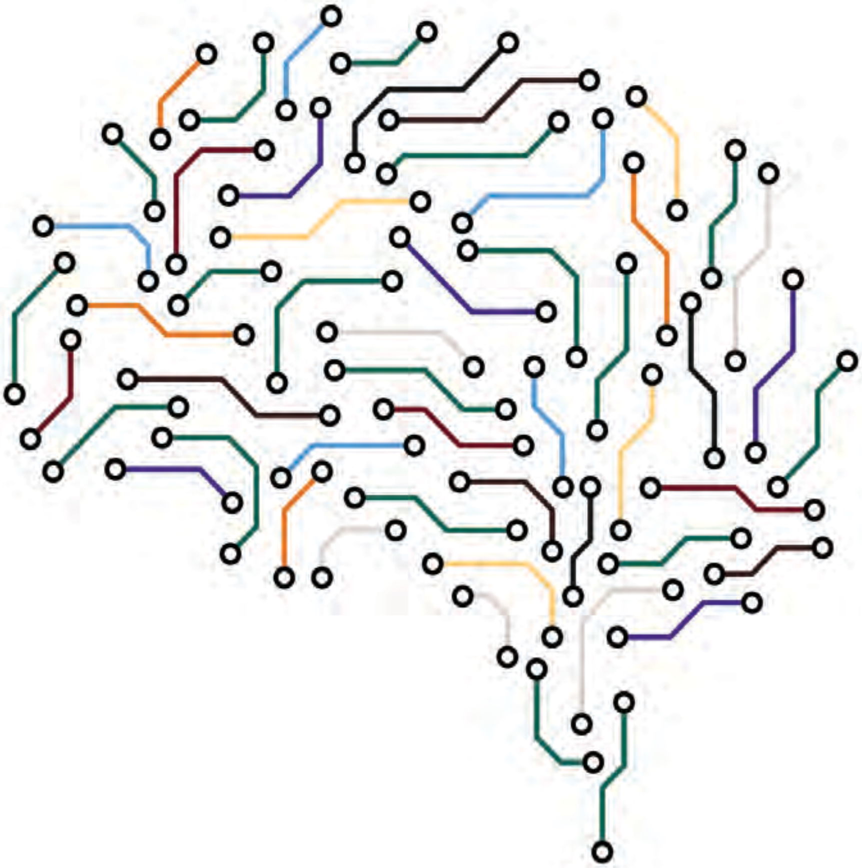
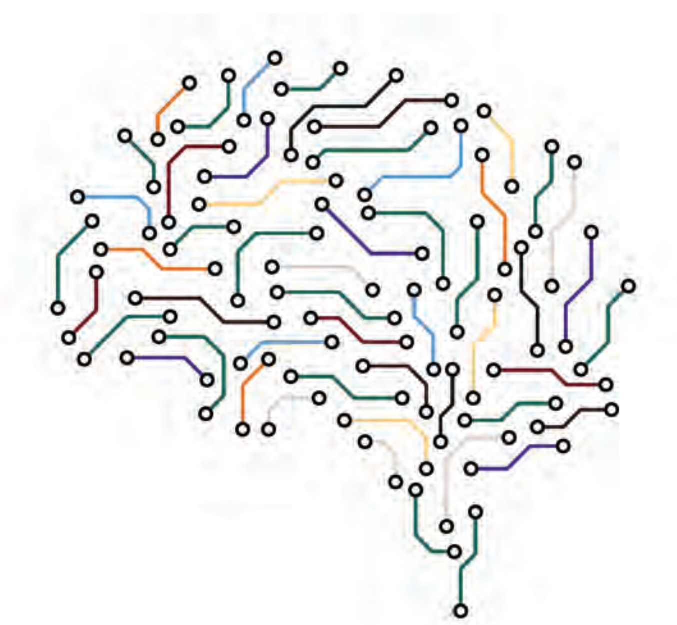
ANNUAL REPORT 2018-19
Byco Petroleum Pakistan Limited



PROGRESSING TOWARDS SUSTAINABILITY

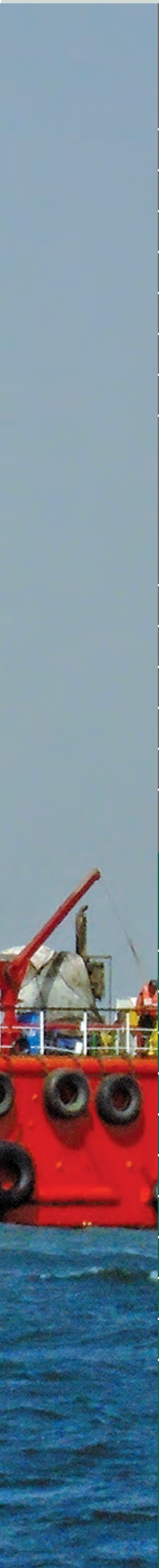
ANNUAL REPORT 2018-19

Byco Petroleum Pakistan Limited



PROGRESSING TOWARDS
SUSTAINABILITY


HARMONY



CONTENT

VISION

Our vision is to be the leading energy company by delivering the core business, achieving sustainable productivity and profitability to deliver a superior shareholder return.

MISSION

Our mission is to proactively invest in the development of infrastructure, in order to become a single source supply chain for meeting the economy's chemicals, energy, petroleum and petrochemical requirements, thereby providing the best possible returns to all our stakeholders.

CODE OF ETHICS

Byco is engaged in the manufacturing of a wide range of petroleum products. We aim to achieve sustainable productivity and profitability, while maintaining the highest standards of care for the environment, health and safety. This practically means enacting policies that assure ongoing human resource development, enhancement of value addition, implementation of conservation measures, growth upgradation and the addition of newer generation technologies. Our Company believes in the application of business ethics as have been embodied in this document.

1 The credibility, goodwill and repute earned are maintained through continued conviction in our corporate values of honesty, integrity, justice and respect for people. Our Company promotes openness, professionalism, teamwork and trust in all its business activities.

2 Safeguarding Shareholders' interest and a worthwhile return on equity is an integral part of our business ethics.

3 We believe in servicing customers by providing products which are manufactured and priced competitively, and which are also meeting or exceeding the environmental standards of the country.

4 We are an equal opportunity employer and proactively invest in our human capital, offering competitive employment terms and providing a safe and congenial working environment to all our employees.

5 We believe that profit is the real yardstick to measure our value addition to the economy and is essential for business survival as it measures efficiency and the value that the customer places on products and services produced by the Company.

6 In view of the critical importance of our business and its impact on the national economy, our Company provides all relevant information concerning its activities transparently to all stakeholders, subject to any overriding confidentiality.

Amir Abbassciy
Chief Executive Officer

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

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

ENVIRONMENT HEALTH SAFETY AND SECURITY (EHSS) POLICY

Byco is committed to delivering sustainable world class performance through prevention of injury and ill-health, preservation of environment and safeguarding health, safety and welfare of its employees and visitors to our sites in a manner that is compliant with local laws, customs and culture.

We derive strength from our core values of fairness and honesty, integrity, respect, teamwork, trust and transparency, passion for excellence and tenacity in achieving results. As a corporate entity, we care about people and the world in which we live in.

We have deployed the optimal leadership and management structure to deliver this policy and provide an unbroken chain of responsibility and accountability for EHSS.

EHSS GUIDING PRINCIPLE

- Identify and eliminate or otherwise control, EHSS risks to our people, our communities and the environment in which we operate
- Use EHSS risk framework to develop and deliver measurable EHSS objectives and targets
- Ensure employees are equipped and trained to adopt a healthy, safe and environmentally conscious lifestyle both at work and home
- Continuously seek to reduce the environmental impact of our business operations by:
    - Improving energy efficiency and natural resource consumption
    - Reusing and recycling materials to minimize waste and pollution
    - Endeavour to protect and restore biodiversity
    - Undertaking specific programs to reduce greenhouse gas emissions from our business
- Generate sustainable EHSS performance through long-term, mutually beneficial relationships with our communities, governments, our business partners and other stakeholders

COMMITMENT TO EHSS POLICY

- The management team is accountable for the delivery of EHSS improvements and providing the necessary resources to do so
- All stakeholders of our business must understand their responsibilities towards EHSS and demonstrate their commitment through actions towards achieving our goal of zero incidents
- Complying with all applicable laws, EHSS standards and other voluntary requirements
- Developing, implementing and maintaining recognized management systems and programs that ensure appropriate and consistent implementation of this EHSS policy
- Obtaining assurance of our EHSS policy and management systems through regular audits and reviews of our performance
- Promoting effective employee, contractor and stakeholder participation in and awareness of EHSS issues and programs related to our operations through training, communication and regular public reporting of performance
- In recent years, Byco's EHSS has embarked upon its journey to fully implement Dupont's Process Safety Management system, the world's standard when it comes to Safety Management

Amir Abbassciy
Chief Executive Officer

Financial Highlights

(Rupees in million)

	2019	2018	2017	2016	2015	2014
Balance Sheet						
Share Capital	**53,299**	53,299	53,299	9,779	9,779	9,779
Share holders' equity	**28,218**	30,222	21,918	6,555	5,188	5,052
Property, plant and equipment	**69,138**	68,716	69,030	12,581	13,716	14,928
Long term investment	**16,932**	16,932	16,932	22,661	5,729	5,729
Long term loans and advances	**861**	939	948	–	16,931	–
Stock in trade	**29,260**	29,391	12,583	7,332	4,860	8,778
Trade debts	**5,337**	5,464	4,858	8,287	9,349	10,245
Total current assets	**41,895**	40,378	21,630	20,642	18,549	38,589
Total current liabilities	**75,454**	72,706	56,264	39,179	36,376	37,786
Short term borrowings	**15,849**	2,323	3,372	6,594	738	6,402
Current portion of non-current liabilities	**7,897**	8,766	7,932	5,447	3,729	2,655
Non-current liabilities	**26,470**	26,824	31,657	10,160	13,372	16,216
Profit or Loss Account						
Net sales	**197,831**	166,290	88,420	77,702	94,807	92,545
Cost of sales	**195,871**	157,134	84,196	73,419	89,941	92,136
Gross profit	**1,960**	9,156	4,224	4,283	4,866	409
Operating profit / (loss)	**832**	8,248	3,611	3,253	2,935	(2,695)
Financial charges	**3,070**	2,878	2,283	2,309	2,758	2,793
(Loss) / Profit before taxation	**(2,238)**	5,370	1,327	718	(151)	(6,325)
(Loss) / Profit after taxation	**(1,684)**	5,020	2,182	1,367	72	(5,937)

Financial Highlights

		2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross Profit	%	**0.99%**	5.51%	4.78%	5.51%	5.13%	0.45%
(Loss) / Profit before Tax	%	**-1.13%**	3.23%	1.50%	0.92%	-0.16%	-6.83%
Net (Loss) / Profit	%	**-0.85%**	3.02%	2.47%	1.76%	0.08%	-6.42%
EBITDA Margin to sales	%	**2.14%**	6.78%	7.12%	5.73%	4.44%	-1.83%
Return on equity	%	**-5.97%**	16.61%	9.95%	20.86%	1.39%	-117.52%
Liquidity Ratios							
Current Ratio	Times	**0.56**	0.56	0.38	0.53	0.51	1.02
Quick / Acid Test Ratio	Times	**0.17**	0.15	0.16	0.34	0.38	0.78
Activity / Turnover Ratios							
Inventory turnover	Days	**54.65**	48.75	43.17	30.31	27.67	28.69
Debtors turnover	Days	**9.96**	11.33	27.13	41.42	37.72	44.11
Creditors turnover	Days	**98.98**	116.36	147.07	141.72	119.75	95.39
Inventory turnover	Times	**6.68**	7.49	8.46	12.04	13.19	12.72
Debtors turnover	Times	**36.63**	32.22	13.45	8.81	9.68	8.27
Creditors turnover	Times	**3.69**	3.14	2.48	2.58	3.05	3.83
Total assets turnover ratio	Times	**1.52**	1.28	0.80	1.39	1.71	1.56
Fixed assets turnover ratio	Times	**2.86**	2.42	1.28	6.18	6.91	6.20
Financial Leverage Ratios							
Interest coverage ratio	Times	**0.27**	2.87	1.58	1.41	1.06	(0.96)
Debt to equity ratio	Times	**1.78**	1.25	1.96	3.39	3.44	5.00
Investment / Market Ratios							
(Loss) / Earnings per share	Rs.	**(0.32)**	0.94	0.41	1.40	0.07	(6.07)

CHAIRMAN'S REVIEW

For the year ended June 30, 2019

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the year ended 30th June, 2019.

Given the deteriorating state of economy and rapid changes in international oil prices, the year 2018-2019 remained one of the most difficult years for the industry, specifically refineries. With the declining consumption of Furnace Oil (FO), it was a challenge to operate the refineries at an optimal capacity. And the abrupt depreciation of Rupee has further worsened it. I am hopeful that the Government will take immediate actions to address the concerns raised by the industry.

The Company did not install Diesel Hydro Desulphurisation unit (DHDS) due to which it is subject to lower prices of High Speed Diesel. Efforts are being made to address this matter on priority.

Overall performance of the Board of Directors remained upto the mark. The Board comprises of experienced and seasoned individuals with diversified experience and they have played an important role in making the Board effective at all levels. The Committees of the Board operated efficiently and assisted the Board in all the key matters.

On behalf of the Board, I would like to thank all the stakeholders for their trust and support. I am confident that the Company has all the ingredients necessary to achieve the expectations of all its stakeholders.

Akhtar Hussain Malik
Chairman

Karachi
24th September 2019

DIRECTORS'REPORT

For the year ended June 30, 2019

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

The Directors of your Company are pleased to present the Annual Report of the Company together with the audited, stand alone and consolidated, financial statements and auditors' report thereon for the year ended 30th June, 2019.

The period under review has been one of the most challenging and testing, as Pakistan's economic growth slowed down sharply hitting a nine-year low of 3.3%, missing the ambitious growth target of 6.2%. Major challenges remained swelling trade and current account deficit and these put an immense pressure on the country's meagre foreign currency reserves resulting in the free fall of the Rupee. Since December 2017, the Rupee lost its value by 44% resulting in inflationary pressure. Rising interest rates with KIBOR crossing the double digit mark and reaching twice of what it was last year was another factor which severely hampered the Country's growth target by impeding businesses' capacity to operate sustainably. These challenges had a multiplying negative impact on the performance of the oil sector, which saw a decline of 22% in consumption YoY.

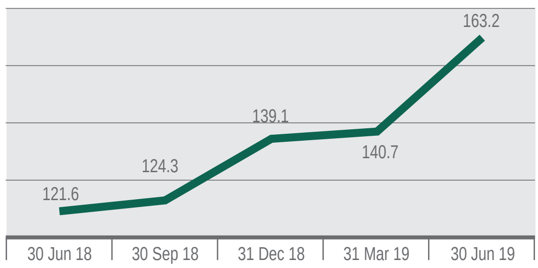
The steep devaluation of the Rupee struck almost every industry but oil sector is the worst affected due to non-availability of foreign exchange hedging mechanism. Oil imports constitute about 18% of country's imports and devaluation of over 34% in just one year caused huge exchange losses to the sector. Due to this, your Company incurred exchange loss of Rs. 4.19 billion.

The Company, as a prudent policy, minimized its exposure in foreign currency to the lowest possible. However, given the restriction on the oil industry to obtain forward cover, while it was possible to minimize, which your Company did, it was not possible to eliminate the exchange loss entirely.

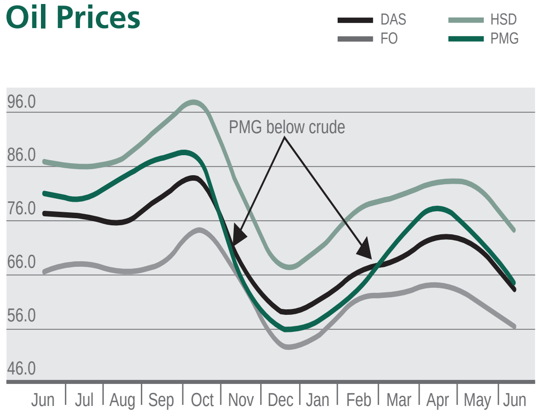
The unstable Rupee also negatively affected the refinery margin as petroleum products' prices in the country are fixed for a month using exchange rate of previous month and these are not revised to account for any Rupee devaluation during the month. This had a detrimental impact on all the refineries' profitability and the policy of price fixation for the whole month needs to be reviewed by the Government to align it with international practices.

The second biggest challenge for the oil industry was abrupt changes in the international oil prices. Within two months, the prices of crude oil declined by 26% (from high of US$ 81/bbl in October 2018 to low of US$ 60/bbl in December 2018). Unprecedented trading value of Motor Gasoline below Crude Oil was

Pak Rupee / US$ Parity

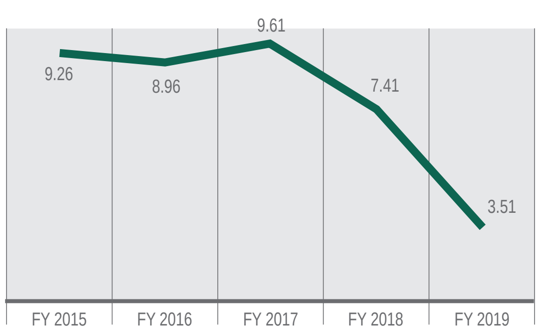


Oil Prices



FO Consumption

Million MT



another blow to the refiners which further squeezed the refinery margins.

Continuous decline in consumption of Furnace Oil (FO) is another fundamental challenge being faced by all refineries as FO consumption in current year is less than half as compared to last year. As reported before, the decline is due to the replacement of FO with Liquefied Natural Gas (LNG) and coal for power generation. The reduction in demand for FO has resulted in reduced throughput for refineries and reduced sales volume compared to previous year. The Company is looking at various options to address the declining demand of FO and is working toward developing a viable solution in this respect.

The Company gets lower price for its High Speed Diesel (HSD) as per the pricing criteria approved by the Government and efforts are being made to make the HSD product Euro II compliant.

Despite above challenges, the Company achieved gross turnover of Rs. 251 billion which is 17% higher compared to last year though the increase was primarily driven by the rising oil prices and steep Rupee devaluation. The Gross Profit declined significantly by 78% to Rs. 1.9 Billion (LY: Rs. 9.1 billion) primarily due to reasons mentioned above. The Company incurred loss after tax of Rs. 1.6 billion (LPS: Rs. 0.32) as compared to profit after tax of Rs. 5.0 Billion (EPS: Rs. 0.94) last year. As a result, the Directors do not recommend dividend for the year ended June 30, 2019.

During this period because the Company balanced the throughput of its refineries in order to minimize its exposure to foreign exchange losses by maintaining minimal committed volumes to its Customers, it resulted in lowering Byco's refineries' capacity utilisation.

The commissioning of an Isomerisation Unit by the wholly owned subsidiary of the Company was the major achievement of the current year, which has enabled all of the Light Naphtha to be converted into Premium Motor Gasoline (PMG). We are pleased to inform that Byco is the only company in Pakistan producing 92 RON PMG and are not subject to RON penalty, leading to virtually zero Naphtha exports.

The Single Point Mooring (SPM) facility continued to provide support for timely supply of crude oil to the refineries. The SPM facility of the Company is handling about 23% of the country's crude oil imports thereby continually proving its importance in Pakistan's oil infrastructure.

The marketing arm of the Company continued expanding its foot-print and 28 new retail stations were added during the year.

On a consolidated basis, the Group's loss per share amounted to Rs. 0.43 (Earning per Share 2018: Rs. 0.81). Byco Isomerisation Pakistan (Private) Limited (BIPL), the wholly owned subsidiary of the Company, incurred a net loss of Rs. 806 million primarily due to the depreciation on fixed assets. It is expected that BIPL will generate profits with the increased throughput of refineries. There has been a delay in payment of Government dues (as mentioned in note 24 to the financial statements) due to delay in recovery / utilization of funds and clearing of old outstanding government dues.

The Company has started limited procurement of local crude and has successfully blended it with imported crude oil while retaining product quality and yields. This has not only reduced the Company's exposure on currency fluctuations but also reduced the demand for foreign exchange. The Company is seeking to increase its allocation of local crude oil and condensate.

While these are testing times for the country owing to a multitude of challenges faced on regional geo political and economic fronts, high interest rates, inflation and weaker Rupee the Company remains committed to contribute positively towards the economic and social development of the country and we are confident that the Company will respond to the above challenges by managing its operations safely, economically and sustainably.

For a more comprehensive look at the financials of your Company over the last six years, refer to page 12.

Corporate Social Responsibility (CSR)

Byco focuses much of its corporate social responsibility efforts towards communities neighboring its refineries in Balochistan. Byco provides job opportunities to these communities, and offers a Management Trainee program to fresh graduates. Social services are offered including financial and material support to the company's neighboring underserved communities. Byco positively engages youth through sports.

To combat climate change and mitigate carbon emissions, Byco collaborates with The Urban Forest to plant trees. An award-winning environmental awareness campaign was conducted, with millions of Moringa seeds distributed nationwide through Byco's retail outlets.

Environment, Health, Safety And Security (EHSS)

As part of its goal of adopting DuPont's Process Safety Management (PSM) system at Byco, the Company focused on safe commission activities, multiple turnarounds without accident or injury, EHS resource development, and sustainability at its refineries. Safety Trainings, management safety audits, and other EHS related initiatives were undertaken through the year.

Byco strengthened its EHS program by introducing a comprehensive Incident Investigation and Reporting system, with an EHS management portal.

Compliance with the Code of Corporate Governance

The Company has been and remains committed to conduct its business in line with the code of corporate governance and the listing regulations of the Pakistan Stock Exchange. As required by the Code of Corporate Governance, following is the statement of compliance with the Corporate and Financial Reporting Framework of the Code:

The Directors are pleased to confirm that:

- The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained in the manner required under the Companies Act, 2017.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and deviation if any, has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- During the year five meetings of the Board of Directors were held and attendance by the directors was as follows:

Name of Director	Number of Meetings Attended
Mr. Amir Abbassciy	4
Mr. Muhammad Mahmood Hussain (Resigned on 21st March 2019)	4
Mr. Akhtar Hussain Malik	5
Mr. Syed Arshad Raza	5
Mr. Omar Khan Lodhi (Resigned on 3rd September 2018)	–
Mr. Chaudhary Khaqan Saadullah Khan (Resigned on 3rd September 2018)	1
Mr. Murtaza Hussain (Resigned on 3rd September 2018)	1
Mr. Mohammad Wasi Khan (Appointed on 25th October 2018)	3
Mr. Muhammad Yasin Khan (Appointed on 25th October 2018)	3
Mr. Shah Arshad Abrar (Appointed on 25th October 2018)	3
Mr. Tabish Gauhar (Appointed on 27th March 2019)	1

The Board of Directors gave leave of absence to those directors who were unable to attend.

The Board places on record its appreciation for the valuable services rendered by outgoing directors on the Board.

Audit Committee

The Audit Committee held five meetings during the year. Attendance by each member was as follows:

Name of Director	Meetings Attended
Muhammad Mahmood Hussain (Resigned on 21st March 2019)	4
Syed Arshad Raza (Resigned on 05th April 2019)	4
Muhammad Yasin Khan (Appointed on 26th November 2018)	2
Tabish Gauhar (Appointed on 05th April 2019)	1
Mohammad Wasi Khan (Appointed on 05th April 2019)	1

Human Resource and Remuneration Committee

The HR & Remuneration Committee held NIL meeting during the year.

Pattern of Shareholding

- The pattern of shareholding and additional information as at 30th June 2019 appears on page 118 of the Annual Report.
- Byco Industries Incorporated, based in Mauritius, holds 91.83% shares, financial institutions and banks and others hold 3.74% shares, and 4.43% shares are held by individuals.
- During the year, the only trade in the shares of the Company was done by an executive, which was subsequently communicated to Pakistan Stock Exchange Limited. The details of transaction was also presented by the Company Secretary at the subsequent meeting of the Board of Directors of the Company.

External Auditors

The auditors Messrs EY Ford Rhodes Chartered Accountants retired and offered themselves for reappointment. The Audit Committee has recommended the reappointment of Messrs EY Ford Rhodes Chartered Accountants as auditors for the year ending June 30, 2020.

Acknowledgement

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

We would also like to thank our dedicated employees for their commitment towards sustainable operations.

For and on behalf of the Board of Directors

Chief Executive Officer
Karachi
24th September 2019

Director

- مالیاتی گوشواروں کی تیاری میں مناسب وموزوں اکاؤنٹنگ پالیسیوں کو باقاعدگی کے ساتھ زیرِعمل لایا گیا ہے۔ اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلہ سازی پر مبنی ہیں۔
- پاکستان میں مجوزہ، بین الاقوامی مالیاتی رپورٹنگ کے معیارات کو مالیاتی گوشواروں کی تیاری میں ملحوظ رکھا گیا ہے اور اس سے کسی بھی قسم کے انحراف کو مناسب طور پر ظاہر کردیا گیا ہے۔
- داخلی کنٹرول کا نظام مستحکم بناوٹ کا حامل ہے اور اس کا مؤثر نفاذ اور نگرانی کی گئی ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری یہ رہی:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب عامر عباسی	4
جناب محمود حسین (21 مارچ 2019 کو مستعفی ہوگئے)	4
جناب اختر حسین ملک	5
جناب سید ارشد رضا	5
جناب عمر خان لودھی (3 ستمبر 2018 کو مستعفی ہوگئے)	-
جناب چوہدری خاقان سعداللہ خان (3 ستمبر 2018 کو مستعفی ہوگئے)	1
جناب مرتضٰی حسین (3 ستمبر 2018 کو مستعفی ہوگئے)	1
جناب محمد وسعی خان (25 اکتوبر 2018 کو نئے ڈائریکٹر مقرر ہوئے)	3
جناب محمد یسین خان (25 اکتوبر 2018 کو نئے ڈائریکٹر مقرر ہوئے)	3
جناب ارشد ابرار (25 اکتوبر 2018 کو نئے ڈائریکٹر مقرر ہوئے)	3
جناب تابش گوھر (27 مارچ 2019 کو نئے ڈائریکٹر مقرر ہوئے)	1

اجلاس میں شرکت سے قاصر ڈائریکٹرز کو بورڈ آف ڈائریکٹرز کی جانب سے غیر حاضری کی اجازت دے دی گئی تھی۔

سبکدوش ہونے والے ڈائریکٹرز کی جانب سے کمپنی کے لیے گراں قدر خدمات پر بورڈ نے انہیں باضابطہ طور پر سراہا۔

آڈٹ کمیٹی

آڈٹ کمیٹی نے سالِ رواں کے دوران پانچ اجلاس منعقد کیے۔ ہر رکن کی طرف سے اجلاس میں شرکت کی تعداد درجِ ذیل ہے:

	شرکت کی تعداد
جناب محمد محمود حسین (21 مارچ 2019 کو مستعفی ہوگئے)	4
جناب سید ارشد رضا (5 اپریل 2019 کو مستعفی ہوگئے)	4
جناب یسین خان (26 نومبر 2018 کو مقرر ہوئے)	2
جناب تابش گوھر (5 اپریل 2019 کو مقرر ہوئے)	1
جناب محمد وسعی خان (5 اپریل 2019 کو مقرر ہوئے)	1

ہیومن ریسورس اور مشاہرہ کمیٹی

ہیومن ریسورس اور مشاہرہ کمیٹی نے سالِ رواں کے دوران کوئی اجلاس منعقد نہیں کیا۔

شیئر ہولڈنگ کی ساخت

- 30 جون، 2019 کو شیئر ہولڈنگ اور اضافی معلومات کی ساخت سالانہ رپورٹ کے صفحہ نمبر 118 پر موجود ہے۔
- ماریشیس میں واقع، بائیکو انڈسٹریز انکارپوریٹڈ 91.83 فیصد شیئرز کا مالک ہے، مالیاتی ادارے اور بینک اور دیگر 3.74 فیصد شیئرز جبکہ افرادِ واحد 4.43 شیئرز رکھتے ہیں۔
- سالِ رواں کے دوران ڈائریکٹرز، ایگزیکٹیوز یا ان کے شریکِ حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

بیرونی محاسبی

آڈیٹرز میسرز اے وائے فورڈ رہوڈز چارٹرڈ اکاؤنٹینٹس اپنی مدت مکمل کر چکے ہیں اور ان کی جانب سے اپنی دوبارہ تقرری کی پیشکش کی گئی۔ آڈٹ کمیٹی نے میسرز اے وائے فورڈ رہوڈز چارٹرڈ اکاؤنٹینٹس کی بطور آڈیٹرز 30 جون، 2020 کو ختم ہونے والے مالی سال کے لیے دوبارہ تقرری کی سفارش کی ہے۔

اظہارِ تشکر

بورڈ، حکومتِ پاکستان اور آپ کی کمپنی کے کاروباری شراکت دار بشمول مالیاتی اداروں، وینڈرز، سپلائرز، کسٹمرز اور حصص یافتگان کی جانب سے کمپنی کو فراہم کردہ تعاون پر تہہ دل سے ممنونیت کا اظہار کرتے ہوئے انہیں خراجِ تحسین پیش کرتا ہے۔

ہم، مستحکم کاروباری سرگرمیوں کے لیے اپنے پُرخلوص اور احساسِ ذمہ داری سے بھرپور ملازمین کے بھی شکر گزار ہیں۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹیو آفیسر

ڈائریکٹر

کراچی
24 ستمبر، 2019

درآمدات پر عمل درآمد کر رہی ہے اور اس طرح ملک کے تیل نظام کے بنیادی ڈھانچے میں مسلسل اپنی اہمیت ثابت کر رہی ہے۔

کمپنی کے مارکیٹنگ کے شعبے نے بھی اپنے مثبت اثرات جاری رکھے اور مذکورہ سال کے دوران 28 نئے پیٹرول پمپ شامل ہوئے۔

اجتماعی بنیاد پر، گروپ کا فی حصص خسارہ 0.43 روپے (2018 میں فی حصص آمدنی: 0.81 روپے) رہا۔ بائیکو آئسومرائزیشن پاکستان (پرائیویٹ) لمیٹڈ (BIPL) نے، جو کہ کمپنی کی مکمل ملکیت کا حامل ذیلی ادارہ ہے، پائیدار اثاثوں کی تخفیفِ قدر کے باعث ابتدائی طور پر 806 ملین روپے کا خالص نقصان برداشت کیا۔ توقع ہے کہ ریفائنریوں کی اضافی پیداوار کے ساتھ BIPL منافع حاصل کرے گا۔
سرکاری واجبات کی ادائیگی میں تاخیر ہوئی (جیسا کہ مالیاتی گوشواروں کے نوٹ 24 میں بیان کیا گیا ہے) جس کی وجہ بعض پرانے سرکاری واجبات کے تصفیے اور فنڈز کی وصولی/استفادے میں ہونے والی تاخیر تھی۔

کمپنی نے مقامی خام تیل کی محدود مقدار حاصل کرنے کا آغاز کر دیا ہے اور پراڈکٹ کا معیار اور ماحصل پر کوئی سمجھوتہ کیے بغیر اسے درآمد شدہ خام تیل کے ساتھ کامیابی کے ساتھ ملایا ہے۔ اس سے نہ صرف کرنسی کے اتار چڑھاؤ سے کمپنی کے متاثر ہونے کے امکانات میں کمی آئی ہے بلکہ غیر ملکی زرِ مبادلہ کی طلب میں بھی کمی آئی۔ کمپنی مقامی خام تیل اور اس کی ذیلی مصنوعات کی تخصیص میں اضافے کی خواہاں ہے۔

اگرچہ علاقائی جغرافیائی سیاسی اور معاشی حوالے سے ملک کو کئی امتحانات کا سامنا ہونے، بلند سودی شرح و افراطِ زر اور روپے کی کمزور قدر کے باعث ہم مشکل وقت سے گزر رہے ہیں، تاہم کمپنی ملک کی اقتصادی اور سماجی ترقی میں مثبت انداز میں اپنا کردار ادا کرنے کے لیے کوشاں ہے اور ہم پُرعزم ہیں کہ کمپنی اپنی سرگرمیوں کو محفوظ، کم خرچ اور مستحکم انداز میں درج بالا امتحانات کا سامنا کرے گی۔

آپ کی کمپنی کے گزشتہ چھ سال کی مالیاتی سرگرمیوں پر ایک جامع نظر ڈالنے کے لیے صفحہ 12 ملاحظہ کریں۔

کاروباری سماجی ذمہ داری (CSR)

بائیکو اپنی کاروباری سماجی ذمہ داری کی زیادہ تر کاوشوں کو بلوچستان میں اپنی ریفائنریوں سے متصل سماجی حلقوں کے لیے مختص کیا ہے۔ بائیکو ان سماجی حلقوں کو ملازمت کے مواقع فراہم کرتا ہے، اور نئے گریجویٹس کے لیے مینجمنٹ ٹرینی پروگرام پیش کرتا ہے۔ کمپنی سے ملحقہ پسماندہ سماجی حلقوں کے لیے مالی اور مادی معاونت سمیت سماجی خدمات پیش کی جاتی ہیں۔ بائیکو کھیلوں کے ذریعے نوجوانوں کی مثبت انداز میں شمولیت پر یقین رکھتا ہے۔

آب و ہوا کی تبدیلی اور کاربن کے اخراج سے نمٹنے کے لیے، بائیکو اربن فوریسٹ کے ساتھ اشتراک کر کے درخت لگا رہا ہے۔ اس حوالے سے ماحولیاتی آگاہی پر مبنی ایک ایوارڈ یافتہ مہم منعقد ہو چکی ہے، جس میں بائیکو کے ریٹیل آؤٹ لیٹس سے مورینگا کے لاکھوں بیج ملک بھر میں تقسیم کیے گئے۔

ماحول، صحت، سیفٹی اور سیکیورٹی (EHSS)

بائیکو میں DuPont کے پراسیس سیفٹی مینجمنٹ (PSM) نظام کو اختیار کرنے کے مقصد کے طور پر، کمپنی کی توجہ محفوظ کمیشن سرگرمیوں، حادثات/نقصانات کے بغیر مختلف النوع مالیاتی کارکردگی میں بہتری، EHS ذرائع کا فروغ، اور اپنی ریفائنریوں میں استحکام پر مرکوز رہی۔ سال کے دوران سیفٹی ٹریننگز، مینجمنٹ سیفٹی آڈٹس، اور EHS سے متعلقہ دیگر اقدامات بروئے کار لائے گئے۔

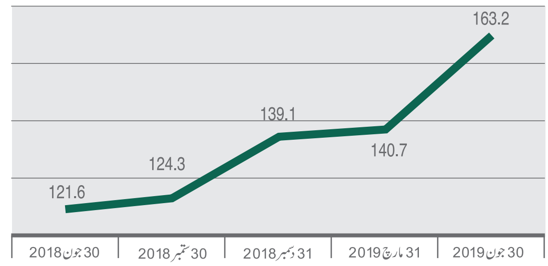
بائیکو نے حادثات کی جامع تفتیش اور رپورٹنگ کا نظام متعارف کرواتے ہوئے اپنے EHS پروگرام کے علاوہ ایک EHS مینجمنٹ پورٹل کے ساتھ کو مزید تقویت دی ہے۔

کاروباری ضابطۂ اخلاق کی تعمیل

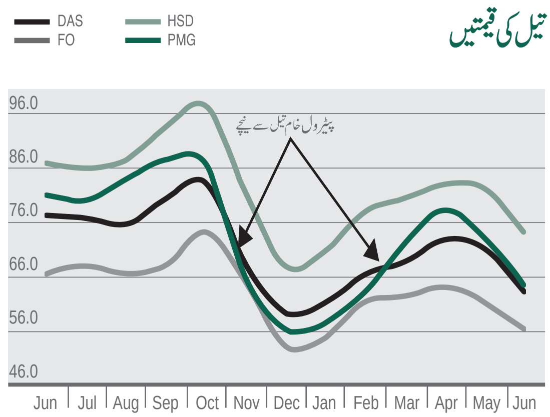
کمپنی، کاروباری ضابطۂ اخلاق اور پاکستان اسٹاک ایکسچینج کی فہرستی ضوابط سے ہم آہنگ رہتے ہوئے اپنی کاروباری عملداری کے لیے کوشاں رہی اور رہتی ہے۔ کاروباری ضابطۂ اخلاق کی شرائط کے مطابق، ذیل میں ضابطے کے کاروباری اور مالیاتی رپورٹنگ فریم ورک کا تعمیلی بیانیہ دیا گیا ہے:

- کمپنی مینجمنٹ کی جانب سے تیار کردہ مالیاتی گوشوارے اپنی موجودہ کیفیات، اپنی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکوئٹی میں ہونے والی تبدیلیوں کو شفافیت کے ساتھ بیان کرتے ہیں۔
- کمپنیز ایکٹ، 2017 کے تحت درکار طریقے کے مطابق درست بہی کھاتے منظم رکھے گئے ہیں۔

پاکستانی روپے / بہ مساوی امریکی ڈالر

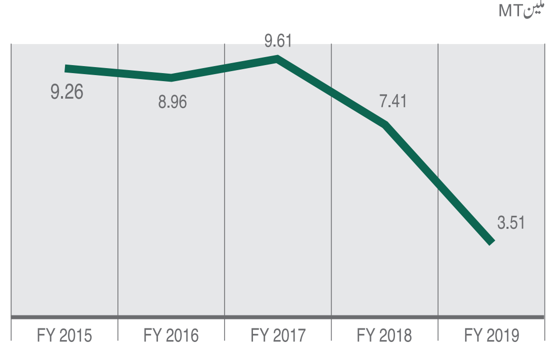


تیل کی قیمتیں



ایف او کا استعمال

ملین MT



فرنیس آئل (ایف او) کے استعمال میں مسلسل تنزلی ایک اور بنیادی امتحان ہے جس کا سامنا تمام ریفائنریوں کو ہے کیونکہ ایف او کا استعمال گزشتہ سال کے مقابلے میں اس سال تقریباً نصف ہے۔ جیسا کہ پہلے بتایا گیا، اس تنزلی کی وجہ مائع قدرتی گیس (ایل این جی) اور بجلی کی پیداوار کے لیے کوئلے کے ساتھ ایف او کی تبدیلی ہے۔ ایف او کی طلب میں کمی کا نتیجہ ریفائنریز کے لیے گزشتہ سال کے مقابلے میں کم تجارتی مال اور فروخت کے کم حجم کی صورت میں نکلا۔ کمپنی ایف او کی گرتی ہوئی طلب کا مسئلہ حل کرنے کے لیے مختلف آپشنز دیکھ رہی ہے اور اس حوالے سے ایک عملی حل کے فروغ پر کام کر رہی ہے۔

کمپنی حکومت کی جانب سے قیمتوں کے منظور شدہ معیار کے مطابق اپنے ہائی اسپیڈ ڈیزل (HSD) کے لیے کم تر قیمت حاصل کرتی ہے اور HSD پراڈکٹ کو Euro II سے ہم آہنگ کرنے کے لیے کوششیں جاری ہیں۔

درج بالا امتحانات کے باوجود، کمپنی نے 251 ارب روپے کی مجموعی آمدنی حاصل کی جو کہ گزشتہ سال کے مقابلے میں 17 فیصد زیادہ ہے اگرچہ اس اضافے کی بنیادی وجہ بڑھتی ہوئی تیل کی قیمتیں اور گرتی ہوئی روپے کی قدر ہے۔ مجموعی نفع 78 فیصد سے نمایاں طور پر کم ہو کر 1.9 ارب روپے (گزشتہ سال: 9.1 ارب روپے) رہا، جس کا بنیادی سبب مذکورہ بالا وجوہات ہیں۔ کمپنی نے 1.6 ارب روپے (فی حصص نقصان: 0.32 روپے) کا بعد از ٹیکس خالص خسارہ برداشت کیا جو کہ گزشتہ سال 5.0 ارب روپے (فی حصص آمدنی: 0.94 روپے) کا منافع بعد از ٹیکس تھا۔ نتیجتاً، ڈائریکٹرز نے سالِ اختتام 30 جون، 2019 کے لیے مختص کردہ رقوم کی تجویز نہیں دی۔

اس سال کے دوران چونکہ کمپنی نے غیر ملکی زرِ مبادلہ کی مد میں ہونے والے خساروں سے بچنے کے لیے اپنے صارفین کے لیے کم سے کم مختص حجم کے ذریعے اپنی ریفائنریوں کے تجارتی مال کو متوازن رکھا، اس کا نتیجہ ریفائنریوں کی پیداوار گنجائش سے کم ہوئی۔

کمپنی کے مکمل طور پر زیرِ ملکیت ذیلی ادارے کی جانب سے ہم ترکیبی (آئسو رائزیشن) یونٹ کا عملاً آغاز حالیہ سال اور اب تک کی ایک بڑی کامیابی تھی، تمام تر لائٹ نافتھا کو پیٹرول (PMG) میں بدل دیا گیا ہے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ بائیکو ملکی کی واحد ریفائنریاں ہیں جو پیٹرول 92 RON پیدا کر رہی ہیں اور چنانچہ ان پر RON کی سزا کا اطلاق نہیں ہوتا اور یہ فی الواقع صفر نافتھا بر آمدات کا باعث ہیں۔

سنگل پوائنٹ مورنگ (SPM) کی سہولت نے ریفائنریوں کو خام تیل کی بروقت فراہمی جاری رکھی۔ کمپنی کی SPM سہولت ملک کے خام تیل کی تقریباً 23 فیصد

ڈائریکٹرز رپورٹ

برائے اختتام سال 30 جون 2019

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

آپ کی کمپنی کے ڈائریکٹرز، 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے محاسب شدہ، انفرادی اور یکجا مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے انتہائی مسّرت محسوس کررہے ہیں۔

زیرِ جائزہ سال ہمارے لیے انتہائی چیلنج اور آزمائشوں کی حامل رہا، کیونکہ پاکستان کی معیشت تیز رفتار تنزلی کے ساتھ گزشتہ نو سال میں سب سے کم 3.3 فیصد پر آ گئی اور 6.2 فیصد ترقی کا پُرعزم ہدف پورا نہ ہو سکا۔ بڑے امتحانات نے تجارتی اور کرنٹ اکاؤنٹ کے خسارے میں مسلسل اضافہ جاری رکھا اور اس کا نتیجہ ملک کے زبوں حال غیر ملکی کرنسی کے ذخائر پر بے پناہ دباؤ کی صورت میں برآمد ہوا اور نتیجتاً روپے کی قدر میں تیز رفتار کمی دیکھنے میں آئی۔ دسمبر 2017 سے اب تک، روپے کی قدر میں 44 فیصد کی کمی ہوئی جو افراطِ زر کا سبب بنی۔ KIBOR کی بڑھتی ہوئی سودی شرح دوہرے ہندسوں کو عبور کر کے پچھلے سال کے مقابلے میں دوگنی ہوگئی، یہ ایک اور عنصر تھا جس نے قابلِ استحکام انداز میں چلانے کے لیے کاروباری صلاحیت منفی طور پر اثر انداز ہوتے ہوئے ملکی ترقی کے ہدف کو شدید دھچکا پہنچایا۔ ان چیلنجز نے تیل کے شعبے کی کارکردگی پر مسلسل منفی اثرات کو جاری رکھا، جس کے نتیجے میں سال بہ سال 22 فیصد کی تنزلی دیکھنے میں آئی۔

پاکستانی روپے کی گرتی ہوئی قدر نے تقریباً ہر صنعت کو نقصان پہنچایا لیکن تیل کے شعبے کو غیر ملکی زرِ مبادلہ کے 'معاشی استحکام کے طریقۂ کار کی عدم دستیابی سے شدید ترین نقصان پہنچا۔ آئل کی درآمدات ملکی درآمدات کے تقریباً 18 فیصد پر مشتمل ہیں اور صرف ایک سال میں 34 فیصد سے زائد تخفیفِ قدر نے اس شعبے کو زرِ مبادلہ کی مد میں شدید نقصان پہنچایا۔ ان وجوہات کی بناء پر، آپ کی کمپنی کو 4.19 ارب روپے کا مبادلاتی خسارہ برداشت کرنا پڑا۔

کمپنی نے ایک محتاط اور دور اندیش پالیسی کے طور پر، غیر ملکی کرنسی میں اپنے استفادۂ کار کو کم سے کم ممکنہ حد تک متعین کر دیا ہے۔ تاہم، اس بات کے پیشِ نظر کہ تیل کی صنعت پر غیر ملکی زر مبادلہ کے آگے کے احاطے کے حصول کے لیے پابندی عائد ہے، جبکہ اسے کم کرنا ممکن تھا، اور آپ کی کمپنی نے ایسا کیا بھی، لیکن مبادلاتی خسارے کو مکمل طور پر ختم کرنا ممکن نہیں تھا۔

غیر مستحکم روپے کی قدر نے ریفائنری منافع پر بھی منفی اثرات مرتب کیے کیونکہ ملک میں تیل کی مصنوعات کی قیمتیں سابقہ ماہ کی مبادلاتی شرح کو استعمال کرتے ہوئے ایک ماہ کے لیے جامد ہیں اور انہیں پورے ماہ کے دوران روپے کی قدر میں کمی کے باعث ردوبدل نہیں کیا گیا۔ اس سے تمام ریفائنریوں کے منافع جات پر مضر اثرات رونما ہوئے اور پورے مہینے کے لیے قیمتوں کو جامد رکھنے کی پالیسی پر حکومت کی جانب سے نظرِ ثانی کی ضرورت ہے تاکہ انہیں بین الاقوامی طریقۂ کار سے ہم آہنگ کیا جائے۔

تیل کی صنعت کے لیے دوسرا بڑا امتحان تیل کی بین الاقوامی قیمتوں میں ہونے والی غیر متوقع تبدیلیاں تھیں۔ دو ماہ کے اندر اندر، خام تیل کی قیمتوں میں 26 فیصد سے کمی آئی (اکتوبر 2018 میں 81/bbl امریکی ڈالرز کے مقابلے میں دسمبر 2018 میں 60/bbl امریکی ڈالرز کی کمی تک)۔ پیٹرول کی تجارتی قدر انتہائی غیر متوقع طور پر خام تیل سے بھی نیچے رہنا بھی ریفائنرز کے لیے ایک بڑا دھچکا تھا جس نے ریفائنری کے منافع کو مزید کم کر دیا۔

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Byco Petroleum Pakistan Limited
Year ended 30th June 2019

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (the “Regulations”) in the following manner:

1. The total number of directors are 07 as per the following:
   a. Male: 07
   b. Female: Nil

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Tabish Gauhar
Non-executive Directors	Mr. Akhtar Hussain Malik Syed Arshad Raza Mr. Mohammad Wasi Khan Mr. Muhammad Yasin Khan Mr. Shah Arshad Abrar
Executive Director	Mr. Amir Abbassciy

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training Program for Mr. Mohammad Wasi Khan, director.

10. The Board has approved the appointment of Mr. Zafar Shahab, as the Chief Financial Officer (CFO) of the Company as of 18th March 2019 in place of Mr. Naeem Asghar Malik, who resigned. There were no change in the positions of Company Secretary and Head of Internal Audit. The remuneration and terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit comply with the relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee
Mr. Tabish Gauhar, Chairman
Mr. Mohammad Wasi Khan, Member
Mr. Muhammad Yasin Khan, Member

b) Human Resource and Remuneration Committee
Mr. Tabish Gauhar, Chairman
Syed Arshad Raza, Member
Mr. Mohammad Wasi Khan, Member
Mr. Muhammad Yasin Khan, Member
Mr. Shah Arshad Abrar, Member

c) Services & Stakeholders Committee
Mr. Amir Abbassciy, Chairman
Mr. Tabish Gauhar, Member
Syed Arshad Raza, Member
Mr. Mohammad Wasi Khan, Member
Mr. Shah Arshad Abrar, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee - **Every Quarter**
b) Human Resource and Remuneration Committee - **NIL**
c) Services & Stakeholders Committee - **NIL**

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with except for NIL meeting of Human Resource and Remuneration Committee.

Akhtar Hussain Malik
Chairman

Dated: 24th September 2019

To the members of BYCO Petroleum Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **BYCO Petroleum Pakistan Limited** (the Company) for the year ended **30 June 2019** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference, where it is stated in the Statement of Compliance:

Reference	Description
18	We confirm that all other requirements of the Regulations have been complied with except for NIL meeting of Human Resource and Remuneration Committee.

Chartered Accountants
Place: Karachi

Dated: 25th September 2019

EY Ford Rhodes
Chartered Accountants
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Independent Auditors' Report

To the members of Byco Petroleum Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Byco Petroleum Pakistan Limited** (the Company), which comprise the unconsolidated statement of financial position as at **30 June 2019** and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Impairment assessment of investment in a Byco Isomerisation Pakistan (Private) Limited (BIPL)	
As disclosed in note 6, the Company carries an investment in BIPL (fully owned subsidiary) amounting to Rs 16,931.504 million. In respect of the above investment in BIPL, the impairment triggers were identified by the management and accordingly, impairment tests were carried out in accordance with the requirements of the applicable accounting standards. Such impairment tests involve estimation of future cash flows from the operations of the above entities to determine the recoverable amount in respect of the above referred investments. Due to the management judgments and estimates and other uncertain factors involved in these impairment tests carried out by the management, we have considered the determination of the recoverable amount of the related assets as a Key Audit Matter.	Our key procedures in relation to the impairment tests carried out by the management for investment in BIPL were as follows: - we considered the triggers and indicators requiring impairment assessment in respect of the above assets; - we assessed the appropriateness of the methodology used by the management for carrying out the impairment test in accordance with the requirements of the applicable accounting standards ; - we reviewed the key inputs and assumptions used to prepare the future cash flow projection of the respective entities including the commercial assumptions used for this purpose. We involved our internal specialists to perform such review. In this regard, we also considered the business plan of the subject entities and the actual results achieved in relation to the previous plan; and - we also applied sensitivity analysis on key assumptions and evaluated the results. We also assessed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with the financial reporting standards.

Key audit matters	How the matter was addressed in our audit
2. Recoverability and recognition of deferred tax asset	
As disclosed in note 9, the Company has recognized deferred tax asset on unused business losses, unabsorbed depreciation and unused tax credits amounting to Rs. 5,799.769 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future throughput of the refinery, average inflation and exchange rates, growth rate and timing of reversals. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. We evaluated the appropriateness of the components on which the Company has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us. We evaluated the Company's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. For this purpose, we involved internal specialists to support us in performing these procedures. We have also assessed the adequacy of the Company's disclosures in accordance with relevant laws as applicable in Pakistan.
3. Overdue trade receivables	
As disclosed in note 11.1, the Company has an overdue trade receivable balance of Rs. 7,639.265 million on which Company carries an aggregate provision amounting to Rs. 5,066.399 million. Management considers certain specific factors including the age of the balance, existence of disputes, recent payment patterns and arrangements and any other available information with respect to the credit worthiness and reliability of the counterparties. Management uses this information to determine whether a provision for impairment is a required at a specific or overall balance level. We focused on this area due to the materiality of the amounts involved and because determination with respect to realizability of the receivables involves significant management judgement which is based on the number of factors which are inherently subjective and due to the materiality of the amounts involved.	Our audit procedures amongst other included: - Reviewed agreements with the customers for agreed terms and conditions and latest financial information of the customers, wherever available; - Ensured that the receivable arising out of sales are on the prices that are in agreement with respective customers' terms and conditions; - Reviewed related correspondences between the Company and relevant parties, and held discussions at appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables and steps taken for recoverability of these receivables; - Considered management process for determining the provision for impairment, discussed judgement exercised by them. We also reviewed minutes of the Board and Audit committee and checked relevant approvals in this regard; Reviewed related disclosures in the unconsolidated financial statements.
4. Stock-in-trade	
As disclosed in note 10 to the unconsolidated financial statements the stock-in-trade balance amounts to Rs. 29,260.294 million which constitutes 22% of total assets of the Company. Stock-in-trade comprises of crude oil, high speed diesel, motor gasoline and other related petroleum products with differing characteristics. The stock-in-trade volume determination process starts by obtaining dips and measuring the temperature and density at the same time. That measured data is then used to determine the volume by using the parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks. We focused on stock-in-trade as it is a significant portion of company's total asset and involves complexities in determination of volume.	We performed a range of audit procedures in respect of inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We involved an external expert, to assist us in taking the dips, determining volume based on the calibration charts and determining nature / characteristics of the stock-in-trade. We re-performed the working for determination of volume, based on the calibration charts on a sample basis. We obtained samples of inventories from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the external expert's laboratory to determine the nature of the stock. We also assessed the adequacy of the disclosure made in respect of the accounting policies and details of inventory balances held by the Company at the year end.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the unconsolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosure made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit auditor's report to the related disclosure in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Chartered Accountants
Place: Karachi

Dated: 25th September 2019

Unconsolidated

Statement of Financial Position

As at 30 June 2019

(Rupees in '000)

	Note	2019	2018
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	**69,137,561**	68,715,775
Long term Investment	6	**16,931,504**	16,931,504
Long term loans and advances	7	**860,963**	939,366
Long-term deposits	8	**34,816**	17,044
Deferred taxation	9	**1,282,932**	1,282,932
		88,247,776	87,886,621
CURRENT ASSETS			
Stores and spares		**1,692,293**	1,282,943
Stock-in-trade	10	**29,260,294**	29,391,250
Trade debts	11	**5,336,657**	5,463,784
Loans and advances	12	**1,182,132**	1,360,410
Trade deposits and short-term prepayments	13	**46,566**	26,613
Accrued interest		**230,130**	180,691
Other receivables	14	**2,184,640**	1,926,062
Taxation - net		**826,980**	–
Cash and bank balances	15	**1,135,249**	746,096
		41,894,941	40,377,849
Non - current asset held for sale	16	**–**	1,487,500
TOTAL ASSETS		**130,142,717**	129,751,970
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	**53,298,847**	53,298,847
Reserves		**(29,630,810)**	(28,408,677)
Surplus on revaluation of property, plant and equipment		**3,693,051**	4,490,349
		27,361,088	29,380,519
Contribution against future issue of shares	18	**857,140**	841,249
		28,218,228	30,221,768
NON CURRENT LIABILITIES			
Long term financing	19	**15,845,806**	13,165,073
Loans from related party	20	**3,935,650**	3,936,921
Accrued and deferred markup	21	**5,861,965**	8,542,970
Long-term deposits	22	**105,000**	225,017
Deferred liabilities	23	**721,587**	953,856
		26,470,008	26,823,837
CURRENT LIABILITIES			
Trade and other payables	24	**47,925,694**	58,308,929
Advance from customers	25	**3,387,793**	2,789,832
Accrued mark-up	26	**393,518**	157,731
Short Term borrowings - secured	27	**15,849,021**	2,322,667
Current portion of non-current liabilities		**7,897,428**	8,766,174
Unclaimed dividend		**1,027**	1,027
Taxation - net		**–**	360,005
		75,454,481	72,706,365
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		**130,142,717**	129,751,970

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Unconsolidated
Statement of Profit or Loss

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
Turnover - net	29	**197,830,720**	166,290,362
Cost of sales	30	**(195,870,943)**	(157,134,185)
Gross profit		**1,959,777**	9,156,177
Administrative expenses	31	**(908,391)**	(832,098)
Selling and distribution expenses	32	**(497,889)**	(405,365)
Other expenses	33	**(739,560)**	(1,331,337)
Other income	34	**1,017,869**	1,660,390
		(1,127,971)	(908,410)
Operating profit		**831,806**	8,247,767
Finance costs	35	**(3,069,557)**	(2,878,071)
(Loss) / Profit before taxation		**(2,237,751)**	5,369,696
Taxation	36	**554,051**	(349,866)
(Loss) / Profit after taxation		**(1,683,700)**	5,019,830
(Loss) / Earnings per share - basic and diluted (Rupees)	37	**(0.32)**	0.94

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Unconsolidated

Statement of Comprehensive Income

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
(Loss) / Profit after taxation		**(1,683,700)**	5,019,830
Other comprehensive (loss) / income for the year			
Items that may not be reclassified subsequently to statement of profit or loss			
Re-measurement loss on defined benefit obligation	23.1.7	**(48,231)**	(10,314)
Revaluation surplus on property, plant and equipment		**(287,500)**	–
Total comprehensive (loss) / income for the year		**(2,019,431)**	5,009,516

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Unconsolidated

Statement of Changes in Equity

For the year ended 30 June 2019

(Rupees in '000)

	Capital Reserves				Revenue Reserve			
	Issued, subscribed and paid up capital	Merger reserve	Other capital reserve (note 20.2)	Revaluation surplus on property, plant and equipment	Accumulated Loss	Sub-total	Contribution against future issue of shares	Total
Balance as at June 30, 2017	53,298,847	(21,303,418)	–	4,999,836	(15,838,471)	21,156,794	761,129	21,917,923
Net profit for the year	–	–	–	–	5,019,830	5,019,830	–	5,019,830
Other comprehensive loss for the year	–	–	–	–	(10,314)	(10,314)	–	(10,314)
Total comprehensive income for the year	–	–	–	–	5,009,516	5,009,516	–	5,009,516
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	80,120	80,120
Capital transaction with owners	–	–	3,214,209	–	–	3,214,209	–	3,214,209
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(509,487)	509,487	–	–	–
Balance as at June 30, 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 loss for the year	–	–	–	–	(1,683,700)	(1,683,700)	–	(1,683,700)
Other comprehensive loss for the year	–	–	–	(287,500)	(48,231)	(335,731)	–	(335,731)
Total comprehensive loss for the year	–	–	–	(287,500)	(1,731,931)	(2,019,431)	–	(2,019,431)
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	15,891	15,891
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(509,798)	509,798	–	–	–
Balance as at June 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**3,693,051**	**(11,541,601)**	**27,361,088**	**857,140**	**28,218,228**

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Unconsolidated

Statement of Cash Flows

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(2,237,751)**	5,369,696
Adjustments for:			
Depreciation	5.1.4	**3,394,956**	3,030,998
Finance costs	35	**3,069,557**	2,878,071
Provision for doubtful debts	33	**634,006**	810,492
Gain on disposal of assets	34	**(191,868)**	(2,591)
Liabilities no longer required - written back		**–**	(971,013)
Interest income		**(775,040)**	(648,919)
Provision for gratuity	23.1.5	**52,858**	56,483
Net cash flow before working capital changes		**3,946,718**	10,523,217
(Increase) / decrease in current assets			
Stores and spares		**(409,350)**	(307,980)
Stock in trade		**130,956**	(16,808,401)
Trade debts		**127,127**	(605,466)
Loans and advances		**298,815**	(304,346)
Trade deposits and short term prepayments		**(19,953)**	(13,440)
Other receivables		**(68,100)**	258,320
		59,495	(17,781,313)
Increase / (Decrease) in current liabilities			
Trade and other payables		**(10,536,357)**	16,431,327
Advances from customers		**597,961**	316,961
Unclaimed dividends		**–**	(119)
		(9,938,396)	16,748,169
Cash (used in) / generated from operations		**(5,932,183)**	9,490,073
Finance costs paid		**(2,155,968)**	(1,497,712)
Income taxes paid		**(632,932)**	(371,579)
Gratuity paid		**(169,736)**	(119,500)
Interest income received		**91,595**	88,889
Net cash (used in) / generated from operations		**(8,799,224)**	7,590,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(2,621,436)**	(3,127,710)
Sale proceeds against disposal		**20,493**	4,458
Advance against investment in shares		**(42,134)**	(80,000)
Long term deposits - net		**(137,789)**	46,123
Net cash used in investing activities		**(2,780,866)**	(3,157,129)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		**(1,557,111)**	(2,887,406)
Addition/Repayments of short term borrowing		**13,646,169**	(836,617)
Net cash generated from / (used in) financing activities		**12,089,058**	(3,724,023)
Net increase in cash and cash equivalents		**508,968**	709,019
Cash and cash equivalents - at the beginning of the year		**(641,404)**	(1,350,423)
Cash and cash equivalents - at the end of the year	38	**(132,436)**	(641,404)

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

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 is a subsidiary of Byco Industries Incorporated (BII), Mauritius (the Parent Company), which in turn is a subsidiary of Byco Busient Incorporated (BBI), (the Ultimate Parent Company).

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 372 retail outlets across the country.

1.2 Geographical location and address of business units:

Location / Address	Purpose
The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi - 75600, Pakistan.	Head office
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Refining unit

1.3 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**
These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and

- Provisions of and directives issued under the Companies Act 2017 (the Act)

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

2.2 **Accounting convention**
- These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Property, plant and equipment which are carried at revalued amount in accordance with IAS 16 “Property, Plant and Equipment” as disclosed in note 5.1; and

- Employees’ retirement benefits which is carried at present value of defined benefit obligation net of fair value of plan assets in accordance with the requirements of IAS 19 “Employee Benefits”, as disclosed in note 23.1.

2.3 **New standards and amendments**
The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments of IFRS which became effective for the current year:

IFRS 2 –	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4 –	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (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

Improvements to accounting standard issued by IASB in December 2016

IAS 28 –	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 15 and IFRS 9. The impact of adoption of IFRS 15 and IFRS 9 are described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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 recognized 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 judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation and do not provide customers with a right of return and volume rebate. The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, and variable consideration did not have any impact on the revenue recognised by the Company. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognized.

Further, due to application of the above standards, the Company has revised its policies and incorporate additional disclosures in accordance with the requirements of the above standards in these financial statements.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognized by the Company.

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 loans and advances, deposits, trade debts, accrued interest, other receivables, cash and bank balances held with commercial banks.

Classification and measurement
IFRS-9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company's Trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

The Classification and measurement of IFRS-9, as descried above did not have a significant impact on the Company's financial statements.

Impairment
The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. 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.

For trade debts and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective
The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 / IAS 28	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 – Leases. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation		IASB Effective date (annual periods beginning on after)
IFRS 1	First Time adoption of IFRSs	01 January 2014
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

2.5 Critical accounting judgments, estimates and assumptions

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the unconsolidated financial statements in the subsequent years are as follows:

i) Useful lives of items of property, plant and equipment (note 3.1 and 5.1);
ii) Impairment against investment in subsidiary (note 3.2);
iii) Provision for slow moving and obsolete stores and spares (note 3.4);
iv) Provision for doubtful debts and other receivables (note 3.7);
v) Impairment against non-financial assets (note 3.10);
vi) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 3.11 and 23.1);
vii) Surplus on revaluation of Property, plant and equipment
viii) Provision for taxation (note 3.12, 9 and 36); and
ix) Contingencies (note 3.19 and 28.1).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments 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 surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment.

Depreciation is charged to statement of profit or loss, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates as disclosed in note 5.1 to the unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

The carrying values of the Company's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the year of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Capital work-in-progress

Capital work-in-progress, is stated at cost less accumulated impairment losses, if any. Cost consists of:

- expenditures incurred for the acquisition of the specific asset, dismantling, refurbishment, construction and installation of the asset so acquired.
- borrowing cost and exchange differences arising on foreign currency financings to the extent these are regarded as adjustment to interest costs for qualifying assets if its recognition criteria is met as mentioned in note 3.15 to the unconsolidated financial statements.
- exchange loss, interest expenses and other expenses as mentioned in note 5.4 to the unconsolidated financial statements.
- trial run cost of testing the asset. If the income from the testing activity is higher than the cost of testing the asset, then the net effect will be a deduction from the cost of the asset.

3.2 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the statement of profit or loss. These are classified as 'long term investment' in the unconsolidated financial statements.

3.3 Stock-in-trade

All stock-in-trade is valued at the lower of cost and net realizable value (NRV).Stock-in-transit, if any, are valued at cost comprising invoice values plus other charges incurred as on the statement of financial position date.

Raw materials

Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Finished products

Cost of finished products comprises of the cost of crude oil and appropriate production overheads. Production overheads are arrived at on the basis of average cost for the month per barrel of throughput.

Net realizable value in relation to finished products is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

3.4 Stores and Spares

These are stated at moving average cost less impairment loss, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the statement of profit or loss.

3.5 Advances and short-term prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.6 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

3.7 Financial instruments

During the year, the Company has adopted IFRS 9 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for financial instruments. The changes are discussed in note 2.3 to these unconsolidated financial statements. The new accounting policy for financial instruments are as follows:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with The objective to hold financial Assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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, discounted

at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, borrowings and payable are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. Exchange gain or losses arising in respect of borrowings in foreign currency are added to the carrying amount of the Borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.8 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and running finance facility.

3.9 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Where the Company has classified an asset as held for sale, but the criteria for held for sale are no longer met, the Company ceases to classify the asset as held for sale.

The Company measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell or distribute

The Company includes any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss, unless the asset is property, plant and equipment that had been revalued in accordance with IAS 16 before classification as held for sale, in which case the adjustment shall be treated as a revaluation increase or decrease.

3.10 Impairment

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.11 Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme covering all its permanent employees who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2019 and based on the actuarial valuation, the Company had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to statement of profit or loss.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

Defined contribution plan

The Company operates a funded provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at 8.33% of the basic salary of the eligible employees.

3.12 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.14 Contribution against future issuance of shares

Foreign currency amounts received in cash as contribution against future issuance of shares from the Parent Company is stated at the rates at which these were received. Foreign currency payments by the Parent Company directly to foreign suppliers of plant and machinery foreign dismantling and refurbishment services providers are initially stated at Pak Rupees equivalent amount translated at the rates approximating to those ruling on the date of transaction. Thereafter, these are revalued and stated at the average of Pak Rupees exchange rates quoted by selected authorised dealers approximating to those ruling on the dates the related plant and machinery items are received in Pakistan (i.e. the date of the bill of entry as per the requirements of Foreign Exchange Manual 2018). However, where the related plant and machinery items have not yet been received by the Company, these payments are translated at the year-end exchange rate equivalents.

3.15 Borrowings and related costs

Borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets, that necessarily take substantial period of time to get ready for their intended use, are capitalized as a part of cost of those assets, until such time as the assets are substantially ready for intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds and exchange difference arising on foreign currency fundings to the extent those are regarded as adjustment to the interest cost, net of related interest income, if any.

3.16 Revenue recognition

During the year, the Company has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for revenue recognition. The changes are discussed in note 2.3 to these financial statements.

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers.
- Export sales are recognised on the basis of product shipped to the customers.
- Handling and storage income, rental income on equipment and other services income is recognized on accrual basis.

3.17 Other income

Other income is recognised to the extent it is probable that the economic benefits will flow to the Company and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Mark-up on delayed payment charges are recognised on the time proportionate basis.

- Interest income on short-term deposits and interest bearing advances are recognised on the time proportionate basis.

- Scrap sales, dealership income and rental income are recognised on an accrual basis.

- Gain on disposal is recognised at the time of disposal of operating fixed assets.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Contingencies

Contingencies are disclosed when the Company has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.20 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.21 Foreign currencies translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to statement of profit or loss.

3.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer of the Company.

3.23 Dividends and appropriations

Dividends and reserve appropriations are recognised in the year in which these are declared / approved. The distribution of dividend and other appropriations is subject to the covenant as mentioned in note 19.2.

3.24 Unclaimed dividend

Dividend declared and remain unpaid for the period of more than three years from the date it is due and payable.

3.25 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4 RECLASSIFICATIONS

Certain corresponding figures have been reclassified for better presentation.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2019	2018
Operating fixed assets	5.1	**48,228,833**	48,937,972
Capital work-in-progress	5.2	**20,908,728**	19,777,803
		69,137,561	68,715,775

5.1 Operating fixed assets

(Rupees in '000)

	COST / REVALUATION				ACCUMULATED DEPRECIATION				Written down as at 30 June 2019	Depreciation rate %
	As at 01 July 2018	Additions* / transfers	Disposals	As at 30 June 2019	As at 01 July 2018	Charge for the year	Disposals	As at 30 June 2019		
Owned										
Free hold land	893,700	–	–	893,700	–	–	–	–	893,700	–
Lease hold land (5.1.2)	110,081	1,200,000	–	1,310,081	110,081	–	–	110,081	1,200,000	–
Building on free hold land, roads and civil works	1,386,571	186,315	–	1,572,886	304,718	60,963	–	365,681	1,207,205	4
Building on lease hold land	76,938	–	–	76,938	19,461	3,398	–	22,859	54,079	4
Plant and machinery	60,751,869	1,178,832	–	61,930,701	15,212,094	3,085,244	–	18,297,338	43,633,363	4-5
Generators	1,535,177	–	–	1,535,177	573,441	83,764	–	657,205	877,972	6.70
Furniture and fixtures	180,982	4,376	–	185,358	155,658	11,587	–	167,245	18,113	10
Filling stations (5.1.1)	661,996	56,540	–	718,536	365,915	108,059	–	473,974	244,562	5-12.5
Vehicles	259,982	(7,848)	(153,304)	98,830	233,447	4,371	(148,867)	88,951	9,879	20
Computer and allied equipments	292,493	67,278	(530)	359,241	237,002	36,665	(274)	273,393	85,848	33.33
Safety and lab equipments	1,352,249	5,017	–	1,357,266	1,352,249	905	–	1,353,154	4,112	20-25
	67,502,038	**2,690,510**	**(153,834)**	**70,038,714**	**18,564,066**	**3,394,956**	**(149,141)**	**21,809,881**	**48,228,833**	

* Additions of Rs. 2,690.51 million (30 June 2018: Rs. 16,036.378 million), as shown above, include an amount of Rs. 935.16 million (30 June 2018: Rs. 15,938.091 million) transferred from capital work-in-progress during the year, as shown in note 5.2 and an amount of Rs. 1,200 million reclassified from non-current asset held for sale.

(Rupees in '000)

	COST / REVALUATION				ACCUMULATED DEPRECIATION				Written down as at 30 June 2018	Depreciation rate %
	As at 01 July 2017	Additions* / transfers	Disposals	As at 30 June 2018	As at 01 July 2017	Charge for the year	Disposals	As at 30 June 2018		
Owned										
Free hold land	888,200	5,500	–	893,700	–	–	–	–	893,700	–
Lease hold land (5.1.2)	1,597,581	–	(1,487,500)	110,081	110,081	–	–	110,081	–	–
Building on free hold land, roads and civil works	1,386,571	–	–	1,386,571	243,809	60,909	–	304,718	1,081,853	4
Building on lease hold land	76,938	–	–	76,938	16,383	3,078	–	19,461	57,477	4
Plant and machinery	44,831,334	15,920,535	–	60,751,869	12,481,744	2,730,350	–	15,212,094	45,539,775	4-5
Generators	1,535,177	–	–	1,535,177	469,136	104,305	–	573,441	961,736	6.70
Furniture and fixtures	180,982	–	–	180,982	141,154	14,504	–	155,658	25,324	10
Filling stations (5.1.1)	644,440	17,556	–	661,996	297,121	68,794	–	365,915	296,081	5-12.5
Vehicles	235,047	34,622	(9,687)	259,982	234,095	7,172	(7,820)	233,447	26,535	20
Computer and allied equipments	245,543	58,165	(11,215)	292,493	206,331	41,886	(11,215)	237,002	55,491	33.33
Safety and lab equipments	1,352,249	–	–	1,352,249	1,352,249	–	–	1,352,249	–	20-25
	52,974,062	**16,036,378**	**(1,508,402)**	**67,502,038**	**15,552,103**	**3,030,998**	**(19,035)**	**18,564,066**	**48,937,972**	

5.1.1 The Company's assets located at filling stations are not in possession of the Company. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Company as required under para 12 of part II of the Fourth Schedule to the Companies Act, 2017.

5.1.2 During the year ended 30 June 2017, company performed revaluation on its freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments resulting in revaluation surplus of Rs. 743.750 million. The valuation was carried out by an independent valuer, on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e., derived from prices) (level 2); and

- Inputs for the asset or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cashflows), (level 3).

5.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

(Rupees in '000)

	2019	2018
Free hold land	**56,154**	56,154
Lease hold land	**213,200**	–
Buildings on free hold land, roads and civil works	**1,300,864**	1,175,511
Building on lease hold land	**49,629**	53,027
Plant and machinery	**40,301,992**	41,492,477
Generators	**887,389**	971,153
	42,809,228	43,748,322

5.1.4 Depreciation charge for the year has been allocated as follows:

(Rupees in '000)

	Note	2019	2018
Cost of sales	30.1	**3,240,237**	2,889,551
Administrative expenses	31	**44,681**	66,398
Selling and distribution expenses	32	**110,038**	75,049
		3,394,956	3,030,998

5.1.5 Forced sale values of asset class:

Free hold land	**758,569**	758,569
Lease hold land	**960,000**	1,270,402
Buildings on free hold land, roads and civil works	**4,594,243**	4,594,243
Building on lease hold land	**46,554**	46,554
Plant and machinery	**38,452,931**	38,452,931
Generators	**819,564**	819,564
	45,631,861	45,942,263

5.1.5.1 The revaluation of all asset subject to revaluation were carried out as of 30 June 2017 except for leasehold land which is revalued during the year before reclassification from non-current asset as held for sale.

5.1.6 Particulars of immovable assets of the Company are as follows:

Location	Total area (in acres)
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	620.45
Deh Redho, Tapo Noor Mohammad Shujrah, Taluka Khanpur, District Shikarpur.	12.68
Mauza Gujrat, Mehmoodkot, Tehsil kot, Addu District, Muzaffargarh	12.0
Plot of Barani Land, Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	11.0
Mahal Jhamke (Machike), Tehsil & District Sheikhupura	9.0
Zero point (SPM), Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	5.0
Plot no. 22/5, CL 9, Hoshang Road, Civil Lines Quarter, Karachi	0.61

5.2 **Capital work-in-progress**

The movement of capital work-in-progress during the year is as follows:

(Rupees in '000)

	Note	Opening Balance	Additions	Transfers	Closing balance 30 June 2019	Closing balance 30 June 2018
Building on free hold land, roads and civil works		163,252	–	(162,561)	**691**	163,252
Plant and machinery	5.2.1, 5.2.2, 5.3, & 5.4	19,547,375	2,190,092	(885,094)	**20,852,373**	19,547,375
Furniture and fixtures		2,353	–	(2,353)	**–**	2,353
Computer and allied equipment		566	–	(566)	**–**	566
Safety and lab equipments		4,289	–	(4,289)	**–**	4,289
Filling stations		59,968	–	(4,304)	**55,664**	59,968
		19,777,803	**2,190,092**	**(1,059,167)**	**20,908,728**	**19,777,803**

5.2.1 Includes Plant and machinery amounting to USD 4 million (30 June 2018: USD 4 million) against which shares to be issued as disclosed in note 20.2 to these unconsolidated financial statements.

5.2.2 Includes dismantling and refurbishment charges paid to-date by the sponsors in lieu of its equity contribution in the Company as disclosed in note 20.2 to these unconsolidated financial statements.

5.3 Capitalization of borrowing costs amounting to Rs. 1,424.26 million (30 June 2018: Rs. 1,121.53 million) have been determined at the rate of 9% (30 June 2018: 7.5%) per annum.

5.4 Plant and machinery include exchange difference of Rs. 15.891 million (30 June 2018: Rs. 812.55 million).

6 LONG TERM INVESTMENT

(Rupees in '000)

	Note	2019	2018
In a subsidiary - at cost	6.1	**16,931,504**	16,931,504
		16,931,504	16,931,504

6.1 This represents investment in Byco Isomerisation Pakistan (Private) Limited (BIPL), a wholly owned subsidiary, of 1,693,150,430 shares (30 June 2018: 1,693,150,430) of Rs. 10 each. BIPL is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum products such as premium motor gasoline.

7 LONG TERM LOANS AND ADVANCES - unsecured, considered good

(Rupees in '000)

	Note	2019	2018
Loan to Coastal Refinery Limited (CRL)		**1,518,780**	1,518,780
Advance against investment in shares		**482,134**	440,000
		2,000,914	1,958,780
Current portion of loan to CRL	12	**(1,139,951)**	(1,019,414)
		860,963	939,366

8 LONG TERM DEPOSITS

		2019	2018
Rent		**14,178**	14,178
Others		**20,638**	2,866
		34,816	17,044

9 DEFERRED TAXATION

		2019	2018
Deductible temporary differences arising in respect of:			
- employees retirement benefit		**17,062**	36,972
- provision for doubtful debts		**1,469,256**	1,285,394
- recoupable unabsorbed tax losses and depreciation	9.1	**5,243,667**	1,962,744
- recoupable tax credit		**556,102**	1,598,548
		7,286,087	4,883,658
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation		**(4,639,113)**	(2,028,456)
- revaluation surplus on property, plant and equipment		**(1,364,042)**	(1,572,270)
		(6,003,155)	(3,600,726)
		1,282,932	1,282,932

9.1 Deferred tax asset is recognized for tax losses, minimum taxes and depreciation available for carry-forward to the extent of the realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the date of statement of financial position, deferred tax asset amounting to Rs. 1,574.291 million (30 June 2018: Rs. 3,553.533 million) in respect of unused tax losses and minimum tax credit has not been recognised in these unconsolidated financial statements.

10 STOCK-IN-TRADE

(Rupees in '000)

	Note	2019	2018
Raw material	10.1	**18,238,048**	21,081,770
Finished products	10.2, 10.3 & 10.4	**11,022,246**	8,309,480
		29,260,294	29,391,250

10.1 This includes raw material in transit amounting to Rs. 14,849.23 million (30 June 2018: Rs. 15,629.89 million) as at the date of statement of financial position.

10.2 This includes finished product held by third parties and related party amounting to Rs. 5,684.50 million (30 June 2018: Rs. 3,157.55 million) and Rs.NIL (30 June 2018: Rs. 463.34 million) as at the date of statement of financial position.

10.3 This includes finished product in transit amounting to Rs. NIL (30 June 2018: Rs. 508.70 million) as at the date of statement of financial position.

10.4 Finished products costing Rs. 11,249.709 million (30 June 2018: Rs. 1,976.668 million) has been written down by Rs. 426.27 million (30 June 2018: Rs. 39.077 million) to net realizable value.

11 TRADE DEBTS

(Rupees in '000)

	Note	2019	2018
Considered good		**5,336,657**	5,463,784
Considered doubtful		**5,066,399**	4,432,393
		10,403,056	9,896,177
Provision for doubtful debts	11.1	**(5,066,399)**	(4,432,393)
		5,336,657	5,463,784

11.1 Provision for doubtful debts

Opening balance		**4,432,393**	3,621,901
Provision made during the year	33	**634,006**	810,492
Closing balance		**5,066,399**	4,432,393

11.2 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. NIL (30 June 2018: Rs. 718.534 million).

12 LOANS AND ADVANCES

(Rupees in '000)

	Note	2019	2018
Secured - considered good			
Advance to suppliers and contractors		**10,750**	46,272
Unsecured - considered good			
Advance to employees, suppliers and contractors		**31,431**	294,724
Current portion of loan to CRL	7	**1,139,951**	1,019,414
		1,182,132	1,360,410

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits	**15,372**	15,372
Prepayments		
- Insurance	**5,149**	4,225
- Rent	**26,045**	7,016
	46,566	26,613

14 OTHER RECEIVABLES - considered good

(Rupees in '000)

	Note	2019	2018
Receivable from CRL	14.1	**1,106,748**	943,232
Due from related parties	14.2 & 14.3	**846,935**	850,886
Inland Freight Equalization Margin		**–**	77,409
Others		**230,957**	54,535
		2,184,640	1,926,062

14.1 These represents expenses incurred by the Company on behalf of CRL. The outstanding balance is being adjusted against the cost payable to CRL on account of usage of buoy.

14.2 This represents receivable from BIPL against the transfers from capital work-in-progress amounting to Rs. 124 million, pre-commencement and other expenses incurred, purchases made on behalf of BIPL.

14.3 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 846.935 million (30 June 2018: Rs. 847.016).

15 CASH AND BANK BALANCES

(Rupees in '000)

	Note	2019	2018
Cash in hand		**288**	84
Cash at banks			
- Current accounts		**340,068**	291,166
- Saving / deposit accounts	15.1, 15.2 & 15.3	**794,893**	454,846
		1,134,961	746,012
		1,135,249	746,096

15.1 These carry interest at the rates ranging from 5.6 % to 12.3% (30 June 2018: 4.0 % to 6.0%) per annum.

15.2 This includes Rs. 150.0 million (30 June 2018: Rs. 152.202 million) kept under lien against guarantee and letter of credit facilities.

15.3 This includes Rs. 439.530 million (30 June 2018: Rs 117.741 million) kept in shariah compliant savings account.

16 NON-CURRENT ASSET HELD FOR SALE

(Rupees in '000)

	2019	2018
Opening balance	**1,487,500**	–
Transferred (to) / from property, plant and equipment	**(1,200,000)**	1,487,500
Reversal of revaluation surplus on property, plant and equipment	**(287,500)**	–
Closing balance	**–**	1,487,500

During the year, the management of the Company changed its plan to sell the asset and reclassified it back to property, plant and equipment after revaluation having fair value amounting to Rs. 1,200 million being lower than its carrying amount of Rs. 1,487.5 million based on the independent valuation.

17 SHARE CAPITAL

Number of Shares 2019	Number of Shares 2018		Note	(Rupees in '000) 2019	(Rupees in '000) 2018
		Authorized share capital			
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	17.1	**60,000,000**	60,000,000
		Issued, subscribed and paid-up capital			
187,348,638	187,348,638	Issued for cash		**1,873,486**	1,873,486
5,142,536,068	5,142,536,068	Issued for consideration other than cash - assets		**51,425,361**	51,425,361
5,329,884,706	5,329,884,706			**53,298,847**	53,298,8477

17.1 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

18 CONTRIBUTION AGAINST FUTURE ISSUE OF SHARES

	Note	(Rupees in '000) 2019	(Rupees in '000) 2018
From Byco Industries Incorporated (BII), the Parent Company	18.1, 18.2 & 18.3	**857,140**	841,249

18.1 In respect of plant and machinery

Represents Rs. 528.40 million (30 June 2018: Rs. 486.520 million) being rupee equivalent of US$ 4.0 million (30 June 2018: US$ 4.0 million) representing part of the cost of plant, machinery purchased by the Company.

Pursuant to a Share Subscription Agreement dated 31 August 2006 and amended vide an addendum dated 31 July 2007 entered into between the Company and its sponsor, the sponsor has paid the above amount to the supplier against the said assets in lieu of its equity contribution in the Company for which Ordinary Shares will be issued to it, at par, upon meeting the applicable requirements as mentioned in note 18.3 to these unconsolidated financial statements.

18.2 In respect of dismantling and refurbishment of Aromatic Plant:

This includes a sum of (i) Rs. 282.591 million (30 June 2018: Rs. 303.184 million), being rupee equivalent of € 2.259 million and £ 0.290 million (30 June 2018: € 2.259 and £ 0.290 million) and (ii) Rs. 46.149 million (30 June 2018: Rs. 51.544), being rupee equivalent of US$ 0.507 million (30 June 2018: US$ 0.507 million), representing the dismantling and refurbishment cost respectively, of plant, machinery and equipment, paid to date by the sponsors in lieu of its equity contribution in the Company for which ordinary shares will be issued to it, at par, for consideration other than cash upon meeting the applicable requirements as mentioned in note 18.3 to these unconsolidated financial statements.

18.3 Shares shall be issued to the Parent Company upon meeting the requirements of paragraph 7 of Chapter XX of the Foreign Exchange Manual (FE Manual) and Regulation 7 of the Companies (further issue of shares) Regulations, 2018.

19 LONG-TERM FINANCING

(Rupees in '000)

Facilities	Note	Mark-up rate	Installments Payment term	Installments Number	Installments Commencement	2019	2018
Secured							
Syndicate loan I	19.1 & 19.2	Six months kibor	Semi-annually	16	June 2013	**210,094**	3,858,684
Syndicate loan II	19.1 & 19.2	Three months kibor + 3.25%	Semi-annually	12	January 2014	**–**	45,194
Syndicate loan III	19.3 & 19.2	8% per annum for the first two years from the date of disbursement and six months kibor or 12% whichever is lower for subsequent years	Semi-annually	12	June 2017	**367,676**	585,270
Arrangement fee	19.3		–	–	–	**129,669**	91,620
Bilateral Loan I	19.4	Six months kibor + 2.5%	Semi-annually	09	June 2015	**304,998**	921,133
Bilateral Loan II	19.4	Six months kibor + 2.75%	Quarterly	14	February 2016	**400,000**	1,300,000
Bilateral Loan IV	19.4	Six months kibor + 4.5%	Quarterly	12	June 2019	**550,000**	600,000
Bilateral Loan V	19.4 & 19.2	Three months kibor + 1.5%	Quarterly	12	Sep 2020	**1,000,000**	1,000,000
Bilateral Loan VI	19.4	Six months kibor + 3.5%	Semi-annually	08	December 2015	**–**	38,333
Bilateral Loan VII	19.4	Three months kibor + 4.5%	Quarterly	12	June 2019	**366,667**	–
Bilateral Loan VIII	19.4	Three months kibor + 1.5%	Quarterly	12	May 2021	**2,200,000**	–
Bilateral Loan IX	19.4	Three months kibor + 2.5%	Quarterly	08	October 2020	**346,091**	–
						5,875,195	8,440,234
Sukuk certificates	19.5	Three months kibor + 1.05%	Quarterly	12	April 2019	**2,860,000**	3,120,000
Unsecured							
Supplier's credit	19.6	One year Libor + 1%	Semi-annually	20	December 2021	**958,890**	958,890
Others	19.6	Nil to six months kibor + 4%	Semi-annually	05	December 2021	**8,638,377**	7,205,557
						9,597,267	8,164,447
						18,332,462	19,724,681
Current maturity						**(2,486,656)**	(6,559,608)
						15,845,806	13,165,073

19.1 Represent facilities availed from various banks and are secured against the Company's fixed and current assets.

19.2 The loan agreement contains the covenant that the Company cannot pay dividend to its shareholders if an event of default is occurred.

19.3 Represents syndicate facility including Musharaka facility availed from a commercial bank for the purpose of acquiring shares of CRL. The facility is secured against charge on all present and future assets of CRL, personal guarantees and personal properties of sponsors of CRL along with pledge of 80% shares of CRL.

19.4 Represents bilateral loans availed from various banks and financial institutions and are secured against the Company's fixed and current assets.

19.5 Represents privately placed long-term Islamic certificates (Sukuk) amounting to Rs. 3,120 million, issued by the Company to meet the expansion plans of the Company. This facility is secured against fixed assets of the Company.

19.6 The loans are inferior to the rights of present and future secured financial institutions which are or may be lender to the Company.

20 LOANS FROM RELATED PARTY - unsecured

	Note	2019	2018
		(Rupees in '000)	
Byco Industries Incorporated, the Parent Company	20.1	**3,935,650**	3,936,921

20.1 Represents:

i) a foreign currency loan of USD 0.144 million which carries mark-up at the rate of 6 Months LIBOR+1% per annum, which was due on 22 June 2012 by a bullet payment.

ii) a supplier's credit amounting to USD 41.927 million novated from Cnergyico Acisal Incorporated during the year ended 30 June 2015 under the agreement. This carries mark-up at the rate of LIBOR+1% per annum, payable semi-annually.

iii) balance amount of loan novated from Byco Busient Incorporated, the ultimate Parent Company amounting to USD 16.124 million (principal USD 15.713 million and markup USD 0.411 million) is repayable in four unequal semi-annual installments. This carries markup at the rate of LIBOR + 1% per annum, payable semi-annually.

All of the aforesaid loans are repayable subject to the conditions and rights as disclosed in note 20.6 to these unconsolidated financial statements.

20.2 During the year 30 June 2018, the Company has revised its agreement with the Parent Company due to which the exchange rate on principal and mark-up has been frozen on the last date of disbursement. Accordingly, the Company has recognized the difference between the carrying value of the liability under the old agreement and the revised obligation in the capital reserves.

21 ACCRUED AND DEFERRED MARKUP

	Note	2019	2018
		(Rupees in '000)	
Markup on long term financing / loans from related party			
- secured		**2,672,183**	6,425,381
- unsecured		**3,189,782**	2,117,589
		5,861,965	8,542,970

22 LONG TERM DEPOSITS

Deposits	22.1	**105,000**	225,017

22.1 This includes interest-free deposits received from logistics vendors as security against goods to be transported which is utlised for the purpose of the business in accordance with the related agreements.

23 DEFERRED LIABILITIES

	Note	2019	2018
		(Rupees in '000)	
Employees retirement benefits	23.1	**58,834**	127,481
Arrangement fee		**89,392**	147,193
Others		**573,361**	679,182
		721,587	953,856

23.1 Employees retirements benefits - staff gratuity

23.1.1 General description

The Company operates employee retirement benefits for permanent employees who have completed the minimum service period. In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at 30 June 2019, using the "Projected Unit Credit Method". Provision has been made in the unconsolidated financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned scheme is as follows:

23.1.2 Reconciliation of amount payable to defined benefit plan

	Note	2019 (Rupees in '000)	2018
Present value of defined benefit obligation	23.1.3	**325,987**	264,961
Fair value of plan assets	23.1.4	**(267,153)**	(137,480)
		58,834	127,481

23.1.3 Movement in the present value of defined benefit obligation:

Opening balance		**264,961**	208,096
Current service cost		**48,703**	44,418
Interest cost		**24,299**	18,821
Benefits paid during the year		**(31,474)**	(9,250)
Actuarial loss	23.1.7	**19,498**	2,876
Closing balance		**325,987**	264,961

23.1.4 Movement in the fair value of plan assets:

Opening balance		**137,480**	27,912
Expected return on plan assets		**20,144**	6,756
Contributions		**169,736**	119,500
Benefits paid during the year		**(31,474)**	(9,250)
Actuarial loss	23.1.7	**(28,733)**	(7,438)
Closing balance		**267,153**	137,480

23.1.5 Movement in net liability

Opening balance		**127,481**	180,184
Charge for the year	23.1.6	**52,858**	56,483
Contributions		**(169,736)**	(119,500)
Actuarial loss	23.1.7	**48,231**	10,314
Closing balance		**58,834**	127,481

23.1.6 Charge for the year

Current service cost		**48,703**	44,418
Interest cost - net		**4,155**	12,065
		52,858	56,483

23.1.7 Actuarial remeasurements

(Rupees in '000)

	2019	2018
Actuarial loss on defined benefit obligations	**(19,498)**	(2,876)
Actuarial loss on fair value of plan assets	**(28,733)**	(7,438)
	(48,231)	(10,314)

23.1.8 Actuarial assumptions:

Valuation discount rate per annum	**14.50%**	9.75%
Salary increase rate per annum	**12.50%**	7.75%
Expected return on plan assets per annum	**14.50%**	9.75%
Normal retirement age of employees	**60 years**	60 years

23.1.9 Comparisons for past years:

(Rupees in '000)

As at June 30	2019	2018	2017	2016	2015
Present value of defined benefit obligation	**325,987**	264,961	208,096	75,609	74,733
Fair value of plan assets	**(267,153)**	(137,480)	(27,912)	(22,137)	(36,013)
Deficit	**58,834**	127,481	180,184	53,472	38,720
Experience adjustment on plan liabilities	**(19,498)**	(2,876)	22,987	497	1,091
Experience adjustment on plan assets	**(28,733)**	(7,438)	(1,482)	(149)	1,385
	(48,231)	(10,314)	21,505	348	2,476

23.1.10 Composition of plan assets

(Rupees in '000)

	2019	2018
Equity	**–**	135,002
Mutual Fund	**264,230**	–
Cash at bank	**2,923**	2,478

23.1.11 Statement of financial position date sensitivity analysis (± 100 bps) on present value of defined benefit obligation

(Rupees in '000)

	2019			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	293,147	364,304	366,282	291,032

(Rupees in '000)

	2018			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	234,965	295,839	297,539	233,153

23.1.12 As of 30 June 2019, a total of 753 employees have been covered under the above scheme.

23.1.13 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 59.049 million.

24 TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees in '000)	
Creditors for supplies and services		**41,637,850**	47,752,681
Accrued liabilities		**3,798,969**	1,834,887
Due to related parties		**190,480**	226,572
Sales tax, duties, levies, penalties and default surcharge		**2,072,601**	8,267,329
Workers' welfare fund		**152,234**	152,234
Withholding tax deductions payable		**47,098**	63,863
Payable to staff provident fund		**26,462**	11,363
		47,925,694	58,308,929

25 ADVANCE FROM CUSTOMERS

	Note	2019	2018
	25.1	**3,387,793**	2,789,832

25.1 Represents advances received from customers against supply of goods.

26 ACCRUED MARK-UP

	Note	2019	2018
		(Rupees in '000)	
Long-term financing - secured		**240,649**	131,939
Short-term borrowings - secured		**152,869**	25,792
		393,518	157,731

27 SHORT-TERM BORROWINGS

	Note	2019	2018
Secured			
Finance against trust receipts	27.1	**14,581,336**	935,167
Running finance	27.2	**1,267,685**	1,387,500
		15,849,021	2,322,667

27.1 The facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products aggregating to Rs. 25,600 million (30 June 2018: Rs. 27,100 million) out of which Rs. 11,019 million (30 June 2018: Rs. 26,165 million) remains unutilized as at the statement of financial position date. The facility carries mark-up ranging from 1 month's KIBOR plus 1% to 3%. The facility is secured against documents of title of goods, charge over the stocks of crude oil and petroleum products and receivables, lien on the bank's collection account.

27.2 Represents running finance facility amounting to Rs. 1,600 million obtained from a commercial bank. The facility carries mark-up at the rate of three months KIBOR + 1.5% per annum. The facility is secured by way of first pari passu hypothecation charge of overall present and future current and fixed assets of the Company.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Claim against the Company not acknowledged as debt amounting to Rs. 3,353.182 million (30 June 2018: Rs. 3,353.182 million) comprise of late payment charges on account of delayed payments against crude oil supplies.

Furthermore, Mari Gas Limited and Pakistan Petroleum Limited have filed legal cases in Sindh High Court on 22 May 2012 and 14 Febuary 2013 claiming Rs. 233.550 million (30 June 2018: Rs. 233.550 million) and Rs.404.357 million (30 June 2018: Rs. 404.357 million) respectively for late payment charges on account of delayed payments against crude oil supplies, and based on the opinion of legal advisor, the Company is of the view that there are no specific contractual arrangements with the above suppliers and hence no provision in respect of the same has been made in these unconsolidated financial statements.

28.2 Commitments

(Rupees in '000)

	2019	2018
28.2.1. Commitments for capital expenditure	**777,693**	509,884
28.2.2. Commitments in respect of purchase of CRL's shares	**877,383**	919,517

29 TURNOVER - net

	2019	2018
Gross Sales		
- Local	**250,600,971**	202,825,476
- Export	**1,104,685**	11,899,833
	251,705,656	214,725,309
Less:		
Sales tax and other duties	**(51,580,997)**	(47,859,308)
Trade discounts	**(2,293,939)**	(575,639)
	(53,874,936)	(48,434,947)
	197,830,720	166,290,362

29.1 One (2018: one) of the Company's customers contributed towards 13% (2018: 19%) of the revenue during the year amounting to Rs 26.178 billion (2018: Rs 31.896 billion).

30 COST OF SALES

(Rupees in '000)

	Note	2019	2018
Opening stock		**8,309,480**	5,798,472
Cost of goods manufactured, storage and handling	30.1	**182,046,167**	141,167,490
Finished products purchased during the year		**16,537,542**	18,477,703
		206,893,189	165,443,665
Closing stock	10	**(11,022,246)**	(8,309,480)
		195,870,943	157,134,185

30.1 Cost of goods manufactured, storage and handling

(Rupees in '000)

	Note	2019	2018
Raw material consumed	30.1.1	**167,119,743**	132,453,860
Salaries, wages and other benefits	30.1.2	**1,414,389**	777,742
Operation cost		**885,119**	733,790
Depreciation	5.1.4	**3,240,237**	2,889,551
Fuel, power and water		**1,336,533**	851,993
Repairs and maintenance		**340,677**	280,623
Transportation & product handling charges		**323,620**	280,516
Insurance		**185,479**	190,492
Stores and spares consumed		**2,722,927**	733,394
Staff transportation and catering		**261,680**	197,332
Rent, rates and taxes		**44,337**	38,318
Security expenses		**118,499**	81,954
Exchange loss		**4,043,150**	1,647,159
Vehicle running		**9,777**	10,766
		182,046,167	141,167,490

30.1.1 Raw material consumed

(Rupees in '000)

	Note	2019	2018
Opening stock		**21,081,770**	6,784,377
Purchases during the year		**164,276,021**	146,751,253
		185,357,791	153,535,630
Closing stock	10	**(18,238,048)**	(21,081,770)
		167,119,743	132,453,860

30.1.2 This includes a sum of Rs. 95.137 million (30 June 2018: Rs. 68.911 million) in respect of staff retirement benefits.

31 ADMINISTRATIVE EXPENSES

(Rupees in '000)

	Note	2019	2018
Salaries, allowances and other benefits	31.1	**437,603**	501,991
Rent, rates and taxes		**108,199**	99,454
Depreciation	5.1.4	**44,681**	66,398
Repairs and maintenance		**90,477**	33,511
Legal and professional		**31,506**	22,940
Vehicle running		**3,760**	1,250
Travelling and conveyance		**73,233**	34,218
Fee and subscriptions		**24,386**	18,129
Utilities		**26,129**	12,377
Insurance		**4,451**	6,401
Printing and stationary		**10,356**	10,532
Auditors' remuneration	31.2	**6,000**	6,000
SAP maintenance costs		**41,836**	14,226
Security expense		**5,774**	4,671
		908,391	832,098

31.1 This includes a sum of Rs. 41.688 million (30 June 2018: Rs. 43.159 million) in respect of staff retirement benefits.

31.2 Auditors' remuneration

(Rupees in '000)

	Note	2019	2018
Audit fee		**3,800**	3,800
Half year review		**600**	600
Consolidated financial statements		**600**	600
Code of corporate governance and other certifications		**500**	500
Out of pocket expenses		**500**	500
		6,000	6,000

32 SELLING AND DISTRIBUTION EXPENSES

	Note	2019	2018
Salaries, allowances and other benefits	32.1	**191,003**	155,192
Rent, rates and taxes		**137,777**	110,582
Advertisement		**59,071**	64,542
Depreciation	5.1.4	**110,038**	75,049
		497,889	405,365

32.1 This includes a sum of Rs 15.229 million (30 June 2018: Rs. 13.836 million) in respect of staff retirement benefits.

33 OTHER EXPENSES

(Rupees in '000)

	Note	2019	2018
Late payment surcharge and penalties		**105,554**	411,259
Provision for doubtful debts	11.1	**634,006**	810,492
Workers' welfare fund		**–**	109,586
		739,560	1,331,337

34 OTHER INCOME

	2019	2018
Income from financial assets		
Interest on balances due from customer	**634,006**	560,493
Interest on loan to CRL	**61,439**	31,629
Interest income on saving accounts	**79,595**	56,797
	775,040	648,919
Income from non-financial assets		
Land lease rent	**333**	303
Scrap sales	**32,936**	16,264
Gain on disposal of operating fixed assets	**191,868**	2,591
Dealership income	**17,692**	21,300
Liabilities no longer required - written back	**–**	971,013
	1,017,869	1,660,390

35 FINANCE COSTS

	2019	2018
	(Rupees in '000)	
Mark-up on:		
- Long-term financing	**1,220,621**	1,336,194
- Short-term borrowings	**1,636,918**	939,031
	2,857,539	2,275,225
Exchange loss - net	**154,601**	555,698
Bank and other charges	**57,417**	47,148
	3,069,557	2,878,071

36 TAXATION

	2019	2018
	(Rupees in '000)	
Current	**–**	(554,051)
Prior year	**554,051**	204,185
	554,051	(349,866)

36.1 The returns of income tax have been filed up to and including tax year 2018. These, except for those mentioned in 36.2, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

36.2 The Company was selected for an audit under Section 177 and 214C of the Income Tax Ordinance, 2001 for the tax year 2013. Audit proceedings for tax year was completed and a demand of Rs. 87.105 million has been raised in an amended order passed under Section 122(1)(5) of the Income Tax Ordinance, 2001. Being aggrieved by the amended order, the Company filed an appeal before Commissioner Inland Revenue, Appeals, Karachi which is pending for adjudication. However, as a matter of prudence, the said amount has already been provided for in these unconsolidated financial statements.

36.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at the rate of 5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Company filed a Constitutional Petition (CP) before the Court on 24 November 2017 challenging the tax, the Court accepted the CP and granted a stay against the above section.

In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 20% of after tax profits or it will be liable to pay additional tax at the rate of 5% of the accounting profit before tax of the Company for the financial year ended 30 June 2018. As at the statement of financial position date, no liability has been recorded by the Company in this respect.

36.4 **Relationship between accounting profit and income tax expense for the period**
The Company is subject to Minimum Tax and Final Tax Regime under section 113 and section 169 respectively of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented for the current year.

37 (LOSS) / EARNINGS PER SHARE - basic and diluted

		2019	2018
(Loss) / Profit after taxation	(Rupees in '000)	**(1,683,700)**	5,019,830
Weighted average number of ordinary shares	(Number of shares)	**5,329,884,706**	5,329,884,706
(Loss) / Earnings per share - basic / diluted	(Rupees)	**(0.32)**	0.94

38 CASH AND CASH EQUIVALENTS

(Rupees in '000)

		2019	2018
Cash and bank balances	15	**1,135,249**	746,096
Running finance facility	27	**(1,267,685)**	(1,387,500)
		(132,436)	(641,404)

39 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 year are as follows:

39.1 Following are the related parties with whom the Company had entered into transactions or have agreement in place, including associates on the basis of commom directorship:

Sr	Company Name	Basis of association	Aggregate % of shareholding
1	Byco Industries Incorporated	Parent	91.83%
2	Byco Isomerisation Pakistan (Private) Limited	Subsidiary	100%
3	Premier Systems (Private) Limited	Common directorship	0%
4	Byco Asia DMCC	Common directorship	0%
5	Employees gratuity fund	Retirement benefit fund	0%
6	Employees Provident fund	Retirement benefit fund	0%

39.2 Associated companies, subsidiaries, joint ventures or holding companies incorporated outside Pakistan:

Name	Country of Incorporation
Byco Industries Incorporated (BII)	Mauritius
Byco Asia DMCC	United Arab Emirates

(Rupees in '000)

	2019	2018
Transactions with related parties		
Parent Company		
Mark-up charged	**182,408**	163,026
Other capital reserves	**–**	3,214,209
Subsidiary Company		
Product processing charges	**160,902**	–
Other expenses incurred	**333**	166,482
Associated Companies		
Sales	**2,301,396**	6,686,844
Purchase of operating fixed assets and services	**62,295**	86,978
Others		
Post Employment Benefit Funds	**306,638**	280,005
Key Management Personnel	**98,604**	95,081

39.3 Balances with related parties

Parent Company		
Contribution against future issue of shares	**857,140**	841,249
Accrued mark-up	**532,911**	364,281
Loan payable	**3,935,650**	3,936,921
Subsidiary Company		
Receivable against expenses incurred	**846,935**	847,016
Associated Companies		
Long term deposit receivable	**–**	95
Trade debts	**–**	718,534
Advance against shared services	**86,586**	119,160
Accrued interest	**–**	19,303
Payable against purchases	**35,386**	38,904
Others		
Payable to key management person	**68,508**	68,508
Payable to post employment benefit funds	**85,296**	138,844

39.4 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 40 to the unconsolidated financial statements.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount included in these unconsolidated financial statements for remuneration, including the benefits and perquisites, to the Chief Executive, Directors and Executives of the Company are as follows:

(Rupees in '000)

	2019			2018		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
Fee	**–**	**1,881**	**–**	–	450	–
Managerial remuneration	**–**	**–**	**386,651**	–	–	317,001
Staff retirement benefits	**–**	**–**	**63,307**	–	–	50,749
Housing and utilities	**–**	**–**	**116,830**	–	–	95,434
Leave fare assistance	**–**	**–**	**32,208**	–	–	26,406
	–	**1,881**	**598,996**	–	450	489,590
Number of persons	**1**	**1**	**162**	1	1	144

40.1 The number of persons does not include those who left during the year but remuneration paid to them is included in the above amounts.

40.2 Few Executives have been provided with company maintained cars.

40.3 The Company's Board of Directors consists of 7 Directors (of which 6 are Non- Executive Directors). Except for an independent Director, no remuneration and other benefits have been paid to any Director.

41 FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets as per statement of financial position

(Rupees in '000)

	Note	2019	2018
Financial assets at amortised cost			
- Long term loans	7	**1,518,780**	1,518,780
- Long term deposits	8	**34,816**	17,044
- Trade debts	11	**5,336,657**	5,463,784
- Trade deposits	13	**15,372**	15,372
- Accrued interest		**230,130**	180,691
- Other Receivables	14	**2,184,640**	1,926,062
- Cash and bank balances	15	**1,135,249**	746,096
		10,455,644	9,867,829

41.2 Financial liabilities as per statement of financial position

Financial liabilities measured at amortised cost			
- Long term financing	19	**15,845,806**	13,165,073
- Loans from related party	20	**3,935,650**	3,936,921
- Accrued and deferred markup	21	**5,861,965**	8,542,970
- Long-term deposits	22	**105,000**	225,017
- Trade and other payables	24	**47,925,694**	58,308,929
- Accrued mark-up	26	**393,518**	157,731
- Short term borrowings	27	**15,849,021**	2,322,667
- Current portion of non-current liabilities		**7,897,428**	8,766,174
- Unclaimed dividend		**1,027**	1,027
		97,815,109	95,426,508

42 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finances to minimize the risk. The Company's principal financial instruments comprise short-term borrowings and financing from financial institutions and trade and other payables. Main purpose of these financial instruments is to raise funds for the import of crude oil for refining business and for its operations. The Company has various financial assets such as cash (including balances with banks), deposits, loans, which are directly related to its operations. The Company's overall risk management policy focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2019.

The policies for managing each of these risk are summarized below:

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

42.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term financing and short-term borrowing facilities for financing its refining and storage business operations, setting up of aromatic plant and meeting working capital requirements at variable rates, on loan to CRL and on delayed payments from PSO on which the Company earns interest. The Company manages these mismatches through risk management policies where significant changes in gap position can be adjusted.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

Variable Rate Instruments

	(Rupees in '000)	
	2019	2018
Financial assets		
Long-term loan to CRL	**688,780**	688,780
Trade debts	**7,005,258**	7,005,258
	7,694,038	7,694,038
Financial liabilities		
Long-term financing	**17,394,170**	18,892,247
Loans from related party	**3,935,650**	3,936,921
Accrued and deferred mark-up	**11,272,738**	10,749,536
Short-term borrowings	**15,849,021**	2,322,667
	48,451,579	35,901,371

A change of 1% in interest rates at the year-end would have increased or decreased the profit before tax by Rs. 407.575 million (30 June 2018: Rs. 282.073 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2018.

42.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency.

The Company is exposed to foreign currency risk on transactions that are entered in a currency other than Pak Rupees. As the Company imports plant and equipment and crude oil, it is exposed to currency risk by virtue of borrowings (in foreign currency). Further foreign currency risk also arises on payment to the supplier of tugs for operations of SPM. The currency in which these transactions are undertaken is US Dollar. Relevant details are as follows:

	2019		2018	
	(Rupees in '000)	(USD '000)	(Rupees in '000)	(USD '000)
Trade and other payables	**24,085,925**	**147,548**	34,094,821	280,315
	24,085,925	**147,548**	34,094,821	280,315

The average rates applied during the year is Rs. 136.40/ USD (30 June 2018: Rs. 110.06 / USD) and the spot rate as at 30 June 2019 is Rs. 163.24 / USD (30 June 2018: 121.63 / USD).

A change of 1% in exchange rates at the year-end would have increased or decreased the loss by Rs. 240.859 million (30 June 2018: Rs. 339.840 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2018.

42.1.3 Equity price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. As at the statement of financial position date, the Company is not exposed to other price risk.

42.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers, advances and deposits to suppliers and balances held with banks.

Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the statement of financial position date, the Company is exposed to credit risk on the following assets:

(Rupees in '000)

	Note	2019	2018
Long term loans and advances	7	**860,963**	939,366
Long term deposits	8	**34,816**	17,044
Trade debts	11	**5,336,657**	5,463,784
Loans and advances	12	**1,182,132**	1,360,410
Trade deposits	13	**15,372**	15,372
Accrued interest		**230,130**	180,691
Other receivables	14	**2,184,640**	1,926,062
Bank balances	15	**1,134,961**	746,012
		10,979,671	10,648,741

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts
The aging of unimpaired debtors at the statement of financial position date is as follows:

(Rupees in '000)

	2019	2018
Neither past due nor impaired	**2,711,503**	2,714,453
Past due 1-30 days	**156,322**	131,712
Past due 31-365 days	**528,548**	27,565
Above 365 days	**1,940,285**	2,590,055
	5,336,658	5,463,785
Bank balances		
A1+	**1,073,624**	287,563
A1	**10,393**	2,587
A2	**11,651**	1,019
A3	**39,293**	–
A-	–	128,098
AA-	–	150,000
AA+	–	176,745
	1,134,961	746,012

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

42.3 Liquidity risk
Liquidity risk reflects the Company's inability in raising fund to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on any individual customer.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2019					
Long term financing	–	1,291,070	1,195,586	15,845,806	18,332,462
Loans from related party	–	–	–	3,935,650	3,935,650
Accrued and deferred markup	–	–	5,410,771	5,861,966	11,272,737
Long-term deposits	–	–	–	105,000	105,000
Trade and other payables	2,072,601	45,853,093	–	–	47,925,694
Advance from customers	–	3,387,793	–	–	3,387,793
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	15,849,021	–	–	15,849,021
Accrued mark-up	–	393,518	–	–	393,518
	2,073,628	66,774,495	6,606,357	25,748,422	101,202,902

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2018					
Long term financing	–	1,931,311	4,628,297	13,844,254	20,403,862
Loans from related party	–	–	–	3,936,921	3,936,921
Accrued and deferred markup	–	–	2,206,566	8,542,970	10,749,536
Long-term deposits	–	–	–	225,017	225,017
Trade and other payables	8,267,329	50,037,730	–	–	58,305,059
Advance from customers	–	2,789,832	–	–	2,789,832
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	2,322,667	–	–	2,322,667
Accrued mark-up	–	157,731	–	–	157,731
	8,268,356	57,239,271	6,834,863	26,549,162	98,891,651

42.4 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain the development of the business and maximize the shareholders' value. The Company closely monitors the return on capital. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and finances its activities through equity, borrowings and management of working capital with a view to maintain and approximate mix between various sources of finance to minimize the risk. No changes were made in the objectives, policies or processes during the year ended 30 June 2019.

The Company is not exposed to externally imposed capital requirement.

The gearing ratios as at June 30, 2019 and 2018 are as follows:

(Rupees in '000)

	2019	2018
Long-term financing	**15,845,806**	13,165,073
Loans from related party	**3,935,650**	3,936,921
Accrued and deferred markup	**5,861,965**	8,542,970
Deferred liabilities	**721,587**	953,856
Trade and other payables	**47,925,694**	58,308,929
Accrued Mark-up	**393,518**	157,731
Short-term borrowings	**15,849,021**	2,322,667
Current portion of long term financing	**7,897,428**	8,766,174
Total debt	**98,430,669**	96,154,320
Share capital	**53,298,847**	53,298,847
Reserves	**(25,937,759)**	(23,918,328)
Contribution against future issue of shares	**857,140**	841,249
Total capital	**28,218,228**	30,221,768
Capital and net debt	**126,648,897**	126,376,088
Gearing ratio	**77.72%**	76.09%

43 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 Business		Petroleum Marketing Business		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Net Sales to external customers	**120,472,535**	105,462,268	**77,358,185**	60,828,094	**197,830,720**	166,290,362
Inter-segment sales	**70,010,420**	55,177,021	**–**	–	**70,010,420**	55,177,021
Eliminations	**(70,010,420)**	(55,177,021)	**–**	–	**(70,010,420)**	(55,177,021)
Total revenue	**120,472,535**	105,462,268	**77,358,185**	60,828,094	**197,830,720**	166,290,362
Result						
Segment (loss) / profit	**(1,073,440)**	7,742,353	**1,869,766**	1,187,832	**796,326**	8,930,185
Unallocated expenses:						
Finance cost					**(3,069,557)**	(2,878,071)
Interest income					**775,040**	648,919
Other expenses					**(739,560)**	(1,331,337)
Taxation					**554,051**	(349,866)
(Loss) / Profit for the year					**(1,683,700)**	5,019,830
Segmental Assets	**128,574,530**	128,028,588	**1,568,187**	1,719,512	**130,142,717**	129,748,100
Unallocated Assets	**–**	–	**–**	–	**–**	–
	128,574,530	128,028,588	**1,568,187**	1,719,512	**130,142,717**	129,748,100
Segmental Liabilities	**100,781,788**	98,618,254	**1,142,701**	908,078	**101,924,489**	99,526,332
Unallocated Liabilities	**–**	–	**–**	–	**–**	–
	100,781,788	98,618,254	**1,142,701**	908,078	**101,924,489**	99,526,332
Capital expenditure	**2,564,896**	3,058,499	**56,540**	69,211	**2,621,436**	3,127,710
Other Information						
Depreciation	**3,284,936**	2,955,949	**110,020**	75,049	**3,394,956**	3,030,998

44 PROVIDENT FUND DISCLOSURE

The Company operates approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments based on the financial statements of the fund is as follows:

(Rupees in '000)

	2019	2018
	(Unaudited)	(Audited)
Size of the fund - Total assets	**385,148**	334,776
Cost of the investment made	**337,382**	315,241
Fair value of the investment	**332,232**	316,239
Percentage of the investment	**87.60%**	94.16%

Break-up of cost of investments out of Fund:

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt securities	**16,214**	**5%**	28,075	9%
Listed equity	**37,056**	**11%**	55,044	17%
Bank Deposits	**284,112**	**84%**	232,122	74%
	337,382	**100%**	315,241	100%

The management, based on the financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45 CAPACITY AND ANNUAL PRODUCTION

Against the designed annual capacity (based on 365 days) of 56.575 million barrels (30 June 2018: 56.575 million barrels), the actual throughput during the year was 18.390 million barrels (30 June 2018: 20.145 million barrels).

46 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees		
As at June 30	**863**	799
Average number of employees during the year	**831**	750

47 GENERAL

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

48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on **24th September 2019** by the Board of Directors of the Company.

Chief Executive Officer **Director** **Chief Financial Officer**

EY Ford Rhodes
Chartered Accountants
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Independent Auditors' Report

To the members of Byco Petroleum Pakistan Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Byco Petroleum Pakistan Limited and its subsidiary** (the Group), which comprise the consolidated statement of financial position as at **30 June 2019** and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Recoverability and recognition of deferred tax asset	
As disclosed in note 21.2, the Group has recognized deferred tax asset on unused business losses, unabsorbed depreciation and tax credits amounting to Rs. 5,799.769 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future throughput of the refinery, average inflation and exchange rates, growth rate and timing of reversals. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. We evaluated the appropriateness of the components on which the Group has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us. We evaluated the Group's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. For this purpose, we involved internal specialists to support us in performing these procedures. We have also assessed the adequacy of the Group's disclosures in accordance with relevant laws as applicable in Pakistan.

Key audit matters	How the matter was addressed in our audit
2. Overdue trade receivables	
As disclosed in note 9.1, the Group has an overdue trade receivable balance of Rs. 7,639.265 million on which Group carries an aggregate provision amounting to Rs. 5,066.399 million. Management considers certain specific factors including the age of the balance, existence of disputes, recent payment patterns and arrangements and any other available information with respect to the credit worthiness and reliability of the counterparties. Management uses this information to determine whether a provision for impairment is a required at a specific or overall balance level. We focused on this area due to the materiality of the amounts involved and because determination with respect to realizability of the receivables involves significant management judgement which is based on the number of factors which are inherently subjective and due to the materiality of the amounts involved.	Our audit procedures amongst other included: - Reviewed agreements with the customers for agreed terms and conditions and latest financial information of the customers, wherever available; - Ensured that the receivable arising out of sales are on the prices that are in agreement with respective customers' terms and conditions; - Reviewed related correspondences between the Group and relevant parties, and held discussions at appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables and steps taken for recoverability of these receivables; - Considered management process for determining the provision for impairment, discussed judgement exercised by them. We also reviewed minutes of the Board and Audit committee and checked relevant approvals in this regard; - Reviewed related disclosures in the financial statements.
3. Stock-in-trade	
As disclosed in note 8 to the consolidated financial statements the stock-in-trade balance amounts to Rs. 29,260.294 million which constitutes 23% of total assets of the Group. Stock-in-trade comprises of crude oil, high speed diesel, motor gasoline and other related petroleum products with differing characteristics. The stock-in-trade volume determination process starts by obtaining dips and measuring the temperature and density at the same time. That measured data is then used to determine the volume by using the parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks. We focused on stock-in-trade as it is a significant portion of Group's total asset and involves complexities in determination of volume.	We performed a range of audit procedures in respect of inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We involved an external expert, to assist us in taking the dips, determining volume based on the calibration charts and determining nature / characteristics of the stock-in-trade. We re-performed the working for determination of volume, based on the calibration charts on a sample basis. We obtained samples of inventories from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the external expert's laboratory to determine the nature of the stock. We also assessed the adequacy of the disclosure made in respect of the accounting policies and details of inventory balances held by the Group at the year end.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosure made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit auditor's report to the related disclosure in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chartered Accountants
Place: Karachi

Dated: 25th September 2019

Consolidated

Statement of Financial Position

As at 30 June 2019

(Rupees in '000)

	Note	2019	2018
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	**83,073,076**	83,407,960
Long term loans and advances	6	**860,963**	939,366
Long-term deposits	7	**34,816**	17,044
		83,968,855	84,364,370
CURRENT ASSETS			
Stores and spares		**1,692,293**	1,282,943
Stock-in-trade	8	**29,260,294**	29,391,250
Trade debts	9	**5,336,657**	5,463,784
Loans and advances	10	**1,182,132**	1,360,410
Trade deposits and short-term prepayments	11	**46,566**	26,613
Accrued interest		**230,130**	180,691
Other receivables	12	**1,337,705**	1,082,714
Taxation - net		**780,780**	–
Cash and bank balances	13	**1,135,249**	746,096
		41,001,806	39,534,501
Non - current asset held for sale	14	**–**	1,487,500
TOTAL ASSETS		**124,970,661**	125,386,371
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**53,298,847**	53,298,847
Reserves		**(44,237,140)**	(42,892,055)
Surplus on revaluation of property, plant and equipment		**11,290,892**	12,573,159
		20,352,599	22,979,951
Contribution against future issue of shares	16	**857,140**	841,249
		21,209,739	23,821,200
NON CURRENT LIABILITIES			
Long term financing	17	**15,845,806**	13,165,073
Loans from related party	18	**3,935,650**	3,936,921
Accrued and deferred markup	19	**5,861,965**	8,542,970
Long-term deposits	20	**105,000**	225,017
Deferred liabilities	21	**2,542,001**	2,972,353
		28,290,422	28,842,334
CURRENT LIABILITIES			
Trade and other payables	22	**47,941,713**	58,325,401
Advance from customers	23	**3,387,793**	2,789,832
Accrued mark-up	24	**393,518**	157,731
Short Term borrowings - secured	25	**15,849,021**	2,322,667
Current portion of non-current liabilities		**7,897,428**	8,766,174
Unclaimed dividends		**1,027**	1,027
Taxation - net		**–**	360,005
		75,470,500	72,722,837
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		**124,970,661**	125,386,371

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Consolidated
Statement of Profit or Loss

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
Turnover - net	27	**197,830,720**	166,290,362
Cost of sales	28	**(196,627,252)**	(158,050,618)
Gross profit		**1,203,468**	8,239,744
Administrative expenses	29	**(908,501)**	(832,208)
Selling and distribution expenses	30	**(497,889)**	(405,365)
Other expenses	31	**(742,615)**	(1,331,337)
Other income	32	**1,017,536**	1,660,086
		(1,131,469)	(908,824)
Operating profit		**71,999**	7,330,920
Finance costs	33	**(3,069,557)**	(2,878,071)
(Loss) / Profit before taxation		**(2,997,558)**	4,452,849
Taxation	34	**705,936**	(151,781)
(Loss) / Profit after taxation		**(2,291,622)**	4,301,068
(Loss) / Earnings per share - basic and diluted (Rupees)	35	**(0.43)**	0.81

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Consolidated
Statement of Comprehensive Income
For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
(Loss) / Profit after taxation		**(2,291,622)**	4,301,068
Other comprehensive (loss) / income for the year			
Items that may not be reclassified subsequently to statement of profit or loss			
Re-measurement loss on defined benefit obligation	21.2.7	**(48,231)**	(10,314)
Revaluation surplus on property, plant and equipment		**(287,500)**	–
Total comprehensive (loss) / income for the year		**(2,627,353)**	4,290,754

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Consolidated

Statement of Changes in Equity

For the year ended 30 June 2019

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves: Merger reserve	Capital Reserves: Other capital reserve (note 18.2)	Capital Reserves: Revaluation surplus on property, plant and equipment	Revenue Reserve: Accumulated Loss	Sub-total	Contribution against future issue of shares	Total
Balance as at June 30, 2017	53,298,847	(21,303,418)	–	13,254,699	(30,883,982)	14,366,146	761,129	15,127,275
Net profit for the year	–	–	–	–	4,301,068	4,301,068	–	4,301,068
Other comprehensive loss for the year	–	–	–	–	(10,314)	(10,314)	–	(10,314)
Total comprehensive income for the year	–	–	–	–	4,290,754	4,290,754	–	4,290,754
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	80,120	80,120
Capital transaction with owners	–	–	3,214,209	–	–	3,214,209	–	3,214,209
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(681,540)	1,790,382	1,108,842	–	1,108,842
Balance as at June 30, 2018	**53,298,847**	**(21,303,418)**	**3,214,209**	**12,573,159**	**(24,802,846)**	**22,979,951**	**841,249**	**23,821,200**
Net loss for the year	–	–	–	–	(2,291,622)	(2,291,622)	–	(2,291,622)
Other comprehensive loss for the year	–	–	–	(287,500)	(48,231)	(335,731)	–	(335,731)
Total comprehensive loss for the year	–	–	–	(287,500)	(2,339,853)	(2,627,353)	–	(2,627,353)
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	15,892	15,892
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(994,768)	994,768	–	–	–
Balance as at June 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**11,290,891**	**(26,147,931)**	**20,352,598**	**857,141**	**21,209,739**

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Consolidated
Statement of Cash Flows

For the year ended 30 June 2019

(Rupees in '000)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(2,997,558)**	4,452,849
Adjustments for:			
Depreciation	5.1.4	**4,275,629**	3,903,895
Finance costs	33	**3,069,557**	2,878,071
Provision for doubtful debts	31	**634,006**	810,492
Gain on disposal of assets	32	**(191,868)**	(2,591)
Liabilities no longer required - written back		**–**	(971,013)
Interest income		**(775,040)**	(648,919)
Provision for gratuity	21.2.6	**52,858**	56,483
Net cash flow before working capital changes		**4,067,584**	10,479,267
(Increase) / decrease in current assets			
Stores and spares		**(409,350)**	(307,980)
Stock in trade		**130,956**	(16,808,401)
Trade debts		**127,127**	(605,466)
Loans and advances		**298,815**	(304,346)
Trade deposits and short term prepayments		**(19,953)**	(13,440)
Other receivables		**(72,051)**	251,630
		55,544	(17,788,003)
Increase / (Decrease) in current liabilities			
Trade and other payables		**(10,529,271)**	16,614,246
Advance from customers		**597,961**	316,961
Unclaimed dividends		**–**	(119)
		(9,931,310)	16,931,088
Cash (used in) / generated from operations		**(5,808,182)**	9,622,352
Finance costs paid		**(2,155,967)**	(1,497,712)
Income taxes paid		**(632,932)**	(371,579)
Gratuity paid		**(169,736)**	(119,500)
Interest income received		**91,595**	88,889
Net cash (used in) / generated from operating activities		**(8,675,222)**	7,722,450
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(2,745,438)**	(3,259,989)
Sale proceeds against disposal		**20,493**	4,458
Advance against investment in shares		**(42,134)**	(80,000)
Long term deposits - net		**(137,789)**	46,123
Net cash used in investing activities		**(2,904,868)**	(3,289,408)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		**(1,557,111)**	(2,887,406)
Addition / (Repayments) of short term borrowing		**13,646,169**	(836,617)
Net cash generated / (used in) from financing activities		**12,089,058**	(3,724,023)
Net increase in cash and cash equivalents		**508,968**	709,019
Cash and cash equivalents - at the beginning of the year		**(641,404)**	(1,350,423)
Cash and cash equivalents - at the end of the year	36	**(132,436)**	(641,404)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

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 Holding Company are listed on Pakistan Stock Exchange.

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 372 retail outlets across the country.

Geographical location and addresses of major business units including mills/plants of the Holding Company are as under:

Location / Address	Purpose
The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi - 75600, Pakistan.	Head office
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Refining unit

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.

Geographical location and addresses of major business units including mills/plants of BIPL are as under:

Location / Address	Purpose
Rooms 406 and 407, 4th Floor, Islamabad Stock Exchange Towers, 55-b. Jinnah Avenue, Islamabad	Registered office
Survery/Khasra No. 310, Mouza Kund, Sub Tehsil, Gadani, District, Lasbella, Balochistan	Production plant

2 BASIS OF PREPARATION

2.1 Statement of compliance
These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and

- Provisions of and directives issued under the Companies Act 2017 (the Act).

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for:

- Property, plant and equipment which are carried at revalued amount in accordance with IAS 16 “Property, Plant and Equipment” as disclosed in note 5.1; and

- Employees’ retirement benefits which is carried at present value of defined benefit obligation net of fair value of plan assets in accordance with the requirements of IAS 19 “Employee Benefits”, as disclosed in note 21.2.

2.3 New standards and amendments

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Group has adopted the following amendments of IFRS which became effective for the current year:

IFRS 2 –	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4 –	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (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

Improvements to accounting standard issued by IASB in December 2016

IAS 28 –	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 15 and IFRS 9. The impact of adoption of IFRS 15 and IFRS 9 are described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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 recognized 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 judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Group generates its revenue from sale of goods. The Group’s contracts with customers for the sale of goods generally include one performance obligation and do not provide customers with a right of return and volume rebate. The Group has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, and variable consideration did not have any impact on the revenue recognised by the Group. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognized.

Further, due to application of the above standards, the Group has revised its policies and incorporate additional disclosures in accordance with the requirements of the above standards in these financial statements.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognized by the Group.

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 Group 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 Group's financial assets mainly includes loans and advances, deposits, trade debts, accrued interest, other receivables, cash and bank balances held with commercial banks.

Classification and measurement

IFRS-9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Group's Trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

The Classification and measurement of IFRS-9, as descried above did not have a significant impact on the Group's financial statements.

Impairment

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

For trade debts and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Group's debt financial assets.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously	01 January 2019
IFRS 4	Insurance Contracts: Applying IFRS 9	01 July 2019
IFRS 9	Prepayment Features with Negative	01 January 2019
IFRS 10 / IAS 28	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets	Not yet finalized
IFRS 11	Joint Arrangements: Previously held	01 January 2019
IFRS 16	Leases	01 January 2019

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 16 – Leases. The Group is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation		IASB Effective date (annual periods beginning on after)
IFRS 1	First Time adoption of IFRSs	01 January 2014
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Group's financial statements in the period of initial application.

2.5 Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the consolidated financial statements in the subsequent years are as follows:

i) Useful lives of items of property, plant and equipment (note 3.1 and 5.1);
ii) Provision for slow moving and obsolete stores and spares (note 3.3);
iii) Provision for doubtful debts and other receivables (note 3.6);
iv) Impairment against other non-financial assets (note 3.9);
v) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 3.10 and 21.2);
vi) Surplus on revaluation of Property, plant and equipment

vii) Provision for taxation (note 3.11, 21.1 and 34); and
viii) Contingencies (note 3.18 and 26.1).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments 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 surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment.

Depreciation is charged to statement of profit or loss, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates as disclosed in note 5.1 to the consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

The carrying values of the Group's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the year of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Capital work-in-progress

Capital work-in-progress, is stated at cost less accumulated impairment losses, if any. Cost consists of:

- expenditures incurred for the acquisition of the specific asset, dismantling, refurbishment, construction and installation of the asset so acquired.

- borrowing cost and exchange differences arising on foreign currency financings to the extent these are regarded as adjustment to interest costs for qualifying assets if its recognition criteria is met as mentioned in note 3.14 to the consolidated financial statements.

- exchange loss, interest expenses and other expenses as mentioned in note 5.4 to the consolidated financial statements.

- trial run cost of testing the asset. If the income from the testing activity is higher than the cost of testing the asset, then the net effect will be a deduction from the cost of the asset.

3.2 Stock-in-trade

All stock-in-trade is valued at the lower of cost and net realizable value (NRV).Stock-in-transit, if any, are valued at cost comprising invoice values plus other charges incurred as on the statement of financial position date.

Raw materials
Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Finished products
Cost of finished products comprises of the cost of crude oil and appropriate production overheads. Production overheads are arrived at on the basis of average cost for the month per barrel of throughput.

Net realizable value in relation to finished products is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

3.3 Stores and Spares
These are stated at moving average cost less impairment loss, if any. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the statement of profit or loss.

3.4 Advances and short-term prepayments
These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.5 Contract liabilities
A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

3.6 Financial instruments
During the year, the Group has adopted IFRS 9 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Group for financial instruments. The changes are discussed in note 2.3 to these consolidated financial statements. The new accounting policy for financial instruments are as follows:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, borrowings and payable are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. Exchange gain or losses arising in respect of borrowings in foreign currency are added to the carrying amount of the Borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and running finance facility.

3.8 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Where the Group has classified an asset as held for sale, but the criteria for held for sale are no longer met, the Group ceases to classify the asset as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell or distribute.

The Group includes any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss, unless the asset is property, plant and equipment that had been revalued in accordance with IAS 16 before classification as held for sale, in which case the adjustment shall be treated as a revaluation increase or decrease.

3.9 Impairment

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.10 Staff retirement benefits

Defined benefit plan

The Group operates a funded gratuity scheme covering all its permanent employees who have completed minimum qualifying period of service. The Group's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2019 and based on the actuarial valuation, the Group had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to statement of profit or loss.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

Defined contribution plan

The Group operates a funded provident fund scheme for all its eligible employees. Equal contributions are made by the Group and the employees at 8.33% of the basic salary of the eligible employees.

3.11 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.13 Contribution against future issuance of shares

Foreign currency amounts received in cash as contribution against future issuance of shares from the Parent Company is stated at the rates at which these were received. Foreign currency payments by the Parent Company directly to foreign suppliers of plant and machinery foreign dismantling and refurbishment services providers are initially stated at Pak Rupees equivalent amount translated at the rates approximating to those ruling on the date of transaction. Thereafter, these are revalued and stated at the average of Pak Rupees exchange rates quoted by selected authorised dealers approximating to those ruling on the dates the related plant and machinery items are received in Pakistan (i.e. the date of the bill of entry as per the requirements of Foreign Exchange Manual 2018). However, where the related plant and machinery items have not yet been received by the Group, these payments are translated at the year-end exchange rate equivalents.

3.14 Borrowings and related costs

Borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets, that necessarily take substantial period of time to get ready for their intended use, are capitalized as a part of cost of those assets, until such time as the assets are substantially ready for intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds and exchange difference arising on foreign currency fundings to the extent those are regarded as adjustment to the interest cost, net of related interest income, if any.

3.15 Revenue recognition

During the year, the Group has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Group for revenue recognition. The changes are discussed in note 2.3 to these financial statements.

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers.

- Export sales are recognised on the basis of product shipped to the customers.

- Handling and storage income, rental income on equipment and other services income is recognized on accrual basis.

3.16 Other income

Other income is recognised to the extent it is probable that the economic benefits will flow to the Group and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Mark-up on delayed payment charges are recognised on the time proportionate basis.

- Interest income on short-term deposits and interest bearing advances are recognised on the time proportionate basis.

- Scrap sales, dealership income and rental income are recognised on an accrual basis.

- Gain on disposal is recognised at the time of disposal of operating fixed assets.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Contingencies

Contingencies are disclosed when the Group has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Foreign currencies translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to statement of profit or loss.

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer of the Group.

3.22 Dividends and appropriations

Dividends and reserve appropriations are recognised in the year in which these are declared / approved. The distribution of dividend and other appropriations is subject to the covenant as mentioned in note 17.2.

3.23 Unclaimed dividend

Dividend declared and remain unpaid for the period of more than three years from the date it is due and payable.

3.24 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency.

4 RECLASSIFICATIONS

Certain corresponding figures have been reclassified for better presentation.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2019	2018
Operating fixed assets	5.1	**62,113,652**	63,497,878
Capital work-in-progress	5.2	**20,959,424**	19,910,082
		83,073,076	83,407,960

5.1 Operating fixed assets

(Rupees in '000)

	COST / REVALUATION				ACCUMULATED DEPRECIATION					
	As at 01 July 2018	Additions* / transfers	Disposals	As at 30 June 2019	As at 01 July 2018	Charge for the year	Disposals	As at 30 June 2019	Written down as at 30 June 2019	Depreciation rate %
Owned										
Free hold land	893,700	–	–	893,700	–	–	–	–	893,700	–
Lease hold land (5.1.2)	110,081	1,200,000	–	1,310,081	110,081	–	–	110,081	1,200,000	–
Building on free hold land, roads and civil works	1,386,571	186,315	–	1,572,886	304,718	60,963	–	365,682	1,207,204	4
Building on lease hold land	76,938	–	–	76,938	19,461	3,398	–	22,859	54,079	4
Plant and machinery	77,057,569	1,384,418	–	78,441,987	16,957,888	3,965,916	–	20,923,804	57,518,183	4-5
Generators	1,535,177	–	–	1,535,177	573,441	83,764	–	657,205	877,972	6.70
Furniture and fixtures	180,982	4,376	–	185,358	155,658	11,587	–	167,245	18,113	10
Filling stations (5.1.1)	661,996	56,540	–	718,536	365,915	108,059	–	473,974	244,562	5-12.5
Vehicles	259,982	(7,848)	(153,304)	98,830	233,447	4,371	(148,867)	88,951	9,879	20
Computer and allied equipments	292,493	67,278	(530)	359,241	237,002	36,665	(274)	273,393	85,848	33.33
Safety and lab equipments	1,352,249	5,017	–	1,357,266	1,352,249	905	–	1,353,154	4,112	20-25
	83,807,738	**2,896,096**	**(153,834)**	**86,550,000**	**20,309,860**	**4,275,629**	**(149,141)**	**24,436,348**	**62,113,652**	

* Additions of Rs. 2,896.096 million (30 June 2018: Rs. 16,036.378 million), as shown above, include an amount of Rs. 1,140.750 million (30 June 2018: Rs. 15,938.091 million) transferred from capital work-in-progress during the year, as shown in note 5.2 and an amount of Rs. 1,200 million reclassified from non-current asset held for sale.

(Rupees in '000)

	COST / REVALUATION				ACCUMULATED DEPRECIATION					
	As at 01 July 2017	Additions* / transfers	Disposals	As at 30 June 2018	As at 01 July 2017	Charge for the year	Disposals	As at 30 June 2018	Written down as at 30 June 2018	Depreciation rate %
Owned										
Free hold land	888,200	5,500	–	893,700	–	–	–	–	893,700	–
Lease hold land (5.1.2)	1,597,581	–	(1,487,500)	110,081	110,081	–	–	110,081	–	–
Building on free hold land, roads and civil works	1,386,571	–	–	1,386,571	243,809	60,909	–	304,718	1,081,853	4
Building on lease hold land	76,938	–	–	76,938	16,383	3,078	–	19,461	57,477	4
Plant and machinery	61,137,034	15,920,535	–	77,057,569	13,354,641	3,603,247	–	16,957,888	60,099,681	4-5
Generators	1,535,177	–	–	1,535,177	469,136	104,305	–	573,441	961,736	6.70
Furniture and fixtures	180,982	–	–	180,982	141,154	14,504	–	155,658	25,324	10
Filling stations (5.1.1)	644,440	17,556	–	661,996	297,121	68,794	–	365,915	296,081	5-12.5
Vehicles	235,047	34,622	(9,687)	259,982	234,095	7,172	(7,820)	233,447	26,535	20
Computer and allied equipments	245,543	58,165	(11,215)	292,493	206,331	41,886	(11,215)	237,002	55,491	33.33
Safety and lab equipments	1,352,249	–	–	1,352,249	1,352,249	–	–	1,352,249	–	20-25
	69,279,762	**16,036,378**	**(1,508,402)**	**83,807,738**	**16,425,000**	**3,903,895**	**(19,035)**	**20,309,860**	**63,497,878**	

5.1.1 The Group's assets located at filling stations are not in possession of the Group. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Group as required under para 12 of part II of the Fourth Schedule to the Companies Act, 2017.

5.1.2 During the year ended 30 June 2017, company performed revaluation on its freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments resulting in revaluation surplus of Rs. 743.750 million. The valuation was carried out by an independent valuer, on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the asset or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cashflows), (level 3).

5.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

(Rupees in '000)

	2019	2018
Free hold land	**56,154**	56,154
Lease hold land	**213,200**	–
Buildings on free hold land, roads and civil works	**1,300,864**	1,175,511
Building on lease hold land	**49,629**	53,027
Plant and machinery	**42,918,326**	41,492,477
Generators	**887,389**	971,153
	45,425,562	43,748,322

5.1.4 Depreciation charge for the year has been allocated as follows:

(Rupees in '000)

	Note	2019	2018
Cost of sales	28	**4,120,909**	2,889,551
Administrative expenses	29	**44,682**	66,398
Selling and distribution expenses	30	**110,038**	75,049
		4,275,629	3,030,998

5.1.5 **Forced sale values of asset class:**

Free hold land	**758,569**	758,569
Lease hold land	**1,270,402**	1,270,402
Buildings on free hold land, roads and civil works	**4,594,243**	4,594,243
Building on lease hold land	**46,554**	46,554
Plant and machinery	**55,384,431**	23,655,590
Generators	**819,564**	819,564
	62,873,763	31,144,922

5.1.5.1 The revaluation of all asset subject to revaluation were carried out as of 30 June 2016 / 30 June 2017 except for leasehold land which is revalued during the year before reclassification from non-current asset as held for sale.

5.1.6 Particulars of immovable assets of the Company are as follows:

Location	Total area (in acres)
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	620.45
Deh Redho, Tapo Noor Mohammad Shujrah, Taluka Khanpur, District Shikarpur.	12.68
Mauza Gujrat, Mehmoodkot, Tehsil kot, Addu District, Muzaffargarh	12.0
Plot of Barani Land, Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	11.0
Mahal Jhamke (Machike), Tehsil & District Sheikhupura	9.0
Zero point (SPM), Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	5.0
Plot no. 22/5, CL 9, Hoshang Road, Civil Lines Quarter, Karachi	0.61

5.2 **Capital work-in-progress**
The movement of capital work-in-progress during the year is as follows:

(Rupees in '000)

	Note	Opening Balance	Additions	Transferred to operating fixed assets	Closing balance 30 June 2019	Closing balance 30 June 2018
Building on free hold land, roads and civil works		163,252	–	(162,561)	**691**	163,252
Plant and machinery	5.2.1, 5.2.2, 5.3 & 5.4	19,679,654	2,190,092	(966,677)	**20,903,069**	19,679,654
Furniture and fixtures		2,353	–	(2,353)	**–**	2,353
Computer and allied equipment		566	–	(566)	**–**	566
Safety and lab equipments		4,289	–	(4,289)	**–**	4,289
Filling stations		59,968	–	(4,304)	**55,664**	59,968
		19,910,082	2,190,092	(1,140,750)	**20,959,424**	19,910,082

5.2.1 Includes Plant and machinery amounting to USD 4 million (30 June 2018: USD 4 million) brought outside the country against which shares to be issued as disclosed in note 16.1 to these consolidated financial statements.

5.2.2 Includes dismantling and refurbishment charges paid to-date by the sponsors in lieu of its equity contribution in the Company as disclosed in note 16.2 to these consolidated financial statements.

5.3 Capitalization of borrowing costs amounting to Rs. 1,424.26 million (30 June 2018: Rs. 1,121.53 million) have been determined at the rate of 9% (30 June 2018: 7.5%) per annum.

5.4 Plant and machinery include exchange difference of Rs. 15.892 million (30 June 2018: Rs. 812.55 million).

6 LONG TERM LOANS AND ADVANCES - unsecured, considered good

(Rupees in '000)

	Note	2019	2018
Loan to Coastal Refinery Limited (CRL)		**1,518,780**	1,518,780
Advance against investment in shares		**482,134**	440,000
		2,000,914	1,958,780
Current portion of loan to CRL	10	**(1,139,951)**	(1,019,414)
		860,963	939,366

7 LONG TERM DEPOSITS

(Rupees in '000)

	Note	2019	2018
Rent		**14,178**	14,178
Others		**20,638**	2,866
		34,816	17,044

8 STOCK-IN-TRADE

Raw material	8.1	**18,238,048**	21,081,770
Finished products	8.2, 8.3 & 8.4	**11,022,246**	8,309,480
		29,260,294	29,391,250

8.1 This includes raw material in transit amounting to Rs. 14,849.23 million (30 June 2018: Rs. 15,629.89 million) as at the date of statement of financial position.

8.2 This includes finished product held by third parties and related party amounting to Rs. 5,684.50 million (30 June 2018: Rs. 3,157.55 million) and Rs.NIL million (30 June 2018: Rs. 463.34 million) as at the date of statement of financial position.

8.3 This includes finished product in transit amounting to Rs. NIL (30 June 2018: Rs. 508.70 million) as at the date of statement of financial position.

8.4 Finished products costing Rs. 11,249.709 million (30 June 2018: Rs. 1,976.668 million) has been written down by Rs. 426.27 million (30 June 2018: Rs. 39.077 million) to net realizable value.

9 TRADE DEBTS

(Rupees in '000)

	Note	2019	2018
Considered good		**5,336,657**	5,463,784
Considered doubtful		**5,066,399**	4,432,393
		10,403,056	9,896,177
Provision for doubtful debts	9.2	**(5,066,399)**	(4,432,393)
		5,336,657	5,463,784

9.1 There is no balance that is past due or impaired as at the date of statement of financial position.

9.2 **Provision for doubtful debts**

(Rupees in '000)

	Note	2019	2018
Opening balance		**4,432,393**	3,621,901
Provision made during the year	31	**634,006**	810,492
Closing balance		**5,066,399**	4,432,393

9.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. NIL million (30 June 2018: Rs. 718.534 million).

10 LOANS AND ADVANCES

(Rupees in '000)

	Note	2019	2018
Secured - considered good			
Advance to suppliers and contractors		**10,750**	46,272
Unsecured - considered good			
Advance to employees, suppliers and contractors		**31,431**	294,724
Current portion of loan to CRL	6	**1,139,951**	1,019,414
Loan to employees		**–**	–
		1,182,132	1,360,410

11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits	**15,372**	15,372
Prepayments		
- Insurance	**5,149**	4,225
- Rent	**26,045**	7,016
	46,566	26,613

12 OTHER RECEIVABLES - considered good

Receivable from CRL	12.1	**1,106,748**	943,232
Inland Freight Equalization Margin		**–**	77,409
Others		**230,957**	62,073
		1,337,705	1,082,714

12.1 These represents expenses incurred by the Holding Company on behalf of CRL. The outstanding balance is being adjusted against the cost payable to CRL on account of usage of buoy.

13 CASH AND BANK BALANCES

(Rupees in '000)

	Note	2019	2018
Cash in hand		**288**	84
Cash at banks			
- Current accounts		**340,068**	291,166
- Saving / deposit accounts	13.1, 13.2 & 13.3	**794,893**	454,846
		1,134,961	746,012
		1,135,249	746,096

13.1 These carry interest at the rates ranging from 5.6 % to 12.3% (30 June 2018: 4.0 % to 6.0%) per annum.

13.2 This includes Rs. 150.0 million (30 June 2018: Rs. 152.202 million) kept under lien against guarantee and letter of credit facilities.

13.3 This includes Rs. 439.530 million (30 June 2018: Rs. 117.741 million) kept in shariah compliant savings account.

14 NON-CURRENT ASSET HELD FOR SALE

	(Rupees in '000) 2019	2018
Opening balance	**1,487,500**	–
Transferred (to) / from property, plant and equipment	**(1,200,000)**	1,487,500
Reversal of revaluation surplus on property, plant and equipment	**(287,500)**	–
Closing balance	**–**	1,487,500

During the year, the management of the Holding Company changed its plan to sell the asset and reclassified it back to property, plant and equipment after revaluation having fair value amounting to Rs. 1,200 million being lower than its carrying amount of Rs. 1,487.5 million based on the independent valuation.

15 SHARE CAPITAL

Number of Shares 2019	2018		Note	(Rupees in '000) 2019	2018
		Authorized share capital			
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	15.1	**60,000,000**	60,000,000
		Issued, subscribed and paid-up capital			
187,348,638	187,348,638	Issued for cash		**1,873,486**	1,873,486
5,142,536,068	5,142,536,068	Issued for consideration other than cash - assets		**51,425,361**	51,425,361
5,329,884,706	5,329,884,706			**53,298,847**	53,298,847

15.1 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

16 CONTRIBUTION AGAINST FUTURE ISSUE OF SHARES

	Note	(Rupees in '000) 2019	2018
From Byco Industries Incorporated (BII), the Parent Company	16.1, 16.2 & 16.3	**857,140**	841,249

16.1 **In respect of plant and machinery**

Represents Rs. 528.40 million (30 June 2018: Rs. 486.520 million) being rupee equivalent of US$ 4.0 million (30 June 2018: US$ 4.0 million) representing part of the cost of plant, machinery purchased by the Holding Company.

Pursuant to a Share Subscription Agreement dated 31 August 2006 and amended vide an addendum dated 31 July 2007 entered into between the Holding Company and its sponsor, the sponsor has paid the above amount to the supplier against the said assets in lieu of its equity contribution in the Holding Company for which Ordinary Shares will be issued to it, at par, upon meeting the applicable requirements as mentioned in note 16.3 to these consolidated financial statements.

16.2 **In respect of dismantling and refurbishment of Aromatic Plant:**

This includes a sum of (i) Rs. 282.591 million (30 June 2018: Rs. 303.184 million), being rupee equivalent of € 2.259 million and £ 0.290 million (30 June 2018: € 2.259 and £ 0.290 million) and (ii) Rs. 46.149 million (30 June 2018: Rs. 51.544), being rupee equivalent of US$ 0.507 million (30 June 2018: US$ 0.507 million), representing the dismantling and refurbishment cost respectively, of plant, machinery and equipment, paid to date by the sponsors in lieu of its equity contribution in the Holding Company for which ordinary shares will be issued to it, at par, for consideration other than cash upon meeting the applicable requirements as mentioned in note 16.3 to these consolidated financial statements.

16.3 Shares shall be issued to the Parent Company upon meeting the requirements of paragraph 7 of Chapter XX of the Foreign Exchange Manual (FE Manual) and Regulation 7 of the Companies (further issue of shares) Regulations, 2018.

17 LONG-TERM FINANCING

(Rupees in '000)

Facilities	Note	Mark-up rate	Installments			2019	2018
			Payment term	Number	Commencement		
Secured							
Syndicate loan I	17.1 & 17.2	Six months kibor	Semi-annually	16	June 2013	**210,094**	3,858,684
Syndicate loan II	17.1 & 17.2	Three months kibor + 3.25%	Semi-annually	12	January 2014	**–**	45,194
Syndicate loan III	17.1 & 17.2	8% per annum for the first two years from the date of disbursement and six months kibor or 12% whichever is lower for subsequent years	Semi-annually	12	June 2017	**367,676**	585,270
Arrangement fee	17.3		–	–	–	**129,669**	91,620
Bilateral Loan I	17.4	Six months kibor + 2.5%	Semi-annually	09	June 2015	**304,998**	921,133
Bilateral Loan II	17.4	Six months kibor + 2.75%	Quarterly	14	February 2016	**400,000**	1,300,000
Bilateral Loan IV	17.4	Six months kibor + 4.5%	Quarterly	12	June 2019	**550,000**	600,000
Bilateral Loan V	17.4 & 17.2	Three months kibor + 1.5%	Quarterly	12	Sep 2020	**1,000,000**	1,000,000
Bilateral Loan VI	17.4	Six months kibor + 3.5%	Semi-annually	08	December 2015	**–**	38,333
Bilateral Loan VII	17.4	Three months kibor + 4.5%	Quarterly	12	June 2019	**366,667**	–
Bilateral Loan VIII	17.4	Three months kibor + 1.5%	Quarterly	12	May 2021	**2,200,000**	–
Bilateral Loan IX	17.4	Three months kibor + 2.5%	Quarterly	08	October 2020	**346,091**	–
						5,875,195	8,440,234
Sukuk certificates	17.5	Three months kibor + 1.05%	Quarterly	12	April 2019	**2,860,000**	3,120,000
Unsecured							
Supplier's credit	17.6	One year Libor + 1%	Semi-annually	20	December 2021	**958,890**	958,890
Others	17.6	Nil to six months kibor + 4%	Semi-annually	05	December 2021	**8,638,377**	7,205,557
						9,597,267	8,164,447
						18,332,462	19,724,681
Current maturity						**(2,486,656)**	(6,559,608)
						15,845,806	13,165,073

17.1 Represent facilities availed from various banks and are secured against the Holding Company's fixed and current assets.

17.2 The loan agreement contains the covenant that the Holding Company cannot pay dividend to its shareholders if an event of default is occurred.

17.3 Represents syndicate facility including Musharaka facility availed from a commercial bank for the purpose of acquiring shares of CRL. The facility is secured against charge on all present and future assets of CRL, personal guarantees and personal properties of sponsors of CRL along with pledge of 80% shares of CRL.

17.4 Represents bilateral loans availed from various banks and financial institutions and are secured against the Holding Company's fixed and current assets.

17.5 Represents privately placed long-term Islamic certificates (Sukuk) amounting to Rs. 3,120 million, issued by the Holding Company to meet the expansion plans of the Holding Company. This facility is secured against fixed assets of the Holding Company.

17.6 The loans are inferior to the rights of present and future secured financial institutions which are or may be lender to the Holding Company.

18 LOANS FROM RELATED PARTY - unsecured

(Rupees in '000)

	Note	2019	2018
Byco Industries Incorporated, the Parent Company	18.1	**3,935,650**	3,936,921

18.1 Represents:

i) a foreign currency loan of USD 0.144 million which carries mark-up at the rate of 6 Months LIBOR+1% per annum, which was due on 22 June 2012 by a bullet payment.

ii) a supplier's credit amounting to USD 41.927 million novated from Cnergyico Acisal Incorporated during the year ended 30 June 2015 under the agreement. This carries mark-up at the rate of LIBOR+1% per annum, payable semi-annually.

iii) balance amount of loan novated from Byco Busient Incorporated, the ultimate Parent Company amounting to USD 16.124 million (principal USD 15.713 million and markup USD 0.411 million) is repayable in four unequal semi-annual installments. This carries markup at the rate of 6 months LIBOR + 1% per annum, payable semi-annually.

All of the aforesaid loans are repayable subject to the conditions and rights as disclosed in note 20.6 to these consolidated financial statements.

18.2 During the year 30 June 2018, the Holding Company has revised its agreement with the Parent Company due to which the exchange rate on principal and mark-up has been frozen on the last date of disbursement. Accordingly, the Group has recognized the difference between the carrying value of the liability under the old agreement and the revised obligation in the capital reserves.

19 ACCRUED AND DEFERRED MARKUP

(Rupees in '000)

	Note	2019	2018
Markup on long term financing / loans from related party			
- secured		**2,672,183**	6,425,381
- unsecured		**3,189,782**	2,117,589
		5,861,965	8,542,970

20 LONG TERM DEPOSITS

	Note	2019	2018
Deposits	20.1	**105,000**	225,017

20.1 This includes interest-free deposits received from logistics vendors as security against goods to be transported which is utilised for the purpose of the business in accordance with the related agreements.

21 DEFERRED LIABILITIES

(Rupees in '000)

	Note	2019	2018
Deferred taxation	21.1	**1,820,414**	2,018,497
Employees retirement benefits	21.2	**58,834**	127,481
Arrangement fee		**89,392**	147,193
Others		**573,361**	679,182
		2,542,001	2,972,353

21.1 Deferred Taxation

(Rupees in '000)

	Note	2019	2018
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation		**4,639,113**	2,028,456
- surplus on revaluation of property, plant and equipment		**4,467,388**	4,873,699
		9,106,501	6,902,155
Deductible temporary differences arising in respect of:			
- staff gratuity fund		**(17,062)**	(36,972)
- provision for doubtful debts		**(1,469,256)**	(1,285,394)
- recoupable unabsorbed tax losses and depreciation		**(5,243,667)**	(1,282,180)
- recoupable minimum turnover tax		**(556,102)**	(2,279,112)
		(7,286,087)	(4,883,658)
		1,820,414	2,018,497

21.2 Employees retirement benefits - staff gratuity

21.2.1 General description

The Company operates employee retirement benefits for permanent employees who have completed the minimum service period. In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at 30 June 2019, using the "Projected Unit Credit Method". Provision has been made in the consolidated financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned scheme is as follows:

21.2.2 Reconciliation of amount payable to defined benefit plan

(Rupees in '000)

	Note	2019	2018
Present value of defined benefit obligation	21.2.3	**325,987**	264,961
Fair value of plan assets	21.2.4	**(267,153)**	(137,480)
		58,834	127,481

21.2.3 Movement in the present value of defined benefit obligation:

Opening balance		**264,961**	208,096
Current service cost		**48,703**	44,418
Interest cost		**24,299**	18,821
Benefits paid during the year		**(31,474)**	(9,250)
Actuarial loss	21.2.7	**19,498**	2,876
Closing balance		**325,987**	264,961

21.2.4 Movement in the fair value of plan assets:

Opening balance		**137,480**	27,912
Expected return on plan assets		**20,144**	6,756
Contributions		**169,736**	119,500
Benefits paid during the year		**(31,474)**	(9,250)
Actuarial loss	21.2.7	**(28,733)**	(7,438)
Closing balance		**267,153**	137,480

21.2.5 Movement in net liability

(Rupees in '000)

	Note	2019	2018
Opening balance		**127,481**	180,184
Charge for the year	21.2.6	**52,858**	56,483
Contributions		**(169,736)**	(119,500)
Actuarial loss	21.2.7	**48,231**	10,314
Closing balance		**58,834**	127,481

21.2.6 Charge for the year

Current service cost	**48,703**	44,418
Interest cost - net	**4,155**	12,065
	52,858	56,483

21.2.7 Actuarial remeasurements

Actuarial loss on defined benefit obligations	**(19,498)**	(2,876)
Actuarial loss on fair value of plan assets	**(28,733)**	(7,438)
	(48,231)	(10,314)

21.2.8 Actuarial assumptions:

Valuation discount rate per annum	**14.50%**	9.75%
Salary increase rate per annum	**12.50%**	7.75%
Expected return on plan assets per annum	**14.50%**	9.75%
Normal retirement age of employees	**60 years**	60 years

21.2.9 Comparisons for past years:

(Rupees in '000)

As at June 30	2019	2018	2017	2016	2015
Present value of defined benefit obligation	**325,987**	264,961	208,096	75,609	74,733
Fair value of plan assets	**(267,153)**	(137,480)	(27,912)	(22,137)	(36,013)
Deficit	**58,834**	127,481	180,184	53,472	38,720
Experience adjustment on plan liabilities	**(19,498)**	(2,876)	22,987	497	1,091
Experience adjustment on plan assets	**(28,733)**	(7,438)	(1,482)	(149)	1,385
	(48,231)	(10,314)	21,505	348	2,476

21.2.10 Composition of plan assets

(Rupees in '000)

	2019	2018
Equity	**–**	135,002
Mutual Fund	**264,230**	–
Cash at bank	**2,923**	2,478

21.2.11 Statement of financial position date sensitivity analysis (± 100 bps) on present value of defined benefit obligation

(Rupees in '000)

	2019			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	293,147	364,304	366,282	291,032

(Rupees in '000)

	2018			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	234,965	295,839	297,539	233,153

21.2.12 As of 30 June 2019, a total of 753 employees have been covered under the above scheme.

21.2.13 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 59.049 million.

22 TRADE AND OTHER PAYABLES

(Rupees in '000)

	Note	2019	2018
Creditors for supplies and services		**42,349,348**	47,773,023
Accrued liabilities		**3,097,480**	1,831,017
Due to related parties		**190,480**	226,572
Sales tax, duties, levies, penalties and default surcharge		**2,078,611**	8,267,329
Workers' welfare fund		**152,234**	152,234
Withholding tax deductions payable		**47,098**	63,863
Payable to staff provident fund		**26,462**	11,363
		47,941,713	58,325,401

23 ADVANCE FROM CUSTOMERS

	Note	2019	2018
	23.1	**3,387,793**	2,789,832

23.1 Represents advances received from customers against supply of goods.

24 ACCRUED MARK-UP

(Rupees in '000)

	2019	2018
Long-term financing - secured	**240,649**	131,939
Short-term borrowings - secured	**152,869**	25,792
	393,518	157,731

25 SHORT-TERM BORROWINGS

	Note	2019	2018
		(Rupees in '000)	
Secured			
Finance against trust receipts	25.1	**14,581,336**	935,167
Running finance	25.2	**1,267,685**	1,387,500
		15,849,021	2,322,667

25.1 The facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products aggregating to Rs. 25,600 million (30 June 2018: Rs. 27,100 million) out of which Rs. 11,019 million (30 June 2018: Rs. 26,165 million) remains unutilized as at the statement of financial position date. The facility carries mark-up ranging from 1 month's KIBOR plus 1% to 3%. The facility is secured against documents of title of goods, charge over the stocks of crude oil and petroleum products and receivables, lien on the bank's collection account.

25.2 Represents running finance facility amounting to Rs. 1,600 million obtained from a commercial bank. The facility carries mark-up at the rate of three months KIBOR + 1.5% per annum. The facility is secured by way of first pari passu hypothecation charge of overall present and future current and fixed assets of the Holding Company.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Claim against the Holding Company not acknowledged as debt amounting to Rs. 3,353.182 million (30 June 2018: Rs. 3,353.182 million) comprise of late payment charges on account of delayed payments against crude oil supplies.

Furthermore, Mari Gas Limited and Pakistan Petroleum Limited have filed legal cases in Sindh High Court on 22 May 2012 and 14 Febuary 2013 claiming Rs. 233.550 million (30 June 2018: Rs. 233.550 million) and Rs. 404.357 million (30 June 2018: Rs. 404.357 million) respectively for late payment charges on account of delayed payments against crude oil supplies, and based on the opinion of legal advisor, the Holding Company is of the view that there are no specific contractual arrangements with the above suppliers and hence no provision in respect of the same has been made in these consolidated financial statements.

26.2 Commitments

		2019	2018
		(Rupees in '000)	
26.2.1	Commitments for capital expenditure	**777,693**	509,884
26.2.2	Commitments in respect of purchase of CRL's shares	**877,383**	919,517

27 TURNOVER - net

	2019	2018
Gross Sales		
- Local	**250,600,971**	202,825,476
- Export	**1,104,685**	11,899,833
	251,705,656	214,725,309
Less:		
Sales tax and other duties	**(51,580,997)**	(47,859,308)
Trade discounts	**(2,293,939)**	(575,639)
	(53,874,936)	(48,434,947)
	197,830,720	166,290,362

27.1 One (2018: one) of the Group's customers contributed towards 13% (2018: 19%) of the revenue during the year amounting to Rs. 26.178 billion (2018: Rs. 31.896 billion).

28 COST OF SALES

(Rupees in '000)

	Note	2019	2018
Opening stock		**8,309,480**	5,798,472
Cost of goods manufactured, storage and handling	28.1	**182,802,476**	142,083,923
Finished products purchased during the year		**16,537,542**	18,477,703
		207,649,498	166,360,098
Closing stock	8	**(11,022,246)**	(8,309,480)
		196,627,252	158,050,618

28.1 Cost of goods manufactured, storage and handling

Raw material consumed	28.1.1	**166,958,841**	132,453,860
Salaries, wages and other benefits	28.1.2	**1,414,389**	777,742
Operation cost		**885,119**	733,790
Depreciation	5.1.4	**4,120,909**	3,762,448
Fuel, power and water		**1,336,533**	851,993
Repairs and maintenance		**340,677**	280,623
Transportation & product handling charges		**323,620**	280,516
Insurance		**222,018**	234,028
Stores and spares consumed		**2,722,927**	733,394
Staff transportation and catering		**261,680**	197,332
Rent, rates and taxes		**44,337**	38,318
Security expenses		**118,499**	81,954
Exchange loss		**4,043,150**	1,647,159
Vehicle running		**9,777**	10,766
		182,802,476	142,083,924

28.1.1 Raw material consumed

Opening stock		**21,081,770**	6,784,377
Purchases during the year		**164,115,119**	146,751,253
		185,196,889	153,535,630
Closing stock	8	**(18,238,048)**	(21,081,770)
		166,958,841	132,453,860

28.1.2 This includes a sum of Rs. 95.137 million (30 June 2018: Rs. 68.911 million) in respect of staff retirement benefits.

29 ADMINISTRATIVE EXPENSES

(Rupees in '000)

	Note	2019	2018
Salaries, allowances and other benefits	29.1	**437,603**	501,991
Rent, rates and taxes		**108,199**	99,454
Depreciation	5.1.4	**44,682**	66,398
Repairs and maintenance		**90,476**	33,511
Legal and professional		**31,506**	22,940
Vehicle running		**3,760**	1,250
Travelling and conveyance		**73,233**	34,218
Fee and subscriptions		**24,386**	18,129
Utilities		**26,129**	12,377
Insurance		**4,451**	6,401
Printing and stationary		**10,356**	10,532
Auditors' remuneration	29.2	**6,110**	6,110
SAP maintenance costs		**41,836**	14,226
Security expense		**5,774**	4,671
		908,501	832,208

29.1 This includes a sum of Rs. 41.688 million (30 June 2018: Rs. 43.159 million) in respect of staff retirement benefits.

29.2 Auditors' remuneration

(Rupees in '000)

	Note	2019	2018
Audit fee		**3,800**	3,800
Half year review		**600**	600
Consolidated financial statements		**600**	600
Code of corporate governance and other certifications		**500**	500
Out of pocket expenses		**500**	500
		6,000	6,000

30 SELLING AND DISTRIBUTION EXPENSES

	Note	2019	2018
Salaries, allowances and other benefits	30.1	**191,003**	155,192
Rent, rates and taxes		**137,777**	110,582
Advertisement		**59,071**	64,542
Depreciation	5.1.4	**110,038**	75,049
		497,889	405,365

30.1 This includes a sum of Rs. 15.229 million (30 June 2018: Rs. 13.836 million) in respect of staff retirement benefits.

31 OTHER EXPENSES

(Rupees in '000)

	Note	2019	2018
Late payment surcharge and penalties		**108,609**	411,259
Provision for doubtful debts	9.2	**634,006**	810,492
Workers' welfare fund		**–**	109,586
		742,615	1,331,337

32 OTHER INCOME

(Rupees in '000)

	Note	2019	2018
Income from financial assets			
Interest on balances due from customer		**634,006**	560,493
Interest on loan to CRL		**61,439**	31,629
Interest income on saving accounts		**79,595**	56,797
		775,040	648,919
Income from non-financial assets			
Scrap sales		**32,936**	16,264
Gain on disposal of operating fixed assets		**191,868**	2,591
Dealership income		**17,692**	21,300
Liabilities no longer required - written back		**–**	971,012
		1,017,536	1,660,386

33 FINANCE COSTS

	Note	2019	2018
Mark-up on:			
- Long-term financing		**1,220,621**	1,336,194
- Short-term borrowings		**1,636,918**	939,031
		2,857,539	2,275,225
Exchange loss - net	33.1	**154,601**	555,698
Bank and other charges		**57,417**	47,148
		3,069,557	2,878,071

33.1 Represents the exchange loss arising on revaluation of foreign currency financial liabilities and on transactions in foreign currencies.

34 TAXATION

(Rupees in '000)

	2019	2018
Current	**(46,199)**	(554,051)
Prior year	**554,051**	204,185
Deferred	**198,088**	198,085
	705,940	(151,781)

34.1 The returns of income tax have been filed up to and including tax year 2018. These, except for those mentioned in 34.2, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

34.2 The Holding Company was selected for an audit under Section 177 and 214C of the Income Tax Ordinance, 2001 for the tax year 2013. Audit proceedings for all mentioned tax year was completed and a demand of Rs. 87.105 million has been raised in an amended order passed under Section 122(1)(5) of the Income Tax Ordinance, 2001. Being aggrieved by the amended order, the Group filed an appeal before Commissioner Inland Revenue, Appeals, Karachi which is pending for adjudication. However, as a matter of prudence, the said amount has already been provided for in these consolidated financial statements.

34.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company is obligated to pay tax at the rate of 5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Holding Company filed a Constitutional Petition (CP) before the Court on 24 November 2017 challenging the tax, the Court accepted the CP and granted a stay against the above section.

In case the Court's decision is not in favor of the Group, the Holding Company will either be required to declare the dividend to the extent of 20% of after tax profits or it will be liable to pay additional tax at the rate of 5% of the accounting profit before tax of the Holding Company for the financial year ended 30 June 2018. As at the statement of financial position date, no liability has been recorded by the Holding Company in this respect.

34.4 **Relationship between accounting profit and income tax expense for the period**
The Holding Company is subject to Minimum Tax and Final Tax Regime under section 113 and section 169 respectively of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented for the current year.

35 (LOSS) / EARNINGS PER SHARE - basic and diluted

		2019	2018
(Loss) / Profit after taxation	(Rupees in '000)	**(2,291,621)**	4,301,068
Weighted average number of ordinary shares	(Number of shares)	**5,329,884,706**	5,329,884,706
(Loss) / Earnings per share - basic / diluted	(Rupees)	**(0.43)**	0.81

36 CASH AND CASH EQUIVALENTS

(Rupees in '000)

		2019	2018
Cash and bank balances	13	**1,135,249**	746,096
Running finance facility	25	**(1,267,685)**	(1,387,500)
		(132,436)	(641,404)

37 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 year are as follows:

37.1 Following are the related parties with whom the Group had entered into transactions or have agreement in place, including associates on the basis of commom directorship:

Sr	Company Name	Basis of association	Aggregate % of shareholding
1	Byco Industries Incorporated	Parent	91.83%
2	Premier Systems (Private) Limited	Common directorship	0%
3	Byco Asia DMCC	Common directorship	0%
4	Employees gratuity fund	Retirement benefit fund	0%
5	Employees Provident fund	Retirement benefit fund	0%

37.2 Associated companies, subsidiaries, joint ventures or holding companies incorporated outside Pakistan:

Name	Country of Incorporation
Byco Industries Incorporated (BII)	Mauritius
Byco Asia DMCC	United Arab Emirates

(Rupees in '000)

	2019	2018
Transactions with related parties		
Parent Company		
Mark-up charged	**182,408**	163,026
Other capital reserves	**–**	3,214,209
Associated Companies		
Sales	**2,301,396**	6,686,844
Purchase of operating fixed assets and services	**62,295**	86,978
Others		
Post Employment Benefit Funds	**306,638**	280,005
Key Management Personnel	**98,604**	95,081

37.3 Balances with related parties

Parent Company		
Contribution against future issue of shares	**857,140**	841,249
Accrued mark-up	**532,911**	364,281
Loan payable	**3,935,650**	3,936,921
Associated Companies		
Long term deposit receivable	**–**	95
Trade debts	**–**	718,534
Advance against shared services	**86,586**	119,160
Accrued interest	**–**	19,303
Payable against purchases	**35,386**	38,904
Others		
Payable to key management person	**68,508**	68,508
Payable to post employment benefit funds	**85,296**	138,844

37.4 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 38 to the consolidated financial statements.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount included in these consolidated financial statements for remuneration, including the benefits and perquisites, to the Chief Executive, Directors and Executives of the Group are as follows:

(Rupees in '000)

	2019			2018		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
Fee	**–**	**1,881**	**–**	–	450	–
Managerial remuneration	**–**	**–**	**386,651**	–	–	317,001
Staff retirement benefits	**–**	**–**	**63,307**	–	–	50,749
Housing and utilities	**–**	**–**	**116,830**	–	–	95,434
Leave fare assistance	**–**	**–**	**32,208**	–	–	26,406
	–	**1,881**	**598,996**	–	450	489,590
Number of persons	**1**	**1**	**162**	1	1	144

38.1 The number of persons does not include those who left during the year but remuneration paid to them is included in the above amounts.

38.2 Few Executives have been provided with Group maintained cars.

38.3 The Group's Board of Directors consists of 7 Directors (of which 6 are Non- Executive Directors). Except for an independent Director, no remuneration and other benefits have been paid to any Director.

39 FINANCIAL INSTRUMENTS BY CATEGORY

39.1 Financial assets as per statement of financial position

(Rupees in '000)

	Note	2019	2018
Financial assets at amortised cost			
- Long term loans	6	**1,518,780**	1,518,780
- Long term deposits	7	**34,816**	17,044
- Trade debts	9	**5,336,657**	5,463,784
- Trade deposits	11	**15,372**	15,372
- Accrued interest		**230,130**	180,691
- Other Receivables	12	**1,337,705**	1,082,714
- Cash and bank balances	13	**1,135,249**	746,096
		9,608,709	9,024,481

39.2 Financial liabilities as per statement of financial position

Financial liabilities measured at amortised cost			
- Long term financing	17	**15,845,806**	13,165,073
- Loans from related party	18	**3,935,650**	3,936,921
- Accrued and deferred markup	19	**5,861,965**	8,542,970
- Long-term deposits	20	**105,000**	225,017
- Trade and other payables	22	**47,941,713**	58,325,401
- Accrued mark-up	24	**393,518**	157,731
- Short term borrowings	25	**15,849,021**	2,322,667
- Current portion of non-current liabilities		**7,897,428**	8,766,174
- Unclaimed dividend		**1,027**	1,027
		97,831,128	96,122,163

40 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finances to minimize the risk. The Group's principal financial instruments comprise short-term borrowings and financing from financial institutions and trade and other payables. Main purpose of these financial instruments is to raise funds for the import of crude oil for refining business and for its operations. The Group has various financial assets such as cash (including balances with banks), deposits, loans, which are directly related to its operations. The Group's overall risk management policy focuses on minimizing potential adverse effects on the Group's financial performance. The overall risk management of the Group is carried out by the Group's senior management team under policies approved by the Board of Directors. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2019.

The policies for managing each of these risk are summarized below:

40.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

40.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term financing and short-term borrowing facilities for financing its refining and storage business operations, setting up of aromatic plant and meeting working capital requirements at variable rates, on loan to CRL and on delayed payments from PSO on which the Group earns interest. The Group manages these mismatches through risk management policies where significant changes in gap position can be adjusted.

At the reporting date, the interest rate profile of Group's interest-bearing financial instruments was:

Variable Rate Instruments

(Rupees in '000)

	2019	2018
Financial assets		
Long-term loan to CRL	**688,780**	688,780
Trade debts	**7,005,258**	7,005,258
	7,694,038	7,694,038
Financial liabilities		
Long-term financing	**17,394,170**	18,892,247
Loans from related party	**3,935,650**	3,936,921
Accrued and deferred mark-up	**11,272,737**	10,749,536
Short-term borrowings	**15,849,021**	2,322,667
	48,451,578	35,901,371

A change of 1% in interest rates at the year-end would have increased or decreased the profit before tax by Rs. 407.575 million (30 June 2018: Rs. 282.073 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2018.

40.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency.

The Group is exposed to foreign currency risk on transactions that are entered in a currency other than Pak Rupees. As the Group imports plant and equipment and crude oil, it is exposed to currency risk by virtue of borrowings (in foreign currency). Further foreign currency risk also arises on payment to the supplier of tugs for operations of SPM. The currency in which these transactions are undertaken is US Dollar. Relevant details are as follows:

	2019		2018	
	(Rupees in ‘000)	(USD ‘000)	(Rupees in ‘000)	(USD ‘000)
Trade and other payables	**24,085,925**	**147,548**	34,094,821	280,315
	24,085,925	**147,548**	34,094,821	280,315

The average rates applied during the year is Rs. 136.40/ USD (30 June 2018: Rs. 110.06 / USD) and the spot rate as at 30 June 2018 is Rs. 163.24 / USD (30 June 2018: 121.63 / USD).

A change of 1% in exchange rates at the year-end would have increased or decreased the loss by Rs. 240.859 million (30 June 2018: Rs. 339.840 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2018.

40.1.3 Equity price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. As at the statement of financial position date, the Group is not exposed to other price risk.

40.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group’s receivables from customers, advances and deposits to suppliers and balances held with banks.

Management of credit risk

The Group’s policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Group in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Group is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the statement of financial position date, the Group is exposed to credit risk on the following assets:

(Rupees in ‘000)

	Note	2019	2018
Long term loans and advances	6	**860,963**	939,366
Long term deposits	7	**34,816**	17,044
Trade debts	9	**5,336,657**	5,463,784
Loans and advances	10	**1,182,132**	1,360,410
Trade deposits	11	**15,372**	15,372
Accrued interest		**230,130**	180,691
Other receivables	12	**1,337,705**	1,082,714
Bank balances	13	**1,134,961**	746,012
		10,132,736	9,805,393

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts
The aging of unimpaired debtors at the statement of financial position date is as follows:

(Rupees in '000)

	2019	2018
Neither past due nor impaired	**2,711,503**	2,714,453
Past due 1-30 days	**156,322**	131,712
Past due 31-365 days	**528,548**	27,565
Above 365 days	**1,940,285**	2,590,055
	5,336,658	5,463,785
Bank balances		
A1+	**1,073,625**	287,563
A1	**10,392**	2,587
A2	**11,651**	1,019
A3	**39,293**	–
A-	–	128,098
AA-	–	150,000
AA+	–	176,745
	1,134,961	746,012

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

40.3 Liquidity risk
Liquidity risk reflects the Group's inability in raising fund to meet commitments. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on any individual customer.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2019					
Long term financing	–	1,291,070	1,195,586	15,845,806	18,332,462
Loans from related party	–	–	–	3,935,650	3,935,650
Accrued and deferred markup	–	–	5,410,771	5,861,966	11,272,736
Long-term deposits	–	–	–	105,000	105,000
Trade and other payables	–	–	–	–	–
Advance from customers	–	3,387,793	–	–	3,387,793
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	15,849,021	–	–	15,849,021
Accrued mark-up	–	393,518	–	–	393,518
	1,027	20,921,402	6,606,357	25,748,421	53,277,207

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2018					
Long term financing	–	1,931,311	4,628,297	13,844,254	20,403,862
Accrued and deferred markup	–	–	2,206,566	8,542,970	10,749,536
Loans from related party	–	–	–	3,936,921	3,936,921
Long-term deposits	–	–	–	225,017	225,017
Trade and other payables	8,267,329	50,037,730	–	–	58,305,059
Advance from customers	–	2,789,832	–	–	2,789,832
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	2,322,667	–	–	2,322,667
Accrued mark-up	–	157,731	–	–	157,731
	8,268,356	57,239,271	6,834,863	26,549,162	98,891,652

40.4 Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain the development of the business and maximize the shareholders' value. The Group closely monitors the return on capital. The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and finances its activities through equity, borrowings and management of working capital with a view to maintain and approximate mix between various sources of finance to minimize the risk. No changes were made in the objectives, policies or processes during the year ended 30 June 2019.

The Group is not exposed to externally imposed capital requirement.

The gearing ratios as at June 30, 2019 and 2018 are as follows:

(Rupees in '000)

	2019	2018
Long-term financing	**15,845,806**	13,165,073
Loans from related party	**3,935,650**	3,936,921
Accrued and deferred markup	**5,861,965**	8,542,970
Deferred liabilities	**2,542,001**	2,972,353
Trade and other payables	**47,941,713**	58,325,401
Accrued Mark-up	**393,518**	157,731
Short-term borrowings	**15,849,021**	2,322,667
Current portion of long term financing	**7,897,428**	8,766,174
Total debt	**100,267,102**	98,189,290
Share capital	**53,298,847**	53,298,847
Reserves	**(44,237,140)**	(42,892,055)
Contribution against future issue of shares	**857,140**	841,249
Total capital	**9,918,847**	11,248,041
Capital and net debt	**110,185,949**	109,437,331
Gearing ratio	**91.00%**	89.72%

41 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 Business		Petroleum Marketing Business		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Net Sales to external customers	**120,472,535**	105,462,268	**77,358,185**	60,828,094	**197,830,720**	166,290,362
Inter-segment sales	**70,010,420**	55,177,021	**–**	–	**70,010,420**	55,177,021
Eliminations	**(70,010,420)**	(55,177,021)	**–**	–	**(70,010,420)**	(55,177,021)
Total revenue	**120,472,535**	105,462,268	**77,358,185**	60,828,094	**197,830,720**	166,290,362
Result						
Segment (loss) / profit	**(1,830,192)**	6,825,506	**1,869,766**	1,187,832	**39,574**	8,013,338
Unallocated expenses:						
Finance cost					**(3,069,557)**	(2,878,071)
Interest income					**775,040**	648,919
Other expenses					**(742,615)**	(1,331,337)
Taxation					**705,936**	(151,781)
(Loss) / Profit for the year					**(2,291,622)**	4,301,068
Segmental Assets	**123,402,474**	123,666,859	**1,568,187**	1,719,512	**124,970,661**	125,386,371
Unallocated Assets	**–**	–	**–**	–	**–**	–
	123,402,474	123,666,859	**1,568,187**	1,719,512	**124,970,661**	125,386,371
Segmental Liabilities	**102,618,221**	100,657,093	**1,142,701**	908,078	**103,760,922**	101,565,171
Unallocated Liabilities	**–**	–	**–**	–	**–**	–
	102,618,221	100,657,093	**1,142,701**	908,078	**103,760,922**	101,565,171
Capital expenditure	**2,564,896**	3,190,778	**56,540**	69,211	**2,621,436**	3,259,989
Other Information						
Depreciation	**4,165,609**	3,828,846	**110,020**	75,049	**4,275,629**	3,903,895

42 PROVIDENT FUND DISCLOSURE

The Group operates approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments based on the financial statements of the fund is as follows:

(Rupees in '000)

	2019	2018
	(Unaudited)	(Audited)
Size of the fund - Total assets	**385,148**	334,776
Cost of the investment made	**337,382**	315,241
Fair value of the investment	**332,232**	316,239
Percentage of the investment	**87.60%**	94.16%

Break-up of cost of investments out of Fund:

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt securities	**16,214**	**5%**	28,075	9%
Listed equity	**37,056**	**11%**	55,044	17%
Bank Deposits	**284,112**	**84%**	232,122	74%
	337,382	**100%**	315,241	100%

The management, based on the financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

43 CAPACITY AND ANNUAL PRODUCTION

Against the designed annual capacity (based on 365 days) of 56.575 million barrels (30 June 2018: 56.575 million barrels), the actual throughput during the year was 18.390 million barrels (30 June 2018: 20.145 million barrels).

44 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees		
As at June 30	**863**	799
Average number of employees during the year	**831**	750

45 GENERAL

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

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **24th September 2019** by the Board of Directors of the Group.

Chief Executive Officer **Director** **Chief Financial Officer**

Pattern of Shareholding

As at 30th June 2019

Shareholders Category	No. of Shareholders	No. of Shares	%
Directors, Chief Executive Officer and their spouse and minor children	9	22,600	0.00
Associated Companies, Undertakings and Related Parties	1	4,894,520,196	91.83
NIT and ICP	0	0	0.0000
Banks, Development Finance Institutions, Non-Banking Financial Institutions,	8	184,413,439	3.46
Insurance Companies	5	649,500	0.01
Modarabas and Mutual Funds	11	1,727,000	0.03
Share holders holding 10%	2	4,894,520,196	91.83
General Public			
a. local	16,971	236,155,664	4.43
Others	116	12,396,307	0.23
Total (excluding : share holders holding 10%)	17,113	5,329,884,706	100

Directors, Chief Executive Officer, and their Spouse and minor children

S. No.	Name	Holding
1	Mr. Shah Arshad Abrar	500
2	Mr. Amir Abbassciy	2,500
3	Mr. Akhtar Hussain Malik	500
4	Mr.Mohammad Wasi Khan	500
5	Mr. Shah Arshad Abrar	500
6	Mr. Muhammad Yasin Khan	500
7	Mr. Tabish Gauhar	500
8	Syed Arshad Raza	10,600
9	Mr. Shah Arshad Abrar	300
10	Mrs. Uzma Abbasi (Wife of Mr. Amir Abbassciy)	5,600
11	Mrs. Fazilay Ghulam Ali Raza (Wife of Syed Arshad Raza)	600
	Total	**22,600**
Associated Companies, Undertakings And Related Parties		
1	Byco Industries Incorporated	925,411,762
2	Byco Industries Incorporated	3,969,108,434
	Total	**4,894,520,196**
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1	Crescent Standard Investment Bank Ltd.	12,000
2	Habib Bank Limited	8,167
3	Allied Bank Limited	15,900
4	Escorts Investment Bank Limited	3,000
5	National Bank of Pakistan	184,374,372
	Total	**184,413,439**
Insurance Companies		
1	Adamjee Life Assurance Company Ltd-Imf	649,500
	Total	**649,500**
Modarabas And Mutual Funds		
1	First Fidelity Leasing Modaraba	10,000
2	CDC - Trustee Akd Index Tracker Fund	124,000
3	Trust Modaraba	70,000
4	CDC - Trustee Kse Meezan Index Fund	1,156,000
5	CDC - Trustee Nit Income Fund - MT	92,500
6	CDC - Trustee First Habib Income Fund - MT	118,000
7	CDC - Trustee Faysal Mts Fund - MT	156,500
	Total	**1,727,000**

S. No.	Name	Holding
Others		
1	Pride Stock Services (Pvt) Limited	200
2	Bawa Securities (Pvt) Ltd.	200
3	Trustee To The Fractions	4
4	Bank2 Un-Name Shares (R-2)	12,521
5	Bank3 Un-Nameshares (R-2)	4,290
6	Campany Secretary	500
7	Innovative Investment Bank Limited	30,000
8	Dewintec	17,500
9	Trustee Lever Brothers Employees	5,000
10	Shaffi Securities (Pvt) Limited	113,000
11	Prudential Securities Limited	38
12	Prudential Securities Limited	500
13	Zafar Securities (Pvt) Ltd.	5,000
14	Trustee of Ffc Emp.Gr.Fund Trust	1,425,000
15	Trustees Perac Mng&Supervisory S.Pen Fnd	9,466
16	M.C of The Karachi Parsi Co-Op H.Soc Ltd	8,000
17	Premier Mercantile Services (Private) Limited	571
18	Premier Shipping Services (Pvt) Ltd.	325
19	Noman Abid Holdings Limited	50,000
20	Ellahi Capital (Private) Limited	100
21	Opecs Navigation Pakistan (Pvt.) Limited	1,000,000
22	Trustees of First Udl Modaraba Staff Provident Fund	2,000
23	Add Oil (Pvt.) Limited	696,000
24	The Memon Welfare Society	200,000
25	Burma Oil Mills Ltd	60,000
26	Naeem S Securities (Pvt) Ltd	9,600
27	Treet Corporation Limited.	1
28	Maple Leaf Capital Limited	1
29	Trustees Leiner Pak Gelatine Ltd Employees Provident Fund	14,200
30	Progressive Investment Management (Private) Limited	25,000
31	Excel Securities (Private) Limited	50
32	Wateen Telecom Limited Staff Gratuity Fund	80,000
33	Memon Securities (Pvt.) Limited	28,000
34	Trustee-Karachi Sheraton Hotel Employees Provident Fund	500
35	Mra Securities Limited	85,000
36	Azee Securities (Private) Limited	200
37	Managing Committee Razia Sheikh Welfare Trust	20,000
38	Rao Systems (Pvt.) Ltd.	5,000
39	Multiline Securities (Pvt) Limited	99,500
40	Multiline Securities (Pvt) Limited	10,500
41	Oto Pakistan (Private) Limited	6,000
42	Adam Securities Limited	500
43	Zafar Moti Capital Securities (Pvt) Ltd.	74,200
44	Dosslani S Securities (Pvt) Limited	2,200
45	Capital Vision Securities (Pvt) Ltd.	500
46	Ncc-Squaring-Up Account	300
47	Trustees of Ffc Employees Provident Fund	1,064,500
48	Akhai Securities (Private) Limited	1,900
49	DJM Securities (Private) Limited	1,500,000
50	Ample Securities (Private) Limited	527,500
51	Fair Edge Securities (Private) Limited	8,500
52	HH Misbah Securities (Private) Limited	4,500
53	B & B Securities (Private) Limited	40,000
54	NCC - Pre Settlement Delivery Account	495,500
55	Mian Nazir Sons Industries (Pvt) Limited	225,000
56	Moneyline Securities (Private) Limited	24,000
57	A.S.Securities (Private) Limited	523
58	Growth Securities (Pvt) Ltd.	10,000
59	Darson Securities (Pvt) Limited	5,661

	Shareholders' Category	Number of Shareholders	Number of Shares held
60	Trustee Cherat Cement Company Ltd Staff Gratuity Fund		50,000
61	Saao Capital (Pvt) Limited		80,000
62	Saao Capital (Pvt) Limited		15,000
63	Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd.		41,000
64	Pasha Securities (Pvt) Ltd.		2,000
65	Muhammad Ahmed Nadeem Securities (Smc-Pvt) Limited		19
66	Mam Securities (Pvt) Limited		300
67	Z.A. Ghaffar Securities (Private) Ltd.		15,000
68	Tariq Vohra Securities (Pvt) Limited		50,000
69	Altaf Adam Securities (Pvt) Ltd.		42,000
70	Dr. Arslan Razaque Securities (Pvt.) Limited		369,290
71	Al-Haq Securities (Pvt) Ltd.		5,100
72	M. J. Memon Securities (Pvt) Limited.		20,000
73	Highlink Capital (Pvt.) Limited		300
74	Trustee Himont Pharmaceutical (Pvt) Limited Provident Fund		10,000
75	Msmaniar Financials (Pvt) Ltd.		80,070
76	Salim Sozer Securities (Pvt.) Ltd.		3,973
77	Gph Securities (Pvt.) Ltd.		70,000
78	Akd Securities Limited - Akd Trade		500
79	Seven Star Securities (Pvt.) Ltd.		15,000
80	Seven Star Securities (Pvt.) Ltd.		10,000
81	Cma Securities (Pvt) Limited		10,000
82	Aba Ali Habib Securities (Pvt) Limited		8,000
83	Sethi Securities (Pvt.) Limited		110,000
84	Jsk Securities Limited		30,000
85	Trustees Leiner Pak Gelatine Ltd Employees Provident Fund		2,000
86	Bravisto (Pvt) Limited		1
87	Aba Ali Habib Securities (Pvt) Limited - Mt		157,500
88	Js Global Capital Limited - Mf		129,000
89	Asda Securities (Pvt.) Ltd.		153,503
90	Msd Capital Equities (Pvt) Ltd.		25,000
91	High Land Securities (Pvt) Limited		2,200
92	Standard Capital Securities (Pvt) Limited - Mf		5,000
93	Multiline Securities (Pvt) Limited - Mf		34,000
94	Ismail Iqbal Securities (Pvt) Ltd. - Mf		13,000
95	Strongman Securities (Pvt.) Limited		2,000
96	Goldman Commodities (Pvt.) Ltd.		10,000
97	Spinzer Equities (Private) Limited		70,000
98	Venus Securities (Pvt.) Limited		3,500
99	First Choice Securities Limited		15,000
100	Best Securities (Pvt) Limited		300,000
101	Margalla Financial (Private) Limited		10,000
102	Bipl Securities Limited - Mf		61,500
103	Puma Enterprises		41,000
104	Market 786 (Private) Limited		1,609,000
105	Fossil Energy (Private) Limited		76,000
106	Axis Global Limited - Mf		158,000
107	Lse Financial Services Limited - Mt		247,500
108	Royal Securities (Pvt.) Limited - Mf		20,000
109	Mra Securities Limited - Mf		124,500
110	Bawa Securities (Pvt) Ltd. - Mf		10,000
111	N. U. A. Securities (Private) Limited - Mf		1,000
112	Asda Securities (Private) Limited - Mf		2,500
113	Fawad Yusuf Securities (Private) Limited - Mf		5,000
114	Time Securities (Pvt.) Limited - Mf		6,000
115	Trust Securities & Brokerage Limited - Mf		4,000
116	Askari Securities Limited - Mf		52,000
	Total		**12,396,307**

Pattern of Shareholding

As at 30th June 2019

No of Shareholders	No. of Sharesholdings From	No. of Sharesholdings To	Total Shares
800	1	100	28,657
2,445	101	500	1,100,315
2,687	501	1,000	2,589,498
5,992	1,001	5,000	17,291,166
2,142	5,001	10,000	17,277,517
776	10,001	15,000	10,084,078
534	15,001	20,000	9,779,759
335	20,001	25,000	7,837,671
207	25,001	30,000	5,916,113
131	30,001	35,000	4,351,135
120	35,001	40,000	4,588,505
78	40,001	45,000	3,348,300
161	45,001	50,000	7,960,487
70	50,001	55,000	3,706,116
49	55,001	60,000	2,891,580
36	60,001	65,000	2,270,740
32	65,001	70,000	2,213,260
31	70,001	75,000	2,270,719
41	75,001	80,000	3,225,000
19	80,001	85,000	1,570,240
25	85,001	90,000	2,214,100
19	90,001	95,000	1,769,500
78	95,001	100,000	7,787,226
18	100,001	105,000	1,852,100
18	105,001	110,000	1,961,400
10	110,001	115,000	1,124,000
15	115,001	120,000	1,793,500
11	120,001	125,000	1,367,500
10	125,001	130,000	1,288,800
7	130,001	135,000	934,500
5	135,001	140,000	689,000
4	140,001	145,000	568,000
20	145,001	150,000	2,995,723
7	150,001	155,000	1,070,504
6	155,001	160,000	945,500
2	160,001	165,000	323,500
2	165,001	170,000	334,030
8	170,001	175,000	1,388,900
2	175,001	180,000	358,500
1	180,001	185,000	181,000
6	190,000	195,000	1,150,500
19	195,001	200,000	3,789,030
2	200,001	205,000	406,500
5	205,001	210,000	1,040,500
3	210,001	215,000	640,500
1	215,001	220,000	216,500
4	225,000	230,000	907,500
1	235,000	240,000	235,000
2	240,001	245,000	486,000
9	245,001	250,000	2,245,000
4	250,001	255,000	1,012,011
2	255,001	260,000	518,000
2	260,001	265,000	526,000
1	265,001	270,000	266,000
2	270,001	275,000	545,500
1	275,001	280,000	276,000
1	280,001	285,000	280,500
1	290,001	295,000	292,500
6	300,000	305,000	1,800,000
1	310,001	315,000	313,500

No of Shareholders	No. of Sharesholdings From	To	Total Shares
1	325,001	330,000	328,500
3	330,001	335,000	1,003,500
2	335,001	340,000	675,000
1	345,001	350,000	347,500
1	350,001	355,000	351,500
2	365,001	370,000	735,290
1	375,001	380,000	379,000
2	380,001	385,000	766,500
1	385,001	390,000	388,000
3	395,001	400,000	1,198,000
1	400,001	405,000	403,000
1	415,000	420,000	415,000
1	430,000	435,000	430,000
1	435,001	440,000	435,500
1	440,001	445,000	441,500
3	445,001	450,000	1,346,000
1	470,000	475,000	470,000
1	485,001	490,000	489,000
2	490,001	495,000	987,000
5	495,001	500,000	2,491,000
1	505,000	510,000	505,000
1	515,000	520,000	515,000
1	525,001	530,000	527,500
3	550,000	555,000	1,655,500
2	555,001	560,000	1,115,500
1	560,001	565,000	563,000
1	585,001	590,000	589,554
1	600,001	605,000	603,500
1	615,001	620,000	618,528
2	645,001	650,000	1,298,500
2	655,001	660,000	1,315,500
1	675,001	680,000	675,500
1	695,001	700,000	696,000
1	745,001	750,000	747,000
1	820,001	825,000	822,000
2	840,000	845,000	1,680,000
2	850,000	855,000	1,700,000
2	945,001	950,000	1,899,000
1	970,000	975,000	970,000
2	1,000,000	1,005,000	2,000,000
1	1,060,001	1,065,000	1,064,500
1	1,090,001	1,095,000	1,092,500
1	1,150,000	1,155,000	1,150,000
1	1,155,001	1,160,000	1,156,000
1	1,200,000	1,205,000	1,200,000
1	1,250,000	1,255,000	1,250,000
1	1,300,001	1,305,000	1,301,000
1	1,425,000	1,430,000	1,425,000
1	1,500,000	1,505,000	1,500,000
1	1,600,000	1,605,000	1,600,000
1	1,605,001	1,610,000	1,609,000
1	1,725,001	1,730,000	1,726,500
1	1,900,000	1,905,000	1,900,000
1	1,940,001	1,945,000	1,944,086
1	1,985,001	1,990,000	1,986,000
1	2,125,001	2,130,000	2,129,000
1	2,710,001	2,715,000	2,712,500
1	2,980,001	2,985,000	2,984,500
1	4,650,000	4,655,000	4,650,000
1	23,835,001	23,840,000	23,837,000
1	184,370,001	184,375,000	184,374,372
1	925,410,001	925,415,000	925,411,762
1	3,969,105,001	3,969,110,000	3,969,108,434
17,113			**5,329,884,706**

Notice of 25th Annual General Meeting

Byco Petroleum Pakistan Limited

Notice is hereby given that the 25th Annual General Meeting ("the Meeting") of Byco Petroleum Pakistan Limited will be held on Wednesday 23rd October 2019 at 10:00 am at the Auditorium of Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, Karachi, to transact the following ordinary business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 25th July 2019.

2. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the financial year ended 30th June 2019, together with the Directors' and Auditors' reports thereon.

3. To re-appoint Messrs EY Ford Rhodes, Chartered Accountants as the auditors for the financial year 2019-20 and to fix their remuneration.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Majid Muqtadir
Company Secretary

24th September 2019
Karachi

NOTES:

Closure of Share Transfer Books

The register of members and the share transfer books of the Company will remain closed from Tuesday, 15th October 2019 until Wednesday 23rd October 2019 (both days inclusive).

Participation in the Meeting
Only persons whose names appear in the register of members of the Company as on Monday, 14th October 2019, are entitled to attend, participate in, and vote at the Meeting.

A member entitled to attend and vote may appoint another member as proxy to attend and vote on his / her behalf, however, for the purpose of E-Voting a non-member may also be appointed and act as proxy. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy is enclosed.

Guidelines for Central Depository Company of Pakistan Limited ("CDC") Account Holders
CDC account holders should comply with the following guidelines of the SECP:

For Attendance

a) Individuals should be account holder(s) or sub-account holder(s) and their registration details should be uploaded according to CDC regulations and must establish their identity at the time of the Meeting by presenting their original Computerized National Identity Card ("CNIC") or passport.

b) Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

For Appointing Proxies

a) Individuals should be account holder(s) or sub-account holder(s) whose registration details should be uploaded according to CDC regulations and their proxy forms must be submitted at the registered office of the Company not less than 48 hours before the time for holding the Meeting.

b) The proxy form must be attested by two persons whose names, addresses and CNIC numbers must be specified therein.

c) Attested copies of the CNIC or passport of the beneficial owner and the proxy must be provided along with the form of proxy.

d) Proxies must at the time of the Meeting produce their original CNIC or passport.

e) Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

Dividend Bank Mandate

Members may authorize the Company to credit his / her future cash dividends directly into his / her bank account. Members who would like future cash dividends to be credited directly into their bank accounts should mark the 'YES' box below and provide the required information under signature to the Shares Registrar.

Yes	No

Folio Number:

Name of Shareholder:

Title of the Bank Account:

Bank Account Number (IBAN):

Name of Bank:

Name of Bank Branch and Address:

Cellular Number of shareholder:

Landline Number of shareholder:

CNIC / NTN Number (Attach copy):

____

Signature of Member

(Signature must match specimen signature registered with the Company)

Members holding shares in CDC accounts should update their bank mandates, if any, with the respective participants.

Intimation of Change of Address and Zakat Declaration

Members holding share certificates should notify any change in their registered address and, if applicable, submit their non-deduction of zakat declaration form to the Shares Registrar.

Members holding shares in CDC / participant accounts should update their addresses and, if applicable, submit their non-deduction of zakat declaration form to the CDC or the respective participants / stockbrokers.

Submission of CNIC Copies

A list of members who have not submitted copies of their CNICs be viewed on the Company's website www.byco.com.pk.

Video Conference Facility

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the requisite form (available on Company's website www.byco.com.pk) and submit to registered address of the Company 10 days before holding of the Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Meeting along with complete information necessary to enable them to access the facility.

The Notice of Meeting has been placed on the Company's website www.byco.com.pk in addition to its dispatch to the shareholders.

Admission Slip

The 25th Annual General Meeting of Byco Petroleum Pakistan Limited will be held on Wednesday, 23rd October 2019 at 10:00 am at the Auditorium of Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, Karachi.

Kindly bring this Admission Slip duly signed by you for attending the Meeting.

Majid Muqtadir
Company Secretary

Name ____

Folio / CDC Account No. ____________________________ Signature __________________________

NOTE

(i) Signatures of the members should tally with the specimen signatures in the Company's record.

(ii) Completed Admission Slips must be submitted prior to entering the hall where the Meeting is being held.

CDC Account Holder(s) / Proxies / Corporate Entities

(a) Account holder(s) / Sub-account holder(s) / Proxies must present their original CNICs or passports prior to entering the hall where the Meeting is being held.

(b) Corporate entities should at the time of the Meeting, unless provided earlier, produce a certified copy of a resolution of the Board of Directors, or a Power of Attorney bearing the specimen signature of the attorney.

This Admission Slip is not transferable.

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Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP
*Mobile apps are also available for download for android and ios devices

Form of Proxy

25th Annual General Meeting

The Company Secretary
Byco Petroleum Pakistan Limited
9th Floor, The Harbour Front, Dolmen City
HC-3, Block-4, Marine Drive, Clifton
Karachi-75600

I / We ____

of ____

being member(s) of **Byco Petroleum Pakistan Limited** and holder(s) of ______________________

______________________ ordinary shares, hereby appoint ______________________

of ______________________ or failing him / her ______________________

of ______________________ , who is / are also member(s) of Byco Petroleum Pakistan Limited, as my / our proxy in my / our absence to attend and vote on my / our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, 23rd October 2019 and in case of adjournment, at any reconvened Meeting.

Signed / Seal and Delivered by

in the presence of: ____

1. Name: ______________________
CNIC No.: ______________________
Address: ______________________
____

2. Name: ______________________
CNIC No.: ______________________
Address: ______________________
____

____
Folio No. / CDC Account No.

____
This signature should tally with the specimen signature in the Company's record

Important

1. The duly completed and signed proxy form must be received at the registered office of the Company at 9th Floor, The Harbour Front, Dolmen City, HC-3, Block-4, Marine Drive, Clifton, Karachi-75600, not less than 48 hours before the time of holding the Meeting.

2. Only members of the Company may be appointed proxies except corporate members who may appoint non-members as their proxy.

3. If more than one proxy is appointed by an instrument or more than one instrument of proxy is deposited by any member, all such instruments shall be rendered invalid.

For CDC account holder(s) / corporate entities
In addition to the above, the following requirements must be met:

i) the execution of the proxy form should be attested by two witnesses, whose names, addresses and CNIC numbers shall appear in the form;

ii) attested copies of the CNIC or passport of the beneficial owner and proxy should be submitted along with the proxy form;

iii) the proxy shall produce his / her original CNIC or passport at the time of the Meeting; and

iv) Corporate entities should at the time of the Meeting, unless provided earlier, produce a certified copy of a resolution of the Board of Directors, or a Power of Attorney bearing the specimen signature of the attorney.

AFFIX
CORRECT
POSTAGE
STAMPS

Mr. Majid Muqtadir
Company Secretary

Byco Petroleum Pakistan Limited
9th Floor, The Harbour Front, Dolmen City
HC-3, Block-4, Marine Drive, Clifton
Karachi-75600, Pakistan

ڈاک ٹکٹ
یہاں چسپاں کریں

ماجد مقتدر
کمپنی سیکریٹری

بائیکو پیٹرولیم پاکستان لمیٹڈ
نویں منزل۔ دی ہاربر فرنٹ، ڈالمن سٹی
HC-3 بلاک 4، میرین ڈرائیو، کلفٹن
کراچی 75600، پاکستان

پراکسی فارم/نمائندگی نامہ

25واں سالانہ اجلاس عام

کمپنی سیکریٹری
بائیکو پیٹرولیم پاکستان لمیٹڈ
نویں منزل ۔ دی ہاربر فرنٹ، ڈالمن سٹی
HC-3 بلاک 4، میرین ڈرائیو، کلفٹن
کراچی

میں/ہم ______________ برائے ______________
بحیثیت رکن بائیکو پیٹرولیم پاکستان لمیٹڈ اور حامل ______________ حصص مقرر کرتا ہوں بطور نائب محترم/محترمہ ______________
برائے ______________ یا ان کی عدم موجودگی کی صورت میں محترم/محترمہ ______________
برائے ______________ ، جو بائیکو پیٹرولیم پاکستان کے ممبر بھی ہیں، میری غیر موجودگی کی صورت میں بطور میرے نائب کمپنی کے 25ویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ اس میٹنگ کا انعقاد بروز بدھ، 23 اکتوبر 2019 کو یا اس کے التواء کی صورت میں متبادل تاریخ اور جگہ پر طلب کی جا سکتی ہے۔ دستخط/مہر اور کی طرف سے بھیج دیا گیا ______________

درج ذیل کی موجودگی میں

۱۔ نام ______________
شناختی کارڈ نمبر ______________
پتہ ______________
____

۲۔ نام ______________
شناختی کارڈ نمبر ______________
پتہ ______________
____

____
فولیو نمبر/سی ڈی اکاؤنٹ نمبر

____
یہ دستخط کمپنی میں موجود نمونہ دستخط سے ملنے چاہئیں

اہم امور:

۱۔ متعلقہ اتھارٹی فارم کو مکمل کر کے اور اپنے دستخط کر کے کمپنی کے رجسٹرڈ آفس 9 ویں منزل، ہاربر فرنٹ، ڈالمن سٹی، HC-3، بلاک 4، میرین ڈرائیو کلفٹن کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل ارسال کریں۔
۲۔ صرف کمپنی کے ممبران ماسوائے کارپوریٹ ممبران کا تقرر کیا جا سکتا ہے۔
۳۔ اگر ایک سے زیادہ نمائندے کا انتخاب کرنا ہو تو کسی بھی ایک ممبر کے لیے دستاویز جمع کرائے جائیں۔ بصورت دیگر وہ اتھارٹی اہل نہیں ہو گی۔

برائے CDC اکاؤنٹ ہولڈر/کارپوریٹ ادارہ

مذکورہ بالا کے علاوہ درج ذیل ضروریات درکار ہونگی:

۱۔ جاری کردہ اختیارات کا فارم جس کی تصدیق دو گواہ کریں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج کئے جائیں گے۔
۲۔ فارم کے ساتھ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں جمع کرانی ہوں گی۔
۳۔ اختیارات کا حامل شخص اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت پیش کرے گا۔
۴۔ کارپوریٹ اتھارٹی میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد کی ایک تصدیق شدہ کاپی فراہم کرے گا یا پاور آف اٹارنی جس پر اٹارنی کے دستخط موجود ہوں، پیش کرنا ہو گا۔

www.byco.com.pk

Byco Petroleum Pakistan Limited
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