

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



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މާލެ،  
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## **STO Plc's wholly owned subsidiary, Maldives National Oil Company commenced formal business discussion with Bangladesh Petroleum Corporation**

Maldives National Oil Co. Ltd. (MNOC) has commenced formal discussion on the possibility of selling low sulphur (0.25%) diesel to Bangladesh Petroleum Corporation (BPC) during second half this year.

Discussions were held in Bangladesh between the two companies during 5-6 May 2008. MNOC offered the price of MOPAG 0.25% plus a premium of US\$5.19 per barrel, inclusive of cost and freight delivered to Chittagong Port, Bangladesh. The price is competitive enough for the discussion to proceed.

The main issues raised from BPC were the specification of the low sulphur diesel required by BPC and the ability of MNOC to ensure the supply according to the delivery programme of BPC. MNOC which already has a relatively successful track record in oil business gave the assurance of quality and timely delivery according to BPC's requirement.

The main issue raised from MNOC is regarding the assurance of payment from BPC. Payments comes from BPC's letter of credits opened through a bank in Bangladesh and confirmed by Islamic Development Bank (IDB) in case of IDB financing or any first class international bank in case of BPC's cash financing and to be advised through a Singapore bank nominated by MNOC.

The above business between MNOC and BPC is at discussion stage. It is hoped that business will develop to the level of signing a contract between the two companies in 2 or 3 months time.

Presently BPC buys diesel from the 4 companies. They are Kuwait Petroleum of Kuwait, Emarat Petroleum of UAE, Middle East Oil Refinery of Egypt, Bharat Petroleum of India. If MNOC's discussion with BPC is successfully completed, MNOC will become the fifth supplier to BPC.

08<sup>th</sup> May 2008