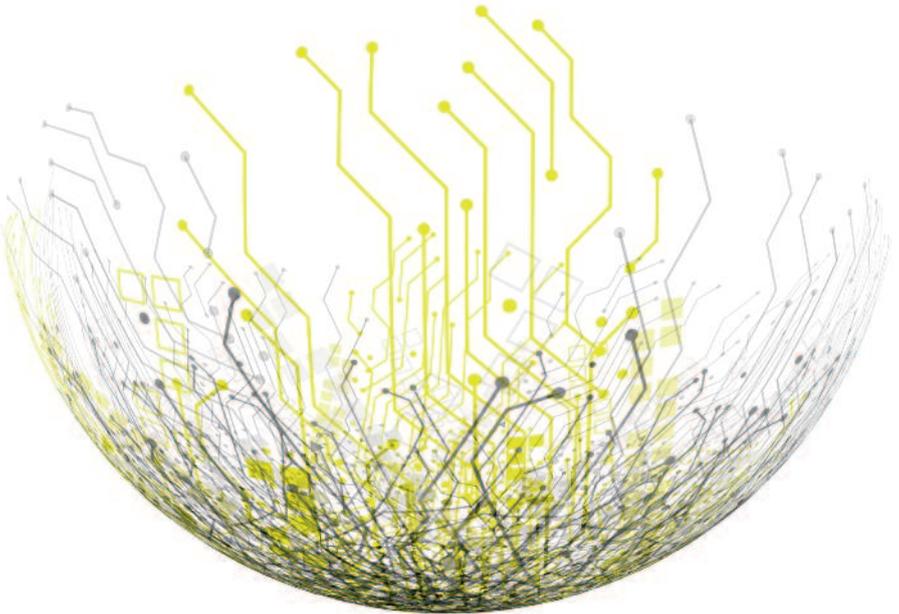


THIRD QUARTER REPORT | 31 March 2019
Byco Petroleum Pakistan Limited



IMAGINE, INSPIRE, INNOVATE

CONTENT



02 Company Information

04 Directors' Report

Unconsolidated Financial Statements

06 Balance Sheet

07 Profit and Loss Account

08 Statement of Other Comprehensive Income

09 Cash Flows Statement

10 Statement of Changes in Equity

11 Notes to the Financial Statements

Consolidated Financial Statements

18 Balance Sheet

19 Profit and Loss Account

20 Statement of Other Comprehensive Income

21 Cash Flows Statement

22 Statement of Changes in Equity

23 Notes to the Financial Statements



COMPANY INFORMATION

Board of Directors

Akhtar Hussain Malik	Chairman
Amir Abbassciy	Director & Chief Executive Officer
Tabish Gauhar	Director
Syed Arshad Raza	Director
Mohammad Wasi Khan	Director
Muhammad Yasin Khan	Director
Shah Arshad Abrar	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
Muhammad Yasin Khan	Member
Shah Arshad Abrar	Member

Services & Stake holders Committee

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

Chief Financial Officer

Zafar Shahab

Company Secretary

Majid Muqtadir

Auditors

EY Ford Rhodes Chartered Accountants

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

Share 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 March 31, 2019

ناظمین کی رپورٹ

برائے اختتامِ مختتمہ 31 مارچ 2019

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

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

We are pleased to present a brief review of the financial results and performance of the Company for the period ended 31st March, 2019.

ہم 31 مارچ 2019 کو ختم ہونے والے مدتِ مختتمہ کے لیے اپنی کمپنی کا مالیاتی جائزہ اور کمپنی کی کارکردگی کی تفصیلات کو پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

On the local economic front, significant head winds are continually being faced by the Country's refining sector primarily due to low fuel oil consumption and the severe currency devaluation, thereby resulting in significant deterioration in this sector's financial performance.

مقامی معاشی محاذ پر، ملک کے ریفائننگ کے شعبے کو ایندھن کے تیل کی کم کھپت اور گرتی ہوئی روپے کی قدر کی وجہ سے مشکل حالات کا سامنا کرنا پڑا رہا ہے۔ جس کے باعث اس شعبے کی مالیاتی کارکردگی شدید متاثر ہو رہی ہے۔

In the international markets, the oil prices have shown a firming price trend, increasing by upward of US\$ 10 per barrel in the last three months of the current period. This significant price hike has not been reflected in the price increase of petroleum products during this financial period and in the case of Motor Gasoline, this has been trading below the crude oil price thereby further squeezing the refinery margins.

عالمی منڈی میں، تیل کی قیمتوں میں پچھلے تین ماہ سے مسلسل اضافہ دیکھنے میں آیا اور تیل کی قیمت میں اس سماہی کے پچھلے تین ماہ میں 10 امریکی ڈالر فی بیرل تک اضافہ ہوا۔ اس مالی مدت کے دوران پٹرولیم مصنوعات کی قیمتوں میں اضافے اور پٹرول پراس کے کوئی نتائج اثر انداز نہیں ہو سکے، اس کی قیمت خام تیل کی قیمت سے کم رہی ہے جس سے ریفائنری مارجن مزید کم رہا۔

The Company recorded gross revenue of Rs. 183 billion in the current period compared to Rs. 139 billion in the same period last year registering a growth of 32%. The Company earned gross profit of Rs. 3 billion (2018: Rs. 7.2 billion) and net profit of Rs. 719 million (2018: Rs. 3.5 billion). The decline in gross and net profit is primarily attributed to lower refining margins and higher exchange losses due to the factors discussed above. Earnings per share for the period is Rs. 0.14 compared to Rs. 0.66 last year.

کمپنی نے پچھلے سال کی اس مدت کے دوران ہونے والی مجموعی فروخت 139 بلین پاکستانی روپے کے مقابلے میں اس مختتمہ میں 32 فیصد زائد فروخت کرتے ہوئے 183 بلین پاکستانی روپے کی مجموعی فروخت کی۔ کمپنی نے 3 ارب پاکستانی روپے (2018: 7.2 بلین پاکستانی روپے) کا مجموعی منافع اور 719 ملین پاکستانی روپے (2018: 3.5 بلین پاکستانی روپے) کا خالص منافع حاصل کیا۔ مندرجہ بالا درج کیے گئے عوامل جیسا کہ مارجن میں کمی اور شرح مبادلہ میں خسارہ منافع میں کمی کی بنیادی وجہ بنی۔ اس مدت کے لیے فی حصص پر آمدنی کی شرح پچھلے سال کی اسی سماہی کے 0.66 پاکستانی روپے مقابلے میں 0.14 پاکستانی روپے رہی۔

The Oil Companies Advisory Committee has been approaching the Government for a solution to the declining fuel oil demand and a pricing mechanism which promptly reflects the changing international product prices as well as the constantly declining exchange rate. We expect that the Government will consider the matter diligently and will provide the required support to the refining sector.

آئل کمپنیوں کی مشاورتی کمیٹی نے حکومت کو آئل کی طلب اور قیمتوں کا تعین کرنے والے طریقہ کار کا جائزہ لینے کا مشورہ دیا ہے کہ آیا عالمی منڈی میں تیل کی مسلسل تبدیلی ہوتی قیمت کی وجہ سے ہمیں شرح مبادلہ میں خسارے کا سامنا کرنا پڑ رہا ہے اس کا جائزہ لیا جائے۔ ہم توقع کرتے ہیں کہ حکومت اس معاملے کو سنجیدگی سے حل کرنے کے لیے ریفائننگ سیکٹر کو اپنا تعاون مہیا کرے گی۔

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.

بورڈ اپنی نیک خواہشات کا اظہار کرتے ہوئے حکومت پاکستان کے تعاون کی کاوشوں کی بھرپور پذیرائی کرتا ہے اور اس کے ساتھ ہم بہترین کارکردگی، کام کے ساتھ لگن، محرم اور ہمارے ساتھ وابستگی کے لیے ہمارے سرگرم کسٹمر، مالیاتی ادارے اور حصص یافتگان کے بھی شکرگزار ہیں۔

For and on behalf of the Board of Directors

بجلم بورڈ

Chief Executive Officer

Director

ڈائریکٹر

Karachi
April 29th, 2019

چیف ایگزیکٹو آفیسر

کراچی
29 اپریل 2019

Unconsolidated Condensed Interim Balance Sheet

As at March 31, 2019

(Rupees in '000)			
	Note	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	68,287,367	68,715,775
Long term Investment		16,931,504	16,931,504
Long term Loans and Advances		929,841	939,366
Long-term deposits - Assets		35,880	17,044
Deferred taxation		1,282,932	1,282,932
		87,467,525	87,886,621
CURRENT ASSETS			
Stores and spares		1,687,109	1,282,943
Stock-in-trade	7	20,865,252	29,391,250
Trade debts	8	6,189,064	5,463,784
Loans and advances		1,259,867	1,360,410
Trade deposits and short-term prepayments		50,810	26,613
Accrued interest		205,059	180,691
Other receivables	9	2,101,073	1,922,192
Taxation - net		800,235	-
Cash and bank balances		769,815	746,096
		33,928,285	40,373,979
Non - current asset held for sale		1,487,500	1,487,500
Total assets		122,883,310	129,748,100
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(27,306,710)	(28,408,677)
Surplus on revaluation of Property, plant and equipment		4,108,001	4,490,349
		30,100,139	29,380,519
Contribution against future issue of shares		857,140	841,249
		30,957,278	30,221,768
NON CURRENT LIABILITIES			
Long term financing		14,096,009	13,844,255
Loans from related party		3,935,650	3,936,921
Accrued and deferred markup		8,018,213	8,542,970
Long-term deposits - Liability		103,000	225,017
Deferred liabilities		132,409	274,674
		26,285,281	26,823,837
CURRENT LIABILITIES			
Trade and other payables		52,472,108	58,305,059
Advance from customers		3,489,735	2,789,832
Accrued mark-up		247,303	157,731
Short Term Borrowings - secured		3,495,137	2,322,667
Current portion of non-current liabilities		5,935,441	8,766,174
Unclaimed dividend		1,027	1,027
Taxation - net		-	360,005
		65,640,750	72,702,495
Contingencies and Commitments	10		
Total equity and liabilities		122,883,310	129,748,100

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account

For the period ended
March 31, 2019

(Rupees in '000)				
	Nine months period ended		Three months period ended	
	March 2019	March 2018	March 2019	March 2018
		(Restated)		(Restated)
Gross turnover	182,928,854	138,936,341	59,463,614	57,903,486
Sales tax, discounts & other duties	(37,709,425)	(31,365,587)	(14,343,540)	(12,966,954)
Turnover - net	145,219,429	107,570,754	45,120,074	44,936,532
Cost of sales	(142,187,200)	(100,385,372)	(43,546,292)	(42,535,421)
Gross profit	3,032,229	7,185,382	1,573,782	2,401,111
Administrative expenses	(642,710)	(572,608)	(212,178)	(168,730)
Selling and distribution expenses	(343,156)	(280,101)	(115,494)	(110,336)
Other expenses	(554,733)	(974,353)	(199,017)	(354,085)
Other income	807,454	490,908	197,562	156,751
	(733,145)	(1,336,154)	(329,127)	(476,400)
Operating profit	2,299,084	5,849,228	1,244,655	1,924,711
Finance costs	(2,133,515)	(1,937,653)	(614,412)	(603,159)
Profit before taxation	165,569	3,911,575	630,243	1,321,552
Taxation				
Current	-	(386,430)	-	(146,960)
Prior	554,051	-	-	-
Deferred	-	-	-	-
	554,051	(386,430)	-	(146,960)
Profit after taxation	719,620	3,525,145	630,243	1,174,592
Earnings per ordinary share - basic and diluted (Rs.)	0.14	0.66	0.12	0.22

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Other Comprehensive Income

For the period ended March 31, 2019

	(Rupees in '000)			
	Nine months period ended		Three months period ended	
	March 2019	March 2018	March 2019	March 2018
		(Restated)		(Restated)
Profit after taxation	719,620	3,525,145	630,243	1,174,592
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	719,620	3,525,145	630,243	1,174,592

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

Unconsolidated Condensed Interim Cash Flow Statement

For the period ended
March 31, 2019

	(Rupees in '000)	
	31 March 2019	31 March 2018
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	165,569	3,911,575
Adjustments for:		
Depreciation	2,499,777	2,169,984
Finance costs	2,133,515	1,937,653
Provision for impairment against doubtful debts	470,791	563,095
Gain on disposal of assets	(226,961)	-
Interest income	(529,871)	(471,850)
Provision for gratuity	41,912	39,489
Net cash flow before working capital changes	4,554,733	8,149,946
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(404,166)	(641,950)
Stock in trade	8,525,998	(7,455,734)
Trade debts	(725,280)	(4,718,657)
Loans and advances	152,201	(156,495)
Trade deposits and short term prepayments	(24,197)	(41,124)
Other receivables	34,119	154,137
<i>Increase / (decrease) in current liabilities</i>		
Advances from customers	699,903	-
Trade and other payables	(5,914,111)	6,075,254
Cash generated from operations	6,899,199	1,365,377
Finance costs paid	(1,568,982)	(1,265,466)
Income Taxes paid	(606,189)	(289,444)
Gratuity paid	(159,736)	(40,000)
Interest income received	34,712	76,667
Net Cash generated / (used in) from operations	4,599,004	(152,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,071,596)	(1,282,124)
Sale Proceeds against disposal	27,748	-
Advance against investment in Shares	(42,134)	(60,000)
Long term deposits	(140,853)	38,548
Net cash (used in) investing activities	(2,226,835)	(1,303,576)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(3,520,920)	(3,420,141)
Short Term Borrowing	2,541,970	5,483,969
Net cash (used in) / generated from financing activities	(978,950)	2,063,828
Net increase in cash and cash equivalents	1,393,219	607,386
Cash and cash equivalents - opening	(641,404)	(1,350,423)
Cash and cash equivalents - closing	751,815	(743,037)

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

Chief Executive Officer

Director

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For the period ended March 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 and equipment	Accumulated Loss (Re-stated)				
Balance as at 1 July 2017 (restated)	53,298,847	(21,303,418)	-	4,999,837	(15,838,471)	21,156,795	761,129	21,917,924	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	3,525,145	3,525,145	-	3,525,145	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(376,250)	376,250	-	-	-	
Balance as at March 31, 2018	53,298,847	(21,303,418)	-	4,623,587	(11,937,076)	24,681,940	761,129	25,443,069	
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	
Total comprehensive income for the period									
Net Profit for the period	-	-	-	-	719,620	719,620	-	719,620	
Revaluation on contribution against future issue of shares	-	-	-	-	-	-	15,891	15,891	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(382,347)	382,347	-	-	-	
Balance as at March 31, 2019	53,298,847	(21,303,418)	3,214,209	4,108,002	(9,217,501)	30,100,140	857,140	30,957,280	

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
March 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.

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 361 retail outlets across the country.

1.2 These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment, if any.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This unconsolidated condensed interim financial information of the Company for the period ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directive issued under the Companies Act, 2017 have been followed.

2.2 This unconsolidated condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2018.

2.3 This unconsolidated 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 This unconsolidated condensed interim financial information 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 comparative balance sheet presented in these unconsolidated condensed interim financial information as at 30 June 2018 has been extracted from the unconsolidated audited financial statements of the Company for the year ended 30 June 2018.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018, except as follows:

New / revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions - (Amendment)
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IAS 40 Investment Property – Transfers of Investment Property (Amendments)
IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

3.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15: Revenue from Contracts with Customers supersedes IAS 11: Construction Contracts, IAS 18: Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in oil refinery and petroleum marketing businesses. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged at various intervals over the period of the relationship with the relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

3.2 IFRS 9 - Financial Instruments

IFRS 9: Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The Company's financial assets mainly includes long term loans and advances, long term deposits, trade debts, advances, trade deposits, other receivables and bank balances.

The adoption of IFRS 9 has fundamentally changed the Company accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL as at March 31, 2019 and has concluded that it is in compliance with the requirements of the new accounting standard.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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.

Judgments and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those that were applied to the unconsolidated financial statements as at and for the year ended 30 June 2018. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2018.

5 RECLASSIFICATIONS OF CORRESPONDING FIGURES

Following corresponding figures have been reclassified for better presentation:

From	To	(Rupees in '000)
Administrative Expenses	Cost of Sales	4,754
Administrative Expenses	Selling and distribution expenses	14,310

6 PROPERTY, PLANT AND EQUIPMENT

	Note	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Operating fixed assets	6.1	46,521,092	48,937,972
Capital work in progress - at cost		21,766,274	19,777,803
		68,287,367	68,715,775

6.1 During the period, the additions in property, plant and equipment amounted to Rs. 2,071.596 million.

7 STOCK IN TRADE

	Note	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Raw material	7.1	12,669,219	21,081,770
Finished products	7.2 & 7.3	8,196,034	8,309,480
		20,865,252	29,391,250

7.1 This includes raw material in transit amounting to Rs. 8,894.947 million (30 June 2018: Rs. 15,629.89 million) as at the balance sheet date.

7.2 This includes stock held by third parties amounting to Rs. 5,099.799 million (June 2018: Rs. 3,157.55 million).

7.3 Finished products costing Rs. 80.520 million (30 June 2018 : Rs. 1,976.668 million) has been written down by Rs. 5.085 million (30 June 2018 : Rs. 39.077 million) to net realizable value.

8 TRADE DEBTS

- 8.1 During the period, provision was made against doubtful debts amounting to Rs. 470.791 million (March 31, 2018: Rs. 563.095 million).

9 OTHER RECEIVABLES - considered good

- 9.1 This includes Rs. 742.348 million and Rs. 1,104.75 million (30 June 2018: Rs. 847.016 million and Rs. 943.232 million) receivable from related party and Coastal Refinery Limited respectively.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The status for contingencies is same as disclosed in unconsolidated financial statements for the year ended 30 June 2018.

10.2 Commitments

The status for commitments is same as disclosed in unconsolidated financial statements for the year ended 30 June 2018 except for:

	(Rupees in '000)	
	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Commitments for capital expenditure	397,365	509,884

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

	Note	(Rupees in '000)	
		Jul - Mar 2019 Unaudited	Jul - Mar 2018 Unaudited
Parent company:			
Markup charged		135,207	116,611
Subsidiary Company:			
Other expenses incurred		250	151,128
Product Processing charges		113,604	–
Associated companies:			
Sales of goods and services		2,301,396	4,381,841
Purchase of operating fixed assets and services		30,930	60,645
Others			
Post employment benefit Funds		270,724	162,437
Salaries and other benefits	11.3	72,252	78,386

11.2 Balances with related parties

	(Rupees in '000)	
	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	841,249
Accrued markup	499,488	364,281
Loan payable	3,935,650	3,936,921
Subsidiary Company		
Receivable against expenses incurred	742,348	847,016
Associated Companies		
Advance against shared services	85,169	119,160
Long Term deposit receivable	–	95
Payable against purchases	54,872	38,904
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	22,489	138,844

- 11.3 This has been revised in line with the new definition of key management personnel under the directives issued by the Securities and Exchange Commission of Pakistan.

12 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 (Restated)	2019	2018	2019	2018 (Restated)
Sales to ext. customers	87,642,493	66,509,903	57,576,936	41,060,851	145,219,429	107,570,754
Inter-segment sales	48,887,396	37,367,394	–	–	48,887,396	37,367,394
Eliminations	(48,887,396)	(37,367,394)	–	–	(48,887,396)	(37,367,394)
Total revenue	87,642,493	66,509,903	57,576,936	41,060,851	145,219,429	107,570,754
Result						
Segment results - profit	977,161	5,338,372	1,346,786	1,013,359	2,323,947	6,351,731
Finance cost					(2,133,515)	(1,937,653)
Other expenses					(554,733)	(974,353)
Interest income					529,871	471,850
Taxation					554,051	(386,430)
Profit for the year					719,620	3,525,145
Other Information						
Depreciation	2,425,692	2,113,941	74,085	56,043	2,499,777	2,169,984

13 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on **29th April 2019** by the Board of Directors of the Company.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENT



Consolidated Condensed Interim Balance Sheet

As at March 31, 2019

(Rupees in '000)			
Note	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)	
NON CURRENT ASSETS			
Property, plant and equipment	6	82,416,502	83,407,960
Long term loans and advances		929,841	939,366
Long-term deposits		35,880	17,044
		83,382,224	84,364,370
CURRENT ASSETS			
Stores and spares		1,687,109	1,282,943
Stock-in-trade	7	20,865,252	29,391,250
Trade debts	8	6,189,064	5,463,784
Loans and advances		1,259,867	1,360,410
Trade deposits and short-term prepayments		59,772	26,613
Accrued interest		205,059	180,691
Other Receivables	9	1,358,725	1,082,714
Taxation - net		767,616	-
Cash and bank balances		769,815	746,096
		33,162,279	39,534,501
Non - current asset held for sale		1,487,500	1,487,500
Total assets		118,032,003	125,386,371
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(41,884,266)	(42,892,055)
Surplus on revaluation of Property, plant and equipment		11,827,086	12,573,159
		23,241,667	22,979,951
Contribution against future issue of shares		857,140	841,249
		24,098,807	23,821,200
NON CURRENT LIABILITIES			
Long term financing		14,096,009	13,844,255
Loans from related party		3,935,650	3,936,921
Accrued and deferred markup		8,018,213	8,542,970
Long-term deposits - Liability		103,000	225,017
Deferred liabilities		2,002,344	2,293,171
		28,155,216	28,842,334
CURRENT LIABILITIES			
Trade and other payables		52,609,337	58,325,401
Advance from customers		3,489,735	2,789,832
Accrued mark-up		247,303	157,731
Short Term Borrowings - secured		3,495,137	2,322,667
Current portion of non-current liabilities		5,935,441	8,766,174
Unclaimed dividends		1,027	1,027
Taxation - net		-	360,005
		65,777,980	72,722,837
Contingencies and Commitments	10		
Total equity and liabilities		118,032,003	125,386,371

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Profit and Loss Account

For the period ended
March 31, 2019

(Rupees in '000)				
	Nine months period ended		Three months period ended	
	March 2019	March 2018	March 2019	March 2018
		(Restated)		(Restated)
Gross turnover	182,928,854	138,936,341	59,463,614	57,903,486
Sales tax, discount & other duties	(37,709,425)	(31,365,587)	(14,343,540)	(12,966,954)
Turnover - net	145,219,429	107,570,754	45,120,074	44,936,532
Cost of sales	(142,760,798)	(101,073,010)	(43,736,349)	(42,764,591)
Gross profit	2,458,631	6,497,744	1,383,725	2,171,941
Administrative expenses	(642,710)	(572,608)	(212,178)	(168,730)
Selling and distribution expenses	(343,156)	(280,101)	(115,494)	(110,336)
Other expenses	(554,733)	(974,353)	(199,017)	(354,085)
Other income	807,204	490,908	197,451	156,902
	(733,395)	(1,336,154)	(329,238)	(476,249)
Operating profit	1,725,236	5,161,590	1,054,487	1,695,692
Finance costs	(2,133,515)	(1,937,653)	(614,412)	(603,159)
Profit before taxation	(408,279)	3,223,937	440,075	1,092,533
Taxation				
Current	(32,620)	(386,430)	(11,126)	(146,960)
Prior	554,051	-	-	-
Deferred	148,564	-	49,521	-
	669,995	(386,430)	38,395	(146,960)
Profit after taxation	261,716	2,837,507	478,470	945,573
Earnings per ordinary share - basic and diluted (Rs.)	0.05	0.53	0.09	0.18

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 March 31, 2019

	(Rupees in '000)			
	Nine months period ended		Three months period ended	
	March 2019	March 2018	March 2019	March 2018
		(Restated)		(Restated)
Profit after taxation	261,716	2,837,507	478,470	945,573
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	261,716	2,837,507	478,470	945,573

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement

For the period ended
March 31, 2019

	(Rupees in '000)	
	31 March 2019	31 March 2018
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(408,279)	3,223,937
Adjustments for:		
Depreciation	3,159,402	2,824,657
Finance costs	2,133,515	1,937,653
Provision for impairment against doubtful debts	470,791	563,095
Gain on disposal of assets	(226,961)	-
Interest income	(529,871)	(471,850)
Provision for gratuity	41,912	39,489
Net cash flow before working capital changes	4,640,510	8,116,981
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(404,166)	(641,950)
Stock in trade	8,525,998	(7,455,734)
Trade debts	(725,280)	(4,718,654)
Loans and advances	152,201	(156,495)
Trade deposits and short term prepayments	(25,621)	(41,124)
Other receivables	138,787	299,672
<i>Increase / (Decrease) in current liabilities</i>		
Advance from customers	699,903	-
Trade and other payables	(6,006,559)	6,076,984
	2,355,263	(6,637,301)
Cash generated from operations	6,995,772	1,479,680
Finance costs paid	(1,568,982)	(1,265,466)
Income Taxes paid	(606,189)	(289,444)
Gratuity paid	(159,736)	(40,000)
Interest income received	34,712	76,667
Net cash generated / (used in) from operating activities	4,695,577	(38,563)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,168,172)	(1,396,424)
Sale Proceeds against disposal	27,748	-
Advance against investment in Shares	(42,134)	(60,000)
Long term deposits - net	(140,853)	38,548
Net cash used in investing activities	(2,323,411)	(1,417,876)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(3,520,920)	(3,420,141)
Short Term Borrowing	2,541,970	5,483,969
Net cash (used in) / generated from financing activities	(978,950)	2,063,828
Net increase in cash and cash equivalents	1,393,219	607,389
Cash and cash equivalents - opening	(641,404)	(1,350,423)
Cash and cash equivalents - closing	751,815	(743,034)

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the period ended March 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 and equipment	Accumulated Loss			
Balance as at 1 July 2017 (restated)	53,298,847	(21,303,418)	-	13,254,699	(30,883,982)	14,366,146	761,129	15,127,275
Total comprehensive income for the period								
Profit for the period	-	-	-	-	2,837,507	2,837,507	-	2,837,507
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(734,854)	734,854	-	-	-
Balance as at March 31, 2018	53,298,847	(21,303,418)	-	12,519,845	(27,311,621)	17,203,653	761,129	17,964,782
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								
Profit for the period	-	-	-	-	261,716	261,716	-	261,716
Revaluation on contribution against future issue of shares	-	-	-	-	-	-	15,891	15,891
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(746,073)	(746,073)	-	-	-
Balance as at March 31, 2019	53,298,847	(21,303,418)	3,214,209	11,827,086	(23,795,057)	23,241,667	857,140	24,098,807

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

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 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.

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Holding Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 361 retail outlets across the country.

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

This consolidated condensed interim financial information of the Group for the period ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directive issued under the Companies Act, 2017 have been followed.

2.2 This consolidated condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2018.

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 This consolidated condensed interim financial information 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 as at 30 June 2018 has been extracted from the consolidated audited financial statements of the Group for the year ended 30 June 2018.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018, except as follows:

New / revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions - (Amendment)
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IAS 40 Investment Property – Transfers of Investment Property (Amendments)
IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

3.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15: Revenue from Contracts with Customers supersedes IAS 11: Construction Contracts, IAS 18: Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in oil refinery and petroleum marketing businesses. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged at various intervals over the period of the relationship with the relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

3.2 IFRS 9 - Financial Instruments

IFRS 9: Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The Company's financial assets mainly includes long term loans and advances, long term deposits, trade debts, advances, trade deposits, other receivables and bank balances.

The adoption of IFRS 9 has fundamentally changed the Company accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL as at March 31, 2019 and has concluded that it is in compliance with the requirements of the new accounting standard.

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.

Judgments and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2018. The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2018.

5 RECLASSIFICATIONS OF CORRESPONDING FIGURES

Following corresponding figures have been reclassified for better presentation:

From	To	(Rupees in '000)
Administrative Expenses	Cost of Sales	4,754
Administrative Expenses	Selling and distribution expenses	14,310

6 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)			
		Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Operating fixed assets		60,561,963	63,497,878
Capital work in progress - at cost	6.1	21,854,539	19,910,082
		82,416,502	83,407,960

6.1 During the period, the additions in property, plant and equipment amounted to Rs. 2,168.172 million.

7 STOCK IN TRADE

(Rupees in '000)			
		Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Raw material	7.1	12,669,219	21,081,770
Finished products	7.2 & 7.3	8,196,034	8,309,480
		20,865,252	29,391,250

- 7.1 This includes raw material in transit amounting to Rs. 8,894.947 million (30 June 2018: Rs. 15,629.89 million) as at the balance sheet date.
- 7.2 This includes stock held by third parties amounting to Rs. 5,099.799 million (June 2018: Rs. 3,157.55 million).
- 7.3 Finished products costing Rs. 80.520 million (30 June 2018 : Rs. 1,976.668 million) has been written down by Rs. 5.085 million (30 June 2018 : Rs. 39.077 million) to net realizable value.

8 TRADE DEBTS

- 8.1 During the period, provision was made against doubtful debts amounting to Rs. 470.791 million (March 31, 2018: Rs. 563.095 million).

9 OTHER RECEIVABLES - considered good

- 9.1 This includes Rs. 1,104.75 million (30 June 2018: Rs. 943.232 million) receivable from Coastal Refinery Limited.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The status for contingencies is same as disclosed in consolidated financial statements for the year ended 30 June 2018.

10.2 Commitments

The status for commitments is same as disclosed in consolidated financial statements for the year ended 30 June 2018 except for:

	(Rupees in '000)	
	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Commitments for capital expenditure	397,365	509,884

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)	
	Note	Jul - Mar 2019 Unaudited	Jul - Mar 2018 Unaudited
Parent Company			
Markup charged		135,207	116,611
Associated companies			
Sales of goods and services		2,301,396	4,381,841
Purchase of operating fixed assets and services		30,930	60,645
Others			
Post employment benefit Funds		270,724	162,437
Key management personnel remuneration	11.3	72,252	78,386

11.2 Balances with related parties

	(Rupees in '000)	
	Mar 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	841,249
Accrued markup	499,488	364,281
Loan payable	3,935,650	3,936,921
Associated Companies		
Advance against shared services	85,169	119,160
Long Term deposit receivable	-	95
Payable against purchases	54,872	38,904
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	22,489	138,844

- 11.3 This has been revised in line with the new definition of key management personnel under the directives issued by the Securities and Exchange Commission of Pakistan.

12 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 (Restated)	2019	2018	2019	2018 (Restated)
Sales to ext. customers	87,642,493	66,509,903	57,576,936	41,060,851	145,219,429	107,570,754
Inter-segment sales	48,887,396	37,367,394	–	–	48,887,396	37,367,394
Eliminations	(48,887,396)	(37,367,394)	–	–	(48,887,396)	(37,367,394)
Total revenue	87,642,493	66,509,903	57,576,936	41,060,851	145,219,429	107,570,754
Result						
Segment results - profit	403,313,48	4,650,734	1,346,786	1,013,359	1,750,099	5,664,093
Finance cost					(2,133,515)	(1,937,653)
Other expenses					(554,733)	(974,353)
Interest income					529,871	471,850
Taxation					669,995	(386,430)
Profit for the year					261,716	2,837,507
Other Information						
Depreciation	3,085,317	2,768,614	74,085	56,043	3,159,402	2,824,657

13 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on **29th April 2019** by the Board of Directors of the Group.

14 GENERAL

Figures have been rounded off to the nearest thousands rupees, unless otherwise stated.

Chief Executive Officer

Director

Chief Financial Officer



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