,430,889,081	3,311,237,473
Stores & Spares	9	75,269,299	65,618,590
Book Debts	10	345,752,241	291,126,421
Advances and Deposits	11	2,802,860,435	853,361,088
Income Tax	12	(5,653,127)	82,645,232
Cash & Cash Equivalent	13	419,548,248	251,091,528
CURRENT LIABILITIES :		(5,718,143,724)	(4,617,945,523)
Sundry Creditors	14	5,718,143,724	4,617,945,523
NET CURRENT ASSETS		<u>350,522,453</u>	<u>237,134,809</u>
NET ASSETS		<u>721,517,929</u>	<u>592,785,844</u>

The annexed notes form part of these financial statements.

Approved by the board on June 13, 2007 and signed on its behalf by :

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

JAMUNA OIL COMPANY LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2006

	<u>Notes</u>	<u>2005-2006</u> <u>TAKA</u>	<u>2004-2005</u> <u>TAKA</u>
Net Earning on Petroleum Product	15	489,388,099	315,039,891
LESS :			
Administrative, Selling & Distribution Expenses	16	277,251,988	216,909,003
Financial Expenses	17	67,417,174	67,729,759
Depreciation/ Amortization (Note-5)		19,759,410	19,029,700
		<u>364,428,572</u>	<u>303,668,462</u>
Operating Profit/(Loss)		124,959,527	11,371,429
Add : Other Income	18	<u>136,863,721</u>	<u>52,708,150</u>
		261,823,247	64,079,579
Less : Interest paid back to BPC as per their demand		<u>-</u>	<u>59,251,279</u>
		261,823,247	4,828,300
Less : Contribution to Workers' (Profit) Participation & Welfare Funds		<u>13,091,162</u>	<u>241,415</u>
Net Profit/(Loss) before income tax		248,732,085	4,586,885
Provision for Income Tax		(120,000,000)	(1,721,000)
Profit after Income Tax		128,732,085	2,865,885
Add : Un-appropriated profit/(loss) brought forward		(35,047,259)	(37,913,144)
Un-appropriated Profit/(Loss)		<u>93,684,826</u>	<u>(35,047,259)</u>
Appropriation of Profit :			
Proposed issued of bonus share		50,000,000	-
Transferred to general reserve		40,000,000	-
Transferred to retained earning		3,684,826	(35,047,259)
		<u>93,684,826</u>	<u>(35,047,259)</u>

The annexed notes form part of these financial statements.

Approved by the board on June 13, 2007 and signed on its behalf by :

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

JAMUNA OIL COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2006

	<u>Notes</u>	<u>2005-2006</u> <u>TAKA</u>	<u>2004-2005</u> <u>TAKA</u>
OPERATING ACTIVITIES :			
Profit/(Loss) before Income Tax		248,732,085	4,586,885
Depreciation & Amortisation on operating fixed assets	5	19,759,410	19,029,700
Income tax paid	12	(31,701,641)	(27,650,572)
Profit on sales of fixed assets	18.01	(47,233)	(307,396)
Profit/(Loss) before Income Tax		236,742,621	(4,341,383)
(Increase)/Decrease in :			
Stocks	8,9	870,697,683	(1,300,732,275)
Book debts	10	(54,625,820)	299,248,474
Advances and Deposits	11	(1,949,499,347)	920,240,021
Increase/(Decrease) in creditors	14	1,100,198,201	207,175,790
Inflow from operating activities		203,513,338	121,590,627
INVESTING ACTIVITIES :			
Addition of Fixed assets	5,6	(34,727,618)	(31,283,024)
Sales proceed of Fixed Assets	18.01	71,000	325,879
Investment to MJFL		(200,000)	-
Investment to MJLL		(200,000)	-
Out flow from investing activities		(35,056,618)	(30,957,145)
FINANCING ACTIVITIES :			
Dividend Paid		-	(62,500,000)
Net Cash Inflow		168,456,720	28,133,482
Check			
Cash and cash equivalents			
Opening	13	(251,091,528)	(222,958,046)
Closing		419,548,248	251,091,528
		168,456,720	28,133,482

The annexed notes form part of these financial statements.

Approved by the board on June 13, 2007 and signed on its behalf by :

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

JAMUNA OIL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

a. Status of the Company

The Company was formed as a private limited company on 12th March, 1975 under the Companies Act, 1913 (now 1994). The company has acquired all the properties, rights, interests and assets of Bangladesh National Oils Limited (ex-Pakistan National Oils Limited) which were vested in Bangladesh Petroleum Corporation under an agreement entered into between the company and the corporation, based on the audited accounts of the company as on 31st December, 1976. The company has also acquired all the properties, rights and interests and assets of Indo-Burma Petroleum Company Limited (a subsidiary of Bangladesh Petroleum Corporation) from 1st January, 1986 based on an audited accounts of IBPCL as on 31st December, 1985. Vendors agreement to this effect is yet to be executed. The Company has been functioning as a subsidiary of Bangladesh Petroleum Corporation since its establishment.

b. Activities of the Company

The main business of the company is marketing of refined petroleum oil, lubricants, L.P. gas and bitumen. The business of the company also includes bottling and marketing of pesticides.

c. Significant accounting policies

i) Convention of accounts

The accounts of the company have been prepared in accordance with the historical cost convention under generally accepted accounting principles.

ii) Fixed Assets

Fixed assets those acquired from Bangladesh National Oils Ltd. and Indo-Burma Petroleum company Ltd. have been stated at transferred price less accumulated depreciation. The other fixed assets are stated at historical cost less accumulated depreciation. Capital work-in-progress represents the cost of acquisition of land, land development and construction etc. but not put into use.

iii) Depreciation/Amortisation

Lease hold lands are amortized according to the amortization schedule.

Fixed assets other than free hold land are depreciated on straight line method at rates given below:

<u>Category of Assets</u>	<u>% Annual Rate</u>
Buildings	5 - 10
Tanks and Pipelines	5 - 15
Machinery	7.5
Up-Country Depot	7.5
Service and filling Station	10
Pumps, Filling & Fire Fighting Equipment	5 - 15
Laboratory & Engineering Equipment	7.5 - 15
Vehicles & Other Rolling Stock	20
Railway and Jetty Sides	5 - 7.5
Furniture and Fittings	5 - 20
Returnable Packages	20
Oil Tanker M. T. JAMUNA	10

Fifty percent of full years depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation, and any gain or loss on disposal is reflected in the income statement which is determined with reference to the carrying value (net book value) of the assets and the net sale proceeds.

iv) Mode of Stock valuation

Petroleum Products

These are valued at "ERL" Transfer Price.

Other Products and Stores and Spares

These are valued at cost on weighted average method.

v) Trade debtors

These are carried at original invoice amount. This is considered good and collectible, and therefore, no amount was written off as bad debt and no debt was considered doubtful to provide for.

vi) Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as the cash and cash equivalents for preparation of these financial statements as there was insignificant risk of changes in value of these current assets.

vii) Creditors and Accrued Expenses

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

viii) Employee Benefit Obligations

The company operates a contributory provident fund and gratuity scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by contributions partly from employees and partly from the company at pre-determined rates. These contributions are invested separately from the company's assets. There is also an unfunded gratuity scheme and the employees are entitled to gratuity benefit after completion of minimum service years in the company. The accounting of gratuity was previously made on cash basis. This year the company has changed the policy and followed accrual basis. Gratuity is calculated on the last basic pay and is payable at the rate of two months basic pay for every completed year of service. The basic pay of employees other than officers are determined according to the agreement between company and CBA. There is also a group insurance for the employees.

ix) Income Tax

Jamuna Oil Company Ltd. is a Private Limited Company, therefore the effective rate is 40% as per income tax law.

x) Workers' (Profit) Participation & Welfare Funds (W.P.P & W.F)

As per the Act, provision @ 5% on net profit for W.P.P & W.F has been made for the financial year 2005 – 2006.

xi) Revenue Recognition

Margin on products supplied by BPC and other Gas Companies' are recognised after delivery of goods.

xii) Change in Presentation of Accounts

Jamuna Oil Company Limited is engaged in marketing oil products. The income it earns is termed as 'Margin' which is fixed and determined by the Govt. Jamuna has no control over in fixing the price of the products.

The company records 'Purchase' for receiving supply and 'Sales' for delivery of the same. Accordingly, the accounts are being presented showing purchase for supply and sales for delivery of the products.

The company, considering the nature of business and the nature of its earning (which is fixed), has changed the presentation of accounts.

According to changed policy of presentation of accounts, 'Margin' as fixed by the Govt. has been recognised as Revenue Earning and presented in accounts under the head 'Net Earnings'.

d. General :

i) Components of the Financial Statements

Financial Statements includes the following components :

Balance Sheet as at 30.06.2006;

Profit and Loss Account for the year ended 30.06.2006;

Cash Flow Statement for the year ended 30.06.2006; and

Notes to the financial statements.

ii) Reporting Period

Financial Statements of the company cover one year from 1st July to next 30th June consistently.

iii) Reporting Currency and Level of Precision

The figures in the financial Statements represent Bangladesh Currency (Taka) which have been rounded off to the nearest Taka.

iv) Comparative information

Comparative information have been disclosed in respect of year 2004-2005.

Figures of the year 2004-2005 have been rearranged wherever considered necessary to conform to current year's presentation.

2.00 SHARE CAPITAL : Tk. 50,000,000

	2005 – 2006	2004 – 2005
	<u>Taka</u>	<u>Taka</u>
AUTHORISED :	<u>100,000,000</u>	<u>100,000,000</u>
10,000,000 ordinary shares of TK. 10 each		
ISSUED, SUBSCRIBED AND PAID-UP :		
5,000,000 Ordinary shares of Tk.10 each		
fully paid for consideration otherwise than in cash.	<u>50,000,000</u>	<u>50,000,000</u>

3.00 CAPITAL RESERVE : Tk.152,833,103

	2005 – 2006	2004 – 2005
	<u>Taka</u>	<u>Taka</u>
This represents :		
1. Capital gain on sale of land & structure at Chandpur	3,591,102	3,591,102
2. Capital gain on sale of 12.35 acres Land at Patenga to Joint Venture Co. as detailed below :		
Sale of Land	175,000,000	175,000,000
Less: Original Cost of Land	(14,428)	(14,428)
Related expenses against transfer of land	(25,743,571)	(25,743,571)
	<u>149,242,001</u>	<u>149,242,001</u>
	<u>152,833,103</u>	<u>152,833,103</u>

4.00 GENERAL RESERVE : TK. 465,000,000 (2005-TK. 425,000,000)

Year wise break-up is as follows:

<u>Year</u>	<u>Taka</u>
1973	5,000,000
1974	5,000,000
1975(¹ / ₂ Year)	2,500,000
1975-76	5,000,000
1976-77	7,500,000
1977-78	6,000,000
1978-79	<u>20,000,000</u>
	51,000,000
Less : 1979-1980	22,500,000
a) Paid to BPC	2,500,000
b) Transfer to share capital	<u>20,000,000</u>
	28,500,000
1981-1982	5,000,000
1982-1983	10,000,000
1985-1986	6,000,000
1986-1987	4,900,000
1987-1988	6,341,000
1990-1991	9,259,000
1991-1992	5,000,000
1992-1993	5,000,000
1994-1995	10,000,000
1995-1996	40,000,000
1996-1997	50,000,000
1997-1998	60,000,000
1998-1999	30,000,000
1999-2000	30,000,000
2000-2001	45,000,000
2001-2002	65,000,000
2002-2003	15,000,000
2005-2006	<u>40,000,000</u>
	<u>465,000,000</u>

5.00 TANGIBLE FIXED ASSETS : TK. 148,889,710

The movement of fixed assets is as follows :

Particulars	C O S T				D E P R E C I A T I O N					Written down value as at 30.06.06 Taka
	Balance as at 01.07.05	Addition during the year	Sales/ Adj. during the year	Balance as at 30.06.06	Balance as at 01.07.05	Provided during the year	For current year Purchase	Sales/ Adj. during the year	Balance as at 30.06.06	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Freehold land	9,827,747	--	--	9,827,747	--	--	--	--	--	9,827,747
Leasehold land	10,191,301	--	--	10,191,301	2,509,545	104,889	--	--	2,614,434	7,576,867
Building	52,929,235	147,470	--	53,076,705	39,800,460	1,759,074	3,687	--	41,563,221	11,513,484
Tank & Pipe lines	57,934,584	162,194	--	58,096,778	38,991,296	2,873,286	7,490	--	41,872,072	16,224,706
Plant & Machinery	3,394,471	--	--	3,394,471	2,578,071	136,437	--	--	2,714,508	679,963
Up-country Depots	223,066,675	10,023,431	--	233,090,106	128,357,011	12,020,404	375,879	--	140,753,294	92,336,812
Service and Filling Stations	19,633,476	--	56597	19,576,879	19,592,021	13,372	--	56,592	19,548,801	28,078
Pump Filling & Fire Fighting Equipment	19,689,519	551,030	--	20,240,549	14,346,183	804,694	27,551	--	15,178,428	5,062,121
Laboratory office & Engineering Equipment	18,898,450	957,206	--	19,855,656	15,391,092	1,002,574	61,270	--	16,454,936	3,400,720
Vehicles and other Rolling Stocks	33,459,520	--	--	33,459,520	33,174,466	202,199	--	--	33,376,665	82,855
Railway Siding and Jetty	4,485,604	--	--	4,485,604	4,485,593	--	--	--	4,485,593	11
Furniture and Fixture	10,047,519	220,843	57,582	10,210,780	7,721,656	361,083	5,521	33,820	8,054,440	2,156,340
Returnable Packages	171,075	--	--	171,075	171,072	--	--	--	171,072	3
Oil Tanker MT Jamuna & Others	16,259,663	--	--	16,259,663	16,259,660	--	--	--	16,259,660	3
2005-2006	479,988,839	12,062,174	114,179	491,936,834	323,378,126	19,278,012	481,398	90,412	343,047,124	148,889,710
2004-2005	455,870,440	25,739,271	1,620,872	479,988,839	305,950,816	18,005,114	1,024,586	1,602,390	323,378,126	156,610,713

6.00 CAPITAL WORK-IN-PROGRESS - TK. 46,705,766

Particulars	Balance as on 01.07.2005 TK.	Addition TK.	Total TK.	Capitalised TK.	Balance as on 30.06.2006 TK.
MURADPUR HOUSING COMPLEX : (Addition of cost of 1.216 acres of land)	315,653	(315,653)	--	--	--
BHAIRAB BAZAR DEPOT : Construction of Wall	--	294,470	294,470	294,470	--
KAWRAN BAZAR PROJECT : Approach Road, Building design & drawing	22,132,886	11,606,168	33,739,054	--	33,739,054
RANGPUR DEPOT : Construction of Pump House	--	477,543	477,543	--	477,543
Construction of 250 M.T. (MS) Tank	--	543,251	543,251	--	543,251
Development of Land	--	186,401	186,401	186,401	--
DAULATPUR DEPOT: Construction of RCC. Work	--	281,401	281,401	281,401	--
SRIMONGOL DEPOT : Construction of 750 M.T. Cap. SKO Tank	546,211	--	546,211	--	546,211
Construction of 750 M.T. Cap. HSD Tank	546,212	--	546,212	--	546,212
Construction of 350 M.T. Tank	--	2,575,181	2,575,181	2,575,181	--
Development of land	--	687,696	687,696	687,696	--
Construction of Tin Shed	49,360	--	49,360	--	49,360
Development of pump house Tank Lorry Gantree	450,000	727,223	1,177,223	1,177,223	--
Construction of light post & wiring	--	470,044	470,044	470,044	--
Construction of office Building	--	583,970	583,970	--	583,970
Construction of Gantree house	--	192,531	192,531	192,531	--
CHITTAGONG TERMINAL : Construction of cyclone fencing	--	530,183	530,183	--	530,183
FATULLAH DEPOT : Construction of Boundary Wall	--	874,339	874,339	874,339	--
PARBATIPUR DEPOT : Constructions of Oil Tanks	--	9,689,982	9,689,982	--	9,689,982
HaliShahar Housing Complex: Construction of Boundary Wall	--	147,470	147,470	147,470	--
Grand Total Tk.	<u>24,040,322</u>	<u>29,552,200</u>	<u>53,592,522</u>	<u>6,886,756</u>	<u>46,705,766</u>
2004-2005	18,496,568	14,688,809	33,185,377	9,145,055	24,040,322

7.00 INVESTMENT (At Cost) : TK. 175,400,000 (2004-2005 : Tk. 175,000,000)

Joint Venture Financing -

2005-2006

Taka

a. 877 Shares of Tk. 100,000 each in Mobil Jamuna Lubricants Ltd.

87,700,000

b. 877 Shares of TK. 100,000 each in Mobil Jamuna Fuels Ltd.

87,700,000

TK. 175,400,000

8.00 STOCK-IN-TRADE : TK. 2,430,889,081

This consists of :

	2005-2006		2004-2005	
	Quantity (Ltr)	Taka	Quantity (Ltr)	Taka
Stocks (including stock in transit)	70,107,611	2,298,735,763	124,929,444	3,151,402,229
L.P. Gas (Cylinder)	2,946	1,284,456	2,833	1,103,454
Imported Lubricants	1,091,481.75	97,430,133	82,3193.75	57,944,004
Lubricants	113,331.57	4,513,435	206,026.57	8,971,820
Imported Grease	41,095.5	8,122,466	26,462.4	3,868,246
Bitumen (M.T)	164.8	4,327,184	1,814.9	35,597,237
		2,414,413,437		3,258,886,991
Lubricants raw materials		16,210,520		51,702,012
Pesticides		265,124		648,470
		2,430,889,081		3,311,237,473

8.01 Stocks (including stock in transit) : Tk. 2,298,735,763

This consists of :

	2005-2006		2004-2005	
	Quantity (Ltr)	Taka	Quantity (Ltr)	Taka
HOBC	3849954	214,134,442	3641540	122,537,821
MS	4989005	267,759,898	9258194	311,538,228
SKO	19940696	633,715,319	26649623	667,306,560
HSD	28801787	905,816,201	77212212	1,920,267,712
LDO	730946	25,239,565	904098	19,510,435
FO	10351898	202,379,606	4675173	54,419,014
JBO	1437234	49,627,690	2585183	55,788,249
Condensate	6091	63,042	3421	34,210
	70,107,611	2,298,735,763	124,929,444	3,151,402,229

9.00 STORES & SPARES : TK. 75,269,299

This consists of :

	2005-2006	2004-2005
	Taka	Taka
Non Returnable Empty packages	1,402,193	1,789,042
L.P.G. Store Materials	35,051,694	35,055,294
Chittagong Terminal Stores	34,380,040	23,857,308
Depot Stores	3,646,870	4,127,726
Pesticides Materials	788,502	789,220
	75,269,299	65,618,590

10.00 BOOK DEBTS : TK. 345,752,241

This consists of :

	2005-2006	2004-2005
	Taka	Taka
LPG distributors A/C	25,996,808	9,154,307
Pesticide distributors A/C	-	21,271
Sundry Debtors (POL products)	325,382,655	281,493,815
Sundry Debtors (Bitumen)	-	6,084,250
Provision for Doubtful debts	(5,627,222)	(5,627,222)
	345,752,241	291,126,421

This is unsecured but considered good.

11.00 ADVANCES AND DEPOSITS : TK. 2,802,860,435

This consists of :

Advances	2,566,123,151	801,575,911
Deposits	236,737,284	51,785,177
	2,802,860,435	853,361,088

12.00 INCOME TAX : TK. (5,653,127)

Year-wise details are as follows :

<u>Accounting year</u>	<u>Tax paid</u> <u>Taka</u>	<u>Tax Provided</u> <u>Taka</u>	<u>Balance (Debit)</u> <u>Taka</u>
30.06.1988 to 30.06.2003			
30.06.2004	34,631,255	3,403,844	31,227,411
30.06.2005	29,238,248	-	29,238,248
30.06.2006	23,900,573	1,721,000	22,179,573
	31,701,641	120,000,000	(88,298,359)
	119,471,717	125,124,844	(5,653,127)

13.00 CASH & CASH EQUIVALENTS : TK. 419,548,248

This consists of :

With Banks in :

Short Term deposits A/C

Current Account & Disbursement A/C (Note-13.01)

In hand

1,133,809,626	609,860,012
(715,020,541)	(359,537,408)
418,789,085	250,322,604
759,163	768,924
419,548,248	251,091,528

13.01 Current account & Disbursement account : Tk. (715,020,541)

This consists of as follows:

a) Cash Credit A/C (Secured)

b) Current A/C

(380,002,781)	(20,000,000)
(335,017,760)	(339,537,408)
(715,020,541)	(359,537,408)

14.00 SUNDRY CREDITORS : TK. 5,718,143,724

This comprises of :

Liabilities for Goods Supplied

Liabilities for Expenses

Liabilities for Other Finance

<u>2005-2006</u> <u>Taka</u>	<u>2004-2005</u> <u>Taka</u>
2,990,302,618	2,951,754,611
715,764,204	572,835,586
2,012,076,902	1,093,355,326
5,718,143,724	4,617,945,523

15.00 NET EARNING ON PETROLEUM PRODUCT : TK. 489,388,099

Product-wise details are as follows :

Products

i) Main Product:

HOBC

MS

SKO

HSD

LDO

FO

JBO

ii) Bitumen

iii) Lubricants & Grease

iv) LPG

6,094,586	3,823,086
96,966,081	16,242,823
48,368,825	32,659,655
228,694,780	120,498,624
66,823	-
39,254,523	101,132,820
847,190	285,030
420,292,808	274,642,038
10,648,187	5,460,062
51,984,458	29,897,279
6,462,646	5,040,512
489,388,099	315,039,891

16.00 ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES : TK. 277,251,988

This consists of as follows :

Storage, Selling & Administration	29,302,281	30,133,236
Payroll & Benefits	198,080,503	148,474,306
Contributory Provident Fund	3,853,209	3,612,400
Rent & Other Taxes	17,835,038	7,285,736
Travelling & Office Transport	8,243,875	8,630,059
Fuel & Electricity	4,616,521	4,642,087
Repair & Maintenance	7,277,896	10,210,297
Insurance	5,171,868	3,397,882
Audit Fee (statutory)	80,000	80,000
Directors Fee	58,500	93,000
Management Service Charge	350,000	350,000
Pesticide Expenses	2,382,297	-
	277,251,988	216,909,003

During 2005-2006 financial year, 563 employees have received Tk. 3,000 or more per month as salary and other benefits.

17.00 FINANCIAL EXPENSES : TK. 67,417,174 (2004 - 2005 : TK. 67,729,759)

This is payable to BPC.

18.00 OTHER INCOME : TK. 136,863,721

This comprises of :

	2005-2006	2004-2005
	Taka	Taka
Interest on Bank deposits	61,113,223	10,000,000
Interest on house building loan	1,073,455	1,022,515
Interest on Car loan	84,042	122,210
Handling Commission	17,276,535	18,618,414
Income from product handling	34,475,279	4,411,083
Profit on sale of LPG materials	900	802
Net profit/(Loss) on carrying Products by MT JAMUNA	4,793,541	650,027
Net Profit on Tanker Operation	15,020,277	10,126,002
Net Profit/(Loss) on sale of Pesticides	--	(4,981,202)
Profit/(Loss) on sale of fixed Assets (18.01)	47,233	307,396
Sundries	878,561	1,647,659
Deposit forfeited	12,000	259,242
M.J.L.L Dividend - for 31.12.2002 at Tk. 12,000 Per share	--	10,524,000
Tanker Rent	12,000	--
License fee	2,076,673	--
	136,863,721	52,708,150

18.01 PROFIT/(LOSS) ON SALE OF FIXED ASSETS : Tk. 47,233

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sales Proceed	Profit/(Loss)
Furniture & Fixture	57,582	33,820	23,762	28,000	4,238
Dispensing Unit	53,720	53,717	3	40,000	39,997
Air Compressor	2,666	2,665	1	2,500	2,499
Tyre	211	210	1	500	499
	114,179	90,412	23,767	71,000	47,233

19.00 CAPITAL EXPENDITURE COMMITMENTS :

The capital expenditure commitments as on 30th June 2006 was Tk. 210.43 lac (30th June 2005 Tk.267.77 lac)

20.00 CONTINGENT LIABILITIES :

There was no sum for which the company is contingently liable as on 30.06.2006

Details of product wise operational & transit loss/(gain)**Annexure-A**

Particulars	HOBC	MS	SKO	HSD	LDO	FO	JBO	Lub & Grease	LPG	Condensate	Total
Working Loss (.1)	6,567,591	5,093,549	(9,326,692)	3,299,793	(66,489)	(23,388,943)	166,890	(111,247)	25,288	64,318	(17,675,942)
Transit Loss	4,342,033	6,969,112	17,466,514	68,087,099	-	1,596,717	638,684	-	-	-	99,100,160
Freight Loss (.2)	72,873	105,602	484,169	66,905	-	(75,146)	5,733	-	-	-	660,137
Total :											<u>Tk. 82,084,354</u>

1. Operational Gain : Taka 17,015,805

a) Working Gain : TK 17,675,942 (Main Product Tk.17,654,301 and Lub , Grease & LPG Tk 21,641.)

b) Freight Loss : Tk. 660,137

2. Transit Loss : Tk. 99,100,160

AUDITORS' REPORT
TO
THE MEMBERS OF
JAMUNA OIL COMPANY LIMITED

We have audited the accompanying Balance Sheet of **JAMUNA OIL COMPANY LIMITED** as on December 31, 2006 and the related Profit and Loss Account along with Cash Flow Statement for the period from 1st July, 2006 to December 31, 2006. These financial statements are the responsibility of the management of the company. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of opinion :

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit reveals that :

1. The required provision for gratuity is Tk. 162,730,521 against which Tk. 6 crore has been provided.
2. Included in debtors of Tk. 44,371,237.15 due from Balaka Filling station recovery of which is uncertain but no provision there against has been made in the accounts.
3. Balance confirmation from respective parties under different head of accounts including from the following parties were not obtained and furnished to us :

Bangladesh Petroleum Corporation
Padma Oil Co. Ltd.
Meghna Oil Co. Ltd.
Eastern Refinery Ltd.
Sylhet Gas Field Ltd.
Asphaltic Bitumen Plant
Mobil Jamuna Lubricants Ltd.
4. Investment in shares of Mobil Jamuna Fuels Limited (MJFL) is Taka 87,700,000 (877 shares of Taka 100,000 each), against which 110 shares of Taka 100,000 each have been allotted to Jamuna Oil Company Ltd.

Opinion :

Except for the effect of the matters noted in preceding paragraph 1 to 3 in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement respectively exhibit a true and fair view of the state of affairs of the company as on December 31, 2006 and of its profit as well as cash flow for the period ended and that the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been drawn up in conformity with the law with particular reference to note 1(c) (xi) and 1 (d) (iv).

We also report that :

- (i) Except for matters described in preceding para 3 to 4 above, we have obtained all the information and explanations which were necessary for the purposes of our audit;
- (ii) Proper books of account as required by law were maintained by the company so far as it appeared from our audit of those books; and
- (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account maintained by the company and audited by us.

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

Dated :
Place :

JAMUNA OIL COMPANY LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER, 2006

	<u>Notes</u>	<u>31 December, 2006</u> Taka	<u>30 June, 2006</u> Taka
SOURCES OF FUND			
SHAREHOLDERS' EQUITY :			
Share Capital	2	50,000,000	50,000,000
Proposed issued of bonus share		50,000,000	50,000,000
Capital Reserve	3	152,833,103	152,833,103
General Reserve	4	465,000,000	465,000,000
Surplus/(Deficit)		137,974,447	3,684,826
		<u>855,807,550</u>	<u>721,517,929</u>
APPLICATION OF FUND			
TANGIBLE FIXED ASSETS:			
(At cost less depreciation)	5	147,130,587	148,889,710
Capital Work-in-Progress	6	62,464,893	46,705,766
		<u>209,595,480</u>	<u>195,595,476</u>
INVESTMENT IN SHARES	7	175,400,000	175,400,000
CURRENT ASSETS :		11,816,495,056	6,074,319,304
Stock-in-Trade	8	3,657,519,195	2,430,889,081
Stores & Spares	9	75,144,244	75,269,299
Book Debts	10	366,715,610	345,752,241
Advances and Deposits	11	5,258,877,157	2,802,860,435
Cash & Cash Equivalents	12	2,458,238,850	419,548,248
CURRENT LIABILITIES :		(11,345,682,986)	(5,723,796,851)
Income Tax	13	78,171,478	5,653,127
Sundry Creditors	14	11,267,511,508	5,718,143,724
NET CURRENT ASSETS		<u>470,812,070</u>	<u>350,522,453</u>
NET ASSETS		<u>855,807,550</u>	<u>721,517,929</u>

The annexed notes form part of these financial statements.

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

Dated :
Place : Dhaka

JAMUNA OIL COMPANY LIMITED
PROFIT & LOSS ACCOUNT
FOR THE PERIOD FROM JULY 01, 2006 TO DECEMBER 31, 2006

	<u>Notes</u>	<u>July 1, 2006 to December 31, 2006 Taka</u>	<u>July 1, 2005 to June 30, 2006 Taka</u>
Net Earning on Petroleum Product	15	341,796,200	489,388,099
LESS :			
Administrative, Selling & Distribution Expenses	16	131,335,090	277,251,988
Financial Expenses	17	31,646,332	67,417,174
Depreciation/ Amortization (Note-5)		<u>9,597,495</u>	<u>19,759,410</u>
		<u>172,578,917</u>	<u>364,428,572</u>
Operating Profit/(Loss)		169,217,283	124,959,527
Add: Other Income	18	<u>66,877,055</u>	<u>136,863,721</u>
		236,094,338	261,823,248
Less: Contribution to Workers' (Profit) Participation & Welfare Funds		<u>11,804,717</u>	<u>13,091,162</u>
Net Profit/(Loss) before income tax		224,289,621	248,732,085
Provision for Income Tax		<u>(90,000,000)</u>	<u>(120,000,000)</u>
Profit after Income Tax		134,289,621	128,732,085
Add: Un-appropriated profit/(loss) brought forward		<u>3,684,826</u>	<u>(35,047,259)</u>
Un-appropriated Profit/(Loss)		<u>137,974,447</u>	<u>93,684,826</u>
Appropriation of Profit :			
Proposed issued of bonus share		-	50,000,000
Transferred to general reserve		-	40,000,000
Transferred to retained earnings		<u>137,974,447</u>	<u>3,684,826</u>
		<u>137,974,447</u>	<u>93,684,826</u>

The annexed notes form part of these financial statements.

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

Dated :
Place : Dhaka

JAMUNA OIL COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM JULY 01, 2006 TO DECEMBER 31, 2006

	<u>Notes</u>	<u>July 1, 2006 to December 31, 2006 Taka</u>	<u>July 1, 2005 to June 30, 2006 Taka</u>
OPERATING ACTIVITIES :			
Profit /(Loss) before Income Tax		224,289,621	248,732,085
Depreciation & Amortisation on operating fixed assets	5	9,597,495	19,759,410
Income tax paid	12	(17,481,649)	(31,701,641)
Profit on sales of fixed assets	18.01	(1,038,631)	(47,233)
Operating Profit/(Loss) before Income Tax:		215,366,836	236,742,621
(Increase)/Decrease in :			
Stocks	8,9	(1,226,505,059)	870,697,683
Book debts	10	(20,963,369)	(54,625,820)
Advances and Deposits	11	(2,456,016,722)	(1,949,499,347)
Increase/(Decrease) in creditors	14	5,549,367,784	1,100,198,201
Net Cash Inflows/(Out Flows) from Operating activities : (A)		2,061,249,470	203,513,338
INVESTING ACTIVITIES :			
Addition of Fixed assets	5, 6	(23,680,308)	(34,727,618)
Sales proceed of Fixed Assets	18.01	1,121,440	71,000
Investment to MJFL		-	(200,000)
Investment to MJLL		-	(200,000)
Net Cash Inflows/(Out Flows) from Investing activities : (B)		(22,558,868)	(35,056,618)
FINANCING ACTIVITIES :			
Net Cash Inflows/(Out Flows) from Financing activities: (C)		-	-
Net Cash Inflows/(Out Flows) from All Activities: (A+B+C)		2,038,690,602	168,456,720
Check			
Cash and cash equivalents :			
Opening	13	(419,548,248)	(251,091,528)
Closing		2,458,238,850	419,548,248
		2,038,690,602	168,456,720

The annexed notes form part of these financial statements.

Sd/
DIRECTOR

Sd/
DIRECTOR

Sd/
SECRETARY

Subject to our separate report of even date annexed

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

Sd/
M. J. ABEDIN & CO.
Chartered Accountants

Dated :
Place : Dhaka

JAMUNA OIL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JULY 01, 2006 TO DECEMBER 31, 2006 FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

a. Status of the Company

The Company was formed as a private limited company on 12th March, 1975 under the Companies Act, 1913 (now 1994). The company has acquired all the properties, rights, interests and assets of Bangladesh National Oils Limited (ex-Pakistan National Oils Limited) which were vested in Bangladesh Petroleum Corporation under an agreement entered into between the company and the corporation, based on the audited accounts of the company as on 31st December, 1976. The company has also acquired all the properties, rights and interests and assets of Indo-Burma Petroleum Company Limited (a subsidiary of Bangladesh Petroleum Corporation) from 1st January, 1986 based on an audited accounts of IBPCL as on 31st December, 1985. Vendors agreement to this effect is yet to be executed. The Company has been functioning as a subsidiary of Bangladesh Petroleum Corporation since its establishment.

b. Activities of the Company

The main business of the company is marketing of refined petroleum oil, lubricants, L.P. gas and bitumen. The business of the company also includes bottling and marketing of pesticides.

c. Significant accounting policies

i) Convention of accounts

The accounts of the company have been prepared in accordance with the historical cost convention under generally accepted accounting principles.

ii) Fixed Assets

Fixed assets those acquired from Bangladesh National Oils Ltd. and Indo-Burma Petroleum Company Ltd. have been stated at transferred price less accumulated depreciation. The other fixed assets are stated at historical cost less accumulated depreciation. Capital work-in-progress represents the cost of acquisition of land, land development and construction etc. but not put into use.

iii) Depreciation/Amortisation

Lease hold lands are amortized according to the amortization schedule.

Fixed assets other than free hold land are depreciated on straight line method at rates given below:

<u>Category of Assets</u>	<u>% Annual Rate</u>
Buildings	5 - 10
Tanks and Pipelines	5 - 15
Machinery	7.5
Up-Country Depot	7.5
Service and filling Station	10
Pumps, Filling & Fire Fighting Equipment	5 - 15
Laboratory & Engineering Equipment	7.5 - 15
Vehicles & Other Rolling Stock	20
Railway and Jetty Sides	5 - 7.5
Furniture and Fittings	5 - 20
Returnable Packages	20
Oil Tanker M. T. JAMUNA	10

Fifty percent of full years depreciation is charged in the year of acquisition.

No depreciation is charged in the year of disposal.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation, and any gain or loss on disposal is reflected in the income statement which is determined with reference to the carrying value (net book value) of the assets and the net sale proceeds.

iv) Mode of Stock valuation

Petroleum Products

These are valued at "ERL" Transfer Price.

Other Products and Stores and Spares

These are valued at cost on weighted average method.

v) Trade debtors

These are carried at original invoice amount. This is considered good and collectible, and therefore, no amount was written off as bad debt and no debt was considered doubtful to provide for.

vi) Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as the cash and cash equivalents for preparation of these financial statements as there was insignificant risk of changes in value of these current assets.

vii) Creditors and Accrued Expenses

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

viii) Employee Benefit Obligations

The company operates a contributory provident fund and an unfunded gratuity scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by contributions partly from employees and partly from the company at pre-determined rates. These contributions are invested separately from the company's assets. There is also an unfunded gratuity scheme and the employees are entitled to gratuity benefit after completion of minimum service years in the company. The accounting of gratuity was previously made on cash basis. Recently the company has changed the policy and provided Tk. 6 crore against required provision of Tk. 16.27 crore on 31.12.2006. Gratuity is calculated on the last basic pay and is payable at the rate of two months basic pay for every completed year of service. The basic pay of employees other than officers are determined according to the agreement between company and CBA. There is also a group insurance for the employees.

ix) Income Tax

Jamuna Oil Company Ltd. is a Private Limited Company, therefore the effective rate is 40% as per income tax law.

x) Workers' (Profit) Participation & Welfare Funds (W.P.P & W.F)

As per the Act, provision @ 5% on net profit for W.P.P & W.F has been made for the period July to December 2006.

xi) Revenue Recognition

Margin on products supplied by BPC and other Gas Companies' are recognised after delivery of goods. Jamuna Oil Company Limited is engaged in marketing oil products. The income it earns is

termed as 'Margin' which is fixed and determined by the Govt. Jamuna has no control over in fixing the price of the products. The company records 'Purchase' for receiving supply and 'Sales' for delivery of the same. Considering the nature of business and its earning, the management has changed the presentation of accounts. According to the changed policy, sales net of cost of goods sold (net earning from petroleum product) has been directly presented in accounts instead of presenting purchase and sales separately.

d. General :

i) Components of the Financial Statements

Financial Statements includes the following components :

Balance Sheet as at December 31, 2006;

Profit and Loss Account for the period from July 01, 2006 to December 31, 2006;

Cash Flow Statement for the period from July 01, 2006 to December 31, 2006; and

Notes to the financial statements.

ii) Reporting Period

Financial Statements of the company usually cover from 1st July to 30th June consistently. But the enclosed accounts have been covered for six months from July 01, 2006 to December 31, 2006.

iii) Reporting Currency and Level of Precision

The figures in the financial Statements represent Bangladesh Currency (Taka) which have been rounded off to the nearest Taka.

iv) Comparative information

The enclosed accounts have been prepared for six months ended 31.12.2006. Comparative information in respect of previous period have not been reported in the financial statements except balance sheet, according to the requirement of law and accounting standard..

2.00 SHARE CAPITAL : Tk. 50,000,000

	July 01, 2006 to December 31, 2006 Taka	July 01, 2005 to June 30, 2006 Taka
AUTHORISED :	<u>100,000,000</u>	<u>100,000,000</u>
1,00,00,000 ordinary shares of TK. 10 each		
ISSUED, SUBSCRIBED AND PAID-UP :		
50,00,000 Ordinary shares of Tk.10 each		
fully paid for consideration otherwise than in cash.	<u>50,000,000</u>	<u>50,000,000</u>

3.00 CAPITAL RESERVE : Tk.152,833,103

	July 01, 2006 to December 31, 2006 Taka	July 01, 2005 to June 30, 2006 Taka
This represents :		
1. Capital gain on sale of land & structure at Chandpur	3,591,102	3,591,102
2. Capital gain on sale of 12.35 acres Land at Patenga to Joint Venture Co. as detailed below :		
Sale of Land	175,000,000	175,000,000
Less : Original Cost of Land	(14,428)	(14,428)
Related expenses against transfer of land	(25,743,571)	(25,743,571)
	<u>149,242,001</u>	<u>149,242,001</u>
	<u>152,833,103</u>	<u>152,833,103</u>

4.00 GENERAL RESERVE : TK. 465,000,000 (2005 - 2006 : TK. 465,000,000)

Year wise break-up is as follows:

<u>Year</u>	<u>Taka</u>
1973	5,000,000
1974	5,000,000
1975(¹ / ₂ Year)	2,500,000
1975-76	5,000,000
1976-77	7,500,000
1977-78	6,000,000
1978-79	20,000,000
	<u>51,000,000</u>
Less : 1979-1980	22,500,000
a) Paid to BPC	2,500,000
b) Transfer to share capital	20,000,000
	28,500,000
1981-1982	5,000,000
1982-1983	10,000,000
1985-1986	6,000,000
1986-1987	4,900,000
1987-1988	6,341,000
1990-1991	9,259,000
1991-1992	5,000,000
1992-1993	5,000,000
1994-1995	10,000,000
1995-1996	40,000,000
1996-1997	50,000,000
1997-1998	60,000,000
1998-1999	30,000,000
1999-2000	30,000,000
2000-2001	45,000,000
2001-2002	65,000,000
2002-2003	15,000,000
2005-2006	40,000,000
	<u>465,000,000</u>

5.00 TANGIBLE FIXED ASSETS : TK. 147,130,587

The movement of fixed assets is as follows :

Particulars	C O S T				D E P R E C I A T I O N				Written down value as at 31.12.06	
	Balance as at 01.07.06	Addition during the period	Sales/ Adj. during the period	Balance as at 31.12.06	Balance as at 01.07.06	Provided during the period	For current period Purchase	Sales/ Adj. during the period		Balance as at 31.12.06
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		Taka
Freehold land	9,827,747	-	-	9,827,747	-	-	-	-	-	9,827,747
Leasehold land	10,191,301	-	-	10,191,301	2,614,434	52,445	-	-	2,666,879	7,524,422
Building	53,076,705	-	-	53,076,705	41,563,221	883,215	-	-	42,446,436	10,630,269
Tank & Pipe lines	58,096,778	86,307	-	58,183,085	41,872,072	1,343,319	1,811	-	43,217,202	14,965,883
Plant & Machinery	3,394,471	-	-	3,394,471	2,714,508	68,219	-	-	2,782,727	611,744
Up-country Depots	233,090,106	7,780,445	-	240,870,551	140,753,288	6,107,342	145,883	-	147,006,513	93,864,038
Service and Filling Stations	19,576,879	-	-	19,576,879	19,548,807	6,686	-	-	19,555,493	21,386
Pump Filling & Fire Fighting Equipment	20,240,549	-	-	20,240,549	15,178,428	395,573	-	-	15,574,001	4,666,548
Laboratory office & Engineering Equipment	19,855,656	9,662	-	19,865,318	16,454,936	412,825	362	-	16,868,123	2,997,195
Vehicles and other Rolling Stocks	33,459,520	-	2,875,500	30,584,020	33,376,665	-	-	2,792,691	30,583,974	46
Railway Siding and Jetty	4,485,604	-	-	4,485,604	4,485,593	-	-	-	4,485,593	11
Furniture and Fixture	10,210,780	44,768	-	10,255,548	8,054,440	178,137	1,679	-	8,234,256	2,021,292
Returnable Packages	171,075	-	-	171,075	171,072	-	-	-	171,072	3
Oil Tanker MT Jamuna & Others	16,259,663	-	-	16,259,663	16,259,660	-	-	-	16,259,660	3
July 01, 2006 to December 31, 2006	491,936,834	7,921,182	2,875,500	496,982,516	343,047,124	9,447,761	149,735	2,792,691	349,851,929	147,130,587
July 01, 2005 to June 30, 2006	479,988,839	12,062,174	114,179	491,936,834	323,378,126	19,278,012	481,398	90,412	343,047,124	148,889,710

6.00 CAPITAL WORK-IN-PROGRESS - TK. 62,464,893

Particulars	Balance as on 01.07.2006 TK.	Addition TK.	Total TK.	Capitalised TK.	Balance as on 31.12.06 TK.
KAWRAN BAZAR PROJECT :					
Approach Road, Building design & drawing	33,739,054	7,629,214	41,368,268	-	41,368,268
RANGPUR DEPOT :					
Construction of Pump House	477,543	688,673	1,166,216	1,166,216	-
Construction of 250 M.T. (MS) Tank	543,251	1,869,052	2,412,303	-	2,412,303
DAULATPUR DEPOT:					
Construction of Hard Standing in tank Lorry Grantee Area	-	989,437	989,437	989,437	-
SREEMANGAL DEPOT :					
Construction of 750 M.T. Cap. SKO Tank	546,211	-	546,211	-	546,211
Construction of 750 M.T. Cap. HSD Tank	546,212	-	546,212	-	546,212
Construction of 750 M.T. Capacity two Tank	-	5,562,321	5,562,321	-	5,562,321
Construction of Tin Shed	49,360	-	49,360	-	49,360
Construction of Pump & Pipe line	-	257,460	257,460	-	257,460
Construction of Office Building	583,970	579,625	1,163,595	1,163,595	-
Construction of Road and Parking	-	638,403	638,403	-	638,403
Construction of Electric Line	-	176,024	176,024	-	176,024
Construction of Drain	-	569,516	569,516	-	569,516
CHITTAGONG TERMINAL :					
Construction of Cyclone Fencing	530,183	-	530,183	-	530,183
PARBATIPUR DEPOT :					
Constructions of Oil Tanks	9,689,982	118,650	9,808,632	-	9,808,632
Grand Total Tk.	46,705,766	19,078,375	65,784,141	3,319,248	62,464,893
July 01, 2005 to June 30, 2006	24,040,322	29,552,200	53,592,522	6,886,756	46,705,766

7.00 INVESTMENT (At Cost) : TK. 175,400,000 (2005 - 2006 : Tk. 175,400,000)

Joint Venture Financing -

	July 01, 2006 to December 31, 2006	July 01, 2005 to June 30, 2006
a. 877 Shares of Tk. 100,000 each in Mobil Jamuna Lubricants Ltd.	87,700,000	87,700,000
b. 877 Shares of TK. 100,000 each in Mobil Jamuna Fuels Ltd.	87,700,000	87,700,000
	Tk. 175,400,000	175,400,000

8.00 STOCK-IN-TRADE : TK. 3,657,519,195

This consists of :

	July 01, 2006 to December 31, 2006		July 01, 2005 to June 30, 2006	
	Quantity (Ltr)	Taka	Quantity (Ltr)	Taka
Stocks (including stock in transit)	108,261,533.00	3,425,520,574	70,107,611.00	2,298,735,763
L.P. Gas (Cylinder)	3,248.00	1,416,128	2,946.00	1,284,456
Imported Lubricants	1,389,672.25	155,125,185	1,091,481.75	97,430,133
Lubricants	229,081.57	17,113,714	113,331.57	4,513,435
Imported Grease	40,288.80	9,111,301	41,095.50	8,122,466
Bitumen (M.T)	613.70	17,496,773	164.80	4,327,184
		3,625,783,675		2,414,413,437
Lubricants raw materials		31,604,166		16,210,520
Pesticides		131,354		265,124
		3,657,519,195		2,430,889,081

8.01 Stocks (including stock in transit) : Tk. 3,425,520,574

This consists of :

	July 01, 2006 to December 31, 2006		July 01, 2005 to June 30, 2006	
	Quantity (Ltr)	Taka	Quantity (Ltr)	Taka
HOBC	1566203	87,112,211	3849954	214,134,442
MS	6753277	362,448,377	4989005	267,759,898
SKO	18930939	601,625,241	19940696	633,715,319
HSD	63844821	2,007,919,620	28801787	905,816,201
LDO	456366	15,758,318	730946	25,239,565
FO	15096087	295,128,501	10351898	202,379,606
JBO	1605785	55,447,756	1437234	49,627,690
Condensate	8055	80,550	6091	63,042
	108,261,533	3,425,520,574	70,107,611	2,298,735,763

9.00 STORES & SPARES : TK. 75,144,244

This consists of :

	July 01, 2006 to December 31, 2006	July 01, 2005 to June 30, 2006
Non Returnable Empty packages	1,525,747	1,402,193
L.P.G. Store Materials	35,048,094	35,051,694
Chittagong Terminal Stores	33,824,268	34,380,040
Depot Stores	3,957,633	3,646,870
Pesticides Materials	788,502	788,502
	Tk. 75,144,244	Tk. 75,269,299

10.00 BOOK DEBTS : TK. 366,715,610

This consists of :

	July 01, 2006 to December 31, 2006	July 01, 2005 to June 30, 2006
LPG distributors A/C	35,846,132	25,996,808
Pesticide distributors A/C	-	-
Sundry Debtors (POL products)	332,120,019	325,382,655
Sundry Debtors (Bitumen)	4,376,681	-
Provision for Doubtful debts	(5,627,222)	(5,627,222)
	TK. 366,715,610	TK. 345,752,241

This is unsecured but considered good.

11.00 ADVANCES AND DEPOSITS : TK. 5,258,877,157

This consists of :

	July 01, 2006 to December 31, 2006	July 01, 2005 to June 30, 2006
Advances	2,522,087,355	2,566,123,151
Deposits	2,736,789,802	236,737,284
	Tk. 5,258,877,157	Tk. 2,802,860,435

12.00 CASH & CASH EQUIVALENTS : TK. 2,458,238,850

This consists of :

With Banks in :

Short Term deposits A/C	2,639,763,064	1,133,809,626
Current Account & Disbursement A/C (Note-12.01)	(183,374,021)	(715,020,541)
	2,456,389,043	418,789,085
	1,849,807	759,163
In hand	Tk. 2,458,238,850	Tk. 419,548,248

1201 Current account & Disbursement account : Tk. (183,374,021)

This consists of as follows:

a) Cash Credit A/C (Secured)	30	(380,002,781)
b) Current A/C	(183,374,051)	(335,017,760)
	Tk. (183,374,021)	Tk. (715,020,541)

1300 INCOME TAX : TK. 78,171,478

Year-wise details are as follows :

<u>Accounting year</u>	<u>Tax paid Taka</u>	<u>Tax Provided Taka</u>	<u>Balance Taka</u>
30.06.1988 to 30.06.2003	34,631,255	3,403,844	(31,227,411)
30.06.2004	29,238,248	-	(29,238,248)
30.06.2005	23,900,573	1,721,000	(22,179,573)
30.06.2006	31,701,641	120,000,000	88,298,359
31.12.2006	17,481,649	90,000,000	72,518,351
	TK.136,953,366	215,124,844	78,171,478

14.00 SUNDRY CREDITORS : TK. 11,267,511,508

This comprises of :

	<u>July 01, 2006 to December 31, 2006</u>	<u>July 01, 2005 to June 30, 2006</u>
Liabilities for Goods Supplied	5,660,325,048	2,990,302,618
Liabilities for Expenses	785,782,412	715,764,204
Liabilities for Other Finance	4,821,404,048	2,012,076,902
	Tk. 11,267,511,508	Tk. 5,718,143,724

15.00 NET EARNING ON PETROLEUM PRODUCT : TK. 341,796,200

Product-wise details are as follows :

Products

i) Main Product:		
HOBC	2,474,765	6,094,586
MS	87,473,586	96,966,081
SKO	28,284,313	48,368,825
HSD	132,946,146	228,694,780
LDO	207,513	66,823
FO	16,667,372	39,254,523
JBO	784,663	847,190
	268,838,358	420,292,808
ii) Bitumen	5,195,146	10,648,187
iii) Lubricants & Grease	65,139,240	51,984,458
iv) LPG	2,623,456	6,462,646
	72,957,842	69,095,291
	Total Tk. 341,796,200	Total Tk. 489,388,099

16.00 ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES : TK. 131,335,090

This consists of as follows :

Storage, Selling & Administration	12,295,273	29,302,281
Payroll & Benefits	99,656,622	198,080,503
Contributory Provident Fund	2,262,300	3,853,209
Rent & Other Taxes	2,793,576	17,835,038
Travelling & Office Transport	3,259,058	8,243,875
Fuel & Electricity	2,371,421	4,616,521
Repairs & Maintenance	3,971,075	7,277,896
Insurance	3,821,908	5,171,868
Audit Fee (statutory)	40,000	80,000
Directors Fee	63,000	58,500
Management Service Charge	175,000	350,000
Pesticide Expenses	625,857	2,382,297
	TK. 131,335,090	TK. 277,251,988

During the half year 31st December, 2006, 570 employees have received Tk. 3,000 or more per month as salary and other benefits.

17.00 FINANCIAL EXPENSES : TK. 31,646,332 (2005 - 2006 : TK. 67,417,174)

This is payable to BPC.

18.00 OTHER INCOME : TK. 66,877,055

This comprises of :

	July 01, 2006 to December 31, 2006	July 01, 2005 to June 30, 2006
Interest on Bank deposits	35,222,435	61,113,223
Interest on house building loan	539,241	1,073,455
Interest on Car loan	35,772	84,042
Handling Commission	(989,952)	17,276,535
Income from product handling & Banker Sales	11,873,331	34,475,279
Profit on sale of LPG materials	900	900
Net profit/(Loss) on carrying Products by MT JAMUNA	736,762	4,793,541
Net Profit on Tanker Operation	15,680,786	15,020,277
Profit/(Loss) on sale of fixed Assets (18.01)	1,038,631	47,233
Sundries	15,000	878,561
Deposit forfeited	-	12,000
Rent	1,314,085	12,000
License fee	1,410,064	2,076,673
	TK. 66,877,055	TK. 136,863,721

18.01 PROFIT/(LOSS) ON SALE OF FIXED ASSETS : Tk. 1,038,631

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sales Proceed	Profit/(Loss)
CTG - KHA - 6142	386,000	385,999	1	155,900	155,899
CTG - KHA - 6143	386,000	385,999	1	121,999	121,998
Chatta Metro H - 02-0384	88,500	88,499	1	105,000	104,999
Chatta Metro H - 02-1239	63,500	63,499	1	76,150	76,149
Chatta Metro H - 11-4096	92,000	64,400	27,600	65,110	37,510
Chatta Metro H - 11 - 4097	92,000	64,400	27,600	80,203	52,603
Chatta Metro H - 11 - 4098	92,000	64,400	27,600	67,990	40,390
Chatta Metro H - 02 - 1238	63,500	63,499	1	80,580	80,579
Chatta Metro H - 02 - 1655	73,500	73,499	1	62,800	62,799
Chatta Metro H - 02 - 1656	73,500	73,499	1	75,000	74,999
Chatta Metro H - 03 - 4872	985,000	984,999	1	165,110	165,109
Chatta Metro 1590	480,000	479,999	1	65,598	65,597
	2,875,500	2,792,691	82,809	1,121,440	1,038,631

19.00 CONTINGENT LIABILITIES :

There is a contingent liability in respect of income tax for an aggregate sum of Tk. 37,036,577

20.00 SUBSEQUENT EVENTS :

- a. Jamuna Oil Company Limited, incorporated as private limited company on March 12, 1975, has been converted into a public limited company vide special resolution dated 03.06.2007.
- b. Jamuna Oli Company Limited has allotted 5,000,000 shares of Tk. 10 each to its share holders on June 29, 2007 against bonus shares issued on 13.06.2007

Details of product wise operational & transit gain/(loss)

Annexure-A

Particulars	HOBC	MS	SKO	HSD	LDO	FO	JBO	Lub & Grease	LPG	Condensate	Total
Working Loss (1)	(2,392,383)	(4,853,002)	7,352,017	12,302,346	160,047	11,311,591	259,113	(123,774)	-	(2,970)	24,012,985
Transit Loss	(1,991,530)	(3,614,406)	(8,777,572)	(35,884,859)	-	(41,622)	(373,891)	-	-	-	(50,683,880)
Freight Loss (2)	(23,885)	(46,018)	8,847	(96,744)	-	14,352	(986)	-	-	-	(144,434)
Total :											<u>Tk. (26,815,329)</u>

1. Operational Gain : Taka 23,868,551

- a) Working Gain : TK 23,868,551 (Main Product Tk.23,992,325 and Lub , Grease & LPG Tk. (123,774))
- b) Freight Loss : Tk. 144,434

2. Transit Loss : Tk. 50,683,880

Auditors' Certificate regarding calculation of EPS and other ratio's as per Direct Listing Rules-2006

We have examined the following Earning Per Share (EPS) and analysis the other ratio's of Jamuna Oil Company Limited (JOCL) for the years ended on 30 June 2002, 2003, 2004, 2005, 2006 and six months ended on 31 December, 2006, which have been produced by the management of Jamuna Oil Company Limited (JOCL) to us. The preparation of the EPS and other ratio analysis is the responsibility of the Company's Management. These are prepared based on the audited financial statements of the Company. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of financial statements for the years ended on 30 June 2002, 2003, 2004, 2005, 2006 and six months ended on 31 December, 2006.

Based on our review, we certify that the Company has properly prepared the EPS and Ratio analysis using acceptable principles on the basis of financial statements for the years ended on 30 June 2002, 2003, 2004, 2005, 2006 and six months ended on 31 December, 2006.

A) – Liquidity Ratio :

Sl. No.	Items	Dec'2006	June, 2006	June, 2005	June, 2004	June, 2003	June, 2002
1	Current Ratio	1.04	1.06	1.05	1.06	1.07	1.07
2	Quick Ratio	0.71	0.62	0.32	0.59	0.57	0.61

B) – Operating Ratio :

3	Accounts Receivable Turnover ratio	1.05	1.10	0.67	0.97	0.99	0.95
4	Inventory Turnover ratio	6.55	12.82	10.49	11.20	10.34	10.27
5	Asset Turnover ratio	2.17	6.40	5.49	4.67	4.27	3.01

C) – Profitability Ratio :

6	Gross Margin ratio	1.69	1.31	1.12	0.84	1.33	1.57
7	Operating Income ratio	1.16	0.70	0.23	(0.16)	0.40	0.74
8	Net Income ratio (Before Tax)	1.11	0.67	0.02	(0.16)	0.38	0.70
9	Return on Assets ratio	2.41	4.27	0.09	(0.76)	1.61	2.11
10	Return on Equity ratio	26.21	34.47	0.77	(6.72)	12.41	22.76
11	Earning Per Share Ratio (Based on Face Value of *TK. 10.00 each)	26.86	25.75	0.57	(8.68)	9.82	18.26
12	Diluted Earning Per Share Ratio (Based on Face Value of TK.....)						

D) – Solvency Ratio :

13	Time Interest Earned ratio (Based on profit before interest, WPPF & Tax)	8.46	4.88	1.07	0.40	2.43	3.40
14	Debt Equity ratio	13.26	7.93	7.79	7.58	7.13	6.83
15	Bad Debt ratio (Bad & Doubtful Debts/Total Receivables)	0.015	0.016	0.019	0.009	0.009	0.009

Sd/
 Howladar Yunus & Co.
 Chartered Accountants
 67 (2nd Floor), Dilkusha C/A, Dhaka-1000

Sd/
 M. J. Abedin & Co.
 Chartered Accountants
 National Plaza (6th Floor),
 1/G, Free School Street, Sonargaon Road,
 Dhaka-1205

Dated : September 06, 2007

* The face value of JOCL share has been converted into Taka as per resolution adopted in the EGM of the shareholders of JOCL held on

JAMUNA OIL COMPANY LIMITED
RATIO ANALYSIS
AS ON 1 JULY, 2001 TO 31 DECEMBER, 2006

(1) Liquidity Ratio :

		31 Dec, 2006	June, 2006	June, 2005	June, 2004	June, 2003	June, 2002
a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liability}}$	$\frac{11,816,495,056}{11,345,682,986}$	$\frac{6,068,666,177}{5,718,143,724}$	$\frac{4,855,080,332}{4,617,945,523}$	$\frac{4,719,773,500}{4,473,269,733}$	$\frac{5,086,011,467}{4,750,591,797}$	$\frac{4,488,305,359}{4,212,892,969}$
		1.04	1.06	1.05	1.06	1.07	1.07
b) Quick Ratio	$\frac{\text{Quick Assets}}{\text{Quick Liability}}$	$\frac{8,083,831,617}{11,345,682,986}$	$\frac{3,562,507,797}{5,718,143,724}$	$\frac{1,478,224,269}{4,617,945,523}$	$\frac{2,643,649,712}{4,473,269,733}$	$\frac{2,686,556,911}{4,750,591,797}$	$\frac{2,563,235,811}{4,212,892,969}$
	Quick Assets = (Current Assets-Stock & Store)	0.71	0.62	0.32	0.59	0.57	0.61

(2) Profitability Ratio :

a) Gross Margin ratio	$\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$	$\frac{341,796,200}{20,269,200,000}$	$\frac{489,388,099}{37,283,400,000}$	$\frac{315,039,891}{28,184,361,099}$	$\frac{204,853,827}{24,451,084,566}$	$\frac{290,879,099}{21,863,388,517}$	$\frac{315,166,179}{20,039,338,762}$
		1.69	1.31	1.12	0.84	1.33	1.57
b) Operating Income ratio	$\frac{\text{Operating plus other Income}}{\text{Net Sales}} \times 100$	$\frac{236,094,338}{20,269,200,000}$	$\frac{261,823,248}{37,283,400,000}$	$\frac{64,079,579}{28,184,361,099}$	$\frac{(39,662,573)}{24,451,084,566}$	$\frac{87,065,388}{21,863,388,517}$	$\frac{147,870,527}{20,039,338,762}$
		1.16	0.70	0.23	(0.16)	0.40	0.74
c) Net Income ratio	$\frac{\text{Net Profit Before Tax}}{\text{Net Sales}} \times 100$	$\frac{224,289,621}{20,269,200,000}$	$\frac{248,732,085}{37,283,400,000}$	$\frac{4,586,885}{28,184,361,099}$	$\frac{(39,662,573)}{24,451,084,566}$	$\frac{82,712,119}{21,863,388,517}$	$\frac{140,477,001}{20,039,338,762}$
		1.11	0.67	0.02	(0.16)	0.38	0.70
d) Return on Assets ratio	$\frac{\text{Net Profit Before Tax}}{\text{Average Assets}} \times 100$	$\frac{224,289,621}{9,323,402,658}$	$\frac{248,732,085}{5,825,196,510}$	$\frac{4,586,885}{5,136,960,530}$	$\frac{(39,662,573)}{5,240,062,189}$	$\frac{82,712,119}{5,123,529,212}$	$\frac{140,477,001}{6,654,712,899}$
		2.41	4.27	0.09	(0.76)	1.61	2.11
e) Return on Equity ratio	$\frac{\text{Net Profit Before Tax}}{\text{Shareholders Equity}} \times 100$	$\frac{224,289,621}{855,807,550}$	$\frac{248,732,085}{721,517,929}$	$\frac{4,586,885}{592,785,844}$	$\frac{(39,662,573)}{589,919,959}$	$\frac{82,712,119}{666,342,888}$	$\frac{140,477,001}{617,230,769}$
		26.21	34.47	0.77	(6.72)	12.41	22.76
f) Earning-Per-Share Ratio	$\frac{\text{Net Profit Before Tax}}{\text{No. of ordinary Share}} \times 100$	$\frac{134,289,621}{5,000,000}$	$\frac{128,732,085}{5,000,000}$	$\frac{2,865,885}{5,000,000}$	$\frac{(43,412,573)}{5,000,000}$	$\frac{49,112,119}{5,000,000}$	$\frac{91,277,001}{5,000,000}$
		26.86	25.75	0.57	(8.68)	9.82	18.26

(3) Operating Ratio :

		31 Dec, 2006	June, 2006	June, 2005	June, 2004	June, 2003	June, 2002
a) Accounts Receivable	<u>Total Book Debts/Credit Sale</u>	<u>372,342,832</u>	<u>351,379,463</u>	<u>296,753,643</u>	<u>596,002,117</u>	<u>639,053,467</u>	<u>659,979,392</u>
-Turnover ratio	<u>Average Total Receivable</u>	<u>356,233,926</u>	<u>318,439,331</u>	<u>440,750,658</u>	<u>611,900,570</u>	<u>643,889,208</u>	<u>693,002,240</u>
		1.05	1.10	0.67	0.97	0.99	0.95
b) Inventory Turnover ratio	<u>Cost of Goods Sales</u>	<u>19,927,400,000</u>	<u>36,794,000,000</u>	<u>27,869,321,208</u>	<u>24,246,230,739</u>	<u>21,572,509,418</u>	<u>19,724,172,583</u>
	<u>Average Stok</u>	<u>3,044,204,138</u>	<u>2,871,063,277</u>	<u>2,657,578,542</u>	<u>2,164,557,175</u>	<u>2,085,426,017</u>	<u>1,922,009,058</u>
		6.55	12.82	10.49	11.20	10.34	10.27
c) Asset Turnover ratio	<u>Net Sales</u>	<u>20,269,200,000</u>	<u>37,283,400,000</u>	<u>28,184,361,099</u>	<u>24,451,084,566</u>	<u>21,863,388,517</u>	<u>20,039,338,762</u>
	<u>Average Total Assets</u>	<u>9,323,402,658</u>	<u>5,825,196,510</u>	<u>5,136,960,530</u>	<u>5,240,062,189</u>	<u>5,123,529,212</u>	<u>6,654,712,899</u>
		2.17	6.40	5.49	4.67	4.27	3.01

(4) Solvency Ratio :

a) Time Interest Earned ratio	<u>Profit before Interest, WPPF & Tax</u>	<u>267,740,670</u>	<u>329,240,421</u>	<u>72,558,059</u>	<u>26,285,508</u>	<u>148,067,065</u>	<u>209,509,813</u>
	<u>Interest Expenses</u>	<u>31,646,332</u>	<u>67,417,174</u>	<u>67,729,759</u>	<u>65,948,081</u>	<u>61,001,677</u>	<u>61,639,286</u>
		8.46	4.88	1.07	0.40	2.43	3.40
b) Debt Equity ratio	<u>Outside Liability</u>	<u>11,345,682,986</u>	<u>5,718,143,724</u>	<u>4,617,945,523</u>	<u>4,473,269,733</u>	<u>4,750,591,797</u>	<u>4,212,892,969</u>
	<u>Shareholder's Equity</u>	<u>855,807,550</u>	<u>721,517,929</u>	<u>592,785,844</u>	<u>589,919,859</u>	<u>666,342,888</u>	<u>617,230,769</u>
		13.26	7.93	7.79	7.58	7.13	6.83
c) Bad Debt ratio	<u>Bad & Doubtful Debts</u>	<u>5,627,222</u>	<u>5,627,222</u>	<u>5,627,222</u>	<u>5,627,222</u>	<u>5,627,222</u>	<u>5,627,222</u>
	<u>Total Receivable</u>	<u>372,342,832</u>	<u>351,379,463</u>	<u>296,753,643</u>	<u>596,002,117</u>	<u>639,053,467</u>	<u>659,979,392</u>
		0.015	0.016	0.019	0.009	0.009	0.009

**AUDITORS' REPORT UNDER SECTION 135(1) AND PARAGRAPH 24(1) OF PART – II OF
SCHEDULE – III OF THE COMPANIES ACT, 1994**

We, as the auditors having examined the Financial Statements of Jamuna Oil Company Limited (JOCL) for the years ended 30 June 2002, 2003, 2004, 2005, 2006 and for the period from July 1, 2006 to December 31, 2006 and in pursuance of section 135 (1) and paragraph 24(1) of Part-II of the Third Schedule of the Company Act, 1994 report that :

A. The Statement of Assets and Liabilities of the Company is as under :

	December 31, 2006 Taka	June 30, 2006 Taka	June 30, 2005 Taka	June 30, 2004 Taka	June 30, 2003 Taka	June 30, 2002 Taka
SOURCES OF FUND :						
SHAREHOLDERS' EQUITY :						
Share Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Proposed Issue of Bonus Share	50,000,000	50,000,000	-	-	-	-
Capital Reserve	152,833,103	152,833,103	152,833,103	152,833,103	152,833,103	152,833,103
General Reserve	465,000,000	465,000,000	425,000,000	425,000,000	425,000,000	410,000,000
Proposed Dividend	-	-	-	-	37,500,000	-
Surplus/(Deficit)	137,974,447	3,684,826	(35,047,259)	(37,913,144)	1,009,785	4,397,666
	<u>855,807,550</u>	<u>721,517,929</u>	<u>592,785,844</u>	<u>589,919,959</u>	<u>666,342,888</u>	<u>617,230,769</u>
APPLICATION OF FUND						
TANGIBLE FIXED ASSETS :						
(At cost less depreciation)	147,130,587	148,889,710	156,610,713	149,919,624	149,001,177	155,520,218
Capital Work-in-Progress	62,464,893	46,705,766	24,040,322	18,496,568	6,922,041	11,298,161
	<u>209,595,480</u>	<u>195,595,476</u>	<u>180,651,035</u>	<u>168,416,192</u>	<u>155,923,218</u>	<u>166,818,379</u>
INVESTMENT IN SHARES	175,400,000	175,400,000	175,000,000	175,000,000	175,000,000	175,000,000
CURRENT ASSETS :	11,816,495,056	6,074,319,304	4,855,080,332	4,719,773,500	5,086,011,467	4,488,305,359
Stock-in-Trade	3,657,519,195	2,430,889,081	3,311,237,473	2,003,919,611	2,325,194,738	1,845,657,295
Store & Spares	75,144,244	75,269,299	65,618,590	72,204,177	74,259,818	79,412,253
Book Debts	366,715,610	345,752,241	291,126,421	590,374,895	633,426,245	654,352,171
Advances & Deposits	5,258,877,157	2,802,860,435	853,361,088	1,773,601,111	1,796,351,001	1,623,437,905
Income Tax	-	-	82,645,232	56,715,660	24,237,767	25,759,113
Cash & Cash Equivalents	2,458,238,850	419,548,248	251,091,528	222,958,046	232,541,898	259,686,622
CURRENT LIABILITIES :	(11,345,682,986)	(5,723,796,851)	(4,617,945,523)	(4,473,269,733)	(4,750,591,797)	(4,212,892,969)
Income Tax	78,171,478	5,653,127	-	-	-	-
Sundry Creditors	11,267,511,508	5,718,143,724	4,617,945,523	4,410,769,733	4,725,591,797	4,162,892,969
Dividend Payable	-	-	-	62,500,000	25,000,000	25,000,000
Proposed Dividend	-	-	-	-	-	25,000,000
NET CURRENT ASSETS	470,812,070	350,522,453	237,134,809	246,503,767	335,419,670	275,412,390
NET ASSETS	<u>855,807,550</u>	<u>721,517,929</u>	<u>592,785,844</u>	<u>589,919,959</u>	<u>666,342,888</u>	<u>617,230,769</u>

B. The Statement of Operating results of the Company is as under :

	December 31, 2006 Taka	June 30, 2006 Taka	June 30, 2005 Taka	June 30, 2004 Taka	June 30, 2003 Taka	June 30, 2002 Taka
Net Earning on Petroleum Products	341,796,200	489,388,099	315,039,891	204,853,827	290,879,099	315,166,179
LESS :						
Administrative, Selling & Distribution Expenses	131,335,090	277,251,988	216,909,003	198,698,943	204,090,209	187,303,973
Financial Expenses	31,646,332	67,417,174	67,729,759	65,948,081	61,001,677	61,639,286
Depreciation and Amortization	9,597,495	19,759,410	19,029,700	18,452,601	18,531,807	17,740,878
	<u>172,578,917</u>	<u>364,428,572</u>	<u>303,668,462</u>	<u>283,099,625</u>	<u>283,623,693</u>	<u>266,684,137</u>
Operating Profit/(Loss)	169,217,283	124,959,527	11,371,429	(78,245,798)	7,255,406	48,482,042
Add : Other Income	66,877,055	136,863,721	52,708,150	38,583,225	79,809,982	99,378,485
Add : Recovery of doubtful debts	-	-	-	-	-	10,000
	<u>236,094,338</u>	<u>261,823,248</u>	<u>64,079,579</u>	<u>(39,662,573)</u>	<u>87,065,388</u>	<u>147,870,527</u>
Less : Interest paid back to BPC as per their demand	-	-	59,251,279	-	-	-
	<u>236,094,338</u>	<u>261,823,248</u>	<u>4,828,300</u>	<u>(39,662,573)</u>	<u>87,065,388</u>	<u>147,870,527</u>
Less : Provision for Contribution to Workers (Profit) Participation & Welfare Funds	11,804,717	13,091,162	241,415	-	4,353,269	7,393,526
Net Profit/(Loss) before Income Tax	224,289,621	248,732,085	4,586,885	(39,662,573)	82,712,119	140,477,001
Provision for Income Tax	(90,000,000)	(120,000,000)	(1,721,000)	-	(31,100,000)	(49,200,000)
Provision for Dividend Distribution Tax	-	-	-	(3,750,000)	(2,500,000)	-
Profit/(loss) after Income Tax	<u>134,289,621</u>	<u>128,732,085</u>	<u>2,865,885</u>	<u>(43,412,573)</u>	<u>49,112,119</u>	<u>91,277,001</u>
Add : Un-appropriated profit/(loss) brought forward	3,684,826	(35,047,259)	(37,913,144)	1,009,785	4,397,666	3,120,665
Add : Excess Pprovision of Income Tax Written Back	-	-	-	4,489,644	-	-
Un-appropriated profit/(loss)	<u>137,974,447</u>	<u>93,684,826</u>	<u>(35,047,259)</u>	<u>(37,913,144)</u>	<u>53,509,785</u>	<u>94,397,666</u>
Appropriation of Profit :						
Proposed Dividend/Issue of Bonus Share	-	50,000,000	-	-	37,500,000	25,000,000
Transferred to General Reserve	-	40,000,000	-	-	15,000,000	65,000,000
Transferred to Retained Earnings	137,974,447	3,684,826	(35,047,259)	(37,913,144)	1,009,785	4,397,666
	<u>137,974,447</u>	<u>93,684,826</u>	<u>(35,047,259)</u>	<u>(37,913,144)</u>	<u>53,509,785</u>	<u>94,397,666</u>

C. The Company declared dividend as follows :

Cash dividend	-	-	-	-	75%	50%
Stock dividend	-	100%	-	-	-	-

D.

E. No proceed or part of proceeds of the issue of shares were applied directly by the company in the purchase of any business.

F. The Company did not prepare any accounts for any period subsequent to December 31, 2006.

G. Figures relating to previous years have been re-arranged wherever considered necessary.

Sd/
Howladar Yunus & Co.
Chartered Accountants

Sd/
M. J. Abedin & Co.
Chartered Accountants

Dated : September 11, 2007

Place : Dhaka

Jamuna Oil Company Limited

Certificate of Changes in Equity

Particulars	Share Capital	Proposed Issue of Bonus Share	Proposed Dividend	Capital Reserve	General Reserve	Surplus/ (Deficit)	Total
As on July 1, 2001	50,000,000	-	25,000,000	152,833,103	345,000,000	3,120,665	575,953,768
Net Profit after Tax	-	-	-	-	-	91,277,001	91,277,001
Dividend Proposed for 2002	-	-	25,000,000	-	-	(25,000,000)	-
Dividend Paid for 2001	-	-	(25,000,000)	-	-	-	(25,000,000)
Transferred to General Reserve	-	-	-	-	65,000,000	(65,000,000)	-
As on June 30, 2002	50,000,000	-	25,000,000	152,833,103	410,000,000	4,397,666	642,230,769
Net Profit after Tax	-	-	-	-	-	49,112,119	49,112,119
Dividend Proposed for 2003	-	-	37,500,000	-	-	(37,500,000)	-
Dividend Paid for 2002	-	-	(25,000,000)	-	-	-	(25,000,000)
Transferred to General Reserve	-	-	-	-	15,000,000	(15,000,000)	-
As on June 30, 2003	50,000,000	-	37,500,000	152,833,103	425,000,000	1,009,785	666,342,888
Net Profit/(Loss) after Tax	-	-	-	-	-	(43,412,573)	(43,412,573)
Written Back Excess Provision Of Income Tax	-	-	-	-	-	4,489,644	4,489,644
Dividend Paid for 2003	-	-	(37,500,000)	-	-	-	(37,500,000)
As on June 30, 2004	50,000,000	-	-	152,833,103	425,000,000	(37,913,144)	589,919,959
Net Profit after Tax	-	-	-	-	-	2,865,885	2,865,885
As on June 30, 2005	50,000,000	-	-	152,883,103	425,000,000	(35,047,259)	592,785,844
Net Profit after Tax	-	-	-	-	-	128,732,085	128,732,085
Proposed issue of Bonus Share for 2006	-	50,000,000	-	-	-	(50,000,000)	-
Transferred of General Reserve	-	-	-	-	40,000,000	(40,000,000)	-
As on June 30, 2006	50,000,000	50,000,000	-	152,833,103	465,000,000	3,684,826	721,517,929
Net Profit after Tax	-	-	-	-	-	134,289,621	134,289,621
As on December 31, 2006	50,000,000	50,000,000	-	152,883,103	465,000,000	137,974,447	855,807,550

Jamuna Oil Company Limited

CERTIFICATE OF NET TANGIBLE ASSETS PER SHARE

	December 31, 2006 Taka	June 30, 2006 Taka	June 30, 2005 Taka	June 30, 2004 Taka	June 30, 2003 Taka	June 30, 2002 Taka
Tangible Fixed Assets						
Fixed Assets						
At Cost less depreciation	147,130,587	148,889,710	156,610,713	149,919,624	149,001,177	155,520,218
Capital Work-in-Progress	62,464,893	46,705,766	24,040,322	18,496,568	6,922,041	11,298,161
	<u>209,595,480</u>	<u>195,595,476</u>	<u>180,651,035</u>	<u>168,416,192</u>	<u>155,923,218</u>	<u>166,818,379</u>
Number of Share	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Net Tangible Assets per Share	<u>42</u>	<u>39</u>	<u>36</u>	<u>34</u>	<u>31</u>	<u>33</u>

Sd/
Howladar Yunus & Co.
Chartered Accountants

Sd/
M. J. Abedin & Co.
Chartered Accountants

Dated : September 11, 2007
Place : Dhaka

JAMUNA OIL COMPANY LIMITED

CASH FLOW STATEMENT

The statement of cash flow of the company for the period ended on 31 December, 2006 and for the financial years ended on
30 June, 2006, 2005, 2004, 2003 and 2002 is as follows :

	Notes	July 06-December 06 Taka	2005-2006 Taka	2004-2005 Taka	2003-2004 Taka	2002-2003 Taka	2001-2002 Taka
Cash Inflows/ (Outflows) from Operating Activities :							
Profit/(Loss) before Income Tax		224,289,621	248,732,085	4,586,885	(39,662,573)	82,712,119	140,477,001
Depreciation & Amortisation on operating fixed assets	5	9,597,495	19,759,410	19,029,700	18,452,601	18,583,261	17,771,334
Income tax paid	12	(17,481,649)	(31,701,641)	(23,900,572)	(31,738,249)	(32,078,654)	(26,183,040)
Dividend distribution Tax paid		-	-	(3,750,000)	-	-	-
Profit on sales of fixed assets	18.01	(1,038,631)	(47,233)	(307,396)	-	(78,998)	-
Operating Profit/(Loss) before Income Tax		215,366,836	236,742,621	(4,341,383)	(52,948,221)	69,137,728	132,065,295
(Increase)/Decrease in :							
Stocks	8, 9	(1,226,505,059)	870,697,683	(1,300,732,275)	323,330,768	(474,385,008)	157,553,218
Book debts	10	(20,963,369)	(54,625,820)	299,248,474	43,051,350	20,925,926	77,300,138
Advances and Deposits	11	(2,456,016,722)	(1,949,499,347)	920,240,023	22,749,890	(172,913,096)	3,392,711,724
Creditors and Accruals	14	5,549,367,784	1,100,198,201	207,175,790	(314,822,064)	562,698,828	(3,715,455,324)
Net Cash Inflows/(Out Flows) from Operating activities : (A)		2,061,249,470	203,513,338	121,590,629	21,361,723	5,464,378	44,175,051
Cash Inflows/(Outflows) from Investing Activities :							
Addition of Fixed assets	5, 6	(23,680,308)	(34,727,618)	(31,283,025)	(30,945,578)	(7,688,134)	(29,425,974)
Sales proceed of Fixed Assets	18.01	1,121,440	71,000	325,878	3	79,032	-
Investment to Mobil Jamuna Fuels Limited (MJFL)		-	(200,000)	-	-	-	-
Investment to Mobil Jamuna Lubricants Limited (MJLL)		-	(200,000)	-	-	-	-
Net Cash Inflows/(Out Flows) from Investing activities : (B)		(22,558,868)	(35,056,618)	(30,957,147)	(30,945,575)	(7,609,102)	(29,425,974)
Cash Inflows/ (Outflows) from Financing Activities :							
Dividend Paid		-	-	(62,500,000)	-	(25,000,000)	(25,000,000)
Net Cash Inflows/(Out Flows) from Financing activities : (C)		-	-	(62,500,000)	-	(25,000,000)	(25,000,000)
Net Cash Inflows/(Out Flows) from All Activities : (A+B+C)		2,038,690,602	168,456,720	28,133,482	(9,583,852)	(27,144,724)	(10,250,923)
Check							
Cash and cash equivalents							
Opening	13	(419,548,248)	(251,091,528)	(222,958,046)	(232,541,898)	(259,686,622)	(269,937,545)
Closing		2,458,238,850	419,548,248	251,091,528	222,958,046	232,541,898	259,686,622
		2,038,690,602	168,456,720	28,133,482	(9,583,852)	(27,144,724)	(10,250,923)

Credit Rating Report on Jamuna Oil Company Limited

REPORT: RR/137/07

Address :
Nakshi Homes (4th floor)
6/1A, Topkhana Road
Segunbagicha, Dhaka

	Long Term	Short Term
Entity Rating	A	ST- 3
Outlook	Positive	
Date of Rating	September 24, 2007	

Analysts :
Sk. Md. Lutful Kabir
Zobayer Zahid

CRISL's long-term rating is valid for only one year and short term rating is for six months. After expiry of the above periods these ratings will not carry any validity unless the client goes for rating surveillance.

Entity Rating :
Long term: A
Short term: ST - 3
Outlook : Positive

**JAMUNA OIL
COMPANY LIMITED**

PRINCIPAL ACTIVITY:
Oil Marketing &
Distribution

INCORPORATED IN:
12th March 1975

Chairman:
Mr. Md. Wahidunnabi
Choudhury

Managing Director:
Mr. Md. Masudur Rahaman

Paid up Capital:
Tk. 450 Million

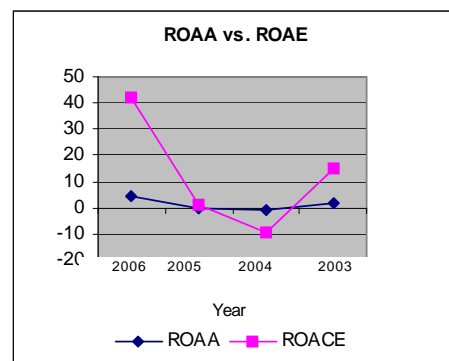
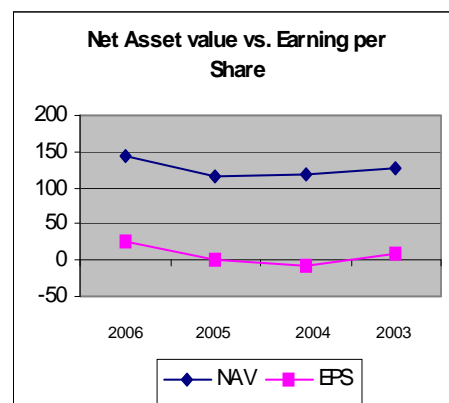
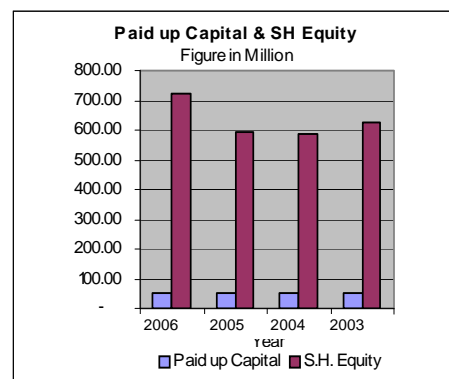
Shareholder's Equity:
Tk. 721.52 Million

Capital Employed:
Tk. 721.52 Million

1.0 RATIONALE

CRISL assigns "A" rating (Pronounced as Single A) to Jamuna Oil Company Ltd. in the Long term and ST- 3 rating in the short term. The above has been done on the basis of its good fundamentals such as fully government owned marketing and distribution company with wide distribution network, good financial performance, sound asset base with high current market value. Having sound hard infrastructure, the company does not have any long term financial obligation. However, the above rating is constrained, to some extent, by traditional management structure with Government interference, excess of allowable limit transit loss, high dependency on BPC and Government for business decisions, moderate cost efficiency etc. Jamuna Oil Company Ltd. is also handicapped for long dues from government organizations. It has lost its sole distributorship of lubricants from Mobil which has also been negatively reviewed by CRISL. Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations and fall under the CRISL category of investment grade. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

CRISL has also placed the company in its Positive outlook in view of its recent trend in financial performance, expected good return from investment and its corporate plan to go direct listing with the bourses for public offering of shares that may enhance the corporate image, accountability and transparency in operational management.



2.0 COMPANY PROFILE

2.1 The Genesis

Long history of successful operation

Jamuna Oil Company Ltd. (hereinafter called JOCL) is a petroleum marketing company serving the nation for last four decades. It was established in 1964 with the name and style Pakistan National Oils Limited, and after independence the company was renamed as Bangladesh National Oils Limited. Jamuna Oil Company Ltd. was formed as a Private Ltd. Company on 12th March 1975 under the Companies Act, 1913 (now 1994) to take over all the properties, rights, interests and assets of Bangladesh National Oils Ltd. (ex-Pakistan National Oils Ltd.). The ownership of the company was vested with Bangladesh Petroleum Corporation through an agreement entered into between the company and the corporation, based on the audited accounts of the company as on 31st Dec 1976. JOCL also acquired all the properties, rights, interests and assets of Indo- Burma Petroleum Company Ltd. (the then subsidiary of Bangladesh Petroleum Corporation) based on audited accounts of IBPCL as on 31st Dec, 1985. JOCL has since been operating as 100% owned subsidiary of BPC. As a marketing & distribution subsidiary of BPC, JOCL markets and distributes all petroleum products of BPC as well as branded lubricants product of Mobil. As per decision taken by the Government and BPC, the company was converted into Public Limited Company on 25th June 2007 with the main purpose of entering into Bangladesh capital market by offering a portion of its share capital to the general public.

Recent revision in Authorized and Paid up capital

The company had been operating with an Authorized and Paid up Capital of Tk. 100 Million and Tk. 50 Million respectively. The above Authorized Capital has been subsequently raised to Tk. 3000 million by special resolution and the paid up capital has also been raised to Tk. 100 million by issuing bonus share. However, the paid up capital has found to be not in line with its present financial structure and accordingly the Board has decided to increase its paid up capital again by Tk 350 million by issuing bonus share soon.

Sound hard infrastructure

The Head Office of the Company is at Agrabad Commercial Area in Chittagong. It has its own office building named "Jamuna Bhaban" and also has sound hard infrastructure in different parts of the country. Main installation is located at Guptakhal, Patenga, Chittagong. Products from Eastern Refinery, LP Gas plant and imported refined products are stored in the above main installation for onward dispatch to the upcountry depots and also for local sales.

2.2 Ownership Pattern

Fully Govt. owned marketing company

As stated above, JOCL is a fully owned subsidiary of BPC under the Ministry of Power, Energy and Mineral Resources. BPC holds 49,99,994 shares of Tk. 10 each and rest 06 shares are held by two directors and four senior officials of BPC to make compliant with the Company Act 1994. Besides BPC, other shareholders are Director (Finance), Director (Marketing), Secretary, Senior GM (Commercial), GM (Finance), GM (Audit) of BPC. However, the concentration of shareholding will be diluted after offloading of its shares in the capital market.

2.3 Infrastructures & Facilities

Country-wide extensive network

The JOCL has huge infrastructure and facilities as required by a petroleum marketing company in order to ensure proper distribution of petroleum products throughout the country with uninterrupted supply. For marketing of petroleum products throughout the country, the company has got a countrywide extensive network of 16 depots in addition to its main installation at Guptakhal in Chittagong, 431 Filling Stations, 852 Agents and 181 Packed Point Dealers. Besides, there are 732 Dealers for marketing LP Gas throughout the country. The company has 77 Storage Tanks having total capacity of 1,26,593 MT as on 30th June 2006 for storage of POL products and smooth distribution. The company also delivers products directly to industries and Power Plants. The company gets supply of LPG from LP Gas Limited, Chittagong and Kailashtila Project, Sylhet. JOCL has 10 Riverine Depots and 06 Rail- Head Depots at various points throughout the country. The riverine depots are located at Chandpur, Fatullah, Bhairabazar, Jhalakati, Daulatpur, Baghabari, Balashi, Chilmari, Sasnabazar, Barisal and Rail- Head Depots are located at Srimongal, Sylhet, Rangpur, Parbatipur, Natore, Rajshahi.

JOCL does not have any plan to establish any new depot in near future. New covered van is to be introduced to the transportation fleet to supply Lubricants to some special customers directly. New distribution outlets will be set up in different parts of the country where JOCL's market share is negligible in order to penetrate competitors' area to boost up its market share. It has been planned to increase the sales force as per requirement to implement the future marketing plan of the company.

*Distributes BPC
Petroleum products
with Mobil lubricants*

2.4 Products

The products of JOCL include Petroleum products, Non-Petroleum Products and Lubricants products. The petroleum products include HOBK, MS (Motor Sprit), SKO (Superior Kerosene Oil), HSD (High Speed Diesel), LDO (Light Diesel Oil), FO (Furnace Oil), JBO (Jute Bleaching Oil), Lube. Non-petroleum products include Liquefied Petroleum Gas (LPG) and Bitumen. JOCL is the distributor of Lubricants of Mobil Jamuna Lubricants Limited. Lubricant products of JOCL include MOBIL DELVAC SPECIAL 20W50, MOBIL DELVAC 1340, MOBIL HD 40, MOBIL SUPER XHP 20W50 and MOBIL ATF 220.

2.5 Business Strategy

JOCL is a flagship company of the BPC engaged in storage, distribution and marketing of all petroleum products across the national terrains of Bangladesh. Bangladesh is not an oil producing country. Government of Bangladesh (GOB) imports crude oil and refined oil as per the requirement of the country and arranges necessary processing through respective subsidiary company of BPC. As an oil marketing & distributing company, JOCL is guided by its business goal to ensure smooth supplies of petroleum products all over the country through their distribution network with effective management system. In order to achieve the above goal, JOCL has been working around four decades. For effective distribution throughout the country the company follows business policy to control the supplies of petroleum products rather than sales promotion as petroleum products are subsidized by the GOB. Product diversification is not possible due to govt. policies and BPC's intervention. JOCL procures refined oil from Eastern Refinery Ltd., a subsidiary of BPC, at 30°C temperature and distributes the products at natural temperature its to customers.

For smooth distribution of petroleum products, JOCL has created four types of distribution outlets such as, Direct Customers, Packed Point Dealers, Resellers Outlets and Retail Outlets (Filling Stations). Direct customers procure bulk quantity of petroleum products directly form the Depots of JOCL and there are also some special arrangements with some direct customers like PDB, Bangladesh Railway, Defense Service, Chittagong Port Authority, BIWTA and Nationalized Industries. Besides, arrangement has been made for direct delivery to a number of Govt/Semi Govt organizations.

*Distributor of Mobil
Lubricants*

For lubricants business, JOCL has been marketing the world class MOBIL brand lubricants in Bangladesh since 1997. Initially the company procured directly and marketed & distributed the MOBIL brand as a sole distributor in the country. However, after establishment of local lubricants blending plant namely "MOBIL Jamuna Lubricants Ltd. (MJLL)", Mobil started business in the country through establishment of their own network and the status of JOCL was converted to just as a distributor of MJLL.

The sales personnel are given sales target and their incentive bonuses depend on the achievement of sales target. All promotional costs are borne by MJLL and the incentive bonuses offered by JOCL to promote Lubricant sales is also sponsored by MJLL. JOCL has also target to increase sales of Furnace Oil to private power generation companies. As JOCL is not enjoying the sole distributorship in Lubricant marketing like other state owned oil companies, it is facing severe competition both from the same brand marketers as well as other lubricants marketers.

3.0 INDUSTRY PROFILE

*Politically sensitive
sector in the economy*

Oil sector is one of the most sensitive sectors in the economy as the macro economic indicators are greatly influenced by the fluctuation of oil prices. The world is under pressure because of increasing price of petroleum products. Bangladesh being an oil importing country facing the challenge to cope with the low purchasing power of the people. For this GoB has been encouraging the use of CNG to reduce the dependency on petroleum products. The commercial energy mix in Bangladesh is now preponderantly dependent on natural gas by about 67% and due to increasing use of Compressed Natural Gas (CNG), the demand for petroleum products is also in decreasing trend.

The petroleum sector is totally under the control of Government. In order to keep this sensitive sector under control, the GoB established BPC by a Presidential Ordinance in 1976 (# 88, 13/11/1976) with the philosophy of providing petroleum products to all consumers at equal price irrespective of transportation cost. As per the Bangladesh Petroleum Act, 1974, production, processing, refining and marketing of petroleum products in the country is vested exclusively with the Government of Bangladesh. The Petroleum Act also specifies the authorities, functions

Fully Govt. controlled sector

and responsibilities of BPC including establishment of plants & infrastructure, building necessary facilities and their extensions for marketing of petroleum products; monitoring, coordination of the subsidiary companies of BPC and any other functions and responsibilities as directed by the government. In order to regulate the sector the major five functions of BPC are being performed by subsidiary companies of BPC.

Open market for lubricants

GoB has opened the lubricants markets and LPG markets for private sector participants. In the lube market, severe competition has been prevailing due to the presence of more than 50 (fifty) competitors along with famous brands marketed by three state owned oil marketing companies. At present, the three oil marketing companies captured only about 30% of the market demand of lubricant products. It is notable here that BPC has no price control on the lubricants products.

BPC controlled pricing of petroleum products

The pricing structure is settled by the government at ex-refinery level, depots level, and also at consumer level in different distances. The commission at each level of suppliers i.e. oil marketing companies, agents, dealers are also fixed by the Government. However, CRISL views that oil marketing companies are getting lower margin than the dealers. According to the Gazette, BPC reimburses the transportation cost to the oil marketing companies.

4.0 MARKET SHARE

Stable market share for petroleum products (33.19%)

JOCL has been operating in a companionable competitive environment for petroleum products marketing. The Gross turnover of JOCL for FY 2005-06 was 1.16 million MT out of industry turnover of 3.51 million M. Ton, which represents 33.19% market share. The gross turn-over of JOCL for FY 2004-05 was 1.10 million MT, which was 31.40% of industry turnover.

Low market share in lubricant business

The gross turnover of lubricants products of three BPC oil marketing companies was 17,232 M. T where JOCL's turnover was 4308 M.T for FY 2005-2006, which represents only 25% of market share in lubricant products which was lower than other two oil marketing companies. The total turnover of lubricants of three oil marketing companies was 15,751 MT and 15082 MT for FY 2004-05 and FY 2003-04 respectively whereas JOCL's turnover was 3,053 MT and 4,623 MT for FY 2004-05 and FY 2003-04 respectively representing 19.38% and 30.65% for the same period.

JOCL's market share in Lubricants is far below compared to other oil marketing companies though MOBIL brand is the market leader in lubricants of our country. JOCL cannot grab larger market share as JOCL is not the sole distributor of MOBIL.

5.0 CORPORATE GOVERNANCE

Corporate governance is the blend of rules and regulations that directs a corporate to function as a corporate citizen. It is basically the delivery mechanism of providing services or products to the society for which an organization is created. It directs an organization to perform as per rules and regulations of the corporate society as well as in accordance with the memorandum and articles of association. The corporate governance practice in JOCL can be described as follows

5.1 Board of Directors

BPC nominated board

JOCL is managed by a team of 7 (Seven) directors including Managing Director nominated by the BPC. As per Articles of Association, the Directors are appointed by Corporation and are not required to have any qualification Shares. The corporation nominates all Directors including the Chairman and Managing Director to the Board of the company. Managing Director is also appointed by Bangladesh Petroleum Corporation. All day to day affairs are performed by MD, which is regulated by a Power of Attorney. Mr. Md. Wahidunnabi Choudhury, Additional Secretary, Energy and Mineral Resources Division, is the Chairman of the Board. The other Board members are high officials of Government of Bangladesh, and BPC. The Board is responsible for over all functioning and top policy making of the Company. The Board conducted 13 and 12 meetings in 2006 and 2005 respectively.

Board reviews and approves import proposal of lubricants, appointment & promotion of officers, review of monthly business performance, procurement and disposal of assets, selection of distribution outlets and others. The Board is yet to form any Audit Committee or Executive

Committee to supervise the operational activities closely. The Board has delegated adequate administrative and financial power to the Managing Director except procurement of lubricants or base oil.

5.2 Corporate Management

Experienced top management

JOCL is a large corporate body having nine full fledged Departments and five regional offices including Main Installations. Each Department is headed by a top executive in the rank of Deputy General Manager and the regional offices are also headed by an executive in the rank of AGM/DGM. Without having any corporate management team in JOCL, the decision making process is being slow like other government organization. The Management Team is headed by Managing Director Mr. Md. Masudur Rahaman who is a Mechanical Engineer having long exposures in the relevant field. Prior to joining JOCL, he was also the Chief Executive of Meghna Petroleum Ltd. and Padma Oil Company Ltd., the other sister concerns of BPC. Mr. Rahman is aided by one General Manager (Marketing & Operation) and seven Deputy General Managers. The top level executives of JOCL have long exposures in the company and also in the respective Departments. The Managing Director has formed different committees for effective operation of the business.

5.3 Human Resources Management

Low employee turnover

The human resources management of JOCL is governed by a structured service rules covering various policies like employment conditions, performance appraisal, general behavior & discipline, salary and other perquisites, leave etc. The company formulated its own Personnel Policy and pay scale; however, the existing pay scale is not at par with average pay scales of private sector organizations. The company operates a contributory provident fund and gratuity scheme for its permanent employees and the employees are entitled for gratuity benefit after completion of minimum service year in the company. The basic pay of employees other than officers is determined according to the agreement between company and CBA and reviewed after every two years. There is also group insurance for the employees. The company has introduced performance appraisal system. The promotion and increment depend on the Board & BPC which is very slow in decision making that creates job dissatisfaction among the employees. Most of the senior executives are going to retire within the next few years, whereas there is comparatively no recruitment to fill up the above vacancies through a well succession plan. Most importantly there is no annual plan for human resource development and there is no off the job training facility for existing human resources although the company arranges training occasionally at the invitation of various professional institutions.

No human resources planning

According to the Organogram, there should have been 656 employees whereas the number of existing employees was 565 as on 30th June 2006 consisting of 151 Management Staff, 128 Non Management Staff (Clerical) and 286 Non Management Staff (Non Clerical). JOCL recruited 5 Non Management Staff (Clerical) during the Year 2006 and 4 entry management level officers in 2007.

5.4 Information Disclosures & Accounting System

Moderate information disclosure

The information disclosures of the company in Audited Accounts, Annual Report and other publications are moderate. The company is yet to open any website to make its activities public. The breakup of different accounts head in the audited accounts are yet to be elaborated like trade debtors, detailed adjustment of different system loss, creditors and others. The disclosures regarding different accounting principles and policies, mode of transactions, allowable loss, loss over the allowable limits and other different issues are not enough to depict the operation of the company.

No website to represent JOCL

Stocks of various products are valued at ERL transfer price. Others Products and Spares are valued at cost on weighted average method. Margin of products supplied by BPC and other Gas Companies are recognized after delivery of goods. The income it earns is termed as Margin which is fixed and determined by the Govt. JOCL has no control over fixing the price of the products. The company records Purchase on receipt of the products and recognizes Sales on delivery of the same under accrual methods of accounting. According to changed policy of presentation of accounts, 'Margins' are fixed by the Govt. which is recognized as Revenue Earning and these are presented in accounts under the head 'Net Earnings'.

5.5 Preparation towards SEC Notification

JOCL is still a closely held public limited company owned by the Government. The composition of the Board, formation of management structure, style of management, disclosures etc are all

Securities and Exchange Commission (SEC) corporate governance guideline after being a listed company, the company needs to have at least one Independent Director in the Board and a Board Audit Committee with at least three directors including one Independent Director. In addition, the company will be required to have a Chief Finance officer, independent Internal Auditor and a Company Secretary. The Company Secretary is to work as the Compliance Officer. Since JOCL is going to off load its shares to the public, these minimum corporate governance guidelines will be required to be complied with although the guideline, at present, has been in operation on the basis of "comply or explain". JOCL at present has Company Secretary and Internal Audit Department. However, the responsibilities of the above Departments need to be revised.

6.0 MANAGEMENT INFORMATION SYSTEM

Traditional IT infrastructure

The management information system of JOCL is at preliminary stage though the issue was taken up in 1990 with 2 Programmers and 5 Data Entry Operators. The entire application program has been developed by its own programmers using ORACLE. The existing program supports five modules including Payroll System, Credit Control System, Banking System, Store Inventory System and LPG Sales Ledger. Presently there is one Manager (IT), One IT officer and 06 Data Entry Operators working in this section under the Finance Dept. Another 04 members of data entry operators are engaged under contract basis to update pending data entry and recruitment of 02 IT officers is under process. Although the company has been maintaining huge database, the data updating is always lag behind one year of present operation. The major problems faced by the Department are absence of integrated software, delay of information processing from up country depots, manual operation system in depots and different Departments, lack of qualified technical human resources. At present all the Departments are processing their own data on requirement basis, which is ultimately a duplication of works due to limitation of existing database to support current information need. The company is in need of ERP (Enterprise Resources Planning) software.

Absence of automation (ERP) in MIS

Recently a tender has been floated for Integrated Accounting System of approximate 21 modules of the company's various departments and network with the JOCL (Head Office) and Main Installations. The management expects that it will be completed within the Year 2008 and the Company's future plan is to incorporate all major depots under a computer network step by step.

7.0 RISK MANAGEMENT

7.1 Operational Risk Management

The operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some of the examples of Operational Risks are internal and external frauds, legal risks, damages to clients, diversity, damage to physical assets, business interruptions etc. The global best practice suggests that any corporate irrespective of size and business must identify and assess all operational risk against all of its products and services and monitor the same by an operationally independent professional.

7.1.1 Internal Control System and Compliance

JOCL is yet to formulate Operational Manual to define and specify the operations of each Department; however, the Departmental functions are guided by their long traditional practices. The top management of the company and BPC provide different orders and directives time to time for effective control of operations. The company has divided all operational activities through eight Departments and clustered into four tiers as Head Office, Main Installation, Regional Office and Depot Operations. It has an established reporting line from top tier to lower tier and also the check and balance procedure for effective control. Though Internal Audit Department is supposed to review the functions of each Department and find the irregularities, the Department is not adequately equipped with qualified human resources (especially at lower level) to supervise the overall internal operational procedure specified by the Terms of Reference. The company activities are also audited by Government Commercial Audit Department. According to Commercial Audit Claim Statement as on 30th June 2007, there existed 363 unadjusted claims with an amount of Tk 814.24 million out of which 259 claims were related to salary & allowances amounting Tk 266.60 million. Again, category wise above claims regarding as: fraud (1 claim for Tk 0.16 million), shortfall (24 claims for Tk 133.71 million),

Scanty human resources in internal audit department

payment out of rules (274 claims for Tk 356.74 million), failed in collecting fund from Government (39 claims for 186.36 million) and others (25 claims for Tk 137.27 million). An independent and strong internal audit department could have ensured the overall operational efficiency and effectiveness.

7.1.2 Internal Audit Process

The responsibilities of Internal Audit include - monitoring the activities of all departments and reporting to the Managing Director for any irregularities, checking the physical inventories of the depots twice in a year, taking accounts of all assets in every two year, scrutinizing any voucher payable more than Tk. 5000 and also the petty cash, ensuring bank reconciliation account, assisting commercial audit and settling complaints of commercial audits. At present the Internal Audit Department is operating with five officers/staff out of which only one staff is at management grade. CRISL considers that the above staff strength is insufficient and it needs professional level staff at management level. The Department has no annual audit plan according to their job responsibilities. The Internal Audit team conducted a very few surprise visits in FY 2005-06. The Internal Audit Department is operating under Managing Director in absence of Board Audit Committee. An independent and strong Internal Audit Department with qualified human resources could have increased operational efficiency through proper monitoring and also could have reduced operational risk to a greater extent.

Govt. fixed allowable system loss

7.1.3 Management of System Loss

The business has natural system loss which can be divided into three categories such as Conversion loss, Transit loss and Operational loss. Government has formulated guidelines to manage the above losses and also set the allowable limits of transit loss. Conversion gain/loss of refined products arises due to sale at natural temperature as against purchase of petroleum products at 30° C and it is adjusted with the turnover amount. Operational gain/loss is calculated on closing inventory due to temperature difference from 30° C which is adjusted with the cost of goods sold. Transit gain/loss occurred during transportation of petroleum products, which is realizable from BPC through Freight- Pool account to the extent of government allowable quantity and the value over allowable quantity is realizable from the concerned tanker freight bill. The government has set allowable limits to the extent of 0.35% for Petrol and Octane, 0.20% for Diesel and Kerosene and 0.10% for Furnace Oil.

Moderate fire protection system

7.1.4 Fire Protection System

Strong fire protection system is a must for Oil Company. JOCL has established its fire hydrant line throughout Main Installation and other depots, and it has placed fire extinguishers, extinguishers carrying vehicles, sand box and other apparatus at various key points. The company arranges training of the workers on immediate fire protection measures and also maintains high safety & security in the plant area. Other fire stations are nearer to Main Installation and the area is also highly protected. For all these measures, JOCL has not so far faced any major fire casualties in recent years. All petroleum products and Lubricants are insured by fire insurance policy with Sadharan Bima Corporation.

No off-site data storage facility for safety

7.1.5 IT Disaster Management System

The company introduced server based data storage system from the beginning. Daily back up is also taken the closure of every working day in another PC Server as extra caution. Database can be restored from another PC server within 03 hours if the server is broken down. The JOCL also takes tape back-up in 4 mm tape to store data in every weekend and preserved it in the JOCL's first floor. If the Computer Server in the JOCL computer section is damaged by natural calamity or fire, the back-up can be restored within 06 hours in the same computer server. In order to avoid any sudden disaster like fire or catastrophic situation, the company is required to maintain data storage facility outside the office premises which is absent in the company.

8.0 PERFORMANCE

Good financial performance

8.1 Financial Performance

The financial performance indicators of JOCL is satisfactory, however the same was appeared to be inconsistent in the last few years. The company reported a net profit before tax of Tk. 248.73 Million at the year end 30th June 2006 against only Tk 4.59 Million in last year. After tax provision of Tk 120 Million, the Net profit after Tax stood at Tk 128.73 million at FYE 2005-06 against Tk 2.87 million at FYE 2004-05 representing huge growth over the year. The above net profit of the

Huge provision gap for gratuity

company was reported without including an amount of Tk 110 Million provision for Gratuity and a substantial amount of provision against doubtful receivables of Tk 44.37 million, which has been remaining outstanding for a long time.

*ROAA before tax
4.27%*

Trading profit margin was at par with the peer median of 25.53% in FY2005-06 whereas the above ratio was 3.61% in FY 2004-05. Again net profit margin also increased substantially to 26.30% for FY 2005-06 compared to 0.91% for FY 2004-05. Earning per share (EPS) of Tk 10 of the company was Tk. 25.75 for FY 2005-06 compared to Tk. 0.57 for FY 2004-05. The above EPS may decrease in future due to recent decision of the company to increase its share capital base to Tk 450.00 million from Tk 100 million by converting the reserve to paid up capital.

*ROACE before tax
11.26%*

CRISL measures the profitability of any organization in terms of Return on Average Assets (ROAA), Return on Average Capital Employed (ROACE) and Return on Average Equity on before tax profit basis. Return on average asset (ROAA) before tax increased to 4.27% for FY 2005-06 compared to 0.09% for FY 2004-05 and the above ratio was equal to its peer median in FY 2005-06. Return on average equity (ROAE) before tax also increased to 37.85% for FY 2005-06 against 0.78% for FY 2004-05, which was also at par with peer median. Return on average capital employed (ROACE) before tax was also increased to 11.26% for FY 2005-06 compared to 0.32% for FY 2004-05 against the peer median of 20.39% for FY2005-06.

*ROAE before tax
37.85%*

8.2 Operating Performance

Moderate operating performance

JOCL has been operating with moderate operating performance. In the FY 2005-06, the company reported gross margin of Tk. 489.39 Million which was Tk. 315.04 Million for FY 2004-05 representing growth of 55.34% in FY 2005-06, while the above growth rate of industry was 32.45% in the same financial year. Again, it achieved 73.88% growth in gross margin from lubricants products for FY 2005-06. The gross margin of the company consisted of 85.88% by petroleum products, 10.62% by lubricants products for FY 2005-06 against 87.18% and 9.49% for FY 2004-05 respectively representing that lubricants business is growing fast.

Future plan to capture lube market

Although the product wise sales performance in JOCL is in line with the industry trend for petroleum products, the company has been expanding fast in lubricants business compared to other oil marketing companies. The above was due to lower prices of lubricants products (i.e. Mobil lubricants) compared to other competitors and also for their aggressive marketing strategy by the producer. The company has also formulated future plan to capture the Lube market, as Lube is more profitable item compared to other fuel oil products.

8.3 Operating Efficiency

Moderating operating efficiency

The efficiency related indicators of the company showed better performance over the previous year. The company reported gross margin of Tk. 489.39 million against gross turnover of Tk. 37,283.40 million for FY 2005-2006 representing gross margin ratio to turnover was 1.31% and 1.12% for FY 2005-06 and FY 2004-05 respectively, whereas this gross margin ratio of Padma Oil Company and Meghna Petroleum Ltd. were 1.27% and 1.17% respectively for FY 2005-06. As the oil marketing companies earn fixed margin specified by the government, so the above variations in margin to turnover are mainly due to adjustments of different system losses incurred by the respective company. JOCL reported operational gain of Tk. 17.67 million and transit loss of Tk. 99.10 million for FY 2005-2006. Again, out of the above transit loss, the company recovered Tk. 74.66 million from BPC through Freight Pool Account, Tk. 19.22 million from Tanker owner and the rest Tk. 5.22 million increase in the cost of sales.

*Gross margin to turnover stood at
1.31%*

The efficiency related indicators of the company show moderate performance compared to other peer companies. The cost efficiency (i.e. trading cost to gross margin) ratio of the company reduced to at par with the peer median of 74.47% for FY2005-06 compared to 96.39% for FY2004-05 due to higher growth in gross earnings over cost. Selling, distribution & administrative cost to gross margin ratio reduced to 56.65% for FY 2005-06 against 68.85% for FY 2004-05. Finance cost to revenue ratio also reduced to 13.78% for FY 2005-06 compared to 21.50% for FY 2004-05. From cost efficiency analysis, CRISL believes that JOCL has improved in cost efficiency performance substantially over its previous period.

9.0 ASSET STRUCTURE

The net asset base of the company stood at Tk. 721.52 million as on 30th June, 2006 which was composed of Operating assets of Tk. 195.60 million (27.11%), Investment of Tk. 175.40 million

*Working capital
48.58% of capital
employed*

(24.31%), and working capital of Tk 350.52 Million (48.58%). Out of the total current assets of Tk. 6,068.67 Million- Tk 2430.00 Million was composed of trading inventories (40% of current asset) However, there was a huge amount of Tk 2802.86 million as advances and loan which reveals huge unadjusted amount that might take long time for recovery.

Solid footing of assets

9.1 Fixed Assets

JOCL has 47.1757 acres of land comprising of 41.413 acres freehold land and 5.7627 acres leasehold land. Out of total freehold land, 2.30 acres are yet to be registered in the name of JOCL. It is notable here that land measuring 1.71 acres is possessed by Chittagong Dry Dock Ltd. The leasehold land has been acquired from Chittagong Development Authority (CDA), Eastern Refinery Limited, Chittagong Port Authority (CPA), RAJUK and others. The valuation of the above land was conducted by Hoda Vasi Chowdhury & Co effective as on 30th June 2005 and the value of land stood at Tk. 1913.49 million against book value of Tk 17.41 million (Freehold land Tk. 9.83 million and Leasehold land Tk. 7.58 million) as on 30th June 2006 indicating huge hidden value of the assets. Building was revalued at TK. 59.14 million as on 30th June 2005 against a written down value of building was Tk. 11.51 million as on 30th June 2006. Plant & machinery and other fixed installations were revalued at Tk. 566.02 million as on 30th June 2005 against written down value of plant & machinery and other fixed installations was Tk. 119.97 million as on 30th June 2006. The above valuation of the fixed asset base places the company in a very solid footing of assets.

*Investment in MJLL
(20% holdings)*

9.2 Investments

JOCL has investment in its two joint ventures- Mobil Jamuna Lubricants Ltd. and Mobil Jamuna Fuels Ltd. The company invested Tk 175.40 million in the shares of both the companies equally (8770 shares of Tk. 10,000 each) as on 30th June 2006. The Board of JOCL approved the agreement to establish the above Joint Venture Companies on 6th October 1997. The Ministry of Power, Energy & Mineral Resources and GoB accorded approval on 22nd June 1998 to sign the Joint Venture Agreement and subsequently BPC gave the approval on 30th June 1998. In this connection two agreements were signed between Jamuna Oil Company Ltd and Mobil Asia Pacific Ltd. on 26th July 1998 in the name and style of Mobil Jamuna Lubricants Ltd. (MJLL) and another Mobil Jamuna Fuels Ltd. (MJFL). As per agreement, JOCL transferred 12.35 acres of land value of Tk. 175 Million in June 1999 in favor the above two companies.

According to the contract, MJLL can import base oil and process for lubricants products and also markets the products according to their set price through distributors. After the contract JOCL became just a Distributor of MJLL from sole distributor of its previous status, which was a suicidal agreement for JOCL, and it took place for the then political influence. MJLL is yet to declare any dividend for FY 2006, however, earned dividend of Tk. 10.52 million from MJLL in FY 2005.

*Unused investment
in Mobil Jamuna Fuels
Ltd.*

Mobil Jamuna Fuels Ltd. has not come into operation yet as it is not getting approval from concerned authorities for bottling of LPG because LPG is a highly flammable product and there is no possibility of getting approval soon. JOCL is losing its opportunity of utilizing property, which should be noticed by the management of JOCL and the agreement for joint venture with Mobil Jamuna Fuels Ltd. should immediately be reviewed according to the contract.

Long dues receivables

9.3 Quality of Receivables

The reported book debt was Tk. 345.75 million after adjusting provision for doubtful debt of Tk. 5.63 million as on 30th June 2006. This book debts include LPG distribution A/C of Tk. 25.97 million, Sundry debtors of Tk. 325.38 million. As there was no schedule for year wise break up, it was not possible to judge the quality of the amount due from distributors. Sundry debtors include amount Tk. 44.37 million (13.64% of sundry debtors) which has been due from Balaka Filling Station for a long time and recovery is also uncertain but no provision has been made for this.

*No provision against
long outstanding*

9.4 Quality of Advances

The reported amount of advances was Tk. 2,566.12 million as on 30th June 2006 which includes an amount of Tk.770.39 million (30% of total advances) receivable from BPC. Advances include an amount of Tk. 82.51 million to BPC Price Equalization Fund on Bunker but from verifications, it has been observed that huge amount remains unrealized for a long time. Freight Pool Receivable from BPC stood at Tk. 222.85 million as on 30th June 2006 but it has been found that huge amount was unrealized for a long time. A considerable amount of Recoverable Charges has

debt. It has been also found that huge balance remains unrealized for a long time. The above issues were also reported to management by the external auditors. Immediate steps are to be taken by the management of JOCL so that the financial statements can represent a true and fair view of the company.

10.0 ACTIVITY ANALYSIS

*Moderate performance
in capital utilization*

The capital turnover ratio of JOCL improved and stood at par with peer median of 56.73 times for FY 2005-06 compared to 47.66 times for FY 2004-05 representing moderate performance in capital utilization. Inventory turnover ratio of JOCL improved to 12.67 times for FY 2005-06 compared to 10.34 times for FY 2004-05 against peer median of 15.82 times for FY 2005-06 which indicates lower performance in inventory management among the peer companies. The receivable turnover ratio is better compared to its peer companies and the above ratio was 117.08 times for FY 2005-06 against 63.95 times for FY 2004-05 which shows lower outstanding against its turnover. Working capital turnover was 106.37 times for FY 2005-06 against 118.85 times for FY 2004-05 which is also at par with the peer median.

11.0 LIQUIDITY & SOLVENCY DIMENSION

*Moderate liquidity
position*

JOCL has been operating with moderate liquidity position compared to its peer. The current ratio of the company was 1.06 times as on 30th June 2006 against 1.05 times as on 30th June 2005. Due to high dependency on inventory, the quick ratio for JOCL stood at 0.62 times for FY 2005-06 against 0.32 times for FY 2004-05.

*No long term financial
obligation*

JOCL has no bank liability rather products are procured from BPC on credit basis after incurring interest to BPC as according to price structure specified by the Government and also paying interest on WPPF fund. In view of the above, Interest coverage ratio of JOCL stood at 4.69 times for FY 2005-06 against 1.07 times for FY 2004-05 indicating sound income back up against financial burden. Internal capital generation improved notably for FY 2005-06 which stood at 19.59% whereas it was only 0.48% for FY 2004-05.

12.0 CAPITAL ADEQUACY

Sound equity base

JOCL has been operating with a paid up capital of Tk 50 Million consisting of 5 Million shares of Tk 10 each and the above paid up capital base increased from Tk 50 million to Tk. 100 million in FY 2005-06 through issuance of bonus share. The above paid up capital was supported by huge amount of reserves and surplus for sound capital base. Considering the above, the capital employed in business of JOCL stood at Tk 721.52 Million, Tk 592.79 Million and Tk 589.92 Million as on 30th June of FY 2005-06, FY 2004-05 and FY 2003-04 respectively. The above paid up capital of the company was only 13.86% of the capital employed which was quite low. While reviewing the capital structure of the company, it has been noticed that the company does not have any long term liability. Therefore, the entire asset financing with substantial value at the current context is financed by paid up capital and reserves only. The above asset increase of the company has been financed through utilization of free reserves and therefore the reserve has virtually been converted to a part of invested capital. The company at this stage would not be able to dilute the reserve through payment of cash dividend. Based on the above understanding, the company has recently decided to convert a portion of the reserve to Paid up Capital by issuing bonus share.

*NAV stood at Tk.
144.30 before recent
paid up capital
increase*

Net asset value (NAV) per share (Tk.10 each) of JOCL increased at Tk. 144.30 as on 30th June 2006 against TK. 118.56 as on 30th June 2005 but due to issuance of bonus share of Tk. 50 million in FY 2005-06 the above NAV will decrease to Tk 72.15 after adjustment of the stock dividend amount. Again after the implementation of the recent decision of raising capital further through bonus share, the NAV will descend further.

13.0 SWOC ANALYSIS

<p>Strengths:</p> <ul style="list-style-type: none"> • Fully Government owned organization • Wide distribution network • Sound Asset base • Low Human resources turnover • Good financial performance • No long term financial obligation • Sound Hard Infrastructure 	<p>Weakness:</p> <ul style="list-style-type: none"> • Traditional management structure with Government interference • Transit loss above allowable limit • Dependent on BPC and Government for business • Poor delegation of power • Long outstanding with Government organizations • Huge Unrealizable Advances • Absence of automation in MIS • Scanty Human Resources in internal audit department • Lost sole distributorship of Mobil lubricants
<p>Opportunities:</p> <ul style="list-style-type: none"> • Large exposure of lubricants market • Large exposures of LPG market • Scope of Product diversification 	<p>Challenges:</p> <ul style="list-style-type: none"> • Absorb the shock of transformation • System loss • Increasing competition in the lubricants market • Manpower grooming for future challenge

14.0 PROSPECT

Oil sector is considered to be the most sensitive sector of economy and macro economic indicators are greatly influenced by the supply and price movement of petroleum products. By considering its sensitivity to economy, Government has taken oil sector under its absolute control by establishing Bangladesh Petroleum Corporation. With the change in economy and development of capital market, GoB has decided to dilute its control over oil sector by off loading the shares of oil companies through direct listing in the stock market. As per GOB decision, Padma Oil Company Ltd. has already been listed in the stock market and other two state owned oil companies namely Jamuna Oil Company Ltd. and Meghna Petroleum Ltd. are about to offload their shares soon. This is a prudent decision of GoB, which will result better operational efficiency in oil companies with GOB controlling shareholding and this will have a positive impact on the stock market.

JOCL has a long history of operation in oil sector with wide network and distribution channel. It has also great contribution in establishing equal price for petroleum products all over the country with proper supply. JOCL can reach to more competitive edge by establishing strong Internal Audit Department, developing Integrated MIS through ERP (Enterprise Resources Planning), reducing Operational Losses, realizing of long due receivables, recruiting and training of Human Resources and making more Information Disclosures. As JOCL is going to offload its 30% shares, it will require more transparency and more operational and financial efficiency. CRISL believes that JOCL is a long tested company with vast operational experience in oil sector for about four decades will do well both in operational and financial performance and this will increase the depth of capital market of Bangladesh with good securities.

End of the Report

Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement.

15.0 CORPORATE INFORMATION

Year of Incorporation : 12 March, 1975

Commencement of Business : 12 March, 1975

Conversion: Converted to Public Limited Company as on 25th June 2007.

Directors :

Mr. Md. Wahidunnabi Choudhury	Chairman	Additional Secretary Ministry of Energy, Petroleum & Mineral resources
Mr. Anwarul Karim	Director	Chairmen, BPC
Mr. Md. Alauddin	Director	Joint Secretary Ministry of Energy, Petroleum & Mineral resources
Mr. Ahmed Ali	Director	Member, National Board of revenue
Mr. Arastoo Khan	Director	Joint Secretary, Ministry of Finance
Mr. Syed Md. Matlubur Rahman	Director	Deputy Secretary Ministry of Energy, Petroleum & Mineral resources
Mr. Md. Masudur Rahman	Director	Managing Director

Auditor : Messrs M.J. Abedin & Co.
Messrs Howlader Yunus & Co.

Management :

Mr. Md. Masudur Rahman	Managing Director
Mr. Qudrat-e-Elahi	General Manager (Marketing & Audit [in charge])
Mr. Syed Giasuddin Ahmed.	Deputy. General Manager (Residence)
Mr. Md. Ferdousul Karim	Deputy General Manager (Engg. & Personnel)
Mr. Md. Asadul Hoque	Deputy General Manager (Sales)
Mr. Abdur Rahman	Deputy General Manager (Operation)
Mr. A A M Saifuddin	Deputy General Manager (Finance)

Capital History:

Year	Authorized Capital (Million Taka)	Issued, Subscribed and Paid-up Capital (Million Taka)	Issue of Bonus Share	Source of Capital
2001-02	100.00	50.00	-	Sponsors
2002-03	100.00	50.00	-	Sponsors
2003-04	100.00	50.00	-	Sponsors
2004-05	100.00	50.00	-	Sponsors
2005-06	3000.00	100.00	50.00	Bonus
2006-07	3000.00	450.00	350.00	Bonus

16.0 Financials

Fig: Tk. In Million

Particulars	2006	2005	2004	2003
Non-Current Assets:				
Property, Plant & Equipment	148.89	156.61	149.92	149.00
Capital work in progress	46.71	24.04	18.50	6.92
Investment	175.40	175.00	175.00	175.00
Total Non-Current Assets	371.00	355.65	343.42	330.92
Current Assets:				
Inventories	2,506.16	3,376.86	2,076.12	2,399.45
Trade Debtors	345.75	291.13	590.37	633.43
Adv. Deposits & Prepayments	2,802.86	853.36	1,773.60	1,796.35
Other Current Assets	(5.65)	82.65	56.72	24.24
Cash & Bank Balances	419.55	251.09	222.96	232.54
Total Current Assets	6,068.67	4,855.08	4,719.77	5,086.01
Current Liabilities:				
Trade Creditors	2,990.30	2,951.75	3,364.57	4,725.59
Liabilities for Expenses	2,727.84	1,666.19	1,046.20	-
Proposed Dividend	-	-	62.50	37.50
Other ST Liabilities	-	-	-	25.00
Total Current Liabilities	5,718.14	4,617.95	4,473.27	4,788.09
Net Current Assets	350.52	237.13	246.50	297.92
Net Assets	721.52	592.79	589.92	628.84
Shareholders' Equity:				
Share Capital	50.00	50.00	50.00	50.00
Proposed Stock Dividend	50.00			
Capital Reserve	152.83	152.83	152.83	152.83
Other Reserve	465.00	425.00	425.00	425.00
Retained Earnings	3.68	(35.05)	(37.91)	1.01
Total Shareholder's Equity	721.52	592.79	589.92	628.84
Total Equity and LT Liab.	721.52	592.79	589.92	628.84
Total Assets	6,439.66	5,210.73	5,063.19	5,416.93

Income Statement

Fig: Tk. In Million

Particulars	2006	2005	2004	2003
Net Earnings	489.39	315.04	204.85	290.88
Expenses:				
Salary & Allowances	201.93	152.09	136.16	140.36
Repair & Maintenance	7.28	10.21	9.82	7.50
Rents, Rates, Taxes and Insurance	23.01	10.68	7.32	8.24
Traveling, Conveyance & Vehicle Expenses	8.24	8.63	7.25	8.01
Others	36.79	35.30	38.15	39.98
Total Selling, Distribution & Admin Expenses	277.25	216.91	198.70	204.09
Financial Expenses	67.42	67.73	65.95	61.00
Depreciation	19.76	19.03	18.45	18.53
Trading profit/(Loss)	124.96	11.37	(78.25)	7.26
Other Income	136.86	52.71	38.58	79.81
Other Non-Operating Income/(Exp.)	(13.09)	(59.49)	-	(4.35)
Profit Before Tax	248.73	4.59	(39.66)	82.71
Income Tax	120.00	1.72	3.75	33.60
Profit After Tax	128.73	2.87	(43.41)	49.11
Previous Year P/L	(35.05)	(37.91)	1.01	4.40
Accumulated Profit from Appropriation	93.68	(35.05)	(42.40)	53.51
Proposed Stock Dividend	50.00	-	-	37.50
Reserves & Others	40.00	-	(4.49)	15.00
Retained Profit Transferred to BS	3.68	(35.05)	(37.91)	1.01

CRISL RATING SCALES AND DEFINITIONS
LONG-TERM RATINGS OF CORPORATE

RATING	DEFINITION
AAA Triple A (Highest Safety)	Investment Grade Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA- (Double A) (High Safety)	Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative Grade Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (High Risk)	Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
C (Very High Risk)	Entities rated in this category are adjudged to be with very high risk of timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D (Default)	Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

SHORT-TERM RATINGS OF CORPORATE

ST-1	<p>Highest Grade</p> <p>Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.</p>
ST-2	<p>High Grade</p> <p>High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.</p>
ST-3	<p>Good Grade</p> <p>Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.</p>
ST-4	<p>Satisfactory Grade</p> <p>Satisfactory liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.</p>
ST-5	<p>Non-Investment Grade</p> <p>Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.</p>
ST-6	<p>Default</p> <p>Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.</p>