

# FINANCIAL STATEMENTS

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2018

|   | 2018<br>BD '000  | 2017<br>BD '000  |
|---|------------------|------------------|
| <b>ASSETS</b>   |                  |                  |
| <b>Non-current assets</b>                                   |                  |                  |
| Property, plant and equipment                               | 986,265          | 944,198          |
| Capital work-in-progress                                    | 454,018          | 430,607          |
| Investments in associates and joint venture                 | 69,753           | 62,822           |
| Long-term assets  | 25,408           | 24,207           |
| Derivative financial instruments                            | 3,036            | 1,697            |
| Restricted cash   | 13,412           | 10,598           |
|   | <b>1,551,892</b> | <b>1,474,129</b> |
| <b>Current assets</b>                                       |                  |                  |
| Inventories   | 204,193          | 203,688          |
| Trade and other receivables                                 | 477,797          | 365,959          |
| Due from a related party                                    | 815,564          | 590,351          |
| Derivative financial instruments                            | 2,720            | 568              |
| Cash and bank balances                                      | 809,516          | 458,649          |
|   | <b>2,309,790</b> | <b>1,619,215</b> |
| <b>TOTAL ASSETS</b>   | <b>3,861,682</b> | <b>3,093,344</b> |
| <b>EQUITY AND LIABILITIES</b>                               |                  |                  |
| <b>Equity</b>   |                  |                  |
| Share capital   | 1,184,400        | 1,184,400        |
| Capital adjustment account                                  | (421,609)        | (421,609)        |
| Contribution from shareholder                               | 438,271          | 346,762          |
| Sinking fund reserve  | 160,125          | 160,125          |
| Statutory reserve   | 334,219          | 323,915          |
| Cash flow hedge reserve                                     | 3,951            | 2,540            |
| Retained earnings   | 381,473          | 288,098          |
| <b>Equity attributable to the shareholder of the Parent</b> | <b>2,080,830</b> | <b>1,884,231</b> |
| Non-controlling interests                                   | 9,555            | 8,115            |
| <b>Total equity</b>   | <b>2,090,385</b> | <b>1,892,346</b> |
| <b>Liabilities</b>  |                  |                  |
| <b>Non-current liabilities</b>                              |                  |                  |
| Borrowings  | 1,121,050        | 609,340          |
| Employees' end of service benefits                          | 18,864           | 17,241           |
| Retention payable   | -                | 6,848            |
| Abandonment and restoration costs obligations               | -                | 182,609          |
|   | <b>1,139,914</b> | <b>816,038</b>   |
| <b>Current liabilities</b>                                  |                  |                  |
| Borrowings  | 32,461           | 5,655            |
| Dividend payable  | 56,400           | 56,400           |
| Trade and other payables                                    | 531,041          | 321,978          |
| Retention payable   | 8,957            | -                |
| Income taxes payable  | 2,524            | 927              |
|   | <b>631,383</b>   | <b>384,960</b>   |
| <b>Total liabilities</b>                                    | <b>1,771,297</b> | <b>1,200,998</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>3,861,682</b> | <b>3,093,344</b> |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

|   | 2018<br>BD '000 | 2017<br>BD '000 |
|---|-----------------|-----------------|
| Sales   | 2,857,389       | 2,307,255       |
| Cost of sales   | (2,275,386)     | (1,673,862)     |
| <b>Gross profit</b>   | <b>582,003</b>  | <b>633,393</b>  |
| Other income  | 66,516          | 63,063          |
| Staff costs   | (90,402)        | (79,667)        |
| Maintenance and other expenses  | (97,211)        | (93,289)        |
| Other expenses  | (171,098)       | (146,080)       |
| Depreciation  | (156,421)       | (137,627)       |
| <b>Operating profit</b>   | <b>133,387</b>  | <b>239,793</b>  |
| Finance income  | 9,467           | 8,651           |
| Finance costs   | (45,907)        | (12,353)        |
| Share of profit from associates and joint venture - net   | 11,578          | 2,388           |
| Loss on disposal of an associate  | -               | (952)           |
| <b>Profit before income tax</b>   | <b>108,525</b>  | <b>237,527</b>  |
| Income tax expense  | (4,024)         | (927)           |
| <b>Net profit for the year</b>  | <b>104,501</b>  | <b>236,600</b>  |
| <b>Other comprehensive income</b>   |                 |                 |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>     |                 |                 |
| Gain on cash flow hedge   | 1,339           | 1,697           |
| Share of gain on cash flow hedge from an associate  | 72              | 843             |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |                 |                 |
| Actuarial gain  | 438             | 191             |
| Share of actuarial gain (loss) from associates  | 204             | (195)           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>  | <b>106,554</b>  | <b>239,136</b>  |
| <b>Net profit for the year attributable to:</b>   |                 |                 |
| Shareholder of the parent   | 103,037         | 236,210         |
| Non-controlling interests   | 1,464           | 390             |
|   | <b>104,501</b>  | <b>236,600</b>  |
| <b>Total comprehensive income attributable to:</b>  |                 |                 |
| Shareholder of the parent   | 105,090         | 238,746         |
| Non-controlling interests   | 1,464           | 390             |
|   | <b>106,554</b>  | <b>239,136</b>  |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2018

|  | 2018<br>BD '000 | 2017<br>BD '000 |
|--|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |                 |                 |
| Net profit before tax for the year                                     | 108,525         | 237,527         |
| Adjustments for:   |                 |                 |
| Depreciation   | 156,421         | 137,627         |
| Bahrain crude oil purchases  | 4,319           | 4,797           |
| Fees from gas field operations   | (112)           | (1,283)         |
| Finance income   | (9,467)         | (8,651)         |
| Finance costs  | 45,907          | 12,353          |
| Share of profit from associates and joint venture - net                | (11,578)        | (2,388)         |
| Loss on disposal of an associate                                       | -               | 952             |
| Loss on acquisition of a joint venture and a subsidiary                | 551             | -               |
| Property, plant and equipment and capital work-in-progress written-off | 3,730           | 478             |
| Provision for slow-moving inventories                                  | 513             | 600             |
| Provision for doubtful trade and other receivables                     | 16,033          | 11,723          |
| Provision for employees' end of service benefits                       | 2,830           | 2,593           |
| Fair valuation (gain) loss on derivatives, net                         | (644)           | 426             |
| Working capital changes:   |                 |                 |
| Inventories  | (385)           | (5,691)         |
| Trade and other receivables  | (131,088)       | (98,331)        |
| Trade and other payables   | 202,588         | 102,509         |
| Retention payable  | 2,109           | 4,125           |
| Net cash flows from operations   | 390,252         | 399,366         |
| Employees' end of service benefits paid                                | (706)           | (1,320)         |
| Income tax paid  | (2,427)         | -               |
| <b>Net cash flows from operating activities</b>                        | <b>387,119</b>  | <b>398,046</b>  |

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the year ended 31 December 2018

|  | 2018<br>BD '000  | 2017<br>BD '000  |
|--|------------------|------------------|
| <b>INVESTING ACTIVITIES</b>                              |                  |                  |
| Purchase of property, plant and equipment                | (81,105)         | (55,742)         |
| Additions to capital work-in-progress                    | (316,391)        | (247,534)        |
| Additions in associate                                   | -                | (10,717)         |
| Consideration received on disposal of an associate       | -                | 1,743            |
| Dividends received from associates                       | (3,774)          | -                |
| Movement in long-term assets                             | (1,201)          | (643)            |
| Movement in restricted cash                              | (2,814)          | (509)            |
| Finance income received                                  | 9,467            | 8,651            |
| Investment in a subsidiary                               | -                | (964)            |
| <b>Net cash used in investing activities</b>             | <b>(395,818)</b> | <b>(305,715)</b> |
| <b>FINANCING ACTIVITIES</b>                              |                  |                  |
| Net movements in amounts due from a related party        | (134,988)        | (211,093)        |
| Proceeds from borrowings                                 | 538,516          | 539,218          |
| Repayment of borrowings                                  | (5,655)          | (5,655)          |
| Finance costs paid                                       | (38,283)         | (5,726)          |
| Movement in shareholders current accounts of Bafco       | (24)             | (89)             |
| Dividends paid   | -                | (56,550)         |
| <b>Net cash flows from financing activities</b>          | <b>359,566</b>   | <b>260,105</b>   |
| <b>NET INCREASE (DECREASE) IN CASH AND BANK BALANCES</b> | <b>350,867</b>   | <b>352,436</b>   |
| Cash and bank balances at 1 January                      | 458,649          | 106,213          |
| <b>CASH AND BANK BALANCES AT 31 DECEMBER</b>             | <b>809,516</b>   | <b>458,649</b>   |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

|  | Equity attributable to equity shareholder of the parent |  |   |                                    |                                 |  |                                  |                  |   |                  |
|--|---|--|---|------------------------------------|---------------------------------|--|----------------------------------|------------------|---|------------------|
|  | Share capital<br>BD '000                                | Capital adjustment<br>account<br>BD '000 | Contribution from<br>shareholder<br>BD '000 | Sinking fund<br>reserve<br>BD '000 | Statutory<br>reserve<br>BD '000 | Cash flow<br>hedge<br>reserve<br>BD '000 | Retained<br>earnings*<br>BD '000 | Total<br>BD '000 | Non-<br>controlling<br>interests<br>BD '000 | Total<br>BD '000 |
| At 1 January 2018  | 1,184,400   | (421,609)                                | 346,762                                     | 160,125                            | 323,915                         | 2,540                                    | 288,098                          | 1,884,231        | 8,115                                       | 1,892,346        |
| Net profit for the year  | -   | -  | -   | -                                  | -                               | -  | 103,037                          | 103,037          | 1,464                                       | 104,501          |
| Other comprehensive<br>income  | -   | -  | -   | -                                  | -                               | 1,411                                    | 642                              | 2,053            | -   | 2,053            |
| Total comprehensive<br>income  | -   | -  | -   | -                                  | -                               | 1,411                                    | 103,679                          | 105,090          | 1,464                                       | 106,554          |
| Movement in non-<br>controlling interest:<br>shareholders current<br>accounts of Bafco | -   | -  | -   | -                                  | -                               | -  | -                                | -                | (24)  | (24)             |
| Transfer to statutory<br>reserve   | -   | -  | -   | -                                  | 10,304                          | -  | (10,304)                         | -                | -   | -                |
| Contribution in kind   | -   | -  | 91,509                                      | -                                  | -                               | -  | -                                | 91,509           | -   | 91,509           |
| <b>At 31 December 2018</b>   | <b>1,184,400</b>  | <b>(421,609)</b>                         | <b>438,271</b>                              | <b>160,125</b>                     | <b>334,219</b>                  | <b>3,951</b>                             | <b>381,473</b>                   | <b>2,080,830</b> | <b>9,555</b>                                | <b>2,090,385</b> |
| At 1 January 2017  | 1,184,400   | (421,609)                                | 318,960                                     | 160,125                            | 300,294                         | -  | 132,063                          | 1,674,233        | 7,643                                       | 1,681,876        |
| Net profit for the year  | -   | -  | -   | -                                  | -                               | -  | 236,210                          | 236,210          | 390   | 236,600          |
| Other comprehensive<br>income (loss)   | -   | -  | -   | -                                  | -                               | 2,540                                    | (4)                              | 2,536            | -   | 2,536            |
| Total comprehensive<br>income  | -   | -  | -   | -                                  | -                               | 2,540                                    | 236,206                          | 238,746          | 390   | 239,136          |
| Dividends proposed and<br>paid   | -   | -  | -   | -                                  | -                               | -  | (56,550)                         | (56,550)         | -   | (56,550)         |
| Movement in non-<br>controlling interest<br>shareholders current<br>accounts of Bafco  | -   | -  | -   | -                                  | -                               | -  | -                                | -                | (89)  | (89)             |
| Acquisition of non-<br>controlling<br>interest   | -   | -  | -   | -                                  | -                               | -  | -                                | -                | 171   | 171              |
| Transfer to statutory<br>reserve   | -   | -  | -   | -                                  | 23,621                          | -  | (23,621)                         | -                | -   | -                |
| Contribution in kind   | -   | -  | 27,802                                      | -                                  | -                               | -  | -                                | 27,802           | -   | 27,802           |
| <b>At 31 December 2017</b>   | <b>1,184,400</b>  | <b>(421,609)</b>                         | <b>346,762</b>                              | <b>160,125</b>                     | <b>323,915</b>                  | <b>2,540</b>                             | <b>288,098</b>                   | <b>1,884,231</b> | <b>8,115</b>                                | <b>1,892,346</b> |

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to BD 144,300 thousand (2017: BD 144,207 thousand).