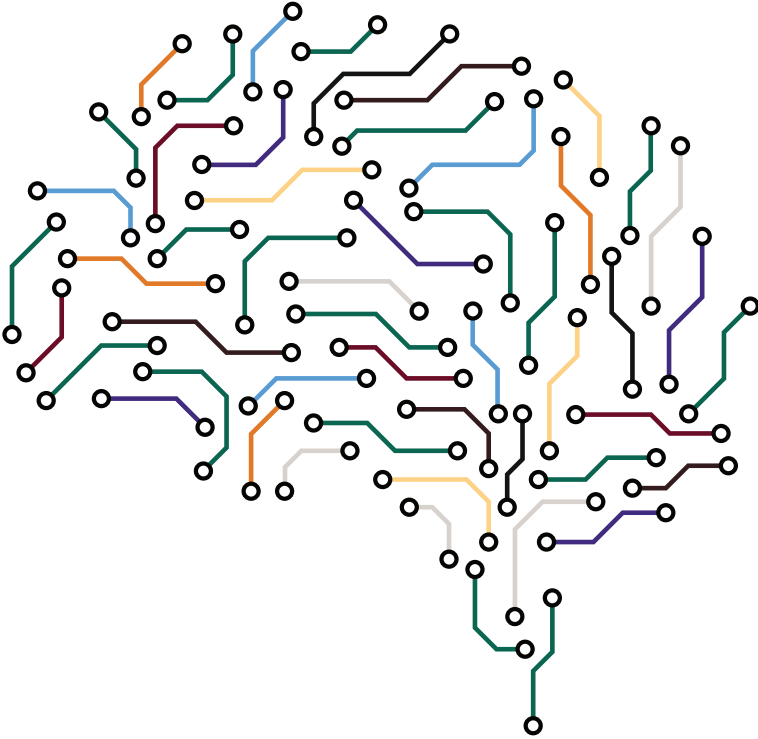


THIRD QUARTER REPORT | 31 March 2020
Byco Petroleum Pakistan Limited



PROGRESSING TOWARDS SUSTAINABILITY

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COMPANY INFORMATION

Board of Directors

Akhtar Hussain Malik	Chairman & Independent Director
Amir Abbassciy	Director & Chief Executive Officer
Tabish Gauhar	Independent Director
Syed Arshad Raza	Director
Mohammad Wasi Khan	Director
Muhammad Yasin Khan	Director
Uzma Abbasi	Director

Audit Committee

Tabish Gauhar	Chairman
Mohammad Wasi Khan	Member
Muhammad Yasin Khan	Member

Human Resource and Remuneration Committee

Tabish Gauhar	Chairman
Syed Arshad Raza	Member
Mohammad Wasi Khan	Member

Risk Management Committee

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

Chief Financial Officer

Zafar Shahab

Company Secretary

Majid Muqtadir

Auditors

EY Ford Rhodes Chartered Accountants

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Summit Bank Limited
Silkbank Limited
The Bank of Punjab
United Bank Limited
The Bank of Khyber
Pak-Gulf Leasing Company Limited

Shares Registrar

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

Registered Office

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

Website

www.byco.com.pk

DIRECTORS' REPORT

For the period ended March 31, 2020

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

The Directors of your Company are pleased to present a brief review of the financial results and operations of the Company for the period ended 31st March, 2020.

The current quarter proved catastrophic for the international oil market as it witnessed free fall of oil price from \$67 /bbl in January 2020 to \$23/bbl at end of March 2020 in the wake of evaporated global demand of approximately 35% due to COVID-19, coupled with the inability of the OPEC+ to come to an amicable agreement to curtail production. The decline in oil price is still persistent as the nations are still making efforts to contain the spread of COVID-19.

Pakistan, being a net importer of oil, should benefit from the decline in oil prices however, this upside will partially be offset by the depreciation of Pak Rupee against US \$ by 7.3% in March 2020. Keeping in view the devastating impact of COVID-19, the State Bank of Pakistan (SBP) took several policy measures including reducing the discount rate, relaxing the loan conditions, improving market liquidity etc. Above measures will greatly help in supporting the businesses in sustaining the ongoing economic slowdown and we hope that Government will support local refining industry in future also.

The country oil consumption also remained depressed due to lock down and a decline of 22% was witnessed in current period. The demand for Motor Spirit (MS) declined substantially thereby bringing the price of MS below the crude by around \$5/bbl, coupled with the constantly declining consumption of High Sulfur Furnace Oil (FO) for the last 3 years as the country has been reducing its reliance on FO for power generation. The price of FO in international market had gone down below crude oil by \$30/bbl due to the introduction of IMO 2020, however, in current quarter, the FO had just started recovering but we saw this trend reversed due to the recent disruption of oil markets.

Despite the above challenges the Company operated the refinery consistently till the end of March 2020 and then had to slow down and finally put on cold circulation due to very lean demand in local market. The Company recorded gross sales of PKR 192.1 Billion (2019: PKR 182.9 Billion) and gross profit of PKR 1.2 billion (2019: PKR 3.0 billion). The significant reduction in gross profit is due to higher exchange and inventory losses. The operating expenses remained similar, however finance costs have increased due to the increase in the average KIBOR rate. The Company incurred net loss of PKR 2.67 Billion and loss per share of Re. 0.50 as compared to net profit of PKR 719 million and earnings per share of Re. 0.14 in the same period last year.

The Company lauds Government's step to curtail product import and we look forward to a continuation of this policy, to give a much required impetus to the local refining industry.

The Company has been actively taking measures to sustain its refinery operations during COVID-19 and all the mandatory safety measures are being strictly followed. In addition, the Company is also supporting the communities nearing its area of operations and has supported families living near the refinery. We pray to the Almighty that the country and the world recover soon from the pandemic.

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

For and on behalf of the Board of Directors

Chief Executive Officer

Karachi
April 27th, 2020

Director

ڈائریکٹرز رپورٹ

برائے اختتام مدت 31 مارچ، 2020

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

آپ کی کمپنی کے ڈائریکٹرز، 31 مارچ 2020 کو ختم ہونے والی میعاد کے لیے مالیاتی نتائج اور کمپنی کی عملی سرگرمیوں کا ایک مختصر جائزہ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

زیر جائزہ سہ ماہی تیل کی بین الاقوامی منڈی کے لیے انتہائی مہلک اور نقصان دہ ثابت ہوئی کیونکہ عالمی منڈی میں تیل کی قیمت میں مسلسل کمی کی باعث تیل کی قیمت جنوری 2020 میں 67 امریکی ڈالر فی بیرل سے کم ہو کر مارچ 2020 کے اختتام پر 23 امریکی ڈالر فی بیرل تک گر گئی جس کی بنیادی وجہ کوویڈ-19 (Covid-19) کی وجہ عالمی سطح پر تیل کی طلب کے تناظر میں تقریباً 35 فیصد تک ہوا جانا ہے اور اس کے ساتھ ساتھ ایک طرف سے تیل کی پیداوار کم کرنے کے لیے کوئی عملی معاہدہ نہ ہونا ہے۔ تیل کی قیمتوں میں اب بھی مسلسل کمی رونما ہو رہی ہے کیونکہ دنیا بھر میں کوویڈ-19 (Covid-19) کے پھیلاؤ پر قابو پانے کے لیے کوششیں کر رہی ہے۔

پاکستان، تیل کے خاص درآمد کنندہ ہونے کی وجہ سے، تیل کی قیمتوں میں ہونے والی کمی کی وجہ سے فائدہ اٹھانا چاہیے، تاہم مارچ 2020 میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی 7.3 فیصد تک گرتی ہوئی قدر کے باعث اس اتار چڑھاؤ کا فائدہ جزوی طور پر ختم ہوجانے لگا۔ کوویڈ-19 (Covid-19) کے تباہ کن اثرات کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان (اس بی پی) نے متعدد پالیسی اقدامات کیے ہیں جن میں رعایتی قیمت کی شرح کو کم کرنا، قرضوں کی شرائط و ضوابط میں نرمی، اور مارکیٹ کی لیکویڈیٹی کو بہتر بنانا وغیرہ شامل ہیں۔ مذکورہ بالا اقدامات سے معاشی روستی کا سامنا کرنے والے کاروباری حوالہ کو سپورٹ کرنے اور معاشی سرگرمیوں کو بہتر بنانے میں کافی مدد ملے گی اور ہم امید کرتے ہیں کہ مستقبل میں حکومت متناہی ریٹائمنگ انڈسٹری کو بھی سپورٹ کرے گی۔

لاک ڈاؤن کی وجہ سے ملک میں تیل کی طلب میں بھی کافی کمی واقع ہوئی ہے اور زبردستی کے دوران اس میں 22 فیصد تک کمی دیکھنے میں آئی۔ دنیا بھر کے شہروں میں لاک ڈاؤن کے باعث پیٹرول (ایم ایس) کی مانگ میں کافی حد تک کمی واقع ہوئی ہے جس کی وجہ سے پیٹرول کی قیمت خام سے نیچے تقریباً 15 امریکی ڈالر فی بیرل کے گنگ بھگت پہنچ چکی ہے۔ ہائی سلفر فوئیل (ایف او) کی قیمت بھی پچھلے 3 سال سے زوال پر ہے جس کی بنیادی وجہ ملک کا تیل کی پیداوار کے لیے ایف او پر کم انحصار کرنا ہے۔ بین الاقوامی منڈی میں ایف او کی قیمت آئی ایم او 2020 متعارف کروانے کی وجہ سے خام تیل سے بھی نیچے 30 امریکی ڈالر فی بیرل کی سطح پر آگئی۔ تاہم موجود سہ ماہی میں، ایف او کی قیمت میں بہتری آنا شروع ہوئی تھی کہ تیل کی منڈیوں کی حالیہ ریٹائن کن حالات کی وجہ سے تیل کی قیمت ایف او سے کم ہو گئی۔

مذکورہ بالا تمام چیلنجوں کو مد نظر رکھتے ہوئے کمپنی مارچ کے اختتام تک مستقل طور پر کام کرتی رہی لیکن اس کے بعد متناہی منڈی میں تیل کی طلب میں کمی کی باعث کمپنی نے اپنا کاروبار بند کرنا پڑا۔ کمپنی کی مجموعی فروخت لاگت 192.1 ارب پاکستانی روپے (ریکارڈ کی گئی) (2019: 182.9 ارب پاکستانی روپے) اور 1.2 ارب پاکستانی روپے (2019: 3.0 ارب پاکستانی روپے) کا مجموعی منافع حاصل کیا۔ مجموعی منافع میں کمی کے لیے درآمد (کیٹچنگ) اور انویسٹری میں نقصان کی وجہ سے ہے۔ اخراجات ایک جیسے رہے، تاہم زبردستی کے دوران شرح سود میں اضافے کی وجہ سے مالی اخراجات میں اضافہ ہوا۔ مندرجہ بالا کے نتیجے میں، آپ کی کمپنی پچھلے سال کی اس مدت سے 719 ملین کے خاص منافع اور فی ٹھوس (شیرز) آمدنی 0.14 کے مقابلے میں اس سہ ماہی میں (2.67) ارب پاکستانی روپے کا خاص خسارہ اور فی ایک ٹھوس (شیرز) پر (0.50) پاکستانی روپے کا نقصان ہوا۔

کمپنی مصنوعیات کی درآمد کم کرنے کے لیے اٹھائے گئے حکومتی اقدام کو سراہتی ہے اور ساتھ ہی ساتھ ہم اس پالیسی کے تسلسل کے منتظر ہیں جو مقامی ریفاہی کی صنعت میں ایک نئی جان بھر دے۔

کمپنی کوویڈ-19 (Covid-19) کے دوران اپنے ریفاہی کے آپریشن کو برقرار رکھنے کے لیے ہر ممکن سرگرم عملی اقدامات کر رہی ہے اور ان حفاظتی اقدامات پر سختی سے عمل کیا جا رہا ہے۔ اس کے ساتھ ساتھ کمپنی اپنے آپریشن کے آس پاس رہنے والی کمیونٹیوں اور ریفاہی کے قریب قریب تمام خاندانوں کی بھی ہر طرح سے مدد اور سہارا دے رہی ہے۔ ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ ہمارے ملک اور تمام دنیا کو جلد از حد اس وبا کی امراض سے پاک کر دے اور تمام لوگوں کو صحت یاب کر دے (امین)۔

یورڈ، حکومت پاکستان اور کاروباری عمل کے شرکاء بشمول صارفین، مالیاتی اداروں، سپلائرز، ہیڈرز اور حصص مالکان کی جانب سے فراہم کردہ تعاون پر ان کے شکر گزار ہیں۔

برائے مدعاغیب یورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی

27 اپریل، 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

(Rupees in '000)

	Notes	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	69,992,507	69,137,561
Long term investment		16,931,504	16,931,504
Long term loans and advances		792,085	860,963
Long-term deposits		111,898	34,816
Deferred taxation		1,282,932	1,282,932
		89,110,926	88,247,776
CURRENT ASSETS			
Stores and spares		2,001,477	1,692,293
Stock-in-trade	6	22,113,059	29,260,294
Trade debts	7	6,513,819	5,336,657
Loans and advances		1,369,704	1,182,132
Trade deposits and short-term prepayments		53,520	46,566
Accrued interest		292,120	230,130
Other receivables	8	1,920,216	2,184,640
Taxation - net		1,017,449	826,980
Cash and bank balances		1,063,113	1,135,249
		36,344,478	41,894,941
TOTAL ASSETS		125,455,404	130,142,717
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(31,934,498)	(29,630,810)
Surplus on revaluation of Property, plant and equipment		3,324,395	3,693,051
		24,688,744	27,361,088
Contribution against future issue of shares		857,140	857,140
		25,545,884	28,218,228
NON CURRENT LIABILITIES			
Long term financing		14,703,604	15,845,806
Loan from related party		3,935,650	3,935,650
Accrued and deferred markup		5,443,730	5,861,965
Long term lease liabilities		690,374	—
Long-term deposits		110,175	105,000
Deferred liabilities		611,190	721,587
		25,494,723	26,470,008
CURRENT LIABILITIES			
Trade and other payables		49,333,623	47,925,694
Advance from customers		5,422,180	3,387,793
Accrued mark-up		445,492	393,518
Short term borrowings - secured		13,510,853	15,849,021
Current portion of non-current liabilities		5,701,622	7,897,428
Unclaimed dividend		1,027	1,027
		74,414,797	75,454,481
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		125,455,404	130,142,717

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss

For the period ended March 31, 2020

(Rupees in '000)

Note	Nine months period ended		Three months period ended	
	Mar 2020	Mar 2019	Mar 2020	Mar 2019
Gross turnover	192,100,330	182,928,854	66,407,250	59,463,613
Sales tax, discounts & other duties	(47,661,584)	(37,709,425)	(16,604,721)	(14,343,540)
Turnover - net	144,438,746	145,219,429	49,802,529	45,120,073
Cost of sales	(143,239,135)	(142,187,200)	(51,109,732)	(43,546,292)
Gross profit / (loss)	1,199,611	3,032,229	(1,307,203)	1,573,781
Administrative expenses	(728,924)	(642,710)	(261,953)	(212,178)
Selling and distribution expenses	(336,117)	(343,156)	(109,359)	(115,494)
Other expenses 10	(904,226)	(554,733)	(299,463)	(199,017)
Other income	1,011,507	807,454	316,909	197,562
	(957,760)	(733,145)	(353,866)	(329,127)
Operating profit / (loss)	241,851	2,299,084	(1,661,069)	1,244,654
Finance costs	(2,914,195)	(2,133,515)	(1,225,178)	(614,411)
(Loss) / Profit before taxation	(2,672,344)	165,569	(2,886,247)	630,243
Current	-	-	-	-
Prior	-	554,051	-	-
Deferred	-	-	-	-
Taxation	-	554,051	-	-
(Loss) / Profit after taxation	(2,672,344)	719,620	(2,886,247)	630,243
(Loss) / Earnings / per share - basic and diluted (Rs.)	(0.50)	0.14	(0.54)	0.12

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Other Comprehensive Income

For the period ended March 31, 2020

(Rupees in '000)

	Nine months period ended		Three months period ended	
	Mar 2020	Mar 2019	Mar 2020	Mar 2019
(Loss) / Profit after taxation	(2,672,344)	719,620	(2,886,247)	630,243
Other comprehensive income	-	-	-	-
Total comprehensive (Loss) / profit for the period	(2,672,344)	719,620	(2,886,247)	630,243

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows

For the period ended March 31, 2020

(Rupees in '000)

	Mar 31, 2020	Mar 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(2,672,344)	165,569
Adjustments for:		
Depreciation	2,750,347	2,499,777
Finance costs	2,914,195	2,133,515
Provision for impairment against doubtful debts	835,272	470,791
Gain on disposal of assets	(2,388)	(226,961)
Interest income	(931,460)	(529,871)
Provision for gratuity	44,368	41,912
Net cash flow before working capital changes	2,937,991	4,554,732
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(309,184)	(404,166)
Stock in trade	7,147,235	8,525,998
Trade debts	(1,177,162)	(725,280)
Loans and advances	(118,694)	152,201
Trade deposits and short term prepayments	(6,954)	(24,197)
Other receivables	264,424	34,119
<i>Increase / (Decrease) in current liabilities</i>		
Advance from customers	2,034,387	699,903
Trade and other payables	1,320,843	(5,914,111)
	9,154,894	2,344,467
Cash generated from operations	12,092,885	6,899,199
Finance costs paid	(5,138,243)	(1,568,982)
Income Taxes paid	(190,469)	(606,189)
Gratuity paid	(58,833)	(159,736)
Interest income received	34,197	34,712
Net Cash generated from operations	6,739,538	4,599,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,426,320)	(2,071,596)
Sale Proceeds against disposal	2,388	27,748
Advance against investment in Shares	-	(42,134)
Long term deposits - net	(71,907)	(140,853)
Net cash (used in) investing activities	(2,495,839)	(2,226,835)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(1,977,666)	(3,520,920)
Short Term Borrowing	(2,670,483)	2,541,970
Net cash (used in) financing activities	(4,648,149)	(978,950)
Net (decrease) / increase in cash and cash equivalents	(404,451)	1,393,219
Cash and cash equivalents - opening	(132,436)	(641,404)
Cash and cash equivalents - closing	(536,887)	751,815

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

For the period ended March 31, 2020

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve		Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss				
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	4,490,349	(10,319,468)	29,380,519	841,249	30,221,768	
Total comprehensive income for the period									
Profit for the period	-	-	-	-	719,620	719,620	-	719,620	
Revaluation on contribution against future of shares	-	-	-	-	-	-	15,891	15,891	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(382,347)	382,347	-	-	-	
Balance as at March 31, 2019	53,298,847	(21,303,418)	3,214,209	4,108,002	(9,217,501)	30,100,139	857,140	30,957,279	
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	3,693,051	(11,541,601)	27,361,088	857,140	28,218,228	
Total comprehensive income for the period									
(Loss) for the period	-	-	-	-	(2,672,344)	(2,672,344)	-	(2,672,344)	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(368,656)	368,656	-	-	-	
Balance as at March 31, 2020	53,298,847	(21,303,418)	3,214,209	3,324,395	(13,845,289)	24,688,744	857,140	25,545,884	

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

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 BYCO Petroleum Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Company are listed on Pakistan Stock Exchange. The 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.
- 1.2 The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 387 retail outlets across the country as at 31 March 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019.
- 2.3 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.
- 2.4 These unconsolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.5 The comparative balance sheet presented in these unconsolidated condensed interim financial information has been extracted from the unconsolidated audited financial statements of the Company for the year ended 30 June 2019.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2019 except as disclosed below:

New / Revised standards, amendments, interpretation and improvements

The Company has adopted the following accounting standards, amendments and interpretation of IFRSs and the improvements to accounting standards which became effective for the current period:

Standards, amendments and interpretation

IFRS 16 - Leases

IFRIC 23 - Uncertainty over income tax treatments

IFRS 9 - Prepayment features with negative compensation (Amendments)

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

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

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

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Company except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 IFRS 16 - Leases

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

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over premises utilized as office building, retail stations and other lands on rentals.

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease or finance leases as on July 1, 2019.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

	Rs. in '000
Operating lease commitments as at June 30, 2019	1,730,293
Impact of discounting	(551,319)
Total lease liability as at July 01, 2019	1,178,974
Weighted average incremental borrowing rate as at July 01, 2019	15.25%
The impact of adoption of IFRS 16 as at July 01, 2019 (increase/ (decrease)) is as follows:	
Assets	
Property, plant & equipment - Right to use asset	1,178,974
Liabilities	
Long term lease liabilities	974,300
Current portion of lease liabilities	204,674
	1,178,974
The impact of adoption of IFRS 16 for the period ended March 31, 2020 is as follows:	
Condensed interim statement of profit or loss	
Depreciation charge on right-of-use assets	211,808
Interest expense on lease liabilities	134,845
	346,653

3.3 Amendment to accounting and reporting standards that are not yet effective

The following amendment to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the date mentioned below:

	Effective date (Annual periods beginning on or after)
IAS 1/ IAS 8 - Definition of Material	January 01,2020

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements made by management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company for the year ended 30 June 2019, except as disclosed otherwise. The company has the IFEM receivable on crude oil movement, however, the same has not been recorded in the books of accounts as a conservative accounting practice.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)			
	Note	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
Operating fixed assets	5.1	46,753,120	48,228,833
Capital work in progress - at cost		23,239,387	20,908,728
		69,992,507	69,137,561

- 5.1 During the period, the additions in property, plant and equipment amounted to Rs. 2,426.320 million (March 31, 2019: Rs. 2,071.596 million).

6 STOCK IN TRADE

(Rupees in '000)			
	Note	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
Raw material	6.1	10,690,336	18,238,048
Finished products	6.2 & 6.3	11,422,723	11,022,246
		22,113,059	29,260,294

- 6.1 This includes raw material in transit amounting to Rs. 8,331.875 million (30 June 2019: Rs. 14,849.23 million) as at the date of statement of financial position.
- 6.2 This includes finished products held by third parties amounting to Rs. 6,205.752 million (30 June 2019: Rs. 5,684.50 million).
- 6.3 Finished products costing Rs. 12,410.123 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 2,012.575 million (30 June 2019 : Rs. 426.27 million) to net realizable value due to reduce prices of POL products after the COVID - 19 outbreak.

7 TRADE DEBTS

- 7.1 During the period, provision was made against doubtful debts amounting to Rs. 835.272 million (March 31, 2019:Rs. 470.791 million).

8 OTHER RECEIVABLES - considered good

- 8.1 This includes Rs. 671.272 million and Rs. 1,072.908 million (30 June 2019: Rs. 846.935 million and Rs. 1,106.748 million) receivable from related party and Coastal Refinery Limited respectively.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

9.2 Commitments

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

	(Rupees in '000)	
	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
Commitments for capital expenditure	525,131	777,693

10 OTHER EXPENSES

This includes provision for doubtful debts amounting to Rs. 835.272 million (March 31, 2019: Rs. 470.791 million).

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

11.1 Transactions with related parties

	(Rupees in '000)	
	Jul - Mar 2020	Jul - Mar 2019
	(Unaudited)	
Parent Company		
Markup charged	118,498	135,207
Subsidiary Company		
Other expenses incurred	250	250
Product Processing charges	145,250	113,604
Associated Companies		
Sales of goods and services	-	2,301,396
Purchase of operating fixed assets and services	44,523	30,930
Others		
Post employment benefit Funds	205,077	270,724
Salaries and other benefits	98,444	72,252

11.2 Balances with related parties

	(Rupees in '000)	
	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	857,140
Accrued markup	613,191	532,911
Loan payable	3,935,650	3,935,650
Subsidiary Company		
Receivable against expenses incurred	671,272	846,935
Associated Companies		
Advance against shared services	26,895	86,586
Payable against purchases	21,489	35,386
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	59,372	85,296

12 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

13 FAIR VALUE OF ASSETS AND LIABILITIES

All assets and liabilities of the Company are carried at amortised cost except for freehold land, leasehold land, building on freehold land, roads and civil works, plant and machinery, generators and safety and lab equipment which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these unconsolidated condensed interim financial statements approximate their fair values.

14 OPERATING SEGMENTS

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

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2020	2019	2020	2019	2020	2019
Sales to ext. customers	92,709,230	87,642,493	51,729,515	57,576,936	144,438,746	145,219,429
Inter-segment sales	44,819,864	48,887,396	–	–	44,819,864	48,887,396
Eliminations	(44,819,864)	(48,887,396)	–	–	(44,819,864)	(48,887,396)
Total revenue	92,709,230	87,642,493	51,729,515	57,576,936	144,438,746	145,219,429
Result						
Segment results - (Loss) / profit	(578,998)	977,161	793,616	1,346,786	214,617	2,323,947
Finance cost					(2,914,195)	(2,133,515)
Other expenses					(904,226)	(554,733)
Interest income					931,460	529,871
Taxation					–	554,051
(Loss) / Profit for the period					(2,672,344)	719,620
Other Information						
Depreciation	2,626,554	2,425,692	123,793	74,085	2,750,347	2,499,777

All non-current assets of the Company as at March 31, 2020 and 2019 are located in Pakistan.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on **27th April 2020** by the Board of Directors of the Company.

Chief Executive Officer

Director

Chief Financial Officer

**CONSOLIDATED
FINANCIAL
STATEMENT**

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

(Rupees in '000)

	Notes	Mar 31, 2020 (Unaudited)	Jun 30, 2019 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	83,308,233	83,073,076
Long term loans and advances		792,085	860,963
Long-term deposits		111,898	34,816
		84,212,217	83,968,855
CURRENT ASSETS			
Stores and spares		2,001,477	1,692,293
Stock-in-trade	6	22,113,059	29,260,294
Trade debts	7	6,513,819	5,336,657
Loans and advances		1,369,704	1,182,132
Trade deposits and short-term prepayments		53,520	46,566
Accrued interest		292,120	230,130
Other receivables	8	1,249,283	1,337,705
Taxation - net		1,018,511	780,780
Cash and bank balances		1,063,114	1,135,249
		35,674,607	41,001,806
TOTAL ASSETS		119,886,824	124,970,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(46,529,394)	(44,237,140)
Surplus on revaluation of Property, plant and equipment		10,558,509	11,290,892
		17,327,961	20,352,599
Contribution against future issue of shares		857,140	857,140
		18,185,101	21,209,739
NON CURRENT LIABILITIES			
Long term financing		14,703,604	15,845,806
Loan from related party		3,935,650	3,935,650
Accrued and deferred markup		5,443,730	5,861,965
Long term lease liabilities		690,374	—
Long-term deposits		110,175	105,000
Deferred liabilities		2,286,095	2,542,001
		27,169,628	28,290,422
CURRENT LIABILITIES			
Trade and other payables		49,450,921	47,941,713
Advance from customers		5,422,180	3,387,793
Accrued mark-up		445,492	393,518
Short term borrowings - secured		13,510,853	15,849,021
Current portion of non-current liabilities		5,701,622	7,897,428
Unclaimed dividends		1,027	1,027
		74,532,095	75,470,500
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		119,886,824	124,970,661

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss

For the period ended March 31, 2020

(Rupees in '000)

	Note	Nine months period ended		Three months period ended	
		Mar 2020	Mar 2019	Mar 2020	Mar 2019
Gross turnover		192,100,330	182,928,854	66,407,250	59,463,614
Sales tax, discount & other duties		(47,661,584)	(37,709,425)	(16,604,721)	(14,343,540)
Turnover - net		144,438,746	145,219,429	49,802,529	45,120,074
Cost of sales		(143,787,005)	(142,760,798)	(51,275,443)	(43,736,349)
Gross profit / (Loss)		651,741	2,458,631	(1,472,914)	1,383,725
Administrative expenses		(728,924)	(642,710)	(261,954)	(212,178)
Selling and distribution expenses		(336,117)	(343,156)	(109,359)	(115,494)
Other expenses	10	(904,226)	(554,733)	(299,463)	(199,017)
Other income		1,011,257	807,204	316,825	197,452
		(958,010)	(733,395)	(353,951)	(329,237)
Operating (Loss) / profit		(306,269)	1,725,236	(1,826,865)	1,054,488
Finance costs		(2,914,195)	(2,133,515)	(1,225,178)	(614,412)
(Loss) / Profit before taxation		(3,220,464)	(408,279)	(3,052,043)	440,076
Taxation					
Current		-	(32,620)	-	(11,126)
Prior		47,263	554,051	-	-
Deferred		148,564	148,564	49,521	49,521
		195,827	669,995	49,521	38,395
(Loss) / profit after taxation		(3,024,637)	261,716	(3,002,522)	478,471
(Loss) / Earnings per share - basic and diluted (Rupees)		(0.57)	0.05	(0.56)	0.09

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Other Comprehensive Income

For the period ended March 31, 2020

(Rupees in '000)

	Nine months period ended		Three months period ended	
	Mar 2020	Mar 2019	Mar 2020	Mar 2019
(Loss) / profit after taxation	(3,024,637)	261,716	(3,002,522)	478,471
Other comprehensive income	-	-	-	-
Total comprehensive (Loss) / profit for the period	(3,024,637)	261,716	(3,002,522)	478,471

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows

For the period ended March 31, 2020

(Rupees in '000)

	Mar 31, 2020	Mar 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(3,220,464)	(408,279)
Adjustments for:		
Depreciation	3,413,092	3,159,402
Finance costs	2,914,195	2,133,515
Provision for impairment against doubtful debts	835,272	470,791
Gain on disposal of assets	(2,388)	(226,961)
Interest income	(931,460)	(529,871)
Provision for gratuity	44,368	41,912
Net cash flow before working capital changes	3,052,616	4,640,510
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(309,184)	(404,166)
Stock in trade	7,147,235	8,525,998
Trade debts	(1,177,162)	(725,280)
Loans and advances	(118,694)	152,201
Trade deposits and short term prepayments	(7,293)	(25,621)
Other receivables	440,087	138,787
<i>Increase / (Decrease) in current liabilities</i>		
Advance from customers	2,034,387	699,903
Trade and other payables	1,030,895	(6,006,559)
	9,040,270	2,355,263
Cash generated from operations	12,092,886	6,995,772
Finance costs paid	(5,138,243)	(1,568,982)
Income Taxes paid	(190,469)	(606,189)
Gratuity paid	(58,833)	(159,736)
Interest income received	34,197	34,712
Net cash generated from operating activities	6,739,538	4,695,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,426,320)	(2,168,172)
Sale Proceeds against disposal	2,388	27,748
Advance against investment in Shares	-	(42,134)
Long term deposits - net	(71,907)	(140,850)
Net cash used in investing activities	(2,495,839)	(2,323,408)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(1,977,666)	(3,520,920)
Short Term Borrowing	(2,670,483)	2,541,970
Net cash used in financing activities	(4,648,149)	(978,950)
Net (decrease) / increase in cash and cash equivalents	(404,450)	1,393,219
Cash and cash equivalents - opening	(132,436)	(641,404)
Cash and cash equivalents - closing	(536,886)	751,815

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the period ended March 31, 2020

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve		Sub-total	Contribution against future issue of shares	Total
		Merger reserve	Other capital reserve	Revaluation surplus on property, plant & equipment	Accumulated Loss				
Balance as at 1 July 2018	53,298,847	(21,303,418)	3,214,209	12,573,159	(24,802,846)	22,979,951	841,249	23,821,200	
Total comprehensive income for the period									
Profit for the period	-	-	-	-	261,716	261,716	-	261,716	
Revaluation on contribution against future of shares	-	-	-	-	-	-	15,891	15,891	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(746,073)	746,073	-	-	-	
Balance as at March 31, 2019	53,298,847	(21,303,418)	3,214,209	11,827,086	(23,795,056)	23,241,667	857,140	24,098,807	
Balance as at 1 July 2019	53,298,847	(21,303,418)	3,214,209	11,290,891	(26,147,931)	20,352,598	857,141	21,209,739	
Total comprehensive income for the period									
(Loss) for the period	-	-	-	-	(3,024,637)	(3,024,637)	-	(3,024,637)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	(732,382)	732,382	-	-	-	
Balance as at March 31, 2020	53,298,847	(21,303,418)	3,214,209	10,558,509	(28,440,185)	17,327,961	857,140	18,185,101	

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

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company

i) **Byco Petroleum Pakistan Limited (the Holding Company)**

The Holding Company was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. 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.

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 387 retail outlets across the country as at 31 March 2020.

Subsidiary Company

ii) **Byco Isomerisation Pakistan (Private) Limited (BIPL)**

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended June 30, 2019.

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

- 2.4 These consolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.5 The comparative balance sheet presented in these consolidated condensed interim financial information has been extracted from the consolidated audited financial statements of the Group for the year ended 30 June 2019.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements for the year ended June 30, 2019 except as disclosed below:

New / Revised standards, amendments, interpretation and improvements

The Group has adopted the following accounting standards, amendments and interpretation of IFRSs and the improvements to accounting standards which became effective for the current period:

Standards, amendments and interpretation

IFRS 16 - Leases

IFRIC 23 - Uncertainty over income tax treatments

IFRS 9 - Prepayment features with negative compensation (Amendments)

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

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

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

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Group except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 IFRS 16 - Leases

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

Lease obligations of the Group comprises of lease arrangements giving it the right-of-use over premises utilized as office building, retail stations and other lands on rentals.

The Group adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group did not have any sub-lease or finance leases as on July 1, 2019.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

	Rs. in '000
Operating lease commitments as at June 30, 2019	1,730,293
Impact of discounting	(551,319)
Total lease liability as at July 01, 2019	1,178,974
Weighted average incremental borrowing rate as at July 01, 2019	15.25%
The impact of adoption of IFRS 16 as at July 01, 2019 (increase/ (decrease)) is as follows:	
Assets	
Property, plant & equipment - Right-of-use asset	1,178,974
Liabilities	
Long term lease liabilities	974,300
Current portion of lease liabilities	204,674
	1,178,974
The impact of adoption of IFRS 16 for the period ended March 31, 2020 is as follows:	
Condensed interim statement of profit or loss	
Depreciation charge on right-of-use assets	211,808
Interest expense on lease liabilities	134,845
	346,653

3.3 Amendment to accounting and reporting standards that are not yet effective

The following amendment to the accounting and reporting standards as applicable in Pakistan are relevant to the Group and would be effective from the date mentioned below:

	Effective date (Annual periods beginning on or after)
IAS 1/ IAS 8 - Definition of Material	January 01, 2020

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Estimates and judgements made by management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to the annual consolidated financial statements of the Group for the year ended 30 June 2019, except as disclosed otherwise. The Group has the IFEM receivable on crude oil movement, however, the same has not been recorded in the books of accounts as a conservative accounting practice.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)			
	Note	Mar 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Operating fixed assets	5.1	59,978,617	62,113,652
Capital work in progress - at cost		23,329,616	20,959,424
		83,308,233	83,073,076

- 5.1 During the period, the additions in property, plant and equipment amounted to Rs. 2,426.320 million (March 31, 2019:Rs. 2,168.172 million).

6 STOCK IN TRADE

(Rupees in '000)			
	Note	Mar 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Raw material	6.1	10,690,336	18,238,048
Finished products	6.2 & 6.3	11,422,723	11,022,246
		22,113,059	29,260,294

- 6.1 This includes raw material in transit amounting to Rs. 8,331.875 million (30 June 2019: Rs. 14,849.23 million) as at the date of statement of financial position.
- 6.2 This includes finished products held by third parties amounting to Rs. 6,205.752 million (30 June 2019: Rs. 5,684.50 million).
- 6.3 Finished products costing Rs. 12,410.123 million (30 June 2019 : Rs. 11,249.709 million) has been written down by Rs. 2,012.575 million (30 June 2019 : Rs. 426.27 million) to net realizable value due to reduce prices of POL products after the COVID - 19 outbreak.

7 TRADE DEBTS

- 7.1 During the period, provision was made against doubtful debts amounting to Rs. 835.272 million (March 31, 2019:Rs. 470.791 million).

8 OTHER RECEIVABLES - considered good

- 8.1 This includes Rs. 1,072.908 million (30 June 2019: Rs. 1,106.748 million) receivable from Coastal Refinery Limited.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material change in the status of contingencies from what is disclosed in note 26 to the annual audited consolidated financial statements for the year ended 30 June 2019.

9.2 Commitments

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

10 OTHER EXPENSES

This includes provision for doubtful debts amounting to Rs. 835.272 million (March 31, 2019: Rs. 470.791 million).

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

11.1 Transactions with related parties

	(Rupees in '000)	
	Jul - Mar 2020	Jul - Mar 2019
	(Unaudited)	
Parent Company		
Markup charged	118,498	135,207
Associated Companies		
Sales of goods and services	–	2,301,396
Purchase of operating fixed assets and services	44,523	30,930
Others		
Post employment benefit Funds	205,077	270,724
Salaries and other benefits	98,444	72,252

11.2 Balances with related parties

	(Rupees in '000)	
	Mar 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Parent Company		
Contribution against future issue of shares	857,140	857,140
Accrued markup	613,191	532,911
Loan payable	3,935,650	3,935,650
Associated Companies		
Advance against shared services	26,895	86,586
Payable against purchases	21,489	35,386
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	59,372	85,296

12 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group activities expose it to a variety of financial risks. These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

13 FAIR VALUE OF ASSETS AND LIABILITIES

All assets and liabilities of the Group are carried at amortised cost except for freehold land, leasehold land, building on freehold land, roads and civil works, plant and machinery, generators and safety and lab equipment which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these consolidated condensed interim financial statements approximate their fair values.

14 OPERATING SEGMENTS

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

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	2020	2019	2020	2019	2020	2019
Sales to ext. customers	92,709,230	87,642,493	51,729,515	57,576,936	144,438,746	145,219,429
Inter-segment sales	44,819,864	48,887,396	–	–	44,819,864	48,887,396
Eliminations	(44,819,864)	(48,887,396)	–	–	(44,819,864)	(48,887,396)
Total revenue	92,709,230	87,642,493	51,729,515	57,576,936	144,438,746	145,219,429
Result						
Segment results - (Loss) / profit	(1,127,117)	403,312	793,616	1,346,786	(333,502)	1,750,098
Finance cost					(2,914,195)	(2,133,515)
Other expenses					(904,226)	(554,733)
Interest income					931,460	529,871
Taxation					195,827	669,995
(Loss) / Profit for the period					(3,024,636)	261,716
Other Information						
Depreciation	3,289,299	3,085,317	123,793	74,085	3,413,092	3,159,402

All non-current assets of the Group as at March 31, 2020 and 2019 are located in Pakistan.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on **27th April 2020** by the Board of Directors of the Group.

Chief Executive Officer

Director

Chief Financial Officer



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