HASCOL PETROLEUM

CELEBRATING 10 YEARS

THE FUTURE IS HASCOL

ANNUAL REPORT - 2015

Contents


HASCOL

Vision

To develop a robust foundation of an Oil Marketing Company, with a well respected and a reputed brand, using innovative ways of doing businesses in alignment with best business practices and our "Zero Harm Charter".

Mission

To ethically compete within our oil industry gaining recognition for product innovation and recognition, outperforming competitors on the basis of environmental sustainability, operational excellence and valuing human resources in the highly competitive oil marketing industry.

Corporate Information

Chairman & C.E.O

Mr. Mumtaz Hasan Khan

Directors

Dr. Akhtar Hasan Khan
Mr. Farooq Rahmatullah Khan
Mr. Liaquat Ali
Mr. Najmus Saquib Hameed
Mr. Saleem Butt
Mr. Sohail Hasan

Company Secretary

Mr. Zeeshan Ul Haq

Audit Committee

Mr. Sohail Hasan (Chairman)
Mr. Liaquat Ali (Member)
Mr. Najmus Saquib Hameed (Member)

Strategy Committee

Mr. Farooq Rahmatullah Khan (Chairman)
Mr. Mumtaz Hasan Khan (Member)
Mr. Liaquat Ali (Member)
Mr. Saleem Butt (Member)

Human Resource Committee

Mr. Najmus Saquib Hameed (Chairman)
Mr. Mumtaz Hasan Khan (Member)
Mr. Liaquat Ali (Member)

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab Limited
Burj Bank Limited
First Women Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Silkbank Limited
Sindh Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
United Bank Limited

Share Registrar

Central Depository Company of Pakistan Limited

Legal Advisor

Mohsin Tayebaly & Co.
Advocate & Legal Consultants

Registered Office

The Forum, Suite No. 105 - 106
1st Floor, Khayaban-e-Jami, Clifton
Block - 9, Karachi, Pakistan
Phone : 92-21-35301343-50
Fax : 92-21-35301351
UAN : 111-757-757
E-mail : info@hascol.com
Website: www.hascol.com

Zero Harm Charter

Hascol Petroleum Limited has initiated a Zero Harm approach in compliance with its health, safety, environmental sustainability commitments within the scope of our legal and regulatory obligations. The spirit of our initiative is to ensure that employees, contractors, and other stakeholders share a common attitude and emphasis towards health and safety — whether at work and even home.

To achieve our commitment Hascol Petroleum Limited has set up the following guiding principles throughout the business to demonstrate our Zero Harm charter.

Ongoing **risk assessment** of our operations where **management actively seeks feedback** from employees as our operational growth occurs.

Hascol supports health and safety by **proactively communicating** with its people and **implement programs** that addresses specific hazards faced in our industry.

Benchmark our HSEQ policy with our strategic partners and competitors to add value in our standards and continually review them to **achieve or even exceed industry standards.**

Our actions have a direct **consequential affect** to the **environment;** so we aim to monitor our carbon foot-print and other contaminations/pollutant that occurs in the span of our operations and mitigate them.

A progressive attitude which acknowledges that all **workplace injuries or disease are preventable;** employees are encouraged to **report an incident** and any **near misses;** where a near miss is defined as a situation which could have adverse consequences if circumstances prevailed.

Our initiative has obliged us to prepare **contingency plans** to counter any adverse event/threat that can potentially disrupt our operations.

Respect **local and international law** so that we set a **prime example in the industry;** and formulate our operation in order to avoid any potential breaches; thus setting an **image of a responsible organization.**

Employees have a responsibility to **identify and isolate any hazards** during tasks, be it in the office or out in operations; and our **on the job continuous training** program are pivotal for achieving this mission.

In conclusion, our belief is based on a **moral obligation** that any contribution we make today **sets the tone for our future;** so we strive to be accountable for **achieving the best.**


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Corporate Objectives and Business Strategy

At HASCOL, our focus on sustainability healthy ethics plan is driven by our long-standing commitment to doing what is right.

The objective of Hascol Petroleum Limited is to create a retail network catering the fuel needs of its customer base throughout the country; reaching remote areas for domestic consumption and to cater the energy needs of all the industrial clients in an efficient and profitable manner. Hascol Petroleum Limited recognizes oil and gas as an energy resource integral to future needs for economic development in this era of world globalization.

Our business strategy is devised in a manner that ensures fulfilling energy needs in an environmentally viable and socially responsible conduct. At Hascol Petroleum Limited, our aspiration is to attain a high standard of performance with robust profitability as well as strengthening market position in the competitive environment. We closely liaise with our customers, partners and policy-makers to fulfill everyone's needs.

A reputation is not built overnight. But when core values are in place, customers give it recognition for international standards, good governance and fair play.

Hascol Petroleum Limited transacts its business based on the following Business Principles; for which the objective are stated below:

Hascol Values

Hascol Petroleum Limited's employees share a set of beliefs as prescribed by our founding father - Unity, Faith and Discipline. We strongly value the importance of trust, openness, teamwork and professionalism, and take great pride in how we do business. HPL also places constant emphasis on employees to demonstrate a high level of discipline in their role and establish a culture of ingenuity; where people are welcome to provide feedback/suggestion to the Management and Human Resource.

Competitive Environment

Hascol Petroleum Limited supports the practical implementation of free and fair competition amongst the industry members. We seek to compete ethically abiding by the local and international legislation and within the framework of applicable competition laws in the relevant jurisdiction. Our motto is that honest business practice reaps rewards in the long run for business sustainability.

Integrity and Honesty

Hascol Petroleum Limited undertakes its operations based on honesty, integrity and fairness in all aspects of the business, be its customers, suppliers, contractors and external partnerships, and expects the same in our interactions. The direct or indirect offer, facilitation payments, soliciting or acceptance of bribes in any form is unacceptable. Employees are expected to avoid conflicts of interest between their private activities and their part in the conduct of company business. Insider trading and passing on sensitive company information is strictly forbidden. All business transactions on behalf of Hascol Petroleum Limited must be reflected accurately and fairly in the financial statements of the company in accordance with established procedures and are subject to audit by the external statutory auditors.

Safeguarding the Human Capital

Hascol Petroleum Limited has a positive approach to health, safety, security and environmental management in order to achieve continuous performance improvement. Our "Zero Harm Charter" revolves around the contribution and importance our workforce provides in our growth. Employees are encouraged to address any personal concerns to the Human Resource on a confidential basis for any issues they are facing that is affecting their performance. If any counseling is required, the general management is duly notified. Hascol Petroleum Limited prioritises these matters as critical business activities, sets standards and targets for improvement, and measures, appraises and reports performance externally.

Economics

It is universally recognized that profitability is essential for achieving business goals, prosperity and sustainability for future growth. It is a measure, both in terms of efficiency and brand value that customers will eventually place on Hascol Petroleum Limited; showing confidence in our products and services. The business foot-print is conducted in an economical manner; whereby developing the necessary corporate resources for recouping our investment and guaranteeing profits to develop and produce future energy supplies for our customer base. We invest and reallocate our resources keeping in view all the relevant factors ranging from economic, social and environmental on a micro and macro level; so as to justify our decisions making process and their outcome.

Meetings and Engagements

Hascol Petroleum Limited recognizes that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting our performance by providing relevant and reliable information to legitimately interested parties; subject to any overriding considerations of business confidentiality in our interactions with employees, business partners and local communities. We endeavour to listen and respond to their concerns and provide feedback honestly and responsibly. Our employees also follow a stringent rule of having formal work relations and not to compromise on principles.

Compliance

We comply with all applicable laws and regulations of the Islamic Republic of Pakistan where we operate. Any breach is a matter of prompt scrutiny and immediate action against the perpetrators. Within our organization, we have also internal procedures which are just as important for our daily tasks. General Management ensures that employees adhere to our code of conduct and work procedures and no short-cuts are taken. Our retail sites ensure the safe disposal of hazardous material and other elements that cause environmental pollution.

Business based on our Principles

Hascol's core values of unity, faith and discipline coupled with honesty, integrity and respect for people are the basis for all the work we do and are the foundation of our Business Principles. These rules apply to all transactions, and are the basis of the behavior expected of every employee in Hascol Petroleum Limited at all times. Our reputation is based on our actions and it will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to follow these principles. We persuade our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of Hascol Petroleum Limited. It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement. The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them. As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In return, it is the responsibility of the employees to report suspected breaches of the Business Principles to the management. The Business Principles have been fundamental to how we conduct our business and living by them is crucial to our continued success.

COUNTRY POLITICS

a. Of Companies

Hascol Petroleum Limited pursues its activities within the laws and statutes of the Islamic Republic of Pakistan whereby our aim is to legitimately accomplish our commercial objectives. The initiatives of Triple Bottom Reporting are gradually evolving among the corporate circles of Pakistan, where the pillars of focus are People, Profit and Planet and Corporate Social Responsibility. Throughout our general principle statement, there will be extracts of practical implementation of the TBR charter. Hascol Petroleum Limited as a rule of thumb does not make payments to political parties or organization, or to their affiliates /representatives whatsoever. The Company does not take part in any external/internal affairs with regulatory bodies unless compliance issue arises or authorized instruction permits us to do so. However, with such dealings, Hascol Petroleum Limited has the right to make our position known on any matters which affect us, our employees, our customers, our shareholders or the local communities in which we operate, in a manner which is in accordance with our ethical values and the best practices of our company.

b. Of Employees

Hascol Petroleum Limited has encouraged the need of a friendly work environment and identified the deal conduct for a decent workplace culture and interaction with all stakeholders. Harassment has been explicitly stated and what is unacceptable includes: jokes, insults, threats, and other unwelcome actions about a person's race, gender, age, religion, ancestry, social or economic status or educational background is strictly forbidden. Nor is any employee eligible to verbally or physically conduct himself/herself that upsets another's work performance creating a fearful or hostile work environment. Hascol Petroleum Limited has ensured to provide safe working environment based on our statements in the "Zero Harm Charter". Also, we discourage intoxication or use of illegal substance at work premises and employees violating shall be subjected to disciplinary action. Where individuals wish to engage in political activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate keeping in view the specific circumstances of that particular scenario.

Business Compliance, & Ethics Guideline

We have a Business Ethics Charter by the name of BUSINESS, COMPLIANCE & ETHICS GUIDELINE that dictates our commitment to fair dealing and highlighting ourselves as a professional entity in the oil marketing sector. Our initiative is to avoid any consequential events due to non-conformance of local and foreign legislation and be subjected to penal scrutiny. Apart from General Business Principles; Hascol Petroleum Limited has placed this additional guideline for its operational engagement with the relevant stakeholders.

Customer Relation

Hascol Petroleum Limited will compete for business aggressively and honestly in the competitive oil marketing industry, and shall constrict itself in the following ways:

- Will not misrepresent any products, services and prices.
- Will not make false claims about our competitors.
- Product alteration / blending or change in specifications is only allowed if requested by the customer, or permitted by regulation or commercial practice.
- Only supply safe products and services that meet all applicable government standards and regulations.

Supplier Relation

Hascol Petroleum Limited shall ensure all procurement decisions are based on best value received by us and a supplier analysis needs to be conducted. Base the purchase of goods and services only on the merits of price, quality, performance and suitability.

- Avoid reciprocal agreements or exchange of favors.
- The fee or price paid for goods and services by Hascol Petroleum Limited shall represent the value of the goods or services provided. Hascol Petroleum Limited shall ensure its maximum ability to refrain from using suppliers who participate in the following activities:
  - Supply unsafe products or services.
  - Break laws or regulations.
  - Hidden deals and unscrupulous commitments.

Entertainment & Gifts

Gifts, favor or entertainment should not be accepted or provided if it will obligate or appear to obligate the person who receives it. Employees may accept or give gifts, favors and entertainment subject to the following criteria:

- Not against the laws and policies of other parties' company.
- Not intended to serve as a bribe, payoff or to get improper influence.
- Should not have been requested or asked to be provided.
- Should not affect business relationship in any negative manner.

Information Sharing

Unless sharing information with external suppliers and customers is against the law or our standard business practise, Hascol Petroleum Limited shall encourage sharing information when it may improve the quality or use of our products. Passing on internal memos and confidential documentation / paperwork is strictly forbidden; if Hascol proprietary information is given outside the company, it has to be ensured that a written confidentiality and non-disclosure agreement is prepared, and that proper controls are established to manage the flow of information. Otherwise, the concerned employee is in serious breach of the business ethics and subject to prosecution.

General Public Relation

Hascol Petroleum Limited considers the general public as its brand ambassador; our brilliance in products and services must outshine that of competitors; thus allow for our market share to rise at our desired optimal level. Dispelling rumors and misinforming about competitors products and services to the public is highly prohibited and any competitor that indulges in such activities must be dealt with the guidelines prescribed by OGRA and other regulations and legislation. Our business ethics guide us to avoid unnecessary comparisons and benchmarking of retrospective performance of competitors.

Society and Local Communities

Hascol Petroleum Limited aims to be society's best friend and foster healthy relationships within our communities. Our aim is to monitor possible impacts of the actions we pursue and ensure that we create recreational facilities adjacent to our retail outlets with provision of fast food franchise chains. This was an idea provisioned by our marketing team to provide a means of light entertainment to the local residents. In addition, Hascol Petroleum Limited takes a constructive interest in societal matters directly or indirectly related to our business and donation payments for social causes are made on a regular basis. Two well-renowned charities are

regular recipients of our donations. Employees can in some instances given time off for appropriate volunteer work and can also refer to legitimate registered.

Responsibilities

Hascol Petroleum Limited recognizes its responsibilities towards all the stakeholders. The management is responsible to continuously assess these priorities and discharge them on the basis of its assessment. These responsibilities pertain to:

- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.
- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.
- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.
- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

General Principles, Business, Compliance and Ethics and Zero Harm Charter is subject to constant review and updated as per our business requirements. We seek continuous feedback from a variety of stakeholders and vested interest group as the dynamic and unpredictable nature of the oil marketing business demands us to be proactive.

I welcome the sincere initiatives of any respective reader of our General Principles and overall this report to present Hascol Petroleum Limited with any clarification and constructive feedback they deem has to be brought to our attention.

Mumtaz Hasan Khan
Chairman & Chief Executive

Chairman's Review

I am delighted to report that 2015 was another outstanding year for the company. As you are aware, the Board had set very ambitious targets for the management and I am pleased to report that we exceeded the targets both in volumes and profitability. We are now amongst the top four oil marketing companies of the country in terms of volumes.

The credit for the superb performance goes to the senior management and all the employees who have executed the business plan of the company in a diligent and efficient manner.

During the year the Net Profit After Tax of the company was reported Rs. 1,133 million reflecting an increase of 77.05 %. Similarly, our sales in terms of volumes reached an all time high of 1,273,388 MT reflecting an increase of 39%.

In view of the excellent performance, our credit rating has improved further and in our recently floated Sukuk Bonds, the rating of the instrument was "AA –" (Double A Minus).

The share price of the company has also been steadily increasing and reflecting the outstanding performance of the company.

In 2015, we completed our Daulatpur installation and acquired land for new installations in Sahiwal and Taru Jabba. Work has also started at Mehmood Kot and a new terminal at Keamari storage capacity of 26,900 MT has been completed and commissioned. The Machike installation is now full with additional tankage of 2,500 MT of Mogas. A new installation has been planned on additional fifteen acres of land in order to meet the increased demand in this location.

The investment in all these storage facilities will improve our supply chain management and have positive impact on our volumes and profitability.

In 2015, your company was awarded the 20 years lease to manage all the retail outlets on the Islamabad and Lahore Motorway. The outlets have been completely modernized and new facilities for the comfort of the motorists have been installed. This has resulted in a positive brand image of Hascol all over the country especially in Punjab and increased our sales volumes considerably.

The another major event in 2015, was the decision by Vitol, the largest independent oil trading group in the world, to acquire 15% shares in Hascol at a price of Rs. 162 per share. They have the option to take 10% more within the next 12 months. With Vitol as one of our shareholders, we will be able to import products competitively and at short notice. This should have a positive impact on our volumes and profitability. Vitol's investment in Hascol is also a vote of confidence, both in Pakistan as an investment destination, and in the management of Hascol and its future prospects.

Finally, I would like to thank the Board for their guidance in pursing an aggressive business strategy and in making suggestions in improving our corporate governance. I would also like to place on record the efforts of the management team and all employees for efficiently executing the business plan of the company and exceeding the ambitious targets set by the Board.

I am confident that the future growth of the company is now assured and the Board and the senior management will continue to reward the shareholders with handsome dividends.

Mumtaz Hasan Khan
Chairman & Chief Executive

Directors' Report

The Directors of your Company are pleased to present the Annual Report of the Company along with audited standalone and consolidated financial statements and auditors' report thereon for the year ended 31st December 2015.

Financial Results

The profit for the year ended 31st December 2015 after providing for administrative, marketing and distribution expenses, financial and other charges amounts to:

	Rupees in '000
Profit before taxation	1,196,721
Taxation	63,484
Profit for the year	1,133,237
	(Rupees)
Earnings per share	9.39

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 43 of the Annual Report.

Despite the challenges faced by the Company due to decline in crude and product prices, your Company has successfully maintained the growth momentum. During the year the Company has achieved a growth of 39% with sales volume at 1,273,388 MT. The Gross Profits have also improved by 39.38 %, thereby generating a Profit after Tax of Rs. 1.13 billion in comparison to Rs. 640.06 million of previous year, showing an increase of 77.05%.

The standalone EPS for the year is Rs. 9.39 which is 60% higher than the last year EPS of Rs.5.89.

2. DIVIDENDS

The Board is pleased to recommend a final cash dividend of Rs. 3.50 per share i.e. 35%, together with the interim cash dividend of Rs. 1.50 per share i.e. 15% and 20% bonus shares, already paid. The total dividend for the year 2015 will amount to 50% cash dividend and 20% bonus shares. The approval of the members for the dividend will be obtained at the Annual General Meeting of the Company to be held on 28th April 2016. This approach remains in line with our commitment to provide consistent returns to our shareholders.

3. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The management of Hascol Petroleum Limited is committed to good corporate governance and complying with the best practices. As required under the Code of Corporate Governance, the directors are pleased to state as follows:

(a) The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

(b) Proper books of account of the Company have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

(e) The Company maintains a sound system of internal control which has been effectively implemented and regularly reviewed and monitored.

(f) There are no significant doubts upon the Company's ability to continue as a going concern.

(g) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.

(h) The key operating and financial data of last six years has been given on page 25 of the Annual Report. The significant deviations in operating results of the Company from last year have been discussed in the Chairman's Review on page 15.

4. BOARD OF DIRECTORS AND MEETINGS OF THE BOARD HELD DURING THE YEAR 2015

During the year, five (5) meetings of the Board of Directors were held and the attendance of each Director is given below:

S. No.	Director's Name	Meetings Attended
1	Mr. Mumtaz Hasan Khan(Chairman)	5
2	Dr. Akhtar Hasan Khan	2
3	Mr. Farooq Rahmatullah Khan	5
4	Mr. Najmus Saquib Hameed	5
5	Mr. Sohail Hasan	4
6	Mr. Liaquat Ali	5
7	Mr. Saleem Butt	4

5. BOARD COMMITTEE MEETINGS HELD DURING THE YEAR

During the year, the Audit Committee held four (4) meetings. The attendance record of the Directors is as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Sohail Hasan (Chairman)	3
2	Mr. Najmus Saquib Hameed	4
3	Mr. Liaquat Ali	4

During the year, the Strategy Committee held one (1) meeting. The attendance record of the Directors is as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Farooq Rahmatullah Khan (Chairman)	1
2	Mr. Mumtaz Hasan Khan	1
3	Mr. Liaquat Ali	1
4	Mr. Saleem Butt	1

During the year, the Human Resources Committee held three (3) meetings. The attendance record of the Directors is as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	3
2	Mr. Mumtaz Hasan Khan	3
3	Mr. Liaquat Ali	3

6. CREDIT RATINGS

On 7th July 2015, JCR-VIS Credit Rating Company Limited has re-affirmed the entity ratings of the Company at 'A+/A-1' (Single A Plus/A-One). Outlook on ratings is Stable.

7. PERFORMANCE EVALUATION OF THE BOARD

The performance of the Board of your Company was evaluated during the year. The Board members effectively bring diversity to the Board and constitute a mix of independent and non-executive directors. The overall performance of the Board is good and the board members are aligned with the results of the evaluation.

8. DIRECTORS TRAINING PROGRAMME

Details have been provided in the Statement of Compliance with the Code of Corporate Governance.

9. VALUE OF INVESTMENT OF PROVIDENT AND GRATUITY FUNDS

The Company maintains retirement benefit plans for its employees. The value of investments of provident and gratuity funds on the basis of audited financial statements as at 31st December 2015 are as follows:

	Rupees in '000
Provident Fund	54,856
Gratuity	99,090

10. CORPORATE SOCIAL RESPONSIBILITY

Your Company has a roadmap with respect to Corporate Social Responsibility to support in the areas of education, health and environment through various philanthropic efforts. During the current year the Company paid donations amounting to Rs. 6.35 million to various educational institutions, hospitals and charitable organizations.

11. CONTRIBUTION TO THE NATIONAL EXCHEQUER AND ECONOMY

During the year your Company has made a total contribution of Rs. 29.44 billion to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

12. EXTERNAL AUDITORS

The auditors Messrs Grant Thornton Anjum Rahman, Chartered Accountants will retire at the conclusion of the forthcoming annual general meeting and being eligible offered themselves for the re-appointment.

The Board has recommended the appointment of Messrs Grant Thornton Anjum Rahman as Auditors of the Company for the year 2016, subject to Shareholders' approval at upcoming AGM to be held on 28th April 2016.

13. PATTERN OF SHAREHOLDING

The statement of Pattern of Shareholding as at 31st December 2015 is given on page 21 of the report.

14. ACKNOWLEDGEMENT

Our people are the key drivers behind the sustained growth of the Company. The directors acknowledge the contribution of each and every employee of the Company. We would also like to express our thanks to our customers for the trust shown in our products. We are also grateful to our shareholders for their support and confidence in our management.

15. FUTURE OUTLOOK

A reasonable indication of future prospects is discussed in the Chairman's Review on page 15.

Thanking you all.

On behalf of the Board

Mumtaz Hasan Khan
Chairman & Chief Executive

Pattern of Shareholding

As at December 31, 2015

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1390	1	to	100	61,031
1333	101	to	500	411,374
3373	501	to	1000	2,338,752
1924	1001	to	5000	4,065,294
240	5001	to	10000	1,752,913
132	10001	to	15000	1,659,213
51	15001	to	20000	924,630
34	20001	to	25000	752,800
22	25001	to	30000	618,142
16	30001	to	35000	519,483
18	35001	to	40000	680,552
10	40001	to	45000	431,245
10	45001	to	50000	486,247
10	50001	to	55000	522,466
2	55001	to	60000	119,041
3	60001	to	65000	188,015
10	65001	to	70000	680,612
3	70001	to	75000	218,478
3	75001	to	80000	236,160
5	80001	to	85000	413,110
1	85001	to	90000	88,610
5	90001	to	95000	465,353
7	95001	to	100000	695,261
1	100001	to	105000	103,363
3	105001	to	110000	316,856
3	110001	to	115000	334,263
3	115001	to	120000	357,666
4	120001	to	125000	494,711
3	125001	to	130000	378,195
5	130001	to	135000	664,375
2	135001	to	140000	275,187
1	140001	to	145000	143,160
2	145001	to	150000	300,000
1	155001	to	160000	156,136
2	160001	to	165000	326,095
2	165001	to	170000	333,666
1	175001	to	180000	179,600
2	185001	to	190000	376,569
1	205001	to	210000	208,250
2	215001	to	220000	435,205
1	235001	to	240000	240,000
2	245001	to	250000	500,000
3	265001	to	270000	799,206
1	275001	to	280000	278,600
1	290001	to	295000	293,000
1	300001	to	305000	301,980
1	305001	to	310000	305,700
1	315001	to	320000	319,680
1	395001	to	400000	400,000
1	400001	to	405000	403,600
1	475001	to	480000	476,482
1	550001	to	555000	555,000
1	575001	to	580000	579,426
1	745001	to	750000	747,495
1	895001	to	900000	898,544
1	965001	to	970000	965,222
1	1090001	to	1095000	1,091,200
1	1115001	to	1120000	1,116,874
1	1185001	to	1190000	1,186,945
1	1470001	to	1475000	1,471,184
1	1580001	to	1585000	1,582,145
1	1625001	to	1630000	1,625,199
1	2235001	to	2240000	2,235,240
1	2495001	to	2500000	2,499,000
1	3995001	to	4000000	3,996,006
1	11320001	to	11325000	11,322,526
1	16215001	to	16220000	16,218,049
1	44555001	to	44560000	44,558,818
8671				**120,679,200**

Pattern of Shareholding

As at December 31, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Najmus Saqib Hameed	1	5	0.00
Sohail Hasan	1	5	0.00
Dr. Akhtar Hasan Khan	1	127,878	0.11
Liaquat Ali	1	3,996,006	3.31
Saleem Butt	1	266,406	0.22
Farooq Rahmatullah Khan	1	579,426	0.48
Mumtaz Hasan Khan	1	44,558,818	36.92
Najmus Saquib Hameed	1	53,280	0.04
Nazia Malik	1	1,116,874	0.93
Associated companies, undertakings and related parties			
Marshal Gas (Pvt) Limited	1	11,322,526	9.38
Fossil Energy (Private) Limited	1	16,218,049	13.44
Executives	8	209,308	0.17
Public sector companies and corporations	3	287,650	0.24
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	16	4,078,406	3.38
Mutual funds			
CDC - Trustee JS Large Cap. Fund	1	95	0.00
CDC - Trustee MCB Pakistan Islamic Stock Fund	1	88,610	0.07
CDC - Trustee Meezan Balanced Fund	1	125,217	0.10
CDC - Trustee Faysal Balanced Growth Fund	1	93,500	0.08
CDC - Trustee Alfalah GHP Value Fund	1	93,042	0.08
CDC - Trustee Al Meezan Mutual Fund	1	476,482	0.39
CDC - Trustee Meezan Islamic Fund	1	1,582,145	1.31
CDC - Trustee Faysal Asset Allocation Fund	1	400,000	0.33
CDC - Trustee NAFA Stock Fund	1	80	0.00
CDC - Trustee Askari Asset Allocation Fund	1	100,000	0.08
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	135,337	0.11
CDC - Trustee NAFA Islamic Asset Allocation Fund	1	114	0.00
CDC - Trustee Alfalah GHP Stock Fund	1	217,443	0.18
CDC - Trustee Alfalah GHP Alpha Fund	1	139,850	0.12
CDC - Trustee ABL Stock Fund	1	898,544	0.74
MCFSL - Trustee Askari Islamic Asset Allocation Fund	1	50,000	0.04
CDC - Trustee First Habib Stock Fund	1	30,000	0.02
CDC - Trustee Askari Equity Fund	1	50,985	0.04
CDC - Trustee KSE Meezan Index Fund	1	37,898	0.03
CDC - Trustee First Habib Islamic Balanced Fund	1	15,000	0.01
MCBFSL - Trustee ABL Islamic Stock Fund	1	747,495	0.62
CDC - Trustee PIML Strategic Multi Asset Fund	1	10,000	0.01
CDC - Trustee First Capital Mutual Fund	1	393	0.00
CDC - Trustee PIML Islamic Equity Fund	1	10,000	0.01
CDC - Trustee NAFA Islamic Principal Protected Fund - II	1	63	0.00
CDC - Trustee NAFA Islamic Stock Fund	1	98	0.00
CDC - Trustee PIML Value Equity Fund	1	10,000	0.01
CDC - Trustee Faysal Islamic Asset Allocation Fund	1	179,600	0.15

Categories of Shareholders	Shareholders	Shares Held	Percentage
General Public			
a. Local	8533	24,868,866	20.61
b. Foreign	2	1,404,707	1.16
Foreign companies	4	2,895,579	2.40
Others	66	3,203,420	2.65
Totals	**8671**	**120,679,200**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
Mumtaz Hasan Khan	44,558,818	36.92
Fossil Energy (Private) Limited	16,218,049	13.44
Marshal Gas (Pvt) Limited	11,322,526	9.38

Financial Achievements 2015

Revenue (Gross)
Rs. 94.07 billion

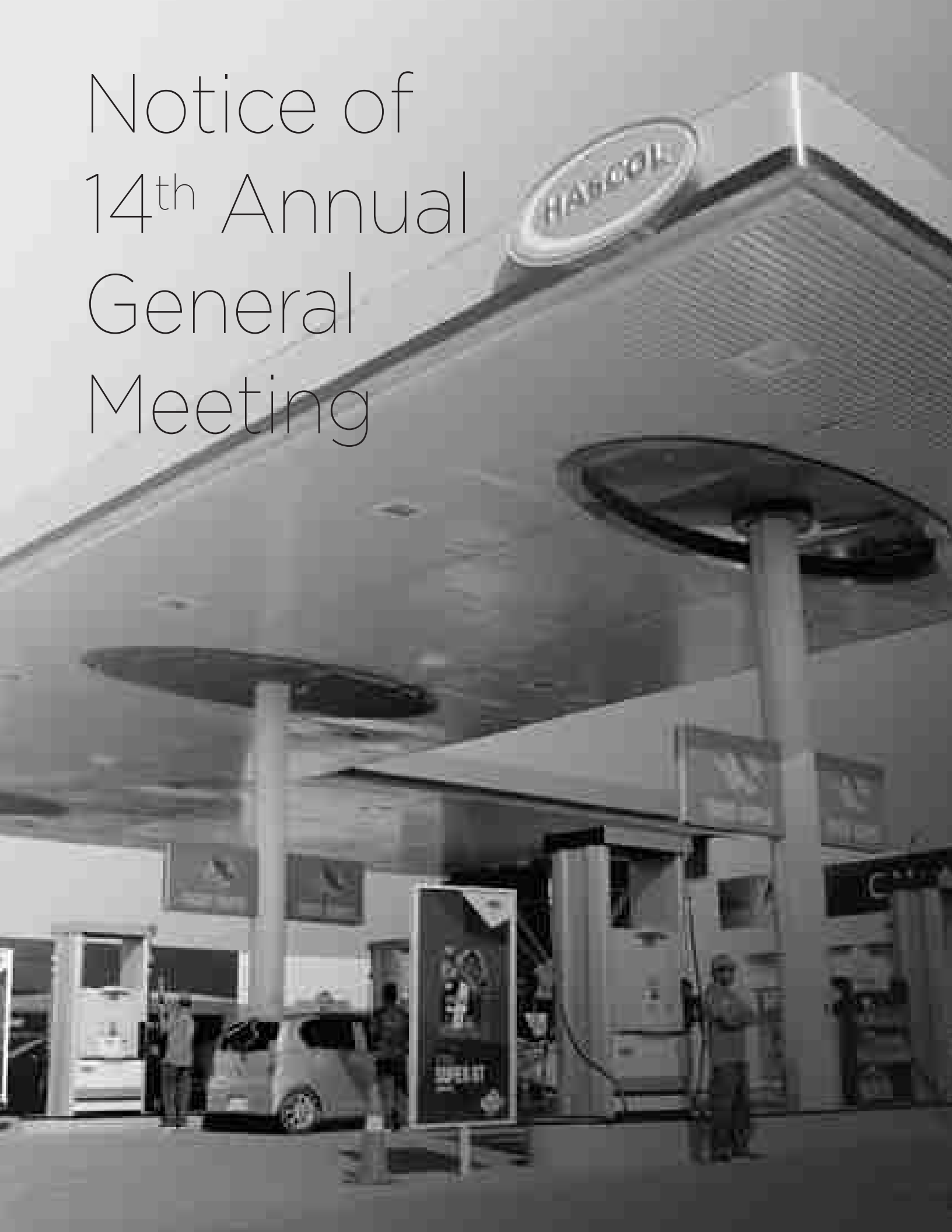
Gross Margin
Rs. 2.84 billion

Profit After Tax
Rs. 1.13 billion

Six Years' Key Operational and Financial Data

		2015	2014	2013	2012	2011	2010
Profit and Loss Account							
Revenue (Gross)	Rs/mn	94,065	99,061	57,469	29,775	19,584	9,202
Revenue (net)	Rs/mn	76,774	84,856	49,820	25,992	17,094	7,947
Cost of good sold	Rs/mn	74,018	82,877	48,506	24,996	16,394	7,738
Gross profit	Rs/mn	2,839	2,037	1,360	996	699	209
Operating profit / (loss)	Rs/mn	1,630	1,237	579	393	257	(119)
Profit / (loss) before tax	Rs/mn	1,197	865	425	292	43	(282)
Profit/ (loss) after tax	Rs/mn	1,133	640	392	218	82	(275)
Earnings / (loss) before interest, taxes, depreciation and amortisation	Rs/mn	1,788	1,264	633	464	300	(74)
Balance Sheet							
Share Capital	Rs/mn	1,207	906	656	656	656	410
Property, plant and equipment	Rs/mn	6,278	3,291	2,436	1,724	877	782
Inventory	Rs/mn	8,470	3,474	3,154	617	311	576
Current assets	Rs/mn	17,916	10,975	6,557	2,595	1,136	966
Current liabilities	Rs/mn	20,171	12,059	7,630	3,067	1,686	1,549
Non current assets	Rs/mn	8,703	4,642	2,798	1,913	1,214	1,016
Non current liabilities	Rs/mn	662	459	281	376	205	302
Surplus on revaluation of fixed assets	Rs/mn	1,257	321	358	396	19	21
Summary of cash flow statements							
Cash flows from operating activities	Rs/mn	4,364	722	948	307	253	(3)
Cash flows from investing activities	Rs/mn	(2,290)	(1,793)	(642)	(322)	(117)	(143)
Cash flows from financing activities	Rs/mn	104	1,367	(214)	311	145	(111)
Net cash flows during the year	Rs/mn	2,178	296	93	296	281	(257)
Investor Information							
Profitability Ratios							
Gross profit ratio	%	3.02	2.06	2.37	3.35	3.57	2.27
Net profit ratio	%	1.20	0.65	0.68	0.73	0.42	(2.98)
EBITDA margin	%	1.90	1.28	1.10	1.56	1.53	(0.81)
Cost / Income ratio		0.74	0.65	1.35	1.53	1.72	(2.76)
Return on equity		0.25	0.23	0.36	0.33	0.19	(2.47)
Liquidity Ratios							
Current ratio	Ratio	0.88:1	0.91:1	0.88:1	0.85:1	0.67:1	0.62:1
Quick ratio	Ratio	0.47:1	0.62:1	0.47:1	0.65:1	0.49:1	0.25:1
Cash flows from operations to sales	%	5.68	0.85	1.90	1.18	1.48	(0.04)
Cash to current liabilities	%	0.20	0.15	0.11	0.15	0.06	0.02
Investment / Market Ratios							
Earning / (loss) per share	Rs	9.39	5.89	5.97	3.33	1.94	(6.70)
Breakup value per share without surplus on revaluation of fixed assets	Rs	37.53	30.67	16.54	10.07	6.71	2.72
Breakup value per share with surplus on revaluation of fixed assets	Rs	47.94	34.21	22.01	16.11	7.01	3.22

Notice of 14th Annual General Meeting



Notice of 14th Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of Hascol Petroleum Limited will be held on Thursday, 28th April 2016 at 9:30 a.m. at the ICAP Auditorium, Chartered Accountants Avenue, Clifton Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the 13th Annual General Meeting of the Company held on 29th April 2015.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2015, together with the Directors' and Auditors' Reports thereon.

3. To approve payment of final cash dividend of Rs. 3.50 per share i.e. 35%, as recommended by the Board of Directors. The final cash dividend is in addition to the interim 15% cash dividend and 20% bonus shares, already paid to the shareholders.

4. To appoint auditors and fix their remuneration for the year ending 31st December 2016. The retiring auditors, Messrs. Grant Thornton Anjum Rahman, Chartered Accountants, being eligible, have offered themselves for re-appointment.

Special Business

5. To consider and, if deemed appropriate, approve the fee to be paid to Non-Executive directors and Independent directors for attending Board and Committee meetings and in that connection to pass the following resolution, as an ordinary resolution, with or without modification, addition or deletion:

   RESOLVED that the fee of Non-Executive directors and Independent directors for attending Board and Committee meetings of the Company, be and is hereby approved as follows:

Attending Board meeting:	PKR 100,000/-
Attending Committee meeting:	PKR 100,000/-

6. Any other business with the permission of the Chair.

By Order of the Board

Zeeshan Ul Haq
Company Secretary

6th April 2016
Karachi

NOTES:

Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from 22nd April 2016 to 28th April 2016 (both days inclusive). Transfers received in order at the Company's Share Registrar, Messrs Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on 21st April 2016 will be treated in time for attending the Annual General Meeting to be held on 28th April 2016.

The Share Transfer Books of the Company shall also be closed from 4th May 2016 to 10th May 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar at the close of business on 3rd May 2016 will be treated in time for the purpose of entitlement of 35% final cash dividend to the transferees.

Participation in the Meeting

Only those persons, whose names appear in the register of members of the Company as on 21st April 2016, are entitled to attend, participate in, and vote at the Annual General Meeting.

A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed.

Guidelines for CDC Account Holders

CDC account holders are required to comply with the following guidelines as laid down in Circular No.1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP):

A. For Attending the Meeting

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

(ii) In case of a corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are ingroup account their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirement;

(ii) The proxy form shall be witnessed by two (2) persons whose names, addresses, and CNIC numbers shall be mentioned on the form;

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

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

(v) In case of a corporate entity, the board of directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Deduction of Income Tax from Dividend for Filer and Non-Filer

Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act 2015, withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 17.5% respectively on the basis of Active Taxpayers List (ATL) available on the website of Federal Board of Revenue (FBR). According to the FBR, withholding tax in case of joint accounts will be determined separately based on 'Filer / Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, Messrs Central Depository Company of Pakistan Limited in writing. In case the required information is not provided to our Share Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

Submission of Valid CNIC Copy (Mandatory)

The Securities and Exchange Commission of Pakistan (SECP) vide its notification SRO 19(1)/2014 dated 10th January 2014 read with SRO 831(1)/2012 dated 5th July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to regulator till such time they provide the valid copy of their CNIC as per law.

Dividend Mandate (Optional)

In order to make the process of payment of cash dividend more efficient, SECP vide its Circular no. 8(4)/SM/CDC-2008 dated 5th April 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The members may therefore authorize the Company to credit the dividend directly to their bank account for all future dividend declared by the Company. Accordingly, all non-CDC members are requested to send their bank account details to the Company's Share Registrar. Members who hold shares with Participant / Central Depository Company of Pakistan Limited are advised to provide the mandate to the concerned Stock Broker / Central Depository Company of Pakistan Limited. The **Dividend Mandate Form** can be downloaded from the Company's website www.hascol.com.

Transmission of Annual Financial Statements through Email:

SECP through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. In order to avail this facility, members are hereby requested to convey their consent and e-mail address for receiving Annual Audited Financial Statements and Notice of Annual General Meeting through e-mail. A Standard Request Form **(Consent Letter)** is available at the Company's website www.hascol.com, to be sent along with copy of his / her CNIC / Passport to the Company's Share Registrar.

Please note that the Annual Audited Financial Statements for the year ended 31st December 2015 is also available on the Company's website www.hascol.com.

Change of Address

Members are requested to immediately notify any change in their registered address to the Company's Share Registrar, Messrs Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

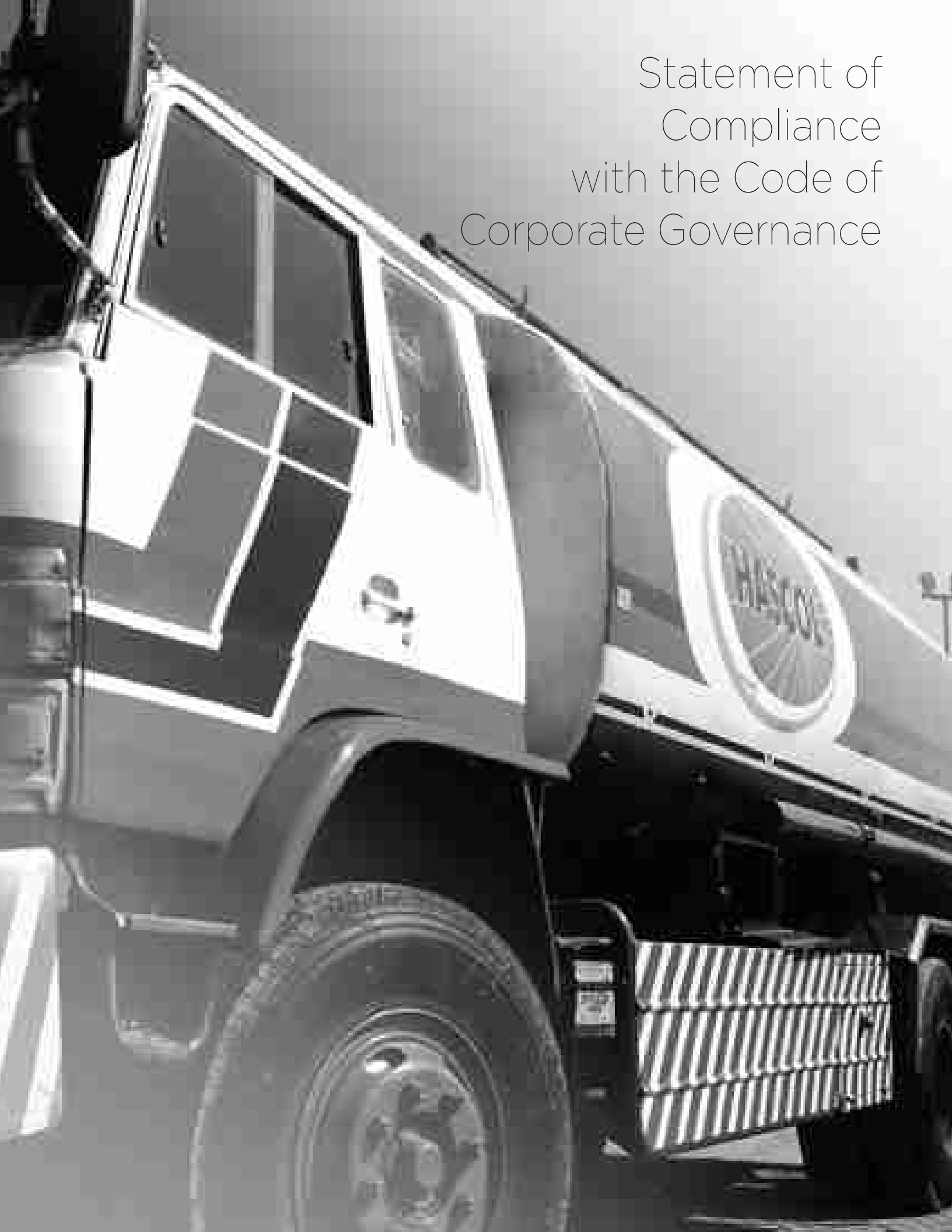
This statement sets out the material facts concerning the Special Business listed at agenda item no. 5 to be transacted at the 14th Annual General Meeting of the Company.

Fee to be paid to Non-Executive directors and Independent directors for attending Board and Committee Meetings

The Board of Hascol Petroleum Limited is comprised of competent, high profile members with diversified experience who are devoting their significant time in the overall stewardship and providing guidance to the senior management in conducting the affairs of the Company in the form of formulation of effective strategies and business plans which is also evident from the outstanding financial results of the Company for the year ended 31st December 2015.

In view of the foregoing, the board in its meeting held on 30th March 2016 determined the fee to be paid to Non-Executive directors and Independent directors for attending Board and Committee meetings. The need for upward revision in their fee is to fairly compensate them for sparing their valuable time and assuming additional responsibilities in the interest of all stakeholders.

Statement of Compliance with the Code of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance (the "CCG") contained in Regulation No. 5.19 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Director	Mr. Sohail Hasan
Executive Directors	Mr. Mumtaz Hasan Khan Mr. Saleem Butt
Non-Executive Directors	Dr. Akhtar Hasan Khan Mr. Farooq Rahmatullah Khan Mr. Najmus Saquib Hameed Mr. Liaquat Ali

The independent director meets the criteria of independence envisaged under clause 5.19.1 (b) of the CCG.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors of the Company during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year, one director attended the director's training program conducted by Pakistan Institute of Corporate Governance (PICG).

10. There has been no new appointment for the positions of CFO, Company Secretary or Head of Internal Audit during the year.

11. The Directors' Report has been prepared in compliance with the requirements of CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and one is an independent director. The chairman of the audit committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource Committee. It comprises of three members, of whom two are non-executive directors and one is an executive director. The chairman of the committee is a non-executive director.

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

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

23. As stated above, we confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: March 30th, 2016

Mumtaz Hasan Khan
Chairman & Chief Executive

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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors (the Board) of **Hascol Petroleum Limited** (the Company) for the year ended December 31, 2015 to comply with the Listing Regulation of Pakistan Stock Exchange.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

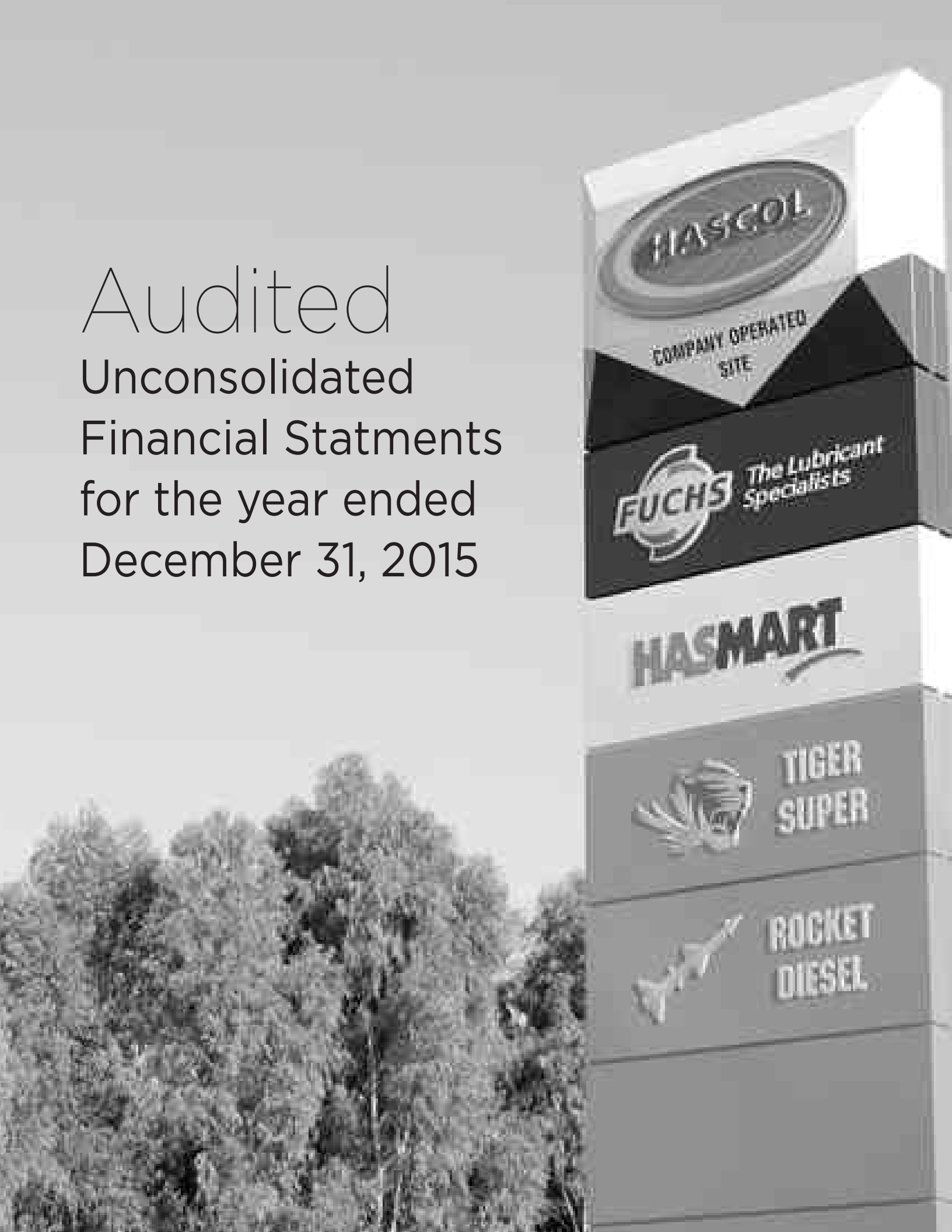
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Place: Karachi
Date: March 30, 2016

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman

Audited

Unconsolidated Financial Statments for the year ended December 31, 2015



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **Hascol Petroleum Limited** (the Company) as at December 31, 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the unconsolidated notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

(i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the unconsolidated 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;

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(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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the unconsolidated 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, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Karachi
Date: 30 MAR 2016

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman

UNCONSOLIDATED BALANCE SHEET

As At December 31, 2015

	Note	2015	2014
		Rupees in '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,277,928	3,290,784
Intangible	6	1,522	4,288
Long-term investments	7	1,955,310	781,542
Long-term deposits	8	228,631	56,489
Deferred taxation	9	240,096	509,075
Total non-current assets		8,703,487	4,642,178
Current assets			
Stock-in-trade	10	8,470,018	3,473,704
Trade debts	11	4,263,595	4,548,823
Advances	12	150,606	166,566
Deposits, prepayments and other receivables	13	959,829	1,024,954
Cash and bank balances	14	4,071,547	1,760,933
Total current assets		17,915,595	10,974,980
TOTAL ASSETS		26,619,082	15,617,158
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	1,206,792	906,000
Reserves	16	3,322,311	1,872,813
Total shareholders' equity		4,529,103	2,778,813
Surplus on revaluation of fixed assets - net of tax	17	1,256,529	320,550
LIABILITIES			
Non-current liabilities			
Long-term finances - secured	18	176,151	278,571
Liabilities against assets subject to finance lease	19	322,930	48,704
Long-term deposits	20	64,132	60,787
Deferred liability - gratuity	21	99,090	71,057
Total non-current liabilities		662,303	459,119
Current liabilities			
Trade and other payables	22	17,355,596	8,103,145
Mark-up accrued	23	54,311	59,877
Short-term running finances - secured	24	1,413,055	1,271,707
Current portion of long term finances - secured	18	285,636	289,309
Current maturity of liabilities against assets subject to finance lease	19	102,597	27,535
Taxation	25	959,952	2,307,103
Total current liabilities		20,171,147	12,058,676
TOTAL LIABILITIES		20,833,450	12,517,795
TOTAL EQUITY AND LIABILITIES		26,619,082	15,617,158
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
Sales - net	27	94,065,297	99,061,496
Less: Sales tax		(17,291,360)	(14,205,042)
Net sales		76,773,937	84,856,454
Other revenue	28	82,831	57,358
Net revenue		76,856,768	84,913,812
Cost of products sold	29	(74,017,815)	(82,877,017)
Gross profit		2,838,953	2,036,795
Operating expenses			
Distribution and marketing	30	(1,053,474)	(768,814)
Administrative	31	(366,238)	(329,387)
		(1,419,712)	(1,098,201)
Other income	32	210,541	298,691
Operating profit		1,629,782	1,237,285
Finance cost	33	(349,652)	(264,086)
Other charges	34	(83,409)	(108,456)
		(433,061)	(372,542)
Profit before taxation		1,196,721	864,743
Taxation	35	(63,484)	(224,686)
Profit for the year		1,133,237	640,057

		2015	(Restated) 2014
		Rupees	
Earnings per share - basic and diluted	36	9.39	5.89

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
Profit for the year		1,133,237	640,057
Other comprehensive income:			
Items that will never be reclassified to profit and loss account			
Remeasurement of net defined benefit liability - net of tax	21.3	(7,464)	(6,199)
Items that may be reclassified subsequently to profit and loss account			
Unrealized gain/(loss) due to change in fair value of long- term investment classified as 'available-for-sale' - net of tax		690,662	(5,941)
		683,198	(12,140)
Total comprehensive income		1,816,435	627,917

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

UNCONSOLIDATED CASH FLOW STATEMENT

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,780,465	910,436
Finance cost paid		(355,218)	(222,210)
Profit on bank deposits		139,662	70,486
Taxes paid		(197,891)	(36,926)
Gratuity paid		(3,359)	-
Net cash generated from operating activities		4,363,659	721,786
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,735,953)	(1,000,788)
Proceeds from disposal of property, plant and equipment		2,272	17,683
Long-term investment made during the year		(384,440)	(827,579)
Proceeds from disposal of long-term investment		-	47,121
Long-term deposits		(172,142)	(29,376)
Net cash used in investing activities		(2,290,263)	(1,792,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained/(repaid) - net		349,288	(18,763)
Dividend paid		(150,849)	(289,920)
Proceeds from issuance of shares - net		-	1,317,528
Long-term finance (repaid)/obtained - net		(106,093)	345,911
Long-term deposits		11,800	12,279
Net cash generated from financing activities		104,146	1,367,035
Net increase in cash and cash equivalents		2,177,542	295,882
Cash and cash equivalents at beginning of the year		480,950	185,068
Cash and cash equivalents at end of the year	40	2,658,492	480,950

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2015

		Capital reserve		Revenue reserve	
	Share Capital	Share premium	Fair value	Unappropri-ated profit	Total
	Rupees in '000				
Balance as at January 01, 2014	656,000	3,300	-	426,162	1,085,462
Total comprehensive income for the year					
Profit for the year	-	-	-	640,057	640,057
Other comprehensive income					
Remeasurement of net defined benefit liability - net of tax	-	-	-	(6,199)	(6,199)
Unrealized loss due to change in fair value of long-term investment classified as 'available-for-sale' - net of tax	-	-	(5,941)	-	(5,941)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	37,826	37,826
	-	-	(5,941)	671,684	665,743
Transaction with owners					
Share issued during the year	250,000	1,162,500	-	-	1,412,500
Share issuance cost	-	(94,972)	-	-	(94,972)
First interim dividend at Rs. 1 per share	-	-	-	(90,600)	(90,600)
Second interim dividend at Rs. 1 per share	-	-	-	(90,600)	(90,600)
Third interim dividend at Rs. 1.2 per share	-	-	-	(108,720)	(108,720)
Total transaction with owners	250,000	1,067,528	-	(289,920)	1,027,608
Balance as at December 31, 2014	906,000	1,070,828	(5,941)	807,926	2,778,813
Balance as at January 01, 2015	906,000	1,070,828	(5,941)	807,926	2,778,813
Total comprehensive income for the year					
Profit for the year	-	-	-	1,133,237	1,133,237
Other comprehensive income					
Remeasurement of net defined benefit liability - net of tax	-	-	-	(7,464)	(7,464)
Unrealized gain due to change in fair value of long-term investment classified as 'available-for-sale' - net of tax	-	-	690,662	-	690,662
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	84,704	84,704
	-	-	690,662	1,210,477	1,901,139
Transaction with owners					
Annual bonus @ 11% Dec 2014	99,660	-	-	(99,660)	-
Interim bonus @ 20% June 2015	201,132	-	-	(201,132)	-
First interim dividend at Rs. 1.5 per share	-	-	-	(150,849)	(150,849)
Total transaction with owners	300,792	-	-	(451,641)	(150,849)
Balance as at December 31, 2015	1,206,792	1,070,828	684,721	1,566,762	4,529,103

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

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 and on May 12, 2014 the Company was listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan (due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange Limited). The registered office of the Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. The principal activity of the Company are procurement, storage and marketing of petroleum and related products, for which the Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005.

1.1 These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiary are accounted for on the basis of direct interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

Subsidiary

Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the company which is incorporated in Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 unconsolidated financial statements have been prepared under the historical cost convention, except for certain assets and liabilities which are stated at revalued amount.

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

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

2.4 Standards and amendments to published approved International Financial Reporting Standards not yet effective

Initial application of a Standard, Amendment or an Interpretation to an existing Standard

a) Standards, amendments to published standards and interpretations effective in 2015 and relevant

The following standards, amendments to published standards and interpretations are mandatory for the

financial year beginning January 1, 2015 and are relevant to the Company:

- IFRS 13 'Fair value measurement'. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

- IAS 27 (Revised) 'Separate financial statements'. This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Company's current accounting treatment is already in line with the requirements of this standard.

- IAS 19 (Amendment) 'Employee benefits'. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee's service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment does not have any impact on the Company's financial statements.

- IAS 24 (Amendment) 'Related party disclosures'. The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment does not have any impact on the Company's financial statements.

b) Standards, amendments to published standards and interpretations that are effective in 2015 but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to published standards are not effective for the financial year beginning on January 1, 2015 and have not been early adopted by the Company:

- IAS 27 (Amendment) 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

  Amendments to following standards as a result of annual improvements to International Financial Reporting Standards issued by IASB:

- IFRS 7 'Financial instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2016). There are two amendments:

  - Servicing contracts – If an entity transfers a financial assets to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

- It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 19, 'Employee benefits' (effective for annual periods beginning on or after January 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 34, 'Interim financial reporting' (effective for annual periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3 CRITICAL ASSUMPTIONS, ESTIMATES AND MEASUREMENT UNCERTAINITY

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting 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 judgments 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 recognized 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.

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

	Note
a) Fixed assets - depreciation and amortization	4.1 & 4.2
b) Net realizable value of stock-in-trade	4.6
c) Provisions	4.9
d) Taxation	4.12

Estimates and judgments 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.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Initial recognition

(a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to capital work in progress.

The Company accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased properties 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.

(b) Capital work-in-progress (CWIP)

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

Measurement subsequent to initial recognition

(a) Carried using revaluation model

Following operating assets both owned and leased are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Building on lease hold land
- Tanks and pipelines
- Dispensing pumps
- Plant and machinery
- Electrical, mechanical and fire fighting equipments.

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

(b) Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation on assets is charged to profit and loss account applying the straight-line method whereby the cost/revalued amount of operating fixed assets is written off over its useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 5.1.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of property, plant and equipment is included in profit and loss account currently.

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 unconsolidated balance sheet. Accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirement of 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 unconsolidated 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 unappropriated profits through Unconsolidated Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.2 Intangible assets

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangibles are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets during the year is charged in proportion to the period of use. The useful life and amortization method are reviewed and adjusted, if appropriate, at the balance sheet date.

Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

4.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- at fair value through profit or loss (FVTPL) - held-for-trading
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are

described below. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company`s cash and bank balances fall into this category of financial instruments.

Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

At fair value through profit or loss - held-for-trading

Financial assets at fair value through profit or loss - held for trading include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss - held-for-trading upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Company do not currently have any asset in this category.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company do not currently have any asset in this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

The equity investment is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in unconsolidated profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income. The company does not currently have any other asset other than as provided in this category.

Classification and subsequent measurement of financial liabilities

The Company financial liabilities include:

Financial liabilities that are measured subsequently at amortised cost using the effective interest method. All interest-related charges, if applicable, changes in an instrument's fair value that are reported in profit or loss account are included within finance costs or finance income.

4.4 Off setting

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

4.5 Investments

(a) Investment in subsidiary

Subsidiaries are those enterprises in which the parent Company directly or indirectly controls, beneficially 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 company is stated at cost and the carrying amount is adjusted for impairment, if any, to the recoverable amounts of such investments.

(b) Other investments

The Company classifies its investment 'as available-for-sale', that do not fall under the held-for-trading or held-to-maturity. Unrealized surplus/deficit arising on revaluation of long term investment classified as 'available-for-sale' is disclosed below the share holders' equity in the statement of unconsolidated financial statement.

In case of impairment of available-for-sale securities, the cumulative loss that has been recognised directly in fair value reserve on the unconsolidated balance sheet below equity is removed there from and recognized in profit and loss.

4.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value (NRV).

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 unconsolidated profit and loss account.

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

Provision is made for obsolete/slow moving stocks where necessary and recognized in the unconsolidated profit and loss account. Net realizable value is the estimated selling value price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

4.7 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 recognized, as an expense in the unconsolidated 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 recognized.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated balance sheet at cost. For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents include cash and bank balances and other items of current asset and current liabilities which qualify as cash equivalent.

4.9 Provisions

Provisions are recognized 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.

4.10 Lease

4.10.1 Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 4.1.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

4.10.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of lease.

4.10.3 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognised in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated May 22, 2007. Payments made under operating lease are charged to the profit and loss account on a straight line basis over the lease term.

4.11 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 Pakistani rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to unconsolidated profit and loss account.

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.

4.12 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 unconsolidated profit and loss account.

4.12.1 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 further in accordance with other provisions of the Income Tax Ordinance, 2001. Moreover, current tax adjustments for tax payable in respect of prior years.

4.12.2 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 recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The company takes into account the current income tax law and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity or unconsolidated statement of other comprehensive income, in which case it is included in equity or statement of other comprehensive income as the case may be.

4.13 Revenue recognition

Revenue is recognized 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 license fee) is recognized on an accrual basis.

- Gain or loss on sale of investment classified as available for sale is included in profit and loss account in the year in which they arise.

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

- Return on deposits and other services income is recognized on accrual basis.

- Handling, storage and other services income are recognized when the services have been rendered.

- Rental income is recognized on an accrual basis.

4.14 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received whether not billed to the Company.

4.15 Retirement and other service benefits

Unfunded gratuity scheme

During the year ended 2013, the Company had changed its accounting policy in respect of post-retirement defined benefits plan as required under International Accounting Standard (IAS) 19, "Employee Benefits". According to new policy actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in the unconsolidated profit and loss account are limited to current service and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the unconsolidated profit and loss account.

Contributory provident fund

The Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Company as well as the employee at the rate of 5.72% percent of the basic salary.

4.16 Borrowings and borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the unconsolidated 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 are capitalized up to the point in time when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete. All other borrowing costs are charged to profit and loss account as and when incurred.

4.17 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the unconsolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

4.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

4.19 Earning per share

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		Rupees in '000	
Operating fixed assets	5.1	4,220,584	1,732,642
Capital work-in-progress	5.5	2,057,344	1,558,142
		6,277,928	3,290,784

5.1 Operating fixed assets

	Owned assets									Leased assets						
	Building on lease hold land		Tanks and pipelines	Dispensing Pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles	Computer auxiliaries	Building on leasehold land	Tanks and pipelines	Dispensing Pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Vehicles	Total operating fixed assets
	*Office building	Pump building														
	Rupees in '000															
At January 1, 2015																
Cost / revalued amount	338,643	358,558	193,621	98,481	25,095	105,298	65,997	14,474	28,908	209,477	154,281	311,550	115,379	22,065	23,969	2,065,796
Accumulated depreciation	(35,481)	(38,044)	(9,984)	(15,059)	(1,569)	(8,977)	(42,789)	(9,685)	(16,074)	(40,247)	(22,064)	(55,451)	(15,512)	(2,998)	(19,220)	(333,154)
Net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Year ended December 31, 2015																
Opening net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Addition/ transfer from CWIP	491,890	142,853	299,643	51,119	15,436	222,932	7,323	-	5,555	-	-	-	-	10,247	-	1,246,998
Revaluation	139,396	519,206	86,043	154,171	11,780	97,905	-	-	-	68,396	54,315	288,526	52,623	7,280	-	1,479,641
Disposals																
Cost	-	-	-	-	-	-	-	(4,026)	-	-	-	-	-	-	-	(4,026)
Accumulated depreciation	-	-	-	-	-	-	-	4,026	-	-	-	-	-	-	-	4,026
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(34,831)	(38,099)	(20,129)	(12,066)	(1,875)	(28,339)	(8,095)	(1,119)	(8,286)	(14,793)	(11,702)	(45,297)	(8,806)	(3,466)	(1,794)	(238,697)
Closing net book value	899,617	944,474	549,194	276,646	48,867	388,819	22,436	3,670	10,103	222,833	174,830	499,328	143,684	33,128	2,955	4,220,584
At December 31, 2015																
Cost / revalued amount	969,929	1,020,617	579,307	303,771	52,311	426,135	73,320	14,474	34,463	277,873	208,596	600,076	168,002	39,592	23,969	4,792,435
Accumulated depreciation	(70,312)	(76,143)	(30,113)	(27,125)	(3,444)	(37,316)	(50,884)	(10,804)	(24,360)	(55,040)	(33,766)	(100,748)	(24,318)	(6,464)	(21,014)	(571,851)
Net book value	899,617	944,474	549,194	276,646	48,867	388,819	22,436	3,670	10,103	222,833	174,830	499,328	143,684	33,128	2,955	4,220,584
Depreciation rate - %	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	
At January 1, 2014																
Cost / revalued amount	68,563	329,070	32,600	70,911	18,996	5,073	51,860	15,811	22,939	209,477	154,281	295,920	110,871	3,961	31,268	1,421,601
Accumulated depreciation	(21,178)	(20,584)	(1,996)	(9,223)	(726)	(425)	(35,324)	(10,673)	(9,317)	(28,022)	(12,438)	(28,463)	(8,629)	(792)	(27,256)	(215,046)
Net book value	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
Year ended December 31, 2014																
Opening net book value	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
Addition/ transfer from CWIP	270,080	29,488	161,021	27,570	11,608	105,988	14,137	1,031	5,969	-	-	15,630	4,508	18,104	7,343	672,477
Disposals / transfers																
Cost	-	-	-	-	(5,509)	(5,763)	-	(2,368)	-	-	-	-	-	-	(14,642)	(28,282)
Accumulated depreciation	-	-	-	-	-	-	-	2,368	-	-	-	-	-	-	12,200	14,568
	-	-	-	-	(5,509)	(5,763)	-	-	-	-	-	-	-	-	(2,442)	(13,714)
Depreciation charge for the year	(14,303)	(17,460)	(7,988)	(5,836)	(843)	(8,552)	(7,465)	(1,380)	(6,757)	(12,225)	(9,626)	(26,988)	(6,883)	(2,206)	(4,164)	(132,676)
Closing net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
At December 31, 2014																
Cost	338,643	358,558	193,621	98,481	25,095	105,298	65,997	14,474	28,908	209,477	154,281	311,550	115,379	22,065	23,969	2,065,796
Accumulated depreciation	(35,481)	(38,044)	(9,984)	(15,059)	(1,569)	(8,977)	(42,789)	(9,685)	(16,074)	(40,247)	(22,064)	(55,451)	(15,512)	(2,998)	(19,220)	(333,154)
Net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Depreciation rate - %	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	

*Running finance facility from Summit Bank Limited is secured on office building for the value of Rs. 500 million (2014: Rs. 400 million.)

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

	Cost	Accumulated depreciation	Written down value	
			2015	2014
	Rupees in '000			
Owned Assets				
Building on lease hold land	880,921	109,585	771,336	180,639
Dispensing units	61,613	7,055	54,558	7,549
Plant and machinery	19,767	3,369	16,398	2,939
Tanks and pipelines	312,423	18,777	293,646	9,624
Electrical mechanical and fire fighting euipment	224,202	22,859	201,343	831
Leased Assets				
Building on lease hold land	166,399	66,691	99,708	108,028
Dispensing units	137,419	69,068	68,351	77,517
Plant and machinery	66,850	25,951	40,899	44,242
Tanks and pipelines	90,260	38,985	51,275	55,788
Electrical mechanical and fire fighting equipment	14,351	3,764	10,587	1,775
	1,974,205	366,104	1,608,101	488,932

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

	Note	**2015**	2014
		Rupees in '000	
Distribution expenses	30	226,599	120,166
Administrative expenses	31	12,098	12,510
		238,697	132,676

5.4 During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. nil (2014: Rs. 1.37 million).

5.5 Capital work in progress

	2015	2014
	Rupees in '000	
Office building	815,572	559,278
Petrol pump buildings	348,220	142,467
Plant and machinery	40,561	3,942
Tanks and pipe lines	261,069	302,354
Dispensing pumps	143,903	85,649
Computer auxiliaries	7,740	1,819
Electrical, mechanical and fire fighting equipment	117,658	243,144
Furniture, office equipment and other assets	187,141	98,852
Borrowing cost capitalized	34,000	35,717
Advances to contractors	101,480	84,920
	2,057,344	1,558,142

5.5.1 During the year additions amounting to Rs. 1,746.20 million (2014: 1,000.78 million) has been made in capital work in progress. This also includes borrowing cost capitalized during the year at the rate ranging from 9.58% - 13.18% (2014: 12.64% - 13.18%).

6 INTANGIBLE

	Note	2015	2014
		Rupees in '000	
Net book value			
Net book value at beginning of the year		4,288	7,054
Amortisation charge for the year	31	(2,766)	(2,766)
Net book value at the end of the year	6.1	1,522	4,288

6.1 Net book value

Cost	8,299	8,299
Accumulated amortization	(6,777)	(4,011)
Net book value	1,522	4,288
Rate of amortization - %	33.33	33.33

7 LONG-TERM INVESTMENTS

	Note	2015	2014
- Subsidiary - at cost	7.1	-	-
- Pakistan Refinery Limited	7.2 &7.3	1,955,310	781,542
		1,955,310	781,542

7.1 Unquoted subsidiary company - at cost

	Note	Cost	Provision for impairment	Carrying value 2015	Carrying value 2014
		Rupees in '000			
Hascombe Lubricants (Private) Limited	7.1.1	30,604	(30,604)	-	-

Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the Company, incorporated in Pakistan under the Companies Ordinance, 1984. The Company holds 9.78 million ordinary shares (2014: 9.78 million) of Rs. 10 per share.

7.1.1 Movement in provision for impairment in long-term investment

	2015	2014
	Rupees in '000	
Balance at beginning of the year	30,604	30,604
Provision made during the year	-	-
Balance at end of the year	30,604	30,604

7.2 Movement

	Cost	Unrealised gain / (loss)	Carrying value
	Rupees in '000		
December 31, 2015	1,172,772	782,538	1,955,310
December 31, 2014	788,332	(6,790)	781,542

7.3 Investment in Pakistan Refinery Limited (quoted) amounts to Rs. 1,172.77 million (2014: Rs. 788.33 million) representing 13.72% (2014: 13.72%) shares in PRL as at December 31, 2015. During the year Company subscribed to 38.44 million right shares at Rs 10 each. The Company has 43.24 million shares (2014: 4.80 million shares) as at December 31, 2015.

8 LONG-TERM DEPOSITS

	Note	2015	2014
		Rupees in '000	
Lease deposits		52,819	18,780
Less: current portion of lease deposits	13	-	(8,004)
		52,819	10,776
Other deposits	8.1	175,812	45,713
		228,631	56,489

8.1 Other deposits include amount of Rs. 39.72 million (2014: nil) and Rs. 8.20 million (2014: Rs. 8.20 million) with Motorway Operations & Rehabilitation Engineering Private Limited (MORE) for 10 petrol stations at Motorway and PAF Base Faisal for Hascol One petrol station, respectively, the Company's owned and operated sites.

9 DEFERRED TAXATION

	2015	2014
	Rupees in '000	
This comprises the following:		
Taxable temporary difference arising in respect of :		
Accelerated depreciation	(877,105)	(251,938)
Assets under finance lease	(55,612)	(169,948)
Exchange gain	(3,379)	(6,570)
Surplus on remeasurement on investment	(97,817)	850
Deductible temporary difference arising in respect of :		
Liabilities against assets subject to finance lease	132,751	24,080
Provision for:		
- retirement benefit	31,001	22,443
- doubtful debts	2,463	2,518
Investments in subsidiary	9,547	9,666
Carry forward tax losses	-	60,675
Turnover tax	1,098,247	817,299
	240,096	509,075

Deferred tax asset has been recognized based on the projections prepared by the management indicating reasonable probabilities that taxable profits will be available in the foreseeable future against which deferred tax asset will be utilized.

9.1 Movement in deferred tax

	Note	2015	2014
		Rupees in '000	
Opening deferred tax		509,075	327,508
Deferred tax raised through profit and loss	35	287,302	177,855
Deferred tax raised through other comprehensive income		(94,305)	3,712
Deferred tax raised through revaluation surplus		(461,976)	-
Closing deferred tax		240,096	509,075

10 STOCK-IN-TRADE

	Note	2015	2014
		Rupees in '000	
Raw and packing materials		63,757	76,986
Finished goods			
- fuels	10.1 & 10.3	5,836,553	2,975,439
- lubricants		240,713	179,475
		6,077,266	3,154,914
Stock of fuel in transit	10.3	2,328,995	241,804
		8,470,018	3,473,704

10.1 Finished goods fuels include Rs. 239.88 million (2014: 104.23 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

10.2 Stock in finished goods include High Speed Diesel amounting to Rs. nil (2014: Rs. 152.00 million) pledged as security with Sindh Bank Limited in respect of cash finance facility.

10.3 Stock-in-trade includes item costing Rs. 4,156.71 million (2014: Rs. 3,470.52 million) which have been valued at net realisable value amounting to Rs. 4,028.50 million (2014: 3,217.24 million) as a result of decline in selling prices of certain petroleum products with effect from January 1, 2016.

11 TRADE DEBTS - Unsecured

	Note	2015	2014
		Rupees in '000	
Due from related party			
- Considered good		-	157
- Considered doubtful	11.1	7,124	7,124
		7,124	7,281
Due from others			
- Considered good		4,263,595	4,548,666
- Considered doubtful		849	849
		4,264,444	4,549,515
		4,271,568	4,556,796
Less: Provision for impairment	11.3	(7,973)	(7,973)
		4,263,595	4,548,823

11.1 The aging of above associated party balance at the balance sheet date is as follows:

Past due 1-30 days	-	157
More than 365 days	7,124	7,124

11.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.12 million (2014: Rs. 7.12 million).

	2015	2014
	Rupees in '000	

11.3 Movement of provision for impairment

Opening balance	7,973	7,973
Provision made during the year	-	-
Closing balance	7,973	7,973

12 ADVANCES - Considered good

Employees		
- against expenses	70,138	7,189
- against salary	15,006	14,828
Import	-	4,342
Leasing companies	2,606	-
Suppliers	62,856	140,207
	150,606	166,566

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015	2014
		Rupees in '000	
Current portion of lease deposits	8	-	8,004
Prepaid rent		45,779	89,051
Prepaid insurance and others		36,147	18,565
Receivable from oil marketing companies	13.1	38,470	437,596
Receivable against regulatory duty		25,533	-
Inland Freight Equalization Margin (IFEM) receivable		667,776	373,335
Franchise income receivable		81,946	65,503
Price Differential Claims	13.2	5,083	5,083
Others	13.3	59,095	27,817
		959,829	1,024,954

13.1 It represents amount receivable from various oil marketing companies (OMCs) on account of share of motor gasoline imported on their behalf.

13.2 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 pursuing 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.

13.3 This includes Rs. 24.64 million (2014: Rs. 18.21 million) receivable from Sigma Motors (Private) Limited (an associated company).

14 CASH AND BANK BALANCES

	Note	2015	2014
		Rupees in '000	
Balances with banks:			
- in current account	14.1	382,458	146,742
- in deposit account	14.2	3,684,616	1,613,347
		4,067,074	1,760,089
Cash in hand		4,473	844
		4,071,547	1,760,933

14.1 This includes an amount of Rs. nil (2014: Rs 8.27 million) maintained with KASB Bank Limited which was held under restrictions imposed by the State Bank of Pakistan for six months, the restriction period expired during the current year.

14.2 These carry mark-up ranging from 5.5% to 6.5% per annum (2014: 6% to 8.5% per annum).

15 SHARE CAPITAL

15.1 AUTHORIZED SHARE CAPITAL

2015	2014	2015	2014
Number of shares		Rupees in '000	
150,000,000	150,000,000	1,500,000	1,500,000

15.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		Note	2015	2014
Number of shares				Rupees in '000	
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	15.3	10,600	10,600
25,000,000	25,000,000	Ordinary shares of Rs. 10 each fully paid in cash		250,000	250,000
9,966,000	-	Annual bonus @ 11% Dec 2014		99,660	-
20,113,200	-	Interim bonus @ 20% June 2015		201,132	-
120,679,200	90,600,000			1,206,792	906,000

15.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

16 RESERVES

	2015	2014
	Rupees in '000	
Capital reserves		
Share premium reserve	1,070,828	1,070,828
Fair value reserve	684,721	(5,941)
	1,755,549	1,064,887
Revenue reserve		
Unappropriated profit	1,566,762	807,926
	3,322,311	1,872,813

17 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

Opening balance	492,209	550,403
Gain on revaluation	1,479,641	-
Transfer in respect of incremental depreciation charged during the year	(124,564)	(58,194)
	1,847,286	492,209
Related deferred tax		
Opening balance	171,659	192,027
Related deferred tax of gain on revaluation	473,112	-
Effective rate adjustment	(14,153)	-
Reversal of deferred tax liability on account of incremental depreciation charged during the year	(39,860)	(20,368)
	(590,757)	(171,659)
	1,256,529	320,550

17.1 During year ended 2012, the Company carried out revaluation of 160 petrol pumps through an independent valuer Asif Associates (Private) Limited. Revalued amount of assets was Rs. 1,172.00 million, resulting in surplus (net of deferred tax) amount to Rs. 387.00 million. Further, during current year the Company carried out revaluation of depots and petrol pumps through an independent valuer Asif Associates (Private) Limited. Revalued amount of assets is Rs. 4,153.90 million, resulting in surplus (net of deferred tax) amount to Rs. 1,006.52 million.

18 LONG TERM FINANCES - Secured

	Note	2015	2014
		Rupees in '000	
PAIR Investment Company Limited	18.1	96,429	139,286
First Women Bank Limited	18.2	-	90,909
Burj Bank Limited	18.3	187,922	297,785
Pak Oman Investment Company Limited	18.4	177,436	39,900
		461,787	567,880
Current portion of long term finances			
PAIR Investment Company Limited		42,857	42,857
First Women Bank Limited		-	90,909
Burj Bank Limited		187,922	148,893
Pak Oman Investment Company Limited		54,857	6,650
		(285,636)	(289,309)
		176,151	278,571

18.1 This represents term finance facility from PAIR Investment Company Limited to finance the development of Machike storage facility. The sanctioned limit is Rs. 150 million and is secured against first pari passu charge on all present and future current and fixed assets of the Company with 25% margin, personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor and post dated cheque covering the purchase price of facility. Mark-up rate is 3 months KIBOR plus a spread of 3%. The loan is repayable in 12 equal quarterly instalments starting from the end of six months from the date of first draw down with last repayment due on January 8, 2018.

18.2 This represents working capital finance from First Women Bank Limited for construction of retail outlet. The sanctioned limit was Rs. 200 million and was secured against specific charge on retail outlets worth Rs. 38 million, charge on Shikarpur installation worth Rs. 184 million and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor. Mark-up rate is 6 months KIBOR plus a spread of 3%. The loan was repaid on November 11, 2015.

18.3 This represents working facility of Diminishing Musharika arrangement from Burj Bank Limited to refinance capital expenditure incurred by the Company. The sanction limit is 300 million and is secured against movable fixed assets of the Company with 25% margin and pledge of shares of Pakistan Refinery Limited (PRL) with 40% margin to be maintained at all times. The Loan is repayable by the Company in 4 equal instalments starting from the 12 month of first draw down with the last repayment date of June 30, 2016.

18.4 This represents term finance facility obtained from Pak Oman Investment Company Limited to refinance the new storage setup of petroleum products at Daulatpur. The sanction limit is Rs. 192 million and is secured against first pari passu charge on Company's land building and machinery located at Daulatpur along with 25% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor. It carries mark-up rate of 6 months KIBOR plus a spread rate of 3%. The loan is repayable in 42 equal monthly instalments in arrears, with grace period of 6 months, from first draw down with last repayment due in November 30, 2018.

19 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 2020, have been discounted by using financing rates ranging from 8.43% to 14.03% (2014: 11.25% to 18.5% 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:

	2015			2014		
	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					
Not later than one year	137,086	34,489	102,597	34,337	6,802	27,535
Later than one year but not later than five years	365,040	42,110	322,930	56,632	7,928	48,704
	502,126	76,599	425,527	90,969	14,730	76,239

20 LONG TERM DEPOSITS

	Note	**2015**	2014
		Rupees in '000	
Opening balance		103,151	90,872
Additions during the year		11,800	12,279
		114,951	103,151
Imputed income on remeasurement			
Opening balance		(42,364)	-
Additions during the year		(9,799)	(42,364)
		(52,163)	(42,364)
Unwinding of imputed income			
Opening		-	-
Additions during the year		1,344	-
		1,344	-
	20.1	64,132	60,787

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

21 DEFERRED LIABILITY - Gratuity

The Company operates an unfunded gratuity scheme for employees who have completed the employment 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.

	Note	**2015**	2014
		Rupees in '000	
Deferred liability - Gratuity	21.1 & 21.2	99,090	71,057

The information provided in notes 21.1 to 21.5 have been obtained from the actuarial recommendations.

21.1 Movement in liability recognized in balance sheet

	Note	**2015**	2014
		Rupees in '000	
Present value of defined benefit obligation as at the end of the year	21.3	99,090	71,057
Fair value of plan assets		-	-
Balance sheet liability		99,090	71,057

21.2 Movement in liability recognized in balance sheet

	Note	2015	2014
		Rupees in '000	
Balance at the beginning of the year		71,057	47,054
Add: Charge for the year	21.4	20,416	14,942
Less: Payments to outgoing employees		(3,359)	-
Remeasurements charged to Other Comprehensive Income		10,976	9,061
Balance at the end of the year		99,090	71,057

21.3 Movement in present value of the defined benefit obligation

	2015	2014
Opening balance	71,057	47,054
Current service cost	12,454	8,516
Interest cost	7,962	6,426
Benefit paid during the year	(3,359)	-
Remeasurement: Actuarial losses - net of tax	7,464	6,199
Impact of deferred tax	3,512	2,862
Remeasurement: Actuarial losses (gross amount)	10,976	9,061
Present value of defined benefit obligation at the end of year	99,090	71,057

21.4 Amounts recognized in the profit and loss

	2015	2014
Current service cost	12,454	8,516
Net interest cost	7,962	6,426
Total gratuity expense for the year for unfunded obligation	20,416	14,942

21.5 Actuarial assumptions

	2015	2014
	% per annum	
The following significant assumptions were used in the valuation of these schemes:		
- Expected long-term rate of increase in salary level	9.00%	10.50%
- Discount rate	9.00%	10.50%

22 TRADE AND OTHER PAYABLES

	2015	2014
	Rupees in '000	
Trade creditors	12,069,319	6,442,108
Payable to cartage contractors	1,938,342	739,439
Advance from customers	2,553,327	269,577
Accrued liabilities	46,018	51,382
Other liabilities	748,590	600,639
	17,355,596	8,103,145

23 MARK-UP ACCRUED

Mark-up accrued	54,311	59,877

23.1 As noted in note 18, 19 & 24, this represents mark-up payable on finances availed by the Company.

24 SHORT TERM RUNNING FINANCES - Secured

	Note	2015	2014
		Rupees in '000	
Financial institutions	24.1	1,413,055	821,707
Term finance certificates	24.2	-	450,000
		1,413,055	1,271,707

24.1 Short term running finance facilities are available from various commercial banks and development financial institutions (DFI), under mark-up arrangements, amounting to Rs. 1,413.05 million (2014: Rs. 821.71 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the bank and DFI. These facilities have various maturity dates up to November 2016. These arrangements are secured against pledge of stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% margin, pledge of PRL share, with minimum 30% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor along with equitable registered mortgage charge over the property situated at The Forum, Suite No. 105 - 106, First Floor, Khayaban-e-Jami Clifton, Karachi (2014: stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% margin, pledge of PRL share, with minimum 30% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor along with equitable registered mortgage charge over the property situated at The Forum, Suite No. 105 - 106, First Floor, Khayaban-e-Jami Clifton, Karachi).

These running finance facilities carry mark-up ranging from 1 year KIBOR plus 2.75% to 1 month KIBOR plus 3% per annum (2014: 1 month KIBOR plus 2.75% to 3 month KIBOR plus 3.5% per annum) calculated on a daily product basis, that is payable monthly/quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 200.00 million (2014: Rs. 228.00 million).

24.2 This represents privately placed term finance certificate of Rs. nil (2014: Rs. 450.00 million). The facility carries mark-up at the rate of 6 month KIBOR plus spread of 3% per annum payable at the end of every quarter. The loan was secured against ranking charge on present and future current assets of the Company with 25% margin.

25 TAXATION

	Note	**2015**	2014
		Rupees in '000	
Sales tax payable		92,988	1,591,492
Income tax payable	25.1	866,964	715,611
		959,952	2,307,103

25.1 The Company has filed a constitutional petition in the Honourable High Court of Sindh against the chargeability of minimum tax and the Honourable Court has granted stay in this regard. The Management and its legal counsel is confident that eventual outcome of the matter will be in favour of the Company.

26 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 (PDCs) 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 million to the GOP/ OCAC, the management had not accounted for its impact in these unconsolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

During the subsequent period, the Deputy Commissioner of Inland Revenue (DCIR) vide order dated February 16, 2016 imposed a sales tax liability amounting to Rs. 361.20 million as the Company supplied High Speed Diesel and Furnace Oil products to the various international ships and claimed zero rated export amounting to Rs. 2,142.70 million. The Company has contested the imposition on the ground that products are part of provision and stores under section 24 of the Customs Act, 1969 and are treated as zero rated goods under section 4 of Sales Tax Act, 1990. The Management and the tax advisors are confident that good grounds exist to contest the case and believe that eventual outcome will be in favour of the Company. Hence no provision is required to be made in these financial statements. The case is pending for hearing before the Commissioner Inland Revenue (Appeals).

Commitments

The facility for opening letters of credit (LCs) acceptances as at December 31, 2015 amounted to Rs. 17,100.00 million (2014: Rs. 9,322.00 million) of which the amount remaining unutilized as at that date was Rs. 1,796.80 million (2014: Rs. 2,243.00 million).

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

	2015	2014
	Rupees in '000	
Property, plant and equipment	427,701	346,760

Commitments for rental under operating lease agreements / ijarah contracts as at December 31, 2015 amounted to Rs. 1,9450.00 million (2014: Rs. 1,236.00 million) as follows:

	2015	2014
	Rupees in '000	
Not later than one year	136,245	91,060
Later than one year but not later than five years	538,869	346,442
Later than five years	1,269,461	798,729
	1,944,575	1,236,231

27 SALES - net

Sales	94,274,786	99,238,100
Less: Sales discount	(209,489)	(176,604)
	94,065,297	99,061,496

28 OTHER REVENUE

Joining fee for petrol pump operators	9,600	10,130
Franchise fee	73,231	47,228
	82,831	57,358

29 COST OF PRODUCTS SOLD

	Note	2015	2014
		Rupees in '000	
Opening stock of lubricants, raw and packing materials		256,461	258,447
Raw and packing materials purchased		784,019	821,160
Less: Closing stock of lubricants, raw and packing materials	10	(304,470)	(256,461)
Lubricants, raw and packing materials consumed		736,010	823,146
Opening stock - fuel		3,217,243	2,895,276
Fuel purchased		63,370,263	72,492,296
Storage and handling charges		328,558	361,273
Duties and levies	29.1	14,403,074	9,268,984
Less: Closing stock - fuel	10	(8,165,548)	(3,217,243)
Inventory - write off		128,215	253,285
		73,281,805	82,053,871
		74,017,815	82,877,017

29.1 Duties and levies

Inland Freight Equalization Margin (IFEM)	2,399,895	1,574,144
Petroleum Development Levy	9,185,877	5,366,329
Freight	2,817,302	2,328,511
	14,403,074	9,268,984

30 DISTRIBUTION AND MARKETING EXPENSES

	Note	2015	2014
		Rupees in '000	
Salaries, wages and other benefits	31.1	258,579	161,171
Traveling and conveyance		52,608	69,722
Rent, rates and taxes		174,723	126,726
Insurance		75,026	40,798
Depreciation	5.3	226,599	120,166
Entertainment		5,790	5,613
Printing and stationery		11,826	3,808
Communication		5,406	3,154
Repairs and maintenance		22,405	11,224
Utilities		27,718	11,366
Fees and subscription		4,847	2,850
Legal and professional charges		1,111	1,000
Commission		111,767	191,639
Royalty		43,603	-
Advertising and publicity		30,756	16,269
Miscellaneous		710	3,308
		1,053,474	768,814

31 ADMINISTRATIVE EXPENSES

	Note	2015	2014
		Rupees in '000	
Salaries, allowances and other benefits	31.1	149,545	143,442
Traveling and conveyance		35,072	25,182
Rent, rates and taxes		7,467	6,842
Insurance		20,093	19,097
Depreciation	5.3	12,098	12,510
Amortisation	6	2,766	2,766
Entertainment		3,860	3,592
Printing and stationery		7,884	5,250
Communication		3,604	8,212
Repairs and maintenance		11,176	7,119
Utilities		8,335	7,453
Fee and subscription		21,020	15,116
Advertising and publicity		18,582	6,575
Auditors' remuneration	31.2	2,545	2,219
Donation	31.3	6,345	6,004
Legal and professional charges		49,204	48,204
Ujrah payments		6,642	9,804
		366,238	329,387

31.1 Salaries and other benefits relating to distribution and administrative expense include:

- Gratuity	21.4	20,416	14,942
- Contribution to provident fund		10,713	7,969

31.2 Auditors' remuneration

Statutory audit	1,100	1,000
Half yearly review	366	275
Certifications	673	500
Consolidation	200	150
Out of pocket expenses	206	294
	2,545	2,219

31.3 Donation include an amount of Rs. 0.15 million (2014: Rs. 1.00 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed (Director) is also CEO of LRBT.

32 OTHER INCOME

	Note	2015	2014
		Rupees in '000	
Income from financial assets			
Profit on bank deposits		139,662	70,486
Gain on sale of investment		-	7,874
		139,662	78,360
Income from non-financial assets			
Promotional marketing fee		1,006	1,270
Scrap sales		569	3,891
Gain on disposal of operating fixed assets		2,272	3,969
Reversal of royalty		-	62,963
Rent income		6,431	5,846
Storage and handling income		50,802	100,028
Imputed income on remeasurement		9,799	42,364
		70,879	220,331
		210,541	298,691

33 FINANCE COST

Mark-up on borrowings	166,041	104,985
LC charges	148,243	123,309
Lease finance charges	23,720	16,787
Bank charges	11,648	19,005
	349,652	264,086

34 OTHER CHARGES

Workers' welfare fund	24,420	17,295
Exchange loss - net	58,989	91,161
	83,409	108,456

35 TAXATION

Current		330,862	402,541
Prior		19,924	-
Deferred	9.1	(287,302)	(177,855)
		63,484	224,686

35.1 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.

36 EARNINGS PER SHARE - Basic and diluted

	2015	2014
	Rupees in '000	
Profit for the year	1,133,237	640,057
Weighted average number of ordinary shares in thousand (2014: Restated)	120,679	108,728
Basic earning per share - Rupees (2014: Restated)	9.39	5.89

There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares outstanding at year end consequently diluted EPS equals basic EPS.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
	Rupees in '000					
Director's fee	-	2,975	-	-	1,830	-
Managerial remuneration	19,080	30,751	151,722	16,375	20,686	114,205
Cost of living allowance	3,603	3,913	33,950	3,179	2,776	27,230
Reimbursement of medical expenses	2,322	778	12,450	1,398	371	7,026
Bonus	-	-	-	8,148	18,101	16,643
Retirement benefits	1,087	1,616	8,010	911	1,056	4,888
	26,092	40,033	206,132	30,011	44,820	169,992
Number of persons	1	6	126	1	6	112

37.1 The Chief Executive Officer and certain executives, as explained in note no. 37, are also provided with the free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer and a Director are provided with free security services in accordance with the terms of employment.

38 RELATED PARTY TRANSACTIONS AND BALANCES

Amount due to/ from and other significant transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transaction	2015	2014
		Rupees in '000	
Associated companies			
Sigma Motors (Private) Limited	Sale of fuels	1,693	8,098
	Office rent	6,432	5,846
Marshal Gas (Private) Limited	Purchase of fuels	-	6,657
Staff retirement benefits/ contribution funds			
Provident fund	Contribution	10,713	7,969
Gratuity fund	Contribution	20,416	14,942
Key management personnel	Salaries and benefits	63,150	184,450
Director Fee	Fee for attending meeting	2,975	-
Other related parties	Consultancy services	10,180	33,986
	Expense reimbursement	-	365
Balances			
Associated companies			
Sigma Motors (Private) Limited	Trade debtors	-	134
	Other receivable	24,643	18,211
Marshal Gas (Private) Limited	Trade creditors	-	94

Expenses recovered from/ charged by related parties are based on actual expense.

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.

39 CASH GENERATED FROM OPERATIONS

	Note	2015	2014
		Rupees in '000	
Profit before taxation		1,196,721	864,743
Adjustment for:			
Depreciation and amortization	30 & 31	241,463	135,442
Provision for gratuity	21.4	20,416	14,942
Profit on bank deposits	32	(139,662)	(70,486)
Imputed income on remeasurement	32	(9,799)	(42,364)
Gain on sale of investment	32	-	(7,874)
Gain on disposal of operating fixed assets	32	(2,272)	(3,969)
Finance cost	33	349,652	264,086
Cash in bank account restricted during the year	14.1	-	(8,276)
Changes in working capital	39.1	3,123,946	(235,808)
		4,780,465	910,436

39.1 Changes in working capital

Decrease/ (Increase) in current assets		
Stock-in-trade	(4,996,314)	(319,981)
Trade debts	285,228	(2,432,705)
Advances	15,960	119,097
Deposits, prepayments and other receivables	65,125	(888,561)
	(4,630,001)	(3,522,150)
Increase in current liabilities		
Trade and other payables	7,753,947	3,286,342
Changes in working capital	3,123,946	(235,808)

40 CASH AND CASH EQUIVALENTS

Cash and bank balance	14	4,071,547	1,760,933
Short-term running finances - secured	24	(1,413,055)	(1,271,707)
Restricted cash	14.1	-	(8,276)
		2,658,492	480,950

41 OPERATING SEGMENTS

- These financial statements have been prepared on the basis of a single reportable segment.
- Sales from petroleum product represent 99.92 % (2014: 99.92%) of total revenue of the Company.
- Out of total sales of the Company, 100 % (2014: 100 %) related to customers in Pakistan.
- All non-current assets of the Company as at December 31, 2015 are located in Pakistan.
- The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. However, none of the customers exceeds 10% threshold.

42 FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
	Rupees in '000	
Financial assets		
Available for sale		
Long-term investments	1,955,310	781,542
At amortised cost		
Long-term deposits	228,631	64,493
Trade debts	4,263,595	4,548,823
Advances	15,006	14,828
Other receivables	852,370	881,517
Cash and bank balance	4,071,547	1,760,933
	9,431,149	7,270,594
	11,386,459	8,052,136
Financial liabilities		
At amortised cost		
Long-term finances - secured	461,787	567,880
Liabilities against assets subject to finance lease	425,527	76,239
Long-term deposits	64,132	60,787
Trade and other payables	14,007,661	7,181,547
Mark-up accrued	54,311	59,877
Short-term running finances - secured	1,413,055	1,271,707
	16,426,473	9,218,037

42.1 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	December 31 2015		December 31 2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	Rupees in '000			
Financial Assets				
Long term investments	1,955,310	1,955,310	781,542	781,542
Long term deposits	228,631	228,631	64,493	64,493
Trade debts	4,263,595	4,263,595	4,548,823	4,548,823
Advances	15,006	15,006	14,828	14,828
Other receivables	852,370	852,370	881,517	881,517
Cash and bank balances	4,071,547	4,071,547	1,760,933	1,760,933
	11,386,459	11,386,459	8,052,136	8,052,136

	December 31, 2015		December 31, 2014	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
Financial Liability	Rupees in '000			
Long-term finances - secured	461,787	461,787	567,880	567,880
Liabilities against assets subject to finance lease	425,527	425,527	76,239	76,239
Long-term deposits	64,132	64,132	60,787	60,787
Mark-up accrued	54,311	54,311	59,877	59,877
Trade and other payables	14,007,661	14,007,661	7,181,547	7,181,547
Short-term running finances - secured	1,413,055	1,413,055	1,271,707	1,271,707
	16,426,473	16,426,473	9,218,037	9,218,037

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees in '000			
Available-for-sale financial assets				
Equity securities	19,55,310	-	-	1,955,310

December 31, 2014	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Available-for-sale financial assets				
Equity securities	781,542	-	-	781,542

43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

43.1 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 43.1.1)
- Credit risk and concentration of credit risk (43.1.2)
- Liquidity risk (43.1.3)

43.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. 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

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 50.37 million (2014: USD 35.58 million) having PKR equivalent amount of Rs. 5,287.17 million (2014: Rs. 3,586.96 million). The average rates applied during the year is Rs. 102.69 per USD (2014: Rs. 101.02 per USD) and the spot rate as at December 31, 2015 is Rs. 104.95 per USD (2014: Rs. 100.80 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company incurred exchange loss amounting to Rs. 58.90 million (2014: Rs. 91.10 million) during the year.

Sensitivity analysis

As at December 31, 2015, if the Pakistani Rupees had weakened/strengthened by 10% against USD with all other variables held constant, profit for the year would have been lower/higher by Rs. 529.80 million (2014: Rs. 358.00 million).

(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. Interest rate exposure arises due to long-term finances, liabilities against assets subject to finance lease and short term running finances. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

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.

Cash flow sensitivity of variable rate instruments

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
(Expense) / income	Rupees in '000			
As at December 31, 2015	(22,376)	22,376	(14,992)	14,992
As at December 31, 2014	(15,749)	15,749	(10,552)	10,552

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2015 Total
			Maturity upto one year	Maturity after one year	Sub- Total	Maturity upto one year	Maturity after one year	Sub- Total	
			Rupees in '000						
Financial assets									
Long-term investments			-	-	-	-	1,955,310	1,955,310	1,955,310
Long-term deposits			-	-	-	-	228,631	228,631	228,631
Trade debts			-	-	-	4,263,595	-	4,263,595	4,263,595
Advances			-	-	-	15,006	-	15,006	15,006
Other receivables			-	-	-	852,370	-	852,370	852,370
Cash and bank balances		5.5-6.5 p.a.	3,684,616	-	3,684,616	386,931	-	386,931	4,071,547
	(a)		3,684,616	-	3,684,616	5,517,902	2,183,941	7,701,843	11,386,459
Financial liabilities									
Liabilities against assets subject to finance lease		8.43-13.26 p.a.	102,597	322,930	425,527	-	-	-	425,527
Long term finances - secured		9.41-13.19 p.a.	285,636	176,151	461,787	-	-	-	461,787
Long-term deposits			-	-	-	-	64,132	64,132	64,132
Trade and other payables			-	-	-	14,007,661	-	14,007,661	14,007,661
Mark-up accrued			-	-	-	54,311	-	54,311	54,311
Short-term running finances - secured		9.51-11.02 p.a.	1,413,055	-	1,413,055	-	-	-	1,413,055
	(b)		1,801,288	499,081	2,300,369	14,061,972	64,132	14,126,104	16,426,473
On balance sheet gap	(a)-(b)		1,883,328	(499,081)	1,384,247	(8,544,070)	2,119,809	(6,424,261)	(5,040,014)

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2014 Total
			Maturity upto one year	Maturity after one year	Sub- Total	Maturity upto one year	Maturity after one year	Sub- Total	
			Rupees in '000						
Financial assets									
Long-term investments			-	-	-	-	781,542	781,542	781,542
Long-term deposits			-	-	-	-	64,493	64,493	64,493
Trade debts			-	-	-	4,548,823	-	4,548,823	4,548,823
Advances			-	-	-	14,828	-	14,828	14,828
Other receivables			-	-	-	881,517	-	881,517	881,517
Cash and bank balances		6.0-8.5 p.a.	1,613,347	-	1,613,347	147,586	-	147,586	1,760,933
	(a)		1,613,347	-	1,613,347	5,592,754	846,035	6,438,789	8,052,136
Financial liabilities									
Liabilities against assets subject to finance lease		12.36-17.35 p.a.	27,535	48,704	76,239	-	-	-	76,239
Long term finances - secured		12.28-15.49 p.a.	289,309	278,571	567,880	-	-	-	567,880
Long-term deposits			-	-	-	-	60,787	60,787	60,787
Trade and other payables			-	-	-	7,181,547	-	7,181,547	7,181,547
Mark-up accrued			-	-	-	59,877	-	59,877	59,877
Short-term running finances - secured		13.18-15.49 p.a.	1,271,707	-	1,271,707	-	-	-	1,271,707
	(b)		1,588,551	327,275	1,915,826	7,241,424	60,787	7,302,211	9,218,037
On balance sheet gap	(a)-(b)		24,796	(327,275)	(302,479)	(1,648,670)	785,248	(863,422)	(1,165,901)

(c) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 1,955.31 million (2014: Rs. 781.54 million) at the balance sheet date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change at 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in profit / (loss)
		Rupees in '000			
December 31, 2015	1,955,310	Increase	2,541,903	586,593	-
		Decrease	(2,541,903)	(586,593)	-
December 31, 2014	781,542	Increase	1,016,005	234,463	-
		Decrease	(1,016,005)	(234,463)	-

(d) 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.

43.1.2 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. 11,386.45 million (2014: Rs. 8,052.13 million), the financial assets which are subject to credit risk amounting to Rs. 5,359.60 million (2014: Rs. 5,509.66 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:

	2015	2014
	Rupees in '000	
Long-term deposits	228,631	64,493
Trade debts	4,263,595	4,548,823
Advances	15,006	14,828
Other receivables	852,370	881,517
Cash and bank balance	4,071,547	1,760,933
	9,431,149	7,270,594

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 assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	JCR- VIS	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 Limited	PACRA	A1+	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A1+	AAA
JS Bank Limited	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR- VIS	A1+	AA
National Bank of Pakistan	JCR- VIS	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR- VIS	A1	AA

Banks	Rating Agency	Short term	Long term
Silkbank Limited	JCR- VIS	A1+	AA
Sindh Bank Limited	JCR- VIS	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR- VIS	A1	A
United Bank Limited	JCR- VIS	A1+	AA+
First Women Bank Limited	PACRA	A2	BBB+
The Bank of Khyber	JCR- VIS	A1	A-
Burj Bank Limited	JCR- VIS	A2	A-
Industrial and Commercial Bank of China Limited	S&P		A

43.1.3 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, 2015 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	285,636	176,151	461,787
Liabilities against assets subject to finance lease	102,597	322,930	425,527
Long-term deposits	-	64,132	64,132
Trade and other payable	14,007,661	-	14,007,661
Mark-up accrued	54,311	-	54,311
Short-term running finances - secured	1,413,055	-	1,413,055
	15,863,260	563,213	16,426,473

As at December 31, 2014 the Company's liabilities had contractual maturities as summarised below:

	Within one year	Over one year	Total
		Rupees in '000	
Long-term finances - secured	289,309	278,571	567,880
Liabilities against assets subject to finance lease	27,535	48,704	76,239
Long-term deposits	-	60,787	60,787
Trade and other payable	7,181,547	-	7,181,547
Mark-up accrued	59,877	-	59,877
Short-term running finances - secured	1,271,707	-	1,271,707
	8,829,975	388,062	9,218,037

44 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.

	2015	2014
	Rupees in '000	
Total borrowings	2,300,369	1,915,826
Cash and bank balance	(4,071,547)	(1,760,933)
Excess of net cash over debt/ net debt	(1,771,178)	154,893
Total Equity	4,529,103	2,778,813
Total Capital	2,757,925	2,933,706
Gearing ratio	0.00%	5.28%

45 EMPLOYEES PROVIDENT FUND

The Company operates approved provident fund for its employees. Details of assets and investments of the fund is as follows:

	2015	2014
Size of fund - total assets (Rupees in '000)	54,856	41,656
Cost of investments made (Rupees in '000)	52,662	35,955
Percentage of investments made	100%	100%
Fair value of investments (Rupees in '000)	54,856	41,656

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

46 NUMBER OF EMPLOYEES

	2015	2014
Total number of employees at year-end	394	292
Average number of employees during the year	359	259

47 SUBSEQUENT EVENT

The Company issued 400,000 Privately Placed Sukkuk Units (PPSUs) having face value of Rs. 5,000.00 each. The issue resulted in cash receipts of subscription money amounting Rs. 2,000.00 million on January 07, 2016 form 23 participants. The Sukkuk certificates carry profit at the rate of 3 months KIBOR plus 1.5% with quarterly rental payments for a tenure of 6 years from the closing date with 1 year grace period. These certificates are raised to generate funds under Islamic mode of financing.

48 GENERAL

All amounts have been rounded to the nearest thousand.

The corresponding figures have been reclassified/re-arranged where considered necessary for the purpose of better presentation. However, no material reclassification/re-arrangement have been made in these financial statements.

49 DATE OF AUTHORISATION

These financial statements have been authorized for issue on **March 30, 2016** by the Board of Directors of the Company.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

Audited
Consolidated Financial Statments for the year ended December 31, 2015

Grant Thornton

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AUDITORS' REPORT TO THE MEMBERS

We have audited the attached consolidated financial statements comprising consolidated balance sheet of Hascol Petroleum Limited (the Holding company) and its subsidiary company, Hascombe Lubricants (Private) Limited, as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Hascol Petroleum Limited and its subsidiary company, Hascombe Lubricants (Private) Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Hascol Petroleum Limited and its subsidiary company as at December 31, 2015 and the results of their operations for the year then ended.

We draw attention to note 1.1 to the consolidated financial statements which indicates inter alia that the subsidiary company has not been operative since last seven years and there are no future business plans for the subsidiary company. Accordingly, the financial statements of the subsidiary company have not been prepared on going concern basis.

Our opinion is not qualified in respect of this matter.

Karachi
Date: 30 MAR 2016

Grant Thornton Anjum Rahman
Chartered Accountants
Khalid Imam Rahman

CONSOLIDATED BALANCE SHEET

As At December 31, 2015

	Note	2015	2014
		Rupees in '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,277,928	3,290,784
Intangible	6	1,522	4,288
Long-term investments	7	1,955,310	781,542
Long-term deposits	8	228,631	56,489
Deferred taxation	9	240,096	509,075
Total non-current assets		8,703,487	4,642,178
Current assets			
Stock-in-trade	10	8,470,018	3,473,704
Trade debts	11	4,263,595	4,548,823
Advances	12	150,606	166,566
Deposits, prepayments and other receivables	13	959,829	1,024,954
Cash and bank balances	14	4,072,003	1,761,389
Total current assets		17,916,051	10,975,436
TOTAL ASSETS		26,619,538	15,617,614
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	1,206,792	906,000
Reserves	16	3,321,405	1,872,057
Total shareholders' equity		4,528,197	2,778,057
Surplus on revaluation of fixed assets - net of tax	17	1,256,529	320,550
LIABILITIES			
Non-current liabilities			
Long-term finances - secured	18	176,151	278,571
Liabilities against assets subject to finance lease	19	322,930	48,704
Long-term deposits	20	64,132	60,787
Deferred liability - gratuity	21	99,090	71,057
Total non-current liabilities		662,303	459,119
Current liabilities			
Trade and other payables	22	17,356,958	8,104,357
Mark-up accrued	23	54,311	59,877
Short-term running finances - secured	24	1,413,055	1,271,707
Current portion of long-term finances - secured	18	285,636	289,309
Current maturity of liabilities against assets subject to finance lease	19	102,597	27,535
Taxation	25	959,952	2,307,103
Total current liabilities		20,172,509	12,059,888
TOTAL LIABILITIES		20,834,812	12,519,007
TOTAL EQUITY AND LIABILITIES		26,619,538	15,617,614
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
Sales - net	27	94,065,297	99,061,496
Less: Sales tax		(17,291,360)	(14,205,042)
Net sales		76,773,937	84,856,454
Other revenue	28	82,831	57,358
Net revenue		76,856,768	84,913,812
Cost of products sold	29	(74,017,815)	(82,877,017)
Gross profit		2,838,953	2,036,795
Operating expenses			
Distribution and marketing	30	(1,053,474)	(768,814)
Administrative	31	(366,388)	(329,843)
		(1,419,862)	(1,098,657)
Other income	32	210,541	298,691
Operating profit		1,629,632	1,236,829
Finance cost	33	(349,652)	(264,086)
Other charges	34	(83,409)	(108,456)
		(433,061)	(372,542)
Profit before taxation		1,196,571	864,287
Taxation	35	(63,484)	(224,686)
Profit for the year		1,133,087	639,601

		2015	Restated 2014
		Rupees	
Earnings per share - basic and diluted	36	9.39	5.88

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
Profit for the year		1,133,087	639,601
Other comprehensive income:			
Items that will never be reclassified to profit and loss account			
Remeasurement of net defined benefit liability - net of tax	21.3	(7,464)	(6,199)
Items that may be reclassified subsequently to profit and loss account			
Unrealized gain/(loss) due to change in fair value of long- term investment classified as 'available-for-sale' - net of tax		690,662	(5,941)
		683,198	(12,140)
Total comprehensive income		1,816,285	627,461

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,780,465	910,130
Finance cost paid		(355,218)	(222,210)
Profit on bank deposits		139,662	70,486
Taxes paid		(197,891)	(36,926)
Gratuity paid		(3,359)	-
Net cash generated from operating activities		4,363,659	721,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,735,953)	(1,000,788)
Proceeds from disposal of property, plant and equipment		2,272	17,683
Long-term investment made during the year		(384,440)	(827,579)
Proceeds from disposal of long-term investment		-	47,121
Long-term deposits		(172,142)	(29,376)
Net cash used in investing activities		(2,290,263)	(1,792,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained/(repaid) - net		349,288	(18,763)
Dividend paid		(150,849)	(289,920)
Proceeds from issuance of shares - net		-	1,317,528
Long-term finance (repaid)/obtained - net		(106,093)	345,911
Long-term deposits		11,800	12,279
Net cash generated from financing activities		104,146	1,367,035
Net increase in cash and cash equivalents		2,177,542	295,576
Cash and cash equivalents at beginning of the year		481,406	185,830
Cash and cash equivalents at end of the year	40	2,658,948	481,406

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2015

		Capital reserves		Revenue reserve	
	Share Capital	Share premium	Fair value	Unappropri-ated profit	Total
	Rupees in '000				
Balance as at January 01, 2014	656,000	3,300	-	425,862	1,085,162
Total comprehensive income for the year					
Profit for the year	-	-	-	639,601	639,601
Other comprehensive income					
Remeasurement of net defined benefit liability - net of tax	-	-	-	(6,199)	(6,199)
Unrealized loss due to change in fair value of long-term investment classified as 'available-for-sale' - net of tax	-	-	(5,941)	-	(5,941)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	37,826	37,826
	-	-	(5,941)	671,228	665,287
Transaction with owners					
Share issued during the year	250,000	1,162,500	-	-	1,412,500
Share issuance cost	-	(94,972)	-	-	(94,972)
First interim dividend at Rs. 1 per share	-	-	-	(90,600)	(90,600)
Second interim dividend at Rs. 1 per share	-	-	-	(90,600)	(90,600)
Third interim dividend at Rs. 1.2 per share	-	-	-	(108,720)	(108,720)
Total transaction with owners	250,000	1,067,528	-	(289,920)	1,027,608
Balance as at December 31, 2014	906,000	1,070,828	(5,941)	807,170	2,778,057
Balance as at January 01, 2015	906,000	1,070,828	(5,941)	807,170	2,778,057
Total comprehensive income for the year					
Profit for the year	-	-	-	1,133,087	1,133,087
Other comprehensive income					
Remeasurement of net defined benefit liability - net of tax	-	-	-	(7,464)	(7,464)
Unrealized gain due to change in fair value of long-term investment classified as 'available-for-sale' - net of tax	-	-	690,662	-	690,662
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	84,704	84,704
	-	-	690,662	1,210,327	1,900,989
Transaction with owners					
Annual bonus @ 11% Dec 2014	99,660			(99,660)	-
Interim bonus @ 20% June 2015	201,132			(201,132)	-
Interim dividend at Rs. 1.5 per share				(150,849)	(150,849)
Total transaction with owners	300,792	-	-	(451,641)	(150,849)
Balance as at December 31, 2015	1,206,792	1,070,828	684,721	1,565,856	4,528,197

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

1 LEGAL STATUS AND OPERATIONS

The 'Group' consist of:

Holding Company
- Hascol Petroleum Limited

Subsidiary Company
- Hascombe Lubricants (Private) Limited

Hascol Petroleum Limited (the Holding Company) was incorporated in Pakistan as a private limited Company on March 28, 2001. On September 12, 2007 the Holding Company was converted into a public unlisted Company and on May 12, 2014 the Holding Company was listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan (due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange Limited). The registered office of the Holding Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. The principal activity of the Holding Company are procurement, storage and marketing of petroleum and related products, for which the Holding Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005.

The Group include the Holding Company and the Subsidiary Company:

Subsidiary Company	Nature of business	Holding
Hascombe Lubricants (Private) Limited	Lubricant marketing	100%

1.1 Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the Holding Company, incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company holds 9.779 million ordinary shares (2014: 9.779 million) of Rs. 10 per share. The subsidiary company has ceased to be a going concern. The financial statements of the subsidiary company have not been prepared on a going concern assumption.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 consolidation

The consolidated financial statements includes the financial statements of Holding Company and its subsidiaries comprising together 'the Group'.

Subsidiary company

The Holding Company can directly exercise control over Hascombe Lubricants (Private) Limited as it is 100% owned by the Holding Company.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the Holding company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The financial statements of the subsidiary company are prepared for the same reporting year as the holding company, using consistent accounting policies.

2.3 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement, if any. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill, if any, is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.4 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain assets and liabilities which are stated at revalued amount.

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

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Holding Company's functional currency.

2.6 Standards and amendments to published approved International Financial Reporting Standards not yet effective

Initial application of a Standard, Amendment or an Interpretation to an existing Standard

a) Standards, amendments to published standards and interpretations effective in 2015 and relevant

The following standards, amendments to published standards and interpretations are mandatory for the financial year beginning January 1, 2015 and are relevant to the Company:

- IFRS 13 'Fair value measurement'. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

- IAS 27 (Revised) 'Separate financial statements'. This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Company's current accounting treatment is already in line with the requirements of this standard.

- IAS 19 (Amendment) 'Employee benefits'. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment does not have any impact on the Company's financial statements.

- IAS 24 (Amendment) 'Related party disclosures'. The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment does not have any impact on the Company's financial statements.

b) Standards, amendments to published standards and interpretations that are effective in 2015 but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to published standards are not effective for the financial year beginning on January 1, 2015 and have not been early adopted by the Company:

- IAS 27 (Amendment) 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

- Amendments to following standards as a result of annual improvements to International Financial Reporting Standards issued by IASB:

- IFRS 7 'Financial instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2016). There are two amendments:

  - Servicing contracts – If an entity transfers a financial assets to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

    Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

  - It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 19 'Employee benefits' (effective for annual periods beginning on or after January 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep marketing high-quality corporate bonds is based on corporate

bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 34 'Interim financial reporting' (effective for annual periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

  There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3 Critical assumptions estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting 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 judgments 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 recognized 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.

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

	Note
a) Fixed assets - depreciation and amortization	4.1 & 4.2
b) Net realizable value of stock-in-trade	4.6
c) Provisions	4.9
d) Taxation	4.12

Estimates and judgments 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.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Initial recognition

(a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to capital work in progress.

The Group accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased properties 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.

(b) Capital work-in-progress (CWIP)

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction/ installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

Measurement subsequent to initial recognition

(a) Carried using revaluation model

Following operating assets both owned and leased are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Building on lease hold land
- Tanks and pipelines
- Dispensing pumps
- Plant and machinery
- Electrical, mechanical and fire fighting equipment
- Pump building

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

(b) Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation on assets is charged to profit and loss account applying the straight-line method whereby the cost/revalued amount of operating fixed assets is written off over its useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 5.1.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of property, plant and equipment is included in profit and loss account currently.

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 consolidated balance sheet. Accordingly the Holding Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirement of 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 consolidated 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 unappropriated profits through consolidated statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.2 Intangible assets

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangibles are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets during the year is charged in proportion to the period of use. The useful life and amortization method are reviewed and adjusted, if appropriate, at the balance sheet date.

Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

4.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Holding Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- at fair value through profit or loss (FVTPL) - held-for-trading
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective

interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and bank balances fall into this category of financial instruments.

Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

At fair value through profit or loss - held-for-trading

Financial assets at fair value through profit or loss - held-for-trading include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss - held-for-trading upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Holding Company do not currently have any asset in this category.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Holding Company has the intention and ability to hold them until maturity. The Holding Company do not currently have any asset in this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

The equity investment is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognized in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in consolidated profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognized in profit or loss within finance income.

Reversals of impairment losses for AFS debt securities are recognized in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognized. For AFS equity investments impairment reversals are not recognized in profit loss and any subsequent increase in fair value is recognized in other comprehensive income. The Holding Company does not currently have any other asset other than as provided in this category.

Classification and subsequent measurement of financial liabilities

The Holding Company financial liabilities include:

Financial liabilities that are measured subsequently at amortised cost using the effective interest method. All interest-related charges, if applicable, changes in an instrument's fair value that are reported in profit or loss account are included within finance costs or finance income.

4.4 Off setting

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

4.5 Investments

The Group classifies its investments 'as available-for-sale', that do not fall under the held-for-trading or held to maturity. Unrealized surplus/deficit arising on revaluation of investment classified as 'available-for-sale' is disclosed below shareholders' equity in the statement of consolidated financial statements.

In case of impairment of available-for-sale securities, the cumulative loss that has been recognised directly in fair value reserve on the consolidated balance sheet below equity is removed there from and recognized in profit and loss.

4.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value (NRV).

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 consolidated profit and loss account.

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

Provision is made for obsolete/slow moving stocks where necessary and recognized in the consolidated profit and loss account. Net realizable value is the estimated selling value price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

4.7 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 recognized, as an expense in the consolidated 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 recognized.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances and other items of current asset and current liabilities which qualify as cash equivalent.

4.9 Provisions

Provisions are recognized when the Holding 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.

4.10 Lease

4.10.1 Finance leases

Leases in terms of which the Holding Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 4.1.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

4.10.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of lease.

4.10.3 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognised in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated May 22, 2007. Payments made under operating lease are charged to the profit and loss account on a straight line basis over the lease term.

4.11 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 Pakistani rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to consolidated profit and loss account.

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.

4.12 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated 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 consolidated profit and loss account.

4.12.1 Current

The Holding 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 further in accordance with other provisions of the Income Tax Ordinance, 2001. Moreover, current tax adjustments for tax payable in respect of prior years.

4.12.2 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 recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Group takes into account the current income tax law and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the consolidated profit and loss account, except in the case of items credited or charged to equity or consolidated statement of other comprehensive income, in which case it is included in equity or statement of other comprehensive income as the case may be.

4.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Holding 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 license fee) is recognized on an accrual basis.
- Gain or loss on sale of investment classified as available for sale is included in profit and loss account in the year in which they arise.
- Dividend income is recognized when the Holding Company's right to receive the dividend is established.
- Return on deposits and other services income is recognized on accrual basis.
- Handling, storage and other services income are recognized when the services have been rendered.
- Rental income is recognized on an accrual basis.

4.14 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received whether not billed to the Holding Company.

4.15 Retirement and other service benefits

Unfunded gratuity scheme

During the year ended 2013, the Holding Company had changed its accounting policy in respect of post-retirement defined benefits plan as required under International Accounting Standard (IAS) 19, "Employee Benefits". According to new policy actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in the consolidated profit and loss account are limited to current service and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in consolidated comprehensive income with no subsequent recycling through the consolidated profit and loss account.

Contributory provident fund

The Holding Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Holding Company as well as the employee at the rate of 5.73% of the basic salary.

4.16 Borrowings and borrowing cost

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

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

Borrowing costs are capitalized up to the point in time when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete. All other borrowing costs are charged to profit and loss account as and when incurred.

4.17 Dividend distribution

Final dividend distributions to the Holding Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Holding Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

4.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions. The management has determined that the Holding Company has a single reportable segment as the Board of Directors views the Holding Company's operations as one reportable segment.

4.19 Earning per share

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	**2015**	2014
		Rupees in '000	
Operating fixed assets	5.1	4,220,584	1,732,642
Capital work-in-progress	5.5	2,057,344	1,558,142
		6,277,928	3,290,784

5.1 Operating fixed assets

	Owned assets									Leased assets						
	Building on lease hold land		Tanks and pipelines	Dispensing Pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles	Computer auxiliaries	Building on leasehold land	Tanks and pipelines	Dispensing Pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Vehicles	Total operating fixed assets
	*Office building	Pump building														
	Rupees in '000															
At January 1, 2015																
Cost / revalued amount	338,911	358,558	193,621	98,481	25,095	105,298	67,033	17,143	29,635	209,477	154,281	311,550	115,379	22,065	23,969	2,070,496
Accumulated depreciation	(35,749)	(38,044)	(9,984)	(15,059)	(1,569)	(8,977)	(43,825)	(12,354)	(16,801)	(40,247)	(22,064)	(55,451)	(15,512)	(2,998)	(19,220)	(337,854)
Net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Year ended December 31, 2015																
Opening net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Addition/ transfer from CWIP	491,890	142,853	299,643	51,119	15,436	222,932	7,323	-	5,555	-	-	-	-	10,247	-	1,246,998
Revaluation	139,396	519,206	86,043	154,171	11,780	97,905	-	-	-	68,396	54,315	288,526	52,623	7,280	-	1,479,641
Disposals																
Cost	-	-	-	-	-	-	-	(4,026)	-	-	-	-	-	-	-	(4,026)
Accumulated depreciation	-	-	-	-	-	-	-	4,026	-	-	-	-	-	-	-	4,026
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(34,831)	(38,099)	(20,129)	(12,066)	(1,875)	(28,339)	(8,095)	(1,119)	(8,286)	(14,793)	(11,702)	(45,297)	(8,806)	(3,466)	(1,794)	(238,697)
Closing net book value	899,617	944,474	549,194	276,646	48,867	388,819	22,436	3,670	10,103	222,833	174,830	499,328	143,684	33,128	2,955	4,220,584
At December 31, 2015																
Cost / revalued amount	970,197	1,020,617	579,307	303,771	52,311	426,135	74,356	17,143	35,190	277,873	208,596	600,076	168,002	39,592	23,969	4,797,135
Accumulated depreciation	(70,580)	(76,143)	(30,113)	(27,125)	(3,444)	(37,316)	(51,920)	(13,473)	(25,087)	(55,040)	(33,766)	(100,748)	(24,318)	(6,464)	(21,014)	(576,551)
Net book value	899,617	944,474	549,194	276,646	48,867	388,819	22,436	3,670	10,103	222,833	174,830	499,328	143,684	33,128	2,955	4,220,584
Depreciation rate - %	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	
At January 1, 2014																
Cost / revalued amount	68,831	329,070	32,600	70,911	18,996	5,073	52,896	18,480	23,666	209,477	154,281	295,920	110,871	3,961	31,268	1,426,301
Accumulated depreciation	(21,446)	(20,584)	(1,996)	(9,223)	(726)	(425)	(36,360)	(13,342)	(10,044)	(28,022)	(12,438)	(28,463)	(8,629)	(792)	(27,256)	(219,746)
Net book value	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
Year ended December 31, 2014																
Opening net book value	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
Addition/ transfer from CWIP	270,080	29,488	161,021	27,570	11,608	105,988	14,137	1,031	5,969	-	-	15,630	4,508	18,104	7,343	672,477
Disposals / transfers																
Cost	-	-	-	-	(5,509)	(5,763)	-	(2,368)	-	-	-	-	-	-	(14,642)	(28,282)
Accumulated depreciation	-	-	-	-	-	-	-	2,368	-	-	-	-	-	-	12,200	14,568
	-	-	-	-	(5,509)	(5,763)	-	-	-	-	-	-	-	-	(2,442)	(13,714)
Depreciation charge for the year	(14,303)	(17,460)	(7,988)	(5,836)	(843)	(8,552)	(7,465)	(1,380)	(6,757)	(12,225)	(9,626)	(26,988)	(6,883)	(2,206)	(4,164)	(132,676)
Closing net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
At December 31, 2014																
Cost	338,911	358,558	193,621	98,481	25,095	105,298	67,033	17,143	29,635	209,477	154,281	311,550	115,379	22,065	23,969	2,070,496
Accumulated depreciation	(35,749)	(38,044)	(9,984)	(15,059)	(1,569)	(8,977)	(43,825)	(12,354)	(16,801)	(40,247)	(22,064)	(55,451)	(15,512)	(2,998)	(19,220)	(337,854)
Net book value	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,867	19,067	4,749	1,732,642
Depreciation rate - %	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	

*Running finance facility from Summit Bank Limited is secured on office building for the value of Rs. 500 million (2014: Rs. 400 million.)

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

	Cost	Accumulated depreciation	Written down value	
			2015	2014
	Rupees in '000			
Owned Assets				
Building on lease hold land	880,921	109,585	771,336	180,639
Dispensing units	61,613	7,055	54,558	7,549
Plant and machinery	19,767	3,369	16,398	2,939
Tanks and pipelines	312,423	18,777	293,646	9,624
Electrical mechanical and fire fighting equipment	224,202	22,859	201,343	831
Leased Assets				
Building on lease hold land	166,399	66,691	99,708	108,028
Dispensing units	137,419	69,068	68,351	77,517
Plant and machinery	66,850	25,951	40,899	44,242
Tanks and pipelines	90,260	38,985	51,275	55,788
Electrical mechanical and fire fighting equipment	14,351	3,764	10,587	1,775
	1,974,205	366,104	1,608,101	488,932

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

	Note	**2015**	2014
		Rupees in '000	
Distribution expenses	30	226,599	120,166
Administrative expenses	31	12,098	12,510
		238,697	132,676

5.4 During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. nil (2014: Rs. 1.37 million).

5.5 Capital work in progress

	2015	2014
	Rupees in '000	
Office building	815,572	559,278
Petrol pump buildings	348,220	142,467
Plant and machinery	40,561	3,942
Tanks and pipe lines	261,069	302,354
Dispensing pumps	143,903	85,649
Computer auxiliaries	7,740	1,819
Electrical, mechanical and fire fighting equipment	117,658	243,144
Furniture, office equipment and other assets	187,141	98,852
Borrowing cost capitalized	34,000	35,717
Advances to contractors	101,480	84,920
	2,057,344	1,558,142

5.5.1 During the year additions amounting to Rs. 1,729.65 million (2014: Rs. 1,000.78 million) has been made in capital work in progress. This also includes borrowing cost capitalized during the year at the rate ranging from 9.58% - 13.18% (2014: 12.64% - 13.18%).

6 INTANGIBLE

	Note	2015	2014
		Rupees in '000	
Net book value			
Net book value at beginning of the year		4,288	7,054
Amortization charge for the year	31	(2,766)	(2,766)
Net book value at the end of the year	6.1	1,522	4,288

6.1 Net book value

Cost	8,299	8,299
Accumulated amortization	(6,778)	(4,011)
Net book value at the end of the year	1,521	4,288
Rate of amortization - %	33.33	33.33

7 LONG-TERM INVESTMENT

Pakistan Refinery Limited (PRL)	7.1	1,955,310	781,542

7.1 Movement

	Cost	Unrealised gain / (loss)	Carrying value
		Rupees in '000	
December 31, 2015	1,172,772	782,538	1,955,310
December 31, 2014	788,332	(6,790)	781,542

Investment in Pakistan Refinery Limited (quoted) amounts to Rs. 1,172.77 million (2014: Rs. 788.33 million) representing 13.72% (2014: 13.72%) of PRL paid up share capital as at December 31, 2015. During the year Company subscribed to 38.44 million shares at Rs 10 each. The Company has 43.24 million shares (2014: 4.80 million shares) as at December 31, 2015.

8 LONG-TERM DEPOSITS

	Note	2015	2014
		Rupees in '000	
Lease deposits		52,819	18,780
Less: current portion of lease deposits	13	-	(8,004)
		52,819	10,776
Other deposits	8.1	175,812	45,713
		228,631	56,489

8.1 Other deposits include amount of Rs. 39.72 million (2014: nil) and Rs. 8.20 million (2014: Rs. 8.20 million) with Motorway Operations & Rehabilitation Engineering Private Limited (MORE) for 10 petrol stations at Motorway and PAF Base Faisal for Hascol One petrol station, respectively, the Company's owned and operated sites.

9 DEFERRED TAXATION

	2015	2014
	Rupees in '000	
This comprises of the following:		
Taxable temporary difference arising in respect of :		
Accelerated depreciation	(877,105)	(251,938)
Assets under finance lease	(55,612)	(169,948)
Exchange gain	(3,379)	(6,570)
Surplus on remeasurement on investment	(97,817)	850

	Note	2015	2014
		Rupees in '000	
Deductible temporary difference arising in respect of : *(Continued)*			
Liabilities against assets subject to finance lease		132,751	24,080
Provision for:			
- retirement benefit		31,001	22,443
- doubtful debts		2,463	2,518
Investments in subsidiary		9,547	9,666
Carry forward tax losses		-	60,675
Turnover tax		1,098,247	817,299
		240,096	509,075

Deferred tax asset has been recognized based on the projections prepared by the management indicating reasonable probabilities that taxable profits will be available in the foreseeable future against which deferred tax asset will be utilized.

9.1 Movement in deferred tax

	Note	2015	2014
		Rupees in '000	
Opening deferred tax		509,075	327,508
Deferred tax raised through profit and loss	35	287,302	177,855
Deferred tax raised through other comprehensive income		(94,305)	3,712
Deferred tax raised through revaluation surplus		(461,976)	-
Closing deferred tax		240,096	509,075

10 STOCK-IN-TRADE

Raw and packing materials		63,757	76,986
Finished goods			
- fuels	10.1 & 10.3	5,836,553	2,975,439
- lubricants		240,713	179,475
		6,077,266	3,154,914
Stock of fuel in transit	10.3	2,328,995	241,804
		8,470,018	3,473,704

10.1 Finished goods fuels include Rs. 239.88 million (2014: 104.23 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

10.2 Stock in finished goods include High Speed Diesel amounting to Rs. nil (2014: Rs. 152.00 million) pledged as security with Sindh Bank Limited in respect of cash finance facility.

10.3 Stock-in-trade includes item costing Rs. 4,156.71 million (2014: Rs. 3,470.52 million) which have been valued at net realizable value amounting to Rs. 4,028.50 million (2014: Rs. 3,217.24 million) as a result of decline in selling prices of certain petroleum products with effect from January 1, 2016.

11 TRADE DEBTS - Unsecured

	Note	2015	2014
		Rupees in '000	
Due from related party			
- Considered good		-	157
- Considered doubtful	11.1	7,124	7,124
		7,124	7,281
Due from others			
- Considered good		4,263,595	4,548,666
- Considered doubtful		849	849
		4,264,444	4,549,515
		4,271,568	4,556,796
Less: Provision for impairment	11.3	(7,973)	(7,973)
		4,263,595	4,548,823

11.1 The aging of above associated party balance at the balance sheet date is as follows:

Past due 1-30 days	-	157
More than 365 days	7,124	7,124

11.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.12 million (2014 : Rs. 7.12 million).

11.3 Movement of provision for impairment

	Note	2015	2014
		Rupees in '000	
Opening balance		7,973	7,973
Provision made during the year		-	-
Closing balance		7,973	7,973

12 ADVANCES - Considered good

Employees		
- against expenses	70,138	7,189
- against salary	15,006	14,828
Import	-	4,342
Leasing companies	2,606	-
Suppliers	62,856	140,207
	150,606	166,566

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Receivable from oil marketing companies	13.1	38,470	437,596
Receivable against regulatory duty		25,533	-
Inland Freight Equalization Margin (IFEM) receivable		667,776	373,335
Prepaid rent		45,779	89,051
Franchise income receivable		81,946	65,503
Prepaid insurance and others		36,147	18,565
Current portion of lease deposits		-	8,004
Price Differential Claims	13.2	5,083	5,083
Others	13.3	59,095	27,817
		959,829	1,024,954

13.1 It represents amount receivable from various oil marketing companies (OMCs) on account of share of motor gasoline imported on their behalf.

13.2 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 pursuing 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.

13.3 This includes Rs. 24.64 million (2014: Rs. 18.21 million) receivable from Sigma Motors (Private) Limited (an associated company).

14 CASH AND BANK BALANCES

	Note	**2015**	2014
		Rupees in '000	
Balances with banks:			
- in current account	14.1	382,914	147,198
- in deposit account	14.2	3,684,616	1,613,347
		4,067,530	1,760,545
Cash in hand		4,473	844
		4,072,003	1,761,389

14.1 This includes an amount of Rs. nil (2014: Rs 8.27 million) maintained with KASB Bank Limited which was held under restrictions imposed by the State Bank of Pakistan for six months, the restriction period expired darning the current year.

14.2 These carry mark-up ranging from 5.5% to 6.5% per annum (2014: 6% to 8.5% per annum).

15 SHARE CAPITAL

15.1 AUTHORIZED SHARE CAPITAL

2015	2014	**2015**	2014
Number of shares		Rupees in '000	
150,000,000	150,000,000	1,500,000	1,500,000

15.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		Note	**2015**	2014
Number of shares				Rupees in '000	
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	15.3	10,600	10,600
25,000,000	25,000,000	Ordinary shares of Rs. 10 each fully paid in cash		250,000	250,000
9,966,000	-	Annual bonus @ 11% Dec 2014		99,660	-
20,113,200	-	Interim bonus @ 20% June 2015		201,132	-
120,679,200	90,600,000			1,206,792	906,000

15.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

16 RESERVES

	2015	2014
	Rupees in '000	
Capital reserves		
Share premium reserve	1,070,828	1,070,828
Fair value reserve	684,721	(5,941)
	1,755,549	1,064,887
Revenue reserve		
Unappropriated profit	1,565,856	807,170
	3,321,405	1,872,057

17 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

Opening balance	492,209	550,403
Gain on revaluation	1,479,641	-
Transfer in respect of incremental depreciation charged during the year	(124,564)	(58,194)
	1,847,286	492,209
Related deferred tax		
Opening balance	171,659	192,027
Related deferred tax of gain on revaluation	473,112	-
Effective rate adjustment	(14,153)	-
Reversal of deferred tax liability on account of incremental depreciation charged during the year	(39,860)	(20,368)
	(590,757)	171,659
	1,256,529	320,550

17.1 During year ended 2012, the Company carried out revaluation of 160 petrol pumps through an independent valuer Asif Associates (Private) Limited. Revalued amount of assets was Rs. 1,172.00 million, resulting in surplus (net of deferred tax) amount to Rs. 387.00 million. Further, during current year the Company carried out revaluation of depots and petrol pumps through an independent valuer Asif Associates (Private) Limited. Revalued amount of assets is Rs. 4,153.90 million, resulting in surplus (net of deferred tax) amount to Rs. 1,006.52 million.

18 LONG TERM FINANCES - Secured

	Note	2015	2014
		Rupees in '000	
PAIR Investment Company Limited	18.1	96,429	139,286
First Women Bank Limited	18.2	-	90,909
Burj Bank Limited	18.3	187,922	297,785
Pak Oman Investment Company Limited	18.4	177,436	39,900
		461,787	567,880
Current portion of long term finance			
PAIR Investment Company Limited		42,857	42,857
First Women Bank Limited		-	90,909
Burj Bank Limited		187,922	148,893
Pak Oman Investment Cmpany Limited		54,857	6,650
		(285,636)	(289,309)
		176,151	278,571

18.1 This represents term finance facility from PAIR Investment Company Limited to finance the development of Machike storage facility. The sanctioned limit is Rs. 150 million and is secured against first pari passu charge on all present and future current and fixed assets of the Company with 25% margin, personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor and post dated cheque covering the purchase price of facility. Mark-up rate is 3 months KIBOR plus a spread of 3%. The loan is repayable in 12 equal quarterly instalments starting from the end of six months from the date of first draw down with last repayment due on January 8, 2018.

18.2 This represents working capital finance from First Women Bank Limited for construction of retail outlet. The sanctioned limit was Rs. 200 million and was secured against specific charge on retail outlets worth Rs. 38 million, charge on Shikarpur installation worth Rs. 184 million and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor. Mark-up rate is 6 months KIBOR plus a spread of 3%. The loan was repaid on November 11, 2015.

18.3 This represents working facility of Diminishing Musharika arrangement from Burj Bank Limited to refinance capital expenditure incurred by the Company. The sanction limit is 300 million and is secured against movable fixed assets of the Company with 25% margin and pledge of shares of Pakistan Refinery Limited (PRL) with 40% margin to be maintained at all times. The Loan is repayable by the Company in 4 equal instalments starting from the 12 month of first draw down with the last repayment date of June 30, 2016.

18.4 This represents term finance facility obtained from Pak Oman Investment Company Limited to refinance the new storage setup of petroleum products at Daulatpur. The sanction limit is Rs. 192 million and is secured against first pari passu charge on Company's land building and machinery located at Daulatpur along with 25% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor. It carries mark-up rate of 6 months KIBOR plus a spread rate of 3%. The loan is repayable in 42 equal monthly instalments in arrears, with grace period of 6 months, from first draw down with last repayment due in November 30, 2018.

19 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 2020, have been discounted by using financing rates ranging from 8.43% to 13.26% (2014: 11.25% to 18.5% 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:

	2015			2014		
	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					
Not later than one year	137,086	34,489	102,597	34,337	6,802	27,535
Later than one year but not later than five years	365,040	42,110	322,930	56,632	7,928	48,704
	502,126	76,599	425,527	90,969	14,730	76,239

20 LONG TERM DEPOSITS

	Note	**2015**	2014
		Rupees in '000	
Opening balance		103,151	90,872
Additions during the year		11,800	12,279
		114,951	103,151
Imputed income on remeasurement			
Opening balance		(42,364)	-
Additions during the year		(9,799)	(42,364)
		(52,163)	(42,364)
Unwinding of imputed income			
Opening		-	-
Additions during the year		1,344	-
		1,344	-
	20.1	64,132	60,787

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

21 DEFERRED LIABILITY - Gratuity

The Company operates an unfunded gratuity scheme for employees who have completed the employment 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.

	Note	**2015**	2014
		Rupees in '000	
Deferred liability - Gratuity	21.1 & 21.2	99,090	71,057

The information provided in notes 21.2 to 21.5 have been obtained from the actuarial recommendations.

21.1 Movement in liability recognized in balance sheet

	Note	**2015**	2014
		Rupees in '000	
Present value of defined benefit obligation as at the end of the year	21.3	99,090	71,057
Fair value of plan assets		-	-
Balance sheet liability		99,090	71,057

21.2 Movement in liability recognized in balance sheet

	Note	**2015**	2014
		Rupees in '000	
Balance at the beginning of the year		71,057	47,054
Add: Charge for the year	21.4	20,416	14,942
Less: Payments to outgoing employees		(3,359)	-
Remeasurements charged to Other Comprehensive Income		10,976	9,061
Balance at the end of the year		99,090	71,057

21.3 Movement in present value of the defined benefit obligation

Opening balance	71,057	47,054
Current service cost	12,454	8,516
Interest cost	7,962	6,426
Benefit paid during the year	(3,359)	-
Remeasurement: Actuarial losses - net of tax	7,464	6,199
Impact of deferred tax	3,512	2,862
Remeasurement: Actuarial losses (gross amount)	10,976	9,061
Present value of defined benefit obligation at the end of year	99,090	71,057

21.4 The amounts recognized in the profit and loss are as follows:

Current service cost	12,454	8,516
Net interest cost	7,962	6,426
Total gratuity expense for the year for unfunded obligation	20,416	14,942

21.5 Actuarial assumptions

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

	2015	2014
	% per annum	
- Expected long-term rate of increase in salary level	9.00%	10.50%
- Discount rate	9.00%	10.50%

22 TRADE AND OTHER PAYABLES

	2015	2014
	Rupees in '000	
Trade creditors	12,070,681	6,443,320
Payable to cartage contractors	1,938,342	739,439
Advance from customers	2,553,327	269,577
Accrued liabilities	46,018	51,382
Other liabilities	748,590	600,639
	17,356,958	8,104,357

23 MARK-UP ACCRUED

Mark-up accrued	54,311	59,877

23.1 As noted in note 18, 19 & 24, this represents mark-up payable on finances availed by the Company.

24 SHORT TERM RUNNING FINANCES - Secured

	Note	2015	2014
		Rupees in '000	
Financial institutions	24.1	1,413,055	821,707
Term finance certificates	24.2	-	450,000
		1,413,055	1,271,707

24.1 Short term running finance facilities are available from various commercial banks and development financial institutions (DFI), under mark-up arrangements, amounting to Rs. 1,413.00 million (2014: Rs. 821.70 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the bank and DFI. These facilities have various maturity dates up to November 2016. These arrangements are secured against pledge of stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% margin, pledge of PRL share, with minimum 30% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor along with equitable registered mortgage charge over the property situated at The Forum, Suite No. 105 - 106, First Floor, Khayaban-e-Jami Clifton, Karachi (2014: stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% margin, pledge of PRL share, with minimum 30% margin and personal guarantee of Mr. Mumtaz Hasan Khan (CEO) as sponsor along with equitable registered mortgage charge over the property situated at The Forum, Suite No. 105 - 106, First Floor, Khayaban-e-Jami Clifton, Karachi).

These running finance facilities carry mark-up ranging from 1 year KIBOR plus 2.75% to 1 month KIBOR plus 3% per annum (2014: 1 month KIBOR plus 2.75% to 3 month KIBOR plus 3.5% per annum) calculated on a daily product basis, that is payable monthly/quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 200.00 million (2014: Rs. 228.00 million).

24.2 This represents privately placed term finance certificate of Rs. nil (2014: Rs. 450.00 million). The facility carries mark-up at the rate of 6 month KIBOR plus spread of 3% per annum payable at the end of every quarter. The loan was secured against ranking charge on present and future current assets of the Company with 25% margin.

25 TAXATION

	Note	2015	2014
		Rupees in '000	
Sales tax payable		92,988	1,591,492
Income tax payable	25.1	866,964	715,611
		959,952	2,307,103

25.1 The Company has filed a constitutional petition in the Honourable High Court of Sindh against the chargeability of minimum tax and the Honourable Court has granted stay in this regard. The Management and its legal counsel is confident that eventual outcome of the matter will be in favour of the Company.

26 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 (PDCs) 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 million to the GOP/ OCAC, the management had not accounted for its impact in these consolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

During the subsequent period, the Deputy Commissioner of Inland Revenue (DCIR) vide order dated February 16, 2016 imposed a sales tax liability amounting to Rs. 361.20 million as the Company supplied High Speed Diesel and Furnace Oil products to the various international ships and claimed zero rated export amounting to Rs. 2,142.70 million. The Company has contested the imposition on the ground that products are part of provision and stores under section 24 of the Customs Act, 1969 and are treated as zero rated goods under section 4 of Sales Tax Act, 1990. The Management and the tax advisors are confident that good grounds exist to contest the case and believe that eventual outcome will be in favour of the Company. Hence no provision is required to be made in these financial statements. The case is pending for hearing before the Commissioner of Inland Revenue.

Commitments

The facility for opening letters of credit (LCs) acceptances as at December 31, 2015 amounted to Rs. 17,100.00 million (2014: Rs. 9,322.00 million) of which the amount remaining unutilized as at that date was Rs. 1,796.80 million (2014: Rs. 2,243.00 million).

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

	2015	2014
	Rupees in '000	
Property, plant and equipment	427,701	346,760

Commitments for rental under operating lease agreements / ijarah contracts as at December 31, 2015 amounted to Rs. 1,945.00 million (2014: Rs. 1,236.00 million) as follows:

	2015	2014
	Rupees in '000	
Not later than one year	136,245	91,060
Later than one year but not later than five years	538,869	346,442
Later than five years	1,269,461	798,729
	1,944,575	1,236,231

27 SALES - net

Sales	94,274,786	99,238,100
Less: Sales discount	(209,489)	(176,604)
	94,065,297	99,061,496

28 OTHER REVENUE

Joining fee for petrol pump operators	9,600	10,130
Franchise fee	73,231	47,228
	82,831	57,358

29 COST OF PRODUCTS SOLD

	Note	2015	2014
		Rupees in '000	
Opening stock of lubricants, raw and packing materials		256,461	258,447
Raw and packing materials purchased		784,019	821,160
Less: Closing stock of lubricants, raw and packing materials	10	(304,470)	(256,461)
Lubricants, raw and packing materials consumed		736,010	823,146
Opening stock - fuel		3,217,243	2,895,276
Fuel purchased		63,370,263	72,492,296
Storage and handling charges		328,558	361,273
Duties and levies	29.1	14,403,074	9,268,984
Less: Closing stock - fuel	10	(8,165,548)	(3,217,243)
Inventory - write off		128,215	253,285
		73,281,805	82,053,871
		74,017,815	82,877,017

29.1 Duties and levies

Inland Freight Equalization Margin (IFEM)	2,399,895	1,574,144
Petroleum Development Levy	9,185,877	5,366,329
Freight	2,817,302	2,328,511
	14,403,074	9,268,984

30 DISTRIBUTION AND MARKETING EXPENSES

Salaries, wages and other benefits	31.1	258,579	161,171
Traveling and conveyance		52,608	69,722
Rent, rates and taxes		174,723	126,726
Insurance		75,026	40,798
Depreciation	5.3	226,599	120,166
Entertainment		5,790	5,613
Printing and stationery		11,826	3,808
Communication		5,406	3,154
Repairs and maintenance		22,405	11,224
Utilities		27,718	11,366
Fees and subscription		4,847	2,850
Legal and professional charges		1,111	1,000
Commission		111,767	191,639
Royalty		43,603	-
Advertising and publicity		30,756	16,269
Miscellaneous		710	3,308
		1,053,474	768,814

31 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	31.1	149,545	143,442
Traveling and conveyance		35,072	25,182
Rent, rates and taxes		7,467	6,842
Insurance		20,093	19,097
Depreciation	5.3	12,098	12,510
Amortisation	6	2,766	2,766
Entertainment		3,860	3,592
Printing and stationery		7,884	5,250
Communication		3,604	8,212
Repairs and maintenance		11,176	7,119
Utilities		8,335	7,453
		261,900	241,465

31 ADMINISTRATIVE EXPENSES *(Continued)*

	Note	2015	2014
		Rupees in '000	
		261,900	241,465
Fee and subscription		21,020	15,116
Advertising and publicity		18,582	6,575
Auditors' remuneration	31.2	2,695	2,369
Donation	31.3	6,345	6,004
Legal and professional charges		49,204	48,204
Ujrah payments		6,642	9,804
Miscellaneous		-	306
		366,388	329,843

31.1 Salaries and other benefits relating to distribution and administrative expense include:

- Gratuity	21.4	20,416	14,942
- Contribution to provident fund		10,713	7,969

31.2 Auditors' remuneration

Remuneration to the auditors of the Holding Company		
Statutory audit	1,100	1,000
Half yearly review	366	275
Certifications	673	500
Consolidation	200	150
Out of pocket expenses	206	294
	2,545	2,219
Remuneration to the auditors of the Subsidiary Company		
Statutory audit	125	125
Out of pocket expenses	25	25
	150	150
	2,695	2,369

31.3 Donation include an amount of Rs. 0.15 million (2014: Rs. 1.00 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed (Director) is also CEO of LRBT.

32 OTHER INCOME

	2015	2014
	Rupees in '000	
Income from financial assets		
Profit on bank deposits	139,662	70,486
Gain on sale of investment	-	7,874
	139,662	78,360
Income from non-financial assets		
Promotional marketing fee	1,006	1,270
Scrap sales	569	3,891
Gain on disposal of operating fixed assets	2,272	3,969
Reversal of royalty	-	62,963
Rent income	6,431	5,846
Storage and handling income	50,802	100,028
Imputed income on remeasurement	9,799	42,364
	70,879	220,331
	210,541	298,691

33 FINANCE COST

	2015	2014
	Rupees in '000	
Mark-up on borrowings	166,041	104,985
LC charges	148,243	123,309
Lease finance charges	23,720	16,787
Bank charges	11,648	19,005
	349,652	264,086

34 OTHER CHARGES

Workers' welfare fund	24,420	17,295
Exchange loss - net	58,989	91,161
	83,409	108,456

35 TAXATION

Current	330,862	402,541
Prior	19,924	-
Deferred	(287,302)	(177,855)
	63,484	224,686

35.1 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.

36 EARNINGS PER SHARE - Basic and diluted

	2015	2014
	Rupees in '000	
Profit for the year	1,133,087	639,601
Weighted average number of ordinary shares-numbers in thousands (2014: restated)	120,679	108,728
Basic earning per share in rupees (2014: restated)	9.39	5.88

There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares outstanding at year end consequently diluted EPS equals basic EPS.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in '000					
Director's fee	-	2,975	-	-	1,830	-
Managerial remuneration	19,080	30,751	151,722	16,375	20,686	114,205
Cost of living allowance	3,603	3,913	33,950	3,179	2,776	27,230
Reimbursement of medical expenses	2,322	778	12,450	1,398	371	7,026
Bonus	-	-	-	8,148	18,101	16,643
Retirement benefits	1,087	1,616	8,010	911	1,056	4,888
	26,092	40,033	206,132	30,011	44,820	169,992
Number of persons	1	6	126	1	6	112

37.1 The Chief Executive Officer and certain executives, as explained in note 37, are also provided with the free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer and a Director are provided with free security services in accordance with the terms of employment.

38 RELATED PARTY TRANSACTIONS AND BALANCES

Amount due to/ from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transaction	2015	2014
		Rupees in '000	
Associated companies			
Sigma Motors (Private) Limited	Sale of fuels	1,693	8,098
	Office rent	6,432	5,846
Marshal Gas (Private) Limited	Purchase of fuels	-	6,657
Staff retirement benefits/ contribution funds			
Provident fund	Contribution	10,713	7,969
Gratuity fund	Contribution	20,416	14,942
Key management personnel	Salaries and benefits	63,150	184,450
Director Fee	Fee for attending meeting	2,975	-
Other related parties	Consultancy services	10,180	33,986
	Expense reimbursement	-	365
Balances			
Associated companies			
Sigma Motors (Private) Limited	Trade debtors	-	134
	Other receivable	24,643	18,211
Marshal Gas (Private) Limited	Trade creditors	-	94

Expenses recovered from/ charged by related parties are based on actual expense.

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.

39 CASH GENERATED FROM OPERATIONS

	Note	2015	2014
		Rupees in '000	
Profit before taxation		1,196,571	864,287
Adjustment for:			
Depreciation and amortization	30 & 31	241,463	135,442
Provision for gratuity	21.4	20,416	14,942
Profit on bank deposits	32	(139,662)	(70,486)
Imputed income on remeasurement	32	(9,799)	(42,364)
Gain on sale of investments	32	-	(7,874)
Gain on disposal of operating fixed assets	32	(2,272)	(3,969)
Finance cost	33	349,652	264,086
Cash in bank account restricted during the year	40	-	(8,276)
Changes in working capital	39.1	3,124,096	(235,658)
		4,780,465	910,130

39.1 Changes in working capital

	Note	2015	2014
		Rupees in '000	
Decrease / (Increase) in current assets			
Stock-in-trade		(4,996,314)	(319,981)
Trade debts		285,228	(2,432,705)
Advances		15,960	119,097
Deposits, prepayments and other receivables		65,125	(888,561)
		(4,630,001)	(3,522,150)
Increase in current liabilities			
Trade and other payables		7,754,097	3,286,492
Changes in working capital		3,124,096	(235,658)

40 CASH AND CASH EQUIVALENTS

Cash and bank balance	13	4,072,003	1,761,389
Short-term running finances - secured	24	(1,413,055)	(1,271,707)
Restricted cash	40	-	(8,276)
		2,658,948	481,406

41 OPERATING SEGMENTS

- These financial statements have been prepared on the basis of a single reportable segment.
- Sales from petroleum product represent 99.92 % (2014: 99.92%) of total revenue of the Company.
- Out of total sales of the Company, 100 % (2014: 100 %) related to customers in Pakistan.
- All non-current assets of the Company as at December 31, 2015 are located in Pakistan.
- The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. However, none of the customers exceeds 10% threshold.

42 FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
	Rupees in '000	
Financial assets		
Available for sale		
Long-term investments	1,955,310	781,542
At amortised cost		
Long-term deposits	228,631	64,493
Trade debts	4,263,595	4,548,823
Advances	15,006	14,828
Other receivables	852,370	881,517
Cash and bank balance	4,072,003	1,761,389
	9,431,605	7,271,050
	11,386,915	8,052,592
Financial liabilities		
At amortised cost		
Long-term finances - secured	461,787	567,880
Liabilities against assets subject to finance lease	425,527	76,239
Long-term deposits	64,132	60,787
Trade and other payables	14,009,023	7,182,759
Mark-up accrued	54,311	59,877
Short-term running finances - secured	1,413,055	1,271,707
	16,427,835	9,219,249

42.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	December 31 2015		December 31 2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	Rupees in '000			
Financial Assets				
Long-term investments	1,955,310	1,955,310	781,542	781,542
Long-term deposits	228,631	228,631	64,493	64,493
Trade debts	4,263,595	4,263,595	4,548,823	4,548,823
Advances	15,006	15,006	14,828	14,828
Other receivables	852,370	852,370	881,517	881,517
Cash and bank balances	4,072,003	4,072,003	1,761,389	1,761,389
	11,386,915	11,386,915	8,052,592	8,052,592

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	Rupees in '000			
Financial Liability				
Long term finances - secured	461,787	461,787	567,880	567,880
Liabilities against assets subject to finance lease	425,527	425,527	76,239	76,239
Long term deposits	64,132	64,132	60,787	60,787
Mark-up accrued	54,311	54,311	59,877	59,877
Trade and other payables	14,009,023	14,009,023	7,182,759	7,182,759
Short term running finances - secured	1,413,055	1,413,055	1,271,707	1,271,707
	16,427,835	16,427,835	9,219,249	9,219,249

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees in '000		
Available-for-sale financial assets				
Equity securities	1,955,310	-	-	1,955,310

December 31, 2014	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Available-for-sale financial assets				
Equity securities	781,542	-	-	781,542

43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

43.1 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 43.1.1)
- Credit risk and concentration of credit risk (Note 43.1.2)
- Liquidity risk (Note 43.1.3)

43.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. 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

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 50.37 million (2014: USD 35.58 million) having PKR equivalent amount of Rs. 5,287.17 million (2014: Rs. 3,586.96 million). The average rates applied during the year is Rs. 102.69 per USD (2014 : Rs. 101.02 per USD) and the spot rate as at December 31, 2015 is Rs. 104.95 per USD (2014 : Rs. 100.80 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company incurred exchange loss amounting to Rs. 58.90 million (2014 : Rs. 91.10 million) during the year.

Sensitivity analysis

As at December 31, 2015, if the Pakistani Rupees had weakened/strengthened by 10% against USD with all other variables held constant, profit for the year would have been lower/higher by Rs. 529.80 million (2014: Rs. 358.00 million).

(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. Interest rate exposure arises due to long-term finances, liabilities against assets subject to finance lease and short term running finances. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

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.

Cash flow sensitivity of variable rate instruments

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
(Expense) / income	Rupees in '000			
As at December 31, 2015	(22,376)	22,376	(14,992)	14,992
As at December 31, 2014	(15,749)	15,749	(10,552)	10,552

(b) Interest rate risk *(Continued)*

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2015 Total
			Maturity upto one year	Maturity after one year	Sub- Total	Maturity upto one year	Maturity after one year	Sub- Total	
			Rupees in '000						
Financial assets									
Long-term investments			-	-	-	-	1,955,310	1,955,310	1,955,310
Long-term deposits			-	-	-	-	228,631	228,631	228,631
Trade debts			-	-	-	4,263,595	-	4,263,595	4,263,595
Advances			-	-	-	15,006	-	15,006	15,006
Other receivables			-	-	-	852,370	-	852,370	852,370
Cash and bank balances		5.5 - 6.5 p.a.	3,684,616	-	3,684,616	387,387	-	387,387	4,072,003
	(a)		3,684,616	-	3,684,616	5,518,358	2,183,941	7,702,299	11,386,915
Financial liabilities									
Liabilities against assets subject to finance lease		8.43 - 13.26 p.a.	102,597	322,930	425,527	-	-	-	425,527
Long term finances - secured		9.41 - 13.19 p.a.	285,636	176,151	461,787	-	-	-	461,787
Long-term deposits			-	-	-	-	(42,364)	(42,364)	(42,364)
Trade and other payables			-	-	-	14,009,023	-	14,009,023	14,009,023
Mark-up accrued			-	-	-	54,311	-	54,311	54,311
Short-term running finances - secured			1,413,055	-	1,413,055	-	-	-	1,413,055
	(b)		1,801,288	499,081	2,300,369	14,063,334	(42,364)	14,020,970	16,321,339
On balance sheet gap	(a)-(b)		1,883,328	(499,081)	1,384,247	(8,544,976)	2,226,305	(6,318,671)	(4,934,424)

		Effective yield/ interest rate %	Exposed to yield/interest risk			Non-interest bearing			2014 Total
			Maturity upto one year	Maturity after one year	Sub- Total	Maturity upto one year	Maturity after one year	Sub- Total	
			Rupees in '000						
Financial assets									
Long-term investments			-	-	-	-	781,542	781,542	781,542
Long-term deposits			-	-	-	-	64,493	64,493	64,493
Trade debts			-	-	-	4,548,823	-	4,548,823	4,548,823
Advances			-	-	-	14,828	-	14,828	14,828
Other receivables			-	-	-	881,517	-	881,517	881,517
Cash and bank balances		6.0 to 8.5 p.a.	1,613,347	-	1,613,347	148,042	-	148,042	1,761,389
	(a)		1,613,347	-	1,613,347	5,593,210	846,035	6,439,245	8,052,592
Financial liabilities									
Liabilities against assets subject to finance lease		12.36 to 17.35 p.a.	27,535	48,704	76,239	-	-	-	76,239
Long term finances - secured		12.28 to 15.49 p.a.	289,309	278,571	567,880	-	-	-	567,880
Long-term deposits			-	-	-	-	60,787	60,787	60,787
Trade and other payables			-	-	-	7,182,759	-	7,182,759	7,182,759
Mark-up accrued			-	-	-	59,877	-	59,877	59,877
Short-term running finances - secured		13.18 to 15.49 p.a.	1,271,707	-	1,271,707	-	-	-	1,271,707
	(b)		1,588,551	327,275	1,915,826	7,242,636	60,787	7,303,423	9,219,249
On balance sheet gap	(a)-(b)		24,796	(327,275)	(302,479)	(1,649,426)	785,248	(864,178)	(1,166,657)

(c) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 1,955.31 million (2014: Rs. 781.54 million) at the balance sheet date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change at 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in profit / (loss)
		Rupees in '000			
December 31, 2015	1,955,310	Increase	2,541,903	586,593	-
		Decrease	(2,541,903)	(586,593)	-
December 31, 2014	781,542	Increase	1,016,005	234,463	-
		Decrease	(1,016,005)	(234,463)	-

(d) 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.

43.1.2 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. 11,386.45 million (2014: Rs. 8,052.13 million), the financial assets which are subject to credit risk amounting to Rs. 5,359.60 million (2014: Rs. 5,509.66 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:

	2015	2014
	Rupees in '000	
Long-term deposits	228,631	64,493
Trade debts	4,263,595	4,548,823
Advances	15,006	14,828
Other receivables	852,370	881,517
Cash and bank balance	4,072,003	1,761,389
	9,431,605	7,271,050

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 assessed with reference to external credit ratings as follows:

Banks	Rating Agency	Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	JCR- VIS	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 Limited	PACRA	A1+	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A1+	AAA
JS Bank Limited	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR- VIS	A1+	AA
National Bank of Pakistan	JCR- VIS	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR- VIS	A1	AA

Banks	Rating Agency	Short term	Long term
Silkbank Limited	JCR- VIS	A1+	AA
Sindh Bank Limited	JCR- VIS	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR- VIS	A1	A
United Bank Limited	JCR- VIS	A1+	AA+
First Women Bank Limited	PACRA	A2	BBB+
The Bank of Khyber	JCR- VIS	A1	A-
Burj Bank Limited	JCR- VIS	A2	A-
Industrial and Commercial Bank of China Limited	S&P		A

43.1.3 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, 2015 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	285,636	176,151	461,787
Liabilities against assets subject to finance lease	102,597	322,930	425,527
Long-term deposits	-	64,132	64,132
Trade and other payable	14,009,023	-	14,009,023
Mark-up accrued	54,311		54,311
Short-term running finances - secured	1,413,055	-	1,413,055
	15,864,622	563,213	16,427,835

As at December 31, 2014 the Company's liabilities had contractual maturities as summarised below:

	Within one year	Over one year	Total
		Rupees in '000	
Long-term finances - secured	289,309	278,571	567,880
Liabilities against assets subject to finance lease	27,535	48,704	76,239
Long-term deposits	-	60,787	60,787
Trade and other payable	7,182,759	-	7,182,759
Mark-up accrued	59,877	-	59,877
Short-term running finances - secured	1,271,707	-	1,271,707
	8,831,187	388,062	9,219,249

44 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.

	2015	2014
	Rupees in '000	
Total borrowings	2,300,369	1,915,826
Cash and bank balance	(4,072,003)	(1,761,389)
(Excess cash over debt) / net debt	(1,771,634)	154,437
Total Equity	4,528,197	2,778,057
Total Capital	2,756,563	2,932,494
Gearing ratio	0.00%	5.27%

45 EMPLOYEES PROVIDENT FUND

The Company operates approved provident fund for its employees. Details of assets and investments of the fund is as follows:

	2015	2014
Size of fund - total assets (Rupees in '000)	54,856	41,656
Cost of investments made (Rupees in '000)	52,662	35,955
Percentage of investments made	100%	100%
Fair value of investments (Rupees in '000)	54,856	41,656

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

46 NUMBER OF EMPLOYEES

	2015	2014
Total number of employees at year-end	394	292
Average number of employees during the year	359	259

47 SUBSEQUENT EVENT

The Company issued 400,000 Privately Placed Sukkuk Units (PPSUs) having face value of Rs. 5,000.00 each. The issue resulted in cash receipts of subscription money amounting Rs. 2,000.00 million on January 07, 2016 from 23 participants. The Sukkuk certificates carry profit at the rate of 3 months KIBOR plus 1.5% with quarterly rental payments for a tenure of 6 years from the closing date with 1 year grace period. These certificates are raised to generate funds under Islamic mode of financing.

48 GENERAL

All amounts have been rounded to the nearest thousand.

The corresponding figures have been reclassified/re-arranged where considered necessary for the purpose of better presentation. However, no material reclassification/re-arrangement have been made in these financial statements.

49 DATE OF AUTHORISATION

These financial statements have been authorised for issue on **March 30, 2016** by the Board of Directors of the Company.

Mumtaz Hasan Khan
Chairman & Chief Executive

Najmus Saquib Hameed
Director

Form of Proxy

Form of Proxy

14th Annual General Meeting

The Company Secretary
Hascol Petroleum Limited
The Forum, Suite No. 105-106, 1st Floor,
Khayaban-e-Jami, Clifton, Karachi.

I / We_____ of _____ being member(s) of Hascol Petroleum Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Participant I.D. No. and Sub Account No._____, hereby appoint _____ of _____ or failing him / her _____ of _____ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 14th Annual General Meeting of the Company to be held on Thursday, 28th April 2016, and at any adjournment thereof.

As witness my / our hands / seal this _____ day of _____ 2016.

Rs. 5/-
Revenue
Stamp

Witness No.1

Name _____
Address _____
_____
CNIC _____

_____
Signature
(Signature should agree with the specimen signature required with the Company)

Witness No.2

Name _____
Address _____
_____
CNIC _____

Important

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at The Forum, Suite No. 105-106, 1st Floor Khayaban-e-Jami, Clifton, Karachi, not less than 48 hours before the time of holding the Meeting.

2. Members are requested:

   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above; and
   (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities
In addition to the above the following requirements have to be met:

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

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

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

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

برائے سی ڈی سی اکاؤنٹ ہولڈر / کارپوریٹ ادارے۔
مزید برآں مندرجہ ذیل ضروری ہدایات پر عمل کیا جائے۔

ا) پراکسی فارم پر دو گواہان بمع ان کا نام، پتہ، اور قومی شناختی کارڈ نمبر ظاہر کرنا ضروری ہے۔
ب) تصدیق شدہ شناختی کارڈ کی کاپی فارم کے ساتھ منسلک کریں۔
پ) میٹنگ کے وقت اصل شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔
ت) کارپوریٹ اداروں کے بورڈ آف ڈائریکٹرز پر لازم ہے کہ میٹنگ کے وقت دستخط شدہ آئین یا پاور آف اٹارنی مقرر کردہ شخص کو دیں۔ اگر مقرر کردہ شخص کو پہلے فراہم نہیں کیا گیا ہو۔

پراکسی فارم

بتاریخ: چوہدویں جنرل میٹنگ

محترم جناب کمپنی سیکریٹری صاحب

ہسکول پیٹرولیم لمیٹڈ

فورم، سوٹ نمبر 106-105, فرسٹ فلور

خیابان جامی، کلفٹن، کراچی۔

میں/ہم _____ ہیسکول پیٹرولیم لمیٹڈ کے ممبر/ممبران رجسٹرڈ فولیو نمبر/شرکا کی آئی ڈی/سی ڈی سی ذیلی اکاؤنٹ نمبر کے مطابق عمومی شیئرز _____ ہولڈر ہیں جو کہ بذریعہ ہذا جناب _____ کو تقرر/بھرتی کرتے ہیں۔ رجسٹرڈ فولیو نمبر/شرکا کی آئی ڈی/سی ڈی سی ذیلی اکاؤنٹ نمبر _____ یا اس کے/اس کی شرکت نہ کرنے کی صورت میں جناب _____ کو بطور مختار کار بروز (جمعرات) مورخہ 28 اپریل، 2016 کو ہیسکول پیٹرولیم لمیٹڈ کا چوہدواں سالانہ اجلاس عام اور اس کے کسی التوا تک میری/ہماری جانب/معرفت سے ووٹ دینے اور اجلاس عام میں شرکت کرنے کا اختیار دیتا ہوں۔

بطور گواہی میں/ہمارے دستخط/مہر مورخہ _____ دن، مہینہ _____ 2016 کو دستخط کر دیئے۔

پانچ روپے کی
ریونیو مہر پر دستخط

_____

دستخط

دستخط کمپنی کی جانب سے تصدیق شدہ دستخط قابل قبول ہونگے

گواہ نمبر ۱

نام: _____

پتہ: _____

_____

قومی شناختی کارڈ نمبر: _____

گواہ نمبر ۲

نام: _____

پتہ: _____

_____

قومی شناختی کارڈ نمبر: _____

نوٹس:

۱۔ پراکسی فارم میٹنگ سے دو دن قبل یعنی 48 گھنٹے پہلے مکمل کوائف اور دستخط کے ساتھ سوٹ نمبر 106-105 بمقام سوٹ نمبر 106-105, فرسٹ فلور خیابان جامی، کلفٹن، کراچی میں جمع ہونگے۔

۲۔ ممبران کو ضروری ہدایات

(الف) مذکورہ بالا خانہ برائے ریونیو اسٹیمپ میں رسیدی ٹکٹ لگانا ضروری ہے۔

(ب) رسیدی ٹکٹ پر کمپنی میں رجسٹرڈ دستخط کرنے ہونگے۔

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