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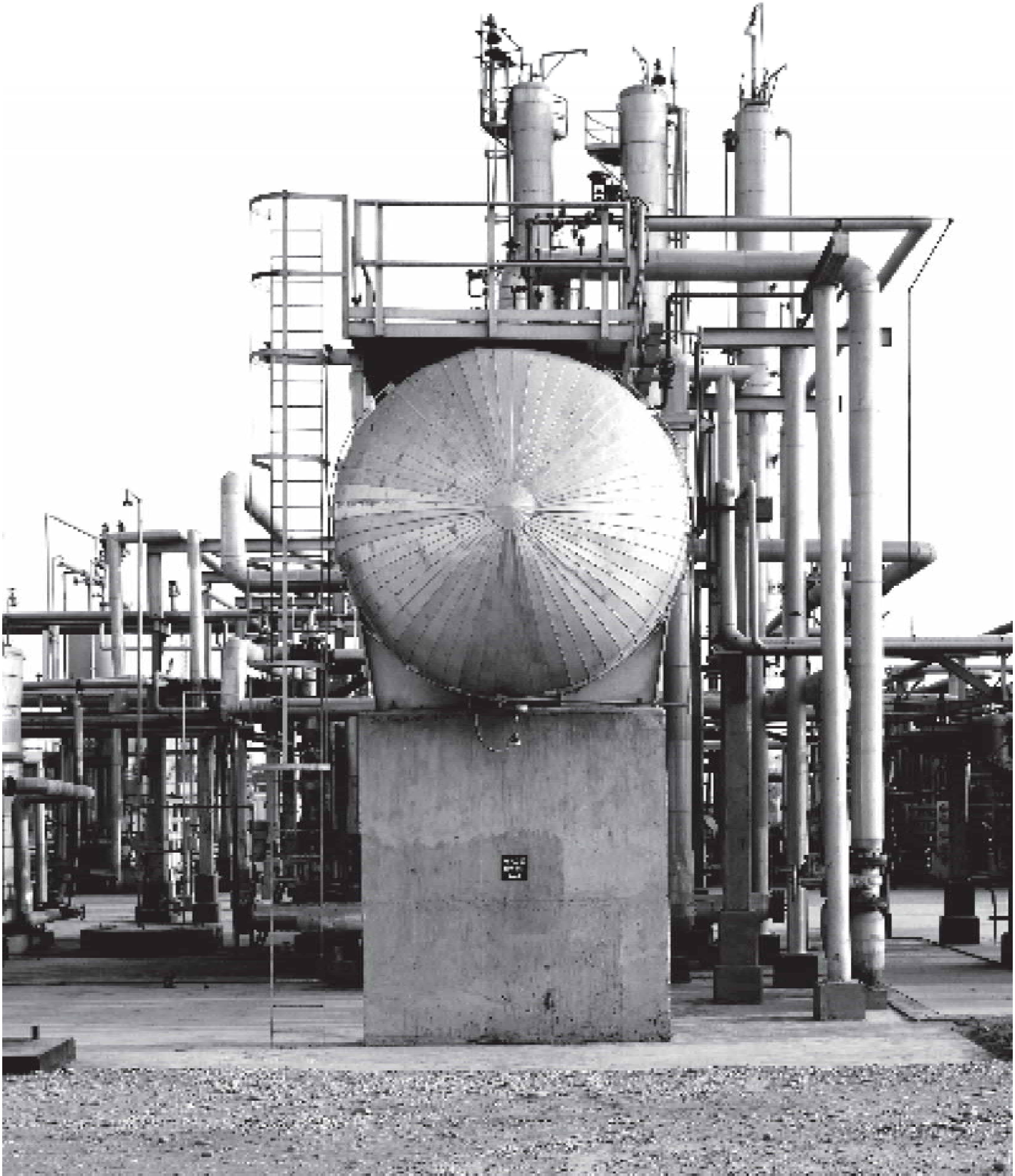
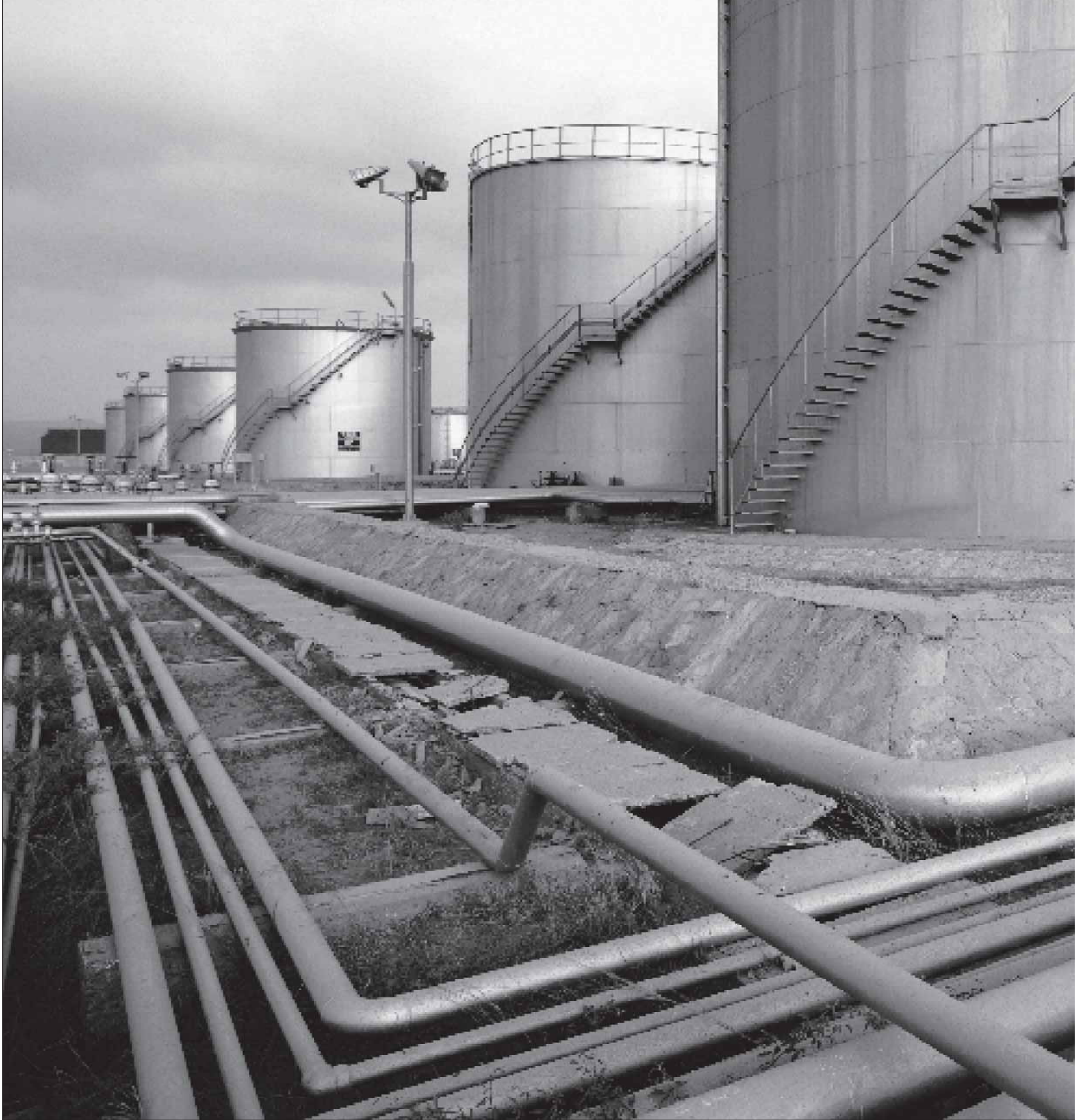
Annual Report



Contents

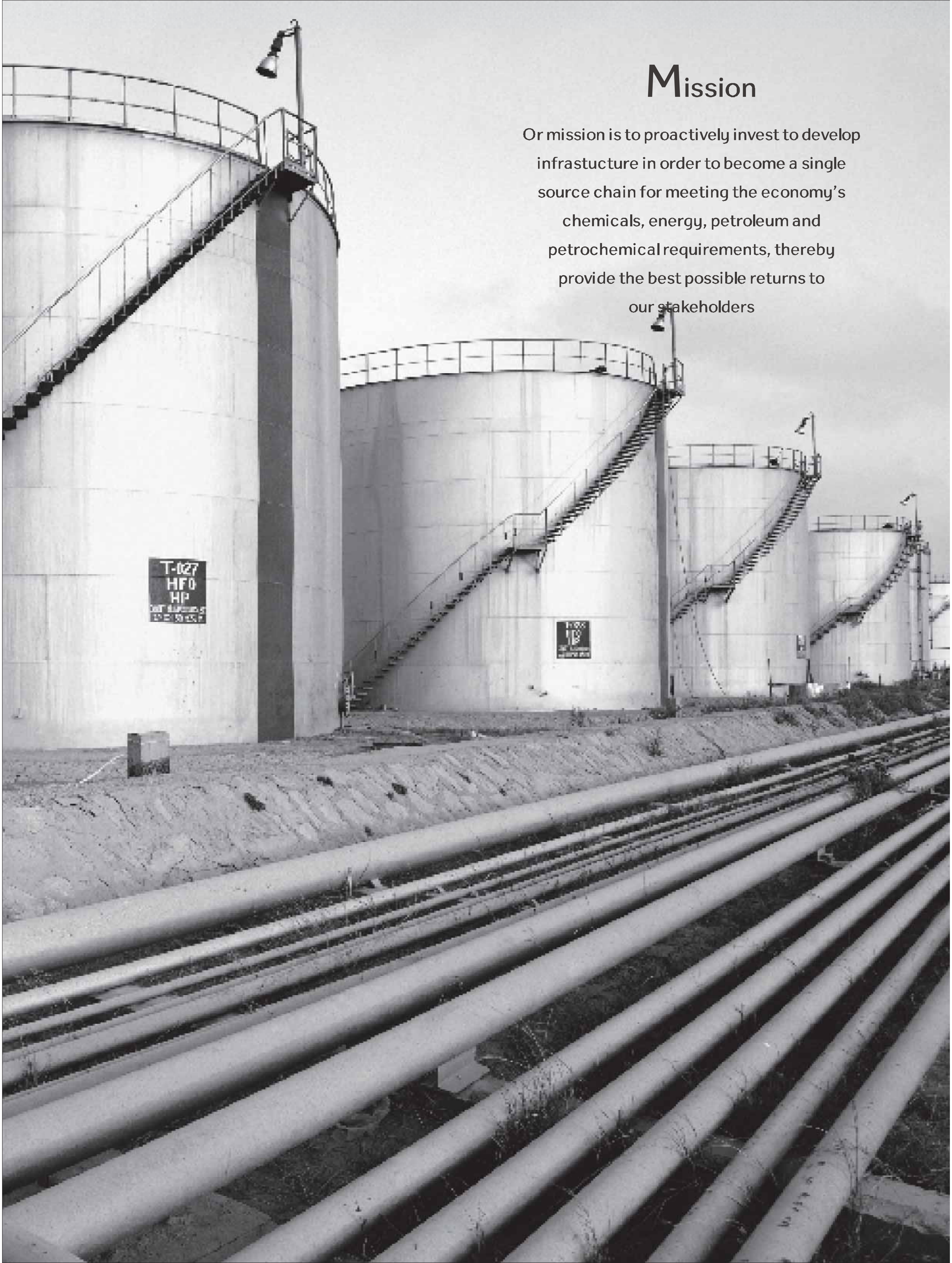
Vision

Our vision is to develop our company on ethical and professional basis in order to steadily grow and become a valued contributor to the economy and a respected corporate entity



Mission

Or mission is to proactively invest to develop infrastucture in order to become a single source chain for meeting the economy's chemicals, energy, petroleum and petrochemical requirements, thereby provide the best possible returns to our stakeholders



Code of Conduct

Byco is engaged in the manufacturing of a wide range of petroleum products with the objectives to achieve sustainable producti-vity, profitability and high standards of care for environment, health and safety. This entails human resource development, enhancing value addition, implementing conser-vation measures and growth up-gradation and addition of newer generation technologies. Our Company believes in the application of business ethics as have been embodied in this document.

- The credibility, goodwill and repute earned is maintained through continued convic-tion in our corporate values of honesty, integrity, justice and respect for people. Our Company promotes openness, profes-sionalism, teamwork and trust in its entire business activities.
- Safeguarding of Shareholders' interest and a worthwhile return on equity is an integral part of our business ethics.
- We believe in servicing customers by providing products, which are manufac-tured and priced competitively and in line with the environmental standards of the Country.
- We proactively invest in our human capital, offer competitive employment terms and provide safe and congenial working environment, and an equal opportunity for all our employees.
- We believe that profits are the real yard-stick 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 a Company.
- In view of the critical importance of the business and impact on national economy, our Company provides all relevant infor-mation concerning its activities to inter-ested parties, subject to any overriding confidentiality.

Amir Abbassciy
Chief Executive Officer

Company Information

Board of Directors

Hamid Imtiaz Hanfi
Chairman

Muhammad Raza Hasnani
Vice Chairman

Aziz Moolji
Director

Hala Hobeiche
Director

Diana Brush
Director

Marc Angst
Director

Maria do Rosario
Correia Pereira Avelino
Director

Philip Harris
Director

Richard Legrand
Director

Compliance Committee of the Board

Philip Harris
Chairman

Muhammad Raza Hasnani
Member

Diana Brush
Member

Jawed Ahmad
Secretary

Strategy & Risk Management Committee of the Board

Muhammad Raza Hasnani
Chairman

Hamid Imtiaz Hanfi
Member

Diana Brush
Member

Iqbal Haris
Secretary

Services and Stakeholders Committee of the Board

Muhammad Raza Hasnani
Chairman

Hamid Imtiaz Hanfi
Member

Diana Brush
Member

Shahana Ahmed Ali
Secretary

Supervisory Secretariat

Hamid Imtiaz Hanfi
Head Supervisory Secretariat

Jawed Ahmad
Head Compliance

Shahana Ahmed Ali
Head Legal, Services and
Company Secretary

Corporate Secretariat

Amir Abbassciy
Chief Executive Officer

Mohammad Wasi Khan
Country Business Head
- Chemical Manufacturing

Qaiser Jamal
Country Business Head
- Oil Refining

Mujtaba Jafarey
Country Business Head
- Petroleum Marketing

Iqbal Haris
Head Administration and
Human Resource

Wajahat Athar Jafri
Head Commercial

Asad Azhar Siddiqui
Head Finance and
Chief Financial Officer

Nawaz Ahmed Khan
Head Management
Applications
and Systems

Syed Masood Raza
Head Technical

Legal Counsel

Shahana Ahmed Ali
Head Legal

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Barclays Bank PLC, Pakistan
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silkbank Limited
Standard Chartered Bank
(Pakistan) Limited
Soneri Bank Limited
The Bank of Khyber
United Bank Limited

Shares' Registrar

FAMCO Associates (Pvt) Limited
First Floor, State Life Building No. 1A
I. I. Chundrigar Road, Karachi - 74000
Pakistan

Tel: (92 21) 3242 7012, 3242 6597,
3242 5467
Fax: (92 21) 3242 6752, 3242 8310

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 & Security Policy

Byco is committed to delivering a sustainable world class performance through prevention of injury & ill-health, preservation of environment and safeguarding health, safety & welfare of those who work at or visit 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 best leadership and management structure to deliver this policy and provide an unbroken chain of responsibility & 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 achieve our goal of zero incidents, injuries and illnesses.
- Encourage employees to adopt a healthy, safe and environmentally conscious lifestyle both at work and home.
- Continuously seek to reduce environmental impact of our business operations by:
    - Improving energy efficiency and natural resource consumption
    - Reusing and recycling materials to minimize waste and pollution
    - Endeavor to protect and restore bio-diversity
    - 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

- Management Team is accountable for delivery of EHSS improvements and providing necessary resources to do so.
- All related to 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.

Amir Abbassciy
Chief Executive Officer

Financial Highlights

Byco Petroleum Pakistan Limited

Investor Information

Balance Sheet	2012	2011	2010	2009	2008	2007
Share capital	9,779	9,779	3,921	3,921	3,921	2,451
Share holders' equity	(6,723)	(3,992)	(8,069)	(6,676)	3,529	2,013
Property, plant and equipment	18,373	18,678	14,042	14,779	8,565	6,388
Intangible asset	6	9	15	7	11	14
Long term investment - At cost	5,729	2,087	2,087	--	--	300
Long term loan and receivable	--	2,346	2,349	31	--	--
Long term deposits	19	21	59	57	46	17
Stock in trade	2,956	4,113	4,928	4,488	11,934	5,177
Trade debts - unsecured	9,931	6,658	6,862	9,090	3,218	1,079
Total current assets	14,483	12,598	13,596	16,744	23,440	8,524
Total current liabilities	37,177	29,497	26,318	23,129	25,592	8,470
Short term borrowings - Secured	7,650	--	509	218	1,000	249
Current portion of non-current liabilities	2,442	1,933	1,977	1,443	606	610
Non-current liabilities	2,574	4,305	10,039	11,081	1,369	3,158
Loan from sponsors	--	--	5,001	4,023	170	--

Profit and Loss Accounts	2012	2011	2010	2009	2008	2007
Net sales	19,453	38,944	41,098	44,621	35,806	19,329
Cost of sales	21,170	38,169	40,430	48,530	33,664	19,401
Gross profit / (loss)	(1,717)	775	667	(3,909)	2,142	(72)
Operating profit / (loss)	(2,640)	(1,126)	(565)	(4,504)	1,762	(269)
Financial charges	2,965	2,096	3,026	6,432	497	355
(Loss) / profit before taxation	(3,197)	(1,850)	(1,488)	(10,327)	184	(628)
(Loss) / profit after taxation	(3,078)	(1,987)	(1,616)	(10,333)	15	(681)
(Loss) / earnings per share - Basic Rs.10/share	(3.15)	(4.91)	(4.12)	(26.35)	0.04	(2.37)

Profitability Ratios		2012	2011	2010	2009	2008	2007
Gross profit	%	-8.82%	1.99%	1.62%	-8.76%	5.98%	-0.38%
Profit before Tax	%	-16.44%	-4.75%	-3.62%	-23.14%	0.51%	-3.25%
Net profit	%	-15.82%	-5.10%	-3.93%	-23.2%	0.04%	-3.52%
EBITDA Margin to sales	%	4.68%	2.41%	5.29%	-7.64%	6.15%	0.00%
Return on Equity	%	270.0%	-79.3%	38.4%	398.7%	0.3%	-13.5%
Liquidity Ratios							
Current Ratio	Times	0.39x	0.43x	0.52x	0.72x	0.92x	1.01x
Quick/Acid Test ratio	Times	0.31x	0.28x	0.32x	0.52x	0.44x	0.38x
Activity/Turnover Ratios							
Inventory turnover	Days	60.9	43.2	42.5	61.8	92.8	85.5
Debtors turnover	Days	155.6	63.4	70.8	50.3	21.9	20.6
Creditors turnover	Days	446.6	258.4	200.1	153.4	256.8	139.3
Inventory turnover	Times	6.58x	9.47x	8.34x	9.94x	3.00x	3.73x
Debtors turnover	Times	1.96x	5.85x	5.99x	4.91x	11.13x	17.91x
Creditors turnover	Times	0.82x	1.41x	1.82x	2.38x	1.42x	2.62x
Total Assets turnover ratio	Times	0.50x	1.09x	1.28x	1.41x	1.12x	1.27x
Fixed Assets turnover ratio	Times	0.81x	1.68x	2.22x	3.00x	4.15x	2.88x
Financial Leverage Ratios							
Interest Coverage ratio	Times	-0.08x	0.12x	0.51x	-0.61x	1.10x	-0.55x
Debt to equity ratio	Times	(2.21)	1.42	(1.30)	(2.65)	0.30	0.41
Investment / Market Ratios							
Earnings per share - basic	Rs.	(3.15)	(4.91)	(4.12)	(26.35)	(0.04)	(2.37)
Earnings per share - diluted	Rs.	(3.15)	(4.91)	(3.57)	(25.74)	(0.04)	(2.37)

Directors' Report

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

The Directors of your Company are pleased to present the Annual Report together with the audited financial statements and auditors' report thereon for the year ended June 30, 2012.

COMPANY'S BUSINESS

The Company currently operates two business segments namely Oil Refining Business and Petroleum Marketing Business.

Oil Refining Business

During the fiscal year 2012, the average refinery through put was at approximately 72% lower as compared to last year mainly due to working capital constraints which remained a bottleneck for continuous refining operations and arose as a consequence of varying crude oil prices and PKR / USD parity in previous years. During the year, your refinery operated for 58 stream days as compared to 232 stream days last year and has processed approximately 0.949 million barrels of crude oil as compared to 3.48 million barrels last year.

Petroleum Marketing Business

Petroleum Marketing Business has established 219 retail outlets in all provinces of Pakistan including AJK and Gilgit Baltistan with regular supplies to the power sector and to other major players from the industrial sectors. The business has shown positive growth in sales and margins during the 2nd half of the year when product supplies to power and industrial sector from Refinery became consistent.

FINANCIAL RESULTS

During the period under review, net sales of the company declined by 50% to Rs. 19,453 million as compared to Rs. 38,944 million during the same period last year (SPLY). The Company had to continue facing significant working capital constraints during the period which resulted in limited supplies and consequent interruptions in business operations. The refinery operations as well as the petroleum marketing business were severely affected.

The overdue receivables from Pakistan State Oil (PSO) and Karachi Electric Supply Company (KESC) aggregating to PKR 9,453 million (as at 30th June, 2012) continued to create stress on the financial position of the Company.

The Company suffered gross loss of Rs. 1,716 million during the year ended 30th June, 2012 as compared to the gross profit of Rs. 775 million during SPLY. This was mainly on account of international oil price volatility and the refinery operating at significantly low capacity due to supply constraints. Higher financial charges on bank borrowings continued to erode the bottom line. However lower costs and higher other income resulted in a net loss of Rs. 3.15 per share as compared to a loss of Rs. 4.91 per share during SPLY.

The Company has negotiated restructuring and

deferment of repayments with its major lenders and creditors and has converted its Forced Payment Against Documents (FPAD) into Running Finance. Further, during the period under review the Company has been able to achieve reduction in mark-up rates in respect of its liabilities.
In addition to the aforesaid, one of the major banks extended additional working capital facilities to the Company for import of crude oil.

Your Company is at an advanced stage of negotiations with the banks syndicate and other financial institutions for enhanced working capital lines for import of crude oil and petroleum products which will enable smooth operations at a sustainable refining capacity of 30,000 bpd.
A positive outcome of these negotiations is expected, and reflects a positive future.

For a comprehensive look over the last six years' financial highlights, refer to page 07.

Reasons for not declaring dividend

Due to working capital constraints, the business remained substantially under-utilized with the refinery being inoperative for the most part of the year, which adversely impacted the Company's finances.

The foregoing factors resulted in increased financial costs to the Company during 2011-12, bringing stress to its operations. As a result; the Directors do not recommend any appropriations for the year ended June 30, 2012.

Auditor's observations

The Company has a signed agreement with Pakistan State Oil Company Limited (PSOCL) which entitles it to charge markup on delayed payments from PSOCL. Accordingly markup has been charged from PSOCL on account of delay in payments and payments received from PSOCL have been adjusted as payment against markup receivable and then against invoices for product supplies. However PSOCL has neither confirmed nor declined such account treatment to the Company. Since PSOCL has not confirmed the amount of markup on delayed payment, the auditors are of the view that the amount of markup on delayed payment is doubtful of recovery and a provision for doubtful debt should be made in these financial statements. This, in view of the Company, is against the spirit of the commercial agreement with PSOCL and it strongly believes that the amount is a contractual commitment due from PSOCL and would be recovered. Therefore no provision there-against has been made in these financial statements.

Directors' Report

The auditors have also expressed their doubts about the validity of the going concern assumption followed in preparation of the financial statements. The auditors' observation is based on certain negative financial indicators such as loss after taxation, adverse current ratio and negative equity. The management is of the view that these conditions are temporary, not permanent and would reverse in foreseeable future. The main reasons for the losses are explained in preceding paragraphs and the mitigating factors are also discussed in note 2 to the financial statements which justify use of going concern assumption in preparation of financial statements.

VALUE ADDITION & BEST PRACTICE

Management Application and Systems

All our Group Companies operates SAP, one of the leading ERP System which has enhanced the system efficiencies by providing real-time information to the management. Since its implementation, various improvements and enhancements have been done to cater for new business process requirements of the Group.

Corporate Social Responsibility

In the realm of Corporate Social Responsibility and with a particular focus on education, health, and sports, your Company is actively participating in socio-development activities to fulfill its responsibilities as a responsible corporate citizen.

Environment, Health, Safety and Security (EHSS)

During the last year, the Company achieved a total of 5.16 million safe man hours without a lost time injury since November 2005. The Company has maintained ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certification for the year 2011-12. The environmental compliance of effluent and emissions remained well within the National Environmental Quality Standards (NEQS).

In-house training and awareness sessions on Permit to work, Hazardous Waste Management, Confined Space Safety and Oil spill and its control measures were conducted for employees and contractors.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the current year, the Company contributed an amount of Rs. 3,130 million to the national exchequer on account of direct and indirect taxes, excise duty and petroleum levies, along with exports of approximately US$ 37.81 million.

BUSINESS INVESTMENTS

Byco Terminals Pakistan Limited (BTPL)
A 100% owned subsidary

BPPL had setup this wholly owned subsidiary with a view of achieving greater efficiency in its value chain and reduce costs, and has Rs. 5,729 million invested in BTPL as at 30th June, 2012. Byco Terminals Pakistan Limited (formerly Universal

Terminal Limited) is an infrastructure providing company that aims at at facilitating the logistics of the of the the petroleum products, and was incorporated as a private limited company on 14th June, 2012 under the Companies
Ordinance, 1984.

BTPL (which has its storage facility at Keamari and Mouza Kund, Lasbela), is in the process of operating the first Single Point Mooring (SPM) and port facility with the accompanying infrastructure including associated pipelines and terminal. Oil pipelines are the cheapest mode of transportation of crude and in turn, lead to economies.

PROJECTS IN PROGRESS

Isomerization Plant (ISOM)

All stationary, rotary, piping, structural, electrical and instrumentation works are complete, and mechanical completion is achieved. The verification of works between project team and contractors is done. Plant has been handed over to commissioning/operations.

FUTURE OUTLOOK

The restructuring of existing Syndicate bank liabilities

Concurrent to the efforts with regards to acquiring greater working capital lines, your Company is in process of restructuring its existing syndicate bank liabilities into a long term debt. This, as mentioned earlier, will not only provide the required sustainability for operating our existing businesses, but also the ability and ease to settle its liabilities as per the 'proposed' debt restructuring plan. It's worth noting that the negotiations for the above stated are currently in advanced stages and are expected to be completed before December 2012.

Petroleum Marketing Business

The marketing business has experienced significant growth and is guarding the Company from circular debt trap. As you must be aware that PMB earns definite margins on each unit of POL product it sells, it provides positive contribution to BPPL as a whole. PMB has shifted its focus onto increasing its industrial consumer base, both in terms of clientele and volume which shall give back profitable margins.

Major sectors that consume POL energy products include power, industrial sectors, and the largest consumer; transport. This fact, coupled with rapidly increasing automobile sales clearly indicates that the demand for POL products will remain high in the foreseeable future. As per the Oil Companies Advisory Committee (OCAC) report, the Cumulative Average Growth Rate (CAGR) of POL products over a period of six years (2009-2015) is 8% per annum. The major products driving demand of POL products are Furnace Oil and MoGas (MS) with their six year CAGR of 12% and 7%, respectively. With decrease of availability of CNG, the growth in MS is likely to increase in near future. This will help increase BPPL's market share and will help better the overall profitability position of the Company.

Isomerization unit

Your Company shall be pioneering the introduction of UOP licensed Isomerization (ISOM) technology. This unit on commissioning will convert light Naphtha, presently being exported, to a value added motor gasoline which in turn, will favorably help the overall refinery economics. It is worth mentioning that present export of light naphtha fetches a price which is lower than crude freight stock. The ISOM unit is expected to come online along with Byco Group's bigger and newly constructed 120,000 stream barrels per day refinery during second quarter 2012-13. The light naphtha freight stock requirement shall be met cumulatively from the production of two refineries.

Single Point Mooring

The SPM project is a very promising one as it will result in major cost savings for BPPL, and a more speedy transportation of crude oil to BPPL's refinery at Hub, Balochistan.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. There is no departure from the best practice of corporate governance, as detailed in the listing regulations. The Company has been and remains committed to the conduct of its business in line with the code of corporate governance and the listing regulations of the stock exchanges of Pakistan.

The directors are pleased to confirm that:

During the year, five meetings of the Board of Directors were held and attendance by the directors was as follows:

	Name of Directors	No. of B.O.D. meetings attended
1.	Mr. Hamid Imtiaz Hanfi	4
2.	Mr. Muhammad Raza Hasnani	5
3.	Mr. Amir Abbassciy (i)	4
4.	Mr. Waqar Hassan Siddique (ii)	1
5.	Mr. Matteo Stefanel (iii)	2
6.	Mrs. Uzma Abbassciy (iv)	2
7.	Mr. Naseem S. Mirza (v)	1
8.	Mr. Muhammad Abdullah Yusuf (vi)	2
9.	Mr. Aziz Moolji (vii)	0
10.	Ms. Hala Hobeiche (viii)	0
11.	Ms. Diana Brush (ix)	1
12.	Mr. Marc Angst (x)	1
13.	Ms. Maria do Rosario Correia Pereira Avelino (xi)	1
14.	Mr. Philip Harris (xii)	1
15.	Mr. Richard Legrand (xiii)	1

(i) Mr. Amir Abbassciy resigned on 29th August 2012;

(ii) Mr. Waqar Hassan Siddique resigned on 5th August 2012;

(iii) Mr. Matteo Stefanel resigned on 5th August 2012;

(iv) Mrs. Uzma Abbassciy resigned on 29th August 2012;

(v) Mr. Naseem S. Mirza was appointed on 26th March 2012 and resigned on 19th June 2012;

(vi) Mr. Muhammad Abdullah Yusuf resigned on 30th May 2012;

(vii) Mr. Aziz Moolji resigned on 23rd January 2012 and reappointed on 29th August 2012;

(viii) Ms. Hala Hobeiche was appointed on 29th August 2012;

(ix) Ms. Diana Brush was appointed on 29th August 2012;

(x) Mr. Marc Angst was appointed on 29th August 2012;

(xi) Ms. Maria do Rosario Correia Pereira Avelino was appointed on 29th August 2012;

(xii) Mr. Philip Harris was appointed on 29th August 2012; and

(xiii) Mr. Richard Legrand was appointed on 29th August 2012.

Leave of absence was given to directors who were unable to attend board meeting.

- The Financial Statements of the Company have been prepared by the Management and represent fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.

- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes, wherever made, have been adequately disclosed. Accounting estimates are on the basis of prudent and reasonable judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

VALUE OF INVESTMENT IN POST EMPLOYEMENT BENEFIT FUND

The value of investment of provident fund on the basis of unaudited accounts is Rs. 135 million as at 30th June, 2012 compared to Rs. 96 million, same date last year.

Pattern of Shareholding

- The pattern of shareholding and additional information as at 30th June 2012 appear at page 105 of the Annual Report 2012 of the Company.

- 86.94% shares are held by Byco Oil Pakistan Limited, 1.17% shares are held by financial institutions and banks and 11.89% shares are held by individuals.

- No trading in the shares of the Company was done by the directors, executives and their spouses and minor children during the year.

External Auditors

Auditors for the year ending June 30, 2013 shall be appointed at the forthcoming Annual General Meeting.

Acknowledgement

The Board wishes to express appreciation and place on record its gratitude for the co-operation extended to the Company by Government of Pakistan and Strategic partners including Lenders, Suppliers, Customers and shareholders of the Company.

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

For and on behalf of the Board of Directors

Chief Executive Officer

Director

Karachi
9th October 2012

Statement of Compliance
with the Code of Corporate Governance for the year ended 30th June 2012

The Company has applied the principles contained inthe Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	None
Executive Directors	Amir Abbassciy Hamid Imtiaz Hanfi
Non Executive Directors	Waqar Hassan Siddique Matteo Stefanel Muhammad Raza Hasnani Uzma Abbassciy

The election of directors will be held on 23rd June 2013, when the board will be reconstituted and the provision of the Clause (i)(b) of the Code to have at least one independent director shall take effect.

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared a defaulter by that stock exchange.

4. During the year three casual vacancies occurred in the Board of Directors on 23rd January 2012, 30th May 2012 and 19th June 2012. The earlier of 23rd January 2012 was filled by the directors within 60 days.

5. The Company is in the process of finalizing the 'Code of Conduct' as specified under code and its dissemination throughout the Company will be ensured along with the supporting policies and procedures within the next financial year.

6. The Board has developed a mission/vision 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 by the respective department.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the chief executive officer, other executive and non-executive directors, have been taken by the Board / Sharholders.

8. The meetings of the Board were presided by the Chairman, and in his absence, by a director elected by the Board .The Board met on 24th January 2012 which was adjourned and reconvened on 27th January 2012, 3rd April 2012 and 22nd May 2012. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings and the minutes of the meetings were appropriately recorded and circulated.

9. While almost all the directors are professionals and senior executives who possess wide experience and awareness of the duties of directors. Nevertheless training of directors is an on-going process and the Company intends to comply with the directors' training as required by the Code and completion of certification within the prescribed period of 30th June 2012 to 30th June 2016.

10. The Board has approved the appointment of the Chief Financial Officer of the Company including remuneration and terms and conditions of employment. There was no change in the positions of the Chief Executive Officer, Company Secretary and Head of Compliance during the year.

11. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The directors, chief executive officer and executives do not hold any interest in the shares of the Company other than what is disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board formed an Audit Committee by the name of Compliance Committee, which comprised of three members, two of whom were non-executive directors and the chairman of the committee was an independent director.

16. The meetings of the Compliance committee were held on 24th January 2012, 29th March 2012 and 17th May 2012 prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board formed a human resource and remuneration committee by the name of Strategy and Risk Management Committee, which comprised of two members, of whom one was non-executive director and the other an executive director.

18. The Board has setup an effective internal audit function for the Company, which was fully operational during the year.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any partners of the firm, their spouses and minor children do no hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines In this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been fully complied with, and reasonable progress is being made by the Company to seek compliance by the end of next financial year for the following :

- Code of Conduct
- Appointment of Independent Director
- Restructuring of Compliance Committee and Strategy and Risk Management Committee

For and on behalf of the Board of Directors

Amir Abbassciy
Chief Executive Officer

Review Report to the Members
on Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("Statement of Compliance") prepared by the Board of Directors of Byco Petroleum Pakistan Limited ("the Company") to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, sub-regulation (x) of Listing Regulations 35 notified by all stock exchanges requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

We draw attention to paragraph 5, 8, 16 and 17 which more fully explain the progress being made to seek compliance with Code of Corporate Governance for finalizing "Code of Conduct" and dissemination of the same throughout the Company once finalized, meeting of Board of Directors once in every quarter, meeting of Audit Committee once in every quarter and restructuring of Human Resource and Remuneration Committee respectively by the end of next financial year.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

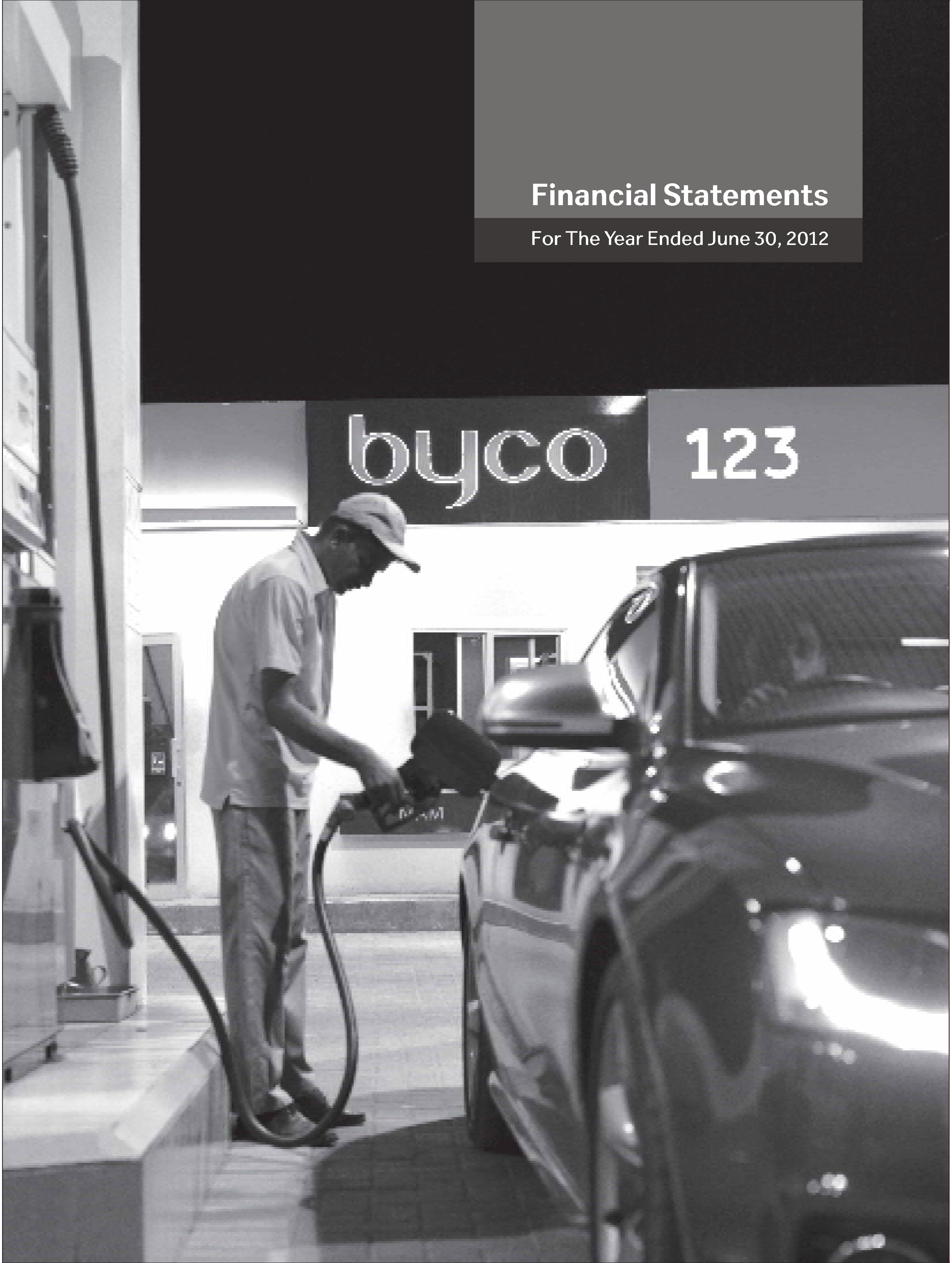
KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
CHARTERED ACCOUNTANTS

Date: 9th October 2012
Karachi

Financial Statements

For The Year Ended June 30, 2012



Auditors' Report To The Members

We have audited the annexed unconsolidated balance sheet of Byco Petroleum Pakistan Limited ("the Company") as at 30 June 2012 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) as described in note 11.1 to the unconsolidated financial statements, the Company has recognized mark-up on delayed payment from Pakistan State Oil Company Limited (PSO) in the amount of Rs. 3,386 million including Rs. 1,433 million which has been recognized during the year as the Company considers that it has a contractual right to record this mark-up (payment from PSO amounting to Rs. 1,100 million has been adjusted as payment against mark-up receivable instead of being treated as payment against principal). However, PSO has not acknowledged its liability towards mark-up recorded by the Company. We consider that mark up receivable amounting to Rs. 3,386 million should have been provided for. Had a provision been made of the mark-up receivable, loss after tax would have been higher by Rs. 1,433 million, accumulated losses would have been higher by Rs. 3,386 million and loss per share would have been higher by Rs. 1.47;

b) except for the matter discussed in paragraph (a) above, in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) except for the matter discussed in paragraph (a) above, in our opinion:

i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

Auditors' Report To The Members

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) except for the matter discussed in paragraph (a) above , in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, 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 2012 and of the loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 2 to the unconsolidated financial statements which indicates that the Company has incurred net loss of Rs. 3,078 million during the year ended 30 June 2012, and as of that date, its accumulated losses amounted to Rs. 16,502 million; as at 30 June 2012 total liabilities exceeded the total assets by Rs.1,140 million and current liabilities exceeded the current assets by Rs. 22,694 million. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. However unconsolidated financial statements have been prepared on going concern basis based on mitigating factors as more fully explained in note 2 to the unconsolidated financial statements which mainly describe the fact that the Company expects acceptance of financial restructuring proposal offered to the lenders in respect of the existing liability and fresh working capital lines in respect of purchase of crude oil and petroleum product. Our opinion is not qualified in respect of this matter.

The unconsolidated financial statement of the Company for the year ended 30 June 2011 were audited by another firm of chartered accountants who had expressed a qualified opinion on mark-up on delayed payment receivable from PSO along with an emphasis of matter paragraph on the going concern assumption of the Company in its audit report dated 27 January 2012.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Date : 9th October 2012
Karachi

Unconsolidated Balance Sheet
As at 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	18,372,849	18,677,832
Intangible asset	6	5,915	8,873
Long term investment	7	5,729,258	2,087,115
Long term loan and receivable	8	-	2,346,332
Long term deposits	9	19,387	20,742
		24,127,409	23,140,894
CURRENT ASSETS			
Stores and spares		159,280	199,697
Stock in trade	10	2,956,264	4,113,023
Trade debts - unsecured	11	9,931,045	6,658,446
Loans and advances - considered good	12	394,080	534,149
Trade deposits, prepayments and other receivables	13	821,454	388,088
Mark-up accrued		18,923	434,264
Cash and bank balances	14	202,228	270,559
		14,483,274	12,598,226
		38,610,683	35,739,120
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	9,778,587	9,778,587
Accumulated losses		(16,501,819)	(13,770,872)
		(6,723,232)	(3,992,285)
Surplus on revaluation of property, plant and equipment	16	5,583,119	5,930,161
NON CURRENT LIABILITIES			
Long term payables	17	-	1,506,738
Liabilities against assets subject to finance leases	18	74,736	124,435
Long term deposits	19	38,913	33,046
Deferred liabilities	20	2,460,110	2,640,376
		2,573,759	4,304,595
CURRENT LIABILITIES			
Trade and other payables	21	25,903,618	27,024,581
Accrued mark-up	22	1,138,196	298,700
Short term borrowings - secured	23	7,650,000	-
Current portion of non current liabilities	24	2,441,686	1,933,211
Provision for taxation		43,537	240,157
		37,177,037	29,496,649
Contingencies and commitments	25		
		38,610,683	35,739,120

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Profit and Loss Account
For the year ended 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
Sales	26	19,452,997	38,944,270
Cost of sales	27	21,169,638	38,168,844
Gross (loss) / profit		(1,716,641)	775,426
Operating expenses			
Administrative expenses	28	611,368	918,259
Selling and distribution expenses	29	311,511	982,733
		922,879	1,900,992
Operating loss		(2,639,520)	(1,125,566)
Other income	30	2,406,714	1,371,849
		(232,806)	246,283
Financial and other charges			
Financial charges	31	2,964,458	2,096,290
Loss before taxation		(3,197,264)	(1,850,007)
Taxation	32		
Current		34,320	240,157
Prior year		33,274	7,761
Deferred		(186,869)	(110,966)
		(119,275)	136,952
Loss after taxation		(3,077,989)	(1,986,959)
		(Rupees)	
Loss per share - basic	33	(3.15)	(4.91)

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Other Comprehensive Income
For the year ended 30 June 2012

	2012	2011
	(Rupees in '000)	
Net loss after taxation	(3,077,989)	(1,986,959)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,077,989)	(1,986,959)

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Cash Flow Statement
For the year ended 30 June 2012

	2012	2011
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(3,197,264)	(1,850,007)
Adjustments for non cash and other items:		
- Depreciation	1,156,670	684,173
- Amortization	2,958	6,497
- Impairment of asset	-	16,534
- Financial and other charges	2,964,458	2,096,290
- Mark-up written off	14,089	-
- Provision for gratuity	6,603	14,354
- Gain on disposal of assets	(116)	(2,395)
Net cash flow before working capital changes	947,398	965,446
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	40,417	(55,621)
Stock in trade	1,156,759	814,915
Trade debts	(3,272,599)	203,396
Loans and advances	(37,905)	(265,687)
Trade deposits, prepayments and other receivables	(547,223)	(72,736)
Mark-up accrued	(703,337)	(395,262)
Increase / (decrease) in current liabilities		
Trade and other payables	6,529,037	4,810,839
Cash generated from operations	4,112,547	6,005,290
Payments / receipt for:		
Financial charges	(2,124,962)	(2,898,377)
Income taxes	(150,357)	(203,941)
Net cash generated from operating activities	1,837,228	2,902,972
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(864,447)	(1,759,392)
Proceeds from disposal of vehicles	20,366	4,873
Loan to subsidiary	(13,248)	-
Long term deposits	7,222	(9,004)
Net cash used in investing activities	(850,107)	(1,763,523)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from sponsors and associates - net	-	509,910
Repayment of long term loan	(891,857)	(1,868,383)
Liabilities against assets subject to finance lease - net	(163,595)	(97,066)
Long term deposits	-	16,100
Short term borrowings - net	-	(466,000)
Net cash used in financing activities	(1,055,452)	(1,905,439)
Net increase / (decrease) in cash and cash equivalents	(68,331)	(765,990)
Cash and cash equivalents at beginning of the year	270,559	1,036,549
Cash and cash equivalents at end of the year	202,228	270,559

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2012

	Issued, subscribed and paid up capital	Accumulated loss	Total
	(Rupees in '000)		
Balance as at 30 June 2010	3,921,044	(11,989,993)	(8,068,949)
Total comprehensive loss for the year ended 30 June 2011			
Loss for the year ended 30 June 2011	-	(1,986,959)	(1,986,959)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	206,080	206,080
Transaction with owners recorded directly in equity			
Issuance of 585,754,341 ordinary shares @ Rs 10 each	5,857,543	-	5,857,543
Balance as at 30 June 2011	9,778,587	(13,770,872)	(3,992,285)
Total comprehensive loss for the year ended 30 June 2012			
Loss for the year ended 30 June 2012	-	(3,077,989)	(3,077,989)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	347,042	347,042
Balance as at 30 June 2012	9,778,587	(16,501,819)	(6,723,232)

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

Byco Petroleum Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company on 09 January 1995 under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the company are listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi – 75600, Pakistan. Byco Oil Pakistan Limited (Holding Company) holds 86.94% (30 June 2011: 86.98%) shares in the Company. The Holding Company is a wholly owned subsidiary of Byco Industries Incorporated (BII), Mauritius (ultimate Parent Company). The Company is principally engaged in the production, marketing and sale of petroleum products.

The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company commenced its crude Oil Refining Business in 2004.The refinery has a rated capacity of 35,000 bpd (barrels per day).Petroleum Marketing Business was formally launched in 2007 and now growing aggressively with 219 retail outlets across the country.

2 GOING CONCERN ASSUMPTION

During the year ended 30 June 2012, the Company incurred a net loss after tax of Rs. 3,078 million (2011: Rs. 1,987 million) and as of that date its accumulated losses amounted to Rs. 16,502 million (2011: Rs. 13,771 million). As at 30 June 2012 total liabilities exceeded total assets by Rs.1,140 million and current liabilities of the Company exceeded its current assets by Rs. 22,694 million (2011: Rs. 16,898 million). The refinery operations of the Company have substantially declined and the refinery could not operate during most part of the year on account of working capital constraints being faced by the Company and as a result thereof, it has been unable to ensure timely payments to its creditors. Consequently certain creditors have claimed mark-up on delayed payments which the company does not acknowledge due to the reason mentioned in note 25 to these unconsolidated financial statements. The conditions indicate existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The unconsolidated financial statements have been prepared using the going concern assumption as the management is confident that all these conditions are temporary, and would reverse in foreseeable future due to the reasons given below:

- During the year the Company has successfully re-negotiated with their lenders and converted the Forced Payment Against Documents (FPAD) facility amounting to Rs. 7,650 million into running finance facility as disclosed in note 23 to the unconsolidated financial statements. The said conversion would bring reduction in mark-up rates by around 200 basis points and Letter of Credit related charges. The Company is also in advance stages of rearrangements with syndicate banks for restructuring of its short term current liabilities and expect the restructuring to fetch substantial reduction in mark-up cost in future and deferment in payment terms which will ensure smooth operations of the refinery.

- One of the major local banks has supported and enhanced the working capital lines for import of crude oil and petroleum products, which resulted in resumption of refinery operations in the later part of the year. Further subsequent to the year end, the aforementioned bank has also extended Letter of Credit facility up to an amount of Rs. 13,000 million at more relaxed terms in order to support the working capital requirements of the Company. These arrangement would result in financial cost saving and accommodate the Company to deal with volatility of international crude oil prices and foreign exchange rates and to sustain the future growth momentum of its business.

- The State Bank of Pakistan has relaxed the requirement of Prudential Regulation "Corporate and Commercial Banking" for the Company. Such relaxation would allow the Company to obtain more borrowing facilities from financial institutions. Consequentially the Company has requested different commercial financial institutions to augment fresh working capital facility to the extent of Rs. 10,000 million which is under consideration of the State Bank of Pakistan.

- The Company is in final stages of completing the Isomerization Plant. The Plant will be commissioned with the Byco Oil Pakistan Limited's refinery as its vast quantity of Light Naphtha feed can only be met when the larger Refinery commences operations. This will enable the Company to process light naphtha into low benzene environmental friendly motor gasoline and is expected to yield better returns to the Company.

- During the year, the Company's Petroleum Marketing Business (PMB) has successfully entered into various fuel supply arrangements with different marketable sectors such as shipping, Power & Energy and mining sectors. High margin aviation fuel export market has also been tapped through these arrangements and for managing this business, a separate working capital line is available to the Company. Further, during the year, PMB segment has increased their retail business by entering into different dealer financed, semi-financed and company financed agreements for opening of various retail outlets across the country. These factors of PMB segment has been and is expected to yield significant contribution towards the profitability of the Company.

- The Ministry of Petroleum and Natural Resources (MP & NR) has approved the recovery of crude oil transportation cost through Inland Freight Equalisation Margin Pool (IFEM). Previously, all this transportation cost was borne by the Company itself without any reimbursements from the pool or the Government. This will result in future cost savings of the Company once refining operations recommence.

- Further, the Company is continuously reviewing its administrative costs, operating expenditures as well as capital expenditures, with a view to optimize the associated benefits through reduction / elimination of such costs as they find appropriate.

- Further, the ultimate parent company has given its commitment to give financial support to the Company as and when required. The support is available during the next financial year and beyond that.

- The management has also prepared financial projections to demonstrate the financial benefits of above measures.

The results of the above efforts, activities and actions are expected to contribute significantly towards the profitability, cost reduction, cash flows and equity position of the Company and mitigate the risks involved therefore, the preparation of unconsolidated financial statements on going concern assumption is justified.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

3.2 Basis of preparation

These unconsolidated financial statements are prepared under the historical cost convention except for certain class of assets included in property, plant and equipment that are stated at revalued amounts as referred to in notes 4.1.1 and 5.

3.3 Functional and presentation currency

These unconsolidated financial statements are 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.

3.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards, requires management to make judgments, estimates and use assumptions that affect the application of policies and the reported amount of assets and liabilities and 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 the period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgements which are significant to the financial statements:

3.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.4.2 Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether impairment allowance should be recorded to reduce the trade debts to their recoverable amounts. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

3.4.3 Stock in trade

The Company reviews the net realizable value (NRV)of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade, and corresponding effect in profit and loss account of those future years.

Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

3.4.4 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

3.4.5 Employees retirement benefits

Certain actuarial assumptions have been used as disclosed in note 20.2 to the unconsolidated financial statements for the valuation of defined benefit obligations. Any changes in these assumptions in future years may effect the liability under these schemes in those years.

3.4.6 Taxation

In making the estimates for income taxes currently payable by the Company, the Management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.4.7 Financial assets

Impairment loss against doubtful financial assets is determined on a judgemental basis, for which provisions may differ in future years based on the actual experience. The difference in provisions if any, would be recognised in the future periods. Impairment loss, if any, against investment in a subsidiary company is determined on value in use basis.

3.5 Accounting developments

Certain amendments to published standards and interpretations of accounting standards became effective during the year, however, they do not affect the Company's financial statements.

3.6 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy is to account for actuarial gains and losses using the corridor method and with the change, unrecognized actuarial losses amounting to Rs. 3.848 million at 30 June 2012 will be recognized in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

    - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

    - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this has not been assessed at the balance sheet date.

    - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

    - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Management.

Measurement

Except freehold land, leasehold land, plant and machinery, generators and safety and lab equipments all others items of property, plant and equipment (refer note 5.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land, leasehold land, plant and machinery, generators and safety and lab equipments 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 fixed assets.

Cost in relation to items of property, plant and equipment stated at cost represent historical costs. Stores and spares which form part of the contract under which the project was undertaken are also capitalized with the plant and machinery.

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

Depreciation

Depreciation is charged to profit and loss account, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates disclosed in note 5.1.

Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Useful lives are determined by the Management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the asset is derecognized.

When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Normal repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

4.1.2 Asset subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the effective interest rate.

The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account.

Depreciation is charged to profit and loss account applying the straight-line method on a basis similar to owned assets.

4.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

Intangible assets with finite lives are amortized on a straight line basis over their economic useful lives as specified in note 6.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4.3 Investments in subsidiary

These investments are initially valued 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 profit and loss account. The profits and losses of subsidiary and associated companies are carried in the financial statements of the subsidiary and associated company and are not dealt with for the purpose of these unconsolidated financial statements of the Company except to the extent of dividend declared by the subsidiary and associated companies.

4.4 Borrowing costs

Borrowing costs are recognised in profit and loss account in the period in which these are incurred except to the extent of borrowing costs on long term finances that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

4.5 Loans, advances and deposits

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

4.6 Stock in trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV). Crude oil in transit is valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date. Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Stock of finished products are valued at lower of cost and net realizable value (NRV). Cost of finished products comprises of the cost of crude oil and refining charges consisting of direct expenses and appropriate production overheads. Direct expenses are arrived at on the basis of average cost for the year per barrel of throughput. Production overheads, including depreciation, are allocated to throughput proportionately on the basis of normal capacity.

Net realizable value 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 and in relation to crude oil represents replacement cost at the balance sheet date.

4.7 Stores and spares

These are stated at moving average cost less impairment loss, if any, except items in transit, which are stated at cost. 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. The Company reviews the carrying amount of the stores and spares on a regular basis and provision is made for obsolescence.

Provision is made for obsolete and slow moving items where necessary and is recognized in the profit and loss account.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.9 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include bank overdrafts which form an integral part of the Company’s cash management.

4.10 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the “Surplus on Revaluation of Fixed Assets account” shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002. The Company has adopted following accounting treatment of depreciation / amortisation on revalued assets, in accordance with Securities and Exchange Commission of Pakistan’s (SECP) SRO 45(1)/2003 dated 13 January 2003:

- depreciation / amortisation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation / amortisation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation / amortisation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets Account” to accumulated loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation / amortisation charge for the year.

4.11 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

4.12 Employee retirement benefits

4.12.1 Defined benefit gratuity scheme

The Company operates an approved unfunded defined benefit gratuity scheme for all its eligible employees. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under defined benefit gratuity scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of 30 June 2012 using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains / (losses).

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of present value of the Company's obligations are amortized over the expected service of current members.

4.12.2 Defined contributory provident fund

The Company also operates an approved funded contributory provident fund for all its eligible management and non-management employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of basic salary.

4.12.3 Leave encashment

The company accounts for liability in respect of un-availed compensated absences after accumulation of maximum 40 days for all its permanent employees, in the period of absence.

Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

4.13 Taxation

4.13.1 Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

4.13.2 Deferred

Deferred tax is recognized using balance sheet liability method, providing for all significant temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.15 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.16 Revenue recognition

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

- Sales are recognized when the significant risk and rewards of ownership of the goods have passed to the customer which coincide with the dispatch of goods to the customers.

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

- Mark-up on delayed payments charges are recognized on the time proportionate basis.

- Interest income / mark-up on short term deposits and interest bearing advances are recognized on the proportionate basis.

- Handling income including income from gantry operation, pipeline charges, scrap sales and rental income are recognized on accrual basis.

4.17 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. 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 has been 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 recognized.

4.18 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 balance sheet date.

Gains and losses on translation are taken to profit and loss account.

4.19 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.21 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 period.

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.

5 PROPERTY, PLANT AND EQUIPMENT

	Notes	2012	2011
		(Rupees in ‘000)	
Operating fixed assets - at cost less accumulated depreciation	5.1	13,966,136	14,962,881
Capital work in progress - at cost	5.2	4,406,713	3,714,951
		18,372,849	18,677,832

5.1 Operating fixed assets

	2012											
	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written Down Value	
	As at 01 July 2011	Additions	Transfer	(Disposals)	As at 30 June 2012	As at 01 July 2011	Charge for the year	Transfer	(On disposal)	As at 30 June 2012	As at 30 June 2012	Rate of Depreciation
	(Rupees in '000)											
Owned												
Freehold land	655,830	-	-	-	655,830	-	-	-	-	-	655,830	
Leasehold land	700,000	-	-	-	700,000	-	-	-	-	-	700,000	
Plant and machinery	14,661,814	21,308	-	-	14,683,122	2,337,863	978,663	-	-	3,316,526	11,366,596	4-5%
Generators	204,534	26,253	-	-	230,787	71,860	14,567	-	-	86,427	144,360	6.70%
Building, on freehold land, roads and civil works	307,058	4,162	-	-	311,220	53,715	12,633	-	-	66,348	244,872	4%
Furniture and fixtures	49,568	4,519	-	-	54,087	19,618	4,987	-	-	24,605	29,482	10%
Filling stations (5.1.1)	427,286	103,907	-	(2,718)	528,475	24,515	49,432	-	(423)	73,524	454,951	5-12.5%
Computer and allied equipments	67,945	9,479	-	-	77,424	40,765	15,184	-	-	55,949	21,475	33.33%
Safety and lab equipments	85,537	3,057	-	-	88,594	45,339	10,857	-		56,196	32,398	20%
Vehicles	62,976	-	144,322	(8,982)	198,316	43,370	11,332	106,502	(5,413)	155,791	42,525	20%
Portable cabins	9,199	-	-	-	9,199	7,356	696	-	-	8,052	1,147	10%
	17,231,747	172,685	144,322	(11,700)	17,537,054	2,644,401	1,098,351	106,502	(5,836)	3,843,418	13,693,636	
Leased												
Plant and machinery	271,051	-	-	-	271,051	51,812	13,515	-	-	65,327	205,724	4-5%
Vehicles	261,151	7,490	(144,322)	(25,801)	98,518	104,855	44,804	(106,502)	(11,415)	31,742	66,776	20%
	532,202	7,490	(144,322)	(25,801)	369,569	156,667	58,319	(106,502)	(11,415)	97,069	272,500	
	17,763,949	180,175	-	(37,501)	17,906,623	2,801,068	1,156,670	-	(17,251)	3,940,487	13,966,136	

Additions of Rs. 180.175 million, as shown above, include an amount of Rs.37.772 million transferred from capital work-in-progress during the year, as shown in note 5.2

	2011										
	COST / REVALUATION					ACCUMULATED DEPRECIATION				Written Down Value	
	As at 01 July 2010	Additions	Revaluation Surplus / (deficit)	(Disposals)	As at 30 June 2011	As at 01 July 2010	Charge for the year	(On disposal)	As at 30 June 2011	As at 30 June 2011	Rate of Depreciation
	(Rupees in '000)										
Owned											
Freehold land	631,360	24,470	-	-	655,830	-	-	-	-	655,830	
Leasehold land	700,000	-	-	-	700,000	-	-	-	-	700,000	
Plant and machinery	9,360,631	1,731,876	3,569,307	-	14,661,814	1,806,514	531,349	-	2,337,863	12,323,951	4-5%
Generators	238,920	31,917	(66,303)	-	204,534	51,926	19,934	-	71,860	132,674	6.70%
Building on freehold land, roads and civil works	218,433	88,625	-	-	307,058	43,414	10,301	-	53,715	253,343	4%
Furniture and fixtures	32,210	17,358	-	-	49,568	16,254	3,364	-	19,618	29,950	10%
Filling stations (5.1.1)	82,022	345,264			427,286	2,673	21,842	-	24,515	402,771	5-12.5%
Computer and allied equipments	48,126	19,819	-	-	67,945	29,167	11,598	-	40,765	27,180	33.33%
Safety and lab equipments	81,710	22,807	(18,980)	-	85,537	31,594	13,745	-	45,339	40,198	20%
Vehicles	66,725	9,800	-	(13,549)	62,976	46,251	8,818	(11,699)	43,370	19,606	20%
Portable cabins	9,199	-	-	-	9,199	6,660	696	-	7,356	1,843	10%
	11,469,336	2,291,936	3,484,024	(13,549)	17,231,747	2,034,453	621,647	(11,699)	2,644,401	14,587,346	
Leased											
Plant and machinery	271,051	-	-	-	271,051	36,487	15,325	-	51,812	219,239	4-5%
Vehicles	219,681	43,059	-	(1,589)	261,151	58,615	47,201	(961)	104,855	156,296	20%
	490,732	43,059	-	(1,589)	532,202	95,102	62,526	(961)	156,667	375,535	
	11,960,068	2,334,995	3,484,024	(15,138)	17,763,949	2,129,555	684,173	(12,660)	2,801,068	14,962,881	

5.1.1 Additions of Rs.2,334.995 million, as shown above, include an amount of Rs.1,745.842 million transferred from capital work-in-progress as shown in note 5.2.

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 5 of part I of the Fourth Schedule to the Companies Ordinance, 1984.

5.1.2 During the year ended 30 June 2007, 30 June 2009, 30 June 2011 and 30 June 2012 revaluation exercises were carried out by independent valuers resulting in surplus on revaluations amounting to Rs.1,901.021 million, Rs.4,062.989 million, Rs. 3,484.024 million and nil respectively.

The fair values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property and in case where market based evidence was not available or not applicable due to the specialized nature of asset, then it was based on depreciated replacement cost method.

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

	Notes	2012	2011
		(Rupees in '000)	
Free hold land		46,731	46,730
Lease hold land		213,200	213,200
Plant and Machinery		4,528,151	4,958,827
Generators		104,046	86,515
Buildings on Free hold land, roads &civil works		220,267	227,304
Safety and lab equipment		32,398	40,198
		5,144,793	5,572,774

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

	Notes	2012	2011
Cost of sales	27.1	1,018,744	585,317
Administrative expenses	28	137,926	98,856
		1,156,670	684,173

5.1.5 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds / disposal value	Gain / (loss)	Mode of Disposal	Particulars of Buyer	
							Name	Status
	(Rupees in '000)							
Vehicle								
Suzuki Cultus Vxr 1000Cc	855	185	670	713	43	Company Policy	Khawaja Haider	Employee
Toyota Corolla Gli 1300 Cc	916	229	687	733	46	Company Policy	Syed Asad Raza	Employee
Suzuki Cultus	810	257	553	594	41	Company Policy	Syed Aqil Ahmed Shah	Employee
Honda Civic 1.8Cc	1,483	321	1,162	1,236	74	Company Policy	Nasir Masoom	Employee
Honda Civic Vti Oriel Prosmetic	1,879	1,033	846	940	94	Company Policy	Claim Settlement	Employee
Mercedes Benz C200	5,581	3,163	2,418	2,697	279	Company Policy	Claim Settlement	Employee
Toyota Corolla Gli	1,529	306	1,223	1,223	-	Car Snatched	Mudassir Qadeer	Employee
Honda Civic VTi Oriel Prosmetic	1,800	840	960	1,050	90	Company Policy	Roshan Mehri	Employee
Toyota Corolla GLI 1300	1,269	508	761	825	64	Company Policy	Rizwan Ali	Employee
Honda Civic Vti Oriel Prosmetic	1,874	759	1,115	1,209	94	Company Policy	Imran Farooqui	Employee
Suzuki Cultus	770	257	513	552	39	Company Policy	Afaq Moin	Employee
Suzuki Cultus	755	227	528	566	38	Company Policy	Asma Mustafa	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Imran Gaffar	Employee
Hyundai Santro Prime GV	579	463	116	145	29	Company Policy	Nadeem Ahsan	Employee
Honda Civic 1.8 i V Tec	1,794	508	1,286	1,286	-	Insurance Claim		-
Toyota Corolla GLi	1,289	408	881	945	64	Company Policy	Muhammad Arif	Employee
Honda Civic VTI	1,775	1,063	712	800	88	Company Policy	Shamim Anwar	Employee
Honda Civic Prosmetic Oriel	1,522	1,217	305	380	75	Company Policy	Hamid Hanfi	Employee
Toyota Corolla Xli	1,269	613	656	719	63	Company Policy	Razi Uddin Ahmed	Employee
Toyota Corolla Xli	915	746	169	210	41	Company Policy	Zakri Hussani	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Nusrat Hussani	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Syed Amer Raza	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Tariq Jilani	Employee
Suzuki Cultus VXL	590	472	118	148	30	Company Policy	Saleem Memon	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Furqan Ali Qazmi	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Junaid Ahmed	Employee
Suzuki Cultus VXRi	590	472	118	148	30	Company Policy	Sohail Ahmed	Employee
Toyota Corolla GLI	1,399	187	1,212	1,212	-	Insurance Claim		-
Plant and Machinery								
Model Retail Outlet	1,850	185	1,665	80	(1,585)	Tender	M/s Fakhar & Company	Owned
18000 Ltr Under Ground Fuel Tank	288	-	288	354	66	Tender	Abdul Majeed Bhatti	Owned
45000 Ltr Under Ground Fuel Tank	580	-	580	713	133	Tender	Abdul Majeed Bhatti	Owned
2012	**37,501**	**17,251**	**20,250**	**20,366**	**116**			
2011	15,138	12,660	2,478	4,873	2,395			

		Notes	2012	2011
			(Rupees in '000)	
5.2	**Capital work-in-progress**			
	Opening balance		3,714,951	4,211,040
	Additions		729,534	1,249,753
			4,444,485	5,460,793
	Capitalized during the year	5.1	(37,772)	(1,745,842)
	Closing balance	5.2.1	4,406,713	3,714,951
5.2.1	Plant and machinery		3,985,071	3,636,875
	Civil and mechanical works		140,690	78,076
	Generators		6,181	-
	Filling stations		16,666	-
	Computer and allied equipments		15,632	-
	Safety and lab equipments		242,473	-
			4,406,713	3,714,951
6.	**INTANGIBLE ASSET**			
	Computer software:			
	Cost			
	- At the beginning		32,484	17,696
	- Additions		-	14,788
	- At the closing		32,484	32,484
	Amortization			
	- At the beginning		(23,611)	(17,114)
	- For the year	28	(2,958)	(6,497)
	- At the closing		(26,569)	(23,611)
			5,915	8,873

6.1 Computer software include SAP which is being amortized on straight line basis over the useful life of five years.

7. LONG TERM INVESTMENTS

Investment in subsidiary
Byco Terminal Pakistan Limited (Formerly Universal Terminal Limited) wholly owned Subsidiary

	Notes	2012	2011
568,717,418 (2011:4,503,000) shares of Rs.10 each at Rs.10.07 per share	7.1	5,729,258	87,115
Deposit for issuance of shares		-	2,000,000
		5,729,258	2,087,115

7.1 Movement of Investment in Subsidiary

	Notes	2012	2011	2012	2011
		(Number of shares)		(Rupees in '000)	
Balance as at 1 July 2011		4,503,000	4,503,000	87,115	87,115
Shares subscribed against long term loans and receivables	8.2 & 8.3	253,755,500	-	2,537,554	-
Shares subscribed against mark-up on long term loans	8.2 & 8.3	110,458,918	-	1,104,589	-
Shares subscribed against deposit for issuance of shares		200,000,000	-	2,000,000	-
Balance as at 30 June 2012		568,717,418	4,503,000	5,729,258	87,115

The Board of Directors of the Subsidiary of the Company, in their meeting held on 27 June 2012 approved the issuance of its 415,967,000 ordinary shares of Rs. 10 each in consideration for assets sold by the Company, 98,623,151 ordinary shares of Rs. 10 each against accrued mark-up in respect of delay in settlement of the above mentioned consideration and 49,624,267 Ordinary shares of Rs. 10 each in consideration of the settlement of the long term loan obligations and the accrued mark-up thereon.

8 LONG TERM LOAN AND RECEIVABLE

	Notes	2012	2011
		(Rupees in '000)	
Considered good - unsecured			
Loan to an executive	8.1	24,840	31,320
Less: Received during the period		(2,700)	(6,480)
		22,140	24,840
Subsidiary - unsecured			
Receivable against sale of assets	8.2	-	2,159,670
Long term loan to subsidiary	8.3	-	364,636
		22,140	2,549,146
Current portion			
- Loan to an executive		(22,140)	(6,480)
- Long term loan to subsidiary		-	(196,334)
		(22,140)	(202,814)
		-	2,346,332

8.1 This represents interest free loan to an ex-executive of the Company under the terms of his employment. The loan was granted for purchase of house and is repayable in six years with one year grace period. The Executive has resigned during the period and negotiations are in process for the settlement of loan. The loan will be secured against lien on title deed of the property and post dated cheques.

8.2 The receivable along with the mark-up has been converted into shares of the Subsidiary as more fully explained in note 7.1. The amount was unsecured and was repayable in eleven (11) equal semi annual instalments commencing from June 2012 and carried mark-up at the rate of six months KIBOR plus 3%.

8.3 The receivable along with the mark-up has been converted into shares of the Subsidiary as more fully explained in note 7.1. The loan was receivable in lump sum after five years and carried mark-up at the rate of six months KIBOR plus 4%.

		Notes	2012	2011
			(Rupees in '000)	
9	**LONG TERM DEPOSITS**			
	Lease deposit		15,741	63,411
	Rental premises and others		11,875	4,402
			27,616	67,813
	Current portion	13	(8,229)	(47,071)
			19,387	20,742
10	**STOCK IN TRADE**			
	Raw material - Crude Oil	10.1	1,382,548	1,874,658
	Finished products	10.2	1,573,716	2,238,365
			2,956,264	4,113,023

10.1 Raw material having cost of Rs.1,632.242 million (2011: Rs. 1,874.658 million) has been written down by Rs.249.694 million (2011: Nil) to net realizable value.

10.2 Finished products having cost of Rs. 1,771.930 million (2011: Rs. 2,238.766 million) have been written down by Rs. 198.215 million (2011: Rs. 0.401 million) to net realizable value.

10.3 Stock of finished products includes stock held by third parties amounting to Rs. 317.4167 million (2011: Rs. 2,506.266 million).

		Notes	2012	2011
			(Rupees in '000)	
11	**TRADE DEBTS- Unsecured**			
	Due from Pakistan State Oil Company limited	11.1	6,686,366	5,450,000
	Due from associated undertakings			
	- Karachi Electric Supply Company limited	11.2 & 11.3	2,767,000	1,144,449
	- Byco Terminal Pakistan Limited			
	(formerly Universal Terminal Limited)	11.4	392,455	-
	Others		85,224	63,997
			9,931,045	6,658,446

11.1 This represents Rs. 4,400 million (2011: Rs. 3,497 million) due from Pakistan State Oil Company Limited (PSO) against supplies of products and Rs. 2,286 million (2011: Rs. 1,953 million) on account of mark-up on delayed payments. The mark-up on delayed payment is calculated on daily compounding basis and would be one percent above normal lending rate of commercial banks, being the lending rates applicable for short term running finance of Company or PSO whichever is lower.

11.2 This represents Rs. 2,583 million (2011: Rs. 1,137 million) due from Karachi Electric Supply Company Limited (KESC) against supplies of products and Rs.184 million (2011: Rs. 7.211 million) on account of mark-up on delayed payments. Mark-up on delayed payment is accrued in accordance with the contractual agreement therewith.

11.3 During the year the Company has made oral assignment of receivable from KESC to National Bank of Pakistan (NBP) amounting to Rs. 1,200 million being the amount receivable as on 30 November 2011 and subsequent mark-up thereon. The arrangement has been entered to secure financing by NBP to the Company.

11.4 This represents Rs. 374.193 million (2011: Nil) due from the Subsidiary against fuel supplied to contractor, engaged in setting up of Single Point Mooring (SPM) project of the Subsidiary and Rs. 18.262 million (2011: Nil) on account of mark-up on delayed payments.

	Notes	2012	2011
		(Rupees in '000)	
12 LOANS AND ADVANCES - considered good			
Loan to employees	8.1	23,125	8,280
Suppliers and contractors	12.1	370,955	329,535
Current portion of long term loan		-	196,334
		394,080	534,149

12.1 This includes receivable of Rs.129.869 million (2011: Rs. 9.315 million) from the Subsidiary in respect of storage facilities. These are non interest bearing and generally on terms of 3 to 12 months.

13 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	2012	2011
Deposits	9	8,229	47,071
Margin against letter of credits		1,743	39,755
Prepayments		16,030	41,746
Advance income tax		67,284	181,141
Inland Freight Equalization Margin		210,735	-
Lease rentals receivable from associated undertakings	13.1	122,161	78,375
Receivable from Parent company	13.2	395,272	-
		821,454	388,088

13.1 This represents receivable in respect of land situated at Mauza Kund, Baloshistan, sub-leased to the associated undertakings.

13.2 This represents receivable from the Holding Company in respect of sale of goods and services.

14 CASH AND BANK BALANCES

	Notes	2012	2011
Cash in hand		16	50
Cash at banks			
- Current accounts		145,049	265,095
- Saving / deposit accounts	14.1	57,163	5,414
	14.2	202,212	270,509
		202,228	270,559

14.1 These carry mark-up ranging from 5% to 12.5% (2011: 6% to 10%) per annum.

14.2 This includes Rs. 106.955 million (2011: Rs. 148.858 million) kept under lien against letter of credit facilities obtained from banks.

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of Shares)			(Rupees in '000)	
		Authorized share capital		
1,200,000,000	1,200,000,000	Ordinary shares of Rs. 10 each	12,000,000	12,000,000
		Issued, subscribed and paid-up capital		
977,858,737	977,858,737	Ordinary shares of Rs. 10 each	9,778,587	9,778,587

	Notes	2012	2011
		(Rupees in '000)	
16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at 1 July		8,533,224	5,349,710
Surplus arising on revaluation of property, plant and equipment		-	3,500,560
		8,533,224	8,850,270
Transfer to accumulated loss in respect of:			
- incremental depreciation charged during the year - net of tax		347,042	206,080
- related deferred tax liability		186,869	110,966
		533,911	317,046
Balance as at 30 June		7,999,313	8,533,224
Less: Related deferred tax liability on:			
- revaluation at the beginning of the year		2,603,063	1,488,834
- surplus arising on revaluation of property, plant and equipment		-	1,225,195
- incremental depreciation charged during the year		(186,869)	(110,966)
	20.1	2,416,194	2,603,063
		5,583,119	5,930,161
17 LONG TERM PAYABLES			
Syndicated Term Finance	17.1	70,000	140,000
Syndicated Term Finance	17.2	2,328,595	3,150,452
		2,398,595	3,290,452
Current maturity shown under current liabilities	24	(2,398,595)	(1,783,714)
		-	1,506,738

17.1 This represents utilized portion of syndicated mark-up facility aggregating to Rs. 700 million arranged by the Company under agreement dated 30 September 2006 with a syndicate of local commercial banks (the syndicate) to finance the setting up of Isomerization plant. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years and is repayable in ten equal semi-annual instalments starting from April 2007. The facility carries mark-up at the rate of 6 months KIBOR plus 3% and is payable along with the principal amount. The company is currently under negotiation with the syndicate for the restructuring of the facility as mentioned in the note 2.

17.2 This represents utilized portion of syndicated mark-up facility aggregating to Rs. 5,753 million arranged by the Company under agreement dated 15 April 2009 with a syndicate of local commercial banks (the syndicate) to finance the outstanding Letter of Credits. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets of the company as well as charge to the extent of Rs.2.628 billion on fixed assets of its wholly owned subsidiary. The tenor of financing is four years and is repayable in 42 equal monthly instalments with a grace period of 6 months starting from the December 2009. The facility carries mark-up at the rate of 1 month KIBOR plus 1% payable in monthly instalments along with the principal amount. The company is currently under negotiation with the syndicate for the restructuring of the facility as mentioned in the note 2.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012 Lease Payments		2011 Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000)			
Less than one year	65,685	43,091	175,662	149,497
One to five years	77,648	74,736	143,843	118,444
	143,333	117,827	319,505	267,941
Add: Advance against lease finance	-	-	5,991	5,991
Total minimum lease payments	143,333	117,827	325,496	273,932
Less: Financial charges allocated to future periods	25,506	-	51,564	-
Present value of minimum lease payments	117,827	117,827	273,932	273,932
Less: Current portion under current liabilities	43,091	43,091	149,497	149,497
	74,736	74,736	124,435	124,435

18.1 The Company has entered into lease agreements with the leasing companies to acquire vehicles and plant and machinery. The rentals under the lease agreements are payable upto December 2016. The cost of operating and maintaining the leased assets is borne by the Company. The Company intends to exercise the option to purchase the leased assets at the residual value of assets upon the completion of respective lease periods.

	Notes	2012	2011
		(Rupees in '000)	
19 LONG TERM DEPOSITS			
Deposit from associated undertakings against land lease rentals	13.1	3,646	3,646
Trade and other deposits		35,267	29,400
		38,913	33,046
20 DEFERRED LIABILITIES			
Deferred taxation	20.1	2,416,194	2,603,063
Employees retirement benefits	20.2	43,916	37,313
		2,460,110	2,640,376
20.1 Deferred taxation			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation		1,246,658	1,285,839
- finance lease transactions		59,388	35,561
Deductible temporary differences arising in respect of:			
- staff provident fund		(15,371)	(13,060)
- carry forward of income tax losses		(6,074,392)	(5,075,429)
- carry forward turnover taxes		(566,588)	(527,140)
		(5,350,305)	(4,294,229)
Deferred tax asset not recognised		5,350,305	4,294,229
		-	-
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment		2,416,194	2,603,063
		2,416,194	2,603,063

20.1.1 Deferred tax asset amounting to Rs. 5,350.305 million (2011: Rs. 4,294.229 million) has not been recognized in these unconsolidated financial statements due to prudence.

20.2 Employees retirements benefits- staff gratuity

20.2.1 General description

The Company operates an unfunded gratuity scheme for its eligible employees payable on attainment of normal retirement age of 60 years, voluntary retirement, death in service and termination from service, other than for misconduct, negligence or incompetence. Benefit entitlement is equal to 30 days basic salary for each completed year of service, provided that the minimum qualifying period for eligibility is five years of service, except in case of death of an employee.

The Company's obligation under the above scheme as of 30 June 2012 has been determined by a qualified actuary. Details of the results of actuarial valuation are given below:

	Notes	2012	2011
		(Rupees in '000)	
20.2.2 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligation		47,764	39,079
Unrecognised actuarial (losses)		(3,848)	(1,766)
		43,916	37,313
20.2.3 Movement in present value of defined benefit obligation			
Opening net liability		37,313	22,959
Charge for the year	20.2.4	6,603	14,354
Closing net liability		43,916	37,313
20.2.4 Charge for the year			
Current service cost		16,611	10,851
Interest cost		5,471	3,282
Past service liability		-	221
Curtailment gain		(16,249)	-
Transfer to the Holding Company		(539)	-
Recognition of actuarial gain due to curtailment		1,309	-
		6,603	14,354

20.2.5 Principal actuarial assumption

Following assumptions have been used for the actuarial valuation as of 30 June 2012 under the Projected Unit Credit Actuarial Cost method:

	2012	2011
Discount factor used	12.5%	14%
Expected rate of increase in salaries	10.5%	12%
Normal retirement age of employees	60 years	60 years

20.2.6 A total of 365 employees as of June 30, 2012 have been covered under the above scheme.

20.2.7 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 20.022 million.

	2012	2011	2010	2009	2008
			(Rupees in '000)		
20.2.8 Historical information					
Present value of defined benefit obligation	43,916	37,313	22,959	12,259	4,418

21 TRADE AND OTHER PAYABLES

	Notes	2012	2011
		(Rupees in '000)	
Foreign bills payable		-	4,908,423
Forced payments against documents (FPAD)	21.1	8,550,217	6,450,968
Creditors for supplies		8,519,275	8,264,438
Creditors for services	21.2	1,656,105	1,404,326
Accrued expenses		143,232	26,713
Advances from customers	21.3	1,856,797	1,363,779
Sales tax and federal excise duty payable		771,950	380,244
Petroleum Development Levy payable		4,313,356	4,167,035
Withholding tax deductions payable		33,317	10,820
Workers profit participation fund	21.4	50,540	46,689
Dividend payable		1,146	1,146
Other payables		7,683	-
		25,903,618	27,024,581

21.1 These represent overdue letters of credit in respect of import of crude oil and overdue inland letters of credit. Mark-up in the range of 12.91% to 16.36% (2011: 15.10% and 16.80%) per annum has been accrued thereon. During the year, the FPADs amounting to Rs.7.650 billion have been converted in running finance facility by the banks. The company is currently in the process of negotiating restructuring of this facility as long term as more fully explained in the note 23.

21.2 This includes Rs. 12.014 million payable to BII(ultimate Parent Company) in respect of services.

21.3 This includes Rs. 461.010 million (2011: Rs. 567.375 million) received in respect of demarcated plots of land for setting up of Liquefied Petroleum Gas storage and filling facilities (LPG village facility). The amount has been received in advance from consumers under LPG village facility utilization agreement. The agreements are effective for 10 years from the date of signing or any period thereafter as mutually agreed. During the year, the advance was returned to certain consumers on the their demand however, the facility is expected to commence shortly after commissioning of refinery of the Holding Company and completion of certain legal formalities upon which the advance will be classified as deferred revenue and will be amortized over the period of the agreed terms.

21.4 Workers profit participation fund

	Notes	2012	2011
		(Rupees in '000)	
Opening balance		46,689	42,475
Mark-up for the year	21.4.1	3,851	4,214
		50,540	46,689

21.4.1 Mark up has been charged at KIBOR plus 2.5% as per the Companies profit (workers' participation) act, 1968.

22 ACCRUED MARK-UP

Accrued mark-up on:

	Notes	2012	2011
Mark-up on long term loan			
- syndicated term finance	17.1	7,512	5,076
- syndicated term finance	17.2	175,573	35,812
Mark up on Trust receipt		-	10,997
Mark-up on Sponsor's Loan		-	101,566
Mark-up on Short term borrowing	23	955,111	145,249
		1,138,196	298,700

23 The facility has been allowed by a syndicate of banks by conversion of existing Forced Payment Against Documents liability as mentioned in note 21.1. The facility carries mark-up at a rate of 1 month KIBOR plus 1% and is payable quarterly. The facility is secured against first parri passu hypothecation charge upto Rs. 20,400 million over all present and future current assets and ranking hypothecation charge over all fixed assets (excluding land) of the Company upto Rs. 20,400 million.

		Notes	2012	2011
			(Rupees in '000)	
24	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long term loans	17	2,398,595	1,783,714
	Liabilities against assets subject to finance lease	18	43,091	149,497
			2,441,686	1,933,211

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

Claims against the Company not acknowledged as debts amounting to Rs. 2,365.625 million (2011: 1,520.273 million) comprise of late payment charges on account of delayed payments against crude oil suppliers. The Company is of the view that there are no specific contractual arrangements with these suppliers which allow them to claim / recover these charges and hence no provision in respect of the same has been made in these financial statements.

25.2 Commitments

		Notes	2012	2011
25.2.1	Outstanding Letters of Credit		6,594,449	-
25.2.2	Commitment for payments in respect of fixed assets		454,231	57,680
26	**SALES**			
	Gross Sales			
	Local		19,124,001	35,827,537
	Export		3,391,869	8,099,470
			22,515,870	43,927,007
	Less: Government levies			
	Sales tax		(2,657,291)	(4,661,123)
	Sales discount		(1,003)	(115,741)
	Excise duty and petroleum levy		(404,579)	(205,873)
			(3,062,873)	(4,982,737)
			19,452,997	38,944,270
27	**COST OF SALES**			
	Opening stock		2,238,365	3,439,159
	Cost of goods manufactured	27.1	12,569,316	29,399,577
	Finished products purchased during the year		7,935,673	7,568,473
			22,743,354	40,407,209
	Closing stock		(1,573,716)	(2,238,365)
	Cost of Sales		21,169,638	38,168,844

		Notes	2012	2011
			(Rupees in '000)	
27.1	**Cost of goods manufactured**			
	Raw material consumed	27.1.1	11,112,671	27,971,512
	Salaries, wages and other benefits	27.1.2	109,197	256,614
	Staff transportation and catering		39,721	81,327
	Stores and spares consumed		19,430	45,677
	Crude oil inspection and cleaning charges		6,120	8,087
	Insurance		63,383	35,266
	Industrial gases and chemicals		9,997	4,365
	Fuel, power and water		143,017	310,942
	Repairs and maintenance		19,121	58,602
	Communications		807	1,432
	Rent, rates and taxes		-	1,237
	Security expenses		11,842	10,317
	Vehicle running		5,964	9,474
	Impairment of asset		-	16,534
	Depreciation	5.1.4	1,018,744	585,317
	Others		9,302	2,874
			12,569,316	29,399,577
27.1.1	**Raw material consumed**			
	Opening stock		1,874,658	1,488,779
	Purchases during the year		10,620,561	28,357,391
			12,495,219	29,846,170
	Closing stock		(1,382,548)	(1,874,658)
	Raw material consumed		11,112,671	27,971,512

27.1.2 This includes a sum of Rs. 5.028 million (2011: Rs.13.228 million) in respect of staff retirement benefits.

28 ADMINISTRATIVE EXPENSES

	Notes	2012	2011
Salaries, allowances and other benefits	28.1	267,117	430,767
Vehicle running		16,567	26,526
Repairs and maintenance		15,937	24,400
Insurance		58,833	86,628
Fee and subscriptions		6,711	31,147
Utilities		7,232	7,878
Legal and professional		34,136	35,329
Travelling and conveyance		9,952	20,035
Advertisements and subscriptions		7,168	12,510
Rent, rates and taxes		19,690	32,826
Sales tax penalties due to late payments		11,256	66,986
Printing and stationary		1,953	11,817
Donations and charity	28.2	434	1,374
Auditor's remuneration	28.3	2,530	2,255
SAP maintenance costs		5,049	16,645
Depreciation	5.1.4	137,926	98,856
Amortization of intangible asset	6	2,958	6,497
Security expenses		3,207	3,934
Others		2,712	1,849
		611,368	918,259

28.1 This includes a sum of Rs.4.544 million (2011: Rs.28.255 million) in respect of staff retirement benefits.

28.2 Recipients of donation do not include any donee in whom a director or his spouse had any interest.

		Notes	2012	2011
			(Rupees in '000)	
28.3	**Auditor's remuneration**			
	Statutory audit		1,300	1,200
	Half yearly review		400	375
	Consolidation of financial statements		300	300
	Certifications etc.		300	300
	Out of pocket expenses		230	80
			2,530	2,255
29	**SELLING AND DISTRIBUTION EXPENSES**			
	Transportation		92,217	146,340
	Products handling charges		4,218	16,700
	Wharfage and other export expenses		8,323	18,151
	Transportation on export sales		85,844	511,813
	Commission on export sales		56,847	167,740
	Export development surcharge		7,417	21,993
	Rent, rates and taxes		51,321	35,401
	Retailing and branding		-	63,644
	Others		5,324	951
			311,511	982,733
30	**OTHER INCOME**			
	Income from financial assets			
	Interest income		1,637,920	853,354
	Mark up on long term loan to subsidiary		703,337	395,262
	Income from non financial assets			
	Gain on disposal of fixed assets		116	2,395
	Joining income		1,600	30,346
	Insurance claim		8,418	16,035
	Others		2,176	5,049
	Scrap sales		2,272	20,721
	Land lease rent		50,875	48,687
			2,406,714	1,371,849
31	**FINANCIAL CHARGES**			
	Mark-up on:			
	- Finance leases		29,479	41,014
	- Term finance certificates		-	5,686
	- Long term loans		372,148	661,192
	- Short term borrowings and FPADs		2,292,855	893,378
	- Suppliers' credit		-	76,155
	- Sponsor's loan		-	286,880
	Mark-up on WPPF		3,851	4,214
	Bank and other charges		30,998	25,976
	Export charges		2,113	3,744
	Exchange difference - net		160,576	70,868
	Loan arrangement and commitment fee		72,438	27,183
			2,964,458	2,096,290

32 TAXATION - current

Income tax assessments of the Company are deemed to have been finalized upto and including the tax year 2011. However, tax year 2009 has been selected for audit under section 177 of the Income Tax Ordinance, 2001 which is in progress. Keeping in view the available tax losses and credits, no additional tax liability is expected to arise.

32.1 Relationship between accounting loss and tax expense for the year

The current year provision is based on tax payable by the company under presumptive tax regime. Therefore, there is no relationship between accounting loss and tax expense for the period.

		2012	2011
		(Rupees in '000)	
33 LOSS PER SHARE - basic			
Net loss after tax		(3,077,989)	(1,986,959)
Weight average number of ordinary shares	Number	977,858,737	404,942,850
Loss per share - basic	Rupees	(3.15)	(4.91)

34 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	2012	2011
	(Rupees in '000)	
Transactions with related parties		
Parent Companies		
Receipt of loan	-	685,283
Mark-up on loan	-	142,131
Land lease rentals	48,125	45,937
Repayment of mark-up	13,232	61,000
Sale of goods and services	419,142	15,347
Advance against purchase of assets - net	212,020	135,139
Shares issued against loan conversion	-	5,857,543

	2012	2011
	(Rupees in '000)	
Subsidiary Company		
Sales	374,193	-
Services received	153,382	57,910
Loan advanced	-	199,873
Mark-up income	721,600	395,262
Land lease rental	2,750	2,750
Loan to subsidiary	13,249	-
Shares issued against loan conversion	5,642,144	-
Associated Companies		
Sale of petroleum products	3,683,220	4,058,969
Purchase of operating fixed assets and services	63,480	11,898
Repayment of loan	-	178,774
Mark-up on borrowing	-	144,959
Mark-up income	176,577	-
Repayment of mark-up	88,328	381,047
Services received	-	169,418
Cargo Freight Services	87,977	285,515
Staff Provident Fund		
Payment of employees and company's contribution	50,748	60,401
Balances with related parties		
Parent Companies		
Mark-up payable	-	13,233
Mark-up receivable	18,923	33,012
Security deposits payable	3,646	3,646
Advances against purchase of assets	-	135,741
Receivable against land lease rent	116,661	75,625
Payable against purchases of goods and services	12,015	-
Receivable against sale of goods and services	399,057	-
Payable against purchases of assets and services	3,183	-
Subsidiary Company		
Long term receivable as deferred payment	-	2,159,670
Deposit for shares	-	2,000,000
Long term loan	-	364,636
Mark-up receivable	-	401,252
Trade debts	392,455	-
Receivable against land lease rent	5,500	2,750
Advance against purchases of assets and services	129,869	-
Creditors for services	-	28,593

	2012	2011
	(Rupees in '000)	
Associated Companies		
Creditors for services	-	26,946
Mark-up payable	-	88,328
Trade debts	2,767,007	1,144,449
Purchase of asset and services	4,413	-
Staff Provident Fund		
Payable to staff provident fund	3,849	-

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2012			2011		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	(Rupees in '000)					
Managerial remuneration	13,451	15,965	212,255	10,107	15,550	218,494
Provident fund		1,276	18,795	-	1,414	18,613
Housing and utilities	6,462	5,654	84,949	5,307	5,654	78,751
Leave fare assistance	2,658	1,319	18,606	-	-	3,533
Bonus	-	-	-	-	-	21,754
	22,571	24,214	334,605	15,414	22,618	341,145
Number of persons	1	1	168	1	1	133

36 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Financial risk factors

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

Risk Management Framework

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a Strategy and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee regularly reports to the Board on its activities.

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 objective in managing risk is the creation and protection of shareholder's value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls' set on different activities of the Company by the respective Board Committee through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company's audit committee oversee the management of the financial risk reflecting changes in market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate policies and procedures and that the financial risk are identified, measured and managed in accordance with the Company policies and risk appetite. The Audit Committee is assisted in its oversight role by the internal audit function. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures the results of which are reported to the Audit Committee.

The Company's principal financial instruments comprise loans from financial institutions , supplier's credit and trade payables, etc. 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, investment in subsidiary company, etc. which arise directly from its current activities.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

36.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market prices, such as foreign exchange rates, interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The company manages this risk through compliance with internal guidelines.

Under market risk, the company is exposed to currency risk, interest rate risk and fair value risk.

36.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to foreign currency risk on purchase and borrowings that are denominated in a currency other than Pak Rupees. As the Company imports crude oil , items of operating fixed assets and stores and spares for refining plant accordingly it is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars.

Exposure to Currency Risk

The summary of the quantitative data about the Company's exposure to foreign currency risk is as follows:

	30 June 2012			30 June 2011		
	PKR	USD	Total	PKR	USD	Total
	(Rupees in '000)					
Current Liabilities						
Trade and other payables	24,502,588	1,401,030	25,903,618	22,116,158	4,908,423	27,024,581
Accrued mark-up	1,138,196	-	1,138,196	285,458	13,242	298,700
	25,640,784	1,401,030	27,041,814	22,401,616	4,921,665	27,323,281

	Average rate for the year		Spot Rate as at 30 June 2012	
	2012	2011	2012	2011
	(Rupees)		(Rupees)	
Rupees per USD	89.72	85.50	94.20	86.05

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against Foreign Currency as at 30 June 2012 would have increased / (decreased) equity and profit and loss account by Rs. 70.051 million (2011: Rs. 246.083). This analysis assumes that all other variables, in particular interest rates, remaining constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or 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 loans and short term borrowing facilities for financing its refining business operations and meeting working capital requirements at variable rates. 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:

	2012	2011
	(Rupees in '000)	
Fixed Rate Instruments		
Financial Assets		
Deposit account	57,163	5,414
Variable Rate Instruments		
Financial Assets		
Trade debts	9,643,552	6,587,238
Long term loans and receivables	-	2,321,492
	9,643,552	8,908,730
Financial Liabilities		
Loans	3,851	3,290,452
Lease liabilities	117,827	273,932
Short term borrowing	7,650,000	-
Trade & other payables	9,673,285	6,970,385
	17,444,963	10,534,769

Cash flow sensitivity analysis for variable rate instruments

If Kibor had been 1% higher/ lower with all other variables held constant, the profit after tax for the year would have been higher / lower Rs. 156.049 million (2011: Rs. 98.069 million).

36.3 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 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 issuer is taken into account along with the financial background so as to minimize the risk of default.

- Credit ratings are checked and collaterals obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, market information, etc. on a regular basis. It is also the Company's policy to closely monitor the fair value of the collateral held, if any, and upon unfavourable change, will seek to terminate the agreement or obtain additional collateral.

- Cash is held with reputable banks only.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2012 and 30 June 2011 was as follows:

	2012		2011	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees in '000)			
Trade debts -unsecured	9,931,045	9,909,876	6,658,446	6,637,277
Long term deposits	19,387	19,387	20,742	20,742
Mark-up accrued	18,923	18,923	434,264	434,264
Trade deposits, prepayments & other receivables	821,452	738,140	388,088	125,446
Cash and bank balances	202,229	202,213	270,559	270,509
	10,993,036	10,888,539	7,772,099	7,488,238

Differences in the balances as per balance sheet and maximum exposures were due to the fact that trade debts include an amount of Rs. 21.169 million (2011: Rs. 21.169 million) on account of price differential claims receivable from Government of Pakistan. Trade deposits, prepayments & other receivables of Rs. 821.452 million (2011: Rs. 388.088 million) mainly comprises, advance income tax amounting to Rs. 67.282 million (2011: Rs. 181.141 million) and prepayments amounting to Rs. 16.030 million (2011: Rs. 41.746 million).

The credit quality of the receivables can be assessed with reference to the historical performance with no or some defaults in recent history, however, no loses. The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

	2012	2011
	(Rupees in '000)	
Aging of receivables		
Not past due	1,524,009	68,860
Past due 0-30 days	652,247	303,872
Past due 30-150 days	1,107,564	1,591,212
Past due 150 days	6,647,225	4,694,502
	9,931,045	6,658,446

Bank	Rating agency	Rating	
		Short-term	Long-term
Public sector commercial banks			
National Bank of Pakistan	JCR-VIS	A-1+	AAA
The Bank of Khyber	JCR-VIS	A-2	A
Private sector commercial banks			
Allied Bank Limited	JCR-VIS	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
NIB Bank Limited	PACRA	A1+	AA -
MCB Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1	A
KASB Bank Limited	PACRA	A3	BBB
Development financial institutions			
BankIslami Pakistan Limited	PACRA	A-1	A
Foreign banks operating in Pakistan			
Barclays Bank PLC	Moody's	P-1	A2
	Fitch	F1	A
	Standard & Poor's	A-1	A+

36.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2012					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)					
Non-Derivative Financial liabilities						
Loans	2,398,595	(2,487,618)	(1,756,640)	(730,978)	-	-
Lease liabilities	117,827	(142,160)	(32,833)	(21,482)	(46,122)	(41,723)
Long term deposits	38,913	(38,913)	-	-	-	(38,913)
Trade and other payables	25,903,618	(25,903,618)	(25,903,618)	-	-	-
Short term borrowings	7,650,000	(7,650,000)	(7,650,000)	-	-	-
Accrued mark-up	1,138,196	(1,138,196)	(1,138,196)	-	-	-
	37,247,149	(37,360,505)	(36,481,287)	(752,460)	(46,122)	(80,636)

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)					
Non-Derivative Financial liabilities						
Loans	3,290,452	(3,746,860)	(1,104,653)	(1,038,691)	(1,603,516)	-
Lease liabilities	273,932	(325,496)	(114,199)	(61,811)	(75,058)	(74,428)
Long term deposits	33,046	(33,046)	-	-	-	(33,046)
Trade and other payables	21,102,703	(21,651,035)	(21,651,035)	-	-	-
Accrued mark-up	298,700	(298,700)	(298,700)	-	-	-
	24,998,833	(26,055,137)	(23,168,587)	(1,100,502)	(1,678,574)	(107,474)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 17, 18, 21 & 23 to these financial statements.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

36.5 Capital 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 an 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 2012.

The company is not exposed to externally imposed capital requirement.

37 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 businesses. 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:

	Oil Refining Business		Petroleum Marketing Business		Total	
	2012	2011	2012	2011	2012	2011
Revenue						
Net Sales to external customers	6,070,534	7,538,094	13,382,463	31,406,176	19,452,997	38,944,270
Inter-segment sales	5,076,847	20,000,594	-	-	5,076,847	20,000,594
Eliminations	(5,076,847)	(20,000,594)	-	-	(5,076,847)	(20,000,594)
Total revenue	6,070,534	7,538,094	13,382,463	31,406,176	19,452,997	38,944,270
Result						
Segment results - (loss)	(2,384,869)	(849,931)	(455,319)	(263,219)	(2,840,188)	(1,113,150)
Un-allocated expenses					-	(16,954)
					(2,840,188)	(1,130,104)
Interest expense					(2,698,333)	(1,968,519)
Interest income					2,341,257	1,248,616
Taxation					119,275	(136,952)
Loss for the year					(3,077,989)	(1,986,959)
Other information						
Depreciation and amortization	1,077,285	647,066	82,343	43,604		

38 CAPACITY AND ANNUAL PRODUCTION

Against the designed annual refining capacity (based on 330 days) of 11.550 million barrels (2011: 11.550 million barrels), the actual throughput during the year was 0.848 million barrels (2011: 3.479 million barrels) mainly due to working capital constraints faced by the Company during the year.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2012

39 RECLASSIFICATIONS

Following corresponding figures have been reclassified for better presentation:

From	To	(Rupees in '000)
Unconsolidated Profit and Loss Account		
Manufacturing expenses	**Administrative expenses**	
Salaries, wages and other benefits	Salaries, wages and other benefits	5,195
Staff transportation and catering	Vehicle running	456
Stores and spares consumed	SAP maintenance costs	2,084
Insurance	Insurance	64,826
Fuel, power and water	Vehicle running	5
Repairs and maintenance	Repairs and maintenance	5,936
Communications	Utilities	564
Depreciation	Depreciation	27,875
Others (licensing and inspection fee)	Rent, rates and taxes	1,001
Crude oil inspection and cleaning charges - manufacturing expenses	Wharf age and other export expenses - Selling and distribution expenses	20
Industrial gases and chemicals-manufacturing expenses	Finished goods purchased	3,914
Raw material consumed-Cost of goods sold	Finished goods purchased	7,564,559
Unconsolidated Balance Sheet		
Deferred income	Advances from customers	567,375

40 DATE OF AUTHORISATION OF ISSUE

The unconsolidated financial statements was authorised for issue on 9th October, 2012 by the Board of Directors of the Company.

Chief Executive

Director

Auditors' Report To The Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Byco Petroleum Pakistan Limited (the "Holding Company") and its subsidiary (the "Group") as at 30 June 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in note 10.1 to the consolidated financial statements, the Holding Company has recognized mark-up on delayed payment from Pakistan State Oil Company Limited (PSO) in the amount of Rs. 3,386 million including Rs. 1,433 million which has been recognized during the year as the Company considers that it has a contractual right to record this mark-up (payment from PSO amounting to Rs. 1,100 million has been adjusted as payment against mark-up receivable instead of being treated as payment against principal). However, PSO has not acknowledged its liability towards mark-up recorded by the Holding Company. We consider that mark up receivable amounting to Rs. 3,386 million should have been provided for. Had a provision been made of the mark-up receivable, loss after tax would have been higher by Rs. 1,433 million, accumulated losses would have been higher by Rs. 3,386 million and loss per share would have been higher by Rs. 1.47;

In our opinion, except for the effect of the matter described above, the consolidated financial statements present fairly the financial position of Byco Petroleum Pakistan Limited (the "Holding Company") and its subsidiary as at 30 June 2012 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.We draw attention to note 2 to the consolidated financial statements which indicates that the Holding Company has incurred net loss of Rs. 3,078 million during the year ended 30 June 2012, and as \of that date, its accumulated losses amounted to Rs. 16,502 million; as at 30 June 2012 total liabilities exceeded the total assets by Rs.1,140 million and current liabilities exceeded the current assets by Rs. 22,694 million. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainties that may cast significant doubt on the Holding Company's ability to continue as a going concern. However consolidated financial statements has been prepared on going concern basis based on mitigating factors as more fully explained in note 2 to the consolidated financial statements which mainly describe the fact that the Holding Company expects acceptance of financial restructuring proposal offered to the lenders in respect of the existing liability and fresh working capital lines in respect of purchase of crude oil and petroleum product. Our opinion is not qualified in respect of this matter.

The consolidated financial statement of the Group for the year ended 30 June 2011 were audited by another firm of chartered accountants who had expressed a qualified opinion on mark-up on delayed payment receivable from PSO along with an emphasis of matter paragraph on the going concern assumption of the Holding Company in its audit report dated 27 January 2012.

KPMG Taseer Hadi & Co.

Date : 9th October 2012
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Consolidated Balance Sheet
As at 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	24,086,360	21,986,328
Intangible asset	6	29,661	32,619
Long term loan and receivable	7	-	18,360
Long term deposits	8	42,511	23,315
		24,158,532	22,060,622
CURRENT ASSETS			
Stores and spares		159,280	199,697
Stock in trade	9	2,956,264	4,113,023
Trade debts	10	9,538,590	6,658,446
Loans and advances - considered good	11	278,890	354,853
Trade deposits, prepayments and other receivables	12	913,816	408,510
Mark-up accrued		18,923	33,012
Cash and bank balances	13	201,523	271,254
		14,067,286	12,038,795
		38,225,818	34,099,417
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	9,778,587	9,778,587
Accumulated losses		(18,959,448)	(15,665,947)
		(9,180,861)	(5,887,360)
Surplus on revaluation of property, plant and equipment	15	5,583,119	5,930,161
NON CURRENT LIABILITIES			
Long term loans-secured	16	-	1,506,738
Liabilities against assets subject to finance leases	17	79,305	130,580
Long term deposits	18	38,913	33,046
Deferred liabilities	19	2,478,835	2,798,333
		2,597,053	4,468,697
CURRENT LIABILITIES			
Trade and other payables	20	26,181,273	27,113,933
Accrued mark-up	21	1,187,278	298,700
Short term borrowings - secured	22	9,368,914	-
Current portion of non current liabilities	23	2,443,367	1,934,527
Provision for taxation		45,675	240,759
		39,226,507	29,587,919
Contingencies and commitments	24		
		38,225,818	34,099,417

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account
For the year ended 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
Sales	25	19,078,804	38,944,270
Cost of sales	26	20,699,581	38,133,858
Gross (loss) / profit		(1,620,777)	810,412
Operating expenses			
Administrative expenses	27	667,291	951,519
Selling and distribution expenses	28	311,511	982,733
		978,802	1,934,252
Operating loss		(2,599,579)	(1,123,840)
Other income	29	1,682,281	976,192
		(917,298)	(147,648)
Financial and other charges			
Financial charges	30	2,965,428	2,096,783
Loss before taxation		(3,882,726)	(2,244,431)
Taxation	**31**		
- Current		35,856	240,758
- Prior year		33,274	7,761
- Deferred		(326,098)	(180,771)
		(256,968)	67,748
Loss after taxation		(3,625,758)	(2,312,179)
		(Rupees)	
Loss per share - basic	32	(3.71)	(5.71)

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Other Comprehensive Income
For the year ended 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
Net loss after taxation		(3,625,758)	(2,312,179)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,625,758)	(2,312,179)

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

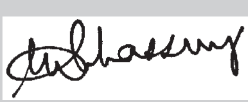
Chief Executive

Director

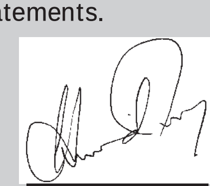
Consolidated Cash Flow Statement
For the year ended 30 June 2012

	Notes	2012	2011
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(3,882,726)	(2,244,431)
Adjustments for non cash and other items:			
Depreciation		1,190,377	701,459
Amortization		2,958	6,497
Impairment of asset		-	16,534
Financial and other charges		2,965,428	2,096,783
Write off		14,089	-
Provision for gratuity		6,603	14,354
Gain on disposal of assets		(33)	(2,395)
Net cash flow before working capital changes		296,696	588,801
Movement in working capital			
(Increase) / decrease in current assets			
Stores and spares		40,417	(55,621)
Stock in trade		1,156,759	814,915
Trade debts		(2,880,144)	203,396
Loans and advances		24,887	(62,052)
Trade deposits, prepayments and other receivables		(543,884)	(82,242)
Increase in current liabilities			
Trade and other payables		6,715,289	4,884,476
Cash generated from operations		4,810,020	6,291,673
Payments / receipt for:			
Financial charges		(2,209,096)	(2,898,870)
Income taxes		(153,451)	(206,714)
Net cash generated from operating activities		2,447,473	3,186,089
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,386,493)	(2,051,246)
Proceeds from disposal of property, plant and equipment		220,366	4,873
Long term deposits		(13,328)	(10,646)
Net cash used in investing activities		(3,179,455)	(2,057,019)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from sponsors and associates - net		-	509,910
Lease money shared by employee			1,760
Repayment of long term loan		(891,857)	(1,868,383)
Liabilities against assets subject to finance lease - net		(164,806)	(97,555)
Long term deposits		-	16,100
Short term borrowings - net		1,718,914	(466,000)
Net cash used in financing activities		662,251	(1,904,168)
Net decrease in cash and cash equivalents		(69,731)	(775,098)
Cash and cash equivalents at beginning of the period		271,254	1,046,352
Cash and cash equivalents at end of the period	13	201,523	271,254

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.



Chief Executive



Director

Consolidated Statement of Changes in Equity
For the year ended 30 June 2012

	Issued, subscribed and paid up capital	Accumulated loss	Total
	---------------- (Rupees in '000)		----------------
Balance as at 30 June 2010	3,921,044	(13,559,848)	(9,638,804)
Total comprehensive loss for the year ended 30 June 2011	-	(2,312,179)	(2,312,179)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	206,080	206,080
Transaction with owners recorded directly in equity			
Issuance of 585,754,341 ordinary shares @ Rs 10 each	5,857,543	-	5,857,543
Balance as at 30 June 2011	9,778,587	(15,665,947)	(5,887,360)
Total comprehensive loss for the year ended 30 June 2012	-	(3,625,758)	(3,625,758)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	347,042	347,042
Transaction cost for issuance of shares	-	(14,785)	(14,785)
Balance as at 30 June 2012	9,778,587	(18,959,448)	(9,180,861)

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

i) Byco Petroleum Pakistan Limited (the Company)

The Company was incorporated in Pakistan as a public limited company on 09 January 1995 under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the company are listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi – 75600, Pakistan. Byco Oil Pakistan Limited (Holding Company of the Company) holds 86.94% (30 June 2011: 86.98%) shares in the Company. The Holding Company is a wholly owned subsidiary of Byco Industries Incorporated (BII), Mauritius (ultimate Parent Company). The Company is principally engaged in the production, marketing and sale of petroleum products.

The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company commenced its crude Oil Refining Business in 2004. The refinery has a rated capacity of 35,000 bpd (barrels per day). Petroleum Marketing Business was formally launched in 2007 and now growing aggressively with 219 retail outlets across the country.

Subsidiary Company

ii) Byco Terminal Pakistan Limited (Formerly Universal Terminal Limited) (BTPL) BTPL was incorporated in Pakistan as a private limited company on 14 June 2002 under the Companies Ordinance, 1984. BTPL has been converted from Private Limited Company to Public Limited Company on 24 May 2010. The registered office of BTPL is situated at 9th Floor, Harbour Front Tower, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi. BTPL is principally engaged in the provision of bulk storage services of petroleum products. BTPL is constructing a single point mooring facility that will bring logistical advances in importing crude oil by enabling larger size crude oil vessels to sail and berth without loss of time which generally lead to demurrages. BTPL is a wholly owned subsidiary of the Company by virtue of share purchase agreement dated 17 February 2010.

2 GOING CONCERN ASSUMPTION

The management of the Company has reported the following in their unconsolidated financial statements:

During the year ended 30 June 2012, the Company incurred a net loss after tax of Rs. 3,078 million (2011: Rs.1,987 million) and as of that date its accumulated losses amounted to Rs. 16,502 million (2011: Rs. 13,771 million). As at 30 June 2012 total liabilities exceeded total assets by Rs.1,140 million and current liabilities of the Company exceeded its current assets by Rs. 22,694 million (2011: Rs. 16,898 million). The refinery operations of the Company have substantially declined and the refinery could not operate during most part of the year on account of working capital constraints being faced by the Company and as a result thereof, it has been unable to ensure timely payments to its creditors. Consequently certain creditors have claimed mark-up on delayed payments which the Company does not acknowledge due to the reason mentioned in note 24 to these consolidated financial statements. The conditions indicate existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's financial statements have been prepared using the going concern assumption as the management is confident that all these conditions are temporary, and would reverse in foreseeable future due to the reasons given below:

- During the year the Company has successfully re-negotiated with their lenders and converted the Forced Payment Against Documents (FPAD) facility amounting to Rs. 7,650 million into running finance facility as disclosed in note 22 to these consolidated financial statements. The said conversion would bring reduction in mark-up rates by around 200 basis points and Letter of Credit related charges. The Company is also in advance stages of rearrangements with syndicate banks for restructuring of its short term current liabilities and expect the restructuring to fetch substantial reduction in mark-up cost in future and deferment in payment terms which will ensure smooth operations of the refinery.

- One of the major local banks has supported and enhanced the working capital lines for import of crude oil and petroleum products, which resulted in resumption of refinery operations in the later part of the year. Further subsequent to the year end, the aforementioned bank has also extended Letter of Credit facility up to an amount of Rs. 13,000 million at more relaxed terms in order to support the working capital requirements of the Company. These arrangement would result in financial cost saving and accommodate the Company to deal with volatility of international crude oil prices and foreign exchange rates and to sustain the future growth momentum of its business.

- The State Bank of Pakistan has relaxed the requirement of Prudential Regulation “Corporate and Commercial Banking” for the Company. Such relaxation would allow the Company to obtain more borrowing facilities from financial institutions. Consequentially the Company has equested different commercial financial institutions to augment fresh working capital facility to the extent of Rs. 10,000 million which is under consideration of the State Bank of Pakistan.

- The Company is in final stages of completing the Isomerization Plant. The Plant will be commissioned with the Byco Oil Pakistan Limited's refinery as its vast quantity of Light Naphtha feed can only be met when the larger Refinery commences operations. This will enable the Company to process light naphtha into low benzene environmental friendly motor gasoline and is expected to yield better returns to the Company.

- During the year, the Company’s Petroleum Marketing Business (PMB) has successfully entered into various fuel supply arrangements with different marketable sectors such as shipping, Power & Energy and mining sectors. High margin aviation fuel export market has also been tapped through these arrangements and for managing this business, a separate working capital line is available to the Company. Further, during the year, PMB segment has increased their retail business by entering into different dealer financed, semi-financed and Company financed agreements for opening of various retail outlets across the country. These factors of PMB segment has been and is expected to yield significant contribution towards the profitability of the Company.

- The Ministry of Petroleum and Natural Resources (MP & NR) has approved the recovery of crude oil transportation cost through Inland Freight Equalisation Margin Pool (IFEM). Previously, all this transportation cost was borne by the Company itself without any reimbursements from the pool or the Government. This will result in future cost savings of the Company once refining operations recommence.

- Further, the Company is continuously reviewing its administrative costs, operating expenditures as well as capital expenditures, with a view to optimize the associated benefits through reduction / elimination of such costs as they find appropriate.

- Further, the ultimate parent Company has given its commitment to give financial support to the Company as and when required. The support is available during the next financial year and beyond that.

- The management has also prepared financial projections to demonstrate the financial benefits of above measures.

The results of the above efforts, activities and actions are expected to contribute significantly towards the profitability, cost reduction, cash flows and equity position of the Company and mitigate the risks involved, therefore, the preparation of these consolidated financial statements on going concern assumption is justified.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

3.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain class of assets included in property, plant and equipment that are stated at revalued amounts as referred to in notes 4.1.1 and 5.

3.3 Basis of Consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights, if any, that are currently exercisable are taken into account. However, potential voting rights that are not currently exercisable are not included in determination of the proportions of profit or loss and changes in equity attributable to the Group.

The financial statements of the subsidiary are included in the consolidated financial statements. The accounting policies of subsidiaries are changed when necessary to align them with those adopted by the Group. The assets and liabilities of the subsidiaries are consolidated on a line-by-line basis and the carrying amount of the investment in subsidiaries is eliminated against the subsidiaries' share capital, pre-acquisition reserves and pre-acquisition surplus on revaluation of property, plant and equipment. All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

3.4 Functional and presentation currency

These financial statements are 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.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, requires management to make judgments, estimates and use assumptions that affect the application of policies and the reported amount of assets and liabilities and 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 the period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following accounting estimates and judgements which are significant to the financial statements:

3.5.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.5.2 Trade debts

The Group reviews its doubtful trade debts at each reporting date to assess whether impairment allowance should be recorded to reduce the trade debts to their recoverable amounts. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

3.5.3 Stock in trade

The Company reviews the net realizable value (NRV)of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade, and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

3.5.4 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

3.5.5 Employees retirement benefits

Certain actuarial assumptions have been used as disclosed in note 19 to these financial statements for the valuation of defined benefit obligations. Any changes in these assumptions in future years may effect the liability under these schemes in those years.

3.5.6 Taxation

In making the estimates for income taxes currently payable by the Group, the Management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.5.7 Financial assets

Impairment loss against doubtful financial assets is determined on a judgemental basis, for which provisions may differ in future years based on the actual experience. The difference in provisions if any, would be recognised in the future periods. Impairment loss, if any, against an investment in a subsidiary Group is determined on value in use basis.

3.6 Accounting developments

Certain amendments to published standards and interpretations of accounting standards became effective during the year, however, they do not affect the Group's financial statements.

3.7 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset’s economic benefits over the life of the asset. The amendment has no impact on financial statements of the Group.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Group's policy was to account for actuarial gains and losses using the corridor method and with the change, unrecognized actuarial losses amounting to Rs. 518,551 million at 30 June 2012 will be recognized in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be a effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this has not been assessed at the balance sheet date.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Group.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Management.

Measurement

Except freehold land, leasehold land, plant and machinery, generators and safety and lab equipments all others items of property, plant and equipment (refer note 5.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land, plant and machinery and generators 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 fixed assets.

Cost in relation to items of property, plant and equipment stated at cost represent historical costs.

Stores and spares which form part of the contract under which the project was undertaken are also capitalized with the plant and machinery.

Expenditure incurred to replace a component of on item of operating assets is capitalised and the asset so replaced is retired. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

Depreciation

Depreciation is charged to profit and loss account, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates disclosedi n note 5.1.

Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Useful lives are determined by the Management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the asset is derecognized.

When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Normal repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

4.1.2 Asset subject to finance lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the effective interest rate.

The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account.

Depreciation is charged to profit and loss account applying the straight-line method on a basis similar to owned assets.

4.1.3 Assets held under operating leases / Ijarah financing

Assets held under operating leases / Ijarah financing are accounted for using the guidelines of IFAS 2. The assets are not recognised on the Company's financial statements or balance sheet and payments made under operating leases / Ijarah financing are recognised in profit or loss on a straight line basis over the term of the lease.

4.2 Intangible assets

4.2.1 Goodwill acquired in business combination

Goodwill acquired in business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

4.2.2 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Group and have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

Intangible assets with finite lives are amortized on a straight line basis over their economic useful lives as specified in note 6.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4.3 Borrowing costs

Borrowing costs are recognised in profit and loss account in the period in which these are incurred except to the extent of borrowing costs on long term finances that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

4.4 Loans, advances and deposits

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

4.5 Stock in trade

Stock-in-trade is valued at the lower of cost and net realisable value. Crude oil in transit is valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date. Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Stock of finished products are valued at lower of cost and net realizable value. Cost of finished products comprises of the cost of crude oil and refining charges consisting of direct expenses and appropriate production overheads. Direct expenses are arrived at on the basis of average cost for the year per barrel of throughput. Production overheads, including depreciation, are allocated to throughput proportionately on the basis of normal capacity.

Net realizable value 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 and in relation to crude oil represents replacement cost at the balance sheet date.

4.6 Stores and spares

These are stated at moving average cost less impairment loss, if any, except items in transit, which are stated at cost. 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. The Group reviews the carrying amount of the stores and spares on a regular basis and provision is made for obsolescence.

Provision is made for obsolete and slow moving items where necessary and is recognized in the profit and loss account.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.8 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include bank overdrafts which form an integral part of the Group's cash management.

4.9 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002. The Group has adopted following accounting treatment of depreciation / amortisation on revalued assets, in accordance with Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated 13 January 2003:

- depreciation / amortisation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation / amortisation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation / amortisation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to accumulated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation / amortisation charge for the year.

4.10 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

4.11 Employee retirement benefits

4.11.1 Defined benefit plans

The Company operates an approved unfunded defined benefit gratuity scheme for all its eligible employees. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under defined benefit gratuity scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of 30 June 2012 using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains / (losses).

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of present value of the Group's obligations are amortized over the expected service of current members.

4.11.2 Defined contributory provident fund

The Group also operates an approved funded contributory provident fund for all its eligible management and non-management employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 8.33% of basic salary.

4.11.3 Leave Encashment

The company accounts for liability in respect of un-availed compensated absences after accumulation of maximum 40 days for all its permanent employees, in the period of absence.

Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

4.12 Taxation

4.12.1 Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

4.12.2 Deferred

Deferred tax is recognized using balance sheet liability method, providing for all significant temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Group recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.13 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.14 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.15 Revenue recognition

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

- Sales are recognized when the significant risk and rewards of ownership of the goods have passed to the customer which coincide with the dispatch of goods to the customers.

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

- Mark-up on delayed payments charges are recognized on the time proportionate basis.

- Interest income / mark-up on short term deposits and interest bearing advances are recognized on the proportionate basis.

- Handling income including income from gantry operation, pipeline charges. scarp sales and rental income are recognized on accrual basis.

4.16 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. 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 has been 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 recognized.

4.17 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 balance sheet date.

Gains and losses on translation are taken to profit and loss account.

4.18 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be. The Group derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.20 Expenses

Certain expenses are apportioned between profit and loss account and capital work in progress on an appropriate apportionment basis to reflect the expenses/ time spent for the setting up of the project and for normal administrative activities.

4.21 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 period. 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.

	Notes	2012	2011
		(Rupees in ‘000)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at cost less accumulated depreciation	5.1	14,377,321	15,526,412
Capital work in progress - at cost	5.2	9,709,039	6,459,916
		24,086,360	21,986,328

5.1 Operating fixed assets

	2012											
	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written down value as at 30 June 2012	Rate of Depreciation
	As at 01 July 2011	Additions	Transfers	(Disposals) / (adjustment)	As at 30 June 2012	As at 01 July 2011	Charge for the year	Transfers	(Disposal) / (adjustment)	As at 30 June 2012		
	(Rupees in '000)											
Owned												
Freehold land	655,830	-	-	-	655,830	-	-	-	-	-	655,830	-
Leasehold land	755,700	-	-	-	755,700	-	11,140	-	-	11,140	744,560	-
Plant and machinery	15,065,342	21,895	-	(74,562)	15,012,675	2,447,616	992,098	-	(2,177)	3,437,537	11,575,138	4-5%
Generators	213,086	26,253	-	(7,531)	231,808	71,908	14,817	-	(224)	86,501	145,307	6.70%
Building, on freehold land, roads and civil works	307,058	4,162	-	-	311,220	53,715	12,633	-	-	66,348	244,872	4%
Building on leasehold land	13,000	59,420	-	(7,660)	64,760	693	629	-	(616)	706	64,054	4%
Tanks	82,409	-	-	(82,409)	-	4,091	1,375	-	(5,466)	-	-	5%
Pipelines	108,296	22,397	-	(39,297)	91,396	2,351	4,786	-	(864)	6,273	85,123	5%
Furniture and fixtures	49,568	4,519	-	-	54,087	19,618	4,987	-	-	24,605	29,482	10%
Filling stations (5.1.1)	427,286	103,907	-	(2,718)	528,475	24,515	49,432	-	(423)	73,524	454,951	5-12.5%
Computer and allied equipments	69,322	10,548	-	-	79,870	40,807	15,839	-	-	56,646	23,224	33.33%
Safety and lab equipments	85,537	3,057	-	-	88,594	45,339	10,857	-	-	56,196	32,398	20%
Vehicles	62,976	-	144,322	(8,982)	198,316	43,370	11,332	106,502	(5,413)	155,791	42,525	20%
Portable cabins	11,189	-	-	-	11,189	7,373	895	-	-	8,268	2,921	10%
	17,906,599	256,158	144,322	(223,159)	18,083,920	2,761,396	1,130,820	106,502	(15,183)	3,983,535	14,100,385	
Leased												
Plant and machinery	271,051	-	-	-	271,051	51,812	13,515	-	-	65,327	205,724	4-5%
Vehicles	267,341	7,490	(144,322)	(25,801)	104,708	105,371	46,042	(106,502)	(11,415)	33,496	71,212	20%
	538,392	7,490	(144,322)	(25,801)	375,759	157,183	59,557	(106,502)	(11,415)	98,823	276,936	
	18,444,991	263,648	-	(248,960)	18,459,679	2,918,579	1,190,377	-	(26,598)	4,082,358	14,377,321	

Additions of Rs. 263.648 million, as shown above, include an amount of Rs. 97.281 million transferred from capital work-in-progress during the current year, as shown in note 5.2.

	2011											
	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written down value as at 30 June 2011	Rate of Depreciation
	As at 01 July 2010	Additions	Revaluation Surplus / (deficit)	(Disposals)	As at 30 June 2011	As at 01 July 2010	Charge for the year	Transfers	(Disposal)	As at 30 June 2011		
	(Rupees in '000)											
Owned												
Freehold land	631,360	24,470	-	-	655,830	-	-	-	-	-	655,830	-
Leasehold land	755,700	-	-	-	755,700	-	-	-	-	-	755,700	-
Plant and machinery	9,674,828	1,821,207	3,569,307	-	15,065,342	1,902,564	512,632	-	-	2,415,196	12,650,146	4-5%
Generators	238,920	40,469	(66,303)	-	213,086	51,926	19,981	-	-	71,907	141,179	6.70%
Building, on freehold land, roads and civil works	218,433	88,625	-	-	307,058	43,414	10,301	-	-	53,715	253,343	4%
Building on leasehold land	13,000	-	-	-	13,000	173	520	-	-	693	12,307	4%
Tanks	59,700	22,709	-	-	82,409	3,495	33,016	-	-	36,511	45,898	5%
Pipelines	30,400	77,896	-	-	108,296	507	1,845	-	-	2,352	105,944	5%
Furniture and fixtures	32,210	17,358	-	-	49,568	16,254	3,364	-	-	19,618	29,950	10%
Filling stations (5.1.1)	82,022	345,264	-	-	427,286	2,673	21,842	-	-	24,515	402,771	5-12.5%
Computer and allied equipments	48,126	21,196	-	-	69,322	29,167	11,640	-	-	40,807	28,515	33.33%
Safety and lab equipments	81,710	22,807	(18,980)	-	85,537	31,594	13,745	-	-	45,339	40,198	20%
Vehicles	66,725	9,800	-	(13,549)	62,976	46,251	8,818	-	(11,699)	43,370	19,606	20%
Portable cabins	9,199	1,990	-	-	11,189	6,660	713	-	-	7,373	3,816	10%
Sub - Total	11,942,333	2,493,791	3,484,024	(13,549)	17,906,599	2,134,678	638,417	-	(11,699)	2,761,396	15,145,203	
Leased												
Plant and machinery	271,051	-	-	-	271,051	36,487	15,325	-	-	51,812	219,239	4-5%
Vehicles	219,681	49,249	-	(1,589)	267,341	58,615	47,717	-	(961)	105,371	161,970	20%
	490,732	49,249	-	(1,589)	538,392	95,102	63,042	-	(961)	157,183	381,209	
	12,433,065	2,543,040	3,484,024	(15,138)	18,444,991	2,229,780	701,459	-	(12,660)	2,918,579	15,526,412	

Additions of Rs. 2,543.040 million, as shown above, include an amount of Rs. 1,935.778 million transferred from capital work-in-progress as shown in note 5.2.

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 the Fourth Schedule to the Companies Ordinance,1984.

5.1.2 During the year ended 30 June 2007, 30 June 2009, 30 June 2011 and 30 June 2012 revaluation exercises were carried out by independent valuers resulting in surplus on revaluations amounting to Rs.1,901.021 million, Rs.4,062.989 million, Rs. 3,484.024 million and nil respectively.

The fair values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property and in case where market based evidence was not available or not applicable due to the specialized nature of asset, than it was based on depreciated replacement cost method.

5.1.3 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:

	2012	2011
	(Rupees in '000)	
Free hold land	46,731	46,730
Lease hold land	213,200	213,200
Plant and Machinery	4,528,151	4,958,827
Generators	104,046	86,515
Buildings on Free hold land, roads &civil works	220,267	227,304
Safety and lab equipment	32,398	40,198
	5,144,793	5,572,774

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

		2012	2011
Administrative expenses	27	139,819	99,414
Cost of sales	26.1	1,050,558	602,045
		1,190,377	701,459

5.1.5 During the year, BTPL entered into sale and leaseback Ijarah financing arrangement with a bank. As per the requirements of Islamic Financial Accounting Standard (IFAS 2) issued by Institute of Chartered Accountants Pakistan, the sale and leaseback of the above mentioned assets have been treated as an operating lease and accordingly derecognised. BTPL has paid Rs. 20 million to the bank as security deposit under the sale and lease back agreement. Total lease rentals amounts to Rs. 270 million , and are payable in 14 equal quarterly instalments latest by 30 January 2016.

	2012	2011
	(Rupees in '000)	
The details of lease payments are as follows:		
Not later than one year	74,242	-
Later than one year and not later than five years	195,697	-

5.1.6 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds / disposal value	Gain / (loss)	Mode of Disposal	Particulars of Buyer Name	Particulars of Buyer Status
	(Rupees in '000)							
Vehicle								
Suzuki Cultus Vxr 1000Cc	855	185	670	713	43	Company Policy	Khawaja Haider	Employee
Toyota Corolla Gli 1300 Cc	916	229	687	733	46	Company Policy	Syed Asad Raza	Employee
Suzuki Cultus 1000Cc	810	257	553	594	41	Company Policy	Syed Aqil Ahmed Shah	Employee
Honda Civic 1.8Cc	1,483	321	1,162	1,236	74	Company Policy	Nasir Masoom	Employee
Honda Civic Vti Oriel Prosmetic	1,879	1,033	846	940	94	Company Policy	Claim Settlement	Employee
Mercedes Benz C200	5,581	3,163	2,418	2,697	279	Company Policy	Claim Settlement	Employee
Toyota Corolla Gli	1,529	306	1,223	1,223	-	Car Snatched	Mudassir Qadeer	Employee
Honda Civic VTi Oriel Prosmetic	1,800	840	960	1,050	90	Company Policy	Roshan Mehri	Employee
Toyota Corolla GLI 1300	1,269	508	761	825	64	Company Policy	Rizwan Ali	Employee
Honda Civic Vti Oriel Prosmetic	1,874	759	1,115	1,209	94	Company Policy	Imran Farooqui	Employee
Suzuki Cultus 1000Cc	770	257	513	552	39	Company Policy	Afaq Moin	Employee
Suzuki Cultus 1000Cc	755	227	528	566	38	Company Policy	Asma Mustafa	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Imran Gaffar	Employee
Hyundai Santro Prime GV	579	463	116	145	29	Company Policy	Nadeem Ahsan	Employee
Honda Civic 1.8 i V Tec	1,794	508	1,286	1,286	-	Insurance Claim	-	-
Toyota Corolla GLi	1,289	408	881	945	64	Company Policy	Muhammad Arif	Employee
Honda Civic VTI	1,775	1,063	712	800	88	Company Policy	Shamim Anwar	Employee
Honda Civic Prosmetic Oriel	1,522	1,217	305	380	75	Company Policy	Hamid Hanfi	Employee
Toyota Corolla Xli	1,269	613	656	719	63	Company Policy	Razi Uddin Ahmed	Employee
Toyota Corolla Xli	915	746	169	210	41	Company Policy	Zakri Hussani	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Nusrat Hussani	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Syed Amer Raza	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Tariq Jilani	Employee
Suzuki Cultus VXL	590	472	118	148	30	Company Policy	Saleem Memon	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Sohail Ahmed	Employee
Suzuki Cultus VXR	590	472	118	148	30	Company Policy	Junaid Ahmed	Employee
Suzuki Cultus VXRi	590	472	118	148	30	Company Policy	Sohail Ahmed	Employee
Toyota Corolla GLI	1,399	187	1,212	1,212	-	Insurance Claim	-	-
Tanks								
Cargo Tank	12,000	955	11,045	11,041	(4)	Sale and leaseback	Bank of Khyber	
Tank No.1-Dp	14,000	1,126	12,874	12,869	(5)	Sale and leaseback	Bank of Khyber	
Tank No.2-Dp	33,700	2,710	30,990	30,977	(13)	Sale and leaseback	Bank of Khyber	
Tank 001	5,974	178	5,796	5,794	(2)	Sale and leaseback	Bank of Khyber	
Tank 002	12,335	367	11,968	11,963	(5)	Sale and leaseback	Bank of Khyber	
Tank 003	4,401	131	4,270	4,268	(2)	Sale and leaseback	Bank of Khyber	
Plant and machinery								
Loading Gantry and Control System	37,549	1,116	36,433	36,418	(15)	Sale and leaseback	Bank of Khyber	
Auto Tank Guaging (ATG)	3,207	95	3,112	3,110	(2)	Sale and leaseback	Bank of Khyber	
Control Panel	11,370	338	11,032	11,028	(4)	Sale and leaseback	Bank of Khyber	
Fire Fighting System	5,502	164	5,338	5,337	(1)	Sale and leaseback	Bank of Khyber	
Fire pump and jockey pump	14,882	442	14,440	14,433	(7)	Sale and leaseback	Bank of Khyber	
Building on lease hold land								
Storage Tank Pad-I/ Foundation (70 Dia)	5,770	464	5,306	5,304	(2)	Sale and leaseback	Bank of Khyber	
Storage Tank Pad-Ii/ Foundation (40 Dia)	1,890	152	1,738	1,737	(1)	Sale and leaseback	Bank of Khyber	
Pipelines								
03 Product Pumps	29,059	864	28,195	28,183	(12)	Sale and leaseback	Bank of Khyber	
Tank Plates and Structure	10,239	-	10,239	10,234	(5)	Sale and leaseback	Bank of Khyber	
Generator								
Genset 365 KvA	7,531	224	7,307	7,304	(3)	Sale and leaseback	Bank of Khyber	
Plant and Machinery								
Model Retail Outlet	1,850	185	1,665	80	(1,585)	Tender	M/s Fakhar & Company	Owned
18000 Liter Under Ground Fuel Tank	288	-	288	354	66	Tender	Abdul Majeed Bhatti.	Owned
45000 Liter Under Ground Fuel Tank	580	-	580	713	133	Tender	Abdul Majeed Bhatti.	Owned
2012	246,910	26,577	220,333	220,366	33			
2011	15,138	12,660	2,478	4,873	2,395			

		Notes	2012	2011
			(Rupees in '000)	
5.2	**Capital work-in-progress - at cost**			
	Opening balance		6,459,916	6,866,005
	Additions		3,346,404	1,529,689
			9,806,320	8,395,694
	Capitalized during the year	5.1	(97,281)	(1,935,778)
	Closing balance		9,709,039	6,459,916
5.2.1	Single Point Mooring Project		3,809,204	1,211,247
	Plant and machinery		3,985,071	3,636,875
	Civil and mechanical works		146,896	129,794
	Generators		6,181	-
	Tanks		1,486,916	1,482,000
	Filling stations		16,666	-
	Computer and allied		15,632	-
	Safety and lab equipment		242,473	-
			9,709,039	6,459,916
6	**INTANGIBLE ASSET**			
	Computer software	6.1	5,915	8,873
	Goodwill acquired on business combination	6.2	23,746	23,746
			29,661	32,619
6.1	**Computer software**			
	Cost			
	at the beginning		32,484	32,484
	Amortization			
	at the beginning		(23,611)	(17,114)
	for the year	27	(2,958)	(6,497)
	at the closing		(26,569)	(23,611)
			5,915	8,873

6.1.1 The computer software is being amortized on a straight line basis over the use life of five years.

6.2 During the year ended 30 June 2010, the Company has acquired 100% shares of BTPL from all of its shareholders for a consideration of Rs. 87.155 million. The effective control was obtained on 17 February 2010. This acquisition has brought about expansion and diversification of the Company's business as BTPL is engaged in provision of bulk storage services of petroleum products.

Goodwill acquired through acquisition are with indefinite life. The Company assessed the recoverable amount of the goodwill by determining the value in use over a ten year period as these businesses are long term by nature. The recoverable values exceed their carrying values and hence no impairment is deemed to exist. The management believes that any reasonable possible changes to the key assumptions on which the calculation of recoverable amount is based would not significantly cause the carrying amount to exceed the recoverable amount.

		Notes	2012	2011
			(Rupees in '000)	
7	**LONG TERM LOAN**			
	Considered good - unsecured			
	Loan to an executive-interest free			
	Opening balance		24,840	31,320
	Received during the period		(2,700)	(6,480)
	Closing balance	7.1	22,140	24,840
	Current portion	11.1	(22,140)	(6,480)
	Loan to an executive		-	18,360

7.1 This represents interest free loan to an ex-executive of the Company under the terms of his employment. The loan was granted for purchase of house and is repayable in six years with one year grace period. The Executive has resigned during the year and negotiations are in process for the settlement of loan. The loan will be secured against lien on title deed of the property and post dated cheques.

		Notes	2012	2011
			(Rupees in '000)	
8	**LONG TERM DEPOSITS**			
	In respect of:			
	- Finance lease		16,672	64,341
	- Rental premises and Others		11,875	4,402
	- Ijarah finance		22,150	1,600
	- Central Depository Company of Pakistan		43	43
			50,740	70,386
	Current portion	12.1	(8,229)	(47,071)
			42,511	23,315
9	**STOCK IN TRADE**			
	Raw material - Crude Oil	9.1	1,382,548	1,874,658
	Finished products	9.2	1,573,716	2,238,365
			2,956,264	4,113,023

9.1 Raw material having cost of Rs. 1,632.242 million (2011: Rs. 1,874.658 million) has been written down by Rs.249.694 million (2011: Nil) to net realizable value.

9.2 Finished products having cost of Rs. 1,771.930 million (2011: Rs. 2,238.766 million) have been written down by Rs. 198.215 million (2011: Rs. 0.401 million) to net realizable value.

9.3 Stock of finished products includes stock held by third parties amounting to Rs. 317.4167 million (2011: Rs.2,506.266 million).

		Notes	2012	2011
			(Rupees in '000)	
10	**TRADE DEBTS - Unsecured**			
	Due from Pakistan State Oil Company limited	10.1	6,686,366	5,450,000
	Due from Associated undertakings			
	- Karachi Electric Supply Company Limited	10.2	2,767,000	1,144,449
	Others		85,224	63,997
			9,538,590	6,658,446

10.1 This represents Rs. 4,400 million (2011: Rs. 3,497 million) due from Pakistan State Oil Company Limited (PSO) against supplies of products and Rs. 2,286 million (2011: Rs. 1,953 million) on account of mark-up on delayed payments. The mark-up on delayed payment is calculated on daily compounding basis and would be one percent above normal lending rate of commercial banks, being the lending rates applicable for short term running finance of the Parent company or PSO whichever is lower.

10.2 This represents Rs. 2,583 million (2011: Rs. 1,137 million) due from Karachi Electric Supply Company Limited (KESC) against supplies of products and Rs.184 million (2011: Rs. 7.211 million) on account of mark-up on delayed payments. Mark-up on delayed payment is charged in accordance with the contractual agreement therewith.

10.3 During the year the Parent company has made oral assignment of receivable from KESC to National Bank of Pakistan (NBP) amounting to Rs. 1,200 million being the amount receivable as on 30 November 2011 and subsequent mark-up thereon. The arrangement has been entered to secure financing by NBP to the Parent company.

		Notes	2012	2011
			(Rupees in ‘000)	
11	**LOANS AND ADVANCES - considered good**			
	Employees	11.1	23,125	8,280
	Suppliers and contractors		255,765	346,573
			278,890	354,853

11.1 This includes an amount of Rs. 22.14 million (2011: Rs. 6.48 million) representing current portion of long term loan to executive (refer note 7).

		Notes	2012	2011
			(Rupees in ‘000)	
12	**TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Deposits	12.1	9,759	47,071
	Margin against letter of credits		1,743	39,755
	Pre-payments		19,809	60,682
	Advance income tax		74,313	185,076
	Inland freight equalization margin		210,735	-
	Sales tax refundable		82,535	
	Excise duty refundable		2,880	301
	Receivable from associated undertakings	12.2	116,661	75,625
	Receivable from the Holding company	12.3	395,272	-
	Others		109	-
			913,816	408,510

12.1 This includes an amount of Rs. 8.229 million (2011: Rs. 47.071) representing current portion of long term deposits as shown in note 8.

12.2 This represents receivable in respect of land situated at Mauza Kund, Baloshistan, sub leased to the associated undertakings.

12.3 This represents receivable from the Holding company in respect of sale of goods and services.

		Notes	2012	2011
			(Rupees in '000)	
13	**CASH AND BANK BALANCES**			
	Cash in hand		40	72
	Stamp papers		100	-
	Cash at banks			
	- Current accounts		23,143	265,768
	- Saving / deposit accounts	13.1	178,240	5,414
		13.2	201,383	271,182
			201,523	271,254

13.1 These carry mark-up ranging from 5% to 12.5% (2011: 6% to 10%) per annum.

13.2 This includes Rs.106.955 million (2011: Rs.148.858 million) kept under lien against the letter of credit facilities obtained from banks.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of Shares)			(Rupees in '000)	
		Authorized share capital		
1,200,000,000	1,200,000,000	Ordinary shares of Rs. 10 each	12,000,000	12,000,000
		Issued, subscribed and paid-up capital		
977,858,737	977,858,737	Ordinary shares of Rs. 10 each	9,778,587	9,778,587

		Notes	2012	2011
15	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Balance as on 1 July 2011		8,533,223	5,349,710
	Surplus arising due to revaluation of property, plant and equipment		-	3,500,560
	Transfer to accumulated loss in respect of			
	- incremental depreciation charged during the year - Net of tax		(347,042)	(206,080)
	- related deferred tax liability		(186,869)	(110,967)
			(533,911)	(317,047)
	Balance as on 30 June 2012		7,999,312	8,533,223
	Less: Related deferred tax liability on:			
	- revaluation at the beginning of the year		2,603,062	1,488,834
	- revaluation surplus arising during the year		-	1,225,195
	- incremental depreciation charged during the year		(186,869)	(110,967)
			2,416,193	2,603,062
			5,583,119	5,930,161
16	**LONG TERM LOANS-Secured**			
	From Banks			
	Syndicated Loan	16.1	70,000	140,000
	Syndicated Term Finance	16.2	2,328,595	3,150,452
			2,398,595	3,290,452
	Less: Current maturity	23	2,398,595	1,783,714
			-	1,506,738

16.1 This represents utilized portion of syndicated mark-up facility aggregating to Rs. 700 million arranged by the Company under agreement dated 30 September 2006 with a syndicate of local commercial banks (the syndicate) to finance the setting up of Isomerization plant. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets of the Company. The tenor of financing is five years and is repayable in ten equal semi-annual instalments starting from April 2007. The facility carries mark-up at the rate of 6 months KIBOR plus 3% and is payable along with the principal amount. The Company is currently under negotiation with the syndicate for the restructuring of the facility as mentioned in the note 2.

16.2 This represents utilized portion of syndicated mark-up facility aggregating to Rs. 5,753 million arranged by the Company under agreement dated 15 April 2009 with a syndicate of local commercial banks(the syndicate) to finance the outstanding Letter of Credits. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets of the Group. The tenor of financing is four years and is repayable in 42 equal monthly instalments with a Grace period of 6 months starting from the December 2009. The facility carries mark-up at the rate of 1 month KIBOR plus 1% payable in instalments along with the principal amount. The Company is currently under negotiation with the syndicate for the restructuring of the facility as mentioned in the note 2.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012		2011	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000)			
Less than one year	67,978	44,772	177,830	150,813
One to five years	82,591	79,305	151,033	124,589
	150,569	124,077	328,863	275,402
Advance against lease finance	-	-	5,991	5,991
Total minimum lease payments	150,569	124,077	334,854	281,393
Financial charges allocated to the future period	(26,492)	-	(53,461)	-
Present value of minimum lease payments	124,077	124,077	281,393	281,393
Current portion under current liabilities	(44,772)	(44,772)	(150,813)	(150,813)
	79,305	79,305	130,580	130,580

17.1 The Group has entered into lease agreements with the leasing companies to acquire vehicles and plant and machinery. The rentals under the lease agreements are payable upto December 2016. The cost of operating and maintaining the leased assets is borne by the Group. The Group intends to exercise the option to purchase the leased assets at the residual value of assets upon the completion of respective lease periods.

	Note	2012	2011
		(Rupees in '000)	
18 LONG TERM DEPOSITS			
Deposit from associated undertakings against land lease rentals	12.2	3,646	3,646
Trade and other deposits		35,267	29,400
		38,913	33,046

		Notes	2012	2011
			(Rupees in '000)	
19	**DEFERRED LIABILITIES**			
	Deferred taxation	19.1	2,434,919	2,761,020
	Employees retirements benefits	19.2	43,916	37,313
			2,478,835	2,798,333
19.1	**Deferred taxation**			
	Taxable temporary differences arising in respect of:			
	- accelerated tax depreciation		1,275,179	1,533,884
	- finance lease transactions		58,753	34,936
	Deductible temporary differences arising in respect of:			
	- staff provident fund		(17,506)	(13,060)
	- carry forward of income tax losses		(6,162,757)	(5,164,827)
	- carry forward turnover taxes		(566,588)	(527,140)
			(5,412,919)	(4,136,207)
	Deferred tax asset not recognised		5,412,919	4,294,164
			-	157,957
	Taxable temporary differences arising in respect of:			
	- surplus on revaluation of property, plant and equipment		2,434,919	2,603,063
			2,434,919	2,761,020

19.1.1 Deferred tax asset amounting to Rs. 5,412.919 million (2011: Rs. 4,294.164 million) has not been recognized in these consolidated financial statements due to prudence.

19.2 Employees retirements benefits-staff gratuity

19.2.1 General description

The Company operates an unfunded gratuity scheme for its eligible employees payable on attainment of normal retirement age of 60 years, voluntary retirement, death in service and termination from service, other than for misconduct, negligence or incompetence. Benefit entitlement is equal to 30 days basic salary for each completed year of service, provided that the minimum qualifying period for eligibility is five years of service, except in case of death of an employee.

The Company obligation under the above scheme as of 30 June 2012 has been determined by a qualified actuary. Details of the results of actuarial valuation are given below:

		Notes	2012	2011
			(Rupees in '000)	
19.2.2	**Reconciliation of amount payable to defined benefit plan**			
	Present value of defined benefit obligations		47,764	22,959
	Unrecognised actuarial (losses)		(3,848)	14,354
			43,916	37,313
19.2.3	**Movement in present value of defined benefit obligation**			
	Opening net liability		37,313	22,959
	Charge for the year	19.2.4	6,603	14,354
	Closing net liability		43,916	37,313

	2012	2011
	(Rupees in '000)	

19.2.4 Charge for the year

	2012	2011
Current service cost	16,611	10,851
Interest cost	5,471	3,282
Past service liability	-	221
Curtailment gain	(16,249)	-
Transfer to the Holding Company	(539)	-
Recognition of actuarial gain due to curtailment	1,309	-
	6,603	14,354

19.2.5 Principal actuarial assumption

Following assumptions have been used for the actuarial valuation as of 30 June 2012 under the Projected Unit Credit Actuarial Cost method:

	2012	2011
Expected rate of increase in salaries	12.5%	14%
Discount factor used	10.5%	12%
Normal retirement age of employees	60 years	60 years

19.2.6 A total of 365 (2011: 146) employees as of June 30, 2012 have been covered under the above scheme.

19.2.7 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 20.022 million.

19.2.8 Historical information

	2012	2011	2010	2009	2008
			(Rupees in '000)		
Present value of defined benefit obligation	43,916	37,313	22,959	12,259	4,418

20 TRADE AND OTHER PAYABLES

	Notes	2012	2011
		(Rupees in '000)	
Foreign bills payable		-	4,908,423
Forced payments against documents (FPAD)	20.1	8,550,217	6,450,968
Creditors for supplies		8,519,275	8,362,753
Creditors for services	20.2	1,660,302	1,380,597
Accrued expenses		153,320	35,772
Advances from customers	20.3	2,091,713	1,365,033
Sales tax and federal excise duty payable		772,090	380,319
Petroleum Development Levy payable		4,313,356	4,167,035
Withholding tax deductions payable		52,372	14,783
Workers profit participation fund	20.4	50,540	46,689
Payable to staff provident fund		6,101	415
Dividend payable		1,146	1,146
Other payables		10,841	-
		26,181,273	27,113,933

20.1 These represent overdue letters of credit in respect of import of crude oil and overdue inland letters of credit. Mark-up is charged in the range of 12.91% to 16.36% (2011: 15.10% and 16.80%) per annum has been accrued thereon. During the year , the FPADs amounting to Rs.7.650 billion have been converted in running finance facility by the banks. The Company is currently in the process of negotiating restructuring of this facility as long term as more fully explained in the note 22.

20.2 This includes Rs. 12.014 million payable to BII (Ultimate Parent Company) in respect of services.

20.3 This includes Rs. 461.010 million (2011: Rs. 567.375 million) received in respect of demarcated plots of land for setting up of Liquefied Petroleum Gas storage and filling facilities (LPG village facility). The amount has been received in advance from consumers under LPG village facility utilization agreement. The agreements are effective for 10 years from the date of signing or any period thereafter as mutually agreed. During the year, the advance was returned to certain consumers on the their demand and the total amount as accordingly been classified as short term. However, the facility is expected to commence shortly after commissioning of refinery of the Holding company and completion of certain legal formalities upon which the advance will be classified as deferred revenue and will be amortized over the period of the agreed terms.

	Notes	2012	2011
		(Rupees in '000)	
20.4 Workers profit participation fund			
Opening balance		46,689	42,475
Mark-up for the year	20.4.1	3,851	4,214
		50,540	46,689

20.4.1 Mark up has been charged at KIBOR plus 2.5% as per the Companies profit (workers' participation) act, 1968.

	Notes	2012	2011
		(Rupees in '000)	
21 ACCRUED MARK-UP			
Accrued mark-up on:			
Mark-up on long term loan			
- syndicated term finance	16.1	175,573	35,812
- syndicated term finance	16.2	7,512	5,076
Mark up on Trust receipt		-	10,997
Ijarah finance arrangement		11,293	
Mark-up on Sponsor's Loan		-	101,566
Mark-up on Short term borrowing		992,900	145,249
		1,187,278	298,700
22 SHORT TERM BORROWINGS			
From banks			
- Short term loan	22.1	7,650,000	-
- Short term running finance	22.2	1,671,414	-
Loan from related party			
CUSP Pakistan Limited	22.3	47,500	-
		9,368,914	-

22.1 The facility has been allowed by a syndicate of banks by conversion of existing Forced Payment Against Documents liability as mentioned in note 20.1. The facility carries mark-up at a rate of 1 month KIBOR +1% and is payable quarterly. The facility is secured against first parri passu hypothecation charge upto Rs. 20,400 million over all present and future current assets and ranking hypothecation charge over all fixed assets (excluding land) of the Company upto Rs. 20,400 million.

22.2 This represents a short term finance facility from National Bank of Pakistan Limited amounting to Rs 1.671 billion as per the Finance agreement dated 17 January 2011. The principal amount outstanding is repayable from November 2012 to June 2013. The loan carries mark-up at the rate of six month KIBOR plus 2.75% per annum, payable semi annually from the date of first disbursement, and is secured by hypothecation on all company assets.

22.3 This represents interest free un-secured loan from a related party under common directorship.

	Notes	2012	2011
		(Rupees in '000)	
23 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans	16	2,398,595	1,783,714
Liabilities against assets subject to finance lease	17	44,772	150,813
		2,443,367	1,934,527

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

Claims against the Company not acknowledged as debts amounting to Rs. 2,365.625 (2011: 1,520.273 million) mainly comprise of late payment charges on account of delayed payments against crude oil supplies. The Company is of the view that there are no specific contractual arrangements with these suppliers which allow them to claim / recover these charges and hence no provision in respect of the same has been made in these financial statements.

A supplier of generators to BTPL has filed a suit against BTPL for a sum of Rs. 2.115 million on account of increased cost of materials, financial losses etc. resulting due to delay in delivery, which in the view of plaintiff was caused due to acts of BTPL. However, the delay was on part of supplier which compelled BTPL to hire the generators during delayed period on which Company incurred and recovered a sum of Rs. 1.238 million through encashment of guarantees provided by supplier. The suit is pending and no accrual of amount in question has been made in these financial statements, as there is no contractual or other basis on which the plaintiff can rest its claim and accordingly the same is likely to be rejected by the Honourable court.

China Harbour Engineering Company (CHEC) , engaged by BTPL for the Construction of its SPM on 19 August 2011, demanded a penalty of Rs. 22 million from BTPL on account of delayed payments in accordance with the terms of the agreement entered into between BTPL and the CHEC. However, BTPL has not acknowledged the said demand as it believes that delay was on part of contractor's bank. No demand of notice or any correspondences have been received from CHEC regarding follow up of this penalty based on which no accrual of amount in question has been made in these financial statements.

		Notes	2012	2011
			(Rupees in '000)	
24.2	**Commitments**			
24.2.2	Outstanding Letters of Credit		6,812,369	-
24.2.3	Commitment for payments in respect of fixed assets		454,231	57,680
25	**SALES**			
	Gross Sales			
	Local		18,749,874	35,827,537
	Export		3,391,869	8,099,470
			22,141,743	43,927,007
	Government levies			
	Sales tax		(2,657,357)	(4,661,123)
	Sales discount		(1,003)	(115,741)
	Excise duty and petroleum levy		(404,579)	(205,873)
			(3,062,939)	(4,982,737)
			19,078,804	38,944,270
26	**COST OF SALES**			
	Opening stock		2,238,365	3,439,159
	Cost of goods manufactured	26.1	12,626,834	29,364,591
	Finished products purchased during the year		7,408,098	7,568,473
			22,273,297	40,372,223
	Closing stock		(1,573,716)	(2,238,365)
	Cost of Sales		20,699,581	38,133,858
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	11,112,671	27,913,678
	Salaries, wages and other benefits	26.1.2	122,604	258,440
	Staff transportation and catering		39,721	81,327
	Stores and spares consumed		19,555	46,120
	Crude oil inspection and cleaning charges		6,120	8,087
	Insurance		63,383	35,266
	Industrial gases and chemicals		9,997	4,365
	Fuel, power and water		143,017	311,177
	Repairs and maintenance		26,719	60,914
	Communications		807	1,432
	Travelling and conveyance		-	240
	Rent, rates and taxes		3,500	1,122
	Security expenses		11,842	10,317
	Technical fee		-	19
	Vehicle running		6,870	9,633
	Impairment of asset		-	16,534
	Depreciation	5.1.4	1,050,558	602,045
	Others		9,470	3,875
			12,626,834	29,364,591

	Notes	2012	2011
		(Rupees in '000)	
26.1.1 Raw material consumed			
Opening stock		1,874,658	1,488,779
Purchased during the year		10,620,561	28,299,557
		12,495,219	29,788,336
Closing stock		(1,382,548)	(1,874,658)
Raw material consumed		11,112,671	27,913,678

26.1.2 This includes a sum of Rs. 5.028 million (2011: Rs.13.228 million) in respect of staff retirement benefits.

27 ADMINISTRATIVE EXPENSES

	Notes	2012	2011
		(Rupees in '000)	
Salaries, allowances and other benefits	27.1	289,125	433,530
Vehicle running		16,567	26,526
Repairs and maintenance		19,547	24,569
Insurance		61,615	86,628
Fee and subscriptions		6,852	31,294
Utilities		10,467	8,735
Legal and professional		36,768	54,693
Travelling and conveyance		10,193	20,868
Advertisements and subscriptions		7,168	12,510
Rent, rates and taxes		30,620	40,127
Sales tax penalties due to late payments		12,965	66,986
Printing and stationary		2,068	11,857
Donations and charity	27.2	484	1,374
Auditor's remuneration	27.3	2,973	2,505
SAP maintenance costs		5,049	16,645
Depreciation	5.1.4	139,819	99,414
Amortization of intangible asset	6	2,958	6,497
Security expenses		6,815	4,453
Others		5,238	2,308
		667,291	951,519

27.1 Included herein is a sum of Rs.4.544 million (2011: Rs.28.255 million) in respect of staff retirement benefits.

27.2 Recipients of donation do not include any donee in whom a director or his spouse had any interest.

	Notes	2012	2011
		(Rupees in '000)	
27.3 Auditor's remuneration			
Statutory audit		1,700	1,450
Half yearly review		400	375
Consolidation of financial statement		300	300
Certification		300	300
Out of pocket expenses		273	80
		2,973	2,505

		2012	2011
		(Rupees in '000)	
28	**SELLING AND DISTRIBUTION EXPENSES**		
	Transportation	92,217	146,340
	Products handling charges	4,218	16,700
	Wharf age and other export expenses	8,323	18,151
	Transportation on export sales	85,844	511,813
	Commission on export sales	56,847	167,740
	Export development surcharge	7,417	21,993
	Rent, rates and taxes	51,321	35,401
	Retailing and branding	-	63,644
	Others	5,324	951
		311,511	982,733
29	**OTHER INCOME**		
	Income from financial assets		
	Interest income	1,619,657	853,354
	Income from non financial assets		
	Gain on disposal of fixed assets	33	2,395
	Joining income	1,600	30,346
	Insurance claim	8,418	16,035
	Others	2,176	5,057
	Scrap sales	2,272	23,068
	Land lease rent	48,125	45,937
		1,682,281	976,192
30	**FINANCIAL CHARGES**		
	Mark-up on:		
	- Finance leases	30,303	41,428
	- Term Finance Certificates	-	5,686
	- Long term loans	372,148	661,192
	- Short term borrowings and FPADs	2,292,855	893,378
	- Crude purchases	-	76,155
	- Sponsor's loan	-	286,880
	Mark-up on WPPF	3,851	4,214
	Bank charges	31,160	26,055
	Export charges	2,113	3,744
	Exchange difference - net	160,560	70,868
	Loan arrangement and commitment fee	72,438	27,183
		2,965,428	2,096,783

31 TAXATION - Current

Income tax assessments of the Group are deemed to have been finalized upto and including the tax year 2011. However tax year 2009 of the Company has been selected for audit under section 177 of the Income Tax Ordinance, 2001 which is in progress. Keeping in view the available tax losses and credits, no additional tax liability is expected to arise.

31.1 Relationship between accounting loss and tax expense for the year

The current year provision is based on tax payable by the Group under presumptive tax regime and under the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001 (Ordinance). Therefore, there is no relationship between accounting loss and tax expense for the period.

32 LOSS PER SHARE - basic

		2012	2011
		(Rupees in '000)	
Net loss after tax		(3,625,758)	(2,312,179)
Weight average number of ordinary shares	Number	977,858,737	404,942,850
Loss per share -basic	Rupees	(3.71)	(5.71)

33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group has related party transactions with its holding company (refer note 1), associated undertakings , employee benefit plans and its key management personnel. The transactions with related parties are executed at agreed terms.

The detail of transactions with related parties is given below:

	2012	2011
	(Rupees in '000)	
Transactions with related parties		
Parent Companies		
Receipt of loan	-	685,283
Mark-up on loan	-	142,131
Land lease rentals	48,125	45,937
Repayment of mark-up	13,232	61,000
Sale of goods and services	419,142	15,374
Advance against purchase of assets - net	212,020	135,139
Shares issued against loan conversion	-	5,857,543
Associated Companies		
Sale of petroleum products	3,683,220	4,058,969
Purchase of operating fixed assets and services	63,480	11,898
Repayment of loan	-	178,774
Mark-up on borrowing	-	144,959
Mark-up income	176,577	-
Repayment of mark-up	88,328	381,047
Services received	-	169,418
Cargo Freight Services	87,977	285,515
Expenses paid on behalf of the Group	-	4,342
Receipt of short term loan	47,500	-
Consultancy services from associated company	1,808	-

	2012	2011
	(Rupees in '000)	
Staff Provident Fund		
Payment of employees and company's contribution	50,748	60,401
Balances with related parties		
Parent Companies		
Mark-up payable	-	13,233
Mark-up receivable	18,923	33,012
Security deposits payable	3,646	3,646
Advances against purchase of assets	-	135,741
Receivable against land lease rent	116,661	75,625
Payable against purchases of goods and services	12,015	-
Receivable against sale of goods and services	399,057	-
Payable against purchase of assets	3,183	-
Associated Companies		
Creditors for services	-	31,288
Mark-up payable	-	88,328
Short term loan	47,500	-
Creditor for expenses	4,917	-
Trade debts	2,767,007	1,144,449
Purchase of asset and services	4,413	-
Staff Provident Fund		
Payable to staff provident fund	3,849	415

34 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

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

	Chief Executive		Executive Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees)							
Managerial remuneration	20,678	10,620	15,965	15,550	235,314	220,285	271,957	246,455
Provident fund	1,170	51	1,276	1,414	20,839	18,756	23,285	20,221
Housing and utilities	9,353	5,512	5,654	5,654	94,173	79,467	109,180	90,633
Leave fare assistance		-	-	-		3,533	-	3,533
Medical	723	51	-	-	2,306	179	3,029	230
Bonus	-	-	-	-	-	21,754	-	21,754
	31,924	16,234	22,895	22,618	352,632	343,974	407,451	382,826
Number of persons	2	2	1	1	187	13	190	16

35 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Financial risk factors

The Group has exposure to the following risks arising from financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

This note presents information about the Group's exposure to each of the following risks, the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital.

Risk Management Framework:

The Group finances its operations through equity, contribution against future issue of shares, 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 objective in managing risk is the creation and protection of shareholder's value. Risk is inherent in Group's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls' set on different activities of the Group by the Board of Directors through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Group as well as the level of the risk that the Group is willing to accept.

The Group's management oversee the management of the financial risk reflecting changes in market conditions and also the Group's risk taking activities providing assurance that these activities are governed by appropriate policies and procedures and that the financial risk are identified, measured and managed in accordance with the Group policies and risk appetite.

The Group's principal financial instruments comprise loans from financial institutions and associated undertakings, supplier's credit and trade payables, etc. Main purpose of these financial instruments is to raise funds for the purpose of setting up of single point mooring project plant and machinery, pipelines, etc. and for its operations. The Group has various financial assets such as cash (including balances with banks), deposits, receivables, etc. which arise directly from its current activities.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

35.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group manages this risk through compliance with internal guidelines.

Under market risk, the Group is exposed to currency risk and interest rate risk.

35.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Group is exposed to foreign currency risk on purchase and borrowings that are denominated in a currency other than Pak Rupees. As the Group imports crude oil , items of operating fixed assets and stores and spares for refining plant accordingly it is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars.

Exposure to Currency Risk

The summary of the quantitative data about the Group's exposure to foreign currency risk is as follows:

	30 June 2012			30 June 2011		
	PKR	USD	Total	PKR	USD	Total
	(Rupees in '000)					
Current Liabilities						
Trade and other payables	24,319,233	1,862,040	26,181,273	21,272,850	4,908,423	26,181,273
Accrued mark-up	1,187,278	-	1,187,278	285,458	13,242	298,700
	25,506,511	1,862,040	27,368,551	21,558,308	4,921,665	26,479,973

	Average rate for the year		Spot Rate as at 30 June 2012	
	2012	2011	2012	2011
	(Rupees)		(Rupees)	
Rupees per USD	89.72	85.50	94.20	86.05

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against Foreign Currency as at 30 June 2012 would have increased / (decreased) equity and profit and loss account by Rs. 93.102 million (2011: Rs. 246.083). This analysis assumes that all other variables, in particular interest rates, remaining constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or 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 loans and short term borrowing facilities for financing its refining business operations and meeting working capital requirements at variable rates. 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:

	2012	2011
	(Rupees in '000)	
Fixed Rate Instruments		
Financial Assets		
Deposit account	178,240	5,414
Variable Rate Instruments		
Financial Assets		
Trade debts	9,453,366	6,594,449
Long term loans and receivables	-	18,360
Financial Liabilities		
Loans	3,851	3,290,452
Lease liabilities	124,077	281,393
Short term borrowing	9,368,914	-
Trade and other payables	9,673,285	6,497,657
	19,170,127	10,069,502

Cash flow sensitivity analysis for variable rate instruments

If Kibor had been 1% higher / lower with all other variables held constant, the profit after tax for the year would have been higher / lower Rs.193.055 million (2011: Rs.98.069 million).

35.3 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 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 issuer is taken into account along with the financial background so as to minimize the risk of default.

- Credit ratings are checked and collaterals obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Group is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, market information, etc. on a regular basis. It is also the Group's policy to closely monitor the fair value of the collateral held, if any, and upon unfavourable change, will seek to terminate the agreement or obtain additional collateral.

- Cash is held with reputable banks only.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at June 30, 2012 and June 30, 2011 was as follows:

	2012		2011	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees in '000)			
Trade debts -unsecured	9,538,590	9,517,421	6,658,446	6,637,277
Long term deposits	42,511	42,511	23,315	23,315
Mark-up accrued	18,923	18,923	33,012	33,012
Trade deposits, prepayments & other receivables	913,816	734,279	408,510	122,696
Cash and bank balances	201,523	201,383	271,254	271,182
	10,715,363	10,514,517	7,394,537	7,087,482

Differences in the balances as per balance sheet and maximum exposures were due to the fact that trade debts include an amount of Rs. 21.169 million (2011: Rs. 21.169 million) on account of price differential claims receivable from Government of Pakistan, trade deposits, prepayments & other receivables of Rs. 919.316 million (2011: Rs. 408.510) mainly comprises, advance income tax amounting to Rs.74.313 million (2011: Rs.185.076 million), sales tax amounting to Rs. 82.535 million (2011: Nil), excise duty amounting to Rs. 2.88 million (2011: Rs. 0.301 million) and prepayments amounting to Rs. 19.809 million (2011: Rs. 60.682 million).

The credit quality of the receivables can be assessed with reference to the historical performance with no or some defaults in recent history, however, no loses. The credit quality of Group's bank balances can be assessed with reference to external credit rating as follows:

	2012	2011
	(Rupees in '000)	
Aging of receivables		
Not past due	1,524,009	68,860
Past due 0-30 days	641,375	303,872
Past due 30-150 days	905,810	1,591,212
Past due 150 days	6,467,396	4,694,502
	9,538,590	6,658,446

Bank	**Rating agency**	**Rating**	
		Short-term	**Long-term**
Public sector commercial banks			
National Bank of Pakistan	JCR-VIS	A-1+	AAA
Private sector commercial banks			
Allied Bank Limited	JCR-VIS	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Foreign Banks Operating In Pakistan			
Barclays Bank PLC	Moody's	P-1	A2
	Fitch	F1	A
	Standard & Poor's	A-1	A+

35.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2012					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)					
Non-Derivative						
Financial liabilities						
Loans	2,398,595	(2,487,618)	(1,756,640)	(730,978)	-	-
Lease liabilities	124,077	(149,397)	(34,068)	(22,541)	(48,239)	(44,549)
Long term deposits	38,913	(38,913)	-	-	-	(38,913)
Trade and other payables	26,181,273	(26,181,273)	(26,181,273)	-	-	-
Short term borrowings	9,368,914	(9,368,914)	(9,368,914)	-	-	-
Accrued mark-up	1,187,278	(1,187,278)	(1,187,278)	-	-	-
	39,299,050	(39,413,393)	(38,528,173)	(753,519)	(48,239)	(83,462)

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)					
Non-Derivative						
Financial liabilities						
Loans	3,290,452	(5,255,828)	(1,317,985)	(1,249,704)	(2,370,557)	(317,582)
Lease liabilities	281,393	(334,854)	(115,283)	(62,895)	(77,226)	(79,450)
Long term deposits	33,046	(33,046)	-	-	-	(33,046)
Trade and other payables	21,186,763	(21,735,095)	(21,735,095)	-	-	-
Accrued mark-up	298,700	(298,700)	(298,700)	-	-	-
	25,090,354	(27,657,523)	(23,467,063)	(1,312,599)	(2,447,783)	(430,078)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 16 ,17 ,20 & 22 to these financial statements.

Fair value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

35.5 Capital 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 an 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 2012.

The Group is not exposed to externally imposed capital requirement.

36 OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of business activities i.e. oil refining business, petroleum marketing businesses and petroleum storage services. 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. BTPL is engaged in provision of bulk petroleum storage services of petroleum products. The quantitative data for segments is given below:

	2012				
	Oil Refining Business	Petroleum Marketing Business	Petroleum Storage Services	Elimination	Total
	(Rupees in '000)				
Revenue					
Net sales to external customers	6,070,536	13,008,268	-	-	19,078,804
Inter-segment sales	5,076,847	374,195	153,627	(5,604,669)	-
Total revenue	11,147,383	13,382,463	153,627	(5,604,669)	19,078,804
Result					
Segment results - (loss) / profit	(2,384,869)	(455,319)	20,334	-	(2,819,854)
				-	(2,819,854)
Interest expense					(2,699,150)
Interest income					1,636,278
Taxation					256,968
Loss for the year					(3,625,758)
Other Information					
Depreciation and amortization	1,077,285	82,343	53,077	(19,369)	

	2011				
	Oil Refining Business	Petroleum Marketing Business	Petroleum Storage Services	Elimination	Total
	(Rupees in '000)				
Revenue					
Net Sales to external customers	7,538,094	31,406,176	-	-	38,944,270
Inter-segment sales	20,000,594	-	57,834	(20,058,428)	-
Total revenue	27,538,688	31,406,176	57,834	(20,058,428)	38,944,270
Result					
Segment results - (loss) / profit	(849,932)	(263,219)	(15,286)	16,539	(1,111,898)
Un-allocated expenses					(16,954)
					(1,128,852)
Interest expense					(1,968,933)
Interest income					853,354
Taxation					(67,748)
Loss for the year					(2,312,179)
Other Information					
Depreciation and amortization	647,064	43,604	36,575	(19,287)	

37 Against the designed annual refining capacity (based on 330 days) of 11.550 million barrels (2011: 11.550 million barrels), the actual throughput during the year was 0.848 million barrels (2010: 3.479 million barrels) mainly due to working capital constraints faced by the Group during the year.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

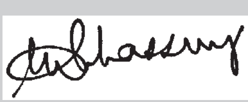
38 RECLASSIFICATIONS

Following corresponding figures have been reclassified for better presentation.

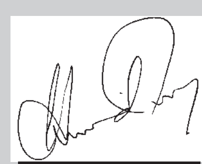
From	To	(Rupees in '000)
Consolidated Profit and Loss Account		
Manufacturing expenses	**Administrative expenses**	
Salaries, wages and other benefits	Salaries, wages and other benefits	5,195
Staff transportation and catering	Vehicle running	456
Stores and spares consumed	SAP maintenance costs	2,084
Insurance	Insurance	64,826
Fuel, power and water	Vehicle running	5
Repairs and maintenance	Repairs and maintenance	5,936
Communications	Utilities	564
Depreciation	Depreciation	27,875
Others (licensing and inspection fee)	Rent, rates and taxes	1,001
Crude oil inspection and cleaning charges - manufacturing expenses	Wharf age and other export expenses - Selling and distribution expenses	20
Industrial gases and chemicals-manufacturing expenses	Finished goods purchased	3,914
Raw material consumed - Cost of goods sold	Finished goods purchased	7,564,559
Consolidated Balance Sheet		
Deferred income	Advances from customers	567,375

39 DATE OF AUTHORISATION OF ISSUE

The consolidated financial statements was authorised for issue on 9th October, 2012 by the Board of Directors of the Company.



Chief Executive



Director

Pattern of Shareholding

As at June 30th, 2012

Size of Holding FROM	TO	No. of Shareholders	No. of Shares Held
1	100	736	39,377
101	500	1,885	770,525
501	1000	2,242	2,105,984
1001	5000	5,064	14,215,689
5001	10000	1,578	12,616,336
10001	15000	543	6,967,271
15001	20000	376	6,822,178
20001	25000	229	5,364,399
25001	30000	126	3,583,678
30001	35000	81	2,636,812
35001	40000	56	2,125,884
40001	45000	40	1,732,690
45001	50000	85	4,192,888
50001	55000	31	1,633,964
55001	60000	30	1,742,124
60001	65000	17	1,075,576
65001	70000	20	1,352,002
70001	75000	19	1,392,629
75001	80000	21	1,645,160
80001	85000	9	748,809
85001	90000	7	617,273
90001	95000	6	553,520
95001	100000	45	4,482,196
100001	105000	14	1,429,315
105001	110000	10	1,084,706
110001	115000	4	450,500
115001	120000	6	709,457
120001	125000	4	496,740
125001	130000	7	899,540
130001	135000	2	262,117
135001	140000	5	687,780
140001	145000	6	862,136
145001	150000	5	748,500
150001	155000	3	457,114
155001	160000	3	474,590
160001	165000	4	645,340
170001	175000	6	1,039,109
175001	180000	1	180,000
180001	185000	2	364,000
185001	190000	4	749,600
195001	200000	8	1,597,252
200001	205000	1	200,226
210001	215000	1	213,560

Pattern of Shareholding
As at June 30th, 2012

Size of Holding FROM	TO	No. of Shareholders	No. of Shares Held
220001	225000	2	445,500
225001	230000	1	229,201
235001	240000	1	239,634
245001	250000	3	750,000
250001	255000	1	251,199
255001	260000	3	780,000
260001	265000	1	263,500
265001	270000	3	806,686
275001	280000	2	556,750
280001	285000	1	281,200
285001	290000	3	863,100
295001	300000	4	1,192,532
315001	320000	1	319,086
330001	335000	1	333,143
335001	340000	1	340,000
340001	345000	1	340,554
345001	350000	1	350,000
350001	355000	1	354,700
370001	375000	1	375,000
395001	400000	3	1,198,000
400001	405000	1	400,603
410001	415000	1	411,000
425001	430000	1	425,359
445001	450000	1	445,890
450001	455000	1	454,000
495001	500000	2	1,000,000
500001	505000	1	500,500
510001	515000	1	511,355
525001	530000	1	529,500
545001	550000	1	550,000
600001	605000	1	604,500
620001	625000	1	624,998
670001	675000	1	675,000
915001	920000	1	917,817
995001	1000000	2	2,000,000
1075001	1080000	1	1,079,285
1110001	1115000	1	1,112,000
1115001	1120000	1	1,118,528
1340001	1345000	1	1,341,516
1495001	1500000	1	1,500,000
1610001	1615000	1	1,614,389
2955001	2960000	1	2,957,567
5335001	5340000	1	5,336,500
849510001	849515000	1	849,510,099
TOTAL		13,403	977,858,737

Pattern of Shareholding

As at June 30th, 2012

Shareholders Category	No. of Shareholders	No. of Shares	%
Associated Companies, Undertakings and Related Parties	2	850,135,097	86.94
Directors, CEO and their spouse and minor children	6	277,600	0.03
Executives	7	92,151	0.01
Banks, Development Financial Institutions, Non-Banking Finance Institutions	6	86,567	0.01
Modarabas and Mutual Funds	5	1,018,289	0.10
Insurance Companies	2	58,200	0.01
Pension Funds	1	9,466	0.00
Others	103	10,253,459	1.05
Individuals	13,271	115,927,908	11.86
Total	13,403	977,858,737	100.00

Additional Information

Shareholders Category	No. of Shareholders	No. of Shares
Associated Companies, Undertakings and Related Parties		
Byco Oil Pakistan Limited.	1	849,510,099
Byco Oil Pakistan Limited.	1	624,998
Mutual Funds (name wise detail)		
CDC - Trustee First Dawood Mutual Fund	1	350,000
CDC - Trustee AKD Index Tracker Fund	1	56,934
Directors, CEO and their spouse and minor children (name wise detail):		
Mr. Waqar Hassan Siddique	1	500
Mr. Amir Abbassciy	1	2,500
Mr. Hamid Imtiaz Hanfi	1	268,000
Mr. Muhammad Raza Hasnani	1	500
Mr. Matteo Stefanel	1	500
Mrs. Uzma Abbassciy	1	5,600
Executives	7	92,151
Banks, Development Financial Institutions, Non-Banking Finance Institutions	6	86,567
Modarabas and Mutual Funds	3	611,355
Insurance Companies	2	58,200
Pension Funds	1	9,466
Others	103	10,253,459
Individuals	13,271	115,927,908
Total	13,403	977,858,737

Shareholders holding 5% or more voting rights (name wise detail) Byco Oil Pakistan Limited	1	849,510,099

Notice of 18^{th} Annual General Meeting

Byco Petroleum Pakistan Limited

Notice is hereby given that the 18^{th} Annual General Meeting of Byco Petroleum Pakistan Limited will be held on Wednesday, 31^{st} October 2012 at 8:30 am at the Beach Luxury Hotel, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 17^{th} Annual General Meeting of the Company held on 27^{th} February 2012;

2. To receive, consider and adopt the audited separate and consolidated financial statements for the financial year ended June 30^{th}, 2012 together with the directors' and auditors' reports thereon;

3. To recommend reappointment of Messrs KPMG Taseer Hadi & Co. as auditors' by the members for the financial year 2012-13; and

4. To transact any other business with the permission of the Chair.

By order of the Board

Shahana Ahmed Ali
Company Secretary and Group Head Legal

9^{th} October, 2012
Karachi

NOTES:

1. The register of members and the share transfer books of the Company shall be closed from Thursday, 25^{th} October 2012 to Wednesday, 31^{st} October 2012 (both days inclusive) for the purpose of the Annual General Meeting.

2. Only those persons, whose names appear in the register of members of the Company as on Wednesday, 24^{th} October 2012, are entitled to attend, participate in, and vote at the Annual General Meeting.

3. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the meeting.

4. An instrument of proxy by which you can direct your proxy how you wish him / her to vote at the meeting is attached with this notice.

5. Members are requested to immediately notify any changes in their registered address.

6. CDC account holders are required to comply with the following guidelines of the Securities and Exchange Commission of Pakistan:

A- For attending the meeting:

(i) in case of individuals, the account holder(s) or sub-account holder(s) and their registration details are uploaded as per CDC regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting; and

(ii) in case of corporate entities, the board of directors' resolution / power of attorney with signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B- For appointing proxies:

(i) in case of individuals, the account holder(s) or sub-account holder(s) and their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirement;

(ii) the proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned in the form;

(iii) attested copies of CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form;

(iv) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

(v) in case of corporate entities, the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy to the Company.

Admission Slip

The eighteenth Annual General Meeting of Byco Petroleum Pakistan Limited will be held on Wednesday, 31st October, 2012 at 8:30 a.m. at Beach Luxury Hotel, Karachi.

Kindly bring this slip duly signed by you for attending the meeting.

Shahana Ahmed Ali
Company Secretary

Name. ____

Shareholder No. ____________________ Signature ____________________

NOTE:

(i) The signature of the shareholder must tally with the specimen signature in the Company's record; and

(ii) Shareholders are requested to hand over completed admission slips at the counter before entering the meeting hall.

CDC account holders / proxies / corporate entities:

(a) The CDC account holder / proxies shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attendance; and

(b) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee must be produced at the time of the meeting (unless it has been provided earlier).

This admission slip is not transferable.

Form of Proxy
Eighteenth 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 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 for me / us and on my / our behalf at the Eighteenth Annual General Meeting of the Company to be held on Wednesday, 31st Octobert 2012, and at any adjournment thereof.

As witness my/our hands/seal this ______________ day of ______________ 2012.

Signed by the said ____

in the presence of 1. ____

2. ____

____

______________________ Folio / CDC Account No.

______________________ This signature should tally with the specimen in the Company's record

Important:

1. This proxy form, duly completed and signed, 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. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC account holders/corporate entities:
In addition to the above the following requirements have to be met:

(i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form;

(ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

(iii) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

(iv) in case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

The Company Secretary
Byco Petroleum Pakistan Limited
9th Floor, The Harbour Front, Dolmen City
HC-3, Block-4, Marine Drive, Clifton
Karachi-75600, Pakistan

AFFIX
CORRECT
POSTAGE

Byco Petroleum Pakistan Limited
9th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Marine Drive, Clifton
Karachi - 75600, Pakistan

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