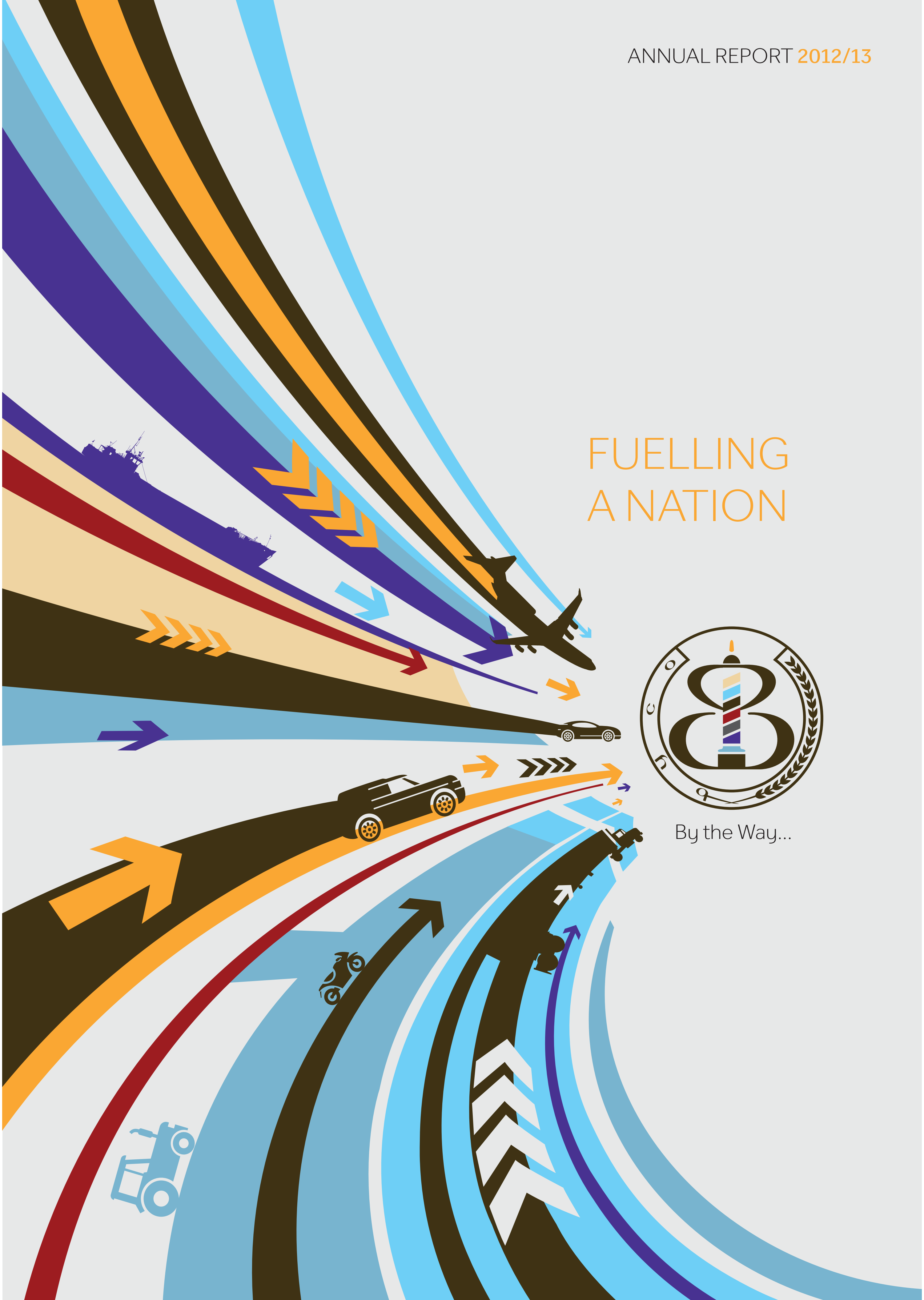
ANNUAL REPORT 2012/13



FUELLING A NATION

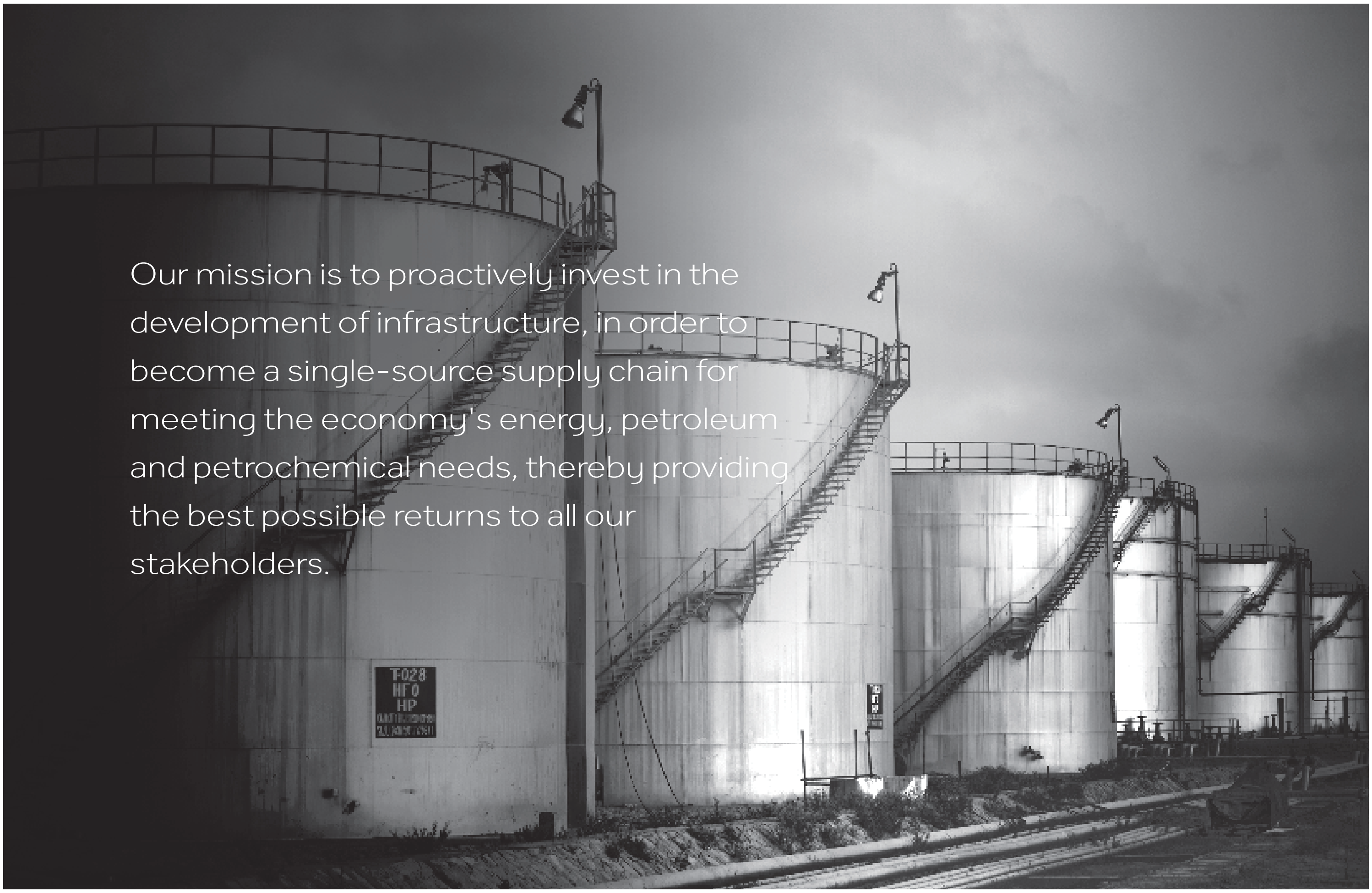
By the Way...

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



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

Code of Ethics

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

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

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

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

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

5. We believe that profit is the real yardstick to measure our value addition to the economy and is essential for business survival.

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

Syed Muhammad Mujtaba Jafarey
Chief Executive Officer

Company Information

Board of Directors

Hamid Imtiaz Hanfi
Chairman

Muhammad Raza Hasnani
Vice Chairman

Mujtaba Jafarey
Chief Executive Officer

Ovais Mansoor Naqvi
Director

Adnan Siddiqui
Director

Philip Harris
Director

Diana Brush
Director

Richard Legrand
Director

Audit Committee of the Board

Philip Harris

Muhammad Raza Hasnani

Diana Brush

Strategy and Risk Management Committee of the Board

Muhammad Raza Hasnani

Hamid Imtiaz Hanfi

Diana Brush

Services and Stakeholders Committee of the Board

Muhammad Raza Hasnani

Hamid Imtiaz Hanfi

Diana Brush

Supervisory Secretariat

Hamid Imtiaz Hanfi
Head Supervisory Secretariat

Shahana Ahmed Ali
Head Legal, Services and Company Secretary

Corporate Secretariat

Mujtaba Jafarey
Country Business Head
- Petroleum Marketing

Derek Alan Lawler
Country Business Head
- Oil Refining

Mohammad Wasi Khan
Country Business Head
- Oil Trading

Syed Masood Raza
Head Administration and Human Resource

Wajahat Athar Jafri
Head Commercial

Asad Azhar Siddiqui
Head Finance and Chief Financial Officer

Nawaz Ahmed Khan
Head Management Application and Systems

Rana Zaheer
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
Bank Islami Pakistan Limited
Barclays Bank Plc, Pakistan
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Summit Bank Limited
Sindh Bank Limited
The Bank of Khyber
United Bank Limited

Shares Registrar

FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran Nursery,
Block – 6 P.E.C.H.S. Shahra-e-Faisal
Karachi

Tel: (92 21) 3438 0101
3438 0102
Fax: (92 21) 3438 0106

Registered Office

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

Tel: (92 21) 111 222 081
Fax: (92 21) 111 888 081

Website

www.byco.com.pk

Environment Health Safety and Security (EHSS) Policy

Byco is committed to delivering 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.

Syed Muhammad Mujtaba Jafarey
Chief Executive Officer

Financial Highlights

Byco Petroleum Pakistan Limited
Investor Information

	2013	2012	2011	2010	2009	2008
BALANCE SHEET						
Share capital	9,779	9,779	9,779	3,921	3,921	3,921
Share holders' equity	(11,299)	(6,723)	(3,992)	(8,069)	(6,676)	3,529
Property, plant and equipment	17,625	18,373	18,678	14,042	14,779	8,565
Intangible asset	3	6	9	15	7	11
Long term investment - at cost	5,729	5,729	2,087	2,087	-	-
Long term loan and receivable	-	-	2,346	2,349	31	-
Long term deposits	14	19	21	59	57	46
Stock in trade	5,704	2,956	4,113	4,928	4,488	11,934
Trade debts - unsecured	12,124	9,729	6,658	6,862	9,090	3,218
Total current assets	20,471	14,483	12,598	13,596	16,744	23,440
Total current liabilities	29,404	37,177	29,497	26,318	23,129	25,592
Short term borrowings - Secured	6,800	7,650	--	509	218	1,000
Current portion of non-current liabilities	1,636	2,442	1,933	1,977	1,443	606
Non-current liabilities	20,481	2,574	4,305	10,039	11,081	1,369
Loan from sponsors	-	-	-	5,001	4,023	170
PROFIT AND LOSS ACCOUNT						
Net sales	66,187	19,453	38,944	41,098	44,621	35,806
Cost of sales	66,113	21,170	38,169	40,430	48,530	33,664
Gross profit / (loss)	74	(1,717)	775	667	(3,909)	2,142
Operating profit / (loss)	(1,244)	(2,628)	(1,126)	(565)	(4,504)	1,762
Financial charges	2,796	2,965	2,096	3,026	6,432	497
(Loss) / profit before taxation	(4,729)	(3,197)	(1,850)	(1,488)	(10,327)	184
(Loss) / profit after taxation	(4,903)	(3,078)	(1,987)	(1,616)	(10,333)	15
(Loss) / earnings per share - Basic Rs.10/share	(5.01)	(3.15)	(4.91)	(4.12)	(26.35)	0.04

		2013	2012	2011	2010	2009	2008	2007
Profitability Ratios								
Gross profit	%	0.11%	(8.82%)	1.99%	1.62%	(8.76%)	5.98%	(0.38%)
Profit before Tax	%	(7.14%)	(16.44%)	(4.75%)	(3.62%)	(23.14%)	0.51%	(3.25%)
Net profit	%	(7.41%)	(15.82%)	(5.10%)	(3.93%)	(23.2%)	0.04%	(3.52%)
EBITDA Margin to sales	%	(1.38%)	4.76%	2.41%	5.29%	(7.64%)	6.15%	0.00%
Return on Equity	%	(81.1%)	(270.0%)	(79.3%)	38.4%	398.7%	0.3%	(13.5%)
Liquidity Ratios								
Current Ratio	Times	0.73x	0.39x	0.43x	0.52x	0.72x	0.92x	1.01x
Quick/Acid Test ratio	Times	0.53x	0.31x	0.28x	0.32x	0.52x	0.44x	0.38x
Activity/Turnover Ratios								
Inventory turnover	Days	23.9	60.9	43.2	42.5	61.8	92.8	85.5
Debtors turnover	Days	60.3	153.7	63.4	70.8	50.3	21.9	20.6
Creditors turnover	Days	111.0	446.6	258.4	200.1	153.4	256.8	139.3
Inventory turnover	Times	11.60x	6.58x	9.47x	8.34x	9.94x	3.00x	3.73x
Debtors turnover	Times	5.46x	2.00x	5.85x	5.99x	4.91x	11.13x	17.91x
Creditors turnover	Times	3.29x	0.82x	1.41x	1.82x	2.38x	1.42x	2.62x
Total Assets turnover ratio	Times	1.51x	0.50x	1.09x	1.28x	1.41x	1.12x	1.27x
Fixed Assets turnover ratio	Times	2.83x	0.81x	1.68x	2.22x	3.00x	4.15x	2.88x
Financial Leverage Ratios								
Interest Coverage ratio	Times	(0.69x)	(0.08x)	0.12x	0.51x	(0.61x)	1.10x	(0.55x)
Debt to equity ratio	Times	(3.27)	(2.21)	1.42	(1.30)	(2.65)	0.30	0.41
Investment / Market Ratios								
Earnings per share - basic	Rs.	(5.01)	(3.15)	(4.91)	(4.12)	(26.35)	0.04	(2.37)
Earnings per share - diluted	Rs.	(5.01)	(3.15)	(4.91)	(3.57)	(25.74)	0.04	(2.37)

Directors' Report 2013

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

The Directors of your Company are pleased to present the Annual results of your Company which includes both stand alone and consolidated audited financial statements and auditors' report thereon for the year ended June 30, 2013.

OVERVIEW

The Company's refining and marketing activities faced challenges of high volatile Rupee/US dollar parity, minimum tax on turnover, liquidity constraints due to inter circular debt and difficulties in getting working capital lines due to negative equity. Despite the challenges the results for this financial year depict a turn around.

During the fiscal year ended June 2013, the annual refinery throughput was 5.7 Million barrels as compared to 0.95 Million barrels in 2011-12; approximately 511% higher than same period last year. The continuous refining operation has shown an improvement in working capital management, which remained a bottleneck for continuous refining operations last year. During the year, your refinery operated for 291 stream days as compared to 58 stream days last year.

Petroleum Marketing Business has now established 231 retail outlets in all provinces of Pakistan including Azad Kashmir and Gilgit Baltistan with regular supplies to the power sector and to other major players of the other industrial sectors. Consumer sales segment has been aggressively competing in the market by targeting key accounts in the power, industrial and transport sector. The business has shown significant growth in sales and margins during the year under review.

Your Company has focused delivery of products within the shortest possible lead time. We have revitalized our supply chain network by developing storages in different provinces so as to optimize supply chain operations through greater use of pipeline network as well as road transportation through tank lorries. We have also redesigned our internal process in a way that it is in the best interest of all stakeholders. Our present team consists of individuals with the ability to network and coordinate our purveyors of goods, transportation and warehousing.

The Single Point Mooring (SPM) project of the subsidiary of your Company, Byco Terminals Pakistan Limited (BTPL) has been successfully operating and providing logistical advantage in importing crude oil by enabling larger size crude oil vessels to sail and berth without loss of time hence providing substantial savings in turnaround time, freight cost as well as financial charges by improving the cash cycle.

At present there is a wide gap between local production of Gasoline and domestic demand. The country is importing Gasoline, a higher value product while exporting Naphtha, a lower value product, thus losing foreign exchange and refinery margins. Your Company is now geared to avail this opportunity, as all pre-requisites for startup of Isomerization unit has been completed.

The startup of this unit is planned in the 3rd quarter of financial year 2013-14. It is expected that earnings from this unit would substantially improve bottom line of your Company through additional revenues by converting low value product (Naphtha) into high value product (Gasoline) as well as saving in transportation costs, in-transit losses, reduction in handling charges, storage costs and other related cost for Naphtha export.

The Economic Coordination Committee (ECC) has approved the recovery of crude oil transportation through Inland Freight Equalization Margin (IFEM) pool which would result in future cost savings for the Company once notified by the Oil and Gas Regulatory Authority (OGRA).

The Parent Company has successfully completed its initial run of 72 hours. The Parent Company intends to carry out extended trial run of its entire plant in order to operate the refinery on sustainable basis. The operation of Parent Company's refinery would bring sustainable cost savings to the Company by taking advantage of synergies and economies of scale.

Your Company is presently required to carry

20 days of crude inventory based on economic parcel size of 600,000 barrels. BPPL inventory levels are expected to be reduced substantially after the refinery of Byco Oil Pakistan Limited (BOPL) would come into operation. These synergies would reduce the working capital requirement, improve cash cycle and bring substantial saving in the inventory carrying cost.

Your Company is carrying unused tax losses, however, due to expected additional earnings from Isomerization plant and saving in inventory carrying cost, the unused tax loses would be adjusted against future tax profits.

Results of the above efforts and activities are expected to contribute significantly towards the profitability, cost reduction, lower inventory levels, cashflows and equity position of the Company as well as lower down the risks of Rupee/USD parity and fluctuation in oil prices.

FINANCIAL RESULTS

Your Company's Oil Refining Business segment achieved sales of Rs. 40,179 Million, with Rs. 19,725 Million worth of sales being made to the Petroleum Marketing Business segment, which itself made external sales to third parties worth Rs. 26,008 Million. This is 562% higher than SPLY for the refining business and a clear double of sales in current year than SPLY for the marketing/ retail wing of the Company. The overall net sales of the Company increased significantly by 240% to Rs. 66,187 Million as compared to Rs. 19,453 Million during the same period last year (SPLY). The significant rise in sales is mainly due to increase in the throughput of the refinery, external sales to third parties by the petroleum marketing business and impact of Rupee/USD parity, whereas on the other hand, international prices showed a decreasing trend during the year.

The Company earned a gross profit of Rs. 73 Million during the year as compared to the gross loss of Rs. 1,717 Million during SPLY. This was possible due to availability of additional working capital lines and stringent inventory management, apart from significantly higher sales as summarized above. The increased level of activity caused expenses of fuel, power and water consumption to increase by 216% and an increase of 232% in outbound transportation expenses as compared to SPLY. There has been a delay in payment of Government dues due to shortage of funds.

Moreover, financing costs on loan and working capital lines of Rs. 2.79 Billion adversely affected the Company's profitability which resulted in a net loss of Rs. 4.903 Billion (2012: 3.07 Billion).

The Company remained under the regime of minimum tax on turnover basis and ended up paying Rs. 351 Million. Your Company with its future plan of up-gradation intends to lower down the exposure of Rupee/USD parity and minimum tax on turnover. During the year, the Company has successfully established its twelfth crude letter of credit arrangement with a commercial bank after discharging its previous eleven arrangements in time. The Company has successfully negotiated with its lenders to re-profile their debt and accrued markup. The re-profiling has reduced the Company's markup costs due to reduction of 100 basis points in interest rates and deferment in repayment of principal and markup cost.

For a more comprehensive look at the financials of your Company over the last six years, refer to page 07.

BYCO TERMINALS PAKISTAN LIMITED (BTPL) – FINANCIALS

Your Company's subsidiary BTPL, faced a challenging year due to delay by Oil and Gas Regulatory Authority (OGRA) in granting a No-Objection-Certificate (NOC) and Byco Oil Pakistan Limited (BOPL), prospectively one of the biggest customers of BTPL, remaining non operational. However, during the year, the Single Point Mooring (SPM) facility handled its first ever crude vessel named MT Arietis, loaded with approximately 67,000 metric tons of crude oil, which was smoothly decanted in approximately 39 hours and making it a great success. Thereafter, the facility handled a number of vessels for BPPL.

BTPL incurred a loss after tax of Rs. 106.845 Million (2012: Rs. 109.775 Million). Loss for the year is primarily due to low revenue generated by the SPM facility. These losses will positively be recovered in subsequent years, banking on substantial revenues generated by BOPL's usage of the said facility.

REASONS FOR NOT DECLARING DIVIDEND

Due to working capital constraints, the business remained substantially under-utilized with very high costs of being in operation and weak liquidity position. The foregoing factors resulted in increased financial costs to the Company during 2012-13, bringing stress to its operations. As a result, the Directors do not recommend any appropriations for the year ended June 30, 2013.

AUDITORS' OBSERVATION

The auditors have expressed their concern 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 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 SYSTEM

All Byco group companies run Systems Applications and Products (SAP), one of the top Enterprise Resource Planning (ERP) System. This has enhanced the business efficiencies by providing real-time information to the management necessary to make quick and timely decisions.

The Management Application & Systems Department of the Company deployed Fujitsu's Flex Frame for SAP solution that virtualizes hardware and applications, integrates all infrastructure components in a fully tested end-to-end solution and automates several administrative tasks.
The benefits includes reduced hardware and operating cost, simplify SAP operation, increased reliability, security and business continuity with built-in disaster recovery facility.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is active in Corporate Social Responsibilities as well. The unskilled, semi skilled and skilled jobs are being provided to local community regularly. The contracts pertaining to civil works, scrap, soak pit & garbage disposal and road repairs are awarded to the locals. Sports activities, medical camps, rain victim support, drinking water, ambulance and emergency medical assistance are also provided to the local community.

ENVIRONMENT, HEALTH, SAFETY AND SECURITY (EHSS)

During the year, significant achievements were made by the Company in the area of EHSS. A total of 6.56 Million safe man hours were achieved since November 2005 without a Lost Time Injury (LTI). During the year, BPPL (refining business) has earned 1.44 Million man hours without (LTI) which is 14.3% more than the last year. The Total Recordable Injury Rate (TRIR) for the year was 0.139 against the permissible limit of less than 0.5.

Integrated Management System (IMS) surveillance Audit 2012-13 was conducted in November 2012 to evaluate the implementation effectiveness of Integrated Management System ISO-9001:2008, ISO14001:2004 and OHSAS 18001:2007 standards. The IMS Surveillance External Audit concluded without any major Non-Conformance (NCs) and validation of all three standards' certification approved for the next year.

A comprehensive training program on EHSS awareness was initiated for all employees and contractor staff by arranging a number of in-house training sessions. To motivate people towards improved EHS culture, EHSS world famous days were also observed at plant site involving activities like plantation, awareness walk, information seminars, etc.

Most of the environmental parameters of effluent and gaseous emissions remained within the NEQS limits. BPPL management has taken concrete steps to reduce the concentration of pollutant at source by optimizing processes and implementation of adequate controls.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the current year, your Company contributed an amount of Rs. 14,433.482 Million to the national exchequer on account of direct and indirect taxes and levies. In addition the Company brought valuable foreign exchange of approximately US$ 31.98 Million into the economy, through the exports of petroleum product thereby contributing towards reducing burden on the country's balance of payment.

MAJOR PROJECTS
ISOMERIZATION PLANT (Isom Unit)

The process converts/upgrades light Naphtha into motor Gasoline which would be more environment friendly in terms of being free of benzene and lower sulphur and aromatic contents. This would be the first UOP licensed Isom Unit in the country to go into production with a capacity of 12,500 barrels per day.

As significant volume of motor Gasoline is imported to meet country's requirement, motor Gasoline produced from Isom Unit will not only add value towards Naphtha export, but also substitute import of motor Gasoline. Presently, most local refineries export Naphtha which can also be upgraded/converted to/into motor Gasoline by processing it through Byco's Isom Unit.

All pre-requisite start up activities like unit flushing with hydrotreated Naphtha, liquid feed dryers' regeneration & rotary valve testing has been completed successfully. Adsorbent dry out and desorbent preparation steps are in progress for normal start up. Feed stock for unit will be available with startup of new refinery of 120,000 bpd capacity. The startup of this unit is planned in the 3rd quarter of the financial year 2013-14.

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 eleven meetings of the Board of Directors were held and attendance by the directors was as follows:

Name of Directors	Number of BOD Meetings Attended
Mr. Hamid Imtiaz Hanfi (i)	11
Mr. Muhammad Raza Hasnani (ii)	11
Mr. Aziz Moolji (iii)	1
Ms. Hala Hobeiche (iv)	1
Ms. Diana Brush (v)	10
Mr. Richard Legrand (vi)	10
Mr. Philip Harris (vii)	5
Mr. Marc Angst (viii)	3
Ms. Maria do Rosario Correia Pereira Avelino (ix)	3
Mr. Ovais Mansoor Naqvi (x)	0
Mr. Adnan Siddiqui (xi)	0

(i) Mr. Hamid Imtiaz Hanfi retired on 23rd June 2013 and was re-elected on 8th July 2013;

(ii) Mr. Muhammad Raza Hasnani retired on 23rd June 2013 and was re-elected on 8th July 2013;

(iii) Mr. Aziz Moolji retired on 23rd June 2013;

(iv) Ms. Hala Hobeiche resigned on 28th February 2013;

(v) Ms. Diana Brush retired on 23rd June 2013 and was re-elected on 8th July 2013;

(vi) Mr. Richard Legrand retired on 23rd June 2013 and was re-elected on 8th July 2013;

(vii) Mr. Philip Harris retired on 23rd June 2013 and was re-elected on 8th July 2013;

(viii) Mr. Marc Angst retired on 23rd June 2013;

(xi) Ms. Maria do Rosario Correia Pereira Avelino retired on 23rd June 2013;

(x) Mr. Ovais Mansoor Naqvi was elected on 8th July 2013; and

(xi) Mr. Adnan Siddiqui was elected on 8th July 2013;

Leaves of absence were given to directors who were unable to attend the board meetings.

- 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 requires under the Companies Ordinance, 1984.

- Appropriate accounting policies have been consistently applied in preparation of financial statements. Changes, wherever made, have been adequately disclosed. Accounting estimates are based on reasonalbe and prudent judgment.

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

- The System of internal control is sound in design and has been effectively implemented and monitored.

PATTERN OF SHAREHOLDING

- The pattern of shareholding and additional information as at 30th June 2013 appears on page 109 of the Annual Report 2013 of your Company.

- 82.27% shares are held by Byco Oil Pakistan Limited, 1.37% shares are held by financial institutions and banks and 16.36% 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.

VALUE OF INVESTMENT IN POST EMPLOYMENT BENEFIT FUND

The value of investment of provident fund on the basis of unaudited accounts is as under:

	2013	2012
As at June 30 (Rs. In '000)	**96,581**	90,569

EXTERNAL AUDITORS

Auditors for the year ending June 30, 2014 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 your Company by Government of Pakistan and strategic partners including financial institutions, vendors, suppliers, customers and shareholders of your Company.

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

For and on behalf of the Board of Directors

Chief Executive Officer

KARACHI
8th January 2014

Statement of Compliance
with the Code of Corporate Governance
Byco Petroleum Pakistan Limited
As on June 30, 2013

The Company has applied the principles contained in the Code of Corporate Governance (the "**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. As at 30 June 2013 the board includes:

Category	Names
Independent Directors	None
Executive Directors	Syed Muhammad Mujtaba Jafarey
Non-Executive Directors	Hamid Imtiaz Hanfi Muhammad Raza Hasnani Aziz Moolji Diana Brush Philip Harris Richard Legrand Marc Angst Maria do Rosario Correria Pereira Avelino

   The Company is in process of appointing an independent director to comply with the requirement of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven 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 five casual vacancies occurred in the Board of Directors were filled up by the directors within 90 days.

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

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

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 / Shareholders.

8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board. The Board met on 14th November 2012, 22nd November 2012, 28th November 2012, 11th March 2013, 11th April 2013, 3rd June 2013, 17th July 2013, 4th September 2013, 23rd September 2013, 26th September 2013 and 8th January 2014. 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 Executive Officer of the Company including remuneration and terms and conditions of employment. There was no change in the positions of the Chief Financial Officer and Company Secretary 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, which comprised of three members, all of whom including chairman of the committee were non-executive directors.

16. The meetings of the compliance committee were held on 25th July 2012, 8th October 2012, 22nd November 2012 and 4th June 2013 prior to the approval of interim and final results of the Company and as required by the Code. The Company will ensure that compliance committee meets every quarter in accordance with the requirement of the Code. The term 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 three members, all of whom were non-executive directors.

18. The board has setup an effective internal audit function for the Company, which was fully operational during the year. At present the position of Head of Internal Audit is vacant and the Company is in the process of filling this position.

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 not hold shares of the company and that 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:

- Directors' certification process under Directors' Training Program (DTP)" of the Pakistan Institute of Corporate Governance Appointment of Independence Director

- Appointment of Head of Internal Audit

Syed Muhammad Mujtaba Jafarey
Chief Executive Officer

8th January 2014

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 transactions 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.

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 2013.

Further, we draw attention to paragraph 1, 9, 16 and 18 which more fully explain the progress being made to seek compliance with the Code of Corporate Governance for appointment of Independent Director, Directors' certification process under Directors' Training Program (DTP)" of the Pakistan Institute of Corporate Governance, meeting of Audit Committee once in every quarter and appointment of Head of Internal Audit respectively by the end of next financial year.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem
Karachi.

KPMG Taseer Hadi & Co.

8th January 2014

Financial Statements
For The Year Ended June 30, 2013

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **Byco Petroleum Pakistan Limited** ("the Company") as at 30 June 2013 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) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

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

   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;

c) In our opinion, 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 2013 and of the loss, its cash flows and changes in equity for the year then ended; and

d) 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. 4,903 million during the year ended 30 June 2013, and as of that date, its accumulated losses amounted to Rs. 21,078 million; as at 30 June 2013 total liabilities exceeded the total assets by Rs. 6,043 million and current liabilities exceeded the current assets by Rs. 8,933 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 lenders have restructured the liability as at 31 December 2012 and granted fresh working capital lines in respect of purchase of crude oil and petroleum product. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem
Karachi.

KPMG Taseer Hadi & Co.

8th January 2014

Unconsolidated Balance Sheet
As at 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	17,624,944	18,372,849
Intangible asset	6	2,957	5,915
Long term investment - at cost	7	5,729,258	5,729,258
Long term deposits	8	13,571	19,387
		23,370,730	24,127,409
CURRENT ASSETS			
Stores and spares		163,318	159,280
Stock in trade	9	5,703,512	2,956,264
Trade debts - unsecured	10	12,123,545	9,728,774
Loans and advances - considered good	11	502,135	394,080
Trade deposits, prepayments and other receivables	12	1,137,203	821,454
Accrued mark-up		281,126	221,194
Cash and bank balances	13	560,465	202,228
		20,471,304	14,483,274
		43,842,034	38,610,683
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	9,778,587	9,778,587
Accumulated losses		(21,078,274)	(16,501,819)
		(11,299,687)	(6,723,232)
Surplus on revaluation of property, plant and equipment	15	5,256,257	5,583,119
NON CURRENT LIABILITIES			
Long term loans and accrued mark-up	16	18,107,983	-
Liabilities against assets subject to finance leases	17	31,913	74,736
Long term deposits	18	62,707	38,913
Deferred liabilities	19	2,278,446	2,460,110
		20,481,049	2,573,759
CURRENT LIABILITIES			
Trade and other payables	20	20,110,342	25,903,618
Accrued mark-up	21	463,709	1,138,196
Short term borrowings - secured	22	6,800,000	7,650,000
Current portion of non current liabilities	23	1,636,118	2,441,686
Provision for taxation		394,246	43,537
		29,404,415	37,177,037
Contingencies and commitments	24		
		43,842,034	38,610,683

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Profit and Loss Account
For the year ended 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
Sales	25	66,187,006	19,452,997
Cost of sales	26	66,113,626	21,169,638
Gross profit / (loss)		73,380	(1,716,641)
Administrative expenses	27	623,431	600,112
Selling and distribution expenses	28	694,267	311,511
		1,317,698	911,623
Operating loss		(1,244,318)	(2,628,264)
Other charges	29	(1,590,883)	(11,256)
Other income	30	902,380	2,406,714
		(1,932,821)	(232,806)
Financial charges	31	(2,795,789)	(2,964,458)
Loss before taxation		(4,728,610)	(3,197,264)
Taxation	32		
- Current		(350,709)	(34,320)
- Prior year		-	(33,274)
- Deferred		176,002	186,869
		(174,707)	119,275
Loss after taxation		(4,903,317)	(3,077,989)
		----- (Rupees) -----	
Loss per share - basic / diluted	33	(5.01)	(3.15)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Other Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	(Rupees in '000)	
Net loss after taxation	(4,903,317)	(3,077,989)
Other comprehensive income	-	-
Total comprehensive loss for the year	(4,903,317)	(3,077,989)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Cash Flow Statement

For the year ended 30 June 2013

	2013	2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(4,728,610)	(3,197,264)
Adjustments for non cash and other items:		
- Depreciation	1,016,144	1,156,670
- Amortization	2,958	2,958
- Financial and other charges	2,795,789	2,964,458
- Mark-up written off	-	14,089
- Provison for impairment against doubtful debts	1,330,853	-
- Provision for gratuity	20,860	7,142
- Loss / (gain) on disposal of assets	6,255	(116)
Net cash flow before working capital changes	444,249	947,937
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(4,038)	40,417
Stock in trade	(2,747,248)	1,156,759
Trade debts	(3,725,624)	(3,272,599)
Loans and advances	(108,055)	(37,905)
Trade deposits, prepayments and other receivables	(68,314)	(547,762)
Mark-up accrued	(59,932)	(703,337)
Increase / (decrease) in current liabilities		
Trade and other payables	(5,793,276)	6,529,037
Cash (used in) / generated from operations	(12,062,238)	4,112,547
Payments / receipt for:		
Financial charges	(3,470,276)	(2,124,962)
Gratuity paid	(7,007)	-
Income tax paid	(266,950)	(150,357)
Net cash (used in) / generated from operating activities	(15,806,471)	1,837,228
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(289,676)	(864,447)
Proceeds from disposal of assets	15,182	20,366
Loan to subsidiary	-	(13,248)
Long term deposits	5,816	7,222
Net cash used in investing activities	(268,678)	(850,107)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan received	18,107,983	(891,857)
Liabilities against assets subject to finance lease - net	(42,823)	(163,595)
Long term deposits	23,794	-
Short term borrowings - net	(1,655,568)	-
Net cash generated from financing activities	16,433,386	(1,055,452)
Net increase / (decrease) in cash and cash equivalents	358,237	(68,331)
Cash and cash equivalents at beginning of the year	202,228	270,559
Cash and cash equivalents at end of the year	560,465	202,228

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Issued, subscribed and paid up capital	Accumulated loss	Total
	(Rupees in '000)		
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)
Total comprehensive income for the year ended 30 June 2013			
Loss for the year ended 30 June 2013	-	(4,903,317)	(4,903,317)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	326,862	326,862
Balance as at 30 June 2013	**9,778,587**	**(21,078,274)**	**(11,299,687)**

The annexed notes from 1 to 42 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 (Parent Company) holds 82.27% (30 June 2012: 86.94%) 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 (refer note 37). 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 231 retail outlets across the country.

2. GOING CONCERN ASSUMPTION

During the year ended 30 June 2013, the Company incurred a net loss after tax of Rs. 4,903 million (2012: loss of Rs. 3,078 million) and as of that date its accumulated losses amounted to Rs. 21,078 million (2012: Rs. 16,502 million). As at 30 June 2013 total liabilities exceeded total assets by Rs. 6,043 million (2012: Rs. 1,140 million) and current liabilities of the Company exceeded its current assets by Rs. 8,933 million (2012: Rs. 22,694 million). 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 established its twelfth crude oil letter of credit arrangement with a commercial bank after discharging the previous eleven arrangements in time. The annual throughput of the refinery was 5.7 million barrels as compared to 0.95 million barrels last year when the refinery could not operate during most part of the year on account of working capital constraints.

- During the year, the Company has successfully managed to negotiate with their syndicate banks to restructure majority of their short term borrowings and accrued mark-up thereof amounted to Rs. 19,233 million payable to syndicate banks into long term loans. The restructuring will reduce the Company's future mark-up cost due to reduction of 100 basis points in interest rates. Further deferment in repayment of principal and mark-up cost will ensure smooth operations of the Company and lower the burden on working capital lines (refer note 16.2).

- The State Bank of Pakistan has accepted the restructuring arrangements made by the Syndicate banks and relaxed the requirements of Prudential Regulation “Corporate and Commercial Banking” for the Company. Such relaxation would allow the Company to negotiate better terms with financial institutions for obtaining financing facilities. Accordingly, one of the major local banks has supported and enhanced the working capital lines for import / local purchase of crude oil and petroleum products and extended the letter of credit facility upto an amount of Rs. 15,000 million at more favourable terms, in order to support the working capital requirements of the Company. This arrangement will result in substantial savings and will help the Company to deal with the volatility of international crude oil / product prices, as well as foreign exchange fluctuations.

- The Company was in the final stages of completing its Isomerisation unit. However subsequent to year end the Company has completed all the pre-requisites of starting up of Isomerization unit and intends to commence the operations in the third quarter of financial year 2013-2014.The Isomerisation unit will convert light Naphtha into Motor Spirit which is a value addition and would increase the profitability margin of the Company. Furthermore, this conversion of light Naphtha would reduce the export of Naphtha. As a result it would bring substantial savings on account of transportation cost, In-transit losses, reduction in handling charges and storage cost and increased future profitability of the Company and increase the sale of Motor Spirit in local market.

- The Company's Petroleum Marketing Business (PMB) has 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 period, 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.

- During the year, Byco Terminals Pakistan Limited (BTPL) a wholly owned subsidiary of the Company (the Subsidiary company) has been able to successfully conducted the trial run of the Single Point Mooring (SPM) project. SPM project would bring substantial cost savings on account of reduced freight cost, lead time, operational losses, In-land freight and storage charges.

- The Economic Coordination Committee (ECC) has approved the recovery of crude oil transportation through Inland Freight Equalization Margin (IFEM) pool which would result in future cost savings for the Company once notified by the Oil and Gas Regulatory Authority (OGRA).

- The Parent Company has successfully completed its initial run of 72 hours. The Parent company intends to carry out extended trial run of its entire plant in order to operate the refinery on sustainable basis. The operation of Parent Company's refinery would bring sustainable cost savings to the Company by taking advantage of synergies and economies of scale.

- 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.

These financial statements represent unconsolidated financial statements of Byco Petroleum Pakistan Limited and have been prepared in view of the legal requirements. The Company also produces consolidated financial statements, in which the financial result of the subsidiary has been consolidated. Consolidated financial statements are provided separately.

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 measurement

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

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

All the financial information presented in Pakistani Rupees has been rounded off to the nearest thousand, except where stated otherwise.

3.4 Use of estimates and judgments

The preparation of the unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from estimation.

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. The estimates of revalued amounts of leasehold land, freehold land, buildings, roads and civil works, generators, safety & lab equipment and plant and machinery are based on a valuation carried out by a professional valuers. 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 19.2 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 which is calculated using cash flow projections over a foreseeable future.

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 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 requires 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. 6.419 million as at 30 June 2013 will be recognized in other comprehensive income.

- 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 applicable 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 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. Management is currently undertaking a comprehensive exercise to assess the spares, standby equipment and servicing equipment that would qualify for recognition as property, plant and equipment. The amount of reclassification of stores and spares to property, plant and equipment if any has not been quantified to 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.

  Except for the effect of amendment in IAS 16 if any that has not yet been quantified, the other amendments have no impact on financial statements of the Company.

- 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.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow- scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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, building on free hold land, roads and civil works, 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, building on free hold land, roads and civil works, 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

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

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

All stock-in-trade is valued at the lower of cost and net realisable value (NRV).

Raw materials

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

Finished Products

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

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 and balances with banks and which are subject to insignificant risk of changes in their fair 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 2013 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, scarp 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 Operating Segments

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

4.21 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.

4.22 Earnings per share

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

	Notes	2013	2012
		(Rupees in ‘000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at cost less accumulated depreciation and impairment	5.1	12,999,453	13,966,136
Capital work in progress - at cost	5.2	4,625,491	4,406,713
		17,624,944	18,372,849

5.1 Operating fixed assets

	2013											
	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written Down Value	
	As at 01 July 2012	Additions	Transfer	(Disposals) (Adjustments)	As at 30 June 2013	As at 01 July 2012	Charge for the year	Transfer	(On disposal) / (Adjustments)	As at 30 June 2013	As at 30 June 2013	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	14,683,122	820	217,708	- (188,831)	14,712,819	3,316,526	845,511	48,984	- (188,831)	4,022,190	10,690,629	4-5%
Generators	197,511	3,389	-	-	200,900	82,435	13,319	-	-	95,754	105,146	6.70%
Building, on freehold land, roads and civil works	311,220	29,573	-	-	340,793	66,348	13,133	-	-	79,481	261,312	4%
Furniture and fixtures	54,087	1,067	-	(1,493)	53,661	24,605	5,130	-	(155)	29,580	24,081	10%
Filling stations (5.1.1)	561,751	29,027	-	(17,443)	573,335	77,516	57,055	-	(4,486)	130,085	443,250	5-12.5%
Computer and allied equipments	77,424	1,330	-	(280)	78,474	55,949	13,229	-	(191)	68,987	9,487	33.33%
Safety and lab equipments	88,594	865	-	-	89,459	56,196	11,666	-		67,862	21,597	20%
Vehicles	198,316	4,827	6,542	(13,614)	196,071	155,791	33,706	5,280	(13,614)	181,163	14,908	20%
Portable cabins	9,199	-	-	-	9,199	8,052	653	-	-	8,705	494	10%
	17,537,054	**70,898**	**224,250**	**(32,830) (188,831)**	**17,610,541**	**3,843,418**	**993,402**	**54,264**	**(18,446) (188,831)**	**4,683,807**	**12,926,734**	
Leased												
Plant and machinery	271,051	-	(217,708)	-	53,343	65,327	7,164	(48,984)	-	23,507	29,836	4-5%
Vehicles	98,518	-	(6,542)	(17,079)	74,897	31,742	15,578	(5,280)	(10,026)	32,014	42,883	20%
	369,569	**-**	**(224,250)**	**(17,079)**	**128,240**	**97,069**	**22,742**	**(54,264)**	**(10,026)**	**55,521**	**72,719**	
	17,906,623	**70,898**	**-**	**(49,909)** (188,831)	**17,738,781**	**3,940,487**	**1,016,144**	**-**	**(28,472)** (188,831)	**4,739,328**	**12,999,453**	

Additions of Rs. 70.898 million, as shown above, include an amount of Rs. 57.947 million transferred from capital work-in-progress during the year, as shown in note 5.2.

	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	(33,276)	-	197,511	71,860	14,567	(3,992)	-	82,435	115,076	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	33,276	(2,718)	561,751	24,515	49,432	3,992	(423)	77,516	484,235	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		(11,415)	97,069	272,500	
	17,763,949	180,175	-	(37,501)	17,906,623	2,801,068	1,156,670	106,502	(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.

5.1.1 The Company's assets located at filling stations are not in possession of the Company. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Company as required under para 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, than 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	2013	2012
		(Rupees in '000)	
Free hold land		46,731	46,731
Lease hold land		213,200	213,200
Plant and Machinery		4,349,288	4,528,151
Generators		69,495	104,046
Buildings on Free hold land, roads & civil works		237,753	220,267
Safety and lab equipment		21,597	32,398
		4,938,064	5,144,793

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

	Notes	2013	2012
Cost of sales	26.1	881,762	1,018,744
Administrative expenses	27	134,382	137,926
		1,016,144	1,156,670

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	Particulars of Buyer: Status
	(Rupees in '000)							
Vehicle								
Honda Civic	1,655	1,324	331	414	83	Company Policy	Mr. Afzal Chaudary	Employee
Suzuki Cultus	767	614	153	192	39	Company Policy	Mr. Shah Ali Ahmed	Employee
Toyota Corolla	1,269	825	444	508	64	Company Policy	Mr. Azizullah	Employee
Suzuki Cultus	842	309	533	589	56	Company Policy	Mr. Talat Nabi	Employee
Honda Civic	1,615	1,292	323	404	81	Company Policy	Mr. Ozair Mohammad	Employee
Audi A8 Sedan	13,614	13,614	-	3,403	3,403	Company Policy	Mr. Amir Abbassciy	Group CEO
Toyota Corolla	1,269	656	613	677	64	Company Policy	Mr. Noman Yousuf	Employee
Honda Civic	1,846	1,138	708	800	92	Company Policy	Mr. Jawed Ahmed	Employee
Honda Civic	1,719	312	1,407	2,004	597	Company Policy	Mr. Haroon Rasheed	Employee
Suzuki Cultus	754	603	151	189	38	Company Policy	Mr. Ahsan Ali Qureshi	Employee
Nissan Sunny	1,470	735	735	809	74	Company Policy	Mr. M. Anwar Malick	Employee
Toyota Corolla	916	454	462	547	85	Company Policy	Mr. Aamer Afghan	Employee
Toyota Corolla	491	246	245	246	1	Company Policy	Mr. Wajaht Ali Syed	Employee
Toyota Corolla	851	227	624	666	42	Company Policy	Mr. Faisal Nisar	Employee
Honda Civic	1,615	1,291	324	404	80	Company Policy	Mr. Sikandar Qasim	Employee
Computer and Allied								
Black Berry	52	19	33	55	22	Insurance	Adamjee Insurance Company Limited	Independent
Black Berry	25	13	12	9	(3)	Insurance	Adamjee Insurance Company Limited	Independent
Black Berry	55	11	44	40	(4)	Insurance	Adamjee Insurance Company Limited	Independent
Laptop	89	89	-	9	9	Insurance	Adamjee Insurance Company Limited	Independent
Laptop	59	59	-	14	14	Insurance	Adamjee Insurance Company Limited	Independent
Furniture and Fixture								
Office furniture	1,493	155	1,338	601	(737)	Tender	Mr. Nusrat Akhtar	Independent
Filling Station								
Signage Scrap	6,581	1,741	4,840	1,090	(3,750)	Tender	Nimble Bull	Independent
Signage Scrap	8,526	2,149	6,377	1,251	(5,126)	Tender	MS Graphics	Independent
Signage Scrap	2,336	596	1,740	261	(1,479)	Tender	Signs Now	Independent
2013	49,909	28,472	21,437	15,182	(6,255)			
2012	37,501	17,251	20,250	20,366	116			

		Notes	2013	2012
			(Rupees in '000)	
5.2	**Capital work-in-progress**			
	Opening balance		4,406,713	3,714,951
	Additions		276,725	729,534
			4,683,438	4,444,485
	Capitalized during the year	5.1	(57,947)	(37,772)
	Closing balance	5.2.1	4,625,491	4,406,713
5.2.1	**Plant and machinery**		3,989,348	3,985,071
	Civil and mechanical works		357,815	140,690
	Generators		7,491	6,181
	Filling stations		12,521	16,666
	Computer and allied equipments		16,161	15,632
	Safety and lab equipments		242,155	242,473
			4,625,491	4,406,713
6.	**INTANGIBLE ASSET**			
	Computer software:			
	Cost			
	- At the beginning		32,484	32,484
	- Additions		-	-
	- At the closing		32,484	32,484
	Amortization			
	- At the beginning		(26,569)	(23,611)
	- For the year	27	(2,958)	(2,958)
	- At the closing		(29,527)	(26,569)
			2,957	5,915

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

		Notes	2013	2012
7.	**LONG TERM INVESTMENT - at cost**			
	Investment in subsidiary Byco Terminals Pakistan Limited - wholly owned Subsidiary			
	568,717,418 (2012 : 568,717,418) shares of Rs.10 each at Rs.10.07 per share		5,729,258	5,729,258
8.	**LONG TERM DEPOSITS**			
	Lease deposit		7,408	15,741
	Rental premises and others		6,525	11,875
			13,933	27,616
	Current portion	12	(362)	(8,229)
			13,571	19,387

	Notes	2013	2012
		(Rupees in '000)	

9. STOCK IN TRADE

	Notes	2013	2012
Raw material - crude oil	9.1	1,743,210	1,382,548
Finished products	9.2 & 9.3	3,960,302	1,573,716
		5,703,512	2,956,264

9.1 Stocks of raw material includes stocks held by the subsidiary company amounting to Rs. 1,088.164 million (2012: Rs. 337.062 million).

9.2 Finished products having cost of 3,892.474 million (2012: Rs. 1,771.930 million) have been written down by Rs. 44.573 million (2012: Rs. 198.215 million) to net realizable value.

9.3 Stock of finished products includes stock held by third parties amounting to Rs. 128.095 million (2012: Rs. 317.417 million) and stock held by related parties amounting to Rs. 646.053 million (2012: Rs. 248.120 million)

10. TRADE DEBTS - unsecured

	Notes	2013	2012
Considered good			
Due from Pakistan State Oil Company limited	10.1	6,677,564	6,686,366
Due from related parties			
- Karachi Electric Supply Company limited		3,274,929	2,582,991
- Byco Terminal Pakistan Limited - Subsidiary Company		391,857	374,193
- Byco Oil Pakistan Limited - Parent Company		750,366	-
Others		1,028,829	85,224
Considered doubtful		1,330,853	-
		13,454,398	9,728,774
Provision for impairment (against debts - considered doubtful)	10.2 & 29	(1,330,853)	-
		12,123,545	9,728,774

10.1 This represents Rs. 4,136.741 million (30 June 2012: Rs. 4,400 million) due from Pakistan State Oil Company Limited (PSO) against supplies of products and Rs. 2,540.823 million (30 June 2012: Rs. 2,286. million) on account of mark up on delayed payments . The Company had entered into a "sale and purchase of product" agreement with PSO on 5 April 2002 for a period of 10 years. The said agreement mentions that in the event of late payment of invoices by PSO, the Company would be entitled to recover mark-up from PSO for the period of delay on daily compounding basis at 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. The mark up on delayed payments relates only to purchases made by PSO under agreement dated 02 April 2002, which expired on 02 April 2012. Subsequent to the expiry of the agreement all purchases made by PSO do not carry any mark up on delayed payment.

10.2 Provision for impairment (against debts considered doubtful)

	2013	2012
Opening balance	-	-
Provision made during the year	1,330,853	-
Closing Balance	1,330,853	-

10.3 The aging of above related party balances at the balance sheet date is as follows:

	2013
Not past due	422,241
Past due 1-30 days	1,016,181
Past due 31-150 days	1,857,185
Past due 150 days	1,121,545
	4,417,152

	Notes	2013	2012
		(Rupees in '000)	
11. LOANS AND ADVANCES - unsecured, considered good			
Loan to employees		145	23,125
Suppliers and contractors	11.1	501,990	370,955
		502,135	394,080

11.1 This includes advances of Rs.243.764 million (2012: Rs. 129.869 million) to the Subsidiary company in respect of storage facilities. These are non interest bearing and generally on terms of 3 to 12 months.

	Notes	2013	2012
12. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits	8	362	8,229
Margin against letter of credits		-	1,743
Prepayments		38,007	16,030
Advance income tax		334,234	67,284
Inland Freight Equalization Margin		184,036	210,735
Lease rentals receivable from related parties	12.1	173,036	122,161
Receivable from Parent company	12.2	407,171	395,272
Others		357	-
		1,137,203	821,454

12.1 This represents receivable in respect of land situated at Mauza Kund, Baloshistan, sub-leased to the Parent Company and the Subsidiary Company.

12.2 This represents mark-up free balance receivable from the Parent Company in respect of expenses incurred on their behalf.

	Notes	2013	2012
13. CASH AND BANK BALANCES			
Cash in hand		105	16
Cash at banks			
- Current accounts		554,018	145,049
- Saving / deposit accounts	13.1	6,342	57,163
	13.2	560,360	202,212
		560,465	202,228

13.1 These carry mark-up ranging from 6% to 9.2% (2012: 5% to 12.5%) per annum.

13.2 This includes Rs. 61.208 million (2012: Rs. 106.955 million) kept under lien against letter of credit facilities obtained from banks.

15. SHARE CAPITAL

2013	2012		2013	2012
(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	2013	2012
			(Rupees in '000)	
15.	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Balance as at 1 July		7,999,313	8,533,224
	Transfer to accumulated loss in respect of:			
	- incremental depreciation charged during the year - net of tax		326,862	347,042
	- related deferred tax liability		176,002	186,869
			502,864	533,911
	Balance as at 30 June		7,496,449	7,999,313
	Less: Related deferred tax liability on:			
	- revaluation at the beginning of the year		2,416,194	2,603,063
	- incremental depreciation charged during the year		(176,002)	(186,869)
		19.1	2,240,192	2,416,194
			5,256,257	5,583,119
16.	**LONG TERM LOANS AND ACCRUED MARK-UP**			
	Syndicated Term Finance		-	70,000
	Syndicated Term Finance	16.1 & 16.2	-	2,328,595
	Restructured principal facilities	16.2	17,379,700	-
	Restructured accrued mark-up facilities	16.2	1,853,586	-
	Deferred mark-up on restructured principal facilities	21	474,697	-
			19,707,983	2,398,595
	Current maturity of restructured principal facilities	23	(1,600,000)	(2,398,595)
			18,107,983	-

16.1 During the year, this syndicated term finance facility amounting to Rs. 2,328.595 million has been restructured as per the terms mentioned in note 16.2.

16.2 As at 31 December 2012, an amount of Rs 19,233 million (Outstanding Amount) was due and payable by the Company to local commercial banks (syndicate banks). This included Rs. 17,379.700 million in respect of principal and Rs. 1,853.586 million in respect of accrued mark-up. The syndicate banks upon request of the Company, have restructured the outstanding amount in accordance with the terms and subject to the conditions mentioned in the Restructured Agreement (the Agreement) made on 31 December 2012. As per the Agreement, principal amount of Rs. 17,379.700 million has been restructured over a period of maximum 7 years from 2013 to 2019 and carries mark-up at the rate of 6 month Karachi Inter-Bank Offer Rate (KIBOR) whereas accrued mark-up is interest-free and is to be paid within a period of two years commencing after the payment of restructured principal facilities.

The terms of the Agreement includes that National Bank of Pakistan (NBP) restructured facility is to be paid on priority basis in 2.5 years in unequal semi-annual instalments whereas payment in respect of the remaining principal amount will be made in fourteen unequal semi-annual instalment commencing upon the discharge of full obligation of the NBP restructured facility or expiry of 2.5 years from the Agreement date whichever is earlier. Further, an amount of Rs. 100 million out of the total mark-up accrued during the restructured period shall be payable by the Company on each installment date in the first year and Rs. 200 million on each installment date in the following six years. Remaining accrued mark-up shall be payable within a period of two years commencing after the repayment of the restructured principal facilities.

16.3 The restructured facility is secured by way of:

(i) first Joint Pari Passu charge over fixed assets to the extent of Rs. 7,670 million, first Pari Passu equitable mortgage charge over fixed assets (land and building only) to the extent of Rs. 7,670 million;

(ii) first Pari Passu equitable mortgage charge over fixed assets (exclusive of land and building) to the extent of Rs. 20,400 million;

(iii) first Joint Charge on the assets of Byco Terminals Pakistan Limited (a wholly owned subsidiary of the Company) including storage related assets and crude oil tanks;

(iv) first Pari Passu Hypothecation charge to the extent of Rs. 20,400 million on all present and future current assets of the Company; and

(v) the Syndicate banks will have a lien and right of set off on an account maintained with an assigned agent bank wherein the Company will route all its revenues / receipts.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013		2012	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000)			
Less than one year	45,732	36,118	65,685	43,091
One to five years	33,681	31,913	77,648	74,736
Total minimum lease payments	79,413	68,031	143,333	117,827
Less: Financial charges allocated to future periods	11,382	-	25,506	-
Present value of minimum lease payments	68,031	68,031	117,827	117,827
Less: Current portion under current liabilities	36,118	36,118	43,091	43,091
	31,913	31,913	74,736	74,736

17.1 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	2013	2012
		(Rupees in '000)	
18. LONG TERM DEPOSITS			
Deposit from related parties against land lease rentals	12.1	3,646	3,646
Trade and other deposits		59,061	35,267
		62,707	38,913
19. DEFERRED LIABILITIES			
Deferred taxation	19.1	2,240,192	2,416,194
Employees retirement benefits	19.2	38,254	43,916
		2,278,446	2,460,110

	Notes	2013	2012
		(Rupees in '000)	
19.1 DEFERRED TAXATION			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation		1,187,348	1,246,658
- finance lease transactions		8,263	59,388
Deductible temporary differences arising in respect of:			
- staff provident fund		(13,389)	(15,371)
- provision for impairment (against debts - considered doubtful)		(465,799)	-
- carry forward of income tax losses		(6,600,420)	(6,074,392)
- carry forward turnover taxes		(629,019)	(566,588)
		(6,513,016)	(5,350,305)
Deferred tax asset not recognised		6,513,016	5,350,305
		-	-
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment		2,240,192	2,416,194
Net Liability		2,240,192	2,416,194

19.1.1 Considering the fact that financing facilities have now been made available to the Company by the banks, the management is optimistic of generating profits in future. However, as a matter of prudence, deferred tax asset of Rs. 6,513 million as at 30 June 2013 has not been recognized in these unconsolidated financial statements.

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's obligation under the above scheme as of 30 June 2013 has been determined by a qualified actuary. Details of the results of actuarial valuation are given below:

19.2.2 Reconciliation of amount payable to defined benefit plan

	Notes	2013	2012
Present value of defined benefit obligation		44,673	47,764
Unrecognised actuarial (losses)		(6,419)	(3,848)
		38,254	43,916

19.2.3 Movement in present value of defined benefit obligation

	Notes	2013	2012
Opening net liability		43,916	37,313
Charge for the year	19.2.4	20,860	7,142
Transfer to the Parent Company		(19,515)	(539)
Benefits paid on behalf of the fund		(2,086)	-
Contributions		(4,921)	-
Closing net liability		38,254	43,916

	Notes	2013	2012
		(Rupees in '000)	
19.2.4 Charge for the year			
Current service cost		15,097	16,611
Interest cost		4,372	5,471
Curtailment gain		(3,445)	(16,249)
Recognition of actuarial gain due to curtailment		4,836	1,309
		20,860	7,142

19.2.5 Principal actuarial assumption

Following assumptions have been used for the actuarial valuation as of 30 June 2013 under the Projected Unit Credit Actuarial Cost method:

	2013	2012
Discount factor used	11.5%	12.5%
Expected rate of increase in salaries	9.5%	10.5%
Normal retirement age of employees	60 years	60 years

19.2.6 As of 30 June 2013, a total of 361 employees 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. 17.141 million.

	2013	2012	2011	2010	2009
19.2.8 Historical information			(Rupees in '000)		
Present value of defined benefit obligation	38,254	43,916	37,313	22,959	12,259

	Notes	2013	2012
		(Rupees in '000)	
20. TRADE AND OTHER PAYABLES			
Forced payments against documents (FPAD)	20.1	-	8,550,217
Creditors for supplies		5,551,282	8,519,275
Creditors for services	20.2	6,254,654	1,656,105
Accrued expenses		296,617	143,232
Advances from customers	20.3	1,561,127	1,856,797
Sales tax and federal excise duty payable		3,524,161	771,950
Petroleum Development Levy payable		2,854,073	4,313,356
Withholding tax deductions payable		8,229	33,317
Workers profit participation fund	20.4	53,593	50,540
Dividend payable		1,146	1,146
Other payables		5,460	7,683
		20,110,342	25,903,618

20.1 During the year, overdue letter of credit facilities amounting to Rs. 7,401.105 million has been restructured as mentioned in note 16.2.

20.2 This includes Rs. 12.014 million (2012: Rs. 12.014 million) payable to BII (ultimate Parent Company) in respect of services.

20.3 This includes Rs. 373.259 million (2012: Rs. 461.010 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 Parent 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	2013	2012
		(Rupees in '000)	
20.4 Workers profit participation fund			
Opening balance		50,540	46,689
Mark-up for the year	20.4.1	3,053	3,851
		53,593	50,540

20.4.1 Mark up has been charged at KIBOR plus 2.5% as per the Companies profit (Workers' Participation) Act, 1968.

21. ACCRUED MARK-UP

	Notes	2013	2012
On:			
- syndicated term finance		-	7,512
- syndicated term finance	21.1	-	175,573
- restructured principal facilities	21.2	801,266	
- short term borrowings	21.1	26,606	955,111
- advance from customers		110,534	-
		938,406	1,138,196
Deferred mark-up on restructured principal facilities	21.2	(474,697)	-
		463,709	1,138,196

21.1 As at 31 December 2012, mark-up accrued on outstanding loan facilities amounting to Rs. 1,853.586 million has been restructured as per the terms mentioned in note 16.2.

21.2 During the year, mark-up accrued on restructured principal facilities amounts to Rs. 801.266 million, out of which Rs. 326,569 million is payable during next year.

22. SHORT TERM BORROWINGS - secured

	Notes	2013	2012
Short term borrowings	22.1	-	7,650,000
Finance against trust receipt	22.2	6,800,000	-
		6,800,000	7,650,000

22.1 During the year, short term borrowing amounting to Rs. 7,650 million has been restructured as per the terms mentioned in note 16.2.

22.2 The facility has been extended by a local bank for working capital. The facility carries mark-up at 3 month's KIBOR plus 1%. The facility is secured against documents of title of goods, stock of crude and petroleum products, and receivables, lien on the bank's collection account and a 15,000 million corporate guarantee furnished by the ultimate parent company.

	Notes	2013	2012
		(Rupees in '000)	
23. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans	16	1,600,000	2,398,595
Liabilities against assets subject to finance lease	17	36,118	43,091
		1,636,118	2,441,686

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Claims against the Company not acknowledged as debts amounting to Rs. 3,162.191 million (2012: Rs. 2,365.625 million) comprise of late payment charges on account of delayed payments against crude oil supplies from Oil and Gas Development Company (OGDCL), Mari Gas Limited (MGL) and Pakistan Petroleum Limited (PPL) amounting to Rs. 2,567 million, Rs. 191 million and Rs. 404 million respectively. The details of the cases filed by MGL and PPL are as follows:

Mari Gas Limited (MGL) has filed a suit bearing number 636 of 2012 in Honorable High Court of Sind at Karachi whereby a sum of Rs. 860 million has been claimed by MGL on account of its share of the price of condensate allocated to the company from the Adam X-1 well together with associated legal and other costs amounting to Rs. 191 million.

During the year, Pakistan Petroleum Limited (PPL) has filed a suit bearing number 160 of 2013 in the Honorable High Court of Sind at Karachi for recovery and damages amounting to Rs. 1,156 million including alleged Late Payment Surcharge (LPS) amounting to Rs. 404 million, on account of sale of condensate.

The Company is of the view that there are no specific contractual arrangements with the above suppliers along with OGDCL which allow them to claim / recover LPS and other asociated costs and hence no provision in respect of the same has been made in these unconsolidated financial statements.

24.1.2 The Company has been served with a sales tax order from Federal Board of Revenue (FBR) claiming additional sales tax amounting to Rs. 99 million. The company has not adjusted its input claim of Rs. 99 million being Federal Excise Duty (FED) claim charged under Value Added Tax (VAT) mode by Banking Companies, Insurance Companies and Terminal Operators on various invoices in the relevant tax periods from July 2009 to June 2011. The Company has filed a request to Commissioner Inland Revenue (CIR) for condonation of time limit under section 43 of the Federal Excise Duty Act, 2005 vide letter dated 4 January 2012.

Management based on the opinion of its adviser is confident of a favourable decision and accordingly no provision has been made in this respect.

24.2 Commitments

	2013	2012
24.2.1 Outstanding letters of credit	5,672,450	6,594,449
24.2.2 Commitment for payments in respect of fixed assets	109,147	454,231

		Notes	2013	2012
			(Rupees in '000)	
25.	**SALES**			
	Gross Sales			
	Local		76,896,355	19,124,001
	Export		3,548,764	3,391,869
			80,445,119	22,515,870
	Less: Government levies			
	Sales tax		(10,338,722)	(2,657,291)
	Sales discount		(123,288)	(1,003)
	Excise duty and petroleum levy		(3,796,103)	(404,579)
			(14,258,113)	(3,062,873)
			66,187,006	19,452,997
26.	**COST OF SALES**			
	Opening stock		1,573,716	2,238,365
	Cost of goods manufactured	26.1	62,800,886	12,569,316
	Finished products purchased during the year		5,699,326	7,935,673
			70,073,928	22,743,354
	Closing stock		(3,960,302)	(1,573,716)
	Cost of Sales		66,113,626	21,169,638
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	60,976,748	11,112,671
	Salaries, wages and other benefits	26.1.2	225,284	109,197
	Staff transportation and catering		61,471	39,721
	Stores and spares consumed		31,822	19,430
	Crude oil inspection and cleaning charges		3,762	6,120
	Insurance		54,756	63,383
	Industrial gases and chemicals		23,843	9,997
	Fuel, power and water		452,614	143,017
	Repairs and maintenance		54,224	19,121
	Communications		1,773	807
	Security expenses		15,888	11,842
	Vehicle running		9,369	5,964
	Depreciation	5.1.4	881,762	1,018,744
	Others		7,570	9,302
			62,800,886	12,569,316
26.1.1	**Raw material consumed**			
	Opening stock		1,382,548	1,874,658
	Purchases during the year		61,337,410	10,620,561
			62,719,958	12,495,219
	Closing stock		(1,743,210)	(1,382,548)
	Raw material consumed		60,976,748	11,112,671

26.1.2 This includes a sum of Rs. 9.538 million (2012: Rs.9.872 million) in respect of staff retirement benefits.

			2013	2012
			(Rupees in '000)	
27.	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits	27.1	308,675	267,117
	Vehicle running		19,323	16,567
	Repairs and maintenance		23,675	15,937
	Insurance		24,793	58,833
	Fee and subscriptions		13,421	6,711
	Utilities		6,974	7,232
	Legal and professional		24,391	34,136
	Travelling and conveyance		13,794	9,952
	Advertisements and subscriptions		1,388	7,168
	Rent, rates and taxes		25,827	19,690
	Printing and stationary		3,141	1,953
	Donations and charity		-	434
	Auditor's remuneration	27.2	2,599	2,530
	SAP maintenance costs		8,418	5,049
	Depreciation	5.1.4	134,382	137,926
	Amortization of intangible asset	6	2,958	2,958
	Security expenses		1,724	3,207
	Others		7,948	2,712
			623,431	600,112

27.1 This includes a sum of Rs.27.876 million (2012: Rs.22.644 million) in respect of staff retirement benefits.

			2013	2012
27.2	**Auditor's remuneration**			
	Statutory audit		1,300	1,300
	Half yearly review		400	400
	Consolidation of financial statements		300	300
	Certifications etc.		335	300
	Out of pocket expenses		264	230
			2,599	2,530
28.	**SELLING AND DISTRIBUTION EXPENSES**			
	Transportation		591,055	178,061
	Products handling charges		32,429	4,218
	Wharfage and other export expenses		5,737	8,323
	Commission on export sales		-	56,847
	Export development surcharge		8,878	7,417
	Rent, rates and taxes		54,679	51,321
	Others		1,489	5,324
			694,267	311,511
29.	**OTHER CHARGES**			
	Sales tax penalties	29.1	260,030	11,256
	Provision for impairment (against debts - considered doubtful)	10.2	1,330,853	-
			1,590,883	11,256

29.1 This represents late payment surcharge on delayed payments of sales tax liability.

	2013	2012
	(Rupees in '000)	
30. OTHER INCOME		
Income from financial assets		
Interest income	856,956	1,637,920
Mark up on long term loan to subsidiary	-	703,337
Income from non financial assets		
(Loss) / Gain on disposal of fixed assets	(6,255)	116
Joining income	400	1,600
Insurance claim	-	8,418
Scrap sales	181	2,272
Land lease rent	50,875	50,875
Others	223	2,176
	902,380	2,406,714
31. FINANCIAL CHARGES		
Mark-up on:		
- Finance leases	10,093	29,479
- Long term loans	962,263	372,148
- Short term borrowings and FPADs	1,495,179	2,292,855
- Advance from Customers	110,534	-
- Worker's Profit Participation Fund	3,053	3,851
Bank and other charges	12,142	30,998
Export charges	-	2,113
Exchange difference - net	190,025	160,576
Loan arrangement and commitment fee	12,500	72,438
	2,795,789	2,964,458

32. TAXATION - current

Income tax assessments of the Company are deemed to have been finalized upto and including the tax year 2012. 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 year.

	2013	2012
	(Rupees in '000)	
33. EARNING / (LOSS) PER SHARE - basic & diluted		
Net loss after tax	(4,903,317)	(3,077,989)
	(Number)	
Weight average number of ordinary shares	977,858,737	977,858,737
	(Rupees)	
Loss per share - basic / diluted	(5.01)	(3.15)

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of parent company, ultimate parent company 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 agreed terms and conditions. Details of transactions and balances with related parties are as follows:

	2013	2012
	(Rupees in '000)	
Transactions with related parties		
Parent Companies		
Loan received and repaid	2,500,000	-
Land lease rentals	48,125	48,125
Mark-up on loan and repayment	12,477	13,232
Sale of crude oil and finished goods	1,835,259	-
Advance against purchase of assets - net	-	212,020
Purchase of finished products	403,137	-
Advance paid to the Parent Company for common expenses	138,763	419,142
Sale proceeds of vehicle having book value of Rs. Nil	3,403	-
Gratuity Expense allocated to the Parent Company	19,515	-
Subsidiary Company		
Sale of finished goods	37,661	374,193
Storage services received	197,369	153,382
Mark-up income on fuel supplied	55,963	721,600
Gratuity expense allocated to the Subsidiary Company	939	-
Land lease rental	2,750	2,750
Loan to subsidiary	-	13,249
Shares issued against loan conversion	-	5,642,144
Associated Undertakings		
Sale of petroleum products	12,025,304	3,683,220
Purchase of operating fixed assets and services	7,788	63,480
Mark-up income	283,957	176,577
Repayment of mark-up	-	88,328
Cargo freight services	556,947	87,977
Other Related Parties		
Staff Provident Fund		
Contribution made	33,108	50,748

Remuneration of key management personnel is disclosed in note 35 to the unconsolidated financial statements.

	2013	2012
	(Rupees in '000)	
Balances with related parties		
Parent Companies		
Mark-up receivable	18,923	18,923
Security deposits payable	3,646	3,646
Receivable against land lease rent	164,786	116,661
Payable against purchases of goods and services	127,001	12,015
Receivable against sale of goods and services	750,366	-
Payable against purchases of assets and services	-	3,183
Advance against purchase of assets and services	537,818	399,057
Subsidiary Company		
Mark-up receivable	74,196	18,262
Trade debts	391,857	374,193
Receivable against land lease rent	8,250	5,500
Advance against purchases of assets and services	243,764	129,869
Associated Companies		
Mark-up receivable	188,007	-
Trade debts	3,274,929	2,767,007
Purchase of asset and services	5,509	4,413
Other Related Parties		
Staff Provident Fund		
Payable to staff provident fund	3,145	3,849

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2013			2012		
	Chief Executive (Key Management Person)	Executive Directors	Executives	Chief Executive (Key Management Person)	Executive Directors	Executives
	(Rupees in '000)					
Managerial remuneration	9,803	-	144,427	13,451	15,965	212,255
Staff retirement benefits	1,483	-	22,795	-	2,660	35,361
Housing and utilities	3,921	-	57,771	6,462	5,654	84,949
Leave fare assistance	817	-	12,031	2,658	1,319	17,681
	16,024	-	237,024	22,571	25,598	350,246
Number of persons	1	-	121	1	1	168

35.1 The Chief Executive and Executives have been provided company maintained cars and medical benefit facility.

35.2 As at 30 June 2013, the Company's Board of Directors consists of 9 Directors (of which 8 are Non Executive Directors). Except for Chief Executive , no remuneration and other benefits have been paid to any Director.

35.3 In addition to Chief Executive, remuneration and other benefits amounting to Rs. 34.588 million (2012 : Rs. 42.417 million) have been provided to Key Management Personnel.

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.

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, it is exposed to currency risk. The currency is which these transactions are undertaken is US Dollar.

Exposure to Currency Risk

As at 30 June 2013, the company is not exposed to any foreign currency risk.

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:

	2013	2012
	(Rupees in '000)	
Fixed Rate Instruments		
Financial Assets		
Saving deposit accounts	6,342	57,163
Financial Liabilities		
Advance from customer	1,279,482	1,392,681
Variable Rate Instruments		
Financial Assets		
Trade debts	10,344,350	9,643,550
	10,344,350	9,643,550
Financial Liabilities		
Long term loans and accrued mark-up	19,707,983	-
Liabilities against assets subject to finance leases	68,031	117,827
Short term borrowing	6,800,000	7,650,000
	26,576,014	7,767,827

Fair Value sensitivity analysis for fixed rate instruments

The impact of change in fair value due to a change in interest rate is not considered to be material to these unconsolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs. 186.305 million (2012: Rs. 156.049 million). This analysis assumes that all other variables remain constant.

36.2 Credit risk

Credit Risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers 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.

- 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.

- Cash is held with reputable banks only.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2013 and 30 June 2012 was as follows:

		2013		2012	
	Notes	Financial assets	Maximum exposure	Financial assets	Maximum exposure
		(Rupees in '000)			
Trade debts -unsecured	10	12,123,545	12,102,376	9,728,774	9,707,605
Long term deposits	8	13,571	13,571	19,387	19,387
Mark-up accrued		281,126	281,126	221,194	221,194
Trade deposits, prepayments and other receivables	12	764,962	580,926	821,454	738,140
Cash and bank balances	13	560,465	560,360	202,228	202,213
		13,743,669	13,538,359	10,993,037	10,888,539

Differences in the balances as per balance sheet and maximum exposures were due to the fact that trade debts include Rs. 21.169 million (2012: 21.169 million) from autonomous bodies. Trade deposits, prepayments and other receivables includes Rs. 184.036 million (2012: 210.735 million) against inland freight equalization margin and prepayments amounting to Rs. 38.007 million (2012: Rs. 16.030 million).

Impairment losses

The aging of trade debtors as at the balance sheet date was:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	4,027,725	-	1,524,009	-
Past due 1-30 days	1,992,768	-	652,247	-
Past due 31-150 days	1,992,167	-	1,107,564	-
Past due 150 days	5,441,738	1,330,853	6,444,954	-
	13,454,398	1,330,853	9,728,774	-

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:

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+

The credit quality of Company's trade debtors can be assessed with reference to external credit ratings as follows:

Rating	Rating agency	2013	2012
		(Rupees in '000)	
AA+	PACRA	8,008,417	6,686,366
A+	JCR-VIS	3,274,929	2,582,991
A-	JCR-VIS	602,122	-
Unrated	N/A	238,077	459,417
		12,123,545	9,728,774

36.3 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:

2013

	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						
Long term loans and accrued mark-up	19,707,983	(23,901,531)	(936,091)	(949,731)	(2,655,000)	(19,360,709)
Liabilities against assets subject to finance leases	68,031	(77,645)	(22,866)	(22,866)	(10,004)	(21,909)
Long term deposits	62,707	(62,707)	-	-	-	(62,707)
Trade and other payables	8,708,578	(8,708,578)	(8,708,578)	-	-	-
Short term borrowings	6,800,000	(6,800,000)	(6,800,000)	-	-	-
Accrued mark-up	463,709	(463,709)	(463,709)	-	-	-
	35,811,008	(40,014,170)	(16,931,244)	(972,597)	(2,665,004)	(19,445,325)

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						
Long term loans and accrued mark-up	2,398,595	(2,487,618)	(1,756,640)	(730,978)	-	-
Liabilities against assets subject to finance leases	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	18,877,658	(18,877,658)	(18,877,658)	-	-	-
Short term borrowings	7,650,000	(7,650,000)	(7,650,000)	-	-	-
Accrued mark-up	1,138,196	(1,138,196)	(1,138,196)	-	-	-
	30,221,189	(30,334,545)	(29,455,327)	(752,460)	(46,122)	(80,636)

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 & 22 to these unconsolidated 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.

36.4 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 2013.

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	
	2013	2012	2013	2012	2013	2012
	(Rupees in '000)					
Revenue						
Net Sales to external customers	40,179,129	6,070,534	26,007,877	13,382,463	66,187,006	19,452,997
Inter-segment transfers	19,725,148	5,076,847	-	-	19,725,148	5,076,847
Eliminations	(19,725,148)	(5,076,847)	-	-	(19,725,148)	(5,076,847)
Total revenue	40,179,129	6,070,534	26,007,877	13,382,463	66,187,006	19,452,997
Result						
Segment results - (loss)	(712,989)	(2,373,613)	(485,905)	(455,319)	(1,198,894)	(2,828,932)
Other charges					(1,590,883)	(11,256)
Interest expense					(2,795,789)	(2,698,333)
Interest income					856,956	2,341,257
Taxation					(174,707)	119,275
Loss for the year					(4,903,317)	(3,077,989)
Segmental Assets	34,592,711	28,186,165	5,579,843	4,668,428	40,172,554	32,854,593
Unallocated Assets					3,669,480	5,756,090
	35,923,564	28,186,165	5,579,843	4,668,428	43,842,034	38,610,683
Segmental Liabilities	41,118,720	32,211,569	6,145,405	7,433,849	47,264,125	39,645,418
Unallocated Liabilities					2,621,339	105,378
	41,118,720	32,211,569	6,145,405	7,433,849	49,885,464	39,750,796
Capital expenditure	237,860	801,734	51,816	103,947	289,676	905,681
Other information						
Depreciation and amortization	931,432	1,077,285	87,670	82,343	1,019,102	1,159,628

The company sells its manufactured product to Oil Marketing Companies (OMCs) and a company. Out of these, 3 OMCs contributed 44.46 % (2012 : 24.33%) and a company contributed 37.92% (2012 : 56.58%) of the net revenues during the year. The net revenue from these OMCs amounts to Rs. 29,431 million (2012: Rs. 4,733 million).

38. PROVIDENT FUND DISCLOSURE

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

	2013	2012
	(Rupees in '000)	
Size of the fund - Net assets	92,124	96,741
Cost of the investment made	75,349	75,349
Percentage of the investment made	88%	73%
Fair value of the investment made	81,161	70,942

The break up of fair value of the investment is :

	2013		2012	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank Deposits	19,648	24.21%	46,646	65.75%
Debt securities	12,000	14.79%	12,000	16.92%
Equity securities	13,400	16.51%	12,296	17.33%
Unit trust schemes	36,113	44.50%	-	0.00%
	81,161	100%	70,942	100%

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39. CAPACITY AND ANNUAL PRODUCTION

Against the designed annual refining capacity (based on 330 days) of 11.550 million barrels (2012: 11.550 million barrels), the actual throughput during the year was 5.729 million barrels (2012: 0.848 million barrels) mainly due to higher working capital available with the Company.

40. NUMBER OF EMPLOYEES

The total number of employees as at year end were 405 and average number of employees were 448.

41. RECLASSIFICATION

Following corresponding figures have been reclassified for better presentation:

From	To	(Rupees in '000)
Unconsolidated Balance Sheet		
Trade debts - unsecured (Karachi Electric Supply Company Limited)	Accrued mark-up	184,009
Trade debts - unsecured (Byco Terminals Pakistan Limited)	Accrued mark-up	18,262
Unconsolidated Profit and Loss Account		
Administrative Expenses - Sales tax penalties	Other charges	11,256

42. DATE OF AUTHORISATION OF ISSUE

The unconsolidated financial statements was authorised for issue on 8th January, 2014 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 company (the "Group") as at 30 June 2013 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 Byco Petroleum Pakistan Limited and its subsidiary company. 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.

In our opinion, the consolidated financial statements present fairly the financial position of Byco Petroleum Pakistan Limited and its subsidiary company as at 30 June 2013 and the results of their operations for the year then ended.

We draw attention to note 2 to the consolidated financial statements which indicates that the Holding Company has incurred net loss of Rs. 4,903 million during the year ended 30 June 2013, and as of that date, its accumulated losses amounted to Rs. 21,078 million; as at 30 June 2013 total liabilities exceeded the total assets by Rs. 6,043 million and current liabilities exceeded the current assets by Rs. 8,933 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, the consolidated financial statements have 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 lenders have restructured the liability as at 31 December 2012 and granted fresh working capital lines in respect of purchase of crude oil and petroleum product. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem
Karachi.

KPMG Taseer Hadi & Co.

8th January 2014

Consolidated Balance Sheet
As at 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	23,362,469	24,086,360
Intangible asset	6	26,703	29,661
Long term receivable - unsecured	7	830,000	-
Long term deposits	8	36,694	42,511
		24,255,866	24,158,532
CURRENT ASSETS			
Stores and spares		163,318	159,280
Stock in trade	9	5,703,512	2,956,264
Trade debts	10	11,731,688	9,354,581
Loans and advances - considered good	11	469,479	278,890
Trade deposits, prepayments and other receivables	12	1,223,541	913,816
Mark-up accrued		206,930	202,932
Cash and bank balances	13	561,940	201,523
		20,060,408	14,067,286
		44,316,274	38,225,818
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	9,778,587	9,778,587
Accumulated losses		(23,580,883)	(18,959,448)
		(13,802,296)	(9,180,861)
Surplus on revaluation of property, plant and equipment	15	5,256,256	5,583,119
NON CURRENT LIABILITIES			
Long term loans and accrued mark-up	16	18,450,099	-
Liabilities against assets subject to finance leases	17	34,673	79,305
Long term deposits	18	62,707	38,913
Deferred liabilities	19	2,300,740	2,478,835
		20,848,219	2,597,053
CURRENT LIABILITIES			
Trade and other payables	20	20,852,775	26,181,273
Accrued mark-up	21	516,715	1,187,278
Book overdrawn		3,420	-
Short term borrowings - secured	22	8,606,300	9,368,914
Current portion of non current liabilities	23	1,638,209	2,443,367
Provision for taxation		396,676	45,675
		32,014,095	39,226,507
Contingencies and commitments	24		
		44,316,274	38,225,818

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account

For the year ended 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
Sales	25	66,149,345	19,078,804
Cost of sales	26	66,047,138	20,699,581
Gross profit / (loss)		102,207	(1,620,777)
Administrative expenses	27	671,350	654,326
Selling and distribution expenses	28	694,267	311,511
		1,365,617	965,837
Operating loss		(1,263,410)	(2,586,614)
Other income	29	844,267	1,682,281
Other charges	30	(1,590,883)	(12,965)
		(2,010,026)	(917,298)
Financial charges	31	(2,767,335)	(2,965,428)
Loss before taxation		(4,777,361)	(3,882,726)
Taxation	**32**		
- Current		(351,002)	(35,856)
- Prior year		-	(33,274)
- Deferred		180,066	326,098
		(170,936)	256,968
Loss after taxation		(4,948,297)	(3,625,758)
		(Rupees)	
Loss per share - basic / diluted	33	(5.06)	(3.71)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Other Comprehensive Income
For the year ended 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
Net loss after taxation		(4,948,297)	(3,625,758)
Other comprehensive income		-	-
Total comprehensive loss for the year		(4,948,297)	(3,625,758)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flow Statement

For the year ended 30 June 2013

	Notes	2013	2012
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(4,777,361)	(3,882,726)
Adjustments for non cash and other items:			
Depreciation		1,048,725	1,190,377
Amortization		2,958	2,958
Financial and other charges		2,767,335	2,965,428
Write off		-	14,089
Provison for impairment against doubtful debts		1,330,853	-
Provision for gratuity		24,469	6,603
Loss / (gain) on disposal of assets		6,255	(33)
Net cash flow before working capital changes		403,234	296,696
Movement in working capital			
(Increase) / decrease in current assets			
Stores and spares		(4,038)	40,417
Stock in trade		(2,747,248)	1,156,759
Trade debts		(3,707,960)	(2,880,144)
Loans and advances		(32,489)	24,887
Trade deposits, prepayments and other receivables		(42,656)	(543,884)
Mark up accrued		(3,998)	-
Increase / (decrease) in current liabilities			
Trade and other payables		(5,328,498)	6,715,289
Cash (used in) / generated from operations		(11,463,653)	4,810,020
Payments for:			
Financial charges		(3,437,900)	(2,209,096)
Gratuity Paid		(22,498)	-
Income taxes		(267,069)	(153,451)
Net cash (used in) / generated from operating activities		(15,191,120)	2,447,473
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,409,771)	(3,386,493)
Proceeds from disposal of property, plant and equipment		90,582	220,366
Long term deposits		5,817	(13,328)
Net cash used in investing activities		(1,313,372)	(3,179,455)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans		18,450,099	-
Repayment of long term loan		-	(891,857)
Liabilities against assets subject to finance lease - net		(44,632)	(164,806)
Long term deposits		23,794	-
Short term borrowings - net		(1,567,772)	1,718,914
Net cash generated from financing activities		16,861,489	662,251
Net increase / (decrease) in cash and cash equivalents		356,997	(69,731)
Cash and cash equivalents at beginning of the year		201,523	271,254
Cash and cash equivalents at end of the year		558,520	201,523
CASH AND CASH EQUIVALENTS			
Cash and bank balances		561,940	201,523
Book overdrawn		(3,420)	-
		558,520	201,523

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Issued, subscribed and paid up capital	Accumulated loss	Total
	(Rupees in '000)		
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)
Total comprehensive loss for the year ended 30 June 2013	-	(4,948,297)	(4,948,297)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	326,862	326,862
Balance as at 30 June 2013	9,778,587	(23,580,883)	(13,802,296)

The annexed notes from 1 to 42 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 (Parent Company of the Company) holds 82.27% (30 June 2012: 86.94%) shares in the Company. The Parent 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 (refer note 37). 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 231 retail outlets across the country.

Subsidiary Company

ii) Byco Terminals Pakistan 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 developing an offshore jetty (Single Point Mooring) along with the pipelines for facilitating movement of petroleum products. The "Buoy" which is an integral part of SPM facility is owned by Coastal Refinery Limited with whom BTPL is in agreement regarding its operation at agreed terms (refer note 7).

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 2013, the Company incurred a net loss after tax of Rs. 4,903 million 2012: loss of Rs. 3,078 million) and as of that date its accumulated losses amounted to Rs. 21,078 million (2012: Rs. 16,502 million). As at 30 June 2013 total liabilities exceeded total assets by Rs. 6,043 million (2012: Rs. 1,140 million) and current liabilities of the Company exceeded its current assets by Rs. 8,933 million (2012: Rs. 22,694 million). 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 established its twelfth crude oil letter of credit arrangement with a commercial bank after discharging the previous eleven arrangements in time. The annual throughput of the refinery was 5.7 million barrels as compared to 0.95 million barrels last year when the refinery could not operate during most part of the year on account of working capital constraints.

- During the year, the Company has successfully managed to negotiate with their syndicate banks to restructure majority of their short term borrowings and accrued mark-up thereof amounted to Rs. 19,233 million payable to syndicate banks into long term loans. The restructuring will reduce the Company's future mark-up cost due to reduction of 100 basis points in interest rates. Further deferment in repayment of principal and mark-up cost will ensure smooth operations of the Company and lower the burden on working capital lines (refer note 16.2).

- The State Bank of Pakistan has accepted the restructuring arrangements made by the Syndicate banks and relaxed the requirements of Prudential Regulation “Corporate and Commercial Banking” for the Company. Such relaxation would allow the Company to negotiate better terms with financial institutions for obtaining financing facilities. Accordingly, one of the major local banks has supported and enhanced the working capital lines for import / local purchase of crude oil and petroleum products and extended the letter of credit facility upto an amount of Rs. 15,000 million at more favourable terms, in order to support the working capital requirements of the Company. This arrangement will result in substantial savings and will help the Company to deal with the volatility of international crude oil / product prices, as well as foreign exchange fluctuations.

- The Company was in the final stages of completing its Isomerisation unit. However subsequent to year end the Company has completed all the pre-requisites of starting up of Isomerization unit and intends to commence the operations in the third quarter of financial year 2013-2014.The Isomerisation unit will convert light Naphtha into Motor Spirit which is a value addition and would increase the profitability margin of the Company. Furthermore, this conversion of light Naphtha would reduce the export of Naphtha. As a result it would bring substantial savings on account of transportation cost, In-transit losses, reduction in handling charges and storage cost and increased future profitability of the Company and increase the sale of Motor Spirit in local market.

- The Company’s Petroleum Marketing Business (PMB) has 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 period, 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.

- During the year, Byco Terminals Pakistan Limited (BTPL) a wholly owned subsidiary of the Company (the Subsidiary company) has been able to successfully conduct the trial run of the Single Point Mooring (SPM) project. SPM project would bring substantial cost savings on account of reduced freight cost, lead time, operational losses, In-land freight and storage charges.

- The Economic Coordination Committee (ECC) has approved the recovery of crude oil transportation through Inland Freight Equalization Margin (IFEM) pool which would result in future cost savings for the Company once notified by the Oil and Gas Regulatory Authority (OGRA).

- The Parent Company of the Company has successfully completed its initial run of 72 hours and intends to carry out extended trial run of its entire plant in order to operate the refinery on sustainable basis. The operation of Parent Company's refinery would bring sustainable cost savings to the Company by taking advantage of synergies and economies of scale.

- 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 consolidated financial statements on going concern assumption is justified.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such nternational 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 measurement

These consolidated 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 these consolidated financial statements.

3.4 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the rimary economic environment in which the Group operates. These consolidated financial tatements are presented in Pakistani Rupees, which is also the Group's functional currency.

All the financial information presented in Pakistani Rupees has been rounded off to the nearest thousand, except where stated otherwise.

3.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from estimation.

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 these consolidated 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. The estimates of revalued amounts of leasehold land, freehold land, buildings, roads and civil works, generators, safety & lab equipment and plant and machinery are based on a valuation carried out by a professional valuers. 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 Group 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 Group 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 19.2 to these consolidated 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 investment in a subsidiary company is determined on value in use basis which is calculated using cash flow projections over a foreseeable future.

3.6 Accounting developments

Certain amendments to published standards and interpretations of accounting standards became effective during the year, however, they do not affect these consolidated 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 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 requires 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 is to account for actuarial gains and losses using the corridor method and with the change, unrecognized actuarial losses amounting to Rs. 6.419 million as at 30 June 2013 will be recognized in other comprehensive income.

- 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 applicable 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 these consolidated 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 these consolidated 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 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. Management is currently undertaking a comprehensive exercise to assess the spares, standby equipment and servicing equipment that would qualify for recognition as property, plant and equipment. The amount of reclassification of stores and spares to property, plant and equipment if any has not been quantified to 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.

Except for the effect of amendment in IAS 16 if any that has not yet been quantified, the other amendments have no impact on these consolidated financial statements of the Group.

- 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 these consolidated financial statements of the Group.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow- scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated 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, building on free hold land, roads and civil works, 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, building on free hold land, roads and civil works, 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 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 Group 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 Group 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 Group'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

All stock-in-trade is valued at the lower of cost and net realisable value (NRV).

Raw materials

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

Finished products

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

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 book overdrawn and which are subject to insignificant risk of changes in their fair value. Cash and cash equivalents also include bank overdrafts which form an integral part of the Company’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 epreciation / 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 Group 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 2013 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 Group 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 Group 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 consolidated 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 Operating Segments

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

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	2013	2012
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at cost less accumulated depreciation	5.1	13,391,603	14,377,321
Capital work in progress - at cost	5.2	9,970,866	9,709,039
		23,362,469	24,086,360

5.1 Operating fixed assets

	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written Down Value	
2013	As at 01 July 2012	Additions	Transfer	(Disposals) (Adjustments)	As at 30 June 2013	As at 01 July 2012	Charge for the year	Transfer	(Disposal) / Adjustments	As at 30 June 2013	as at 30 June 2013	Rate of Depreciation
	(Rupees in '000)											
Owned												
Freehold land	655,830	-	-	-	655,830	-	-	-	-	-	655,830	-
Leasehold land	755,700	-	-	-	755,700	11,140	11,140	-	-	22,280	733,420	20%
Plant and machinery	15,104,071	11,069	217,708	- (188,831)	15,144,017	3,443,810	861,927	48,984	- (188,831)	4,165,890	10,978,127	4-5%
Generators	198,532	3,389	-	-	201,921	82,509	13,404	-	-	95,913	106,008	6.70%
Building, on freehold land, roads and civil works	311,220	29,573	-	-	340,793	66,348	13,133	-	-	79,481	261,312	4%
Building on leasehold land	64,760	2,713	-	-	67,473	706	2,645	-	-	3,351	64,122	4%
Furniture and fixtures	54,087	1,067	-	(1,493)	53,661	24,605	5,130	-	(155)	29,580	24,081	10%
Filling stations (5.1.1)	561,751	29,027	-	(17,443)	573,335	77,516	57,055	-	(4,486)	130,085	443,250	5-12.5%
Computer and allied equipments	79,870	1,904	-	(280)	81,494	56,646	14,146	-	(191)	70,601	10,893	33.33%
Safety and lab equipments	88,594	865	-	-	89,459	56,196	11,666	-	-	67,862	21,597	20%
Vehicles	198,316	4,827	6,542	(13,614)	196,071	155,791	33,706	5,280	(13,614)	181,163	14,908	20%
Portable cabins	11,189	10	-	-	11,199	8,268	793	-	-	9,061	2,138	10%
	18,083,920	84,444	224,250	(32,830) (188,831)	18,170,953	3,983,535	1,024,745	54,264	(18,446) (188,831)	4,855,267	13,315,686	
Leased												
Plant and machinery	271,051	-	(217,708)	-	53,343	65,327	7,164	(48,984)	-	23,507	29,836	4-5%
Vehicles	104,708	-	(6,542)	(17,079)	81,087	33,496	16,816	(5,280)	(10,026)	35,006	46,081	20%
	375,759	-	(224,250)	(17,079)	134,430	98,823	23,980	(54,264)	(10,026)	58,513	75,917	
	18,459,679	84,444	-	(49,909) (188,831)	18,305,383	4,082,358	1,048,725	-	(28,472) (188,831)	4,913,780	13,391,603	

Additions of Rs. 84.444 million, as shown above, include an amount of Rs. 57.946 million transferred from capital work-in-progress during the year, as shown in note 5.2.

	2012											
	COST / REVALUATION					ACCUMULATED DEPRECIATION					Written Down Value as at 30 June 2012	Rate of Depreciation
	As at 01 July 2011	Additions	Revaluation surplus / (deficit)	(Disposals)	As at 30 June 2012	As at 01 July 2011	Charge for the year	Transfer	(Disposal)	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	20%
Plant and machinery	15,173,638	44,292	-	(113,859)	15,104,071	2,449,967	996,884	-	(3,041)	3,443,810	11,660,261	4-5%
Generators	213,086	26,253	(33,276)	(7,531)	198,532	71,908	14,817	(3,992)	(224)	82,509	116,023	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%
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	33,276	(2,718)	561,751	24,515	49,432	3,992	(423)	77,516	484,235	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%
Sub - Total	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 as shown in note 5.2.

5.1.1 The Group's assets located at filling stations are not in possession of the Group. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Group as required under para 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, 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:

	2013	2012
	(Rupees in '000)	
Free hold land	46,731	46,731
Lease hold land	268,940	268,940
Plant and Machinery	4,617,965	4,751,412
Generators	69,495	104,046
Buildings on Free hold land, leasehold land, roads & civil works	299,240	281,754
Safety and lab equipment	21,597	32,398
	5,323,968	5,485,281

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

	Note	2013	2012
Administrative expenses	27	136,537	139,819
Cost of sales	26.1	912,188	1,050,558
		1,048,725	1,190,377

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								
Honda Civic	1,655	1,324	331	414	83	Group Policy	Mr. Afzal Chaudary	Employee
Suzuki Cultus	767	614	153	192	39	Group Policy	Mr. Shah Ali Ahmed	Employee
Toyota Corolla	1,269	825	444	508	64	Group Policy	Mr. Azizullah	Employee
Suzuki Cultus	842	309	533	589	56	Group Policy	Mr. Talat Nabi	Employee
Honda Civic	1,615	1,292	323	404	81	Group Policy	Mr. Ozair Mohammad	Employee
Audi A8 Sedan	13,614	13,614	-	3,403	3,403	Group Policy	Mr. Amir Abbassciy	Group CEO
Toyota Corolla	1,269	656	613	677	64	Group Policy	Mr. Noman Yousuf	Employee
Honda Civic	1,846	1,138	708	800	92	Group Policy	Mr. Jawed Ahmed	Employee
Honda Civic	1,719	312	1,407	2,004	597	Group Policy	Mr. Haroon Rasheed	Employee
Suzuki Cultus	754	603	151	189	38	Group Policy	Mr. Ahsan Ali Qureshi	Employee
Nissan Sunny	1,470	735	735	809	74	Group Policy	Mr. M. Anwar Malick	Employee
Toyota Corolla	916	454	462	547	85	Group Policy	Mr. Aamer Afghan	Employee
Toyota Corolla	491	246	245	246	1	Group Policy	Mr. Wajaht Ali Syed	Employee
Toyota Corolla	851	227	624	666	42	Group Policy	Mr. Faisal Nisar	Employee
Honda Civic	1,615	1,291	324	404	80	Group Policy	Mr. Sikandar Qasim	Employee
Computer and Allied								
Black Berry	52	19	33	55	22	Insurance	Adamjee Insurance Company Limited	Independent
Black Berry	25	13	12	9	(3)	Insurance	Adamjee Insurance Company Limited	Independent
Black Berry	55	11	44	40	(4)	Insurance	Adamjee Insurance Company Limited	Independent
Laptop	89	89	-	9	9	Insurance	Adamjee Insurance Company Limited	Independent
Laptop	59	59	-	14	14	Insurance	Adamjee Insurance Company Limited	Independent
Furniture and Fixture								
Office furniture	1,493	155	1,338	601	(737)	Tender	Mr. Nusrat Akhtar	Independent
Filling Station								
Signage Scrap	6,581	1,741	4,840	1,090	(3,750)	Tender	Nimble Bull	Independent
Signage Scrap	8,526	2,149	6,377	1,251	(5,126)	Tender	MS Graphics	Independent
Signage Scrap	2,336	596	1,740	261	(1,479)	Tender	Signs Now	Independent
2013	49,909	28,472	21,437	15,182	(6,255)			
2012	246,910	26,577	220,333	220,366	33			

		Notes	2013	2012
			(Rupees in '000)	
5.2	**Capital work-in-progress - at cost**			
	Opening balance		9,709,039	6,459,916
	Additions during the year		1,105,977	3,346,404
	Net test run cost	5.2.2	277,296	-
			11,092,312	9,806,320
	Capitalized during the year		(57,946)	(97,281)
	Construction cost transferred to Coastal Refinery Limited	5.2.3	(591,805)	-
	Disposal during the year	5.2.4	(471,695)	-
	Closing balance		9,970,866	9,709,039
5.2.1	Single Point Mooring Project (SPM)		3,832,019	3,809,204
	Plant and machinery		3,989,348	3,985,071
	Civil and mechanical works		364,021	146,896
	Generators		7,491	6,181
	Tanks		1,507,150	1,486,916
	Filling stations		12,521	16,666
	Computer and allied		16,161	15,632
	Safety and lab equipment		242,155	242,473
			9,970,866	9,709,039

5.2.2 During the year, BTPL in collaboration with Coastal Refinery Limited "CRL" (refer note 7), applied to Oil and Gas Regulatory Authority (OGRA) for 'No Objection Certificate' (NOC) in order to initiate the commercial operations of the Single Point Mooring (SPM) project. While the NOC was being sought, the BTPL has decanted few crude oil vessels (on behalf of its Holding Company) to test its SPM project and continued to carry out requisite work in order to substantially complete the SPM project for intended use. Accordingly, the BTPL has capitalized the operating results of trial run. Subsequent to the year end, all the requisite work has been completed by November 2013. Further, OGRA vide its letter No. OGRA (Oil)-19-3-(22)/07-SBM dated November 19, 2013 has also granted NOC for commencement of commercial operations to the BTPL.

5.2.3 This includes an amount of Rs. 433.705 million allocated to Coastal Refinery Limited (CRL) in pursuance of Amended and Restated Share Purchase Agreement dated 12 April 2013 (refer Note 7) and an amount of Rs.158.099 million in respect of various expenses incurred on the SPM and allocated to CRL (refer note 11).

5.2.4 During the year, BTPL disposed off certain pipes having cost of Rs. 471.695 million which were purchased for the construction of SPM Pipeline to Gadoor Brothers Transport against sale proceed of Rs. 75.4 million. The disposal was made based on the Group's policy by inviting quotation from different parties. Net loss arising on disposal was allocated to Coastal Refinery Limited (refer note 7).

6. INTANGIBLE ASSET

	Notes	2013	2012
Computer software	6.1	2,957	5,915
Goodwill acquired on business combination	6.2	23,746	23,746
		26,703	29,661

		Notes	2013	2012
			(Rupees in '000)	
6.1	**Computer software**			
	Cost			
	at the beginning		32,484	32,484
	Amortization			
	at the beginning		(26,569)	(23,611)
	for the year	27	(2,958)	(2,958)
	at the closing		(29,527)	(26,569)
			2,957	5,915

6.1.1 Computer software include SAP which 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 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. The acquisition 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 Group 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.

7. LONG TERM RECEIVABLE - unsecured (considered good)

On 12 April 2013, BTPL entered into an Amended and Restated Share Purchase Agreement (the Agreement) with Coastal Refinery Limited (CRL). As per the terms of the Agreement, BTPL has financed the construction cost of the buoy amounting Rs. 830 million which will be recovered from CRL through issuance of CRL's shares to BTPL at a face value of Rs. 10 each. The shares will be issued either by 31 December 2013 or such other date as mutually agreed between BTPL and CRL.

Further as per the terms and condition of the Agreement, BTPL will acquire the entire shareholding of CRL by 30 June 2015 in two different tranches subject to fulfilment of certain conditions envisaged in the Agreement.

8. LONG TERM DEPOSITS

	2013	2012
In respect of:		
- Finance lease	8,338	16,672
- Rental premises and Others	6,525	11,875
- Ijarah finance	22,150	22,150
- Central Depository Company of Pakistan	43	43
	37,056	50,740
Current portion	(362)	(8,229)
	36,694	42,511

	Notes	2013	2012
		(Rupees in '000)	
9. STOCK IN TRADE			
Raw material - Crude Oil	9.1	1,743,210	1,382,548
Finished products	9.2 & 9.3	3,960,302	1,573,716
		5,703,512	2,956,264

9.1 Stocks of raw material includes stocks held by BTPL amounting to Rs. 1,088.164 million.

9.2 Finished products having cost of 3,892.474 million (2012: Rs. 1,771.930 million) have been written down by Rs.44.573 million (2012: Rs. 198.215 million) to net realizable value.

9.3 Stock of finished products includes stock held by third parties amounting to Rs. 128.095 million (2012: Rs.317.417 million) and stock held by related parties amounting to Rs. 646.053 million.

	Notes	2013	2012
10. TRADE DEBTS - unsecured			
Considered good			
Due from Pakistan State Oil Company limited	10.1	6,677,564	6,686,366
Due from related parties			
- Karachi Electric Supply Company limited		3,274,929	2,582,991
- Byco Oil Pakistan Limited		750,366	-
Others		1,028,829	85,224
Considered doubtful		1,330,853	-
		13,062,541	9,354,581
Provision for impairment (against debts - considered doubtful)	10.2 & 30	(1,330,853)	-
		11,731,688	9,354,581

10.1 This represents Rs. 4,136.741 million (30 June 2012: Rs. 4,400 million) due from Pakistan State Oil Company Limited (PSO) against supplies of products and Rs. 2,540.823 million (30 June 2012: Rs. 2,286. million) on account of mark up on delayed payments . The Company had entered into a "sale and purchase of product" agreement with PSO on 5 April 2002 for a period of 10 years. The said agreement mentions that in the event of late payment of invoices by PSO, the Company would be entitled to recover mark-up from PSO for the period of delay on daily compounding basis at 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. The mark up on delayed payments relates only to purchases made by PSO under agreement dated 02 April 2002, which expired on 02 April 2012. Subsequent to the expiry of the agreement all purchases made by PSO do not carry any mark up on delayed payment.

	Notes	2013	2012
10.2 Provision for impairment (against debts considered doubtful)		(Rupees in '000)	
Opening balance		-	-
Provision made during the year		1,330,853	-
Closing balance		1,330,853	-

	2013 (Rupees in '000)
10.3 The aging of above related parties balances at the balance sheet date is as follows:	
Not past due	422,241
Past due 1-30 days	1,016,181
Past due 31-150 days	1,857,185
Past due 150 days	729,688
	4,025,295

	Notes	2013	2012
		(Rupees in '000)	
11. LOANS AND ADVANCES - considered good			
Employees		145	23,125
Suppliers and contractors		260,453	255,765
- Coastal refinery limited	11.1	208,881	-
		469,479	278,890

11.1 During the year, BTPL has incurred certain costs of capital and revenue nature on account of Coastal Refinery Limited (CRL) as mentioned in note 5.2.3. These are being adjusted from the cost payable to CRL on account of usage of Buoy (refer note 7).

12. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Notes	2013	2012
Deposits		1,892	9,759
Margin against letter of credits		5,642	1,743
Pre-payments		42,554	19,809
Advance income tax		341,382	74,313
Inland freight equalization margin		184,036	210,735
Sales tax refundable		67,147	82,535
Excise duty refundable		8,575	2,880
Lease rentals receivable from related parties	12.1	164,785	116,661
Receivable from Parent company	12.2	407,171	395,272
Others		357	109
		1,223,541	913,816

12.1 This represents receivable in respect of land situated at Mauza Kund, Baluchistan, sub-leased to the Parent Company.

12.2 This represents interest free balances receivable from the Parent Company in respect of expenses incurred on their behalf.

13. CASH AND BANK BALANCES	Notes	2013	2012
Cash in hand		105	40
Stamp papers		100	100
Cash at banks			
- Current accounts		555,393	23,143
- Saving / deposit accounts	13.1	6,342	178,240
	13.2	561,735	201,383
		561,940	201,523

13.1 These carry mark-up ranging from 6% to 9.2% (2012: 5% to 12.5%) per annum.

13.2 This includes Rs. 61.208 million (2012: Rs. 106.955 million) kept under lien against letter of credit facilities obtained from banks.

14 SHARE CAPITAL

2013	2012		2013	2012
(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	2013	2012
		(Rupees in '000)	
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at 1 July		7,999,312	8,533,223
Transfer to accumulated loss in respect of			
- incremental depreciation charged during the year - net of tax		(326,862)	(347,042)
- related deferred tax liability		(176,002)	(186,869)
		(502,864)	(533,911)
Balance as at 30 June		7,496,448	7,999,312
Less: Related deferred tax liability on:			
- revaluation at the beginning of the year		2,416,194	2,603,062
- incremental depreciation charged during the year		(176,002)	(186,869)
		2,240,192	2,416,193
		5,256,256	5,583,119
16. LONG TERM LOANS AND ACCRUED MARK-UP			
From Banks			
Syndicated Term Finance		-	70,000
Syndicated Term Finance	16.1	-	2,328,595
Restructured principal facilities	16.2	17,379,700	-
Restructured accrued mark-up facilities	16.2	1,853,586	-
Term Finance	16.3	342,116	-
Deferred mark-up on restructured principal facilities	21	474,697	-
		20,050,099	2,398,595
Less: Current maturity shown under current liabilities	23	1,600,000	2,398,595
		18,450,099	-

16.1 During the year, this syndicated term finance facility amounting to Rs. 2,328.595 million has been restructured as per the terms mentioned in note 16.2.

16.2 As at 31 December 2012, an amount of Rs 19,233 million (Outstanding Amount) was due and payable by the Company to local commercial banks (syndicate banks). This included Rs. 17,379.700 million in respect of principal and Rs. 1,853.586 million in respect of accrued mark-up. The syndicate banks upon request of the Company, have restructured the outstanding amount in accordance with the terms and subject to the conditions mentioned in the Restructured Agreement (the Agreement) made on 31 December 2012. As per the Agreement, principal amount of Rs. 17,379.700 million has been restructured over a period of maximum 7 years from 2013 to 2019 and carries mark-up at the rate of 6 month Karachi Inter-Bank Offer Rate (KIBOR) whereas accrued mark-up is interest-free and is to be paid within a period of two years commencing after the payment of restructured principal facilities and will be interest free.

The terms of the Agreement includes that National Bank of Pakistan (NBP) restructured facility is to be paid on priority basis in 2.5 years in unequal semi-annual instalments whereas payment in respect of the remaining principal amount will be made in fourteen unequal semi-annual instalment commencing upon the discharge of full obligation of the NBP restructured facility or expiry of 2.5 years from the Agreement date whichever is earlier. Further, an amount of Rs. 100 million out of the total mark-up accrued during the restructured period shall be payable by the Company on each instalment date in the first year and Rs. 200 million in the following six years. Remaining accrued mark-up shall be payable within a period of two years commencing after the repayment of the restructured principal facilities.

The restructured facility is secured by way of:

(i) first Joint Pari Passu charge over fixed assets to the extent of Rs. 7,670 million, first Pari Passu equitable mortgage charge over fixed assets (land and building only) to the extent of Rs. 7,670 million;

(ii) first Pari Passu equitable mortgage charge over fixed assets (exclusive of land and building) to the extent of Rs. 20,400 million;

(iii) first Joint Charge on the assets of Byco Terminals Pakistan Limited (a wholly owned subsidiary of the Company) including storage related assets and crude oil tanks;

(iv) first Pari Passu Hypothecation charge to the extent of Rs. 20,400 million on all present and future current assets of the Company; and

(v) the Syndicate banks will have a lien and right of set off on an account maintained with an assigned agent bank wherein the Company will route all its revenues / receipts.

16.3 This represents loan from a bank carrying mark-up at the rate of one year KIBOR plus 2.75% per annum, payable annually in arrears. This is secured by hypothecation on all movable assets of BTPL. The amount outstanding is repayable in two equal annual instalments in arrears with a grace period of one year from the date of disbursement i.e. 13 February 2013.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013		2012	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000)			
Less than one year	48,136	38,208	67,978	44,772
One to five years	36,498	34,674	82,591	79,305
Total minimum lease payments	84,634	72,882	150,569	124,077
Less: Financial charges allocated to the future period	(11,752)	-	(26,492)	-
Present value of minimum lease payments	72,882	72,882	124,077	124,077
Current portion under current liabilities	(38,209)	(38,209)	(44,772)	(44,772)
	34,673	34,673	79,305	79,305

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	2013	2012
		(Rupees in '000)	
18. LONG TERM DEPOSITS			
Deposit from Parent Company against land lease rentals	12.1	3,646	3,646
Trade and other deposits		59,061	35,267
		62,707	38,913
19. DEFERRED LIABILITIES			
Deferred taxation	19.1	2,254,853	2,434,919
Employees retirements benefits	19.2	45,887	43,916
		2,300,740	2,478,835

		Notes	2013	2012
			(Rupees in '000)	
19.1	**Deferred taxation**			
	Taxable temporary differences arising in respect of:			
	- accelerated tax depreciation		1,224,276	1,275,179
	- finance lease transactions		7,684	58,753
	Deductible temporary differences arising in respect of:			
	- staff provident fund		(17,761)	(17,506)
	- provision for impairment (against debts - considered doubtful)		(465,799)	-
	- carry forward of income tax losses		(6,718,245)	(6,162,757)
	- carry forward turnover taxes		(629,019)	(566,588)
			(6,598,864)	(5,412,919)
	Deferred tax asset not recognised		6,598,864	5,412,919
			-	-
	Taxable temporary differences arising in respect of:			
	- surplus on revaluation of property, plant and equipment	19.1.2	2,254,853	2,434,919
			2,254,853	2,434,919

19.1.1 Considering the fact that financing facilities have now been made available to the Group by the banks, the management is optimistic of generating profits in future. However, as a matter of prudence, deferred tax asset of Rs. 6,599 million as at 30 June 2013 has not been recognized in these consolidated financial statements.

19.1.2 This includes deferred tax liability relating to the Subsidiary company amounting to Rs. 14.662 million.

19.2 Employees retirements benefits- staff gratuity

19.2.1 General description

The Group 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 Group's obligation under the above scheme as of 30 June 2013 has been determined by a qualified actuary. Details of the results of actuarial valuation are given below:

19.2.2 Reconciliation of amount payable to defined benefit plan

	Notes	2013	2012
Present value of defined benefit obligations	19.2.3	52,306	47,764
Unrecognised actuarial losses		(6,419)	(3,848)
		45,887	43,916

19.2.3 Movement in present value of defined benefit obligation

	Notes	2013	2012
Opening net liability		43,916	37,313
Charge for the year	19.2.4	24,469	7,142
Transfer to the Parent Company		(15,491)	(539)
Benefits paid on behalf of the fund		(2,086)	-
Contributions		(4,921)	-
Closing net liability		45,887	43,916

		Notes	2013	2012
			(Rupees in '000)	
19.2.4	**Charge for the year**			
	Current service cost		14,158	16,611
	Past service cost		4,548	-
	Interest cost		4,372	5,471
	Curtailment gain		(3,445)	(16,249)
	Recognition of actuarial gain due to curtailment		4,836	1,309
			24,469	7,142

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:

	2013	2012
Expected rate of increase in salaries	9.5%	10.5%
Discount factor used	11.5%	12.5%
Normal retirement age of employees	60 years	60 years

19.2.6 A total of 390 employees as of June 30, 2013 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. 19.786 million.

		2013	2012	2011	2010	2009
			(Rupees in '000)			
19.2.8	**Historical information**					
	Present value of defined benefit obligation	45,887	43,916	37,313	22,959	12,259

		Notes	2013	2012
			(Rupees in '000)	
20.	**TRADE AND OTHER PAYABLES**			
	Forced payments against documents (FPAD)	20.1	-	8,550,217
	Creditors for supplies	20.2	5,551,282	8,519,275
	Payable to Parent Company	20.3	125,927	-
	Creditors for services and capital expenditure	20.4	6,254,654	1,901,011
	Accrued expenses		359,157	153,320
	Advances from customers	20.5	1,561,127	1,851,004
	Sales tax and federal excise duty payable		3,524,161	772,090
	Petroleum Development Levy payable		3,358,323	4,313,356
	Withholding tax deductions payable		43,729	52,372
	Workers profit participation fund	20.6	53,593	50,540
	Payable to staff provident fund		12,492	6,101
	Dividend payable		1,146	1,146
	Other payables		7,184	10,841
			20,852,775	26,181,273

20.1 During the year, overdue letter of credit facilities amounting to Rs. 7,401.105 million has been restructured as mentioned in note 16.2.

20.2 This includes an amount of Rs. 156.389 million (2012: 65.940 million) payable to China Harbour Engineering Company (CHEC) with respect to engineering, fabrication and installation of SPM offshore / onshore pipelines.

20.3 This represents advance against storage and handling services and group expenses allocated to Byco Oil Pakistan Limited

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

20.5 This includes Rs. 373.259 million (2012: Rs. 461.010 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 Parent 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	2013	2012
		(Rupees in '000)	
20.6 Workers profit participation fund			
Opening balance		50,540	46,689
Mark-up for the year	20.6.1	3,053	3,851
		53,593	50,540

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

21. ACCRUED MARK-UP

	Notes	2013	2012
On:			
- syndicated term finance	21.1	-	175,573
- syndicated term finance		-	7,512
- Ijarah finance arrangement		-	11,293
- restructured principal facilities		801,266	-
- short term borrowings	21.1	79,612	992,900
- advance from customers		110,534	-
		991,412	1,187,278
Deferred mark-up on restructured principal facilities	21.2	(474,697)	-
		516,715	1,187,278

21.1 As at 31 December 2012, mark-up accrued on outstanding loan facilities amounting to Rs. 1,853.586 million has been restructured as per the terms mentioned in note 16.2.

21.2 During the year, total mark-up accrued on restructured principal facilities amounts to Rs. 801.266 million, out of which Rs. 326,569 million is payable within one year of the reporting date.

	Notes	2013	2012
		(Rupees in '000)	

22. SHORT TERM BORROWINGS

	Notes	2013	2012
From banks - secured			
- Short term loan	22.1	-	7,650,000
- Short term running finance	22.2	1,800,000	1,671,414
- Finance against trust receipt	22.3	6,800,000	-
From a related party - unsecured	22.4	6,300	47,500
		8,606,300	9,368,914

22.1 During the year, short term borrowing amounting to Rs. 7,650 million has been restructured as per the terms mentioned in note 16.2.

22.2 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 movable assets of BTPL. The principal amount outstanding was repayable as a bullet payment in November 2012, however, the bank has extended the repayment date as a bullet payment due in November 2013.

22.3 The facility has been allowed by a syndicate of banks. 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.

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

23. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Notes	2013	2012
Long term loans	16	1,600,000	2,398,595
Liabilities against assets subject to finance lease	17	38,209	44,772
		1,638,209	2,443,367

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Claims against the Company not acknowledged as debts amounting to Rs. 3,162.191 million (2012: Rs. 2,365.625 million) comprise of late payment charges on account of delayed payments against crude oil supplies from Oil and Gas Development Company (OGDCL), Mari Gas Limited (MGL) and Pakistan Petroleum Limited (PPL) amounting to Rs. 2,567 million, Rs. 191 million and Rs. 404 million respectively. The details of the cases filed by MGL and PPL are as follows:

Mari Gas Limited (MGL) has filed a suit bearing number 636 of 2012 in Honorable High Court of Sind at Karachi whereby a sum of Rs. 860 million has been claimed by MGL on account of its share of the price of condensate allocated to the company from the Adam X-1 well together with associated legal and other costs amounting to Rs. 191 million.

During the year, Pakistan Petroleum Limited (PPL) has filed a suit bearing number 160 of 2013 in the Honorable High Court of Sind at Karachi for recovery and damages amounting to Rs. 1,156 million including alleged Late Payment Surcharge (LPS) amounting to Rs. 404 million, on account of sale of condensate.

The Company is of the view that there are no specific contractual arrangements with the above suppliers along with OGDCL which allow them to claim / recover LPS and other associated costs and hence no provision in respect of the same has been made in these consolidated financial statements.

24.1.2 The Company has been served with a sales tax order from Federal Board of Revenue (FBR) claiming additional sales tax amounting to Rs. 99 million. The company has not adjusted its input claim of Rs. 99 million being Federal Excise Duty (FED) claim charged under Value Added Tax (VAT) mode by Banking Companies, Insurance Companies and Terminal Operators on various invoices in the relevant tax periods from July 2009 to June 2011. The Company has filed a request to Commissioner Inland Revenue (CIR) for condonation of time limit under section 43 of the Federal Excise Duty Act, 2005 vide letter dated 4 January 2012.

Management based on the opinion of its adviser is confident of a favourable decision and accordingly no provision has been made in this respect.

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 the BTPL to hire the generators during delayed period on which BTPL 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 consolidated 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 the Subsidiary company 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 consolidated financial statements.

		Notes	2013	2012
			(Rupees in '000)	
24.2	**Commitments**			
24.2.2	Outstanding Letters of Credit		5,678,100	6,812,369
24.2.3	Commitment for payments in respect of fixed assets		109,147	454,231
24.2.4	Commitments in respect of Ijarah of plant and machinery			
	Not later than one year		75,279	75,279
	Later than one year and not later than five years		112,929	195,697
25.	**SALES**			
	Gross Sales			
	Local		76,858,694	18,749,874
	Export		3,548,764	3,391,869
			80,407,458	22,141,743
	Government levies			
	Sales tax		(10,338,722)	(2,657,357)
	Sales discount		(123,288)	(1,003)
	Excise duty and petroleum levy		(3,796,103)	(404,579)
			(14,258,113)	(3,062,939)
			66,149,345	19,078,804

		Notes	2013	2012
			(Rupees in '000)	
26.	**COST OF SALES**			
	Opening stock		1,573,716	2,238,365
	Cost of goods manufactured	26.1	62,734,398	12,626,834
	Finished products purchased during the year		5,699,326	7,408,098
			70,007,440	22,273,297
	Closing stock		(3,960,302)	(1,573,716)
	Cost of Sales		66,047,138	20,699,581
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	60,779,379	11,112,671
	Salaries, wages and other benefits	26.1.2	248,430	122,604
	Staff transportation and catering		61,471	39,721
	Stores and spares consumed		31,822	19,555
	Crude oil inspection and cleaning charges		3,762	6,120
	Insurance		54,756	63,383
	Ijarah lease rentals		77,263	-
	Industrial gases and chemicals		23,843	9,997
	Fuel, power and water		452,614	143,017
	Repairs and maintenance		54,224	26,719
	Communications		1,773	807
	Rent, rates and taxes		46	3,500
	Security expenses		15,888	11,842
	Vehicle running		9,369	6,870
	Depreciation	5.1.4	912,188	1,050,558
	Others		7,570	9,470
			62,734,398	12,626,834
26.1.1	**Raw material consumed**			
	Opening stock		1,382,548	1,874,658
	Purchased during the year		61,140,041	10,620,561
			62,522,589	12,495,219
	Closing stock		(1,743,210)	(1,382,548)
	Raw material consumed		60,779,379	11,112,671

26.1.2 This includes a sum of Rs. 11.778 million (2012: Rs.9.872 million) in respect of staff retirement benefits.

		2013	2012
		(Rupees in '000)	
27. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	27.1	337,289	289,125
Vehicle running		19,323	16,567
Repairs and maintenance		25,011	19,547
Insurance		24,980	61,615
Fee and subscriptions		13,703	6,852
Utilities		10,533	10,467
Legal and professional		25,760	36,768
Travelling and conveyance		15,073	10,193
Advertisements and subscriptions		1,388	7,168
Rent, rates and taxes		31,576	30,620
Printing and stationary		3,618	2,068
Donations and charity		-	484
Auditor's remuneration	27.2	3,080	2,973
SAP maintenance costs		8,418	5,049
Depreciation	5.1.4	136,537	139,819
Amortization of intangible asset	6.	2,958	2,958
Security expenses		1,971	6,815
Others		10,132	5,238
		671,350	654,326

27.1 This includes a sum of Rs.31.197 million (2012: Rs. 22.644 million) in respect of staff retirement benefits.

27.2 Auditor's remuneration	2013	2012
Statutory audit	1,700	1,700
Half yearly review	400	400
Consolidation of financial statement	300	300
Certification	335	300
Out of pocket expenses	345	273
	3,080	2,973

28. SELLING AND DISTRIBUTION EXPENSES	2013	2012
Transportation	591,055	178,061
Products handling charges	32,429	4,218
Wharfage and other export expenses	5,737	8,323
Commission on export sales	-	56,847
Export development surcharge	8,878	7,417
Rent, rates and taxes	54,679	51,321
Others	1,489	5,324
	694,267	311,511

		2013	2012
		(Rupees in '000)	

29. OTHER INCOME

	Note	2013	2012
Income from financial assets			
Interest income		800,993	1,619,657
Income from non financial assets			
(Loss) / Gain on disposal of fixed assets		(6,255)	33
Joining income		400	1,600
Insurance claim		-	8,418
Others		223	2,176
Scrap sales		781	2,272
Land lease rent		48,125	48,125
		844,267	1,682,281

30. OTHER CHARGES

	Note	2013	2012
Sales tax penalties	30.1	260,030	12,965
Provision for impairment (against debts - considered doubtful)	10.2	1,330,853	-
		1,590,883	12,965

30.1 This represents late payment surcharge on delayed payments of sales tax liability.

31. FINANCIAL CHARGES

	2013	2012
Mark-up on:		
- Finance leases	10,465	30,303
- Long term loans	962,263	372,148
- Short term borrowings and FPADs	1,495,179	2,292,855
- Advance from Customer	110,534	-
Mark-up on WPPF	3,053	3,851
Bank charges	12,171	31,160
Export charges	-	2,113
Exchange difference - net	161,170	160,560
Loan arrangement and commitment fee	12,500	72,438
	2,767,335	2,965,428

32. TAXATION - Current

Income tax assessments of the Company are deemed to have been finalized upto and including the tax year 2012. 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 year.

		2013	2012
		(Rupees in '000)	
33. LOSS PER SHARE - basic / diluted			
Loss after taxation		(4,948,297)	(3,625,758)
Weight average number of ordinary shares	Number	977,858,737	977,858,737
Loss per share - basic / diluted	Rupees	(5.06)	(3.71)

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group has related party transactions with its parent 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:

	2013	2012
	(Rupees in '000)	
Transactions with related parties		
Parent Companies		
Receipt of loan and paid	2,500,000	-
Land lease rentals	48,125	48,125
Mark-up on loan and repayment	12,477	13,232
Sale of crude oil and finished goods	1,835,259	419,142
Advance against purchase of assets - net	-	212,020
Purchase of finished products	403,137	-
Advance paid to the Parent Company for common expenses	138,763	-
Sale proceeds of vehicle having book value of Rs. Nil	3,403	-
Group expenses allocated to the Parent Company	24,898	-
Gratuity expense allocated to Parent Company	21,660	-
Fuel supplied for use in single point mooring project	18,645	-
Rent of equipment, storage and handling income excluding sales tax	4,461	-
Sale proceeds of vehicle having book value of Rs. Nil	3,403	-
Associated Companies		
Sale of petroleum products	12,025,304	3,683,220
Purchase of operating fixed assets and services	7,788	63,480
Mark-up income	283,957	176,577

	2013	2012
	(Rupees in '000)	
Repayment of mark-up	-	88,328
Cargo Freight Services	556,947	87,977
Receipt of short term loan	6,300	47,500
Loan repaid	47,500	-
Consultancy services from associated company	538	1,808
Staff Provident Fund		
Payment of employees and company's contribution	37,012	50,748
Balances with related parties		
Parent Companies		
Mark-up receivable	18,923	18,923
Security deposits payable	3,646	3,646
Receivable against land lease rent	164,785	116,661
Payable against purchases of goods and services	252,928	12,015
Receivable against sale of goods	750,366	-
Payable against purchases of assets and services	-	3,183
Advance against purchase of assets and services	537,818	399,057
Associated Companies		
Mark-up receivable	188,007	-
Trade debts	3,274,929	2,767,007
Purchase of asset and services	5,509	4,413
Loan to related party	6,300	47,500
Staff Provident Fund		
Payable to staff provident fund	3,145	3,849

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 (Key Management Person)		Executive Directors		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees)							
Managerial remuneration	17,803	20,678	-	15,965	168,697	235,314	186,500	271,957
Provident fund	2,149	1,170	-	1,276	24,817	20,839	26,966	23,285
Housing and utilities	7,121	9,353	-	5,654	67,479	94,173	74,600	109,180
Leave fare assistance	817	9,353	-	-	12,031	94,173	12,848	103,526
Medical	800	723	-	-	2,427	2,306	3,227	3,029
Gratuity	777	-	-	-	1,777	-	2,554	-
	29,467	41,277	-	22,895	275,451	446,805	304,141	510,977
Number of persons	2	2	-	1	136	187	138	190

35.1 The Chief Executive and Executives have been provided company maintained cars and medical benefit facility.

35.2 As at 30 June 2013, the Group's Board of Directors consists of 9 Directors (of which 8 are Non Executive Directors). Except for Chief Executive , no remuneration and other benefits have been paid to any Director.

35.3 In addition to Chief Executive, remuneration and other benefits amounting to Rs. 34.588 million (2012: Rs. 42.417 million) have been provided to Key Management Personnel.

36. 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:

36. 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.

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 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 2013			30 June 2012		
	PKR	USD	Total	PKR	USD	Total
	(Rupees in '000)					
Current Liabilities						
Trade and other payables	20,849,073	3,702	20,852,775	24,319,233	1,862,040	26,181,273

	Average rate for the year		Spot Rate as at 30 June 2013	
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
Rupees per USD	96.50	89.72	98.98	94.20

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against Foreign Currency as at 30 June 2013 would have increased / (decreased) equity and profit and loss account by Rs. 26.684 million (2012: Rs. 93.102). 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:

	2013	2012
	(Rupees in '000)	
Fixed Rate Instruments		
Financial assets		
Deposit account	6,342	178,240
Financial liabilities		
Advance from customer	1,279,482	1,392,681
Variable Rate Instruments		
Financial assets		
Trade debts	9,952,493	9,269,357
Financial liabilities		
Long term loans and accrued mark-up	20,050,099	3,851
Lease liabilities	72,882	124,077
Short term borrowing	8,606,300	9,368,914
	28,729,281	9,496,842

Fair Value sensitivity analysis for fixed rate instruments

The impact of change in fair value due to a change in interest rate is not considered to be material to these consolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs. 207.772 million (2012: Rs. 193.0455 million). This analysis assumes that all other variables remain constant.

36.3 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.

- 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.

- 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:

	2013		2012	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees in '000)			
Trade debts -unsecured	11,731,688	11,710,519	9,354,581	9,333,412
Long term deposits	36,694	36,694	42,511	42,511
Mark-up accrued	206,930	206,930	202,932	202,932
Trade deposits, prepayments & other receivables	873,584	825,388	913,816	815,071
Cash and bank balances	561,940	561,735	201,523	201,483
	13,410,836	13,341,266	10,715,363	10,595,409

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 (2012: Rs. 21.169 million) from autonomous bodies Pakistan, trade deposits, prepayments & other receivables of Rs. 48.196 million (2012: Rs. 21.552) mainly comprises, margin against letter of credits amounting to Rs. 5.642 million (2012: Rs. 1.743 million), and prepayments amounting to Rs. 42.554 million (2012: Rs. 19.809 million).

Impairment losses

The aging of trade debtors as at the balance sheet date was:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	3,635,868	-	1,524,009	-
Past due 0-30 days	1,992,768	-	641,375	-
Past due 30-150 days	1,992,167	-	905,810	-
Past due 150 days	5,441,738	1,330,853	6,467,396	-
	13,062,541	1,330,853	9,538,590	-

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:

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+

The credit quality of Company's trade debtors can be assessed with reference to external credit ratings as follows:

Ratings	Rating agency	2013	2012
		(Rupees in '000)	
AA+	PACRA	8,008,417	6,686,366
A+	JCR-VIS	3,274,929	2,582,991
A-	JCR-VIS	602,122	-
Unrated	N/A	1,177,073	85,224
		13,062,541	9,354,581

36.4 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:

	2013					
	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						
Long term loans and accrued mark-up	20,050,099	(24,579,567)	(936,091)	(949,731)	(3,113,797)	(19,579,948)
Lease liabilities	72,882	(72,882)	-	-	(38,209)	(34,673)
Long term deposits	62,707	(62,707)	-	-	-	(62,707)
Trade and other payables	9,415,511	(9,415,511)	(9,415,511)	-	-	-
Short term borrowings	8,606,300	(8,606,300)	(8,606,300)	-	-	-
Accrued mark-up	516,715	(516,715)	(516,715)	-	-	-
	38,724,214	(43,253,682)	(19,474,617)	(949,731)	(3,152,006)	(19,677,328)

	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						
Long term loans and accrued mark-up	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	19,141,911	(19,141,911)	(19,141,911)	-	-	-
Short term borrowings	9,368,914	(9,368,914)	(9,368,914)	-	-	-
Accrued mark-up	1,187,278	(1,187,278)	(1,187,278)	-	-	-
	32,259,688	(32,374,031)	(31,488,811)	(753,519)	(48,239)	(83,462)

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, 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.

36.5 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 2013.

The Group is not exposed to externally imposed capital requirement.

37. 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:

	2013				
	Oil Refining Business	Petroleum Marketing Business	Petroleum Storage Services	Elimination	Total
	(Rupees in '000)				
Revenue					
Net sales to external customers	40,179,129	25,970,216	-	-	66,149,345
Inter-segment transfer	19,725,148	-	58,500	(19,783,648)	-
Total revenue	59,904,277	25,970,216	58,500	(19,783,648)	66,149,345
Result					
Segment results - (loss) / profit	(712,989)	(485,905)	(106,845)		(1,305,739)
Other charges					(1,590,883)
Interest expense					(2,767,335)
Interest income					886,596
Taxation					(170,936)
Loss for the year					(4,948,297)
Segmental Assets	34,592,711	5,579,843	9,057,956	(8,584,568)	40,645,942
Unallocated Assets	-	-	-	-	3,670,332
	34,592,711	5,579,843	9,057,956	(8,584,568)	44,316,274
Segmental Liabilities	41,118,720	6,145,405	3,694,919	(718,068)	50,240,976
Unallocated Liabilities	-	-	-	-	2,621,338
	41,118,720	6,145,405	3,694,919	(718,068)	52,862,314
Capital expenditure	237,860	51,816	379,872	740,223	1,409,771
Other Information					
Depreciation and amortization	931,432	87,670	51,951	(19,371)	1,051,682

	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 transfer	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	(2,371,904)	(455,319)	20,334	-	(2,806,889)
Un-allocated expenses					-
Other charges					(12,965)
Interest expense					(2,699,150)
Interest income					1,636,278
Taxation					256,968
Loss for the year					(3,625,758)
Segmental Assets	28,186,165	4,668,428	8,071,303	(2,769,197)	38,156,699
Unallocated Assets	-	-	-	-	5,756,090
	28,186,165	4,668,428	8,071,303	(2,769,197)	43,912,789
Segmental Liabilities	32,211,569	7,433,849	2,601,421	-	42,246,839
Unallocated Liabilities	-	-	-	-	105,378
	32,211,569	7,433,849	2,601,421	-	42,352,217
Capital expenditure	801,734	103,947	2,522,047	(41,235)	3,386,493
Other Information					
Depreciation and amortization	1,077,285	82,343	53,077	(19,371)	3,179,455

The group sells its manufactured product to Oil Marketing Companies (OMCs) and other companies. Out of these, 3 OMCs contributed 44.46 % (2012 : 24.33%) and one company contributed 37.92% (2012 : 56.58%) of the net revenues during the year. The net revenue from these OMCs amounts to Rs. 29,431 million (2012: Rs.4,733 million).

38. PROVIDENT FUND DISCLOSURE

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

	2013	2012
	(Rupees in ‘000)	
Size of the fund - Net assets	92,124	96,741
Cost of the investment made	75,349	75,349
Percentage of the investment made	88%	73%
Fair value of the investment made	81,161	70,942

The break up of fair value of the investment is :

	2013		2012	
	(Rupees in ‘000)	%	(Rupees in ‘000)	%
Bank Deposits	19,648	24.21%	46,646	65.75%
Debt securities	12,000	14.79%	12,000	16.92%
Equity securities	13,400	16.51%	12,296	17.33%
Unit trust schemes	36,113	44.50%	-	0.00%
	81,161		70,942	

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39. CAPACITY AND ANNUAL PRODUCTION

Against the designed annual refining capacity (based on 330 days) of 11.550 million barrels (2012: 11.550 million barrels), the actual throughput during the year was 5.729 million barrels (2012: 0.848 million barrels) mainly due to working capital constraints faced by the Company during the year.

40. NUMBER OF EMPLOYEES

The total number of employees as at year end were 443 and average number of employees were 475.

41. RECLASSIFICATION

Following corresponding figures have been reclassified for better presentation:

From	To	(Rupees in '000)
Consolidated Balance Sheet		
Trade debts - unsecured (Karachi Electric Supply Company Limited)	Mark-up accrued	184,009
Trade debts - unsecured (Byco Terminal Pakistan Limited)	Mark-up accrued	18,262
Consolidated Profit and Loss Account		
Administrative Expenses - Sales tax penalties	Other charges	12,965

42. DATE OF AUTHORISATION OF ISSUE

The consolidated financial statements was authorised for issue on 8th January, 2014 by the Board of Directors of the Company.

Chief Executive

Director


byco

Pattern of Shareholding

SHAREHOLDERS CATEGORY	NO. OF SHAREHOLDERS	NO. OF SHARES	%
Associated Companies, Undertakings and Related Parties	2	804,510,099	82.27
NIT and ICP	-	-	-
Directors, CEO and their Spouse and minor children	8	271,500	0.03
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions	11	357,638	0.04
Modarabas and Mutual Funds	1	10,000	0.00
Insurance Companies	2	58,200	0.01
Pension Funds	1	9,466	0.00
Others	104	12,966,183	1.33
General Public	15,364	159,675,651	16.33
TOTALS	**15,493**	**977,858,737**	**100.00**

ADDITIONAL INFORMATION

SHAREHOLDERS' CATEGORY	NO. OF SHAREHOLDERS	NO. OF SHARES
Associated Companies, Undertakings and Related Parties (name wise details)		
BYCO OIL PAKISTAN LIMITED	1	800,510,099
BYCO OIL PAKISTAN LIMITED	1	4,000,000
Mutual Funds (name wise detail)	-	-
Directors, CEO and their spouse and minor children (name wise detail)		
MR. M. RAZA HASNANI	1	500
MR. AZIZ MOOLJI	1	500
MR. RICHARD LEGRAND	1	500
MS. DIANA BRUSH	1	500
MR. MARC ANGST	1	500
MS. MARIA DO ROSARIO CORREIA PEREIRA AVELINO	1	500
MR. PHILIP HARRIS	1	500
HAMID IMTIAZ HANFI	1	268,000
Public Sector Companies and Corporations	-	-
Banks, Development Financial Institutions, & Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	11	357,638
Shareholders holding 5% or more voting rights in the listed company (name wise details)		
BYCO OIL PAKISTAN LIMITED	1	800,510,099

Pattern of Shareholding

As on June 30, 2013

SIZE OF HOLDING FROM	TO	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
1	100	690	36,314
101	500	1,881	804,219
501	1,000	2,425	2,307,227
1,001	5,000	5,747	16,684,746
5,001	10,000	2,035	16,563,104
10,001	15,000	690	8,971,719
15,001	20,000	507	9,329,288
20,001	25,000	327	7,714,905
25,001	30,000	202	5,768,665
30,001	35,000	122	4,031,916
35,001	40,000	103	3,977,503
40,001	45,000	58	2,501,005
45,001	50,000	183	9,066,358
50,001	55,000	55	2,905,618
55,001	60,000	42	2,455,779
60,001	65,000	31	1,961,306
65,001	70,000	27	1,866,960
70,001	75,000	24	1,764,401
75,001	80,000	20	1,568,165
80,001	85,000	16	1,313,529
85,001	90,000	13	1,146,100
90,001	95,000	11	1,021,040
95,001	100,000	76	7,573,020
100,001	105,000	17	1,747,983
105,001	110,000	16	1,744,436
110,001	115,000	9	1,010,690
115,001	120,000	4	472,400
120,001	125,000	9	1,116,500
125,001	130,000	6	770,500
130,001	135,000	3	394,688
135,001	140,000	10	1,385,500
140,001	145,000	3	432,000
145,001	150,000	17	2,534,500
150,001	155,000	3	458,500
155,001	160,000	4	635,080
160,001	165,000	4	655,900
165,001	170,000	2	340,000
170,001	175,000	5	870,800
175,001	180,000	4	715,054
180,001	185,000	2	366,000
185,001	190,000	3	564,100
190,001	195,000	2	389,081
195,001	200,000	11	2,197,252
200,001	205,000	4	813,500
205,001	210,000	2	415,143
220,001	225,000	3	675,000
235,001	240,000	4	956,970

Pattern of Shareholding
As on June 30, 2013

SIZE OF HOLDING FROM	TO	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
240,001	245,000	2	482,500
245,001	250,000	3	747,500
250,001	255,000	1	251,000
255,001	260,000	1	260,000
265,001	270,000	2	536,602
275,001	280,000	2	556,500
285,001	290,000	2	577,500
295,001	300,000	5	1,496,000
300,001	305,000	2	607,500
305,001	310,000	3	926,500
315,001	320,000	1	317,000
345,001	350,000	2	700,000
375,001	380,000	1	376,500
425,001	430,000	2	855,359
435,001	440,000	1	436,000
450,001	455,000	1	451,000
480,001	485,000	2	966,000
495,001	500,000	2	1,000,000
510,001	515,000	1	511,000
545,001	550,000	4	2,200,000
615,001	620,000	1	620,000
670,001	675,000	1	675,000
700,001	705,000	1	701,317
705,001	710,000	1	710,000
715,001	720,000	1	717,500
795,001	800,000	1	800,000
895,001	900,000	2	1,800,000
920,001	925,000	1	925,000
925,001	930,000	1	928,500
965,001	970,000	1	965,500
995,001	1,000,000	1	1,000,000
1,115,001	1,120,000	1	1,118,528
1,340,001	1,345,000	1	1,341,516
1,535,001	1,540,000	1	1,539,285
2,145,001	2,150,000	1	2,150,000
2,955,001	2,960,000	1	2,957,567
3,145,001	3,150,000	1	3,150,000
3,995,001	4,000,000	2	8,000,000
800,510,001	800,515,000	1	800,510,099
	TOTAL	**15,493**	**977,858,737**

Notice of 19th Annual General Meeting

Byco Petroleum Pakistan Limited

Notice is hereby given that the 19th Annual General Meeting of Byco Petroleum Pakistan Limited will be held on Friday, 31st January 2014 at 10:30 am at the Beach Luxury Hotel, Karachi, to transact the following businesses:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 8th July 2013;
2. To receive, consider and adopt the audited separate and consolidated financial statements for the financial year ended June 30th, 2013, together with the Directors' and Auditors' reports thereon; and
3. To re-appoint Messrs KPMG Taseer Hadi & Co. as auditors for the financial year 2013-14.

By Order of the Board

Shahana Ahmed Ali
Company Secretary & Group Head Legal

9th January 2014
Karachi

NOTES:

1. The register of members and the shares transfer books of the Company shall be closed from Saturday, 25th January 2014 to Friday, 31st January 2014 (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 Friday, 24th January 2014, 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 appoint a proxy to attend, act and vote on your behalf at the meeting is attached with this notice.

Notice of 19th Annual General Meeting

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 Attendance 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 or power of attorney with the specimen signature, shall be submitted, unless it has been provided earlier, along with the completed proxy form to the Company.

Admission Slip

The nineteenth Annual General Meeting of Byco Petroleum Pakistan Limited will be held on Friday, 31st January 2014 at 10:30 am at the 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) account holder (s) or sub-account holder(s) / proxies must authenticate their identity by presenting their original Computerized National Identity Card (CNIC) or original passport at the time of attendance; and

(b) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

This admission slip is not transferable.

Form of Proxy

Nineteenth 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 Nineteenth Annual General Meeting of the Company to be held on Friday, 31st January 2014, and at any adjournment thereof.

As witness my / our hands / seal this ____________ day of ____________ 2014.

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 holder(s) / 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;

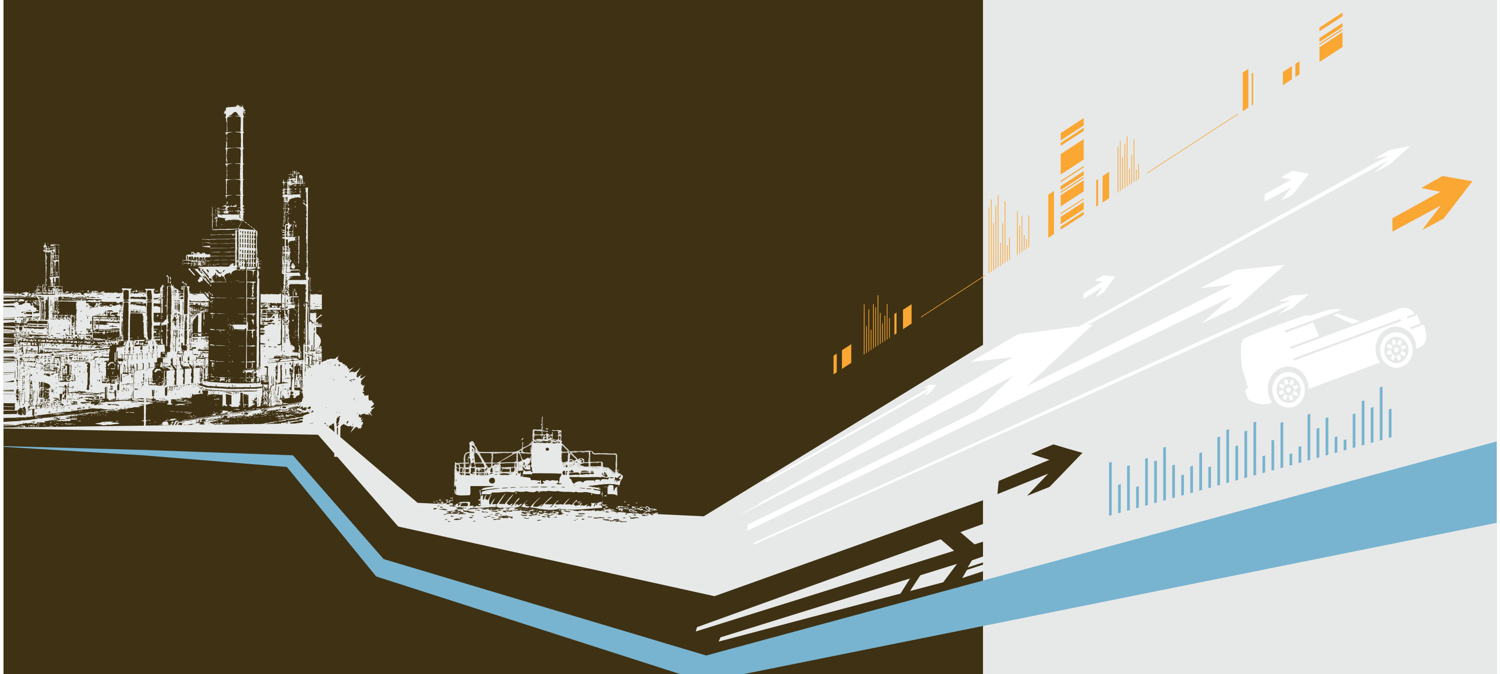
(ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

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

(iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

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



www.byco.com.pk

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