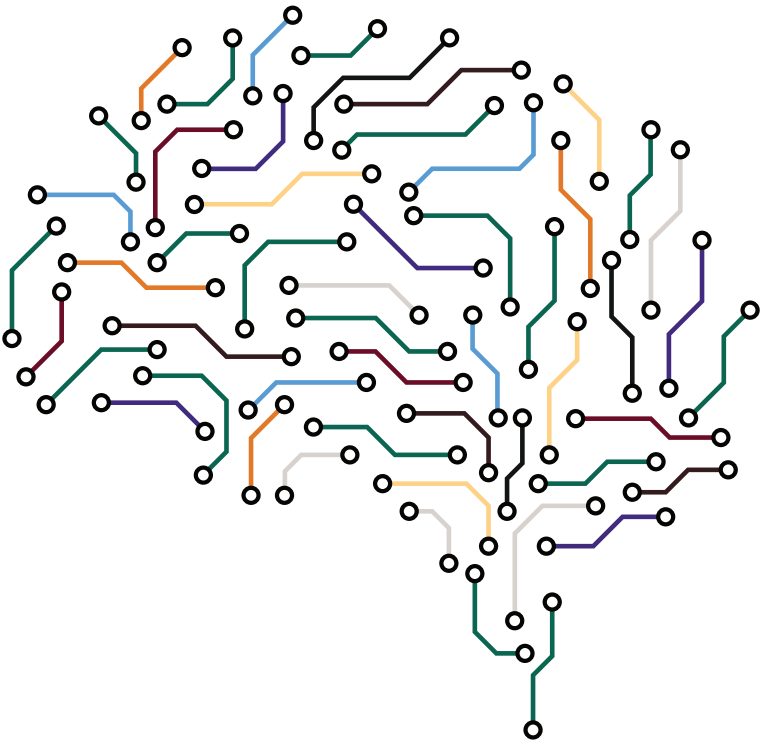
FIRST QUARTER REPORT I 30 September 2019

Byco Petroleum Pakistan Limited



PROGRESSING TOWARDS SUSTAINABILITY


HARMONY

CONTENT

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

Shares Registrar

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

Registered Office

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

Website

www.byco.com.pk

DIRECTORS' REPORT

For the Quarter ended September 30, 2019

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

The Directors of your Company are pleased to present a brief review of the financial results and operations of the Company for the quarter ended 30 September 2019.

International oil prices in the first quarter remained relatively stable, though there were some fluctuations in September due to the geopolitical situation in the Middle East.

The Pakistani Rupee started recovering and the PKR/US$ exchange rate strengthened from PKR163/$ in June to PKR156/$ by the end of the quarter. This brought some improvement in the overall economic position of the country. A general slowdown in Pakistan's economy has brought down consumption of petroleum products, barring Motor Spirit (MS) whose demand remained stable. We expect that as Pakistan's economy improves, the demand for petroleum products will start to rise.

We are pleased to report that the Company recorded gross sales of PKR 62.9 billion, while the operating expenses remained similar. Finance costs increased significantly however due to the increase in KIBOR rates from 8.6% in September 2018, to 13.9% in September 2019. Byco's gross profit rose to PKR 2.1 billion, primarily driven by a more stable Rupee and improved MS prices over Naphtha. Byco's net profit rose by 120% to PKR 871 million (2018: PKR 397 million) with earnings per share of Rs. 0.16 compared to Rs. 0.07 last year.

Despite the unfavorable economic scenario, we are also pleased to inform that the Company has fully settled the restructured loan of PKR 17 billion obtained from the financial institutions in prior years. Further, the Company also fully settled the amount due to an exploration company which had been a contentious issue for so many years. This clearly demonstrates the Company's resilience and the ability to sustain in difficult times and we are confident that the same will continue to happen in future also.

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

For and on behalf of the Board of Directors

Chief Executive Officer **Director**

Karachi
October 28th, 2019

ناظمین کی رپورٹ

برائے اختتام سہ ماہی 30 ستمبر 2019

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

ہم آپکی کمپنی کے ڈائریکٹر 30 ستمبر 2019 کو اختتام شدہ سہ ماہی کے لیے اپنی کمپنی کا ما لیاتی جائزہ اور کمپنی کی کارکردگی کی تفصیلات کو پیش کرتے ہوئے انتہائی اظہارِ مسّرت محسوس کررہے ہیں۔

عالمی منڈی میں تیل کی قیمت پچھلے تین ماہ سے مستحکم رہی ہے حالانکہ مشرق وسطی کی ارضی سیاسیات کے باعث ماہ ستمبر میں تیل کی قیمت میں کچھ اتار چڑھاؤ رونما ہوئے تھے۔

پاکستانی روپے کی ڈالر کے مقابلے میں شرح قدر بہتر ہونا شروع ہوگئی ہے اور امریکی ڈالر کی جون میں قیمت 163 پاکستانی روپے کے مقابلے میں اس سہ ماہی کے اختتام تک 156 پاکستانی روپے تک آگئی۔ جس کے نتیجے میں ملک کی مجموعی معاشی حالت میں کچھ بہتری آنا شروع ہوگئی ہے۔ معیشت میں عام طور پر سست روی کے نتیجے میں ملک میں تیل کی مصنوعات کی کھپت میں کمی واقع ہوئی، ماسوائے پیٹرول (ایم ایس) کے جسکی کھپت مستحکم رہی۔ ہم توقع کرتے ہیں ہے کہ ملک کے مجموعی معاشی منظرنامے میں بہتری ہونے کے ساتھ ہی تیل کی مصنوعات کی طلب میں بھی اضافہ ہونا شروع ہوجائے گا۔

ہمیں آپ کو بتاتے ہوئے انتہائی خوشی ہورہی ہے کہ کمپنی نے اس مدت کے دوران ریکارڈ 62.9 بلین پاکستانی روپے کی مجموعی فروخت کی، جبکہ اخراجات کو پرانی شرح پر برقرار رکھا گیا۔ ستمبر 2018 میں KIBOR کی شرح 8.6 فیصد سے ستمبر 2019 میں 13.9 فیصد تک اضافہ ہونے کی وجہ سے فنانس لاگت میں نمایاں اضافہ ہوا۔ بائیکو کمپنی نے 2.1 بلین پاکستانی روپے کا مجموعی منافع حاصل کیا ہے جس کی وجہ روپے کی قدر مستحکم ہونے اور Naphtha کی قیمت کے مقابلے میں پیٹرول کی بہتر قیمت تھی۔ بائیکو کمپنی کے خالص منافع میں 120 فیصد تک اضافے کے بعد کمپنی کا خالص منافع 871 ملین پاکستانی روپے (2018: 397 ملین پاکستانی روپے) کا خالص منافع رہا جبکہ اس مدت کے لیے فی حصص پر آمدنی کی شرح پچھلے سال کی اسی سہ ماہی کے 0.07 پاکستانی روپے کے مقابلے میں 0.16 پاکستانی روپے رہی۔

ناگوار معاشی منظرنامے کے باوجود، ہمیں یہ بتاتے ہوئے بھی خوشی ہوئی ہے کہ کمپنی نے گزشتہ سالوں میں مالی اداروں سے حاصل کیے گئے 17 ارب پاکستانی روپے کے تنظیم نو قرض کو مکمل طور پر واپس کردیا ہے۔ مزید یہ کہ کمپنی نے ایک تیل نکالنے والی کمپنی کے بقایاجات پورے ادا کردیئے ہیں جو کئی سالوں سے ایک متنازعہ مسئلہ رہا۔ ان وجوہات کی وجہ سے کمپنی کی لچک اور مشکل اوقات میں اپنا وقار برقرار رکھنے کی صلاحیت واضح طور پر ظاہر ہوتی ہے اور ہمیں یقین ہے کہ مستقبل میں بھی ایسا ہی ہوتا رہے گا۔

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

بحکم بورڈ

چیف ایگزیکٹیو آفیسر **ڈائریکٹر**

کراچی
28 اکتوبر 2019

Unconsolidated

Condensed Interim Balance Sheet

As at September 30, 2019

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	**69,677,707**	69,137,561
Long term investment		**16,931,504**	16,931,504
Long term loans and advances		**860,963**	860,963
Long-term deposits		**35,297**	34,816
Deferred taxation		**1,282,932**	1,282,932
		88,788,403	88,247,776
CURRENT ASSETS			
Stores and spares		**1,799,288**	1,692,293
Stock-in-trade	6	**20,804,880**	29,260,294
Trade debts	7	**6,494,065**	5,336,657
Loans and advances		**1,209,096**	1,182,132
Trade deposits and short-term prepayments		**65,915**	46,566
Accrued interest		**250,794**	230,130
Other receivables	8	**2,178,393**	2,184,640
Taxation - net		**834,648**	826,980
Cash and bank balances		**1,231,504**	1,135,249
		34,868,583	41,894,941
TOTAL ASSETS		**123,656,986**	130,142,717
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		**53,298,847**	53,298,847
Reserves		**(28,632,595)**	(29,630,810)
Surplus on revaluation of Property, plant and equipment		**3,565,602**	3,693,051
		28,231,854	27,361,088
Contribution against future issue of shares		**857,140**	857,140
		29,088,994	28,218,228
NON CURRENT LIABILITIES			
Long term financing		**15,568,082**	15,845,806
Loan from related party		**3,935,650**	3,935,650
Accrued and deferred markup		**5,916,580**	5,861,965
Long term lease liabilities		**396,845**	–
Long-term deposits		**99,175**	105,000
Deferred liabilities		**696,532**	721,587
		26,612,864	26,470,008
CURRENT LIABILITIES			
Trade and other payables		**43,056,944**	47,925,694
Advance from customers		**3,110,772**	3,387,793
Accrued mark-up		**479,497**	393,518
Short term borrowings - secured		**15,439,750**	15,849,021
Current portion of non-current liabilities		**5,867,138**	7,897,428
Unclaimed dividend		**1,027**	1,027
		67,955,128	75,454,481
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		**123,656,986**	130,142,717

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

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

Unconsolidated

Condensed Interim Profit or Loss Account

For the period ended
September 30, 2019

	For the period ended	
	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)	
Gross turnover	**62,974,193**	66,389,161
Sales tax, discounts & other duties	**(13,902,997)**	(12,674,774)
Turnover - net	**49,071,196**	53,714,387
Cost of sales	**(46,984,861)**	(52,033,412)
Gross profit	**2,086,335**	1,680,975
Administrative expenses	**(229,799)**	(231,725)
Selling and distribution expenses	**(104,455)**	(129,709)
Other expenses	**(313,066)**	(179,720)
Other income	**348,984**	206,608
	(298,336)	(334,546)
Operating profit	**1,787,999**	1,346,429
Finance costs	**(917,233)**	(820,234)
Profit before taxation	**870,766**	526,195
Taxation	**–**	(129,502)
Profit after taxation	**870,766**	396,693
Earnings per ordinary share - basic and diluted (Rupees)	**0.16**	0.07

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

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

Unconsolidated

Condensed Interim Statement of Other Comprehensive Income

For the period ended September 30, 2019

	For the period ended	
	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)	
Profit after taxation	**870,766**	396,693
Other comprehensive income	**–**	–
Total comprehensive Income for the period	**870,766**	396,693

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

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

Unconsolidated

Condensed Interim Cash Flow Statement

For the period ended September 30, 2019

(Rupees in '000)

	Sep 30, 2019	Sep 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**870,766**	526,195
Adjustments for:		
Depreciation	**871,794**	835,152
Finance costs	**917,233**	820,234
Provision for impairment against doubtful debts	**269,846**	154,674
Gain on disposal of assets	**(2,388)**	–
Interest income	**(307,698)**	(169,382)
Provision for gratuity	**14,789**	13,971
Net cash flow before working capital changes	**2,634,343**	2,180,844
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	**(106,995)**	(168,551)
Stock in trade	**8,455,414**	(15,224,264)
Trade debts	**(1,157,408)**	(2,230,398)
Loans and advances	**(26,964)**	(28,419)
Trade deposits and short term prepayments	**(19,349)**	(32,590)
Other receivables	**6,247**	76,494
Increase / (Decrease) in current liabilities		
Advance from customers	**(277,021)**	1,332,768
Trade and other payables	**(4,884,734)**	10,314,483
	1,989,191	(5,960,477)
Cash generated / (used in) from operations	**4,623,534**	(3,779,633)
Finance costs paid	**(1,993,694)**	(546,741)
Income Taxes paid	**(7,668)**	(22,542)
Gratuity paid	**(10,000)**	(80,000)
Interest income received	**17,188**	5,921
Net Cash generated / (used in) from operations	**2,629,361**	(4,422,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(863,387)**	(220,801)
Sale Proceeds against disposal	**2,388**	–
Long term deposits - net	**(6,306)**	584
Net cash (used in) investing activities	**(867,306)**	(220,217)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	**(1,256,529)**	(2,165,078)
Short Term Borrowing	**(741,586)**	6,678,312
Net cash (used in) / generated from financing activities	**(1,998,115)**	4,513,234
Net (decrease) in cash and cash equivalents	**(236,060)**	(129,978)
Cash and cash equivalents - opening	**(132,436)**	(641,404)
Cash and cash equivalents - closing	**(368,496)**	(771,382)

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

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

Unconsolidated

Condensed Interim Statement of Changes In Equity

For the period ended September 30, 2019

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve	Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss			
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	4,490,349	(10,319,468)	29,380,519	841,249	30,221,768
Total comprehensive income for the period								
Net profit for the period	–	–	–	–	396,693	396,693	–	396,693
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	–	–	–	(127,449)	127,449	–	–	–
Balance as at September 30, 2018	**53,298,847**	**(21,303,418)**	**3,214,209**	**4,362,900**	**(9,795,326)**	**29,777,212**	**841,249**	**30,618,461**
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	3,693,051	(11,541,601)	27,361,088	857,140	28,218,228
Total comprehensive income for the period								
Net Profit for the period	–	–	–	–	870,766	870,766	–	870,766
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	–	–	–	(127,449)	127,449	–	–	–
Balance as at September 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**3,565,602**	**(10,543,386)**	**28,231,854**	**857,140**	**29,088,994**

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

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 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 380 retail outlets across the country.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance
This unconsolidated condensed interim financial information of the Company for the period ended 30 September 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and provision of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directive issued under the Companies Act, 2017 have been followed.

2.2 This unconsolidated condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2019.

2.3 This unconsolidated condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

2.4 This unconsolidated condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

2.5 The comparative balance sheet presented in these unconsolidated condensed interim financial information has been extracted from the unconsolidated audited financial statements of the Company for the year ended 30 June 2019.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended June 30, 2019, except as follows:

New / revised standards, interpretations and amendments
The Company has adopted the following amendments to IFRS which became effective for the current period:

IFRS 3 Business Combinations: Previously held interests in a joint operation IFRS 9 Financial Instruments

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 11 Joint Arrangements: Previously held interests in a joint operation

IFRS 16 Leases

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

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

3.1 IFRS 16 - Leases

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

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as rental cost at the date of initial application. The Company also elected to use the recognition exemption for lease contracts that, at the date of initial application, have a lease term of 12 months or less (short-term leases) and do not contain a purchase option, and lease contracts for which the underlying asset is of low value (low-value leases).

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Based on the above, as on July 1, 2019, the Company recognised right to use asset and its corresponding lease liability as follows:

	Rs. in '000
Assets	
Property, plant & equipment - Right to use asset as at July 01, 2019	**548,553**
Depreciation for the period	**(26,694)**
Property, plant & equipment - Right to use asset as at September 30, 2019	**521,859**
Liabilities	
Lease liability - as at July 01, 2019	**548,553**
Interest expense for the period	**20,914**
Cash outflow against leases	**(36,296)**
Lease liability - as at September 30, 2019	**533,171**
- Current portion of lease liability	**136,326**
- Non-Current portion of lease liability	**396,845**
	533,171

Weighted average incremental borrowing rate as at July 01, 2019 is 15.25%.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those that were applied to the unconsolidated financial statements as at and for the year ended 30 June 2019. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2019.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Operating fixed assets	5.1	**47,923,015**	48,228,833
Capital work in progress - at cost		**21,754,692**	20,908,728
		69,677,707	69,137,561

5.1 During the period, the additions in property, plant and equipment amounted to Rs. 863.387 million.

6 STOCK IN TRADE

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Raw material	6.1	**12,815,916**	18,238,048
Finished products	6.2 & 6.3	**7,988,964**	11,022,246
		20,804,880	29,260,294

6.1 This includes raw material in transit amouting to Rs. 9,454.141 million (30 June 2019: Rs. 14,849.23 million) as at the balance sheet date.

6.2 This includes finished products held by third parties amounting to Rs. 5,099.799 million (30 June 2019: Rs. 5,684.50 million).

6.3 Finished products costing Rs. 1,171.740 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 16.327 million (30 June 2019: Rs. 426.27 million) to net realizable value.

7 TRADE DEBTS

7.1 During the period, provision was made against doubtful debts amounting to Rs. 269.846 million (September 30, 2018:Rs. 154.674 million).

8 OTHER RECEIVABLES - considered good

8.1 This includes Rs. 813.89 million and Rs. 1,097.569 million (30 June 2019: Rs. 846.935 million and Rs. 1,106.748 million) receivable from related party and Coastal Refinery Limited respectively.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The status for contingencies is same as disclosed in unconsolidated financial statements for the year ended 30 June 2019.

9.2 Commitments

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

(Rupees in '000)

	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Commitments for capital expenditure	**706,998**	777,693

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

10.1 Transactions with related parties

(Rupees in '000)

	Note	Jul - Sep 2019	Jul - Sep 2018
		(Unaudited)	
Parent Company			
Markup charged		**40,053**	42,660
Subsidiary Company			
Other expenses incurred		**83**	6,806
Product Processing charges		**27,358**	–
Associated Companies			
Sales of goods and services		**–**	2,301,396
Purchase of operating fixed assets and services		**16,807**	–
Others			
Post employment benefit Funds		**49,824**	113,969
Salaries and other benefits	10.3	**37,531**	29,932

10.2 Balances with related parties

(Rupees in '000)

	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	**857,140**	857,140
Accrued markup	**543,865**	532,911
Loan payable	**3,935,650**	3,935,650
Subsidiary Company		
Receivable against expenses incurred	**813,890**	846,935
Associated Companies		
Advance against shared services	**63,338**	86,586
Payable against purchases	**40,151**	35,386
Others		
Payable to key management person	**68,508**	68,508
Payable to post employment benefit funds	**93,985**	85,296

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

11 OPERATING SEGMENTS

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

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2019	2018	**2019**	2018	**2019**	2018
Sales to ext. customers	**31,350,701**	35,795,145	**17,720,495**	17,919,242	**49,071,196**	53,714,387
Inter-segment sales	**15,728,637**	16,174,831	**–**	–	**15,728,637**	16,174,831
Eliminations	**(15,728,637)**	(16,174,831)	**–**	–	**(15,728,637)**	(16,174,831)
Total revenue	**31,350,701**	35,795,145	**17,720,495**	17,919,242	**49,071,196**	53,714,387
Result						
Segment results - profit	**1,371,066**	1,006,042	**422,302**	350,724	**1,793,368**	1,356,766
Finance cost					**(917,233)**	(820,234)
Other expenses					**(313,066)**	(179,720)
Interest income					**307,698**	169,382
Taxation					**–**	(129,502)
Profit for the period					**870,766**	396,693
Other Information						
Depreciation	**830,398**	808,785	**41,396**	26,367	**871,794**	835,152

12 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on **28th October 2019** by the Board of Directors of the Company.

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

CONSOLIDATED FINANCIAL STATEMENT

Consolidated

Condensed Interim Balance Sheet

As at September 30, 2019

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	**83,392,317**	83,073,076
Long term loans and advances		**860,963**	860,963
Long-term deposits		**35,297**	34,816
		84,288,578	83,968,855
CURRENT ASSETS			
Stores and spares		**1,799,288**	1,692,293
Stock-in-trade	6	**20,804,880**	29,260,294
Trade debts	7	**6,494,065**	5,336,657
Loans and advances		**1,209,096**	1,182,132
Trade deposits and short-term prepayments		**65,915**	46,566
Accrued interest		**250,794**	230,130
Other receivables	8	**1,365,521**	1,337,705
Taxation - net		**780,592**	780,780
Cash and bank balances		**1,231,504**	1,135,249
		34,001,653	41,001,806
TOTAL ASSETS		**118,290,231**	124,970,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		**53,298,847**	53,298,847
Reserves		**(43,319,560)**	(44,237,140)
Surplus on revaluation of Property, plant and equipment		**11,042,200**	11,290,892
		21,021,486	20,352,599
Contribution against future issue of shares		**857,140**	857,140
		21,878,626	21,209,739
NON CURRENT LIABILITIES			
Long term financing		**15,568,082**	15,845,806
Loan from related party		**3,935,650**	3,935,650
Accrued and deferred markup		**5,916,580**	5,861,965
Long term lease liabilities		**396,845**	–
Long-term deposits		**99,175**	105,000
Deferred liabilities		**2,470,479**	2,542,001
		28,386,811	28,290,422
CURRENT LIABILITIES			
Trade and other payables		**43,126,609**	47,941,713
Advance from customers		**3,110,772**	3,387,793
Accrued mark-up		**479,497**	393,518
Short term borrowings - secured		**15,439,750**	15,849,021
Current portion of non-current liabilities		**5,867,138**	7,897,428
Unclaimed dividends		**1,027**	1,027
		68,024,793	75,470,500
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		**118,290,231**	124,970,661

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

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

Consolidated

Condensed Interim Profit or Loss Account

For the period ended
September 30, 2019

	For the period ended	
	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)	
Gross turnover	**62,974,193**	66,389,161
Sales tax, discounts & other duties	**(13,902,997)**	(12,674,774)
Turnover - net	**49,071,196**	53,714,387
Cost of sales	**(47,228,321)**	(52,229,054)
Gross profit	**1,842,875**	1,485,333
Administrative expenses	**(229,799)**	(231,725)
Selling and distribution expenses	**(104,455)**	(129,709)
Other expenses	**(313,066)**	(179,720)
Other income	**348,900**	206,608
	(298,420)	(334,546)
Operating profit	**1,544,455**	1,150,787
Finance costs	**(917,233)**	(820,234)
Profit before taxation	**627,222**	330,553
Taxation		
Current	**(7,855)**	(139,090)
Deferred	**49,521**	49,521
	41,666	(89,569)
Profit after taxation	**668,888**	240,985
Earnings per ordinary share - basic and diluted (Rupees)	**0.13**	0.05

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

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

Consolidated

Condensed Interim Statement of Other Comprehensive Income

For the period ended September 30, 2019

	For the period ended	
	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)	
Profit after taxation	**668,888**	240,985
Other comprehensive income	**–**	–
Total comprehensive Income for the period	**668,888**	240,985

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

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

Consolidated

Condensed Interim Cash Flow Statement

For the period ended September 30, 2019

(Rupees in '000)

	Sep 30, 2019	Sep 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**627,222**	330,553
Adjustments for:		
Depreciation	**1,092,699**	1,055,030
Finance costs	**917,233**	820,234
Provision for impairment against doubtful debts	**269,846**	154,674
Gain on disposal of assets	**(2,388)**	–
Interest income	**(307,698)**	(169,382)
Provision for gratuity	**14,789**	13,971
Net cash flow before working capital changes	**2,611,703**	2,205,079
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	**(106,995)**	(168,551)
Stock in trade	**8,455,414**	(15,224,264)
Trade debts	**(1,157,408)**	(2,230,398)
Loans and advances	**(26,964)**	(28,419)
Trade deposits and short term prepayments	**(20,367)**	(25,052)
Other receivables	**39,292**	76,494
Increase / (Decrease) in current liabilities		
Advance from customers	**(277,021)**	1,332,768
Trade and other payables	**(4,894,121)**	10,282,710
	2,011,831	(5,984,712)
Cash generated / (used in) from operations	**4,623,534**	(3,779,634)
Finance costs paid	**(1,993,694)**	(546,740)
Income Taxes paid	**(7,668)**	(22,542)
Gratuity paid	**(10,000)**	(80,000)
Interest income received	**17,188**	5,921
Net cash generated / (used in) from operating activities	**2,629,361**	(4,422,996)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(863,387)**	(220,801)
Sale Proceeds against disposal	**2,388**	–
Long term deposits - net	**(6,306)**	584
Net cash used in investing activities	**(867,306)**	(220,217)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	**(1,256,529)**	(2,165,078)
Short term borrowing	**(741,586)**	6,678,312
Net cash (used in) / generated from financing activities	**(1,998,115)**	4,513,235
Net (decrease) in cash and cash equivalents	**(236,060)**	(129,978)
Cash and cash equivalents - opening	**(132,436)**	(641,404)
Cash and cash equivalents - closing	**(368,496)**	(771,382)

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

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

Consolidated

Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2019

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve	Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss			
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	12,573,159	(24,802,846)	22,979,951	841,249	23,821,200
Total comprehensive income for the period								
Net profit for the period	–	–	–	–	240,985	240,985	–	240,985
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	–	–	–	(248,961)	248,961	–	–	–
Balance as at September 30, 2018	**53,298,847**	**(21,303,418)**	**3,214,209**	**12,324,468**	**(24,313,170)**	**23,220,936**	**841,249**	**24,062,185**
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	11,290,891	(26,147,931)	20,352,598	857,141	21,209,739
Total comprehensive income for the period								
Net Profit for the period	–	–	–	–	668,888	668,888	–	668,888
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	–	–	–	(248,691)	248,691	–	–	–
Balance as at September 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**11,042,200**	**(25,230,351)**	**21,021,487**	**857,141**	**21,878,628**

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

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 Company are listed on Pakistan Stock Exchange.

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Holding Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 380 retail outlets across the country.

Subsidiary Company

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

2 BASIS OF PREPARATION

2.1 Statement of compliance
This consolidated condensed interim financial information of the Group for the period ended 30 September 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directive issued under the Companies Act, 2017 have been followed.

2.2 This consolidated condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2019.

2.3 This consolidated condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

2.4 This consolidated condensed interim financial information is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.

2.5 The comparative balance sheet presented in these consolidated condensed interim financial information has been extracted from the consolidated audited financial statements of the Group for the year ended 30 June 2019.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended June 30, 2019, except as follows:

New / revised standards, interpretations and amendments
The Group has adopted the following amendments to IFRS which became effective for the current period:

IFRS 3 Business Combinations: Previously held interests in a joint operation IFRS 9 Financial Instruments

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 11 Joint Arrangements: Previously held interests in a joint operation

IFRS 16 Leases

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

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

3.1 IFRS 16 - Leases

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

The Group adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as rental cost at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the date of initial application, have a lease term of 12 months or less (short-term leases) and do not contain a purchase option, and lease contracts for which the underlying asset is of low value (low-value leases).

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Based on the above, as on July 1, 2019, the Group recognised right to use asset and its corresponding lease liability as follows:

	Rs. in '000
Assets	
Property, plant & equipment - Right to use asset as at July 01, 2019	**548,553**
Depreciation for the period	**(26,694)**
Property, plant & equipment - Right to use asset as at September 30, 2019	**521,859**
Liabilities	
Lease liability - as at July 01, 2019	**548,553**
Interest expense for the period	**20,914**
Cash outflow against leases	**(36,296)**
Lease liability - as at September 30, 2019	**533,171**
- Current portion of lease liability	**136,326**
- Non-Current portion of lease liability	**396,845**
	533,171

Weighted average incremental borrowing rate as at July 01, 2019 is 15.25%.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2019. The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2019.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Operating fixed assets	5.1	**61,586,930**	62,113,652
Capital work in progress - at cost		**21,805,388**	20,959,424
		83,392,317	83,073,076

5.1 During the period, the additions in property, plant and equipment amounted to Rs. 863.387 million.

6 STOCK IN TRADE

(Rupees in '000)

	Note	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Raw material	6.1	**12,815,916**	18,238,048
Finished products	6.2 & 6.3	**7,988,964**	11,022,246
		20,804,880	29,260,294

6.1 This includes raw material in transit amouting to Rs. 9,454.141 million (30 June 2019: Rs. 14,849.23 million) as at the balance sheet date.

6.2 This includes finished products held by third parties amounting to Rs. 5,099.799 million (30 June 2019: Rs. 5,684.50 million).

6.3 Finished products costing Rs. 1,171.740 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 16.327 million (30 June 2019 : Rs. 426.27 million) to net realizable value.

7 TRADE DEBTS

7.1 During the period, provision was made against doubtful debts amounting to Rs. 269.846 million (September 30, 2018:Rs. 154.674 million).

8 OTHER RECEIVABLES - considered good

8.1 This includes Rs. 1,097.569 million (30 June 2019: Rs. 1,106.748 million) receivable from Coastal Refinery Limited.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The status for contingencies is same as disclosed in consolidated financial statements for the year ended 30 June 2019.

9.2 Commitments

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

(Rupees in '000)

	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Commitments for capital expenditure	**706,998**	777,693

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

10.1 Transactions with related parties

(Rupees in '000)

	Note	Jul - Sep 2019	Jul - Sep 2018
		(Unaudited)	
Parent Company			
Markup charged		**40,053**	42,660
Associated Companies			
Sales of goods and services		–	2,301,396
Purchase of operating fixed assets and services		**16,807**	–
Others			
Post employment benefit Funds		**49,824**	113,969
Key management personnel remuneration	10.3	**37,801**	29,932

(Rupees in '000)

	Sep 30, 2019 (Unaudited)	June 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	**857,140**	857,140
Accrued markup	**543,865**	532,911
Loan payable	**3,935,650**	3,935,650
Associated Companies		
Advance against shared services	**63,338**	86,586
Payable against purchases	**40,151**	35,386
Others		
Payable to key management person	**68,508**	68,508
Payable to post employment benefit funds	**93,985**	85,296

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

11 OPERATING SEGMENTS

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

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2019	2018	**2019**	2018	**2019**	2018
Sales to ext. customers	**31,350,701**	35,795,145	**17,720,495**	17,919,242	**49,071,196**	53,714,387
Inter-segment sales	**15,728,637**	16,174,831	**–**	–	**15,728,637**	16,174,831
Eliminations	**(15,728,637)**	(16,174,831)	**–**	–	**(15,728,637)**	(16,174,831)
Total revenue	**31,350,701**	35,795,145	**17,720,495**	17,919,242	**49,071,196**	53,714,387
Result						
Segment results - profit	**1,127,521**	810,401	**422,302**	350,724	**1,549,823**	1,161,125
Finance cost					**(917,233)**	(820,234)
Other expenses					**(313,066)**	(179,720)
Interest income					**307,698**	169,382
Taxation					**41,666**	(89,569)
Profit for the period					**668,888**	240,985
Other Information						
Depreciation	**1,051,303**	1,028,663	**41,396**	26,367	**1,092,699**	1,055,030

12 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on **28th October 2019** by the Board of Directors of the Group.

13 GENERAL

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

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

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