Financial Statements and Independent Auditors' Report

Hascol Petroleum Limited

For the year ended December 31, 2012

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Anjum Asim Shahid Rahman
Chartered Accountants

Grant Thornton

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

ANJUM ASIM SHAHID RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

We have audited the annexed balance sheet of **Hascol Petroleum Limited** (the Company) as at December 31, 2012 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2012 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no zakat was deductible at source under the zakat and ushr Ordinance, 1980 (XVIII of 1980).

Karachi
Date: April 5, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

HASCOL PETROLEUM LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2012

	Note	2012	2011
ASSETS		--------Rupees in '000--------	
Non-current assets			
Property, plant and equipment	4	1,723,990	876,999
Intangible asset	5	13,717	-
Long-term investments	6	-	-
Long-term deposits	7	34,989	50,847
Deferred taxation - net	8	139,945	286,591
Total non-current assets		1,912,641	1,214,437
Current assets			
Stock-in-trade	9	617,090	311,262
Trade debts	10	1,300,814	533,036
Advances	11	151,429	72,350
Short term deposits and prepayments	12	21,347	20,791
Other receivables	13	58,567	28,733
Sales tax receivable		-	60,462
Cash and bank balance	14	445,902	109,398
Total current assets		2,595,149	1,136,032
Total Assets		4,507,790	2,350,469
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	656,000	656,000
Share premium		3,300	3,300
Accumulated profit / (loss)		9,987	(218,838)
Total equity		669,287	440,462
Surplus on revaluation of fixed assets - net of tax	16	396,201	19,166
LIABILITIES			
Non-current liabilities			
Long term finances - secured	17	210,931	-
Liabilities against assets subject to finance lease	18	63,952	129,262
Long term deposits	19	81,423	64,272
Deferred liability - gratuity	20	19,238	11,456
Total non-current liabilities		375,544	204,990
Current liabilities			
Trade and other payables	21	2,221,920	1,093,512
Mark-up accrued	22	7,906	13,270
Short term running finances - secured	23	353,402	313,391
Current portion of long term finances - secured	17	173,593	-
Current maturity of liabilities against assets subject to finance lease	18	91,573	116,696
Sales tax payable		18,448	-
Taxation - net		199,916	148,982
Total current liabilities		3,066,758	1,685,851
Total liabilities		3,442,302	1,890,841
Total Equity and Liabilities		4,507,790	2,350,469
Contingencies and commitments	24		

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

HASCOL PETROLEUM LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012	2011
		-----------Rupees in '000---------	
Sales - net	25	29,775,296	19,583,772
Sales tax		(3,845,221)	(2,513,430)
Net Sales		25,930,075	17,070,342
Other revenue	26	62,269	23,361
Net revenue		25,992,344	17,093,703
Cost of sales	27	(24,996,331)	(16,394,426)
Gross profit		996,013	699,277
Operating Expenses			
Distribution	28	(488,777)	(331,418)
Administrative	29	(150,209)	(134,670)
		(638,986)	(466,088)
Other operating income	30	36,327	23,613
Operating profit for the year		393,354	256,802
Finance cost	31	(101,410)	(201,696)
Impairment on long term investment		-	(12,029)
Profit before taxation		291,944	43,077
Taxation	32	(73,661)	38,529
Profit for the year		218,283	81,606
		---------------Rupees--------------	
Earning per share - basic and diluted	33	3.33	1.94

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive **Director**

HASCOL PETROLEUM LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012	2011
		--------Rupees in '000--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	495,788	474,081
Finance cost paid		(106,774)	(201,296)
Taxes paid		(81,014)	(19,426)
Gratuity paid		(1,008)	(429)
Net cash generated from operating activities		306,992	252,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(337,697)	(142,445)
Proceeds from disposal of property, plant and equipment		98	8,240
Long term deposits		15,858	17,332
Net cash used in investing activities		(321,741)	(116,873)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid		(90,433)	(105,894)
Long term finance obtained and repaid - net		384,524	-
Issue of shares		-	246,000
Long term deposits		17,151	4,649
Net cash generated from financing activities		311,242	144,755
Net increase in cash and cash equivalents		296,493	280,812
Cash and cash equivalents as at the beginning of the year		(203,993)	(484,805)
Cash and cash equivalents as at the end of the year	37	92,500	(203,993)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

HASCOL PETROLEUM LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Issued, subscribed and paid-up capital	Share premium*	Accumulated profit / (loss)	Total
	---------------------------	Rupees in '000	---------------------------	
Balance as at January 01, 2011	410,000	3,300	(301,912)	111,388
Issue of shares	246,000		-	246,000
Total comprehensive income	-	-	81,606	81,606
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	1,468	1,468
Balance as at December 31, 2011	656,000	3,300	(218,838)	440,462
Balance as at January 01, 2012	**656,000**	**3,300**	**(218,838)**	**440,462**
Total comprehensive income	-	-	218,283	218,283
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	10,542	10,542
Balance as at December 31, 2012	656,000	3,300	9,987	669,287

* This arose on issue of shares and can be utilized as allowed under section 83 of the Companies Ordinance, 1984.

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

HASCOL PETROLEUM LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	-----------Rupees in '000-----------	
Profit for the year	218,283	81,606
Other comprehensive income	-	-
Total Comprehensive income	218,283	81,606

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

1 STATUS AND NATURE OF BUSINESS

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company. The registered office of the Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. The Company markets petroleum products and compressed natural gas. It also gets blends and markets various kinds of lubricating products.

The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005. Commercial Operations were started in the month of September 2005.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for assets disclosed in note 4.2, which are stated at revalued amount (note 3.1) and staff retirement benefits (note 3.17) which have been recognised at present value of defined benefit obligation.

In these financial statements, except for the statement of cash flows, all the transactions have been accounted for on an accrual basis.

2.3 Standard, amendment or interpretation to published approved accounting standards

2.3.1 New / revised standards, amendments and interpretations to existing standards effective from current period but not relevant to the Company:

The following standards, amendments to approved accounting standard is effective for accounting periods beginning on or after January 1, 2012.

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

The application of improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in these financial statements.

2.3.2 Standards, amendments and interpretations to published approved accounting standards that are not yet effective and have not been adopted early by the Company:

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

- Amendments to IFRS 1 - addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

- IAS 27 Separate financial statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated financial statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Company's financial statements.

2.4 Critical assumptions and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

Information about judgements made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the Company's financial statements and estimates and assumptions with significant risk of material adjustment in the future period are included in the following notes:

	Notes
a) useful lives of operating property, plant and equipment and their residual value.	3.1
b) impairment of financial and non-financial assets	3.3 & 3.9
c) net realizable value of stock-in-trade	3.7
d) provision for doubtful trade debts	3.8
e) accrued and other liabilities	3.11
f) taxation	3.14
g) staff retirement benefits	3.17

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are initially stated at cost and subsequently carried at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Property, plant and equipment including all additions are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any. Depreciation is charged on straight line method from the month in which an asset is available for use while no depreciation is charged from the month in which the asset is disposed off at the rates disclosed in note 4.1.

The assets' residual value, useful lives and methods are reviewed, and adjusted if appropriate, at reporting date. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

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

Leased

Leased assets including all additions are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any. Depreciation is charged on straight line method from the month in which an asset is available for use while no depreciation is charged from the month in which the asset is disposed off at the rates disclosed in note 4.1.

The Company accounts for assets acquired under finance leases by recording the assets and the related obligation. These amounts are determined at the inception of lease, on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability i.e internal rate of return. Depreciation is charged to income applying the same basis as for owned assets.

Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use and cost can be measured reliably.

Surplus on revaluation of fixed assets

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

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

3.2 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Initial recognition

Financial assets and financial liabilities are recognised initially at cost including associated transaction costs except that are incurred on financial assets and liabilities at fair value through profit or loss, which is the fair value of the consideration given/ received for it.

Subsequent measurement

The financial assets and financial liablities are measured subsequently as described below;

3.3 Financial assets and financial liablities

For the purpose of subsequent measurement, financial assets and financial liabilities are classified into the following categories upon initial recognition:

- loans and receivables;
- held to maturity investments;
- available-for-sale financial assets; and
- financial assets and financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at cost less accumulated impairement, if any.

Held to maturity investments

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity and the Company has a positive intent and ability to hold these investments till maturity. After Initial recognition, these are carried at amortized cost.

Available for sale financial assets

Investments intended to be held for indefinite period of time, which may be sold on response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to shareholders' equity until the investment is derocognized on which it is recognized in profit and loss account.

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are also classified as 'at fair value through profit or loss' or held for trading.

Financial assets in this category are measured at fair value with gains or losses recognised in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

Impairment of financial assets

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.4 Derecognition

Financial assets are decognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liablities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liablities are taken to the profit and loss account immediately.

3.5 Off setting

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Investments in subsidiaries

Subsidiaries are those enterprises in which the parent Company directly or indirectly controls, benifically owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors.

Investment in subsidiary companies are stated at cost and the carrying amount is adjusted for impairment, if any, to the recoverable amounts of such investments.

3.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to the market sale.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon. Provision is made for obsolete and slow moving stock-in-trade based on management's best estimate and is recognized in the profit and loss account.

The cost of stock in trade is determined on weighted average basis.

3.8 Trade debts and other receivables

Trade debts and other recivables are recognised initially at invoice value. A provision for impairment of trade debts and other recivables is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

3.9 Impairment of non financial assets

The carrying amounts of non financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand and balances with banks in current accounts and savings acounts net off short term running finances.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.12 Lease

3.12.1 Finance Leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

3.12.2 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

3.13 Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into Pakistan rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to income currently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.14 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized outside profit and loss account (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit and loss account.

3.14.1 Current

The Company accounts for taxation on the basis of taxable income at the current rates of taxation as applicable in Pakistan after taking into account tax credits and rebates available, if any, and in accordance with final tax provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

3.14.2 Deferred

Deferred tax is provided for, using the balance sheet method, providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax asset is recognised only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

3.15 Revenue recognition

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

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.

- Non-fuel retail income and other revenue (including licence fee) is recognised on an accrual basis.

- Dividend income is recognised when the Company's right to receive the dividend is established.

- Return on deposits and other services income is recognised on accural basis.

3.16 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently these are measured at amortised cost.

3.17 Retirement and other service benefits

3.17.1 Unfunded gratuity scheme

The Company operates an unfunded gratuity scheme for employees who have completed the employement period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial recommendations.The actuarial valuations are carried out using the Projected Unit Credit Method. The Company recognised acturial gain/ loss using corrdior approach and as per corridor approach for the recognition of actuarial gains and losses, amount exceeding 10 percent of project benefit obligation and fair value of plan assets are amortized over the expected future service of the eligible employees.

3.17.2 Contributory provident fund

The Company operates an unapproved contributory provident fund for all its permanent employees.The contribution to the fund is made by the Company as well as the employee.

3.18 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing costs incurred on finances obtained for qualifying assets are capitalized up to the commencement of commercial production of the respective assets. All other borrowing costs are charged to profit and loss account as and when incurred.

3.19 Presentation and functional currency

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

4 PROPERTY, PLANT & EQUIPMENT

	Note	2012	2011
		--------Rupees in '000--------	
Operating fixed assets	4.1	**1,223,720**	660,345
Capital work-in-progress	4.5	**500,270**	216,654
		1,723,990	876,999

4.1 The following is a statement of operating tangible fixed assets:

	Owned assets									Leased assets						
	Building and infrastructure on leasehold land															
	*Office building	Pump building and infrastructure	Tanks and pipelines	Dispensing pumps	Plant & Machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles	Computers auxiliaries	Canopy and infrastructure on leasehold land	Tanks and Pipelines	Dispensing pumps	Plant & Machinery	Electrical, mechanical and fire fighting equipment	Vehicles	Total operating fixed assets
	Rupees in '000															
At January 1, 2012																
Cost / revalued amount	66,173	198,120	10,766	6,899	3,148	710	35,730	12,622	6,122	166,399	90,260	137,419	66,850	4,104	36,801	842,123
Accumulated depreciation	14,963	17,643	1,079	670	634	90	22,704	9,555	4,393	31,331	18,676	30,691	11,466	1,251	16,632	181,778
Net book value	51,210	180,477	9,687	6,229	2,514	620	13,026	3,067	1,729	135,068	71,584	106,728	55,384	2,853	20,169	660,345
Year ended December 31, 2012																
Opening net book value	51,210	180,477	9,687	6,229	2,514	620	13,026	3,067	1,729	135,068	71,584	106,728	55,384	2,853	20,169	660,345
Additions	1,556	2,859	1,270	1,350	145	14	1,490	3,275	2,456	-	-	-	-	-	-	14,415
Revaluation**	-	105,941	14,491	39,549	8,159	778	-	-	-	68,697	86,586	209,278	61,199	1,594	-	596,272
Transfer in / (out)	(3,797)	-	323	7,560	3,227	77	3,797	677	-	-	(323)	(7,560)	(3,227)	(77)	(677)	-
Transferred from capital work in progress	-	21,225	744	2,245	1,038	526	171	-	-	-	-	-	-	-	-	25,949
Disposals																
Cost	-	-	-	-	-	-	76	901	58	-	-	-	-	-	4,856	5,891
Accumulated depreciation	-	-	-	-	-	-	76	841	58	-	-	-	-	-	2,091	3,066
	-	-	-	-	-	-	-	60	-	-	-	-	-	-	2,765	2,825
Depreciation charge for the year	3,594	12,562	868	2,109	397	147	5,966	959	1,316	10,085	6,378	14,435	4,419	537	6,664	70,436
Closing net book value	45,375	297,940	25,647	54,824	14,686	1,868	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720
At December 31, 2012																
Cost / revalued amount	63,236	302,526	26,244	62,130	14,926	2,047	41,808	15,673	8,475	209,477	154,281	295,920	110,871	3,961	31,268	1,342,843
Accumulated depreciation	17,861	4,586	597	7,306	240	179	29,290	9,673	5,606	15,797	2,812	1,909	1,934	128	21,205	119,123
Net book value	45,375	297,940	25,647	54,824	14,686	1,868	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720
Depreciation rate percent per annum	5	5	5	6.67	10	10	20	20	33.33	5	5	6.67	5	10	20	
At January 1, 2011																
Cost / revalued amount	66,173	142,818	3,643	-	754	320	33,202	6,906	5,545	169,019	91,162	137,365	68,419	4,143	53,663	783,133
Accumulated depreciation	11,269	6,546	290	-	54	14	17,532	4,026	3,308	25,599	14,667	22,035	8,559	858	18,690	133,448
Net book value	54,904	136,272	3,353	-	700	306	15,670	2,880	2,237	143,420	76,495	115,330	59,860	3,285	34,973	649,684
Year ended December 31, 2011																
Opening net book value	54,904	136,272	3,353	-	700	306	15,670	2,880	2,237	143,420	76,495	115,330	59,860	3,285	34,973	649,685
Additions	-	2,579	1,120	1,447	-	144	497	136	677	-	-	-	-	-	-	6,600
Transfer in/(out)	-	10,694	2,603	1,992	2,394	39	-	9,749	-	(10,694)	(2,603)	(1,992)	(2,394)	(39)	(9,749)	-
Transferred from capital work in progress	-	42,029	3,400	3,460	-	207	2,031	-	-	8,074	1,701	2,046	825	-	-	63,773
Disposals / transfers																
Cost	-	-	-	-	-	-	-	4,169	100	-	-	-	-	-	7,113	11,382
Accumulated depreciation	-	-	-	-	-	-	-	3,730	100	-	-	-	-	-	3,153	6,983
	-	-	-	-			-	-	-	-		-	-	-	-	-
Depreciation charge for the year	3,694	11,097	789	670	580	76	5,172	9,259	1,185	5,732	4,009	8,656	2,907	393	1,095	55,314
Closing net book value	51,210	169,783	3,684	777	120	374	10,995	3,067	1,729	145,762	74,187	108,720	57,778	2,892	20,169	660,345
At December 31, 2011																
Cost	66,173	198,120	10,766	6,899	3,148	710	35,730	12,622	6,122	166,399	90,260	137,419	66,850	4,104	36,801	842,123
Accumulated depreciation	14,963	17,643	1,079	670	634	90	22,704	9,555	4,393	31,331	18,676	30,691	11,466	1,251	16,632	181,778
Net book value	51,210	180,477	9,687	6,229	2,514	620	13,026	3,067	1,729	135,068	71,584	106,728	55,384	2,853	20,169	660,345
Depreciation rate percent per annum	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	

* Running finance facility from a bank is secured on office building for the value of Rs. 275 million (2011: Rs.275 million)
** Refer note 16

4.2 Had there been no revaluation, the written down value of the following assets in the balance sheet would have been as follows:

	2012												2011
	Owned Assets						Leased Assets						
	Building on lease hold land												
	Office Building	Pump Building	Dispensing Units	Plant & Machinery	Tanks and Pipelines	Electrical, mechanical and fire fighting equipment	Building on Lease Hold Land	Dispensing pumps	Plant & Machinery	Tanks and Pipelines	Electrical, mechanical and fire fighting equipment	Total	Office Building
	Rupees												
Cost	23,974	222,204	10,494	4,331	12,780	1,270	166,399	137,419	66,850	90,260	4,104	740,085	23,974
Accumulated Depreciation	9,091	28,753	1,370	851	1,718	153	39,651	39,857	14,808	23,189	1,456	160,897	7,892
Written Down Value	14,883	193,451	9,124	3,480	11,062	1,117	126,748	97,562	52,042	67,071	2,648	579,188	16,082

4.3 The depreciation charged for the year has been allocated as follows:

	2012	2011
	Rupees in '000	
Distribution expenses	54,088	45,262
Administrative expenses	16,348	10,052
	70,436	55,314

4.4 Details of disposal of fixed assets having net book value of Rs. 50,000 or above:

Vehicle (As per company's policy)

Type	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain	Particulars of buyer	Mode of disposal
	Rupees						
Suzuki Swift	1,049,000	419,600	629,400	925,000	295,600	Mandwi Wala Motors	Auction
Honda City	901,000	840,934	60,066	507,500	447,434	Employee	Employee Option
Toyota Corolla XLI	1,269,000	571,050	697,950	1,227,100	529,150	Major Amjad	Auction
Toyota Corolla XLI	1,269,000	571,050	697,950	1,185,000	487,050	Toyota Southern	Auction

4.5 CAPITAL WORK-IN-PROGRESS

	2012	2011
	Rupees in '000	
Petrol pump buildings, & equipment	90,391	81,261
Tanks, dispenser, depots and other equipments	384,523	129,782
Borrowing cost capitalized	20,037	-
Advances to contractors	5,319	5,611
	500,270	216,654

The movement of CWIP during the year is as follows:

	Opening balance	Additions during the year	Transferred to the property, plant and equipments	Total
	Rupees in '000			
Petrol pump buildings, & equipment	81,261	30,355	(21,225)	90,391
Tanks, dispenser, depots and other equipments	129,782	296,615	(41,874)	384,523
Borrowing cost capitalized	-	20,037	-	20,037
	216,654	346,715	(63,099)	500,270

5 Intangible Asset

The Intangible asset includes JD Edwards ERP System amounting to Rs. 13.717 million. The software is in the process of implementation which is expected to complete by June 30, 2013.

6 LONG-TERM INVESTMENT

	Note	Percentage 2012	Percentage 2011	Amount 2012	Amount 2011
				-------Rupees in '000------	
Subsidiary company- at cost					
Unquoted					
Hascombe Lubricants (Private) Limited					
9,779,800 (December 31, 2011: 9,779,800) ordinary shares of Rs. 10 each.		**100**	100	**30,604**	30,604
Less: Provision for impairment	6.1			**(30,604)**	(30,604)
				-	-

The Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the Company, incorporated in Pakistan under the Companies Ordinance,1984.

6.1 Movement in provision for impairment in long-term investment

	2012	2011
	--------Rupees in '000--------	
Balance at beginning of the year	**30,604**	18,575
Provision made during the year	**-**	12,029
Balance at end of the year	**30,604**	30,604

7 LONG-TERM DEPOSITS

	Note	2012	2011
		--------Rupees in '000--------	
Lease deposits		**25,060**	40,918
Other deposits	7.1	**9,929**	9,929
		34,989	50,847

7.1 Other deposit includes an amount of Rs. 8.2 million (2011: Rs. 8.2 million) with PAF Base Faisal, for HASCOL One Petrol Station, a Company owned and Company operated site.

8 DEFERRED TAXATION - net

This is comprised of the following:

	2012	2011
	--------Rupees in '000--------	
Taxable temporary difference arising in respect of :		
- Accelerated depreciation	**(56,449)**	(52,733)
- Assets under finance lease	**(119,279)**	(137,787)
- Revaluation of fixed assets	**(212,395)**	-
Deductible temporary difference arising in respect of :		
- Liabilities against assets subject to finance lease	**54,434**	85,710
- Employee benefits	**6,733**	4,010
- Investments	**10,711**	10,711
- Provision for doubtful debts	**2,651**	297
- Carry forward tax losses	**162,354**	221,547
- Turnover tax	**285,418**	154,836
	134,178	286,591

		2012	2011
		--------Rupees in '000--------	
8	**DEFERRED TAXATION - net**		
	This is comprised of the following:		
	Taxable temporary difference arising in respect of :		
	- Accelerated depreciation	(56,689)	(52,733)
	- Assets under finance lease	(117,124)	(137,787)
	- Revaluation of fixed assets	(212,395)	-
	Deductible temporary difference arising in respect of :		
	- Liabilities against assets subject to finance lease	54,434	85,710
	- Employee benefits	6,733	4,010
	- Investments	10,711	10,711
	- Provision for doubtful debts	2,651	297
	- Carry forward tax losses	166,206	221,547
	- Turnover tax	285,418	154,836
		139,945	286,591

Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate unutilized tax losses as at December 31, 2012 amounts to Rs. 473.922 million (December 31, 2011: Rs. 632.99 million), the deferred income tax asset has been recognized on tax losses based on projections of future taxable profits of the Company.

		Note	2012	2011
			--------Rupees in '000--------	
9	**STOCK-IN-TRADE**			
	Raw and packing materials		64,520	61,222
	Finished goods			
	- fuels	9.1and9.2	433,225	150,111
	- lubricants		119,345	99,281
			552,570	249,392
	Stock in transit		-	648
			617,090	311,262

9.1 Stock in finished goods fuels includes 615,079 litres (2011: 418,249 litres) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

9.2 Stock in finished goods includes high speed diesel amounting to Rs. 105 million (2011: Nil) and Rs. 150 million (2011: Nil) pledged as security with Sindh Bank Limited and Summit Bank Limited in respect of running finance facility and letter of credit respectively.

		Note	2012	2011
			--------Rupees in '000--------	
10	**TRADE DEBTS**			
	Considered good - unsecured	10.1 & 10.2	1,300,814	533,036
	Considered doubtful		7,573	849
	Trade debts - gross		1,308,387	533,885
	Less: Provision for doubtful debts	10.1 & 10.2	(7,573)	(849)
			1,300,814	533,036

10.1 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 6.724 million (2011: Rs 6.572 million). During the year, provision amounting to Rs. 6.724 million (2011: Rs Nill) has been made there against.

10.2 Significant portion of these receivbales are secured through bank guarantees and / or post dated cheques.

		Note	2012	2011
			--------Rupees in '000--------	
10.2	**Movement of provision for doubtful debts**			
	Balance at beginning of the year		849	-
	Provision made during the year		6,724	849
	Balance at end of the year		7,573	849
11	**ADVANCES - considered good**			
	Advances:			
	- against expenses		8,420	4,270
	- to contractors		-	-
	- rent		13,814	4,954
	- paid to supplier		129,195	63,126
			151,429	72,350
12	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Inland Freight Equalisation Margin (IFEM)		-	5,504
	Prepaid insurance and others		3,760	3,272
	Lease deposits		17,587	12,015
			21,347	20,791
13	**OTHER RECEIVABLES**			
	Price Differential Claims (PDC's)	13.1	5,083	7,633
	Due from Hascombe Business Solutions (Private) Limited	13.2	-	6,400
	Others	13.2	53,484	14,700
			58,567	28,733

13.1 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources (MPNR). The Company together with other oil marketing companies is actively persuing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

13.2 This includes Rs. 4.2 million (2011 : Rs. 20 million) receivable from related parties.

		Note	2012	2011
			--------Rupees in '000--------	
14	**CASH AND BANK BALANCES**			
	Balances with banks			
	- current		**211,150**	8,867
	- savings	14.1	**231,819**	97,598
	Cash in hand		**2,933**	2,933
			445,902	109,398

14.1 Balances with banks carry interest rates ranging from 6 percent per annum to 8.5 percent per annum (2011: 6 percent per annum to 7.5 percent per annum).

		2012	2011
		--------Rupees in '000--------	
15	**SHARE CAPITAL**		
15.1	**Authorised capital**		
	Class "A" shares		
	75,000,000 (2011: 75,000,000) shares of Rs. 10 each.	**750,000**	750,000

15.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011	2012		2012	2011
Number of shares			--------Rupees in '000--------	
Class "A" shares				
64,540,000	**64,540,000**	Ordinary shares of Rs. 10 each fully paid in cash	**645,400**	645,400
1,060,000	**1,060,000**	Ordinary shares of Rs. 10 each for consideration other than cash	**10,600**	10,600
65,600,000	**65,600,000**		**656,000**	656,000

Associated companies hold Nill (2011: 12,464,000) of ordinary shares of Class "A" shares.

Reconciliation of Class A shares of Rs. 10 each fully paid in cash

2011	2012		2012	2011
Number of shares			--------Rupees in '000--------	
32,940,000	**64,540,000**	Ordinary shares of Rs. 10 each, fully paid in cash as at January 01	**645,400**	329,400
24,600,000	**-**	Issued during the year	**-**	246,000
7,000,000	**-**	Converted from Class B shares to Class A	**-**	70,000
64,540,000	**64,540,000**		**645,400**	645,400

		Note	2012	2011
			--------Rupees in '000--------	
16	**SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX**			
	Gross surplus			
	Opening balance		28,542	30,800
	Revaluation during the year	16.2	596,272	-
	Transfer in respect of incremental depreciation charged during the year		(16,218)	(2,258)
			608,596	28,542
	Related deferred tax			
	Opening balance		9,376	10,166
	Revaluation during the year		208,695	-
	Reversal of deferred tax liability on account of incremental depreciation charged during the year		(5,676)	(790)
			212,395	9,376
			396,201	19,166

16.1 Subsequent to revaluation on June 30, 2006 conducted by M/S Iqbal Nanji & Company an independent valuer, which resulted in surplus of Rs. 18.877 million, the building was revalued again by M/S Akbani & Javed Associates an independent valuer on October 20, 2007 resulting in surplus of Rs. 39.7 million.

16.2 During the year, the Company carried out revaluation of 160 petrol pumps through an independent valuer Asif Associates (Private) Limited. Revalued amount of assets is Rs. 1,172 million, resulting in surplus (net of deferred tax) amounting to Rs. 387 million.

		Note	2012	2011
			--------Rupees in '000--------	
17	**LONG TERM FINANCES - SECURED**			
	PAIR Investment Company Limited	17.1	91,667	-
	First Women Bank	17.2	200,000	-
	Summit Bank Limited	17.3	92,857	-
			384,524	-
	Current portion of long term finance			
	PAIR Investment Company Limited		33,333	-
	First Women Bank		54,546	-
	Summit Bank Limited		85,714	-
			(173,593)	-
			210,931	-

17.1 This represents term finance facility from PAIR Investment Company Limited to finance the development of shikarpur storage facility. The sanctioned limit is Rs. 100 million and is secured against first pari passu charge on all present and future current and fixed assets of the Company with 25% margin (charge on fixed assets of shikarpur depot to the extent of Rs. 133.33 million) and personal guarantee of Mr. Mumtaz Hassan Khan (CEO) as sponsor to the extent of Rs. 140.7 million. Mark up rate is 3 months KIBOR plus a spread of 3 percent. The loan is repayable in 12 equal quarterly installments due three months from the date of first draw down with last repayment due on September 27, 2015. No dividend will be declared without prior approval of PAIR Investment Company Limited.

17.2 This represents capital finance facility obtained from First Women Bank Limited for construction of retail outlets. The sanctioned limit is Rs. 200 million and is secured against specific charge on reatil outlets worth Rs. 38 million, first parri passu charge on shikarpur installation worth Rs.229 million and personal guarantee of Mr. Mumtaz Hassan Khan (CEO) as sponsor. It carries mark up rate of 6 months KIBOR plus a spread of 3 percent. The loan is repayable in 12 equal quarterly installments due three months from the date of first draw down with last repayment due on December 31, 2015.

17.3 This represents capital finance facility obtained from Summit Bank Limited to finance the capital expenditure requirements of shikarpur storage facility of the Company. The sanctioned limit is Rs. 150 million and is secured against first pari passu charge on overall present and future moveable fixed assets of the Company with 25% margin, and personal guarantee of sponsor directors of the Company. It carries mark up rate of 3 months KIBOR plus a spread of 3.5 percent. The loan is repayable in 21 equal monthly installments due three months from the date of first draw down with last repayment due on January 31, 2014.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

the Company has entered into various lease agreements with various leasing companies for lease of various items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2015, have been discounted by using financing rates ranging from 12.36 percent to 17.35 percent (2011: 16 percent to 20 percent) per annum. Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are as follows:

	2012			2011		
	Minimum lease payments	**Financial charges allocated to future periods**	**Present value of minimum lease payments**	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments
	----------'--------Rupees in '000-----------------			----------'--------Rupees in '000-----------------		
Upto one year	**104,500**	**12,927**	**91,573**	147,296	30,600	116,696
Between one year to five years	**69,520**	**5,568**	**63,952**	141,478	12,216	129,262
	174,020	**18,495**	**155,525**	288,774	42,816	245,958

	Note	2012	2011
		--------Rupees in '000--------	
19 LONG TERM DEPOSITS	19.1	**81,423**	64,272

19.1 This includes interest free security deposits from dealers in accordance with contract in writing and are repayable on termination or cancellation of dealership.

		Note	2012	2011
			--------Rupees in '000--------	
20	**DEFERRED LIABILITY - GRATUITY**	20.1 & 20.2	**19,238**	11,456

20.1 As disclosed in note 3.17.1, the Company operates an unfunded gratuity scheme for its permanent employees who have completed five years of service with the Company.

The information provided in notes 20.2 to 20.7 have been obtained from the actuarial recommendations.

20.2 Reconciliation of obligation as at year end

	Note	2012	2011
		--------Rupees in '000--------	
Present value of defined benefit obligation as at the end of the year	20.4	**31,092**	10,639
Net unrecognised acturial gains	20.6	**(11,854)**	817
Balance sheet liability		**19,238**	11,456

20.3 Movement in liability recognised in balance sheet

	Note	2012	2011
Balance at the beginning of the year		**11,456**	8,511
Add: Charge for the year	20.5	**8,790**	3,374
Less: Payments to outgoing employees		**(1,008)**	(429)
Balance at the end of the year		**19,238**	11,456

20.4 Movement in present value of the defined benefit obligation

	2012	2011
Present value of defined benefit obligation at the beginning of year	**10,639**	8,510
Current service cost	**4,810**	1,956
Interest cost	**3,110**	1,125
Benefit paid during the year	**(1,008)**	(429)
Actuarial (gain)/ loss	**13,541**	(523)
Present value of defined benefit obligation at the end of year	**31,092**	10,639

20.5 The amounts recognised in the profit and loss are as follows:

	Note	2012	2011
Current service cost		**4,810**	1,956
Interest on obligation		**3,110**	1,125
Acturial gain	20.6	**870**	(4)
Amortisation of transition obligation		**-**	297
Total gratuity expense for the year for unfunded obligation		**8,790**	3,374

20.6 Movement in the actuarial losses during the year:

	2012	2011
Opening unrecognized actuarial gain	**(817)**	(298)
Net actuarial loss / (gain) during the year	**13,541**	(523)
	12,724	(821)
Actuarial loss / (gain) recognized in profit and loss	**870**	(4)
Closing unrecognized actuarial gains	**11,854**	(817)

Historical data for gratuity is as follows:

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	31,092	10,639	8,511	5,604	3,535
Actuarial loss / (gain) on obligation	13,541	(523)	(523)	(847)	-

20.7 Actuarial assumptions

The following significant assumptions were used in the valuation of these schemes:

	2012	2011
	% per annum	
- Expected long-term rate of increase in salary level	**11%**	12%
- Discount rate	**12%**	13%

21 TRADE AND OTHER PAYABLES

	Note	2012	2011
		--------Rupees in '000--------	
Trade creditors		**1,409,965**	373,845
Accrued liablities		**71,849**	48,253
Advance from customers		**132,455**	182,833
Other advances		**212,027**	104,824
IFEM/cartrage payable		**94,469**	4,221
Other liabilities		**301,155**	379,536
		2,221,920	1,093,512

22 MARK-UP ACCRUED

	Note	2012	2011
Mark up accrued	22.1	**7,906**	13,270

22.1 As noted in note 23, this represents mark-up payable on finances availed by the Company. The rates of mark-up ranged from 13.18% to 15.49% per annum in 2012 (2011: 16% to 18% per annum).

23 SHORT TERM RUNNING FINANCES - SECURED

	Note	2012	2011
		--------Rupees in '000--------	
Summit Bank Limited	23.1	**272,598**	277,074
JS Bank Limited	23.2	-	831
KASB Bank Limited	23.3	-	35,486
Sindh Bank Limited	23.4	**80,804**	
		353,402	313,391

23.1 This represents running finance facility from Summit Bank Limited. The sanctioned limit is for Rs. 275 million (2011: Rs. 275 million) secured against registered assets of the Company and first pari passu hypothecation charge with 25 percent margin over Company's present and future current assets, the personal guarantee of all the directors and first exclusive equitable registered mortgage charge over an office building situated at The Forum, suite # 105-106, 1st floor, Khayaban-e-Jami, Clifton, Karachi, with 25 percent margin on office building. The finance carries mark-up at the rate of 3 months KIBOR plus a spread of 3 percent per annum (2011: 3 months KIBOR plus a spread of 3 percent per annum), payable at the end of every quarter.

23.2 The running finance facility of Rs 50 million from JS Bank Limtied has been settled during the year. The facility was secured by way of hypothecation charge of present and future current assets of the Company with 25 percent margin and personal guarantees of all the directors. Furthermore, JS Bank Limited had issued NOC letter to the Company for clearence of the security and guarantee of directors.

23.3 This represents running finance facility to the extent of Rs. 50 million availed from KASB Bank Limited in prior year. The facility carried mark-up at the rate of 3 months KIBOR plus spread of 3.5 percent per annum payable at the end of every quarter. The loan is secured by way of Hypothecation charge of Rs. 67 million over the Company's present and future fixed assets with 25% margin. The facility had not been renewed and the KASB Bank Limited has issued NOC letter to the Company for clearence of the security.

23.4 This represents cash finance facility to the extent of Rs. 100 million availed from Sindh Bank Limited. The facility carries mark-up at the rate of 3 month KIBOR plus spread of 3.5% per annum (15% floor) payable at the end of every quarter. The loan is secured by way of pledge of stock with 20% margin and personal guarantee of all the directors of the Company. The facility will expire on November 30, 2013.

24 CONTINGENCIES AND COMMITMENTS

Contingencies

As per the deliberations of the Main Committee of the Oil Companies Advisory Committee (OCAC) held in their meeting number MCM-168 dated September 20, 2007, the financial costs on outstanding Price Differential Claims (PDC) should be worked and billed to the Government of Pakistan (GOP) through OCAC by the Oil Marketing Companies (OMCs) on a regular basis. Although the Company had billed Rs 65.97 to the GOP/ OCAC, the management had not accounted for its impact in these financial statements as the inflow of economic benefits, though probable, is not virtually certain.

The facility for opening letters of credit (LCs) acceptances as at December 31, 2012 amounted to Rs. 1,725 million (2011: Rs. 550 million) of which the amount remaining unutilized as at that date was Rs. 236 million (2011: Rs. 253.9 million).

COMMITMENTS

Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

	2012	2011
	--------Rupees in '000--------	
Property, plant and equipment	**199,957**	264,000
Intangibles	-	3,500
	199,957	267,500

Commitments for rental of assets under operating lease agreements as at December 31, 2012 amounted to Rs. 1,011.395 million (2011: Rs. 994.165 million) payables as follows:

	2012	2011
	--------Rupees in '000--------	
Not later than one year	**61,951**	58,184
Later than one year and not later than five years	**247,802**	232,736
Later than five years	**701,642**	703,245
	1,011,395	994,165

25 SALES - NET

Gross sales		**29,825,394**	19,619,548
Less: sales discount		**(17,447)**	(21,549)
Less: sales return		**(32,651)**	(14,227)
Net sales		**29,775,296**	19,583,772

26 OTHER REVENUE

Joining fee for petrol pump operators		**3,675**	2,100
Joining fee - LPG		**2,500**	-
Franchise / CNG franchise fee		**56,094**	21,261
		62,269	23,361

27 COST OF SALES

Opening stock of lubricants, raw and packing materials		**160,503**	148,856
Raw and packing materials purchased		**394,089**	333,052
Less: Closing stock of lubricants, raw and packing materials	9	**(183,865)**	(160,503)
Lubricants, raw and packing materials consumed		**370,727**	321,405
Opening stock - fuel		**150,111**	408,063
Fuel purchased		**23,587,236**	14,747,815
Duties and levies	27.1	**1,321,482**	1,067,254
Less: Closing stock - fuel	9	**(433,225)**	(150,111)
		24,996,331	16,394,426

27.1 Duties and levies

Inland freight equilisation margin		**269,102**	145,308
Freight		**1,052,380**	921,946
		1,321,482	1,067,254

28 DISTRIBUTION EXPENSES

Salaries, wages and other benefits	29.1	**93,983**	30,554
Traveling and conveyance		**17,593**	12,001
Rent, rates and taxes		**100,619**	90,334
Insurance		**15,293**	4,791
Depreciation	4.3	**54,088**	45,262
Entertainment		**3,726**	1,359
Printing and stationery		**1,920**	1,794
Communication		**1,697**	1,764
Repairs and maintenance		**5,835**	10,642
Utilities		**4,683**	2,828
Fees and subscription		**4,275**	1,691
Sales promotional charges		**142,066**	95,078
Royalty		**30,492**	28,125
Advertising and publicity		**10,139**	3,693
Testing & Training		**311**	37
Uniforms for petrol pumps		**1,446**	396
Miscellaneous		**611**	1,069
		488,777	331,418

		Note	2012	2011
			--------Rupees in '000--------	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits	29.1	64,556	83,115
	Traveling and conveyance		2,993	2,385
	Rent, rates and taxes		8,207	8,197
	Insurance		2,375	1,775
	Depreciation	4.3	16,348	10,052
	Entertainment		4,032	865
	Printing and stationery		1,771	1,192
	Communication		2,139	2,102
	Repairs and maintenance		4,130	4,066
	Utilities		2,330	3,003
	Fee and subscription		7,954	7,388
	Auditors' remuneration	29.2	1,616	1,346
	Donation	29.3	1,102	700
	Legal and professional charges		15,223	7,450
	Provision for doubtful debts		6,724	849
	WWF		8,346	-
	Miscellaneous		363	185
			150,209	134,670

29.1 Salaries and other benefits relating to distribution and adminstrative expense include:

	Note	2012	2011
- Gratuity	20.5	8,790	3,374
- Contribution to provident fund		6,222	3,021

29.2 Auditors' remuneration

	2012	2011
Audit fee	1,492	1,243
Other certifications	28	23
Out of pocket expenses	96	80
	1,616	1,346

29.3 None of the directors and their spouses had any interest in any of the donees.

		2012	2011
		--------Rupees in '000--------	
30	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Profit on bank deposits	7,073	1,888
	Income from non-financial assets		
	Promotional marketing fee	8,150	2,000
	Retainer fee	-	2,100
	Scrap sales	179	135
	Re organisation fee	250	200
	Gain on sale of disposal of property, plant and equipments	1,035	3,841
	Rent Income	5,600	3,422
	Liabilities no longer payable written back	8,200	6,312
	Others	5,840	3,715
		36,327	23,613

		Note	2012	2011
			--------Rupees in '000--------	
31	**FINANCE COST**			
	Mark-up on			
	- short term finance		**55,531**	118,429
	Bank charges		**7,510**	555
	LC charges		**11,813**	34,219
	Lease finance charges		**26,556**	48,493
			101,410	201,696
32	**TAXATION**			
	Current		**135,710**	93,805
	Deferred	8	**(62,049)**	(132,334)
			73,661	(38,529)

32.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under minimum / presumptive tax regime of the Income Tax Ordinance, 2001.

		2012	2011
		--------Rupees in '000--------	
33	**EARNING PER SHARE - basic and diluted**		
	Profit for the year	**218,283**	81,606
		Number of Shares	
	Weighted average number of ordinary shares	65,600,000	42,145,753
		Rupees	
	Earning per share	**3.33**	1.94

There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2012		2011	
	Chief Executive	Executives	Chief Executive	Executives
	--------Rupees in '000--------		--------Rupees in '000--------	
Short-term employee benefits				
Managerial remuneration	11,202	56,137	8,400	44,396
House rent and utilities	2,378	17,799	1,148	12,698
Medical expenses	999	3,663	1,095	2,958
	14,579	77,599	10,643	60,052
Post-employment benefits				
Company's contribution to gratuity and provident fund	-	3,719	-	2,289
	14,579	81,318	10,643	62,341
Number of persons	1	42	1	40

34.1 No remuneration has been paid to any director during the year (2011: Nil)

The Chief Executive and certain executives are also provided with the free use of Company maintained cars and cell phones. In addition, the Chief Executive Officer and Chief Operating Officer are also entitled free security services in accordance with the terms of employment.

35 RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary company, associated undertakings, directors of the Company, companies with common directorships with the Company, key management personnel and post employment plans. The Company carried out transactions with various related parties in the normal course of business.

Remuneration of key management personnel is disclosed in note 34. Amount due to / from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:

Nature of transaction	Nature of relationship	2012	2011
		--------Rupees in '000--------	
Transactions			
IT support service fee	Associated Company	416	396
Rental income	Associated Company	5,600	3,422
Loan advanced	Associated Company	7,260	6,400
Loan recovered	Associated Company	13,660	-
Sale of goods	Associated Company	6,168	5,760
Purchase of goods	Associated Companies	16,549,159	10,197,658
Purchase of goods	Parent Company	-	478,357
Expenses charged	Associated Companies	30,504	2,964
Balances			
Trade debtors	Associated Companies	4,200	20,864
Trade creditors	Associated Companies	670,430	94,614
Trade creditors	Parent Company	-	11,499
Loan receivable	Associated Companies	-	6,400

All transactions with related parties have been carried out on commercial terms and conditions.

Expenses recovered from / charged by related parties are based on actuals. The related outstanding balances have been disclosed in note 10 to these financial statements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Executive Director and Executives to be key management personnel.

In addition to this Company Secretary is paid an amount of Rs. 50,000 (2011 : Rs. 25,000) per months for his services.

36 CASH GENERATED FROM OPERATIONS

	Note	2012	2011
		---------Rupees '000---------	
Profit before taxation		**291,944**	43,077
Adjustment for non-cash and non operating items:			
Depreciation	4.3	**70,436**	55,314
Provision for gratuity	20.5	**8,790**	3,374
Impairment in long term investment	6.1	**-**	12,029
Provision for doubtful debts	10.2	**6,724**	849
Liabilities no longer required written back	30	**(8,200)**	(6,312)
Gain on sale of property, plant and equipment	30	**(1,035)**	(3,841)
Finance cost	31	**101,410**	201,696
Working capital changes	36.1	**25,719**	167,895
		495,788	474,081

36.1 Working capital changes

	2012	2011
Decrease / (Increase) in current assets		
Stock-in-trade	**(305,828)**	264,430
Trade debts	**(774,502)**	(411,896)
Advances	**(79,079)**	(11,036)
Short term deposits and prepayments	**(556)**	56,289
Other receivables	**(29,834)**	(20,501)
Sales tax receivable	**60,462**	34,223
	(1,129,337)	(88,491)
Increase in current liabilities		
Trade and other payables	**1,155,056**	256,386
	25,719	167,895

37 CASH AND CASH EQUIVALENTS

	2012	2011
Cash and bank balance	**445,902**	109,398
Short term running finances - secured	**(353,402)**	(313,391)
	92,500	(203,993)

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk (Note 38.1.1)
- Credit risk and concentration of credit risk (38.1.2)
- Liquidity risk (38.1.3)

38.1.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in foreign currency, market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Foreign currency risk is the risk that the value of financial asset or liability will fluctuate due to a change in foreign exchange rates.

The Company is not exposed to the currency risk as the major transaction of the Company are carried out in the Pak Rupees.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from liability against asset subject to finance lease, running finance arrangement-secured and long term finances-secured. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

(b) Interest rate risk (continued)

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2012 Total
			Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	
					Rs. In '000				
Financial assets									
Long-term deposits			-	-	-	-	9,929	9,929	9,929
Trade debts			-	-	-	1,300,814	-	1,300,814	1,300,814
Short term deposits and prepayments			-	-	-	21,347	-	21,347	21,347
Other receivables			-	-	-	58,567	-	58,567	58,567
Cash and bank balances		6.0 to 8.5	-	-	-	211,150	-	211,150	211,150
	(a)		-	-	-	1,591,878	9,929	1,601,807	1,601,807
Financial liabilities									
Liabilities against assets subject to finance lease (gross)		12.36 to 17.35	91,573	63,952	155,525	-	-	-	155,525
Long term finances - secured		12.28 to 15.49	173,593	210,931	384,524	-	-	-	384,524
Long-term deposits			-	-	-	-	81,423	81,423	81,423
Trade and other payables			-	-	-	2,221,920	-	2,221,920	2,221,920
Markup accrued			7,906	-	7,906	-	-	-	7,906
Short term running finances - secured		13.18 to 15.49	353,402	-	353,402	-	-	-	353,402
	(b)		626,474	274,883	901,357	2,221,920	81,423	2,303,343	3,204,700
On balance sheet gap	(a)-(b)		(626,474)	(274,883)	(901,357)	(630,042)	(71,494)	(701,536)	(1,602,893)

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2011 Total
			Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	
Financial assets									
Long-term deposits			-	-	-	-	9,929	9,929	9,929
Trade debts			-	-	-	533,036	-	533,036	533,036
Short term deposits and prepayments			-	-	-	20,791	-	20,791	20,791
Other receivables			-	-	-	28,733	-	28,733	28,733
Cash and bank balances		6.0 to 7.5	-	-	-	8,867	-	8,867	8,867
	(a)		-	-	-	591,427	9,929	601,356	601,356
Financial liabilities									
Liabilities against assets subject to finance lease (gross)		16.0 to 20.0	147,296	141,478	288,774	-	-	-	288,774
Long-term deposits			-	-	-	-	64,272	64,272	64,272
Trade and other payables			-	-	-	1,093,512	-	1,093,512	1,093,512
Markup accrued			13,270	-	13,270	-	-	-	13,270
Short term running finances - secured		16.0 to 18.0	313,391	-	313,391	-	-	-	313,391
	(b)		473,957	141,478	615,435	1,093,512	64,272	1,157,784	1,773,219
On balance sheet gap	(a)-(b)		(473,957)	(141,478)	(615,435)	(502,085)	(54,343)	(556,428)	(1,171,863)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss before tax as shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	--------Rupees in '000--------			
As at December 31, 2012				
Cash flow sensitivity - variable rate instruments	**(7,113)**	**7,113**	**(7,113)**	**7,113**
As at December 31, 2011				
Cash flow sensitivity - variable rate instruments	(8,837)	8,837	(8,837)	8,837

Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

(c) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer. The Company is not exposed to such price risk as there is no such type of financial instruments available to the Company.

38.1.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Out of the total financial assets of Rs. 1,831.9 million (2011: Rs. 624.7 million), the financial assets which are subject to credit risk amounting to Rs. 1,828.9 million (2011: Rs. 621.85 million).

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2012	2011
		--------Rupees in '000--------	
Long-term deposits	7	**34,989**	50,847
Trade debts	10	**1,300,814**	533,036
Short term deposits and prepayments	12	**17,587**	17,519
Other receivables	13	**58,567**	28,733
Cash and bank balances	14	**442,969**	106,465
		1,854,926	736,600

The credit risk for cash and cash equivalents is considered to be negligible, since the counterparties are reputable banks and institutes with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assesed with reference to external credit ratings as follows:

Banks	**Rating Agency**	**Short term**	**Long term**
Allied Bank Limited	PACRA	A1+	AA
Askari Bank Limited	PACRA	A1+	AA
Bank Al Falah Limited	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A
Bank of Punjab	PACRA	A1+	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AA+
JS Bank Limited	PACRA	A1	A
KASB Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR- VIS	A-1+	AA-
National Bank of Pakistan	JCR- VIS	A- 1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Oman International Bank	JCR- VIS	A-2	BBB
Samba Bank Limited	JCR- VIS	A-1	A+
Silkbank Limited.	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	AA-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR- VIS	A-2	A
United Bank Limited	JCR- VIS	A-1+	AA+
First Women Bank Limited	PACRA	A-2	A-

38.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers.

As at December 31, 2012 the Company's financial liabilities have contractual maturities as summarised below:

	within one year	over one year	Total
	-------------------Rupees in '000-------------------		
Long term finances - secured	**173,593**	**210,931**	**384,524**
Liabilities against assets subject to finance lease	**91,573**	**63,952**	**155,525**
Long term deposits	-	**81,423**	**81,423**
Trade and other payable	**2,221,920**	-	**2,221,920**
Mark-up accrued	**7,906**		**7,906**
Short term running finances - secured	**353,402**	-	**353,402**
	2,848,394	**356,306**	**3,204,700**

As at December 31, 2011 the Company's liabilities had contractual maturities as summarised below:

	within one year	over one year	Total
	-------------------Rupees in '000-------------------		
Liabilities against assets subject to finance lease	116,696	-	116,696
Long term deposits	-	64,272	64,272
Trade and other payable	1,093,512	-	1,093,512
Mark-up accrued	13,270	-	13,270
Short term running finances - secured	313,391	-	313,391
	1,536,869	64,272	1,601,141

39 CAPITAL RISK MANAGEMENT OBJECTIVES AND POILCIES

The board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	2012	2011
	----------Rupees '000----------	
Total borrowings	**893,451**	559,349
Cash and bank balance	**445,902**	109,398
Net debt	**447,549**	449,951
Total Equity	**669,287**	440,462
Total	**1,116,836**	890,413
Gearing	**40%**	51%

40 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	December 31, 2012		
		Loans and receivables	Held to maturity	Total
Financial Assets		-----Rupees in '000-----		
Long-term deposits	7	9,929	-	9,929
Trade debts	10	1,300,814	-	1,300,814
Short term deposits	12	17,587	-	17,587
Other receivables	13	58,567	-	58,567
Cash and bank balance	14	445,902	-	445,902
		1,832,799	-	1,832,799
Financial Liabilities				
Long term finances - secured	17	-	384,524	384,524
Liabilities against assets subject to finance lease	18	-	302,504	302,504
Long term deposits	19	81,423	-	81,423
Trade and other payables	21	2,221,920	-	2,221,920
Mark-up accrued	22	-	7,906	7,906
Short term running finances - secured	23	-	353,402	353,402
		2,303,343	1,048,336	3,351,679

	Note	December 31, 2011		
		Loans and receivables	Held to maturity	Total
Financial Assets		-----Rupees in '000-----		
Long-term deposits	7	9,929	-	9,929
Trade debts	10	533,036	-	533,036
Short term deposits	12	17,519	-	17,519
Other receivables	13	28,733	-	28,733
Cash and bank balance	14	109,398		109,398
		698,615	-	698,615
Financial Liabilities				
Liabilities against assets subject to finance lease	18	-	245,958	245,958
Long term deposits	19	64,272	-	64,272
Trade and other payables	21	1,093,512	-	1,093,512
Mark-up accrued	22	-	13,270	13,270
Short term running finances - secured	23	-	313,391	313,391
		1,157,784	572,619	1,730,403

The carrying value of all financial assets and financial liabilities approximate to their fair value.

41 EMPLOYEES

	2012	2011
Number of employees as on December 31	171	151

42 DATE OF AUTHORISATION

These financial statements have been authorised for issue on 04 APR 2013 by the board of directors of the Company.

43 GENERAL

43.1 All amounts have been rounded to the nearest thousand.

MR

Chief Executive

Director