



TOWARDS A SUSTAINABLE FUTURE

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Company Information

Board of Directors

Akhtar Hussain Malik
Chairman

Amir Abbassciy
Director &
Chief Executive Officer

Muhammad Mahmood Hussain
Director

Syed Arshad Raza
Director

Omar Khan Lodhi
Director

Chaudhary Khaqan Saadullah
Khan
Director

Murtaza Hussain
Director

Audit Committee

Muhammad Mahmood
Hussain, Chairman

Syed Arshad Raza,
Member

Chaudhary Khaqan Saadullah
Khan,
Member

Human Resource and Remuneration Committee

Muhammad Mahmood
Hussain, Chairman

Amir Abbassciy,
Member

Syed Arshad Raza,
Member

Chaudhary Khaqan Saadullah
Khan,
Member

Services & Stakeholders Committee

Akhtar Hussain Malik,
Member

Syed Arshad Raza,
Member

Chaudhary Khaqan Saadullah
Khan,
Member

Chief Financial Officer

Naeem Asghar Malik

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
Sindh Bank Limited
The Bank of Punjab
United Bank Limited
The Bank of Khyber

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

Director's Report

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 your Company for the period ended 31st December 2017.

Owing to the Government's decision of shutting down Furnace Oil based power plants, the last two months of the period under review had been challenging for the refineries due to high inventories of Furnace Oil. As a result, the Company had to operate the refinery at a lower throughput during the period under review. The matter was taken up by refineries with the Government after which some relief was provided by the Government. Continuation of Furnace Oil demand in the Country remains a significant risk for the refineries and one which must be addressed by your company in the near term period.

Despite the above challenge, the Company posted Gross Sales of Rs. 81.0 billion which was 56% higher than the same period last year. This was primarily due to the commencement of operations of the large refinery in August 2017. Improvement in refining margins, increased volumetric sales by the Company's marketing business and better pricing strategy for Crude Oil and Product imports resulted in Profit after tax of Rs. 2.3 billion and earnings per share was Rs.0.43 compared to Rs.0.004 last year.

Subsequent to the end of the period, the Company successfully commissioned the Reformer of its large refinery. At the current capacity, the reformer is converting 12,000 barrels per day but has the capacity to enable the Company to convert up-to 24,000 barrels per day of Heavy Naphtha into Motor Gasoline. This will bring further improvement in the Company's profitability.

As informed earlier, the Company is now subject to lower pricing of HSD products till the time it gets its HSD products Euro II compliant. The management has finalized steps to address the compliance of HSD to Euro II and we expect to commence work on this project shortly.

The management remains committed to maintain a relentless focus on improving the turnover and profitability of your Company and 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
February 27, 2018

Director

بائیو پیٹرو لیوم پاکستان لمیٹڈ

ناظمین کی رپورٹ برائے مہینہ 31 دسمبر 2017

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

آپ کی کمپنی کے ناظمین، کمپنی کے مالیاتی نتائج اور کاروائیوں کا مختصر جائزہ برائے مدت مہینہ 31 دسمبر 2017، باسرت طور پر پیش کرتے ہیں۔

فرنس آئل پر چلنے والے پاور پلانٹس کی بندش کے حکومتی فیصلے کے باعث گزشتہ دو ماہ میں فرنس آئل کی جمع شدہ بڑھتی ہوئی مقدار کی وجہ سے ریفائنری کیلئے چیلنجز سے بھرپور تھے۔ جسکے نتیجہ میں کمپنی کو زیر نظر مدت کے دوران کم تناسب پر ریفائنری کو چلانا پڑا۔ ریفائنری کے ان معاملات کے لئے حکومت سے رجوع کیا گیا تھا جس پر حکومت نے کچھ مراعات فراہم کیں۔

مذکورہ بالا چیلنجز کے باوجود کمپنی نے خالص فروخت میں 81.0 ارب روپے حاصل کی جو کہ گزشتہ سال کے مقابلے میں 56 فیصدزائد تھی جس کی اصل وجہ اگست 2017ء میں بڑی ریفائنری کا آپریشن میں آنا ہے۔ ریفائنری کے تناسب میں بہتری اور کمپنی کی مارکیٹنگ کے کاروبار کے حوالے سے فروخت کے حجم میں اضافہ ہوا اور خام تیل اور مصنوعات کی درآمد کیلئے بہتر قیمتوں کی حکمت عملی کے نتیجہ میں بعد از ٹیکس منافع 2.3 ارب روپے حاصل ہوا اور فی حصص آمدنی 0.43 روپے تھی جس کا موازنہ گزشتہ سال میں 0.004 روپے سے کیا جاسکتا ہے۔

بعد از اختتام مدت کمپنی نے اپنی بڑی ریفائنری پر ریفاہر کی تنصیب کے مراحل کا میانی سے طے کئے جس کی وجہ سے 24,000 بیرل یومیہ کے حساب سے ہیوی نافٹھا پیٹروئل میں تبدیلی کیا جاسکے گا لہذا اس حوالے سے کمپنی کے منافع میں مزید بہتری آئے گی۔

جیسا کہ اس کا تذکرہ پہلے بھی کیا گیا تھا کہ کمپنی اس وقت تک ڈیزل مصنوعات کی کم قیمتیں مقرر رکھے گی جب تک اس کی ڈیزل مصنوعات کا معیار یورو 11 کے مطابق نہ ہو جائے جس کے لئے انتظامیہ نے حتمی اقدامات اٹھائے ہیں

کمپنی کی انتظامیہ کمپنی کے کاروبار اور منافع کو بہتر بنانے پر مسلسل توجہ برقرار رکھنے پر مصروف عمل ہے اور حکومت پاکستان، کمپنی کے صارفین، مالیاتی اداروں، سپلائرز، تاجران اور حصص یافتگان کے تعاون کی شکر گزار ہے۔

برائے اور بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکٹو آفیسر کراچی

مورخہ 27 فروری 2018

Auditor's Report to the members

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Byco Petroleum Pakistan Limited (the Company) as at 31 December 2017, related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity and notes to the accounts (here-in-after referred to as "interim financial information") for the six-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Certain expenses aggregating to Rs. 4,192.303 million have been capitalized by the Company which do not meet the criteria for the recognition of assets and have not been incurred in respect of qualifying assets. These expenses include exchange losses and interest expenses, aggregating to Rs. 1,493.232 million, incurred on certain foreign currency borrowings, equity arrangement fee and shares issuance cost aggregating to Rs. 620.845 million, production loss of Rs. 546.490 million incurred on crude oil used by the Company, loss of Rs. 772.466 million on the write down of stock in trade item and guaranteed throughput cost of Rs. 759.270 million.

Had the above capitalization not been done, the cost of property, plant and equipment and net equity as at 31 December 2017, would have been lower by Rs. 3,797.645 million and profit for the period would have been higher by Rs. 43.910 million.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the "Basis for Qualified Conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 2 to the unconsolidated condensed interim financial information which states that the current liabilities of the Company exceed its current assets by Rs. 32,416.237 million. This condition along with other factors stated in the said note indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Chartered Accountants
Review Engagement Partner: Omer Chughtai
Date: 27 February 2018
Place: Karachi

Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2017

		31 December 2017 (Un-audited)	30 June 2017 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	72,547,460	73,046,950
Long term investment		16,931,503	16,931,504
Long term loans and advances		951,024	947,936
Long term deposits		17,044	16,956
Deferred taxation		1,282,932	1,282,932
		91,729,963	92,226,278
CURRENT ASSETS			
Stores and spares		577,750	483,884
Stock-in-trade	7	31,153,472	12,582,849
Trade debts	8	4,842,951	4,858,318
Loans and advances		1,135,292	1,056,064
Trade deposits and short-term prepayments		37,821	13,173
Accrued interest		189,778	237,951
Other receivables	9	2,003,389	2,147,976
Cash and bank balances		501,413	249,577
		40,441,866	21,629,792
Non-current asset Held for Sale	10	1,487,500	-
TOTAL ASSETS		133,659,329	113,856,070
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		60,000,000	60,000,000
Issued, subscribed and paid-up capital		53,298,847	53,298,847
Merger reserve		(21,303,418)	(21,303,418)
Accumulated loss		(9,282,469)	(11,820,649)
		22,712,960	20,174,780
Contribution against future issuance of shares		761,129	761,129
		23,474,089	20,935,909
Surplus on revaluation of property, plant and equipment		4,748,994	4,999,836
NON CURRENT LIABILITIES			
Long term financing		14,399,100	16,288,749
Loans from related parties		6,430,487	6,110,417
Deferred and accrued markup		9,680,764	8,731,596
Long-term deposits		213,211	172,375
Deferred liabilities		367,081	353,514
		31,090,643	31,656,651
CURRENT LIABILITIES			
Trade and other payables		59,090,308	41,875,189
Advance from customers		764,676	2,472,871
Accrued mark-up		205,232	262,344
Short term borrowings –secured		6,135,255	3,371,784
Current portion of long term financing and markup		7,777,675	7,932,303
Taxation–net		372,457	349,182
		74,345,603	56,263,674
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		133,659,329	113,856,070

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial information.

Chief Executive

Director

Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account

For the Six Months Period Ended 31 December 2017

	Six months period ended		Three months period ended	
	31 December 2017	31 December 2016 (Restated)	31 December 2017	31 December 2016 (Restated)
Note	-----Rupees in '000-----			
Gross Sales	81,032,855	51,957,697	39,680,921	29,884,001
Sales tax, discount and others	(18,398,633)	(12,808,362)	(8,488,173)	(7,336,199)
Net Sales	62,634,222	39,149,335	31,192,748	22,547,802
Cost of Sales	(57,908,412)	(37,902,755)	(28,721,732)	(21,631,829)
Gross profit	4,725,810	1,246,580	2,471,016	915,973
Administrative expenses	(418,124)	(408,340)	(191,575)	(199,886)
Selling and distribution expenses	(160,273)	(154,775)	(78,752)	(86,697)
Other expenses	(620,268)	(424,039)	(368,656)	(254,675)
Other income	334,157	1,214,587	191,036	281,612
	(864,508)	227,433	(447,947)	(259,646)
Operating profit	3,861,302	1,474,013	2,023,069	656,327
Finance cost	(1,334,494)	(1,238,683)	(840,584)	(668,353)
Profit / (loss) before taxation	2,526,808	235,330	1,182,485	(12,026)
Taxation				
Current	(239,470)	(216,000)	(112,156)	(128,962)
Deferred	-	-	-	(55,595)
	(239,470)	(216,000)	(112,156)	(184,557)
Profit / (loss) after taxation	2,287,338	19,330	1,070,329	(196,583)
Earning / (loss) per Ordinary share -basic and diluted (Rupees)	0.43	0.004	0.20	(0.04)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial information.

Chief Executive

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Six Months Period Ended 31 December 2017

	Six months period ended		Three months period ended	
	31 December 2017	31 December 2016 (Restated)	31 December 2017	31 December 2016 (Restated)
	------(Rupees in '000)-----			
Profit (Loss) after taxation	2,287,338	19,330	1,070,329	(196,583)
Other comprehensive income	-	-	-	-
Total comprehensive income/ (loss) for the period	2,287,338	19,330	1,070,329	(196,583)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial information.

Chief Executive

Director

Chief Financial Officer

Unconsolidated Condensed Interim Cash Flow Statement

For the Six Months Period Ended 31 December 2017

	Six months period ended	
	31 December 2017	31 December 2016 (Restated)
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,526,808	235,330
Adjustments for non-cash and other items:		
Depreciation	1,423,081	1,389,031
Finance costs	1,334,494	1,238,683
Provision for doubtful debts	424,010	322,363
Interest income	(318,370)	(249,736)
Provision for gratuity	26,326	18,434
Net cash flow before working capital changes	5,416,349	2,954,105
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(93,866)	(75,099)
Stock in trade	(18,570,623)	557,088
Trade debts	(408,643)	1,374,645
Loans and advances	(79,228)	(8,194)
Trade deposits and short term prepayments	(24,648)	(64,420)
Other receivables	144,587	(25,076)
	(19,032,421)	1,758,944
Increase / (decrease) in current liabilities		
Trade and other payables	15,506,924	(4,326,070)
Cash generated from operations	1,890,852	386,979
Finance costs paid	(1,282,800)	(411,078)
Income taxes paid	(216,195)	(257,907)
Interest income received	66,667	81,025
Net cash generated from / (used in) operating activities	458,524	(200,981)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(923,592)	(1,999,240)
Advance against investment in shares	(40,000)	(60,000)
Long term deposits – net	40,747	1,932
Net cash used in investing activities	(922,845)	(2,057,308)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(2,047,314)	(2,759,770)
Short term borrowings-net	2,763,471	4,971,448
Liabilities against assets subject to finance lease	-	(4,362)
Net cash generated from financing activities	716,157	2,207,316
Net increase / (decrease) in cash and cash equivalents	251,836	(50,973)
Cash and cash equivalents as at the beginning of the period	(1,350,423)	(593,141)
Cash and cash equivalents as at the closing of the period	(1,098,587)	(644,114)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial information.

Chief Executive

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Six Months Period Ended 31 December 2017

	Issued, subscribed and paid-up capital	Merger reserve	Accumulated loss	Total	Contribution against future issue of shares	Shareholder's equity and contribution against future issue of shares
----- (Rupees in '000) -----						
Balance as at 01 July 2016	9,778,587	-	(7,944,149)	1,834,438	-	1,834,438
Cancellation of shares held by BOPL	(7,905,101)	-	-	(7,905,101)	-	(7,905,101)
Issue of shares pursuant to merger	51,425,361	-	-	51,425,361	-	51,425,361
Transfer upon merger	-	-	(6,479,062)	(6,479,062)	761,129	(5,717,933)
Merger reserve	-	(21,303,418)	-	(21,303,418)	-	(21,303,418)
Net profit for the period	-	-	19,330	19,330	-	19,330
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	19,330	19,330	-	19,330
Incremental depreciation relating to surplus on revaluation of property, equipment-net of deferred tax	-	-	247,390	247,390	-	247,390
Balance as at 31 December 2016 -Restated	53,298,847	(21,303,418)	(14,156,491)	(17,838,938)	761,129	18,600,067
Balance as at 01 July 2017	53,298,847	(21,303,418)	(11,820,649)	20,174,780	761,129	20,935,909
Net profit for the period	-	-	2,287,338	2,287,338	-	2,287,338
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,287,338	2,287,338	-	2,287,338
Incremental depreciation relating to surplus on revaluation of property, equipment-net of deferred tax	-	-	250,842	250,842	-	250,842
Balance as at 31 December 2017	53,298,847	(21,303,418)	(9,282,469)	22,712,960	761,129	23,474,089

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial information.

Chief Executive

Director

Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

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 (the Ordinance) 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 Company currently operates two business segments namely Oil Refining 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 310 retail outlets across the country.

1.2 These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

2. GOING CONCERN ASSUMPTION

As at 31 December 2017, the Company's accumulated loss amounted to Rs. 9,282.469 million (30 June 2017: Rs.11,820.649 million). Moreover, current liabilities exceeded current assets by Rs. 32,416.237 million (30 June 2017:Rs. 34,633.882 million).

These unconsolidated condensed interim 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:

- the Company earned a profit after tax amounting to Rs. 2,287.338 million (operating profit:6.16%) for the six months' ended 31 December 2017 as compared to Rs.19.330 million (operating profit: 3.77%) last year, showing significant improvement in the Company's profitability as compared to last period;
- the sales volume of high margin products through marketing arm of the Company has increased by 47% showing improvement in the Company's performance as compared to last period;
- the Company executed a restructuring plan resulting in a merger of BTPL and BOPL with and into the Company which has been fully explained in note 1.2 of the unconsolidated annual financial statements for the year ended 30 June 2017. This arrangement is expected to bring in efficiencies and synergies, which would enable the Company to minimize its operational and administrative costs; the larger refinery unit of the Company re-commissioned its operations during the period (August 2017) which is expected to enhance the profitability of the Company in the future years;
- the Parent Company has also given its commitment to provide financial support to the Company as and when required. The support is available during the next financial year and beyond that; and
- 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 condensed interim financial statements on going concern assumption is justified. However, the conditions stated above, indicate existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. 23/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the Ordinance. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the Ordinance shall prevail.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

- 3.2 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 2016 have not been reviewed by the external auditors of the Company as they have reviewed the cumulative figures for the half year ended 31 December 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2017.
- 3.3 This unconsolidated condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange Limited vide section 245 of the ordinance.

4 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2017, except as follows:

New / revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

Standard or Interpretation

IAS 7 Statement of Cash Flows-Disclosure Initiative -(Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments in the accounting standards did not have any material effect on the financial statements.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgments 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 2017.

6	PROPERTY, PLANT AND EQUIPMENT	Note	31 December	30 June
			2017 (Unaudited)	2017 (Audited)
			----- (Rupees in '000) -----	
	Operating fixed assets	6.1	38,021,356	39,002,978
	Capital work-in-progress	6.2	34,526,104	34,043,972
			<u>72,547,460</u>	<u>73,046,950</u>

- 6.1 During the period, the additions in property, plant and equipment amounted to Rs. 1,928.960 million including transfers from Capital work in progress amounting to Rs. 1,894.338 million.
- 6.2 During the period, the additions in capital work in progress amounted to Rs. 2,376.470 million (30 June 2017: Rs.3,212.959 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

	Note	31 December 2017 (Unaudited)	30 June 2017 (Audited)
----- (Rupees in '000) -----			
7 STOCK IN TRADE			
Raw material	7.1	24,568,916	6,784,377
Finished products	7.2 & 7.3	6,584,556	5,798,472
		31,153,472	12,582,849

7.1 This includes raw material in transit amounting to Rs. 21,183.921 million (30 June 2017: Rs. 4,032.88 million) as at the balance sheet date.

7.2 This includes finished product held by third parties and related party amounting to Rs. 1,432.698 million (June 2017: Rs. 1,033.413 million) and Rs. 54.717 million (June 2017: Rs. 103.839 million) respectively, as at the balance sheet date.

7.3 Finished products costing 4,077.192 million (June 2017: 3,589.267 million) have been written down by Rs. 502.624 million (June 2017: 303.694 million) to net realizable value.

8 TRADE DEBTS

8.1 Includes Rs. NIL (30 June 2017: 224.068 million) due from related parties as at the balance sheet date.

8.2 During the period, the provision was made against doubtful debts amounting to Rs. 424.010 million (31 December 2016: Rs. 322.363 million).

9 OTHER RECEIVABLES - considered good

This includes Rs. 773 million (30 June 2017: Rs. 706 million) and Rs. 989 million (30 June 2017: Rs. 994 million) receivable from the related party and Coastal Refinery Limited, respectively.

10 NON-CURRENT ASSET HELD FOR SALE

During the period, the management of the Company has decided to sell the plot of land owned by the Company located in Karachi having value of Rs. 1,487.5 million based on independent valuation.

11 CONTINGENCIES

The status for contingencies is same as disclosed in unconsolidated financial statements for the year ended 30 June 2017.

12 OTHER EXPENSES

Represents provision for default surcharge amounting to Rs. 196.258 million (31 December 2016: Rs. 101.676 million) and provision for doubtful debts amounting to Rs. 424.010 million (31 December 2016: Rs. 322.363 million).

13 OTHER INCOME

Includes reversal of excess default surcharge recorded in prior year amounting to Rs. NIL (31 December 2016: Rs. 401.428 million) on the basis of tax orders received.

14 TAXATION

The status of tax contingencies is the same as disclosed in note 35 to the annual unconsolidated financial statements for the year ended 30 June 2017.

15 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:

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

Six months period ended	
31 December 2017	31 December 2016 (Restated)
------(Un-audited)-----	
------(Rupees in '000)-----	

15.1 Transactions with related parties

Parent Company

Mark-up charged

73,981	66,617
--------	--------

Subsidiary Company

Other expenses incurred

92,234	23,572
--------	--------

Associated Companies

Sale of petroleum products

2,132,066	627,252
-----------	---------

Purchase of operating fixed assets and services

60,520	135
--------	-----

Staff Provident Fund

Contribution to staff provident fund

88,242	33,764
--------	--------

Key Management Personnel

Salaries and Benefits Payment

366,211	284,843
---------	---------

31 December 2017 (Unaudited)	30 June 2017 (Audited)
------(Rupees in '000)-----	

15.2 Balances with related parties

Parent Company

Other receivables

-	25,138
---	--------

Contribution against future issuance of shares

761,129	761,129
---------	---------

Deferred and Accrued mark-up

350,712	301,869
---------	---------

Loan payable

6,430,487	6,110,417
-----------	-----------

Subsidiary Company

Receivable against expenses incurred

772,768	680,534
---------	---------

Associated Companies

Long term deposit receivable

95	95
----	----

Trade debts

-	224,068
---	---------

Accrued interest

41,525	108,192
--------	---------

Payable against purchases

38,920	8,147
--------	-------

Others

Payable to key management person

68,508	68,508
--------	--------

Payable to staff provident fund

13,418	46,019
--------	--------

16. 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 2017. There have been no changes in any risk management policies since the year end.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

17 FAIR VALUES 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 equipments which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

The 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.

18 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:

	Oil Refining		Petroleum Marketing		Total	
	2017	2016	2017	2016	2017	2016
	----- (Rupees in '000) -----					
Net sales to external customers	37,324,197	22,784,195	25,310,025	16,365,141	62,634,222	39,149,336
Inter - segment sales	22,961,130	15,410,804	-	-	22,961,130	15,410,804
Eliminations	(22,961,130)	(15,410,804)	-	-	(22,961,130)	(15,410,804)
Total revenue	37,324,197	22,784,195	25,310,025	16,365,141	62,634,222	39,149,336
Result						
Segment profit	3,601,641	1,276,706	561,559	371,610	4,163,200	1,648,316
Unallocated expenses:						
Finance costs					(1,334,494)	(1,238,683)
Interest income					318,370	249,736
Other expenses					(620,268)	(424,039)
Taxation					(239,470)	(216,000)
Profit for the period					2,287,338	19,330
Depreciation and amortization	1,385,959	1,352,082	37,122	36,949	1,423,081	1,389,031

19 RECLASSIFICATION

Following corresponding figures have been reclassified for better presentation:

From	To	Rupees in ('000')
Long term loans and advances	Loans and advances	830,000
Long term financing	Deferred and accrued markup	8,429,727
Accrued mark-up	Deferred and accrued markup	301,869
Selling and distribution expenses	Cost of Sales	187,463
Selling and distribution expenses	Gross Sales	582,520
Finance Cost	Cost of Sales	83,620

20 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on 27 February 2018.

21 GENERAL

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

21.2 Consequent to the merger comparative figures of the unconsolidated condensed interim Profit and loss Account, Other Comprehensive Income and Cash Flow Statement for the half year ended 31 December 2016 are restated and based on merged figures of the Company, BOPL and BTPL, as more fully explained in note 1.2 of the unconsolidated annual financial statements for the year ended 30 June 2017.

Chief Executive

Director

Chief Financial Officer

Consolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Notes	Dec 31, 2017 Unaudited	Jun 30, 2017 Audited
------(Rupees in '000)-----			
NON CURRENT ASSETS			
Property, plant and equipment	6	87,674,415	88,479,753
Long term Loans and Advances		951,024	947,936
Long-term deposits		17,044	16,956
		88,642,482	89,444,645
CURRENT ASSETS			
Stores and spares		577,750	483,884
Stock-in-trade	7	31,153,472	12,582,849
Trade debts	8	4,842,951	4,858,318
Loans and advances		1,135,292	1,056,064
Trade deposits and short-term prepayments		37,821	13,173
Accrued interest		189,778	237,951
Other receivables	9	1,230,621	1,467,442
Cash and bank balances		501,413	249,577
		39,669,098	20,949,258
Non current asset held for sale	10	1,487,500	-
Total assets		129,799,081	110,393,903
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized share capital 6,000,000,000 (June 2017: 6,000,000,000) Ordinary shares of Rs.10/- each		60,000,000	60,000,000
Share capital		53,298,847	53,298,847
Merger Reserves		(21,303,418)	(21,303,418)
Accumulated losses		(24,547,530)	(26,866,160)
		7,447,899	5,129,269
Contribution against future issue of shares		761,129	761,129
		8,209,028	5,890,398
Surplus on revaluation of Property, plant and equipment		12,957,030	13,254,699
NON CURRENT LIABILITIES			
Long term financing		14,399,100	16,288,749
Loans from related parties		6,430,487	6,110,417
Accrued and deferred markup		9,680,764	8,731,596
Long-term deposits		213,211	172,375
Deferred liabilities		3,500,802	3,678,939
		34,224,364	34,982,076
CURRENT LIABILITIES			
Trade and other payables		59,153,364	41,878,245
Advance from customers		764,676	2,472,871
Accrued mark-up		205,232	262,344
Short term borrowings - secured		6,135,255	3,371,784
Current portion of non-current liabilities		7,777,675	7,932,304
Taxation - net		372,457	349,182
		74,408,659	56,266,730
Contingencies and Commitments	11		
Total equity and liabilities		129,799,081	110,393,903

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

Chief Executive

Director

Chief Financial Officer

Consolidated Condensed Interim Profit and Loss Account

For the Six Months Period Ended 31 December 2017

	Six-month period ending		Three-month period ending	
	Dec 2017	Dec 2016 (Restated)	Dec 2017	Dec 2016 (Restated)
	-----Rupees in '000-----			
Gross sales	81,032,855	51,957,697	39,680,921	29,884,001
Sales tax, discount and others	(18,398,633)	(12,808,362)	(8,488,173)	(7,336,199)
Net Sales	62,634,222	39,149,335	31,192,748	22,547,802
Cost of Sales	(58,366,880)	(38,363,317)	(28,950,776)	(21,862,304)
Gross profit	4,267,342	786,018	2,241,972	685,498
Administrative expenses	(418,124)	(411,360)	(191,575)	(199,897)
Selling and distribution expenses	(160,273)	(154,775)	(78,752)	(86,697)
Other expenses	(620,268)	(424,039)	(368,656)	(254,675)
Other income	334,006	1,214,436	190,885	281,461
	(864,659)	224,262	(448,098)	(259,808)
Operating profit	3,402,683	1,010,280	1,793,874	425,690
Finance cost	(1,334,494)	(1,238,683)	(840,585)	(668,353)
Profit / (Loss) before taxation	2,068,189	(228,403)	953,289	(242,663)
Taxation				
Current	(239,470)	(216,000)	(112,156)	(125,561)
Deferred	-	105,873	-	(2,659)
	(239,470)	(110,127)	(112,156)	(128,220)
Profit / (Loss) after taxation	1,828,719	(338,530)	841,133	(370,883)
Earnings / (Loss) per Ordinary share Basic / Diluted - (Rupees)	0.34	(0.06)	0.16	(0.07)

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

Chief Executive

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of other Comprehensive Income

For the Six Months Period Ended 31 December 2017

	Six-month period ending		Three-month period ending	
	Dec 2017	Dec 2016 (Restated)	Dec 2016	Sep 2016 (Restated)
-----Rupees in '000-----				
Profit / (Loss) after taxation	1,828,719	(338,530)	841,133	(370,883)
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	<u>1,828,719</u>	<u>(338,530)</u>	<u>841,133</u>	<u>(370,883)</u>

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

Chief Executive

Director

Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement

For the Six Months Period Ended 31 December 2017

	31 Dec 2017	31 Dec 2016 (Restated)
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before taxation	2,068,189	(228,403)
Adjustments for:		
Depreciation	1,859,530	1,825,480
Finance costs	1,334,494	1,238,683
Provision for impairment against doubtful debts	424,010	322,363
Interest income	(318,370)	(249,736)
Provision for gratuity	26,326	18,434
Net cash flow before working capital changes	<u>5,394,180</u>	<u>2,926,821</u>
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(93,866)	(75,099)
Stock in trade	(18,570,623)	557,088
Trade debts	(408,643)	1,374,645
Loans and advances	(79,228)	(8,194)
Trade deposits and short term prepayments	(24,648)	(64,420)
Other receivables	236,821	(25,076)
Increase / (Decrease) in current liabilities		
Trade and other payables	15,502,160	(4,298,785)
	<u>(3,438,027)</u>	<u>(2,539,841)</u>
Cash generated from operations	<u>1,956,153</u>	<u>386,980</u>
Finance costs paid	(1,282,801)	(411,078)
Income Taxes paid	(216,195)	(257,907)
Interest income received	66,667	81,025
Net cash from operating activities	<u>523,824</u>	<u>(200,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(988,892)	(1,999,240)
Advance against investment in Shares	(40,000)	(60,000)
Long term deposits - net	40,747	1,932
Net cash from investing activities	<u>(988,145)</u>	<u>(2,057,308)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(2,047,315)	(2,759,770)
Short term borrowings-net	2,763,471	4,971,448
Liabilities against assets subject to finance lease - net	--	(4,362)
Net cash used in financing activities	<u>716,156</u>	<u>2,207,316</u>
Net increase / (decrease) in cash and cash equivalents	<u>251,836</u>	<u>(50,973)</u>
Cash and cash equivalents - opening	(1,350,423)	(593,141)
Cash and cash equivalents - closing	<u>(1,098,587)</u>	<u>(644,114)</u>

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

Chief Executive

Director

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the Six Months Period Ended 31 December 2017

	Issued, subscribed and paid up capital	Merger Reserves	Accumulated Loss	Total	Contribution against future issue of shares	Total
----- (Rupees in '000) -----						
Balance as at 1 July 2016	9,778,587		(7,944,149)	1,834,438	-	1,834,438
Cancellation of shares held by BOPL	(7,905,101)	--	--	(7,905,101)	--	(7,905,101)
Issuance of shares pursuant to merger	51,425,361	--	--	51,425,361	--	51,425,361
Transfer upon merger	--	--	(6,479,062)	(6,479,062)	761,129	(5,717,933)
Merger Reserve	--	(21,303,418)	--	(21,303,418)	--	(21,303,418)
Total comprehensive income for the period						
Loss for the period	--	--	(338,530)	(338,530)	--	(338,530)
Incremental depreciation relating to surplus on revaluation of Property, plant and equipment - net of tax	--	--	483,046	483,046	--	483,046
Balance as at December 31, 2016 - Restated	53,298,847	(21,303,418)	(14,278,695)	17,716,735	761,129	18,477,864
Balance as at 1 July 2017	53,298,847	(21,303,418)	(26,866,160)	5,129,269	761,129	5,890,398
Total comprehensive income for the period						
Profit for the period	--	--	1,828,719	1,828,719	--	1,828,719
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	--	--	489,911	489,911	--	489,911
Balance as at December 31, 2017	53,298,847	(21,303,418)	(24,547,530)	7,447,899	761,129	8,209,028

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

Chief Executive

Director

Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Byco Petroleum Pakistan Limited (the Holding Company) was incorporated in Pakistan as a public limited company on 09 January 1995 under the Companies Ordinance, 1984 (Repealed) and was granted a certificate of commencement of business on 13 March 1995. The shares of the Group are listed on Pakistan Stock Exchange. The registered office of the Group is situated at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi – 75600, Pakistan.

The Group currently operates two business segments namely Oil Refinery and Petroleum Marketing Business. The Group has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 310 retail outlets across the country.

Last year, the High Court sanctioned by the High Court of Sindh sanctioned the scheme of merger as fully explained in note 1.2 of the annual financial statements for the year ended June 30, 2017. Pursuant to this sanction, the entire business of Byco Terminals Pakistan Limited (BTPL) and Byco Oil Pakistan Limited (BOPL) vested into the Company with effect from the effective date i.e. close of business June 30, 2016. Consequently, the corresponding results for the previous period presented are restated.

Byco Isomerization Pakistan (Private) Limited (BIPL) (Subsidiary Group)

BIPL was incorporated in Pakistan as a private limited Group on 14 May 2014 under the repealed Ordinance and it is a wholly owned subsidiary of the Holding Group. The registered office of BIPL is situated at Rooms 406 and 407, 4th Floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Islamabad. BIPL is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum product such as premium motor gasoline.

2. GOING CONCERN ASSUMPTION

As at 31 Dec 2017, the Group, accumulated losses amounted to Rs. 24,547.530 million (30 June 2017: Rs. 26,866.160) million. Moreover, current liabilities of the Group exceeded its current assets by Rs. 33,252.061 million.

These conditions indicate existence of material uncertainty which may cast significant doubt about the Group, ability to continue as going concern, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated condensed interim 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:

- the Group earned a profit after tax amounting to Rs. 1,829 million (Operating profit: 5.43%) for the period as compared to a loss after tax of Rs. 338 million (Operating profit: 2.58%) same period last year, showing improvement in the Group profitability;
- the sales volume of the Group has increased by 47% showing improvement in the Company's performance as compared to same period last year;
- The Group 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;
- the larger refinery unit of the Group re-commissioned its operations from August 2017 which is expected to enhance the throughput / profitability of the Group in the coming years.
- Further, the parent Group has given its commitment to give financial support to the Group 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 Group 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

During the year ended June 30, 2017, the Government of Pakistan promulgated the Companies Act, 2017 (the "Act") there by repealing the Companies Ordinance, 1984 ("Repealed Ordinance") effective from May 30, 2017. The Act specified certain treatments and additional requirements for financial statements, however, the Securities and Exchange Commission of Pakistan (SECP) deferred the applicability of the Act on annual and interim financial statements for the periods ending on or before December 31, 2017 vide its circular no. 23 / 2017 dated October 04, 2017 and required that the annual and interim financial statements for the periods ending on or before December 31, 2017 shall be prepared under the provisions or directives of the Repealed Ordinance. Accordingly, the provisions of the Act have not been considered for the preparation of this condensed interim financial information.

Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

This consolidated condensed interim financial information of the Group for the period ended 31 Dec 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Ordinance, 1984 (Repealed) . In case where requirements differ, the provisions of or directive issued under the Companies Ordinance, 1984 (Repealed) have been followed.

- 3.2 This consolidated condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2017.
- 3.3 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 vide section 245 of the Companies Ordinance, 1984 (Repealed).
- 3.4 This consolidated condensed interim financial information is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 3.5 The comparative balance sheet presented in these consolidated condensed interim financial information as at 30 June 2017 has been extracted from the consolidated audited financial statements of the Group for the year ended 30 June 2017.

4 ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements of the Group for the year ended 30 June 2017.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Group's operations or did not have any significant impact on the accounting policies of the Group.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2017. The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

6	PROPERTY, PLANT AND EQUIPMENT	Amount in Rs. '000	
		Dec 31, 2017 Unaudited	Jun 30, 2017 Audited
	Operating fixed assets	53,148,311	54,435,781
	Capital work in progress - at cost	34,526,104	34,043,972
		<u>87,674,415</u>	<u>88,479,753</u>

6.1 During the period, the additions in property, plant and equipment amounted to Rs. 2.5 billion.

7	STOCK IN TRADE	Amount in Rs. '000	
		Dec 31, 2017 Unaudited	Jun 30, 2017 Audited
	Raw material	24,568,916	6,784,377
	Finished products	6,584,556	5,798,472
		<u>31,153,472</u>	<u>12,582,849</u>

7.1 This includes raw material in transit amounting to Rs. 21,183.921 million (30 June 2017: Rs. 4,032.88 million) as at the balance sheet date.

7.2 Finished products having cost of 4,077.192 million (June 2017: 3,589.267 million) have been written down by Rs. 502.624 million (June 2017 303.694 million) to net realizable value.

Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

7.3 Stock of finished products includes stock held by third parties and related party amounting to Rs. 1,432.698 million (June 2017: Rs. 1,033.413 million) and Rs. 54.717 million (June 2017: Rs. 103.839 million) respectively.

8 TRADE DEBTS

8.1 This mainly includes Rs. 7,067.924 million (30 June 2017: Rs. 7,553.041 million) due from an OMC and Rs. NIL million (30 June 2017: Rs. 224.068 million) due from related party against supplies of products.

8.2 During the period provision was made against doubtful debts amounting to Rs. 424.010 million.

9 OTHER RECEIVABLES - considered good

9.1 This includes Rs. 989 million (30 June 2017: Rs. 994) receivable from Coastal Refinery Limited.

10 NON-CURRENT ASSET HELD FOR SALE

During the period, the management of the Group intended to sell the plot of the company located in Karachi having value of Rs. 1,487.5 million based on independent valuation.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The status for contingencies is same as disclosed in consolidated financial statements for the year ended 30 June 2017.

12 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:

12.1 Transactions with related parties	Amount in Rs. '000	
	Jul - Dec 2017	Jul - Dec 2016 (Restated)
	-----Unaudited-----	
Parent company:		
Markup charged	73,981	66,617
Associated companies:		
Sales of goods and services	2,132,066	627,252
Purchase of operating fixed assets and services	60,520	135
Staff provident fund		
Payment of employees and Company's contribution	88,242	33,764
Key Management Personnel		
Salaries and benefits payment	366,211	284,843
	(Un-audited)	(Audited)
12.2 Balances with related parties	31 December 2017	30 June 2017
	(Rupees in '000)	
Parent Company		
Other receivables	-	25,138
Contribution against future issue of shares	761,129	761,129
Accrued markup	350,712	301,869
Loan payable	6,430,487	6,110,417
Associated Companies		
Trade debts	--	224,068
Accrued interest	41,525	108,192
Long Term deposit receivable	95	95
Payable against purchases	38,920	8,147
Others		
Payable to key management person	68,508	68,508
Payable to staff provident fund	13,418	46,019

Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Period Ended 31 December 2017

13 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:

	Oil Refining		Petroleum Marketing		Total	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Sales to ext. customers	37,324,197	22,784,195	25,310,025	16,365,141	62,634,222	39,149,335
Inter-segment sales	22,961,130	15,410,804	--	--	22,961,130	15,410,804
Eliminations	(22,961,130)	(15,410,804)	--	--	(22,961,130)	(15,410,804)
Total sales	37,324,197	22,784,195	25,310,025	16,365,141	62,634,222	39,149,335
Result						
Segment results - profit	3,143,022	812,973	561,559	371,610	3,704,581	1,184,583
Finance costs					(1,334,494)	(1,238,683)
Other expenses					(620,268)	(424,039)
Interest income					318,370	249,736
Taxation					(239,470)	(110,127)
Profit / (Loss) for the period					1,828,719	(338,530)
Other Information						
Depreciation	1,822,408	1,788,531	37,122	36,949	1,859,530	1,825,480

14 Reclassification

Following corresponding figures have been reclassified for better presentation:

From	To	Rs. '000
Long term Loans and Advances	Loans and advances	830,000
Long term financing	Accrued and deferred markup	8,429,727
Accrued mark-up	Accrued and deferred markup	301,869
Selling and distribution expenses	Cost of Sales	187,463
Selling and distribution expenses	Gross sales	582,520
Finance Cost	Cost of Sales	83,620

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on 27 February 2018 by the Board of Directors of the Group.

Chief Executive

Director

Chief Financial Officer



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