



PROGRESSING TOWARDS SUSTAINABILITY



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COMPANY INFORMATION

Board of Directors

Akhtar Hussain Malik	Chairman & Independent Director
Amir Abbassciy	Director & Chief Executive Officer
Tabish Gauhar	Independent Director
Syed Arshad Raza	Director
Mohammad Wasi Khan	Director
Muhammad Yasin Khan	Director
Uzma Abbasi	Director

Audit Committee

Tabish Gauhar	Chairman
Mohammad Wasi Khan	Member
Muhammad Yasin Khan	Member

Human Resource and Remuneration Committee

Tabish Gauhar	Chairman
Syed Arshad Raza	Member
Mohammad Wasi Khan	Member

Risk Management Committee

Amir Abbassciy	Chairman
Tabish Gauhar	Member
Syed Arshad Raza	Member
Mohammad Wasi Khan	Member

Chief Financial Officer

Zafar Shahab

Company Secretary

Majid Muqtadir

Auditors

EY Ford Rhodes	Chartered Accountants
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Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Summit Bank Limited
Silkbank Limited
The Bank of Punjab
United Bank Limited
The Bank of Khyber
Pak-Gulf Leasing Company Limited

Shares Registrar

FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran Nursery
Block - 6, P.E.C.H.S,
Shahrah-e-Faisal, Karachi
Tel: (92 21) 3438 0101, 3438 0102
Fax: (92 21) 3438 0106

Registered Office

9th Floor, The Harbour Front,
Dolmen City, HC-3, Block-4,
Marine Drive, Clifton,
Karachi 75600, Pakistan
Tel: (92 21) 111 222 081
Fax: (92 21) 111 888 081

Website

www.byco.com.pk

DIRECTORS' REPORT

For the period ended December 31, 2019

In the name of Allah the Most Merciful and the Most Benevolent.

The Directors of your Company are pleased to present a brief review of the financial results and operations of the Company for the period ended 31st December, 2019.

The period under review was one of the most challenging for the refining sector primarily due to the significant decline in the prices of High Sulphur Furnace Oil (HSFO) in international markets and negligible consumption of HSFO in the country. Further, crack spreads of middle and light products also narrowed down resulting in negative margins towards end of the period. HSFO prices started showing some recovery subsequent to the period however, they are still lower than the crude with a high differential and the same trend is expected to continue until the market stabilizes.

We are pleased to inform that subsequent to the period end, your Company took the initiative to export HSFO to partially address the issue of high inventory levels and it also helped in quick realization of funds that were blocked in HSFO inventory.

As a result of the prevailing economic slowdown, the consumption of oil in the country remained low. In the event the economic scenario of the country improves, it is expected have a positive impact on the demand for petroleum products. The oil industry as well as the economy received some much required relief with the strengthening of Pak Rupee against the US Dollar in current period, whereby Rupee/US\$ parity improved from PKR163/\$ in June to PKR 155/\$ on period end.

We are pleased to report that the Company recorded gross sales of PKR 125.6 billion (2018: PKR 123.4 billion) and gross profit of PKR 2.5 billion (2018: 1.45 billion) which was primarily driven by stable Rupee. Despite reduction in the prices of HSFO as stated above, the company managed to improve refinery margins by conversion of almost entire Naphtha into the Motor Spirit along-with other strict cost saving measures. The operating expenses remained similar, however the finance costs increased due to the increase in KIBOR rates from 10.8% in December 2018 to 13.49% in December 2019. The Company generated net profit of PKR 213 million (2018: PKR 89 million) with earnings per share of Rs. 0.04 compared to Rs. 0.02 last year.

The refineries are in continuous discussion with the Government to resolve the current issue of low upliftment of HSFO and its pricing. The Government has setup a committee to review the current situation and propose the future course of action so that refineries can operate sustainably.

The Board wishes to place on record its gratitude for the co-operation extended by Government of Pakistan and strategic partners including its customers, financial institutions, suppliers, vendors and shareholders.

For and on behalf of the Board of Directors

Chief Executive Officer

Karachi
February 17th, 2020

Director

ڈائریکٹرز رپورٹ

برائے اختتام مدت 31 دسمبر، 2019

شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم والا ہے۔

آپ کی کمپنی کے ڈائریکٹرز، 31 دسمبر 2019 کو ختم ہونے والی میعاد کے لیے مالیاتی نتائج اور کمپنی کی عملی سرگرمیوں کا ایک مختصر جائزہ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

زیر جائزہ میعاد خصوصاً ریٹائمنگ کے شعبے کے لیے انتہائی مسائل کی حامل رہی جس کی وجہ عالمی منڈی میں ہائی سلڈ فرنیس (HSFO) کی قیمتوں میں کمی اور ملک میں HSFO کی معمولی کھپت تھی۔ مزید برآں، درمیانے اور ہلکے درجے کی مصنوعات کے کریک اسپریڈز کا باہمی فرق بھی کم ہو گیا تھا جس کا نتیجہ مذکورہ میعاد کے اختتام پر منفی مارجنز کی صورت میں برآمد ہوا۔ HSFO کی قیمتوں میں اس میعاد کے بعد کچھ بحالی کا عمل شروع ہوا، تاہم یہ بھی نام تیل کے مقابلے میں واضح فرق کے ساتھ پست ہیں اور مارکیٹ کے استحکام تک یہی رجحان جاری رہنے کی توقع ہے۔

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ اس میعاد کے اختتام کے بعد آپ کی کمپنی نے HSFO کی برآمد کا قدم اٹھایا تاکہ نو بیٹری کی بلند سطحوں کے مسئلے سے جزیو طور پر نمٹا جائے اور اس اقدام سے اُن فنڈز کی نوری سیال پذیری میں بھی مدد ملی جو HSFO نو بیٹری میں مسدود تھے۔

موجودہ معاشی سوتی روپے کے باعث، ملک میں تیل کی کھپت پست رہی۔ ملکی معاشی صورتحال بہتر ہونے کی صورت میں، توقع ہے کہ پٹرولیم مصنوعات کی طلب پر مثبت اثرات مرتب ہوں گے۔ حالیہ مدت میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں استحکام آنے سے تیل کی صنعت اور اس کے ساتھ ساتھ معیشت کو مزید مطلوبہ تقویت حاصل ہوئی، جیسا کہ زمرہ مالیات کی شرح کا باہمی تقابل جون میں 163 روپے فی ڈالر کے مقابلے میں بہتر ہو کر میعاد کے اختتام پر 155 روپے فی ڈالر ہو گیا۔

ہم یہ اطلاع دیتے ہوئے خوشی محسوس کر رہے ہیں کہ کمپنی نے 125.6 ارب روپے کی مجموعی فروخت (2018: 123.4 ارب روپے) اور 2.5 ارب روپے کا مجموعی نفع (2018: 1.45 ارب روپے) حاصل کیا جس کی بنیادی وجہ روپے کی قدر کا مستحکم ہونا تھا۔ مذکورہ بالا HSFO کی قیمتوں میں کمی کے باوجود، کمپنی تقریباً تمام Naphtha کو پیٹرول میں منتقل کر کے اور اس کے ساتھ ساتھ اخراجات میں بچت کے دیگر گڑے اقدامات کے ذریعے ریٹائمنز کی مارجنز کو بہتر بنانے میں کامیاب رہی۔ کاروباری عملداری کے اخراجات تقریباً وہی رہے، تاہم شرح سود میں اضافے کے باعث مالیاتی لاگتوں میں اضافہ ہوا، شرح سود دسمبر 2018 میں 10.8 فیصد سے بڑھ کر دسمبر 2019 میں 13.49 فیصد ہو گئی تھی۔ کمپنی نے 213 ملین روپے کا خالص منافع (2018: 89 ملین روپے) حاصل کیا جبکہ فی حصص منافع گزشتہ سال کے 0.02 روپے کے مقابلے میں 0.04 روپے رہا۔

ریٹائمنز یا HSFO کی قیمتوں کی مسلسل ہستی اور نو بیٹری میں اضافے کے حالیہ مسئلے کے حل کے لیے حکومت کے ساتھ مسلسل بات چیت کر رہی ہیں۔ حکومت نے موجودہ صورتحال کے جائزے کے لیے ایک کمپنی تشکیل دی ہے اور مستقبل کے لائحہ عمل کا عندیہ دے دیا ہے تاکہ ریٹائمنز یا مستحکم انداز میں اپنا کام جاری رکھ سکیں۔

بورڈ، حکومت پاکستان اور کاروباری عمل کے شرکاء بشمول صارفین، مالیاتی اداروں، سپلائرز، ویڈرز اور حصص مالکان کی جانب سے فراہم کردہ تعاون پر ان کے شکرگزار ہے۔

برائے وٹنائب بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی

17 فروری، 2020



EY Ford Rhodes
Chartered Accountants
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Independent Auditors' Review Report

To the members of Byco Petroleum Pakistan Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Byco Petroleum Pakistan Limited** (the Company) as at 31 December, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-months period ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Omer Chughtai.

Chartered Accountants

Place: Karachi
Date: February 17th, 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

(Rupees in '000)

	Notes	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	70,075,744	69,137,561
Long term Investment		16,931,504	16,931,504
Long term loans and advances		792,085	860,963
Long-term deposits		108,252	34,816
Deferred taxation		1,282,932	1,282,932
		89,190,517	88,247,776
CURRENT ASSETS			
Stores and spares		1,908,253	1,692,293
Stock-in-trade	6	35,074,906	29,260,294
Trade debts	7	7,910,904	5,336,657
Loans and advances		1,322,551	1,182,132
Trade deposits and short-term prepayments		79,886	46,566
Accrued interest		271,457	230,130
Other receivables	8	2,013,565	2,184,640
Taxation - net		880,704	826,980
Cash and bank balances		1,152,961	1,135,249
		50,615,187	41,894,941
TOTAL ASSETS		139,805,704	130,142,717
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(29,171,137)	(29,630,810)
Surplus on revaluation of Property, plant and equipment		3,447,281	3,693,051
		27,574,991	27,361,088
Contribution against future issue of shares		857,140	857,140
		28,432,131	28,218,228
NON CURRENT LIABILITIES			
Long term financing		15,132,898	15,845,806
Loan from related party		3,935,650	3,935,650
Accrued and deferred markup		5,069,451	5,861,965
Long term lease liabilities		741,904	–
Long-term deposits		119,175	105,000
Deferred liabilities		663,876	721,587
		25,662,954	26,470,008
CURRENT LIABILITIES			
Trade and other payables		62,545,986	47,925,694
Advance from customers		3,421,307	3,387,793
Accrued mark-up		305,776	393,518
Short term borrowings - secured		12,738,229	15,849,021
Current portion of non-current liabilities		6,698,294	7,897,428
Unclaimed dividend		1,027	1,027
		85,710,619	75,454,481
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		139,805,704	130,142,717

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss

For the period ended
December 31, 2019

(Rupees in '000)

Note	Six months period ended		Three months period ended	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Gross turnover	125,693,080	123,465,241	62,718,887	57,076,079
Sales tax, discounts & other duties	(31,056,863)	(23,365,885)	(17,153,866)	(10,691,111)
Turnover - net	94,636,217	100,099,356	45,565,021	46,384,968
Cost of sales	(92,129,403)	(98,640,908)	(45,144,542)	(46,607,495)
Gross profit / (loss)	2,506,814	1,458,448	420,479	(222,527)
Administrative expenses	(466,971)	(430,532)	(237,172)	(198,807)
Selling and distribution expenses	(226,758)	(227,662)	(122,303)	(97,953)
Other expenses	10 (604,763)	(355,716)	(291,697)	(175,996)
Other income	694,598	609,892	345,614	403,284
	(603,894)	(404,018)	(305,558)	(69,472)
Operating profit / (loss)	1,902,920	1,054,430	114,921	(291,999)
Finance costs	(1,689,017)	(1,519,104)	(771,784)	(698,870)
Profit / (loss) before taxation	213,903	(464,674)	(656,863)	(990,869)
Current	-	-	-	129,502
Prior	-	554,051	-	554,051
Deferred	-	-	-	-
Taxation	-	554,051	-	683,553
Profit / (loss) after taxation	213,903	89,377	(656,863)	(307,316)
Earnings / (loss) per share - basic and diluted (Rs.)	0.04	0.02	(0.12)	(0.06)

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2019

(Rupees in '000)

	Six months period ended		Three months period ended	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Profit / (loss) after taxation	213,903	89,377	(656,863)	(307,316)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	213,903	89,377	(656,863)	(307,316)

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows

For the period ended December 31, 2019

(Rupees in '000)

	Dec 31, 2019	Dec 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	213,903	(464,674)
Adjustments for:		
Depreciation	1,832,567	1,670,348
Finance costs	1,689,017	1,519,104
Provision for impairment against doubtful debts	549,224	312,762
Gain on disposal of assets	(2,388)	(225,000)
Interest income	(617,728)	(347,193)
Provision for gratuity	29,579	27,941
Net cash flow before working capital changes	3,694,174	2,493,288
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(215,960)	(417,144)
Stock in trade	(5,814,612)	11,260,748
Trade debts	(2,574,247)	763,463
Loans and advances	(71,541)	120,816
Trade deposits and short term prepayments	(33,320)	(65,011)
Other receivables	171,075	80,412
<i>Increase / (Decrease) in current liabilities</i>		
Advance from customers	33,514	2,246,173
Trade and other payables	14,714,652	(25,188,147)
	6,209,561	(11,198,690)
Cash generated from / (used in) operations	9,903,735	(8,705,402)
Finance costs paid	(3,341,341)	(966,744)
Income Taxes paid	(53,724)	(571,404)
Gratuity paid	(20,602)	(140,000)
Interest income received	27,177	30,695
Net Cash generated from / (used in) operations	6,515,245	(10,352,855)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,591,776)	(1,385,425)
Sale Proceeds against disposal	2,388	12,000
Advance against investment in Shares	-	(20,000)
Long term deposits - net	(59,261)	12,860
Net cash used in investing activities	(1,648,649)	(1,380,565)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(1,544,720)	(2,371,446)
Payment of lease liabilities	(193,372)	-
Short term borrowing-net	(3,443,107)	13,708,458
Net cash (used in) / generated from financing activities	(5,181,199)	11,337,012
Net decrease in cash and cash equivalents	(314,603)	(396,408)
Cash and cash equivalents - at the beginning of the period	(132,436)	(641,404)
Cash and cash equivalents - at the end of the period	(447,039)	(1,037,812)
Cash and cash equivalents comprise of:		
Cash and bank balances	1,152,961	561,088
Running finance facility	(1,600,000)	(1,598,900)
	(447,039)	(1,037,812)

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

For the period ended December 31, 2019

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve		Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss				
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	4,490,349	(10,319,468)	29,380,519	841,249	30,221,768	
Net Profit for the period	-	-	-	-	89,377	89,377	-	89,377	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	89,377	89,377	-	89,377	
Revaluation on contribution against future issue of shares	-	-	-	-	-	-	69,400	69,400	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(254,898)	254,898	-	-	-	
Balance as at December 31, 2018	53,298,847	(21,303,418)	3,214,209	4,235,451	(9,975,193)	29,469,896	910,649	30,380,545	
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	3,693,051	(11,541,601)	27,361,088	857,140	28,218,228	
Net Profit for the period	-	-	-	-	213,903	213,903	-	213,903	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	213,903	213,903	-	213,903	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(245,770)	245,770	-	-	-	
Balance as at December 31, 2019	53,298,847	(21,303,418)	3,214,209	3,447,281	(11,081,928)	27,574,991	857,140	28,432,131	

The annexed notes form an integral part of these unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** BYCO Petroleum Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office of the company is situated at The Harbour Front, 9th Floor, Dolmen city, HC-3, Block 4, marine Drive, Clifton, Karachi - 75600, Pakistan.
- 1.2** The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 389 retail outlets across the country as at 31 December 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. These unconsolidated condensed interim financial statements are unaudited, however have been subject to limited scope review by the auditors, and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3** These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.
- 2.4** This unconsolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

- 2.5 The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2019 except as disclosed below:

New / Revised standards, amendments, interpretation and improvements

The Company has adopted the following accounting standards, amendments and interpretation of IFRSs and the improvements to accounting standards which became effective for the current period:

Standards, amendments and interpretation

IFRS 16 - Leases

IFRIC 23 - Uncertainty over income tax treatments

IFRS 9 - Prepayment features with negative compensation (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Company except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over premises utilized as office building, retail stations and other lands on rentals.

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease or finance leases as on July 1, 2019.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

	Rs. in '000
Operating lease commitments as at June 30, 2019	1,730,293
Impact of discounting	(551,319)
Total lease liability as at July 01, 2019	1,178,974
Weighted average incremental borrowing rate as at July 01, 2019	15.25%
The impact of adoption of IFRS 16 as at July 01, 2019 (increase/ (decrease) is as follows:	
Assets	Rs. in '000
Property, plant & equipment - Right-of-use asset	1,178,974
Liabilities	
Long term lease liabilities	974,300
Current portion of lease liabilities	204,674
	1,178,974
The impact of adoption of IFRS 16 for the period ended December 31, 2019 is as follows:	
Condensed interim statement of profit or loss	Rs. in '000
Depreciation charge on right-of-use assets	141,215
Interest expense on lease liabilities	89,897
	231,112

3.3 Amendment to accounting and reporting standards that are not yet effective

The following amendment to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the date mentioned below:

	Effective date (Annual periods beginning on or after)
IAS 1/ IAS 8 - Definition of Material	January 01,2020

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company for the year ended 30 June 2019, except as disclosed otherwise.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)			
	Note	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Operating fixed assets		47,605,781	48,228,833
Capital work in progress - at cost	5.1	22,469,963	20,908,728
		70,075,744	69,137,561

- 5.1 During the period, the additions in property, plant and equipment amounted to Rs. 1,591.776 million (31 December 2018: Rs. 1,385.425 million)

6 STOCK IN TRADE

(Rupees in '000)			
	Note	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Raw material	6.1	23,908,989	18,238,048
Finished products	6.2 & 6.3	11,165,916	11,022,246
		35,074,905	29,260,294

- 6.1 This includes raw material in transit amounting to Rs. 19,933.681 million (30 June 2019: Rs. 14,849.23 million) as at the date of statement of financial position.
- 6.2 This includes finished products held by third parties amounting to Rs. 6,374.949 million (30 June 2019: Rs. 5,684.50 million).
- 6.3 Finished products costing Rs. 11,616.497 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 522.428 million (30 June 2019 : Rs. 426.27 million) to net realizable value.

7 TRADE DEBTS

- 7.1 During the period, provision was made against doubtful debts amounting to Rs. 549.224 million (December 31, 2018:Rs. 312.762 million).

8 OTHER RECEIVABLES - considered good

- 8.1 This includes Rs. 750.176 million and Rs. 1,087.306 million (30 June 2019: Rs. 846.935 million and Rs. 1,106.748 million) receivable from related party and Coastal Refinery Limited respectively.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material change in the status of contingencies from what is disclosed in note 28 to the annual audited unconsolidated financial statements for the year ended 30 June 2019.

9.2 Commitments

The status for commitments is same as disclosed in annual audited unconsolidated financial statements for the year ended 30 June 2019 except for:

(Rupees in '000)		
	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Commitments for capital expenditure	661,615	777,693

10 OTHER EXPENSES

This includes provision for doubtful debts amounting to Rs. 549.224 million (31 December 2018: Rs. 312.762 million).

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company, parent company, subsidiary company, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Details of transactions and balances with related parties during the period are as follows:

11.1 Transactions with related parties

	(Rupees in '000)	
	Jul - Dec 2019	Jul - Dec 2018
	(Unaudited)	
Parent Company		
Markup charged	80,106	89,993
Subsidiary Company		
Other expenses incurred	166	166
Product Processing charges	80,034	74,857
Associated Companies		
Sales of goods and services	–	2,301,396
Purchase of operating fixed assets and services	40,206	24,443
Others		
Post employment benefit Funds	121,495	212,485
Key management personnel	70,610	47,447

11.2 Balances with related parties

	(Rupees in '000)	
	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	857,140
Accrued markup	613,017	532,911
Loan payable	3,935,650	3,935,650
Subsidiary Company		
Receivable against expenses incurred	750,176	846,935
Associated Companies		
Advance against shared services	43,555	86,586
Payable against purchases	47,199	35,386
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	97,862	85,296

12 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

13 FAIR VALUE OF ASSETS AND LIABILITIES

All assets and liabilities of the Company are carried at amortised cost except for freehold land, leasehold land, building on freehold land, roads and civil works, plant and machinery, generators and safety and lab equipment which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these unconsolidated condensed interim financial statements approximate their fair values.

14 OPERATING SEGMENTS

For management purposes, the Company has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources. The quantitative data for segments is given below:

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2019	2018	2019	2018	2019	2018
Sales to ext. customers	58,890,423	61,948,568	35,745,794	38,150,788	94,636,217	100,099,356
Inter-segment sales	31,116,068	34,937,415	–	–	31,116,066	34,937,415
Eliminations	(31,116,068)	(34,937,415)	–	–	(31,116,066)	(34,937,415)
Total revenue	58,890,423	61,948,568	35,745,794	38,150,788	94,636,217	100,099,356
Result						
Segment results - profit	1,288,881	245,134	601,076	817,819	1,889,956	1,062,953
Finance cost					(1,689,017)	(1,519,104)
Other expenses					(604,763)	(355,716)
Interest income					617,728	347,193
Taxation					–	554,051
Profit for the period					213,904	89,377
Other Information						
Depreciation	1,750,027	1,617,595	82,539	52,753	1,832,566	1,670,348

All non-current assets of the Company as at December 31, 2019 and 2018 are located in Pakistan.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on **February 17th, 2020** by the Board of Directors of the Company.

Chief Executive Officer

Director

Chief Financial Officer

**CONSOLIDATED
FINANCIAL
STATEMENT**

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

(Rupees in '000)

	Notes	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	83,608,983	83,073,076
Long term loans and advances		792,085	860,963
Long-term deposits		108,252	34,816
		84,509,320	83,968,855
CURRENT ASSETS			
Stores and spares		1,908,253	1,692,293
Stock-in-trade	6	35,074,906	29,260,294
Trade debts	7	7,910,904	5,336,657
Loans and advances		1,322,551	1,182,132
Trade deposits and short-term prepayments		79,886	46,566
Accrued interest		271,457	230,130
Other receivables	8	1,264,068	1,337,705
Taxation - net		881,766	780,780
Cash and bank balances		1,152,962	1,135,249
		49,866,753	41,001,806
TOTAL ASSETS		134,376,073	124,970,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(43,771,000)	(44,237,140)
Surplus on revaluation of Property, plant and equipment		10,802,637	11,290,892
		20,330,483	20,352,599
Contribution against future issue of shares		857,140	857,140
		21,187,623	21,209,739
NON CURRENT LIABILITIES			
Long term financing		15,132,898	15,845,806
Loan from related party		3,935,650	3,935,650
Accrued and deferred markup		5,069,450	5,861,965
Long term lease liabilities		741,904	–
Long-term deposits		119,175	105,000
Deferred liabilities		2,388,302	2,542,001
		27,387,380	28,290,422
CURRENT LIABILITIES			
Trade and other payables		62,636,437	47,941,713
Advance from customers		3,421,307	3,387,793
Accrued mark-up		305,776	393,518
Short term borrowings - secured		12,738,229	15,849,021
Current portion of non-current liabilities		6,698,294	7,897,428
Unclaimed dividend		1,027	1,027
		85,801,070	75,470,500
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		134,376,073	124,970,661

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss

For the period ended
December 31, 2019

(Rupees in '000)

Note	Six months period ended		Three months period ended	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Gross turnover	125,693,080	123,465,241	62,718,887	57,076,079
Sales tax, discounts & other duties	(31,056,863)	(23,365,885)	(17,153,866)	(10,691,111)
Turnover - net	94,636,217	100,099,356	45,565,021	46,384,968
Cost of sales	(92,511,562)	(99,024,449)	(45,283,241)	(46,795,395)
Gross profit / (Loss)	2,124,655	1,074,907	281,780	(410,426)
Administrative expenses	(466,970)	(430,532)	(237,171)	(198,807)
Selling and distribution expenses	(226,758)	(227,662)	(122,304)	(97,953)
Other expenses 10	(604,763)	(355,716)	(291,697)	(175,996)
Other income	694,432	609,753	345,531	403,146
	(604,059)	(404,157)	(305,641)	(69,610)
Operating profit / (Loss)	1,520,596	670,750	(23,861)	(480,036)
Finance costs	(1,689,017)	(1,519,104)	(771,784)	(698,870)
(Loss) / Profit before taxation	(168,421)	(848,354)	(795,645)	(1,178,906)
Current	-	(21,494)	7,855	117,596
Prior	47,263	554,051	47,263	554,051
Deferred	99,043	99,043	49,521	49,521
Taxation	146,306	631,600	104,639	721,168
Loss after taxation	(22,115)	(216,754)	(691,006)	(457,738)
(Loss) / Earnings per share - basic and diluted (Rupees)	(0.004)	(0.04)	(0.13)	(0.09)

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Other Comprehensive Income

For the period ended December 31, 2019

(Rupees in '000)

	Six months period ended		Three months period ended	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Loss after taxation	(22,115)	(216,754)	(691,006)	(457,738)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the period	(22,115)	(216,754)	(691,006)	(457,738)

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows

For the period ended December 31, 2019

(Rupees in '000)

	Dec 31, 2019	Dec 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(168,421)	(848,354)
Adjustments for:		
Depreciation	2,274,376	2,110,104
Finance costs	1,689,017	1,519,104
Provision for impairment against doubtful debts	549,224	312,762
Gain on disposal of assets	(2,388)	(225,000)
Interest income	(617,728)	(347,193)
Provision for gratuity	29,579	27,941
Net cash flow before working capital changes	3,753,658	2,549,363
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(215,960)	(417,144)
Stock in trade	(5,814,612)	11,260,748
Trade debts	(2,574,247)	763,463
Loans and advances	(71,541)	120,816
Trade deposits and short term prepayments	(33,999)	(57,473)
Other receivables	267,834	22,585
<i>Increase / (Decrease) in current liabilities</i>		
Advance from customers	33,514	2,246,173
Trade and other payables	14,559,088	(25,192,857)
	6,150,077	(11,253,690)
Cash generated (used in) / from operations	9,903,735	(8,704,327)
Finance costs paid	(3,341,341)	(966,746)
Income Taxes paid	(53,724)	(571,404)
Gratuity paid	(20,602)	(140,000)
Interest income received	27,177	30,695
Net cash (used in) / generated from operating activities	6,515,246	(10,351,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,591,776)	(1,386,501)
Sale Proceeds against disposal	2,388	12,000
Advance against investment in Shares	-	(20,000)
Long term deposits - net	(59,261)	12,860
Net cash used in investing activities	(1,648,649)	(1,381,641)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(1,544,720)	(2,371,446)
Payment of lease liabilities	(193,372)	-
Short term borrowing-net	(3,443,107)	13,708,458
Net cash generated from financing activities	(5,181,199)	11,337,012
Net (decrease) / increase in cash and cash equivalents	(314,602)	(396,409)
Cash and cash equivalents - opening	(132,436)	(641,404)
Cash and cash equivalents - closing	(447,038)	(1,037,813)

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the period ended December 31, 2019

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve		Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss				
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	12,573,159	(24,802,846)	22,979,951	841,249	23,821,200	
Total comprehensive income for the period (Loss) for the period	-	-	-	-	(216,754)	(216,754)	-	(216,754)	
Revaluation on contribution against future issue of shares	-	-	-	-	-	-	69,400	69,400	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(497,382)	497,382	-	-	-	
Balance as at December 31, 2018	53,298,847	(21,303,418)	3,214,209	12,075,777	(24,522,218)	22,763,197	910,649	23,673,846	
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	11,290,891	(26,147,931)	20,352,598	857,140	21,209,738	
Total comprehensive income for the period (Loss) for the period	-	-	-	-	(22,115)	(22,115)	-	(22,115)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(488,254)	488,254	-	-	-	
Balance as at December 31, 2019	53,298,847	(21,303,418)	3,214,209	10,802,637	(25,681,791)	20,330,483	857,140	21,187,623	

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

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company

i) **Byco Petroleum Pakistan Limited (the Holding Company)**

The Holding Company was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office of the company is situated at The Harbour Front, 9th Floor, Dolmen city, HC-3, Block 4, marine Drive, Clifton, Karachi - 75600, Pakistan.

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 389 retail outlets across the country as at 31 December 2019.

Subsidiary Company

ii) **Byco Isomerisation Pakistan (Private) Limited (BIPL)**

BIPL was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 on 14 May 2014. BIPL is a wholly owned subsidiary of the Holding Company. BIPL is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum products such as premium motor gasoline.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- ### 2.2
- These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended June 30, 2019.

- 2.3** This consolidated condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.
- 2.4** These consolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.5** The comparative balance sheet presented in these consolidated condensed interim financial information has been extracted from the consolidated audited financial statements of the Group for the year ended 30 June 2019.

3 ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements for the year ended June 30, 2019 except as disclosed below:

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IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

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The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Group except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 IFRS 16 - Leases

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	Rs. in '000
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Impact of discounting	(551,319)
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Weighted average incremental borrowing rate as at July 01, 2019	15.25%
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Liabilities	
Long term lease liabilities	974,300
Current portion of lease liabilities	204,674
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Condensed interim statement of profit or loss	Rs. in '000
Depreciation charge on right-of-use assets	141,215
Interest expense on lease liabilities	89,897
	231,112

3.3 Amendment to accounting and reporting standards that are not yet effective

The following amendment to the accounting and reporting standards as applicable in Pakistan are relevant to the Group and would be effective from the date mentioned below:

	Effective date (Annual periods beginning on or after)
IAS 1/ IAS 8 - Definition of Material	January 01,2020

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to the annual consolidated financial statements of the Group for the year ended 30 June 2019, except as disclosed otherwise.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)			
	Note	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Operating fixed assets		61,048,791	62,113,652
Capital work in progress - at cost	5.1	22,560,192	20,959,424
		83,608,983	83,073,076

- 5.1 During the period, the additions in property, plant and equipment amounted to Rs. 1,591.776 million (31 December 2018: Rs. 1,386.501 million).

6 STOCK IN TRADE

(Rupees in '000)			
	Note	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Raw material	6.1	23,908,989	18,238,048
Finished products	6.2 & 6.3	11,165,916	11,022,246
		35,074,905	29,260,294

- 6.1 This includes raw material in transit amounting to Rs. 19,933.681 million (30 June 2019: Rs. 14,849.23 million) as at the balance sheet date.
- 6.2 This includes finished products held by third parties amounting to Rs. 6,374.949 million (30 June 2019: Rs. 5,684.50 million).
- 6.3 Finished products costing Rs. 11,616.497 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 522.428 million (30 June 2019 : Rs. 426.27 million) to net realizable value.

7 TRADE DEBTS

- 7.1 During the period, provision was made against doubtful debts amounting to Rs. 549.224 million (December 31, 2018:Rs. 312.762 million).

8 OTHER RECEIVABLES - considered good

- 8.1 This includes Rs. 1,087.306 million (30 June 2019: Rs. 1,106.748 million) receivable from Coastal Refinery Limited.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material change in the status of contingencies from what is disclosed in note 26 to the annual audited consolidated financial statements for the year ended 30 June 2019.

9.2 Commitments

The status for commitments is same as disclosed in annual audited consolidated financial statements for the year ended 30 June 2019 except for:

	(Rupees in '000)	
	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Commitments for capital expenditure	661,615	777,693

10 OTHER EXPENSES

This includes provision for doubtful debts amounting to Rs. 549.224 million (31 December 2018: Rs. 312.762 million).

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent Company, parent Company, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Details of transactions and balances with related parties during the period are as follows:

11.1 Transactions with related parties

	(Rupees in '000)	
	Jul - Dec 2019	Jul - Dec 2018
	(Unaudited)	
Parent Company		
Markup charged	80,106	89,993
Associated Companies		
Sales of goods and services	–	2,301,396
Purchase of operating fixed assets and services	40,206	24,443
Others		
Post employment benefit Funds	121,495	212,485
Key management personnel	70,610	47,447

11.2 Balances with related parties

(Rupees in '000)

	Dec 31, 2019 (Unaudited)	Jun 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	857,140
Accrued markup	613,017	532,911
Loan payable	3,935,650	3,935,650
Associated Companies		
Advance against shared services	43,555	86,586
Payable against purchases	47,199	35,386
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	97,862	85,296

12 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group activities expose it to a variety of financial risks. These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

13 FAIR VALUE OF ASSETS AND LIABILITIES

All assets and liabilities of the Group are carried at amortised cost except for freehold land, leasehold land, building on freehold land, roads and civil works, plant and machinery, generators and safety and lab equipment which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these consolidated condensed interim financial statements approximate their fair values.

14 OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources. The quantitative data for segments is given below:

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2019	2018	2019	2018	2019	2018
Sales to ext. customers	58,890,423	61,948,568	35,745,794	38,150,788	94,636,217	100,099,356
Inter-segment sales	31,116,068	34,937,415	–	–	31,116,068	34,937,415
Eliminations	(31,116,068)	(34,937,415)	–	–	(31,116,068)	(34,937,415)
Total revenue	58,890,423	61,948,568	35,745,794	38,150,788	94,636,217	100,099,356
Result						
Segment results - profit / (loss)	906,555	(138,546)	601,076	817,819	1,507,631	679,273
Finance cost					(1,689,017)	(1,519,104)
Other expenses					(604,763)	(355,716)
Interest income					617,728	347,193
Taxation					146,306	631,600
(Loss) for the period					(22,115)	(216,754)
Other Information						
Depreciation	2,191,836	2,057,351	82,539	52,753	2,274,376	2,110,104

All non-current assets of the Group as at December 31, 2019 and 2018 are located in Pakistan.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on **February 17th, 2020** by the Board of Directors of the Group.

Chief Executive Officer

Director

Chief Financial Officer



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