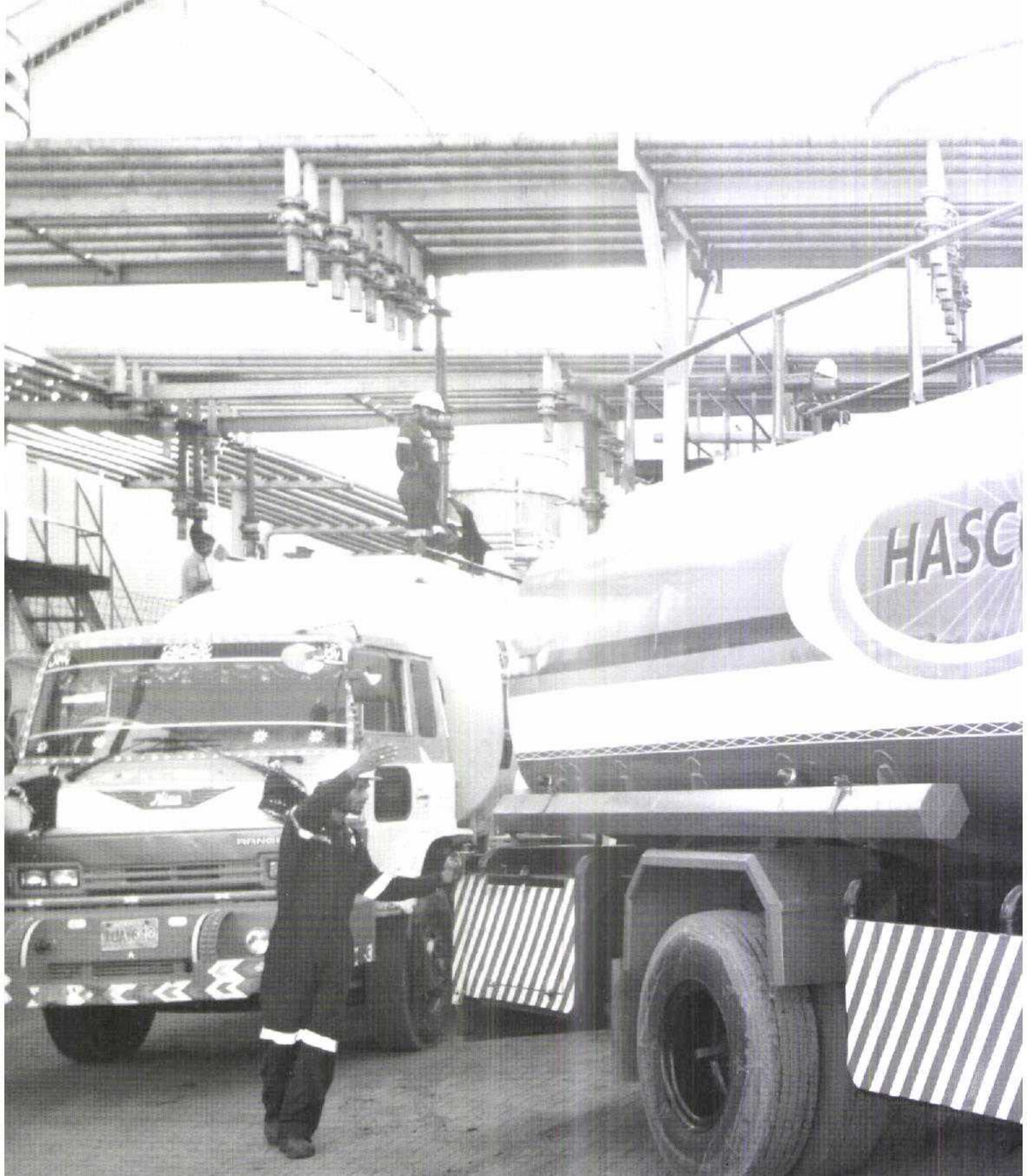


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Solidly Invested in **Growth**

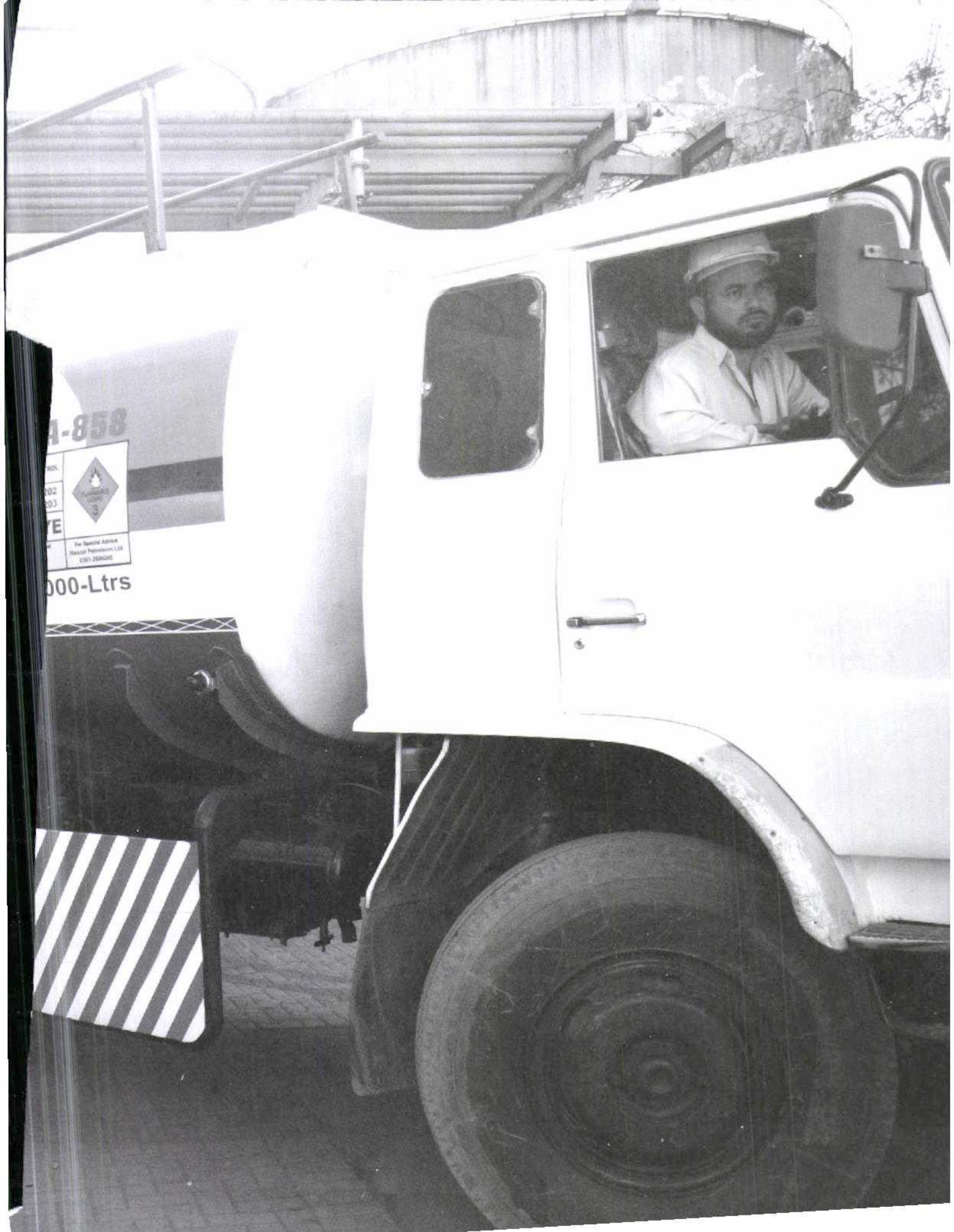
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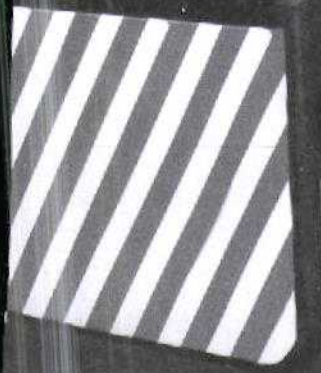
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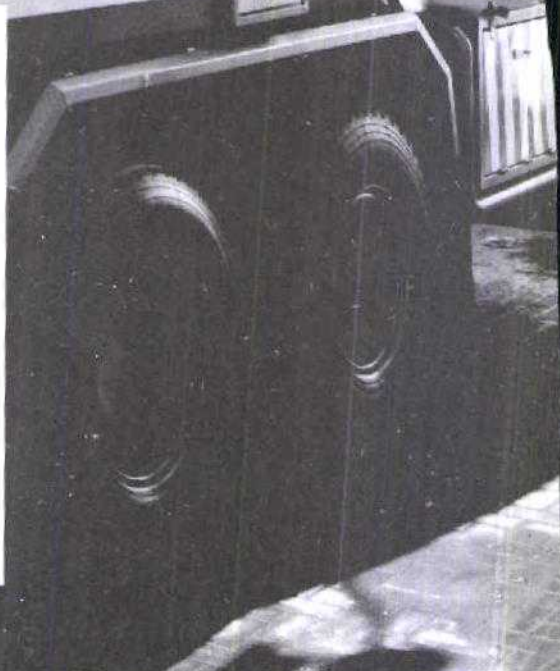
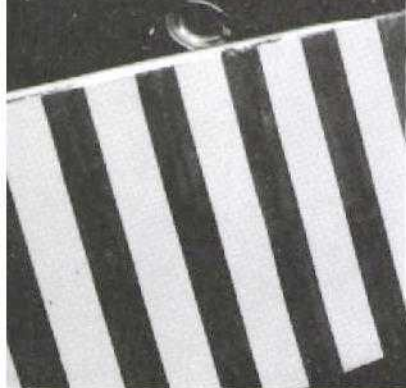
For Special Advice
HASCOT Petroleum Ltd
0507 280048

A hazard label for flammable liquids. It features a diamond-shaped symbol with a flame icon and the text "FLAMMABLE LIQUID 3". Below the symbol, it says "For Special Advice HASCOT Petroleum Ltd 0507 280048".

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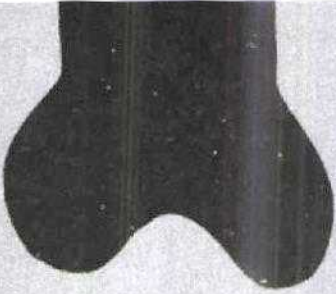
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**Mission &
Vision
Statement**



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.

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".

A black and white photograph of an industrial facility. The image shows a complex network of large, dark pipes. In the foreground, several large valves with handwheels are visible, connected to the main piping. The background shows more pipes and structural elements of the plant, all under a bright, slightly overcast sky. The overall scene is industrial and technical.

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

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

Auditors

Grant Thornton
Anjum Asim Shahid Rahman
Chartered Accountants

Share Registrar

Central Depository Company of Pakistan
Limited

Bankers

Allied Bank Limited
Askari Commercial Bank Limited
Bank Al Habib Limited
Burj Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
First Women Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

Legal Advisor

Mohsin Tayebaly & Co.
Advocate & Legal Consultants

Registered Office

The Forum, Suite No. 105-106, First Floor
Khayaban-e- Jami, Clifton, Block-9,
Karachi, Pakistan.
Phone: +92-21-35301343-50
Fax: + 92-21-35301351
UAN: 111-757-757
Email: info@hascol.com

Website

www.hascol.com



Zero Harm

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 or even at home.

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

Hascal supports health and safety by proactively communicating with its people and implementing programs that address specific hazards faced in our industry.

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

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 during the conduct our operations and mitigate them.

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

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.

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.

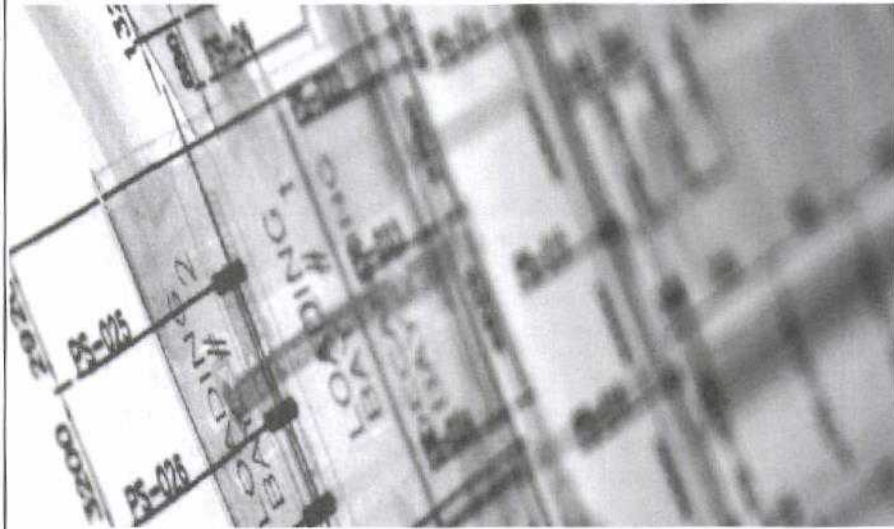
Our initiative has obliged us to prepare contingency plans to counter any adverse event/threat that can potentially disrupt our operations.

Employees have a responsibility to identify and isolate any hazards during tasks, be it in the office or out in operations. Our on the job continuous training programs are pivotal in achieving this Mission.



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.

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 footprint 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

Hascal'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 Hascal 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 Hascal 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 noncompliance. In return, it is the responsibility of Hascal Petroleum Limited employees to report suspected breaches of the Business Principles to Hascal Petroleum Limited. 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

Hascal 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. Hascal Petroleum Limited as a rule of thumb does not make payments to political parties or organization, or to their affiliates/representatives whatsoever. Hascal Petroleum Limited does not take part in any external/internal affairs with regulatory bodies unless compliance issues arise or authorized instructions permit us to do so. However, with such dealings, Hascal 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

Hascal Petroleum Limited has encouraged the need of a friendly work environment and identified the ideal conduct for a decent workplace culture and interaction with all stakeholders. Harassment has been explicitly stated and what is unacceptable is defined as follows; 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. Hascal 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. Spreading rumours 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 as per 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 stake holders. 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

A black and white photograph of an industrial facility, likely an oil refinery or petrochemical plant. The image shows a complex network of pipes, valves, and structural steel. On the left, a large cylindrical storage tank is visible. The sky is clear and bright. The overall scene conveys a sense of industrial scale and complexity.

CHAIRMAN'S REVIEW

I am pleased to report that 2014 was another outstanding year for the Company. Despite the sharp drop in oil prices in the last four months of the year, we were able to achieve significant increase both in our volumes and profitability. The Company has exceeded the projections and targets given by the Board for the year 2014 and we are now amongst the top four oil marketing companies in terms of volumes. The credit for this excellent performance goes to senior management and all other employees who have executed the business plan of the Company in a superb manner.

During the year the Net Profit after Tax (NPAT) of the Company was reported at Rs. 640.057 million as compared to Rs.391.551 million during the last year reflecting an increase of 63.47%, while our sales reached an all times high of Rs. 99.238 billion. Because of this performance I am optimistic that our credit rating will definitely further improve. Last year was also an eventful year in many respects. The Company was formally listed on the Karachi, Lahore and Islamabad stock exchanges and by the grace of Allah the response from the ordinary public was beyond our wildest expectations. The Share Price of your Company has been trading between Rs. 80 and Rs. 105 during the last few weeks and a number of research analysts have written positive things about the Company and its management. In the year 2014 we also completed and commissioned our Machike installation and this has improved our supply chain management in central Punjab and enabled us to meet all the requirements of our retail outlets and other direct customers. The Company is now in the process of completing the Daulatpur installation and also has started work on Mehmood Kot. With the completion of all these storage facilities we will improve our competitive position which will result in huge volume growth in the coming years.

During the coming year we intend to focus our attention in developing our Retail Network so that we can take full advantage of our storage installations. We have also acquired land at Port Qasim to build a state of the art lubricant blending and grease

plant to make FUCHS lubricants. We are committed to becoming a major player in the lubricant business and the new team which has been inducted has already shown good performance. During 2014 your Company also acquired shares in Pakistan Refinery Limited (PRL). We currently hold 13.72% shares in PRL and two of our nominees are on the board of PRL. Our logic in becoming a shareholder in PRL is to secure our supply upliftment rights from a local refinery and thereby fine tune our supply and distribution model. We continue to import regularly and today we are the second largest importer of petroleum products after PSO.

Finally I would like to thank the Board for their guidance in pursuing an aggressive business plan and bringing improvement in the corporate governance. I would also like to place on record the efforts of the management team and all employees on efficiently executing the business plan of the Company and achieving the ambitious targets set by the Board. We are confident that we will continue our excellent performance in 2015 and beyond. The future growth of the Company is now assured and the Board and the senior management has been very generous in rewarding the shareholders with regular dividends.


Mumtaz Hasan Khan
Chairman & Chief Executive

The Directors of your Company present their Annual Report together with audited financial statements for the year ended 31st December 2014.

FINANCIAL RESULTS

The profit for the year ended 31st December 2014 after providing for administrative, marketing and distribution expenses, financial and other charges amounts to:

(Rupees in '000)

Profit before taxation	<u>864,743</u>
Taxation	<u>224,686</u>
Profit for the year	<u>640,057</u>
	(Rupees)
Earnings per share	<u>7.84</u>

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 42 of the Annual Report.

During the last quarter of the year, the industry witnessed a sharp decline in oil prices. The Company however, outperformed and recorded gross sales revenue of Rs. 99,238 billion as compared to Rs. 57,523 billion during the last year, signifying an increase of 72.52%. Despite the challenges due to tough conditions where declining prices led to inventory losses, the Company continued to perform strongly and through better inventory management and efficient supply chain, management, recorded an after tax profit of Rs.640,057 million compared to Rs.391,551 million during the last year reflecting an increase of 63.47%.

2. DIVIDENDS

The Company has maintained a track of good balance between retention and payout and the Board of Directors of the Company in its meeting held on 25th March 2015 has recommended an issue of bonus shares in the proportion of 1.1 share for every 10 shares held i.e. 11 % out of the free reserves of the Company. This is in addition to the interim dividend of Rs.3.20/- per share i.e. 32% already paid to the shareholders. The approval of the members for the dividend will be obtained at the Annual General Meeting of the Company to be held on 29th April 2015.

3. PUBLIC OFFERING OF HASCOL SHARES

The Company had made an initial public offering through issue of 25 million ordinary shares of Rs.10/- each at a price of Rs.56.50 per share. Out of the total issue of 25 million ordinary shares, 18.75 million shares were subscribed through book building by Institutional Investors and High Net-Worth Individuals. Against 18.75 million shares, bids for over 130 million shares were received. The remaining 6.25 million shares were offered through initial public offering. The initial public offering received an overwhelming response and was oversubscribed by the general public. The Company was successfully listed on the Karachi, Lahore and Islamabad Stock Exchanges on 12th May 2014.

4. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

(a) The financial statements prepared by the Management of the Company, represent fairly the state of its affairs fairly, the results 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 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 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) The key operating and financial data of last six years has been given on page 24 of the Annual Report.

5. CORPORATE GOVERNANCE

The Company has been and shall remain committed to the highest standards of corporate governance. The Company has followed the best practices of corporate governance, as detailed in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

6. INVESTMENT IN PAKISTAN REFINERY LIMITED (PRL)

During the year the Company acquired 4.802 million Class A ordinary shares of Pakistan Refinery Limited which represents 13.72% of Pakistan Refinery's paid up share capital. Pakistan Refinery Limited is a hydro skimming refinery designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. Pursuant to the acquisition, the Company now stands among Shell Petroleum Co. Limited, London, Pakistan State Oil Company Limited, and Chevron Global Energy Inc. who already hold shares in Pakistan Refinery Limited.

7. ELECTION OF DIRECTORS

During the year, the term of office of the present Board expired and elections were held in an extraordinary general meeting on 8th September, 2014. Following persons were elected as directors of the Company for a term of three (3) years commencing 8th September, 2014.

1. Mr. Mumtaz Hasan Khan
2. Dr. Akhtar Hasan Khan
3. Mr. Farooq Rahmatullah Khan
4. Mr. Liaquat Ali
5. Mr. Najmus Saquib Hameed
6. Mr. Saleem Butt
7. Mr. Sohail Hasan

8. BOARD OF DIRECTORS AND BOARD MEETINGS HELD DURING THE YEAR

During the year, 10 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)	9
2	Dr. Akhtar Hasan Khan	4
3	Mr. Farooq Rahmatullah Khan	9
4	Mr. Liaquat Ali	10
5	Mr. Najmus Saquib Hameed	9
6	Mr. Saleem Butt	10
7	Mr. Sohail Hasan	9

9. BOARD COMMITTEE MEETINGS HELD DURING THE YEAR

During the year, the Audit Committee held five (5) meetings. The attendance record of the Directors was as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Sohail Hasan (Chairman)	5
2	Mr. Liaquat Ali	5
3	Mr. Najmus Saquib Hameed	5

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

S. No.	Director's Name	Meetings Attended
1	Mr. Farooq Rahmatullah Khan (Chairman)	1
2	Mr. Liaquat Ali	1
3	Mr. Mumtaz Hasan Khan	1
4	Mr. Saleem Butt	0

During the year, the Human Resources Committee held two (2) meeting. The attendance record of the Directors was as follows:

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

10. 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 based on unaudited accounts as at 31st December 2014 was as follows:

	(Rupees in '000)
Provident Fund	41,656
Gratuity	71,057

11. CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

The Company made a total contribution of Rs. 18.466 billion to the national exchequer on account of direct and indirect taxes and levies during the year 2014. The Company made exports sales of \$ 22,247,731 during the year.

12. EXTERNAL AUDITORS

The auditors Messrs Anjum Asim Shahid Rehman, Chartered Accountants (Grant Thornton) retire at the conclusion of the forthcoming annual general meeting and being eligible offered themselves for reappointment.

13. PATTERN OF SHAREHOLDING

The statement of Pattern of Shareholding as at December 31, 2014 is given on page 20 of the report.

14. ACKNOWLEDGEMENT

The Company is thankful to its shareholders for the trust and confidence shown. The Company acknowledges and appreciates the efforts and dedication of its employees and expresses its gratitude to its customers, suppliers and shareholders for their continued support and co-operation.


Mumtaz Hasan Khan
 Chairman & Chief Executive

Pattern of Shareholding

as at December 31, 2014

Number of Shareholders	Shareholding Slab From	Shareholding Slab To	Total Shares Held
323	1	100	10,147
4763	101	500	2,356,357
1425	501	1000	1,407,188
1333	1001	5000	3,471,848
268	5001	10000	2,145,152
83	10001	15000	1,086,601
53	15001	20000	983,150
32	20001	25000	774,369
32	25001	30000	900,300
16	30001	35000	631,350
19	35001	40000	751,500
6	40001	45000	259,518
12	45001	50000	596,500
6	50001	55000	309,000
8	55001	60000	474,666
2	60001	65000	129,000
3	65001	70000	205,946
5	70001	75000	372,442
3	75001	80000	240,000
2	80001	85000	166,000
2	85001	90000	175,000
11	95001	100000	1,093,305
3	105001	110000	330,000
1	110001	115000	115,000
1	115001	120000	117,500
2	120001	125000	250,000
1	130001	135000	133,000
1	135001	140000	140,000
3	145001	150000	445,500
1	150001	155000	151,000
1	175001	180000	179,000
2	185001	190000	376,000
1	190001	195000	195,000
6	195001	200000	1,000,000
1	200001	205000	200,005
1	210001	215000	215,000
1	215001	220000	217,000
1	235001	240000	240,000
2	245001	250000	499,600
1	255001	260000	256,500
1	280001	285000	283,000
1	305001	310000	309,500
1	320001	325000	325,000
1	370001	375000	375,000
2	435001	440000	872,505
1	445001	450000	450,000
1	495001	500000	500,000
1	535001	540000	539,700
1	595001	600000	600,000
1	685001	690000	689,000
1	795001	800000	800,000
1	840001	845000	842,670
1	1235001	1240000	1,236,500
1	1245001	1250000	1,249,000
1	3000001	3005000	3,000,005
1	8500001	8505000	8,500,396
1	14830001	14835000	14,830,713
1	31695001	31700000	31,697,567
8454			90,600,000

Pattern of Shareholding

as at December 31, 2014

Shareholder's Category	No. of shareholders	No. of shares	Percentage %
Directors and their spouse(s) and minor children	8	36,311,267	40.08
Associated Companies, undertakings and related parties	2	23,331,109	25.75
Executives	13	777,000	0.86
Public Sector Companies and Corporations	2	435,000	0.48
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	11	1,012,500	1.12
Mutual Funds	11	1,546,500	1.71
General Public			
a) Local	8354	23,435,914	25.87
b) Foreign	1	689,000	0.76
Foreign Companies	3	285,500	0.32
Others	49	2,776,210	3.06
Totals	8454	90,600,000	100.00

Directors and their spouse(s) and minor children

MUMTAZ HASAN KHAN	31,697,567	34.99
DR. AKHTAR HASAN KHAN	96,005	0.11
NAJMUS SAQUIB HAMEED	40,005	0.04
SOHAIL HASAN	5	0.00
FAROOQ RAHMATULLAH KHAN	435,005	0.48
SALEEM BUTT	200,005	0.22
LIAQUAT ALI	3,000,005	3.31
NAZIA MALIK	842,670	0.93
	36,311,267	40.08

Associated companies, undertakings and related parties

MARSHAL GAS (PVT) LIMITED	8,500,396	9.38
FOSSIL ENERGY (PRIVATE) LIMITED	14,830,713	16.37
	23,331,109	25.75

Public sector companies and corporations

SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.- PMD	110,000	0.12
PAK BRUNEI INVESTMENT COMPANY LIMITED	325,000	0.36
	435,000	0.48

Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds

UNITED BANK LIMITED - TRADING PORTFOLIO	65,000	0.07
INVEST CAPITAL INVESTMENT BANK LIMITED	10,000	0.01
MCB BANK LIMITED - TREASURY	250,000	0.28
SUMMIT BANK LIMITED	309,500	0.34
PREMIER INSURANCE LIMITED	25,000	0.03
ATLAS INSURANCE LIMITED	86,000	0.09
ASKARI GENERAL INSURANCE CO. LTD.	2,000	0.00
FIRST EQUITY MODARABA	16,000	0.02
FIRST UDL MODARABA	195,000	0.22
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	28,000	0.03
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	26,000	0.03
	1,012,500	1.12

Pattern of Shareholding

as at December 31, 2014

Shareholder's Category	No. of shareholders	No. of shares	Percentage %
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND		200,000	0.22
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND		150,000	0.17
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND		256,500	0.28
CDC - TRUSTEE NAFA STOCK FUND		437,500	0.48
CDC - TRUSTEE NAFA MULTI ASSET FUND		117,500	0.13
CDC - TRUSTEE APF-EQUITY SUB FUND		50,000	0.06
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND		110,000	0.12
CDC - TRUSTEE APIF - EQUITY SUB FUND		50,000	0.06
CDC - TRUSTEE FIRST HABIB STOCK FUND		22,500	0.02
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND		140,000	0.15
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		12,500	0.01
		1,546,500	1.71

**Financial
Achievements
2014**

Revenue (Gross)
Rs 99.061 billion

Gross Margin
Rs 2.036 billion

Profit After Tax
Rs 640.057 million

Six Years' Key Operational and Financial Data

		2014	2013	2012	2011	2010	2009
Profit and Loss Account							
Revenue (Gross)	Rs/mn	99,061	57,469	29,775	19,584	9,202	10,384
Revenue (net)	Rs/mn	84,856	49,820	25,992	17,094	7,947	9,081
Cost of good sold	Rs/mn	82,877	48,506	24,996	16,394	7,738	8,731
Gross profit	Rs/mn	2,036.80	1,360.16	996.01	699.28	209.01	383.85
Operating profit / (loss)	Rs/mn	1,237.29	579.00	393.35	256.80	(118.91)	56.20
Profit / (loss) before tax	Rs/mn	864.74	425.05	291.94	43.08	(282.34)	73.95
Profit/ (loss) after tax	Rs/mn	640.06	391.55	218.28	81.61	(274.65)	100.77
Earnings / (loss) before interest, taxes, depreciation and amortisation	Rs/mn	1,264.27	632.69	463.79	300.09	(74.32)	179.96
Balance Sheet							
Share Capital	Rs/mn	906.00	656.00	656.00	656.00	410.00	406.00
Property, plant and equipment	Rs/mn	3,290.78	2,436.39	1,723.99	877.00	781.62	564.83
Inventory	Rs/mn	3,473.70	3,153.72	617.09	311.26	575.69	146.29
Current assets	Rs/mn	10,974.98	6,556.65	2,595.15	1,136.03	966.37	551.10
Current liabilities	Rs/mn	12,058.68	7,629.52	3,066.76	1,685.85	1,548.88	586.67
Non current assets	Rs/mn	4,642.18	2,798.06	1,912.64	1,214.44	1,016.09	737.07
Non current liabilities	Rs/mn	459.12	281.35	375.54	204.99	301.56	298.82
Surplus on revaluation of fixed assets	Rs/mn	320.55	358.38	396.20	19.17	20.63	22.10
Summary of cash flow statements							
Cash flows from operating activities	Rs/mn	474.23	948.31	306.99	252.93	(3.12)	(74.15)
Cash flows from investing activities	Rs/mn	(1,792.94)	(642.11)	(321.74)	(116.87)	(143.37)	(90.03)
Cash flows from financing activities	Rs/mn	1,614.59	(213.63)	311.24	144.76	(110.75)	(10.09)
Net cash flows during the year	Rs/mn	295.88	92.57	296.49	280.81	(257.24)	(174.28)
Investor Information							
Profitability Ratios							
Gross profit ratio	%	2.40	2.73	3.83	4.09	2.63	4.23
Net profit ratio	%	0.75	0.79	0.84	0.48	(3.46)	1.11
EBITDA margin	%	1.49	1.27	1.78	1.76	(0.94)	1.98
Cost / Income ratio		0.65	1.35	1.53	1.72	(2.76)	5.83
Return on equity		0.23	0.36	0.33	0.19	(2.47)	0.26
Liquidity Ratios							
Current ratio	Ratio	0.91:1	0.88:1	0.85:1	0.67:1	0.62:1	0.93:1
Quick ratio	Ratio	0.62:1	0.47:1	0.65:1	0.49:1	0.25:1	0.68:1
Cash flows from operations to sales	%	0.56	1.90	1.18	1.48	(0.04)	(0.82)
Cash to current liabilities	%	0.15	0.11	0.15	0.06	0.02	0.09
Investment / Market Ratios							
Earning / (loss) per share	Rs	7.84	5.97	3.33	1.94	(6.70)	2.48
Breakup value per share without surplus on revaluation of fixed assets	Rs	30.67	16.54	10.07	6.71	2.72	9.31
Breakup value per share with surplus on revaluation of fixed assets	Rs	34.21	22.01	16.11	7.01	3.22	9.85



**Notice
of AGM**

Notice of 13th Annual General Meeting Hascol Petroleum Limited

Notice is hereby given that the 13th Annual General Meeting of Hascol Petroleum Limited will be held on Wednesday, 29th April 2015 at 9:00 a.m. at the Marriott Hotel, Abdullah Haroon Road, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 8th September 2014.
2. To receive, consider and adopt the audited accounts for the year ended 31st December 2014, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and to fix their remuneration for the financial year 2015.

Special Business

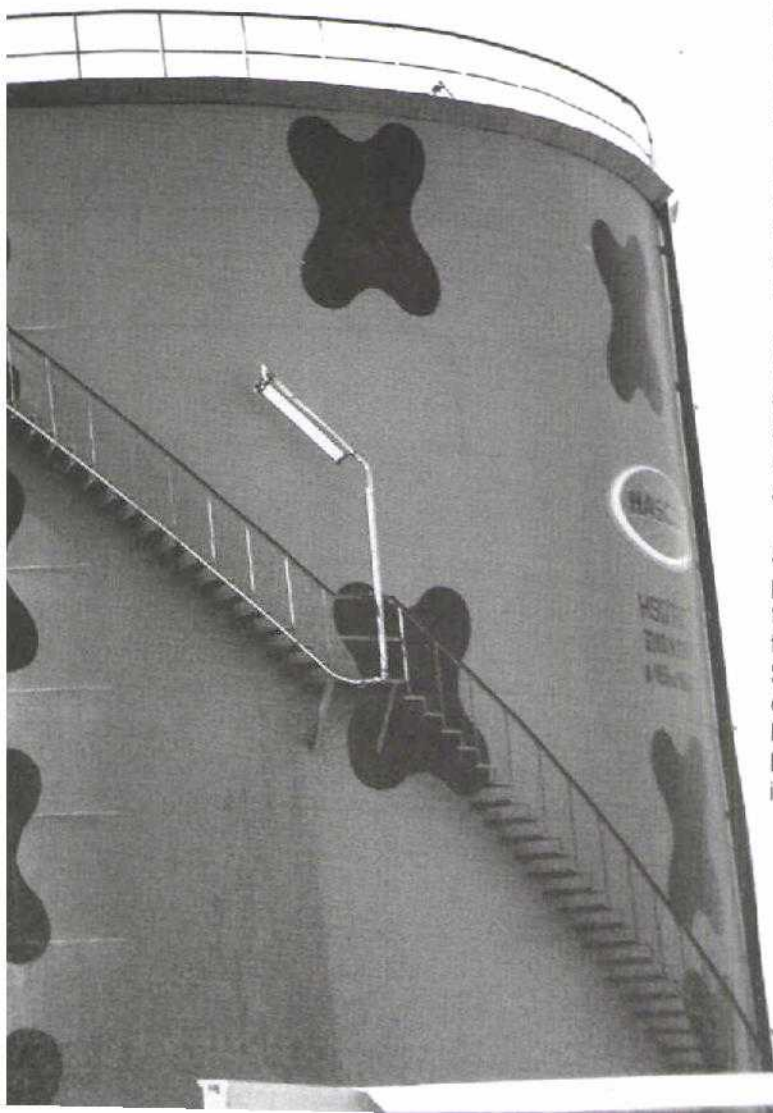
4. To approve the issue of bonus shares in the proportion of 1.1 shares for every 10 shares held i.e. 11 % as recommended by the board of directors, and if deemed appropriate, pass the following ordinary resolution:

RESOLVED that a sum of Rs. 99,660,000/- out of the Company's reserves be capitalized and applied towards the issue of 9,966,000 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on 22nd April 2015, in the proportion of 1.1 shares for every 10 ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

FURTHER RESOLVED that fractional entitlement of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to any registered charitable institution.

FURTHER RESOLVED the Company Secretary be and is hereby authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of bonus shares.

5. To consider and, if deemed appropriate, pass, with or without modification, the following resolutions, under Section 208 of the Companies Ordinance, 1984, as a Special Resolution for the purpose of approving investment by the Company in Pakistan Refinery Limited, by subscribing Right Issue at the rate of 800 % to be issued at par, i.e., Rs. 10 each.



RESOLVED THAT the approval of the members of the Company be and is hereby accorded for investment in Pakistan Refinery Limited by subscribing Right Issue at the rate of 800% to be issued at par, i.e., Rs. 10 each offered to the Company by way of right shares and to disinvest such investments as and when considered appropriate.

FURTHER RESOLVED THAT the Company do all such acts, deeds and things as may be necessary and/or expedient for the aforesaid purpose or in furtherance thereof.

FURTHER RESOLVED THAT the Chief Executive Officer, and Chief Operating Officer, be and are hereby severally authorized to take any and all actions necessary or conducive for such investment or in implementation thereof and make any filings and do all such acts, deeds and things as they may deem necessary and/or expedient for the purpose.

6. To authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the shareholders, as and by way of passing the following ordinary resolution:

RESOLVED THAT subject to the approval of the Securities and Exchange Commission of Pakistan, the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on the Company's website, instead of circulating by post to the shareholders.

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the foregoing resolutions.

By Order of the Board



Zeeshan Ul Haq
Company Secretary

8th April 2015
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 items 4, 5, and 6, to be transacted at the 13th Annual General Meeting of the Company to be held on 29th April 2015.

Agenda Item No. 4

The Directors of the Company are of the view that the Company's financial position and its reserves justify the issue of bonus shares in the proportion of 1:1 shares for every 10 shares held; that is at the rate of 11%. The Directors of the Company have no interest in this issue except to the extent of their respective shareholdings in the Company.

Pursuant to rule 6 (iii) of the Companies (Issue of Capital) Rules 1996, a certificate of free reserves has been issued by the Auditors.

Agenda Item No. 5

Details required under Clause 3(1)(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 are given below:

Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established:	Pakistan Refinery Limited An associated undertaking due to common directorships of Mr. Mumtaz Hasan Khan, Mr. Farooq Rahmatullah and Mr. Saleem Butt in both the companies.
Purpose, benefits and period of investment:	The Company's investment by way of subscription of right shares would benefit the Company in a manner to avoid dilution in its holding and to earn better returns in the long run on strategic investment.
Maximum amount of investment:	Up to Rs. 384,712,000
Maximum price at which securities will be acquired:	Rs. 10/- per share.
Maximum number of securities to be acquired:	38,471,200 shares.
Number of securities and percentage thereof held before and after the proposed investment .	Present Holding - 4,808,900 shares (13.74%) After investment - 43,280,100 shares - 13.74%
Average market price of the shares intended to be purchased during preceding twelve weekly in case of listed companies	Rs. 162.69 per share
In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1):	Not applicable
Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs. 16.25 per share
Earning per share of the associated company or associated undertaking for the last three years: For the year 2014: For the year 2013: For the year 2012:	- 14.17 -
Sources of fund from which securities will be acquired:	Internally generated funds
Where the securities are intended to be acquired using borrowed funds; (a) justification for investment through borrowings: (b) detail of guarantees and assets pledged for obtaining such funds:	Not applicable Not applicable

Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment:	None
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:	The Directors have no interest directly or indirectly in the investment, except that they are shareholders /directors in the Company

Agenda Item No. 6

The Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 19 of 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same by post. Prior permission of the SECP will be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders. This would ensure prompt disclosure of information to the shareholders, as well as saving of costs associated with printing and dispatch of the accounts by post. The Company, however, will supply the printed copies of accounts to the shareholders on demand at their registered address free of cost.

NOTES:

Closure of Share Transfer Books

The Share Transfer Books of the Company will be closed from 23rd April 2015 to 29th April 2015 (both days inclusive).

Participation in the Meeting

Only those persons, whose names appear in the register of members of the Company as on 22nd April 2015, are entitled to attend, participate in, and vote at the Annual General Meeting;

A member of the Company entitled to attend and vote may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy is included in the Annual Report.

Audited Financial Statements Through Email

Pursuant to SRO No. 787(1)(2014) dated 8th September 2014, the Securities and Exchange Commission of Pakistan (SECP) has allowed circulation of Audited Annual Financial Statements along with notice of Annual General Meeting to the members through email. Therefore, all members who wish to receive a soft copy of the Annual Report may send their email address to the Company Secretary. A consent form for electronic transmission is also available at the Company's website.

Notice to Members Who Have Not Provided CNIC

Pursuant to the directives of the SECP, CNIC number is mandatorily required to be mentioned on dividend warrants. Members who hold physical share certificates and have not yet submitted their valid CNIC are requested to submit a copy to the Company's Shares Registrar, Messrs Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shakra-e-Faisal, Karachi. In the absence of a member's valid CNIC, the Company will be constrained to withhold dispatch of dividend warrants of such members.

Change of Address

Members are requested to immediately notify the Company's Share Registrar, Messrs Central Depository Company of Pakistan Limited of any change in their registered address:

Guidelines for CDC Account Holders

CDC account holders are required to comply with the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting

(i) In case of individuals, the account holder or sub-account holder 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 corporate entities, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For Appointing Proxies

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

(ii) The proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned 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 corporate entities, 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 along with the proxy form to the Company.



**STATEMENT OF
COMPLIANCE
WITH THE CODE OF
CORPORATE
GOVERNANCE**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of the Karachi Stock Exchange Regulations and Regulation No.35 of Listing Regulations of the Lahore Stock Exchange Limited and Islamabad 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 Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. 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. Liaquat Ali Mr. Najmus Saquib Hameed

The independent director meets the criteria of independence envisaged under clause 5.19.1.(b) of the Karachi Stock Exchange Regulations and Clause (i) b of Regulation No. 35 of Listing Regulations of the Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited.

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. During the year, no casual vacancy occurred on the Board of Directors of the Company. The election of directors was held on 8th September 2014, in an extraordinary general meeting in which seven directors were elected for a term of three years commencing from 8th September 2014.

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 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 the Pakistan Institute of Corporate Governance (PICG).

10. During the year, the Board has approved the appointment of the Company Secretary, including his remuneration and terms and conditions of employment.
11. The Directors' Report has been prepared in compliance with the requirements of CODE 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 Code.
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 Code. 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. During the year the Company was listed on the stock exchanges, and the mechanism for an annual evaluation of the board's own performance had been placed in the annual board meeting of the Company for consideration.
19. The Board has set up an effective internal audit function for the Company which was fully operational during the year. The Head of Internal Audit had been appointed prior to listing of the Company, who possess a vast experience in finance and audit. However, the qualification requirement as envisaged in the Code has to be met.
20. 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.
21. 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.
22. 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 exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through the stock exchanges.
24. As stated above, we confirm that all other material principles enshrined in the Code have been complied with, except those disclosed herein toward which reasonable progress is being made by the Company to seek compliance.


Mumtaz Hasan Khan
Chairman & Chief Executive

Karachi: 25th March, 2015



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

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We have reviewed the enclosed 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 **Hascal Petroleum Limited** (the Company) for the period May 14, 2014 (i.e. the date of listing) to December 31, 2014 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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 controls 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 approval of 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 period May 14, 2014 (i.e. the date of listing) to December 31, 2014.

Further, we highlight below the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph Reference	Description
18	The Company is in the process of formulating the mechanism for evaluation of its Board's own performance.
19	Head of Internal Audit does not have requisite qualification.

Place: Karachi

Date: **25 MAR 2015**


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb



PRODUCT PUMP HOUSE

Audited
Unconsolidated
Financial Statements
for the year ended
31st December
2014



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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We have audited the annexed unconsolidated balance sheet of **Hascol Petroleum Limited** (the Company) as at December 31, 2014 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;

- (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, 2014 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.

Place: Karachi

Date: **25 MAR 2015**


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

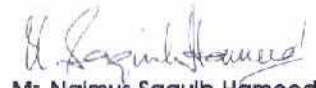
UNCONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,290,784	2,436,386
Intangible	5	4,288	7,054
Long-term investments	6	781,542	-
Long-term deposits	7	56,489	27,113
Deferred taxation	8	509,075	327,508
Total non-current assets		4,642,178	2,798,061
Current assets			
Stock-in-trade	9	3,473,704	3,153,723
Trade debts	10	4,548,823	2,116,118
Advances	11	166,566	285,663
Deposits, prepayments and other receivables	12	1,024,954	136,393
Cash and bank balances	13	1,760,933	864,748
Total current assets		10,974,980	6,556,645
TOTAL ASSETS		15,617,158	9,354,706
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14.1	906,000	656,000
Reserves	15	1,872,813	429,462
Total shareholders' equity		2,778,813	1,085,462
Surplus on revaluation of fixed assets - net of tax	16	320,550	358,376
LIABILITIES			
Non-current liabilities			
Long term finances - secured	17	278,571	97,732
Liabilities against assets subject to finance lease	18	48,704	45,693
Long term deposits	19	60,787	90,872
Deferred liability - gratuity	20	71,057	47,054
Total non-current liabilities		459,119	281,351
Current liabilities			
Trade and other payables	21	8,103,145	6,404,267
Mark-up accrued	22	59,877	18,001
Short term running finances - secured	23	1,271,707	679,680
Current portion of long term finances - secured	17	289,309	124,237
Current maturity of liabilities against assets subject to finance lease	18	27,535	49,309
Taxation	24	2,307,103	354,023
Total current liabilities		12,058,676	7,629,517
TOTAL LIABILITIES		12,517,795	7,910,868
TOTAL EQUITY AND LIABILITIES		15,617,158	9,354,706
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saqulb Hameed
Director


UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
Sales - net	26	99,061,496	57,469,448
Less: Sales tax		(14,205,042)	(7,649,847)
Net sales		84,856,454	49,819,601
Other revenue	27	57,358	46,988
Net revenue		84,913,812	49,866,589
Cost of products sold	28	(82,877,017)	(48,506,431)
Gross profit		2,036,795	1,360,158
Operating expenses			
Distribution and marketing	29	(768,814)	(591,642)
Administrative	30	(329,387)	(229,252)
		(1,098,201)	(820,894)
Other income	31	298,691	39,735
Operating profit		1,237,285	578,999
Finance cost	32	(264,086)	(110,476)
Other charges	33	(108,456)	(43,477)
		(372,542)	(153,953)
Profit before taxation		864,743	425,046
Taxation	34	(224,686)	(33,495)
Profit for the year		640,057	391,551
Earnings per share - basic and diluted	35	7.84	5.97

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saquib Hameed
Director

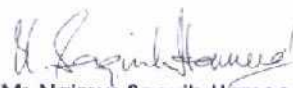
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
Profit for the year		640,057	391,551
Other comprehensive income:			
Items that will never be reclassified to profit and loss account			
"Remeasurement of net defined benefit liability - net of tax"	20.3	(6,199)	(4,399)
Items that may be reclassified subsequently to profit and loss account			
Unrealized loss due to change in fair value of long term investment classified as 'Available for sale' - net of tax		(5,941)	-
		(12,140)	(4,399)
Total comprehensive income		627,917	387,152

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.


Mumtaz Hasan Khan
 Chairman & Chief Executive


Mr. Najmus Saquib Hameed
 Director


UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	988,517	1,097,831
Finance cost paid		(257,927)	(100,381)
Profit on bank deposits		70,486	16,923
Dividend paid		(289,920)	-
Taxes paid		(36,926)	(65,552)
Gratuity paid		-	(513)
Net cash generated from operating activities		474,230	948,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,000,788)	(660,846)
Proceeds from disposal of property, plant and equipment		17,683	10,858
Long term investment made during the year		(827,579)	-
Proceeds from disposal of long term investment		47,121	-
Long - term deposits		(29,376)	7,878
Net cash used in investing activities		(1,792,939)	(642,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid - net		(18,763)	(60,524)
Proceeds from issuance of shares - net		1,317,528	-
Long term finance obtained and repaid - net		345,911	(162,555)
Long - term deposits		(30,085)	9,449
Net cash generated from / (used in) financing activities		1,614,591	(213,630)
Net increase in cash and cash equivalents		295,882	92,568
Cash and cash equivalents as at the beginning of the year		185,068	92,500
Cash and cash equivalents as at the end of the year	39	480,950	185,068

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.


Mumtaz Hasan Khan
 Chairman & Chief Executive


Mr. Najmus Saqib Hameed
 Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

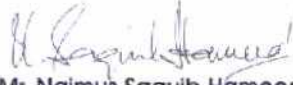
FOR THE YEAR ENDED DECEMBER 31, 2014

(Rupees in 000)

	Share Capital	" Capital reserve "		" Revenue reserve "	Total
		" Share premium "	" Fair value reserve "	Unappropriated profit	
Balance as at January 01, 2013	656,000	3,300	-	1,185	660,485
Total comprehensive income for the year					
Profit for the year	-	-	-	391,551	391,551
Other comprehensive income					
"Remeasurement of net defined benefit liability - net of tax"	-	-	-	(4,399)	(4,399)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	37,825	37,825
	-	-	-	424,977	424,977
Balance as at December 31, 2013	656,000	3,300	-	426,162	1,085,462
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

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saquib Hameed
Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited Company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted Company. The registered office of the Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. The 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 During the year, the Company has made an Initial Public Offering (IPO) through issuance of 25 million ordinary shares of Rs. 10 each at a price of Rs. 56.50 per share determined through book building process. Out of the total issue of 25 million ordinary shares, 18.75 million shares were subscribed through book building by High Net Worth Individuals and Institutional investors, while the remaining 6.25 million shares were subscribed by the General Public and the shares have been duly allotted. On May 12, 2014, The Karachi, Lahore and Islamabad Stock Exchanges have approved the Company's application for formal listing of ordinary shares.

1.2 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 Critical assumptions estimates and measurement uncertainty

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	3.1 & 3.2
B) Net realizable value of stock-in-trade	3.6
C) Provisions	3.9
D) Taxation	3.12

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.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

- Amendments to IAS 19 'Employee Benefits' Employee contributions - a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

– Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

– IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

– IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on the Company's unconsolidated financial statements.

– IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have an impact on the Company's unconsolidated financial statements.

– IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not like to have an impact on the Company's unconsolidated financial statements.

– Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of this standard is not likely to have an impact in the Company's unconsolidated financial statements.

– Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of this standard is not likely to have an impact in the Company's unconsolidated financial statements.

– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of this standard is not likely to have an impact in the Company's unconsolidated financial statements.

– Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

– Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3 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.

3.1 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 firefighting 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 4.1.

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.

3.2 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.

3.3 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 expired.

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
- financial assets at fair value through profit or loss (FVTPL)
- 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.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL 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.

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.

3.4 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.

3.5 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 - Investment in associate

The Company classifies its investments in associates '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 in associate 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.

3.6 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 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.

3.7 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.

3.8 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.

3.9 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.

3.10 Lease

3.10.1 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 3.1.

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.

3.10.2 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.

3.10.3 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account / other comprehensive income on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

3.11 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.

3.12 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.

3.12.1 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.

3.12.2 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

(Rupees in 000)

4. PROPERTY, PLANT AND EQUIPMENT

	Note		2014	2013
Operating fixed assets		4.1	1,732,642	1,206,555
Capital work-in-progress		4.5	1,568,142	1,229,831
			3,290,784	2,436,386

4.1 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	Computers, peripherals	Building on leasehold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Vehicles	Total operating fixed assets
At January 1, 2014															
Cost / revalued amount	68,563	329,070	32,600	70,911	18,996	61,860	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)	(35,324)	(10,673)	(9,317)	(28,022)	(12,438)	(28,463)	(8,659)	(792)	(27,256)	(215,046)
Net book value	47,385	308,486	30,604	61,688	18,270	26,536	5,138	13,622	181,455	141,843	267,457	102,212	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	26,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
Addition/ transfer from CWIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	5,509	-	2,368	-	-	-	-	-	-	-	14,642
Accumulated depreciation	-	-	-	-	-	-	(2,368)	-	-	-	-	-	-	-	(14,568)
Depreciation charge	14,303	17,460	7,988	5,836	843	7,465	1,380	6,757	12,225	9,626	26,988	6,863	2,206	4,164	132,676
Closing net book value	303,162	320,514	183,637	83,422	23,526	33,999	6,518	20,379	169,230	132,217	286,099	99,867	19,067	4,749	1,339,231
At December 31, 2014															
Cost / revalued amount	338,643	356,558	193,621	98,481	25,096	66,997	14,474	28,908	209,477	154,281	311,550	116,379	22,066	23,969	2,065,796
Accumulated depreciation	(35,481)	(38,044)	(9,984)	(15,059)	(1,549)	(42,789)	(9,685)	(16,074)	(40,247)	(22,064)	(65,451)	(15,512)	(2,998)	(19,220)	(333,154)
Net book value	303,162	320,514	183,637	83,422	23,526	24,208	4,789	12,834	169,230	132,217	286,099	99,867	19,067	4,749	1,732,642
Depreciation rate - %	5	5	5	6.67	5	10	20	33.33	5	5	6.67	5	10	10	20
At January 1, 2013															
Cost / revalued amount	63,236	302,526	26,244	62,130	14,926	41,808	15,673	8,475	209,477	154,281	295,920	110,871	3,961	31,268	1,342,843
Accumulated depreciation	17,851	4,586	597	7,306	240	29,290	9,673	5,606	15,797	2,812	1,909	1,934	128	21,205	119,123
Net book value	45,375	297,940	25,647	54,824	14,686	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720
Year ended December 31, 2013															
Opening net book value	45,375	297,940	25,647	54,824	14,686	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720
Addition/ transfer from CWIP	5,327	26,544	6,356	8,781	4,070	10,052	138	14,464	-	-	-	-	-	-	78,758
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	2,738	-	-	-	-	-	-	-	2,738
Accumulated depreciation	-	-	-	-	-	-	(2,738)	-	-	-	-	-	-	-	(2,738)
Depreciation charge for the year	3,317	15,998	1,399	1,917	485	6,034	1,000	3,711	12,225	9,626	26,564	6,695	664	6,051	95,923
Closing net book value	47,385	308,486	30,604	61,688	18,270	26,536	5,138	13,622	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
At December 31, 2013															
Cost	68,563	329,070	32,600	70,911	18,996	61,860	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)	(35,324)	(10,673)	(9,317)	(28,022)	(12,438)	(28,463)	(8,659)	(792)	(27,256)	(215,046)
Net book value	47,385	308,486	30,604	61,688	18,270	26,536	5,138	13,622	181,455	141,843	267,457	102,212	3,169	4,012	1,206,555
Depreciation rate - %	5	5	5	6.67	5	10	20	33.33	5	5	6.67	5	10	10	20

*Running finance facility from a Summit Bank Limited is secured on office building for the value of Rs. 400 million (2013: Rs. 400 million)

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

(Rupees in 000)

	Cost	Accumulated depreciation	Written down value	
			2014	2013
Owned Assets				
Building on lease hold land	246,178	65,539	180,639	192,947
Dispensing units	10,494	2,945	7,549	8,249
Plant and machinery	4,331	1,392	2,939	3,155
Tanks and pipelines	12,780	3,156	9,624	10,263
Electrical mechanical and fire fighting equipment	1,270	439	831	958
Leased Assets				
Building on lease hold land	166,399	58,371	108,028	116,348
Dispensing units	137,419	59,902	77,517	86,683
Plant and machinery	66,850	22,608	44,242	47,585
Tanks and pipelines	90,260	34,472	55,788	60,301
Electrical mechanical and fire fighting equipment	4,104	2,329	1,775	2,186
	740,085	251,153	488,932	528,675

4.3 The depreciation charged for the year has been allocated as follows: (Rupees in 000)

		2014	2013
Distribution expenses	29	120,166	86,135
Administrative expenses	30	12,510	9,407
		132,676	95,542

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

Type	Cost	"Accumulated depreciation"	"Net book value"	"Sale proceeds"	Gain/(Loss)	"Particulars of buyers"	"Mode of disposal"
Vehicle						Employees	
	1,389	1,111	278	840	562	- Sarwat Hasan	As per policy
	1,269	1,015	254	508	254	- Raja Iftakhar Yaqoob	As per policy
	1,384	1,107	277	554	277	- Shehryar Afzal	As per policy
	1,269	1,036	233	508	275	- Syed Musharraf	As per policy
	1,269	994	275	508	233	- Asif Abro	As per policy
	1,269	1,015	254	508	254	- Abu Nasir Siddiqui	As per policy
	1,129	978	151	474	323	- Ihsan Kapahi	As per policy
	1,269	1,015	254	512	258	- Ishaq Ahmed	As per policy
	1,269	994	275	508	233	- Imran Javed	As per policy
	902	751	151	373	222	- Mansoor Qazi	As per policy
Plant	5,509	-	5,509	4,653	(856)	- NBP Leasing Limited	Sale and leaseback
Equipment	5,763	-	5,763	5,589	(174)	- NBP Leasing Limited	Sale and leaseback
Aggregate of assets disposed-off having net book value of less than Rs. 50,000.							
Vehicles	4,591	4,549	42	2,150	2,108	Various Employees	As per policy

(Rupees in 000)

4.5 Capital work in progress

	2014	2013
Office building	559,278	455,794
Petrol pump buildings	142,467	69,000
Plant and machinery	3,942	10,108
Tanks and pipe lines	302,354	220,078
Dispensing pumps	85,649	77,673
Computer auxiliaries	1,819	1,433
Electrical, mechanical and fire fighting equipment	243,144	125,677
Furniture, office equipment and other assets	98,852	60,601
Vehicles	-	44
Borrowing cost capitalized	35,717	59,463
Advances to contractors	84,920	149,960
	1,558,142	1,229,831

4.5.1 During the year additions amounting to Rs 1,000.788 million (2013: 658.359 million) has been made in capital work in progress. This also includes borrowing cost capitalized during the year at the rate ranging from 12.64% - 13.18% (2013: 12.08% - 13.00%)

5. INTANGIBLE

(Rupees in 000)

	Note	2014	2013
Net book value			
Net book value at beginning of the year		7,054	13,717
Reclassified to operating fixed assets	5.1	-	(5,418)
Amortisation charge for the year		(2,766)	(1,245)
Net book value at the end of the year		4,288	7,054
Net book value			
Cost		8,299	8,299
Accumulated amortization		(4,011)	(1,245)
		4,288	7,054
Rate of amortization - %		33.33	33.33

5.1 The intangible asset included an amount of Rs. 5.418 million as at December 31, 2013 pertaining to acquisition of server which had been reclassified during the last year to property, plant and equipment.

6. LONG-TERM INVESTMENTS

(Rupees in 000)

	Note	2014	2013
Investments in related parties			
- Subsidiary - at cost	6.1	-	-
- Associate - at fair value	6.2	781,542	-
		781,542	-

6.1 Unquoted subsidiary company - at cost

(Rupees in 000)

	Note	Cost	Provision for impairment	Carrying value	
				2014	2013
Hascombe Lubricants (Private) Limited	6.1.1	30,604	(30,604)	-	-

Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the Company, incorporated in Pakistan under the Companies Ordinance, 1984. Company holds 9.779 million ordinary shares (December 31, 2013: 9.779 million) of Rs. 10 per share.

6.1.1 Movement in provision for impairment in long-term investment

(Rupees in 000)

	Note	2014	2013
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

6.2 Investment in associate

(Rupees in 000)

	Note	Cost	Unrealized loss	Carrying value	
				2014	2013
Pakistan Refinery Limited - PRL	6.2.1	788,332	(6,790)	781,542	-

6.2.1 Investment in Pakistan Refinery Limited (quoted) amounts to Rs. 788.332 million (December 2013: Rs. Nil) representing 13.72% (December 2013 : Nil%) of PRL paid up share capital as at December 31, 2014. At year end Company has 4.802 million shares (December 2013 : Nil) and market value per share as at December 31, 2014 is Rs. 162.75.

7 LONG-TERM DEPOSITS

(Rupees in 000)

	Note	2014	2013
Lease deposits		18,780	27,761
Less: current portion of lease deposits	12	(8,004)	(15,503)
		10,776	12,258
Other deposits	7.1	45,713	14,855
		56,489	27,113

7.1 Other deposits include an amount of Rs. 8.2 million (2013: Rs. 8.2 million) with PAF Base Faisal, for Hascol one petrol station, a Company owned and Company operated site.

8 DEFERRED TAXATION

(Rupees in 000)

	2014	2013
This is comprised of the following:		
Taxable temporary difference arising in respect of :		
Accelerated depreciation	(251,938)	(157,057)
Assets under finance lease	(169,948)	(192,641)
Exchange gain	(6,570)	891
Deductible temporary difference arising in respect of :		
Liabilities against assets subject to finance lease	24,080	33,251
Provision for:		
- retirement benefit	22,443	16,469
- doubtful debts	2,518	2,629
Investments	10,516	10,711
Carry forward tax losses	60,675	112,015
Turnover tax	817,299	501,240
	509,075	327,508

Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate unutilized tax losses as at December 31, 2014 amounts to Rs. 72.187 million (December 31, 2013: Rs. 320.042 million), the deferred income tax asset has been recognized on tax losses and on turnover tax, based on projections of future taxable profits of the Group.

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.

8.1 Movement in deferred tax

(Rupees in 000)

	Note	2014	2013
Opening deferred asset		327,508	142,998
Deferred tax income raised through profit and loss	34	177,855	183,413
Deferred tax income raised through other comprehensive income		3,712	1,097
Closing deferred tax		509,075	327,508
9 STOCK-IN-TRADE			
Raw and packing materials		76,986	83,344
Finished goods			
- fuels	9.1 & 9.2	2,975,439	2,895,276
- lubricants	9.3	179,475	175,103
		3,154,914	3,070,379
Stock of fuel in transit		241,804	-
		3,473,704	3,153,723

9.1 Finished goods fuels includes Rs. 104.238 million (2013: 20.171 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

9.2 Stock in finished goods includes High Speed Diesel amounting to Rs. 152.002 million (2013: Rs. 200.363 million) and Premium Motor Gasoline amounting to Rs. nil (2013: Rs. 273.625 million) pledged as security with Sindh Bank Limited in respect of cash finance facility.

9.3 Finished goods includes lubricants amounting to Rs. nil (2013: Rs. 80.054 million) pledged as security with Askari Bank Limited in respect of running finance facility.

9.4 Stock in trade includes item costing Rs. 3,470.528 million (2013: Rs. Nil) which have been valued at net realisable value amounting to Rs. 3,217.243 million (2013: Nil) as a result of decline in selling prices of certain petroleum products with effect from January 1, 2015.

10 TRADE DEBTS

(Rupees in 000)

	Note	2014	2013
Unsecured			
Due from related party			
- Considered good	10.1	157	-
- Considered doubtful	10.1 & 10.2	7,124	7,124
		7,281	7,124
Due from others			
- Considered good		4,548,666	2,116,118
- Considered doubtful		849	849
		4,549,515	2,116,967
		4,556,796	2,124,091
Less: Provision for impairment	10.3	(7,973)	(7,973)
		4,548,823	2,116,118

(Rupees in 000)

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

	Note	2014	2013
Past due 1-30 days		157	-
More than 365 days		7,124	7,124

10.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.124 million (2013: Rs. 7.124 million).

10.3 Movement of provision for impairment

(Rupees in 000)

	Note	2014	2013
Opening balance		7,973	7,573
Provision made during the year		-	400
Closing balance		7,973	7,973

11 ADVANCES

(Rupees in 000)

	Note	2014	2013
Considered good			
Advances:			
to employees			
- against expenses		7,189	7,089
- against salary		14,828	4,528
against import		4,342	-
paid to suppliers		140,207	274,046
		166,566	285,663

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Rupees in 000)

		2014	2013
Receivable from oil marketing companies	12.1	437,596	-
Inland Freight Equalization Margin (IFEM) receivable		373,335	-
Prepaid rent		89,051	29,024
Franchise income receivable		65,503	47,886
Prepaid insurance and others		18,565	25,080
Current portion of lease deposits		8,004	15,503
Price Differential Claims	12.2	5,083	5,083
Others	12.3	27,817	13,817
		1,024,954	136,393

12.1 It represents amount receivable from various oil marketing companies (OMCs) on account of share of motor gasoline imported by the Company on behalf of various OMCs.

12.2 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 perusing 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.

12.3 This includes Rs. 18.2 million (2013: Rs. 12.3 million) receivable from Sigma Motors (Private) Limited (a related party).

13 CASH AND BANK BALANCES

(Rupees in 000)

	Note	2014	2013
Balances with banks:			
- in current account	13.1	146,742	623,702
- in deposit account		1,613,347	237,313
		1,760,089	861,015
Cash in hand	13.2	844	3,733
		1,760,933	864,748

13.1 This includes an amount of Rs 8.3 million (2013: Rs. Nil) maintained with KASB Bank Limited which has been held under restrictions imposed by State Bank of Pakistan. Therefore the company cannot withdraw an amount exceeding Rs 0.3 million.

13.2 These carry mark-up ranging from 6% to 8.5% per annum (2013: 6% to 8.5% per annum).

14 SHARE CAPITAL**14.1 AUTHORIZED SHARE CAPITAL**

(Rupees in 000)

2014	2013	2014	2013
Number of shares			
150,000,000	150,000,000	1,500,000	1,500,000

14.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

(Rupees in 000)

2014	2013		2014	2013
Number of shares				
64,540,000	64,540,000	Ordinary shares of Rs. 10 each fully paid in cash	645,400	645,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	10,600	10,600
		14.3		
25,000,000	-	Ordinary shares of Rs. 10 each fully paid in cash	250,000	-
		1.1		
90,600,000	65,600,000		906,000	656,000

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

15 RESERVES

(Rupees in 000)

Note	2014	2013
Capital reserve		
Share premium reserve	1,070,828	3,300
Fair value reserve	(5,941)	-
	1,064,887	3,300
Revenue reserve		
Unappropriated profit	807,926	426,162
	1,872,813	429,462

16 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

(Rupees in 000)

Note	2014	2013
Opening balance	550,403	608,596
Transfer in respect of incremental depreciation charged during the year	(58,194)	(58,193)
	492,209	550,403
Related deferred tax		
Opening balance	192,027	212,395
Reversal of deferred tax liability on account of incremental depreciation charged during the year	(20,368)	(20,368)
	171,659	192,027
	320,550	358,376

16.1 During year end 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 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million.

17 LONG TERM FINANCES - SECURED

(Rupees in 000)

		2014	2013
PAIR Investment Company Limited	17.1	139,286	58,333
First Women Bank Limited	17.2	90,909	163,636
Burj Bank Limited	17.3	297,785	-
Pak Oman Investment Company Limited	17.4	39,900	-
		567,880	221,969
Current portion of long term finance			
PAIR Investment Company Limited		42,857	33,332
First Women Bank Limited		90,909	90,905
Burj Bank Limited		148,893	-
Pak Oman Investment Company Limited		6,650	-
		(289,309)	(124,237)
		278,571	97,732

17.1 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 installments starting from the end of six months from the date of first draw down with last repayment due on January 8, 2018.

17.2 This represents working capital finance from First Women Bank Limited for construction of retail outlet. The sanction limit is Rs. 200 million and is secured against specific charge on retail outlets worth Rs. 38 million, charge on Shikarpur installation worth Rs. 229 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 is repayable in 12 equal quarterly installments due three months the date of first draw down with last repayment due on December 31, 2015.

17.3 This represents working facility of diminishing Musharika arrangement from Burj Bank Limited to refinance already 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 installments starting from the 12 month of first draw down with the last repayment date of June 2016.

17.4 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. 100 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 of 3%. The loan is repayable in 42 equal monthly installments in arrears, with grace period of six months, from first draw down with last repayment due in November, 2018.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into various lease agreements with various leasing companies for lease of various items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2017, have been discounted by using financing rates ranging from 11.25% to 18.5% (2013: 11.25% to 14.66% 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:

(Rupees in 000)

	2014			2013		
	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
Upto one year	34,337	6,802	27,535	64,813	15,504	49,309
Between one year to five years	56,632	7,928	48,704	63,209	17,516	45,693
	90,969	14,730	76,239	128,022	33,020	95,002

19 LONG TERM DEPOSITS

(Rupees in 000)

	Note	2014	2013
Opening balance		90,872	84,262
Addition during the year		12,279	6,610
Imputed income on remeasurement		(42,364)	-
	19.1	60,787	90,872

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

20 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.

(Rupees in 000)

	Note	2014	2013
Deferred liability - Gratuity	20.1 & 20.2	71,057	47,054

The information provided in notes 20.2 to 20.6 have been obtained from the actuarial recommendations.

20.1 Movement in liability recognized in balance sheet

(Rupees in 000)

	Note	2014	2013
Present value of defined benefit obligation as at the end of the year	20.3	71,057	47,054
Fair value of plan assets		-	-
Balance sheet liability		71,057	47,054

20.2 Movement in liability recognized in balance sheet

(Rupees in 000)

	2014	2013
Balance at the beginning of the year	47,054	31,093
Add: Charge for the year 20.4	14,942	9,706
Less: Payments to outgoing employees	-	(513)
Remeasurements charged to Other Comprehensive Income	9,061	6,768
Balance at the end of the year	71,057	47,054

20.3 Movement in present value of the defined benefit obligation

Opening balance	47,054	31,093
Current service cost	8,516	5,716
Interest cost	6,426	3,990
Benefit paid during the year	-	(513)
Remeasurement: Actuarial losses - net of tax	6,199	4,399
Impact of deferred tax	2,862	2,369
Remeasurement: Actuarial losses (gross amount)	9,061	6,768
Present value of defined benefit obligation at the end of year	71,057	47,054

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

Current service cost	8,516	5,716
Net interest cost	6,426	3,990
Total gratuity expense for the year for unfunded obligation	14,942	9,706

20.5 Actuarial assumptions

(% Per annum)

	2014	2013
The following significant assumptions were used in the valuation of these schemes:		
- Expected long-term rate of increase in salary level	10.50%	11.75%
- Discount rate	10.50%	12.75%

21 TRADE AND OTHER PAYABLES

(Rupees in 000)

	2014	2013
Trade creditors	6,442,108	5,271,350
Payable to cartage contractors	739,439	213,139
Advance from customers	269,577	142,635
Accrued liabilities	51,382	78,933
IFEM payable	-	233,275
Other advances	-	200,565
Other liabilities	600,639	264,370
	8,103,145	6,404,267

22 MARK-UP ACCRUED

(Rupees in 000)

	2014	2013
Mark-up accrued	59,877	18,001

22.1 As noted in note 23, this represents mark-up payable on finances availed by the Company.

23 SHORT TERM RUNNING FINANCES - SECURED

(Rupees in 000)

	Note	2014	2013
Financial institutions	23.1	821,707	604,680
Commercial paper	23.2	-	75,000
Term finance certificates	23.3	450,000	-
		1,271,707	679,680

23.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 821.7 million (2013: Rs. 604.68 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 November 2015. 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 (2013: stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% 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 month KIBOR + 2.75% to 3 month KIBOR + 3.5% per annum (2013: 1 month KIBOR + 2.75% to 6 month KIBOR + 3% per annum) calculated on a daily product basis, that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 228 million (2013: Rs. 180 million).

23.2 This represents cash finance facility to the extent of Rs. 75 million availed from PAIR Investment Company Limited and Pak Libya Holding Company (Private) Limited. The facility carried mark-up at the rate of six month KIBOR plus spread of 3.0% per annum paid on March 11, 2014. The loan is unsecured with credit rating requirement grade A medium to long term and A2 short term.

23.3 This represents privately placed term finance certificate and carries markup at the rate of 6 month KIBOR plus spread of 3% per annum payable at the end of every quarter. The loan is secured against ranking charge on present and future current assets of the Company with a 25% margin.

24 TAXATION

(Rupees in 000)

	2014	2013
Sales tax payable	1,591,492	4,028
Income tax payable	715,611	349,995
	2,307,103	354,023

24.1 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.

25 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.

The facility for opening letters of credit (LCs) acceptances as at December 31, 2014 amounted to Rs. 9,322 million (2013: Rs.3,399 million) of which the amount remaining unutilized as at that date was Rs. 2,243 million (2013: Rs. 1,507 million).

Commitments

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

(Rupees in 000)

	2014	2013
Property, plant and equipment	346,760	30,872

Commitments for rental under operating lease agreements / ijarah contracts as at December 31, 2014 amounted to Rs.1,236 million (2013: Rs.1,202 million) as follows:

(Rupees in 000)

	2014	2013
Not later than one year	91,060	83,252
Later than one year and not later than five years	346,442	322,682
Later than five years	798,729	795,612
	1,236,231	1,201,546

26 SALES - net

(Rupees in 000)

	2014	2013
Sales	99,238,100	57,523,947
Less: Sales discount	(176,604)	(54,499)
Net sales	99,061,496	57,469,448

27 OTHER REVENUE

(Rupees in 000)

	2014	2013
Joining fee for petrol pump operators	10,130	4,810
Franchise fee	47,228	42,178
	57,358	46,988

28 COST OF PRODUCTS SOLD

(Rupees in 000)

	Note	2014	2013
Opening stock of lubricants, raw and packing materials		258,447	183,865
Raw and packing materials purchased		821,160	478,119
Less: Closing stock of lubricants, raw and packing materials	9	(256,461)	(258,447)
Lubricants, raw and packing materials consumed		823,146	403,537
Opening stock - fuel		2,895,276	433,225
Fuel purchased		72,492,296	45,614,826
Storage and handling		361,273	136,142
Duties and levies	28.1	9,268,984	4,813,977
Less: Closing stock - fuel	9	(3,217,243)	(2,895,276)
Inventory write off		253,285	-
		82,053,871	48,102,894
		82,877,017	48,506,431

28.1 Duties and levies

(Rupees in 000)

	2014	2013
Inland Freight Equalization Margin (IFEM)	1,574,144	702,117
Petroleum Development Levy	5,366,329	2,186,279
Freight	2,328,511	1,925,581
	9,268,984	4,813,977

29 DISTRIBUTION AND MARKETING EXPENSES

(Rupees in 000)

	Note	2014	2013
Salaries, wages and other benefits	30.1	161,171	106,523
Traveling and conveyance		69,722	25,596
Rent, rates and taxes		126,726	124,293
Insurance		40,798	37,629
Depreciation	4.3	120,166	86,135
Entertainment		5,613	2,996
Printing and stationery		3,808	1,592
Communication		3,154	865
Repairs and maintenance		11,224	10,598
Utilities		11,366	7,314
Fees and subscription		2,850	7,744
Legal and professional charges		1,000	3,873
		557,598	415,158
		557,598	415,158

Balance carried Forward

(Rupees in 000)

	2014	2013
Balance brought Forward	557,598	415,158
Commission	191,639	124,931
Royalty	-	37,125
Advertising and publicity	16,269	14,146
Miscellaneous	3,308	282
	768,814	591,642

30 ADMINISTRATIVE EXPENSES

(Rupees in 000)

	Note	2014	2013
Salaries, allowances and other benefits	30.1	143,442	111,788
Traveling and conveyance		25,182	23,952
Rent, rates and taxes		6,842	3,138
Insurance		19,097	9,448
Depreciation	4.3	12,510	9,407
Amortisation	5	2,766	1,245
Entertainment		3,592	3,620
Printing and stationery		5,250	6,011
Communication		8,212	2,765
Repairs and maintenance		7,119	6,826
Utilities		7,453	5,755
Fee and subscription		15,116	13,185
Advertising and publicity		6,575	1,020
Auditors' remuneration	30.2	2,219	4,188
Donation	30.3	6,004	727
Legal and professional charges		48,204	22,714
Ujrah payments		9,804	3,285
Miscellaneous		-	178
		329,387	229,252

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

- Gratuity	20.4	14,942	9,706
- Contribution to provident fund		7,969	5,672

30.2 Auditors' remuneration

Statutory audit		1,000	3,219
Half yearly review		275	225
Certifications		500	275
Consolidation		150	125
Out of pocket expenses		294	344
		2,219	4,188

30.3 Donations include an amount of Rs. 1.0 million (2013: Rs. Nil) paid to Layton Rahmatulla Benevolent Trust (LRBT). Mr. Najmus Saquib Hameed (Director) is also a CEO of LRBT.

31 OTHER INCOME

(Rupees in 000)

	2014	2013
Income from financial assets		
Profit on bank deposits	70,486	16,923
Gain on sale of investment	7,874	-
	78,360	16,923
Income from non-financial assets		
Promotional marketing fee	1,270	300
Scrap sales	3,891	184
Gain on disposal of operating fixed assets	3,969	2,573
Reversal of royalty	62,963	-
Rent income	5,846	8,142
Storage and handling income	100,028	11,613
Imputed income on remeasurement	42,364	-
	220,331	22,812
	298,691	39,735

32 FINANCE COST

Mark-up on borrowings	104,985	55,168
LC charges	123,309	33,622
Lease finance charges	16,787	10,706
Bank charges	19,005	10,980
	264,086	110,476

33 OTHER CHARGES

Workers' welfare fund	17,295	8,185
Exchange loss - net	91,161	35,292
	108,456	43,477

34 TAXATION

Current	402,541	216,908
Deferred	(177,855)	(183,413)
	224,686	33,495

34.1 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.

35 EARNINGS PER SHARE - Basic and diluted

(Rupees in 000)

Note	2014	2013
Profit for the year	640,057	391,551
Weighted average number of ordinary shares	81,627	65,600
Earning per share - Basic	7.84	5.97

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.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

(Rupees in 000)

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Directors' fee	-	1,830	-	-	1,460	-
Managerial remuneration	16,375	20,686	114,205	13,646	16,056	62,705
Cost of living allowance	3,179	2,776	27,230	2,649	2,352	18,197
Reimbursement of medical expenses	1,398	371	7,026	2,076	1,207	5,923
Bonus	8,148	18,101	16,643	2,263	20,814	23,742
Retirement benefits	911	1,056	4,888	781	918	8,590
	30,011	44,820	169,992	21,415	42,807	119,157
Number of persons	1	6	112	1	6	52

36.1 The Chief Executive Officer and certain executives, as explained in note 36, are also provided with the free use of Company maintained cars and cell phones. In addition, the Chief Executive Officer and Chief Operating Officer are provided with free security services in accordance with the terms of employment.

37 RELATED PARTY TRANSACTIONS AND BALANCES

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

Remuneration of key management personnel is disclosed in note 36 Amount due to / from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:

(Rupees in 000)

Nature of relationship	Nature of transaction	2014	2013
Associated companies			
Pakistan Refinery Limited	Purchase of fuels	19,369,996	20,245,472
	Expenses charged	31,609	-
Marshal Gas (Private) Limited	Purchase of fuels	6,657	15,317
Sigma Motors (Private) Limited	Sale of fuels	8,098	7,571
	Office rent	5,846	8,142
Habib Metropolitan Bank Limited	LC charges	17,700	83
Hascombe Business Solution (Private) Limited	IT services support	3,340	-
Staff retirement benefits / contribution funds			
Provident fund	Contribution	7,969	5,672
Gratuity fund	Contribution	14,942	9,706
Key management personnel	Salaries and benefits	184,450	183,406

(Rupees in 000)

		2014	2013
Other related parties	Professional fees	33,986	9,222
	Expense reimbursed	365	-
Balances			
Associated companies			
Pakistan Refinery Limited	Trade creditors	554,016	2,128,102
Marshal Gas (Private) Limited	Trade creditors	94	338
Sigma Motors (Private) Limited	Trade debtors	18,345	12,342

All transactions with related parties have been carried out on arm's length basis.

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

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.

38 CASH GENERATED FROM OPERATIONS

(Rupees in 000)

	Note	2014	2013
Profit before taxation		864,743	425,046
Adjustment for:			
Depreciation and amortization	4.3 & 5	135,442	97,168
Provision for gratuity	20.4	14,942	9,706
Profit on bank deposits	31	(70,486)	(16,923)
Gain on sale of investments	31	(7,874)	-
Gain on sale of operating fixed assets	31	(3,969)	(2,573)
Finance cost	32	299,803	110,476
Cash in bank account restricted during the year	13.1	(8,276)	-
Changes in working capital	38.1	(235,808)	474,931
		988,517	1,097,831

38.1 Changes in working capital

(Rupees in 000)

	Note	2014	2013
Decrease / (Increase) in current assets			
Stock-in-trade		(319,981)	(2,536,634)
Trade debts		(2,432,705)	(815,304)
Advances		119,097	(313,218)
Deposits, prepayments and other receivables		(888,561)	(27,456)
		(3,522,150)	(3,692,612)
Increase in current liabilities			
Trade and other payables		3,286,342	4,167,543
Changes in working capital		(235,808)	474,931

39 CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and bank balance	13	1,760,933	864,748
Short term running finances - secured	23	(1,271,707)	(679,680)
Restricted cash	13.1	(8,276)	-
		480,950	185,068

40 OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of single reportable segment.

Sales from petroleum product represent 99.92 % (December 2013: 99.91%) of total revenue of the Company

Out of total sales of the Company, 100 % (December 2013: 100 %) related to customers in Pakistan.

All non-current assets of the Company as at December 31, 2014 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.

41 FINANCIAL INSTRUMENTS BY CATEGORY

(Rupees in 000)

Note	2014	2013
Financial assets		
Available for sale		
Investment in associate	781,542	-
At amortised cost		
Long-term deposits	64,493	42,616
Trade debts	4,548,823	2,116,118
Advances	14,828	4,528
Other receivables	881,517	52,969
Cash and bank balance	1,760,933	864,748
	7,270,594	3,080,979
	8,052,136	3,080,979
Financial liabilities		
At amortised cost		
Long term finances - secured	567,880	221,969
Liabilities against assets subject to finance lease	76,239	95,002
Long term deposits	60,787	90,872
Trade and other payables	7,181,547	5,717,764
Mark-up accrued	59,877	18,001
Short term running finances - secured	1,271,707	679,680
	9,218,037	6,823,288

41.1 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.

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 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 42.1.1)
- Credit risk and concentration of credit risk (42.1.2)
- Liquidity risk (42.1.3)

42.1.1 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 35.585 million (2013: 1.238 million) having PKR equivalent amount of Rs. 3,587 million (2013: 130.696 million). The average rates applied during the year is Rs. 101.02 per USD (December 2013 : Rs. 101.53 per USD) and the spot rate as at December 31, 2014 is Rs. 100.80 per USD (December 2013 : Rs. 105.55 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. 91.1 million (December 2013 : Rs. 35.3 million) during the year.

Sensitivity analysis

As at December 31, 2014, 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. 358 million (2013: 13.06 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 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.

(Rupees in 000)

"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				
As at December 31, 2014	(15,749)	15,749	(10,552)	10,552
As at December 31, 2013	12,534	(12,534)	8,272	(8,272)

(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/markup 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. 781.5 million (2013: Nil) 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, 2014 and 2013 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 KSE 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)
December 31, 2014	781.542	Increase	1,016,005	234,463	-
		Decrease	(1,016,005)	(234,463)	-
December 31, 2013	-	Increase	-	-	-
		Decrease	-	-	-

(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.

42.1.2 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. 8,052 million (2013: Rs. 3,080 million), the financial assets which are subject to credit risk amounting to Rs. 5,509 million (2013: Rs. 2,216 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:

	(Rupees in 000)	
	2014	2013
Long-term deposits	64,493	42,616
Trade debts	4,548,823	2,116,118
Advances	14,828	4,528
Other receivables	881,517	52,969
Cash and bank balance	1,760,933	864,748
	7,270,594	3,080,979

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	PACRA	A1+	AA
Bank Al Falah Limited	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A
Bank of Punjab Limited	PACRA	A1	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
JS Bank Limited	PACRA	A1	A+
KASB Bank Limited	PACRA	A-3	BBB
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR- VIS	A-1+	AA
National Bank of Pakistan	JCR- VIS	A- 1+	AAA

Banks	Rating Agency	Short term	Long term
NIB Bank Limited	PACRA	A1 +	AA-
Samba Bank Limited	JCR- VIS	A-1	AA-
Silkbank Limited.	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1 +	AA-
Soneri Bank Limited	PACRA	A1 +	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1 +	AAA
Summit Bank Limited	JCR- VIS	A-3	A-
United Bank Limited	JCR- VIS	A-1 +	AA+
PAIR Investments Limited	PACRA	A-1 +	AA-
First Women Bank Limited	PACRA	A2	A-
The Bank of Kyber	JCR- VIS	A-1	A
Burj Bank Limited	JCR- VIS	A-1	A
Industrial and Commercial Bank of China Limited	S&P		A
Pak Libya Holding Company (Private) Limited	PACRA		AA

(b) Interest rate risk (continued)

(Rupees in 000)

	Effective yield/interest rate %	Exposed to yield/interest risk		Non-interest bearing		"2014 Total"
		"Maturity upto one year"	"Maturity after one year"	"Maturity upto one year"	"Maturity after one year"	
Financial assets						
Investment in associate	-	-	-	-	781,542	781,542
Long-term deposits	-	-	-	-	64,493	64,493
Trade debts	-	-	-	4,548,823	-	4,548,823
Advances	-	-	-	14,828	-	14,828
Other receivables	-	-	-	881,517	-	881,517
Cash and bank balances	6 - 8.5 p.a.	1,613,347	-	147,586	-	1,760,933
	(a)	1,613,347	-	5,592,754	846,035	6,438,789
Financial liabilities						
Liabilities against assets subject to finance lease	11.25 - 18.5 p.a.	27,535	48,704	-	-	76,239
Long term finances - secured	11.25 - 18.5 p.a.	289,309	278,571	-	-	567,880
Long-term deposits	-	-	-	-	60,787	60,787
Trade and other payables	-	-	-	7,181,547	-	7,181,547
Markup accrued	-	-	-	59,877	-	59,877
Short term running finances - secured	-	1,271,707	-	-	-	1,271,707
	(b)	1,588,551	327,275	7,241,424	60,787	7,302,211
	(a)-(b)	24,796	(327,275)	(1,648,670)	785,248	(863,422)
On balance sheet gap						(1,165,901)

(Rupees in 000)

	Effective yield/interest rate %	Exposed to yield/interest risk		Non-interest bearing		"2013 Total"
		"Maturity upto one year"	"Maturity after one year"	"Maturity upto one year"	"Maturity after one year"	
Financial assets						
Long-term deposits	-	-	-	-	27,113	27,113
Trade debts	-	-	-	2,116,118	-	2,116,118
Other receivables	-	-	-	52,969	-	52,969
Cash and bank balances	6.0 to 8.5	237,313	-	623,702	-	861,015
	(a)	237,313	-	2,792,789	27,113	2,819,902
Financial liabilities						
Liabilities against assets subject to finance lease (gross)	12.36 to 17.35	64,813	63,209	-	-	128,022
Long term finances - secured	12.28 to 15.49	124,237	97,732	-	-	221,969
Long-term deposits	-	-	-	-	90,872	90,872
Trade and other payables	-	-	-	6,404,267	-	6,404,267
Markup accrued	13.18 to 15.49	18,001	-	-	-	18,001
Short term running finances - secured	-	886,731	160,941	-	-	1,047,672
	(b)	886,731	160,941	6,404,267	90,872	6,495,139
	(a)-(b)	(649,418)	(160,941)	(3,611,478)	(63,759)	(3,675,237)
On balance sheet gap						(4,485,596)

42.1.3 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, 2014 the Company's financial liabilities have contractual maturities as summarised below:

(Rupees in 000)			
	With in One year	Over one year	Total
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	8,103,145	-	8,103,145
Mark-up accrued	59,877	-	59,877
Short term running finances - secured	1,271,707	-	1,271,707
	9,751,573	388,062	10,139,635

As at December 31, 2013 the Company's liabilities had contractual maturities as summarised below:

(Rupees in 000)			
	With in One year	Over one year	Total
Long term finances - secured	124,237	97,732	221,969
Liabilities against assets subject to finance lease	-	45,693	45,693
Long term deposits	-	90,872	90,872
Trade and other payable	6,404,267	-	6,404,267
Mark-up accrued	18,001	-	18,001
Short term running finances - secured	679,680	-	679,680
	7,226,185	234,297	7,460,482

43 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(Rupees in 000)

	2014	2013
Total borrowings	1,888,291	947,342
Cash and bank balance	(1,760,933)	(864,748)
Net debt	127,358	82,594
Total Equity	2,778,813	1,085,462
Total Capital	2,906,171	1,168,056
Gearing ratio	4.38%	7.07%

44 EMPLOYEES PROVIDENT FUND

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

(Rupees in 000)

	2014	2013
Size of fund - total assets (Rupees in '000)	41,656	31,112
Cost of investments made (Rupees in '000)	35,955	31,112
Percentage of investments made	100%	100%
Fair value of investments (Rupees in '000)	41,656	31,112

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.

45 NUMBER OF EMPLOYEES

December

	2014	2013
Total number of employees at year-end	292	204
Average number of employees during the year	259	188

46 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.

47 DATE OF AUTHORISATION

These financial statements have been authorised for issue on 25th March 2015 by the Board of Directors of the Company.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saqib Hameed
Director

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**Audited
Consolidated
Financial Statements
for the year ended
31st December
2014**

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



Grant Thornton

An instinct for growth™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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We have audited the annexed 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, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows 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, 2014 and the results of their operations for the year then ended.

We draw attention to note 1.1 to the consolidated financial statements which interalia states that the subsidiary company has not been operative since last six 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.

Place: Karachi

Date: **25 MAR 2015**


Anjum Asim Shahid Rahman

Chartered Accountants
Muhammad Shaukat Naseeb

CONSOLIDATED BALANCE SHEET

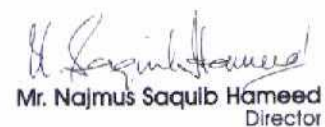
AS AT DECEMBER 31, 2014

(Rupees in 000)

	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,290,784	2,436,386
Intangible	5	4,288	7,054
Long-term investments	6	781,542	-
Long-term deposits	7	56,489	27,113
Deferred taxation	8	509,075	327,508
Total non-current assets		4,642,178	2,798,061
Current assets			
Stock-in-trade	9	3,473,704	3,153,723
Trade debts	10	4,548,823	2,116,118
Advances	11	166,566	285,663
Deposits, prepayments and other receivables	12	1,024,954	136,393
Cash and bank balances	13	1,761,389	865,510
Total current assets		10,975,436	6,557,407
TOTAL ASSETS		15,617,614	9,355,468
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	906,000	656,000
Reserves	15	1,872,057	429,162
Total shareholders' equity		2,778,057	1,085,162
Surplus on revaluation of fixed assets - net of tax	16	320,550	358,376
LIABILITIES			
Non-current liabilities			
Long term finances - secured	17	278,571	97,732
Liabilities against assets subject to finance lease	18	48,704	45,693
Long term deposits	19	60,787	90,872
Deferred liability - gratuity	20	71,057	47,054
Total non-current liabilities		459,119	281,351
Current liabilities			
Trade and other payables	21	8,104,357	6,405,329
Mark-up accrued	22	59,877	18,001
Short term running finances - secured	23	1,271,707	679,680
Current portion of long term finances - secured	17	289,309	124,237
Current maturity of liabilities against assets subject to finance lease	18	27,535	49,309
Taxation	24	2,307,103	354,023
Total current liabilities		12,059,888	7,630,579
TOTAL LIABILITIES		12,519,007	7,911,930
TOTAL EQUITY AND LIABILITIES		15,617,614	9,355,468
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saqib Hameed
Director


CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
Sales - net	26	99,061,496	57,469,448
Less: Sales tax		(14,205,042)	(7,649,847)
Net sales		84,856,454	49,819,601
Other revenue	27	57,358	46,988
Net revenue		84,913,812	49,866,589
Cost of products sold	28	(82,877,017)	(48,506,431)
Gross profit		2,036,795	1,360,158
Operating expenses			
Distribution and marketing	29	(768,814)	(591,642)
Administrative	30	(329,843)	(229,552)
		(1,098,657)	(821,194)
Other income	31	298,691	39,735
Operating profit		1,236,829	578,699
Finance cost	32	(264,086)	(110,476)
Other charges	33	(108,456)	(43,477)
		(372,542)	(153,953)
Profit before taxation		864,287	424,746
Taxation	34	(224,686)	(33,495)
Profit for the year		639,601	391,251
			(Rupees)
Earnings per share - basic and diluted	35	7.84	5.96

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saqib Hameed
Director


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
Profit for the year		639,601	391,251
Other comprehensive income:			
Items that will never be reclassified to profit and loss account			
"Remeasurement of net defined benefit liability - net of tax"	20.3	(6,199)	(4,399)
Items that may be reclassified subsequently to profit and loss account			
Unrealized loss due to change in fair value of long term investment classified as 'Available for sale' - net of tax		(5,941)	-
		(12,140)	(4,399)
Total comprehensive income		627,461	386,852

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.


Mumtaz Hasan Khan
 Chairman & Chief Executive


Mr. Najmus Saqib Hameed
 Director


CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

		(Rupees in 000)	
	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	988,211	1,097,831
Finance cost paid		(257,927)	(100,381)
Profit on bank deposits		70,486	16,923
Dividend paid		(289,920)	-
Taxes paid		(36,926)	(65,552)
Gratuity paid		-	(513)
Net cash generated from operating activities		473,924	948,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,000,788)	(660,846)
Proceeds from disposal of property, plant and equipment		17,683	10,858
Long term investment made during the year		(827,579)	-
Proceeds from disposal of long term investment		47,121	-
Long - term deposits		(29,376)	7,878
Net cash used in investing activities		(1,792,939)	(642,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid - net		(18,763)	(60,524)
Proceeds from issuance of shares - net		1,317,528	-
Long term finance obtained and repaid - net		345,911	(162,555)
Long - term deposits		(30,085)	9,449
Net cash generated from / (used in) financing activities		1,614,591	(213,630)
Net increase in cash and cash equivalents		295,576	92,568
Cash and cash equivalents as at the beginning of the year		185,830	93,262
Cash and cash equivalents as at the end of the year	39	481,406	185,830

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saquib Hameed
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED DECEMBER 31, 2014

(Rupees in 000)

	Share Capital	" Capital reserve "		" Revenue reserve "	Total
		" Share premium "	" Fair value reserve "	Unappropriated profit	
Balance as at January 01, 2013	656,000	3,300	-	1,185	660,485
Total comprehensive income for the year					
Profit for the year	-	-	-	391,251	391,251
Other comprehensive income					
"Remeasurement of net defined benefit liability - net of tax"	-	-	-	(4,399)	(4,399)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	37,825	37,825
	656,000	3,300	-	424,677	424,677
Balance as at December 31, 2013	656,000	3,300	-	425,862	1,085,162
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

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saqib Hameed
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND OPERATIONS

The 'Group' consist of:

Holding company

- Hascol Petroleum Limited

Subsidiary company

- Hascombe Lubricants (Private) Limited

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited Company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted Company. The registered office of the Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. The 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 During the year, the Company has made an Initial Public Offering (IPO) through issuance of 25 million ordinary shares of Rs. 10 each at a price of Rs. 56.50 per share determined through book building process. Out of the total issue of 25 million ordinary shares, 18.75 million shares were subscribed through book building by High Net Worth Individuals and Institutional investors, while the remaining 6.25 million shares were subscribed by the General Public and the shares have been duly allotted. On May 12, 2014, The Karachi, Lahore and Islamabad Stock Exchanges have approved the Company's application for formal listing of ordinary shares.

The Group include the Holding Company and the Subsidiary Company:

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

Hascombe Lubricants (Private) Limited is wholly owned subsidiary of the Company, incorporated in Pakistan under the Companies Ordinance, 1984. Company holds 9.779 million ordinary shares (December 31, 2013: 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 subsidiaries' shareholders' equity in these consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between 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 Company's functional currency.

2.6 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 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	3.1 & 3.2
B) Net realizable value of stock-in-trade	3.6
C) Provisions	3.9
D) Taxation	3.12

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.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

– Amendments to IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company's consolidated financial statements.

– Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization

methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's consolidated financial statements.

– IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on the Company's consolidated financial statements.

– IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on the Company's consolidated financial statements.

– IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or consolidated structured entities, into one place. The adoption of this standard is not like to have an impact on the Company's consolidated financial statements.

– IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not like to have an impact on the Company's consolidated financial statements.

– Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and

associates in their separate financial statements. The adoption of this standard is not likely to have an impact in the Company's consolidated financial statements.

– Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of this standard is not likely to have an impact in the Company's consolidated financial statements.

– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of this standard is not likely to have an impact in the Company's consolidated financial statements.

– Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

– Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3 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.

3.1 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 firefighting equipments.
- 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 4.1.

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 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.

3.2 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.

3.3 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 expired.

Classification and subsequent measurement of financial assets

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

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- 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.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL 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 Group 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 Group 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.

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 consolidated 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 Group's 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.

3.4 Off setting

Financial assets and liabilities are off set and the net amount is reported in the consolidated balance sheet if the Group 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.

3.5 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 - Investment in associate

The Group classifies its investments in associates 'as available for sale', that do not fall under the held-for-trading or held to maturity. Unrealized surplus/defecit arising on revaluation of investment in associate classified as 'available for sale' is disclosed below the share holders' equity in the statement of uncosolidated 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 consolidated balance sheet below equity is removed there from and recognized in profit and loss.

3.6 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 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.

3.7 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.

3.8 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.

3.9 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.

3.10 Lease

3.10.1 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 3.1.

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.

3.10.2 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.

3.10.3 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account / other comprehensive income on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

3.11 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.

3.12 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 consolidated profit and loss account.

3.12.1 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.

3.12.2 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 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.

3.13 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.

3.14 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 Group.

3.15 Retirement and other service benefits

Unfunded gratuity scheme

During the year ended 2013, the Group 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 other comprehensive income with no subsequent recycling through the consolidated profit and loss account.

Contributory provident fund

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

3.16 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 Group 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.

3.17 Dividend distribution

Final dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group'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.

3.18 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 Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

(Rupees in 000)

	Note	2014	2013
1,732,642	4.1	1,732,642	1,206,555
1,558,142	4.5	1,558,142	1,229,831
3,290,784		3,290,784	2,436,386

4 PROPERTY PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

4.1 Operating fixed assets

	Owned assets											Leased assets					Total operating fixed assets
	Building on lease hold land		Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and life fighting equipment	Furniture, office equipment and other assets	Vehicles	Computers and auxiliaries	Building on leasehold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and life fighting equipment			
	*Office building	Pump building															
At January 1, 2014	68,831	329,070	32,600	70,911	18,996	5,073	52,684	18,480	23,666	209,477	154,281	295,920	110,871	4,173	31,268	1,426,301	
Cost / revalued amount	(21,446)	(20,584)	(1,996)	(9,223)	(726)	(425)	(36,148)	(13,342)	(10,044)	(28,022)	(12,438)	(28,463)	(8,629)	(1,004)	(27,256)	(219,746)	
Accumulated depreciation	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,522	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555	
Net book value	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,522	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555	
Year ended December 31, 2014	47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,522	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555	
Opening net book value	270,080	29,488	161,021	27,570	11,608	105,988	14,137	1,031	5,969	-	-	16,630	4,508	18,104	7,343	672,477	
Addition/ transfer from CWIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost	-	-	-	-	5,509	5,763	-	2,368	-	-	-	-	-	-	14,642	28,282	
Accumulated depreciation	-	-	-	-	-	-	-	(2,368)	-	-	-	-	-	-	(12,200)	(14,669)	
Net book value	-	-	-	-	5,509	5,763	-	-	-	-	-	-	-	-	2,442	13,714	
Depreciation charge	14,303	17,460	7,988	5,836	843	8,552	7,485	1,380	6,757	12,226	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	99,667	19,067	4,749	1,732,642	
At December 31, 2014	338,911	358,558	193,621	98,481	25,095	105,298	66,821	17,143	29,635	209,477	164,281	311,550	116,379	22,277	23,969	2,070,496	
Cost / revalued amount	(35,749)	(38,044)	(9,984)	(15,059)	(1,569)	(8,977)	(43,613)	(12,354)	(16,801)	(40,247)	(22,064)	(55,451)	(15,512)	(3,210)	(19,220)	(337,854)	
Accumulated depreciation	303,162	320,514	183,637	83,422	23,526	96,321	23,208	4,789	12,834	169,230	132,217	256,099	99,667	19,067	4,749	1,732,642	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation rate - %	5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20		

At January 1, 2013

Cost / revalued amount
Accumulated depreciation
Net book value

63,236	302,526	26,244	62,130	14,926	2,017	41,808	15,673	8,475	209,477	154,281	295,920	110,871	3,961	31,268	1,342,843	
(17,861)	(4,585)	(597)	(7,306)	(240)	(179)	(29,290)	(9,673)	(5,606)	(15,797)	(2,812)	(1,909)	(1,934)	(128)	(21,205)	(119,123)	
45,375	297,940	25,647	54,824	14,686	1,838	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720	
45,375	297,940	25,647	54,824	14,686	1,838	12,518	6,000	2,869	193,680	151,469	294,011	108,937	3,833	10,063	1,223,720	
5,327	26,544	6,356	8,781	4,070	3,026	10,052	138	14,464	-	-	-	-	-	-	76,758	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,317	15,998	1,399	1,917	486	246	6,034	1,000	3,711	12,226	9,626	26,554	6,695	654	6,051	95,923	
47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,522	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555	

At December 31, 2013

Cost / revalued amount
Accumulated depreciation
Net book value

68,831	329,070	32,600	70,911	18,996	5,073	52,684	18,480	23,666	209,477	154,281	295,920	110,871	4,173	31,268	1,426,301
(21,446)	(20,584)	(1,996)	(9,223)	(726)	(425)	(36,148)	(13,342)	(10,044)	(28,022)	(12,438)	(28,463)	(8,629)	(1,004)	(27,256)	(219,746)
47,385	308,486	30,604	61,688	18,270	4,648	16,536	5,138	13,522	181,455	141,843	267,457	102,242	3,169	4,012	1,206,555
5	5	5	6.67	5	10	20	20	33.33	5	5	6.67	5	10	20	

*Running finance facility from a Summit Bank Limited is secured by office building for the value of Rs. 400 million (2013: Rs. 400 million).

4.2 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	(Rupees in 000)	
			Written down value 2014	2013
Owned Assets				
Building on lease hold land	246,446	65,807	180,639	192,947
Dispensing units	10,494	2,945	7,549	8,249
Plant and machinery	4,331	1,392	2,939	3,155
Tanks and pipelines	12,780	3,156	9,624	10,263
Electrical mechanical and fire fighting equipment	1,270	439	831	958
Leased Assets				
Building on lease hold land	166,399	58,371	108,028	116,348
Dispensing units	137,419	59,902	77,517	86,683
Plant and machinery	66,850	22,608	44,242	47,585
Tanks and pipelines	90,260	34,472	55,788	60,301
Electrical mechanical and fire fighting equipment	4,316	2,541	1,775	2,186
	740,565	251,633	488,932	528,675

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

	Note	2014	2013
Distribution expenses	29	120,166	86,135
Administrative expenses	30	12,510	9,407
		132,676	95,542

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

(Rupees in 000)							
Type	Cost	"Accumulated depreciation"	"Net book value"	"Sale proceeds"	Gain/(Loss)	"Particulars of buyers "	"Mode of disposal"
Vehicle				Employees			
	1,389	1,111	278	840	562	- Sarwat Hasan	As per policy
	1,269	1,015	254	508	254	- Raja Iftakhar Yaqoob	As per policy
	1,384	1,107	277	554	277	- Shehryar Alzai	As per policy
	1,269	1,036	233	508	275	- Syed Musharraf	As per policy
	1,269	994	275	508	233	- Asif Abro	As per policy
	1,269	1,015	254	508	254	- Abu Nasir Siddiqui	As per policy
	1,129	978	151	474	323	- Ihsan Kapahi	As per policy
	1,269	1,015	254	512	258	- Ishaq Ahmed	As per policy
	1,269	994	275	508	233	- Imran Javed	As per policy
	902	751	151	373	222	- Mansoor Qazi	As per policy
Plant	5,509	-	5,509	4,653	(856)	- NBP Leasing Limited	Sale and leaseback
Equipment	5,763	-	5,763	5,589	(174)	- NBP Leasing Limited	Sale and leaseback
Aggregate of assets disposed-off having net book value of less than Rs. 50,000.							
Vehicles	4,591	4,549	42	2,150	2,108	Various Employees	As per policy

(Rupees in 000)

4.5 Capital work in progress

	2014	2013
Office building	559,278	455,794
Petrol pump buildings	142,467	69,000
Plant and machinery	3,942	10,108
Tanks and pipe lines	302,354	220,078
Dispensing pumps	85,649	77,673
Computer auxiliaries	1,819	1,433
Electrical, mechanical and fire fighting equipment	243,144	125,677
Furniture, office equipment and other assets	98,852	60,601
Vehicles	-	44
Borrowing cost capitalized	35,717	59,463
Advances to contractors	84,920	149,960
	1,558,142	1,229,831

4.5.1 During the year additions amounting to Rs 1,000.788 million (2013: 658.359 million) has been made in capital work in progress. This also includes borrowing cost capitalized during the year at the rate ranging from 12.64% - 13.18% (2013: 12.08% - 13.00%)

5. INTANGIBLE

(Rupees in 000)

	Note	2014	2013
Net book value			
Net book value at beginning of the year		7,054	13,717
Reclassified to operating fixed assets	5.1	-	(5,418)
Amortisation charge for the year		(2,766)	(1,245)
Net book value at the end of the year		4,288	7,054
Net book value			
Cost		8,299	8,299
Accumulated amortization		(4,011)	(1,245)
		4,288	7,054
Rate of amortization - %		33.33	33.33

5.1 The intangible asset included an amount of Rs. 5.418 million as at December 31, 2013 pertaining to acquisition of server which had been reclassified during the last year to property, plant and equipment.

6. LONG-TERM INVESTMENTS

(Rupees in 000)

	Note	2014	2013
Investments in related parties			
Classified as 'available-for-sale'			
Pakistan Refinery Limited (PRL)			
- Purchased cost		788,332	-
- Add: adjustment for unrealized loss on fair-value adjustment at year-end		(6,790)	-
	6.1	781,542	-

6.1 This represents investment in 4.802 million (2013: Nil) class 'A', Ordinary Share of Pakistan Refinery Limited (PRL) as at the year-ended December 31, 2014 (2013: Nil), which represents 13.72% of the paid-up share capital of class 'A', Ordinary Share of PRL.

7 LONG-TERM DEPOSITS

			(Rupees in 000)	
	Note	2014	2013	
Lease deposits		18,780	27,761	
Less: current portion of lease deposits	12	(8,004)	(15,503)	
		10,776	12,258	
Other deposits	7.1	45,713	14,855	
		56,489	27,113	

7.1 Other deposits include an amount of Rs. 8.2 million (2013: Rs. 8.2 million) with PAF Base Faisal, for Hascol one petrol station, a Company owned and Company operated site.

8 DEFERRED TAXATION

			(Rupees in 000)	
		2014	2013	
This is comprised of the following:				
Taxable temporary difference arising in respect of :				
Accelerated depreciation		(251,938)	(157,057)	
Assets under finance lease		(169,948)	(192,641)	
Exchange gain		(6,570)	891	
Deductible temporary difference arising in respect of :				
Liabilities against assets subject to finance lease		24,080	33,251	
Provision for:				
- retirement benefit		22,443	16,469	
- doubtful debts		2,518	2,629	
Investments		10,516	10,711	
Carry forward tax losses		60,675	112,015	
Turnover tax		817,299	501,240	
		509,075	327,508	

Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate unutilized tax losses as at December 31, 2014 amounts to Rs. 72.187 million (December 31, 2013: Rs. 320.042 million), the deferred income tax asset has been recognized on tax losses and on turnover tax, based on projections of future taxable profits of the Group.

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.

8.1 Movement in deferred tax

			(Rupees in 000)	
	Note	2014	2013	
Opening deferred asset		327,508	142,998	
Deferred tax income raised through profit and loss	34	177,855	183,413	
Deferred tax income raised through other comprehensive income		3,712	1,097	
Closing deferred tax		509,075	327,508	

9 STOCK-IN-TRADE

(Rupees in 000)

	Note	2014	2013
Raw and packing materials		76,986	83,344
Finished goods			
- fuels	9.1 & 9.2	2,975,439	2,895,276
- lubricants	9.3	179,475	175,103
- others		-	-
		3,154,914	3,070,379
Stock of fuel in transit		241,804	-
		3,473,704	3,153,723

9.1 Finished goods fuels includes 104,238 million (2013: 20,171 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

9.2 Stock in finished goods includes High Speed Diesel amounting to Rs. 152.002 million (2013: Rs. 200.363 million) and Premium Motor Gasoline amounting to Rs. nil (2013: Rs. 273.625 million) pledged as security with Sindh Bank Limited in respect of cash finance facility.

9.3 Finished goods includes lubricants amounting to Rs. nil (2013: Rs. 80.054 million) pledged as security with Askari Bank Limited in respect of running finance facility.

9.4 This represents obsolete stock-in-trade in the books of the Subsidiary, having gross amount of Rs. 3.4 million (2013: Rs. 3.4 million). There have been no movement in related provision for obsolescence during the year ended December 31, 2014 (2013: Nil).

9.5 Stock in trade includes item costing Rs. 3,470.528 million (2013: Rs. Nil) which have been valued at net realisable value amounting to Rs. 3,217.243 million (2013: Nil) as a result of decline in selling prices of certain petroleum products with effect from January 1, 2015.

10 TRADE DEBTS

(Rupees in 000)

	Note	2014	2013
Unsecured			
Due from related party			
- Considered good		157	-
Due from others			
- Considered good		4,548,666	2,116,118
- Considered doubtful		9,268	9,268
		4,557,934	2,125,386
		4,558,091	2,125,386
Less: Provision for impairment	10.2	(9,268)	(9,268)
		4,548,823	2,116,118

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

(Rupees in 000)		
	2014	2013
Past due 1-30 days	157	-

10.2 Movement of provision for impairment

(Rupees in 000)			
	Note	2014	2013
Opening balance		9,268	8,868
Provision made during the year		-	400
Closing balance		9,268	9,268

11 ADVANCES

(Rupees in 000)			
	Note	2014	2013
Considered good Advances:			
to employees			
- against expenses		7,189	7,089
- against salary		14,828	4,528
against import		4,342	-
paid to suppliers		140,207	274,046
		166,566	285,663

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Rupees in 000)			
		2014	2013
Receivable from oil marketing companies	12.1	437,596	-
Inland Freight Equalization Margin (IFEM) receivable		373,335	-
Prepaid rent		89,051	29,024
Franchise income receivable		65,503	47,886
Prepaid insurance and others		18,565	25,080
Current portion of lease deposits		8,004	15,503
Price Differential Claims	12.2	5,083	5,083
Short-term deposits		753	753
Less: Provision for impairment		(753)	(753)
	12.3	-	-
Sale tax receivable		6,024	6,024
Less: Provision for impairment		(6,024)	(6,024)
	12.4	-	-
Others	12.5	27,817	13,817
		1,024,954	136,393

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

12.2 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 perusing the matter with the concerned authorities for the early settlement of above claim. The Group considers that the balance amount will be reimbursed by GoP in due course of time.

12.3 This represents fully provided short-term deposits in the books of the Subsidiary, having gross amount of Rs. 0.7 million (2013: Rs. 0.7 million). There have been no movement in related provision for impairment (2013: Nil).

12.4 This represents an amount recorded in the books of the Subsidiary.

12.5 This includes Rs. 18.2 million (2013: Rs. 12.3 million) receivable from Sigma Motors (Private) Limited (a related party).

13 CASH AND BANK BALANCES

(Rupees in 000)

	Note	2014	2013
Balances with banks:			
- in current account	13.1	147,198	624,464
- in deposit account		1,613,347	237,313
		1,760,545	861,777
Cash in hand	13.2	844	3,733
		1,761,389	865,510

13.1 This includes an amount of Rs 8.3 million (2013: Nil) maintained with KASB Bank Limited which has been held under restrictions imposed by State Bank of Pakistan. Therefore, the Group cannot withdraw an amount exceeding Rs 0.3 million.

13.2 These carry mark-up ranging from 6% to 8.5% per annum (2013: 6% to 8.5% per annum).

14 SHARE CAPITAL

14.1 AUTHORIZED SHARE CAPITAL

(Rupees in 000)

2014	2013	2014	2013
Number of shares			
150,000,000	150,000,000	1,500,000	1,500,000

14.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

(Rupees in 000)

2014	2013		2014	2013
Number of shares				
64,540,000	64,540,000	Ordinary shares of Rs. 10 each fully paid in cash	645,400	645,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	10,600	10,600
25,000,000	-	Ordinary shares of Rs. 10 each fully paid in cash	250,000	-
90,600,000	65,600,000		906,000	656,000

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

15 RESERVES

(Rupees in 000)

Note	2014	2013
Capital reserve		
Share premium reserve	1,070,828	3,300
Fair value reserve	(5,941)	-
	1,064,887	3,300
Revenue reserve		
Unappropriated profit	807,170	425,862
	1,872,057	429,162

16 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

(Rupees in 000)

Note	2014	2013
Opening balance	550,403	608,596
Transfer in respect of incremental depreciation charged during the year	(58,194)	(58,193)
	492,209	550,403
Related deferred tax		
Opening balance	192,027	212,395
Reversal of deferred tax liability on account of incremental depreciation charged during the year	(20,368)	(20,368)
	171,659	192,027
	320,550	358,376

16.1 During year end 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 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million.

17 LONG TERM FINANCES - SECURED

(Rupees in 000)

		2014	2013
PAIR Investment Company Limited	17.1	139,286	58,333
First Women Bank Limited	17.2	90,909	163,636
Burj Bank Limited	17.3	297,785	-
Pak Oman Investment Company Limited	17.4	39,900	-
		567,880	221,969
Current portion of long term finance			
PAIR Investment Company Limited		42,857	33,332
First Women Bank Limited		90,909	90,905
Burj Bank Limited		148,893	-
Pak Oman Investment Company Limited		6,650	-
		(289,309)	(124,237)
		278,571	97,732

17.1 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 installments starting from the end of six months from the date of first draw down with last repayment due on January 8, 2018.

17.2 This represents working capital finance from First Women Bank Limited for construction of retail outlet. The sanction limit is Rs. 200 million and is secured against specific charge on retail outlets worth Rs. 38 million, charge on Shikarpur installation worth Rs. 229 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 is repayable in 12 equal quarterly installments due three months the date of first draw down with last repayment due on December 31, 2015.

17.3 This represents working facility of diminishing Musharika arrangement from Burj Bank Limited to refinance already 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 installments starting from the 12 month of first draw down with the last repayment date of June 2016.

17.4 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. 100 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 installments in arrears, with grace period of six months, from first draw down with last repayment due in November, 2018.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into various lease agreements with various leasing companies for lease of various items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2017, have been discounted by using financing rates ranging from 11.25% to 18.5% (2013: 11.25% to 14.66% 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:

(Rupees in 000)

	2014			2013		
	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
Upto one year	34,337	6,802	27,535	64,813	15,504	49,309
Between one year to five years	56,632	7,928	48,704	63,209	17,516	45,693
	90,969	14,730	76,239	128,022	33,020	95,002

19 LONG TERM DEPOSITS

(Rupees in 000)

	Note	2014	2013
Opening balance		90,872	84,262
Addition during the year		12,279	6,610
Imputed income on remeasurement		(42,364)	-
	19.1	60,787	90,872

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

20 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.

(Rupees in 000)

	Note	2014	2013
Deferred liability - Gratuity	20.1 & 20.2	71,057	47,054

The information provided in notes 20.2 to 20.6 have been obtained from the actuarial recommendations.

20.1 Movement in liability recognized in balance sheet

(Rupees in 000)

	Note	2014	2013
Present value of defined benefit obligation as at the end of the year	20.3	71,057	47,054
Fair value of plan assets		-	-
Balance sheet liability		71,057	47,054

20.2 Movement in liability recognized in balance sheet

(Rupees in 000)

		2014	2013
Balance at the beginning of the year		47,054	31,093
Add: Charge for the year	20.4	14,942	9,706
Less: Payments to outgoing employees		-	(513)
Remeasurements charged to Other Comprehensive Income		9,061	6,768
Balance at the end of the year		71,057	47,054

20.3 Movement in present value of the defined benefit obligation

		2014	2013
Opening balance		47,054	31,093
Current service cost		8,516	5,716
Interest cost		6,426	3,990
Benefit paid during the year		-	(513)
Remeasurement: Actuarial losses - net of tax		6,199	4,399
Impact of deferred tax		2,862	2,369
Remeasurement: Actuarial losses (gross amount)		9,061	6,768
Present value of defined benefit obligation at the end of year		71,057	47,054

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

		2014	2013
Current service cost		8,516	5,716
Net interest cost		6,426	3,990
Total gratuity expense for the year for unfunded obligation		14,942	9,706

20.5 Actuarial assumptions

(% Per annum)

	2014	2013
The following significant assumptions were used in the valuation of these schemes:		
- Expected long-term rate of increase in salary level	10.50%	11.75%
- Discount rate	10.50%	12.75%

21 TRADE AND OTHER PAYABLES

(Rupees in 000)

	2014	2013
Trade creditors	6,443,320	5,272,412
Payable to cartage contractors	739,439	213,139
Advance from customers	269,577	142,635
Accrued liabilities	51,382	78,933
IFEM payable	-	233,275
Other advances	-	200,565
Other liabilities	600,639	264,370
	8,104,357	6,405,329

22 MARK-UP ACCRUED

(Rupees in 000)

	2014	2013
Mark-up accrued	59,877	18,001

22.1 As noted in note 23, this represents mark-up payable on finances availed by the Company.

23 SHORT TERM RUNNING FINANCES - SECURED

(Rupees in 000)

	Note	2014	2013
Financial institutions	23.1	821,707	604,680
Commercial paper	23.2	-	75,000
Term finance certificates	23.3	450,000	-
		1,271,707	679,680

23.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 821.7 million (2013: Rs. 604.68 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 November 2015. 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 (2013: stock with minimum 20% margin, hypothecation charge over Company's present and future current assets with minimum 25% 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 month KIBOR + 2.75% to 3 month KIBOR + 3.5% per annum (2013: 1 month KIBOR + 2.75% to 6 month KIBOR + 3% per annum) calculated on a daily product basis, that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 228 million (2013: Rs. 180 million).

23.2 This represents cash finance facility to the extent of Rs. 75 million availed from PAIR Investment Company Limited and Pak Libya Holding Company (Private) Limited. The facility carried mark-up at the rate of six month KIBOR plus spread of 3.0% per annum paid on March 11, 2014. The loan is unsecured with credit rating requirement grade A medium to long term and A2 short term.

23.3 This represents privately placed term finance certificate to the extent of Rs. 450 million (2013 : Rs. Nil). The facility carries markup at the rate of 6 month KIBOR plus spread of 3% per annum payable at the end of every quarter. The loan is secured against ranking charge on present and future current assets of the Company with a 25% margin.

24 TAXATION

(Rupees in 000)

	2014	2013
Sales tax payable	1,591,492	4,028
Income tax payable	715,611	349,995
	2,307,103	354,023

24.1 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.

25 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.

The facility for opening letters of credit (LCs) acceptances as at December 31, 2014 amounted to Rs. 9,322 million (2013: Rs.3,399 million) of which the amount remaining unutilized as at that date was Rs. 2,243 million (2013: Rs. 1,507 million).

Commitments

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

(Rupees in 000)

	2014	2013
Property, plant and equipment	346,760	30,872
Commitments for rental under operating lease agreements / ijarah contracts as at December 31, 2014 amounted to Rs.1,236 million (2013: Rs.1,202 million) as follows:		
Not later than one year	91,060	83,252
Later than one year and not later than five years	346,442	322,682
Later than five years	798,729	795,612
	1,236,231	1,201,546

26 SALES - net

(Rupees in 000)

	2014	2013
Sales	99,238,100	57,523,947
Less: Sales discount	(176,604)	(54,499)
Net sales	99,061,496	57,469,448

27 OTHER REVENUE

(Rupees in 000)

	2014	2013
Joining fee for petrol pump operators	10,130	4,810
Franchise fee	47,228	42,178
	57,358	46,988

28 COST OF PRODUCTS SOLD

(Rupees in 000)

	Note	2014	2013
Opening stock of lubricants, raw and packing materials		258,447	183,865
Raw and packing materials purchased		821,160	478,119
Less: Closing stock of lubricants, raw and packing materials	9	(256,461)	(258,447)
Lubricants, raw and packing materials consumed		823,146	403,537
Opening stock - fuel		2,895,276	433,225
Fuel purchased		72,492,296	45,614,826
Storage and handling		361,273	136,142
Duties and levies	28.1	9,268,984	4,813,977
Less: Closing stock - fuel	9	(3,217,243)	(2,895,276)
Inventory write off		253,285	-
		82,053,871	48,102,894
		82,877,017	48,506,431

28.1 Duties and levies

(Rupees in 000)

	2014	2013
Inland Freight Equalization Margin (IFEM)	1,574,144	702,117
Petroleum Development Levy	5,366,329	2,186,279
Freight	2,328,511	1,925,581
	9,268,984	4,813,977

29 DISTRIBUTION AND MARKETING EXPENSES

(Rupees in 000)

	Note	2014	2013
Salaries, wages and other benefits	30.1	161,171	106,523
Traveling and conveyance		69,722	25,596
Rent, rates and taxes		126,726	124,293
Insurance		40,798	37,629
Depreciation	4.3	120,166	86,135
Entertainment		5,613	2,996
Printing and stationery		3,808	1,592
Communication		3,154	865
Repairs and maintenance		11,224	10,598
Utilities		11,366	7,314
Fees and subscription		2,850	7,744
Legal and professional charges		1,000	3,873
		557,598	415,158
		557,598	415,158

Balance carried forward

(Rupees in 000)

	2014	2013
Balance brought forward	557,598	415,158
Commission	191,639	124,931
Royalty	-	37,125
Advertising and publicity	16,269	14,146
Miscellaneous	3,308	282
	768,814	591,642

30 ADMINISTRATIVE EXPENSES

(Rupees in 000)

	Note	2014	2013
Salaries, allowances and other benefits	30.1	143,442	111,788
Traveling and conveyance		25,182	23,952
Rent, rates and taxes		6,842	3,138
Insurance		19,097	9,448
Depreciation	4.3	12,510	9,407
Amortisation	5	2,766	1,245
Entertainment		3,592	3,620
Printing and stationery		5,250	6,011
Communication		8,212	2,765
Repairs and maintenance		7,119	6,826
Utilities		7,453	5,755
Fee and subscription		15,116	13,185
Advertising and publicity		6,575	1,020
Auditors' remuneration	30.2	2,369	4,488
Donation	30.3	6,004	727
Legal and professional charges		48,204	22,714
Ujrah payments		9,804	3,285
Miscellaneous		306	178
		329,843	229,552

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

- Gratuity	20.4	14,942	9,706
- Contribution to provident fund		7,969	5,672

30.2 Auditors' remuneration

Remuneration to the auditors of the Holding Company			
Statutory audit		1,000	3,219
Half yearly review		275	225
Certifications		500	275
Consolidation		150	125
Out of pocket expenses		294	344
		2,219	4,188
Remuneration to the auditors of the Subsidiary Company			
Statutory audit		125	275
Out of pocket expenses		25	25
		150	300
		2,369	4,488

30.3 Donations include an amount of Rs. 1.0 million (2013: Rs. Nil) paid to Layton Rahmatulla Benevolent Trust (LRBT). Mr. Najmus Saquib Hameed (Director) is also a CEO of LRBT.

31 OTHER INCOME

(Rupees in 000)

	2014	2013
Income from financial assets		
Profit on bank deposits	70,486	16,923
Gain on sale of investment	7,874	-
	78,360	16,923
Income from non-financial assets		
Promotional marketing fee	1,270	300
Scrap sales	3,891	184
Gain on disposal of operating fixed assets	3,969	2,573
Reversal of royalty	62,963	-
Rent income	5,846	8,142
Storage and handling income	100,028	11,613
Imputed income on remeasurement	42,364	-
	220,331	22,812
	298,691	39,735

32 FINANCE COST

Mark-up on borrowings	104,985	55,168
LC charges	123,309	33,622
Lease finance charges	16,787	10,706
Bank charges	19,005	10,980
	264,086	110,476

33 OTHER CHARGES

Workers' welfare fund	17,295	8,185
Exchange loss - net	91,161	35,292
	108,456	43,477

34 TAXATION

Current	402,541	216,908
Deferred	(177,855)	(183,413)
	224,686	33,495

34.1 Relationship between tax expense and accounting profit

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

35 EARNINGS PER SHARE - Basic and diluted

(Rupees in 000)

	Note	2014	2013
Profit for the year		639,601	391,251
		Number of Share '000'	
Weighted average number of ordinary shares		81,627	65,600
			(Rupees)
Earning per share - Basic	35.1	7.84	5.96

35.1 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.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

(Rupees in 000)

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Directors' fee	-	1,830	-	-	1,460	-
Managerial remuneration	16,375	20,686	114,205	13,646	16,056	62,705
Cost of living allowance	3,179	2,776	27,230	2,649	2,352	18,197
Reimbursement of medical expenses	1,398	371	7,026	2,076	1,207	5,923
Bonus	8,148	18,101	16,643	2,263	20,814	23,742
Retirement benefits	911	1,056	4,888	781	918	8,590
	30,011	44,820	169,992	21,415	42,807	119,157
Number of persons	1	6	112	1	6	52

36.1 The Chief Executive Officer and certain executives, as explained in note 36, are also provided with the free use of Company maintained cars and cell phones. In addition, the Chief Executive Officer and Chief Operating Officer are provided with free security services in accordance with the terms of employment.

37 RELATED PARTY TRANSACTIONS AND BALANCES

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

Remuneration of key management personnel is disclosed in note 36 Amount due to / from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:

(Rupees in 000)

Nature of relationship	Nature of transaction	2014	2013
Associated companies			
Pakistan Refinery Limited	Purchase of fuels	19,369,996	20,245,472
	Expenses charged	31,609	-
Marshal Gas (Private) Limited	Purchase of fuels	6,657	15,317
Sigma Motors (Private) Limited	Sale of fuels	8,098	7,571
	Office rent	5,846	8,142
Habib Metropolitan Bank Limited	LC charges	17,700	83
Hascombe Business Solution (Private) Limited	IT services support	3,340	-
Staff retirement benefits / contribution funds			
Provident fund	Contribution	7,969	5,672
Gratuity fund	Contribution	14,942	9,706

(Rupees in 000)

Nature of relationship	Nature of transaction	2014	2013
Key management personnel	Salaries and benefits	184,450	183,406
Other related parties	Professional fees	33,986	9,222
	Expense reimbursed	365	-
Balances			
Associated companies			
Pakistan Refinery Limited	Trade creditors	554,016	2,128,102
Marshal Gas (Private) Limited	Trade creditors	94	338
Sigma Motors (Private) Limited	Trade debtors	18,345	12,342

All transactions with related parties have been carried out on arm's length basis.

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

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.

38 CASH GENERATED FROM OPERATIONS

(Rupees in 000)

	Note	2014	2013
Profit before taxation		864,287	424,746
Adjustment for:			
Depreciation and amortization	4.3 & 5	135,442	96,787
Provision for gratuity	20.4	14,942	9,706
Profit on bank deposits	31	(70,486)	(16,923)
Gain on sale of investments	31	(7,874)	-
Gain on sale of operating fixed assets	31	(3,969)	(2,573)
Finance cost	32	299,803	110,476
Cash in bank account restricted during the year	13.1	(8,276)	-
Changes in working capital	38.1	(235,658)	475,612
		988,211	1,097,831

38.1 Changes in working capital

(Rupees in 000)

	Note	2014	2013
Decrease / (Increase) in current assets			
Stock-in-trade		(319,981)	(2,536,634)
Trade debts		(2,432,705)	(814,904)
Advances		119,097	(313,218)
Deposits, prepayments and other receivables		(888,561)	(27,456)
		(3,522,150)	(3,692,212)
Increase in current liabilities			
Trade and other payables		3,286,492	4,167,824
Changes in working capital		(235,658)	475,612

39 CASH AND CASH EQUIVALENTS

(Rupees in 000)

	Note	2014	2013
Cash and bank balance	13	1,761,389	865,510
Short term running finances - secured	23	(1,271,707)	(679,680)
Restricted cash	13.1	(8,276)	-
		481,406	185,830

40 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of single reportable segment.

Sales from petroleum product represent 99.92 % (December 2013: 99.91%) of total revenue of the Company

Out of total sales of the Company, 100 % (December 2013: 100 %) related to customers in Pakistan.

All non-current assets of the Company as at December 31, 2014 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.

41 FINANCIAL INSTRUMENTS BY CATEGORY

(Rupees in 000)

	Note	2014	2013
Financial assets			
Available for sale			
Investment in associate		781,542	-
At amortised cost			
Long-term deposits		64,493	42,616
Trade debts		4,548,823	2,116,118
Advances		14,828	4,528
Other receivables		881,517	52,969
Cash and bank balance		1,761,389	865,510
		7,271,050	3,081,741
		8,052,592	3,081,741
Financial liabilities			
At amortised cost			
Long term finances - secured		567,880	221,969
Liabilities against assets subject to finance lease		76,239	95,002
Long term deposits		60,787	90,872
Trade and other payables		7,182,759	5,718,826
Mark-up accrued		59,877	18,001
Short term running finances - secured		1,271,707	679,680
		9,219,249	6,824,350

41.1 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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 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 42.1.1)
- Credit risk and concentration of credit risk (42.1.2)
- Liquidity risk (42.1.3)

42.1.1 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 35.585 million (2013: 1.238 million) having PKR equivalent amount of Rs. 3,587 million (2013: 130.696 million). The average rates applied during the year is Rs. 101.02 per USD (December 2013 : Rs. 101.53 per USD) and the spot rate as at December 31, 2014 is Rs. 100.80 per USD (December 2013 : Rs. 105.55 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 incurred exchange loss amounting to Rs. 91.1 million (December 2013 : Rs. 35.3 million) during the year.

Sensitivity analysis

As at December 31, 2014, 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. 358 million (2013: 13.06 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 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.

(Rupees in 000)				
	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
"Cash flow sensitivity of variable rate instruments"				
(Expense) / income				
As at December 31, 2014	(15,749)	15,749	(10,552)	10,552
As at December 31, 2013	12,534	(12,534)	8,272	(8,272)

(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/markup 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. 781.5 million (2013: Nil) 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, 2014 and 2013 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 KSE 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)
December 31, 2014	781,542	Increase	1,016,005	234,463	-
		Decrease	(1,016,005)	(234,463)	-
December 31, 2013	-	Increase	-	-	-
		Decrease	-	-	-

(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.

42.1.2 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. 8,052 million (2013: Rs. 3,080 million), the financial assets which are subject to credit risk amounting to Rs. 5,509 million (2013: Rs. 2,216 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:

	(Rupees in 000)	
	2014	2013
Long-term deposits	64,493	42,616
Trade debts	4,548,823	2,116,118
Advances	14,828	4,528
Other receivables	881,517	52,969
Cash and bank balance	1,761,389	865,510
	7,271,050	3,081,741

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	PACRA	A1+	AA
Bank Al Falah Limited	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A
Bank of Punjab Limited	PACRA	A1	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
JS Bank Limited	PACRA	A1	A+
KASB Bank Limited	PACRA	A-3	BBB
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR- VIS	A-1+	AA
National Bank of Pakistan	JCR- VIS	A- 1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR- VIS	A-1	AA-
Silkbank Limited.	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1+	AA-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR- VIS	A-3	A-
United Bank Limited	JCR- VIS	A-1+	AA+
PAIR Investments Limited	PACRA	A-1+	AA-
First Women Bank Limited	PACRA	A2	A-
The Bank of Kyber	JCR- VIS	A-1	A
Burj Bank Limited	JCR- VIS	A-1	A
Industrial and Commercial Bank of China Limited	S&P		A
Pak Libya Holding Company (Private) Limited	PACRA		AA

(b) Interest rate risk (continued)

(Rupees in 000)

	Effective yield/ interest rate %	Exposed to yield/interest risk		Non-interest bearing		"2014 Total"
		"Maturity upto one year"	"Maturity after one year"	"Maturity upto one year"	"Maturity after one year"	
Financial assets						
Long-term deposits		-	-	-	64,493	64,493
Trade debts		-	-	4,548,823	-	4,548,823
Advances		-	-	14,828	-	14,828
Other receivables		-	-	881,517	-	881,517
Cash and bank balances	6 - 8.5 p.a.	1,613,347	-	148,042	-	1,761,389
	(a)	1,613,347	-	5,593,210	64,493	7,271,050
Financial liabilities						
Liabilities against assets subject to finance lease	11.25 - 18.5 p.a.	27,535	48,704	-	-	76,239
Long term finances - secured	11.25 - 18.5 p.a.	289,309	278,571	-	-	567,880
Long-term deposits		-	-	-	60,787	60,787
Trade and other payables		-	-	7,182,759	-	7,182,759
Markup accrued		-	-	59,877	-	59,877
Short term running finances - secured		1,271,707	-	1,271,707	-	1,271,707
	(b)	1,588,551	327,275	7,242,636	60,787	9,219,249
On balance sheet gap	(a)-(b)	24,796	(327,275)	(1,649,426)	3,706	(1,948,199)

(Rupees in 000)

	Effective yield/ interest rate %	Exposed to yield/interest risk		Non-interest bearing		"2013 Total"
		"Maturity upto one year"	"Maturity after one year"	"Maturity upto one year"	"Maturity after one year"	
Financial assets						
Long-term deposits		-	-	-	27,113	27,113
Trade debts		-	-	2,116,118	-	2,116,118
Other receivables		-	-	52,969	-	52,969
Cash and bank balances	6.0 to 8.5	237,313	-	624,464	-	861,777
	(a)	237,313	-	2,793,551	27,113	3,057,977
Financial liabilities						
Liabilities against assets subject to finance lease	12.36 to 17.35	64,813	63,209	-	-	128,022
Long term finances - secured	12.28 to 15.49	124,237	97,732	-	-	221,969
Long-term deposits		-	-	-	90,872	90,872
Trade and other payables		18,001	-	6,405,329	-	6,405,329
Markup accrued		679,680	-	-	-	679,680
Short term running finances - secured		886,731	160,941	6,405,329	90,872	7,543,873
	(b)	1,665,461	(160,941)	(3,611,778)	(63,759)	(4,465,896)
On balance sheet gap	(a)-(b)	(649,418)	(160,941)	(810,359)	(63,759)	(3,675,537)

42.1.3 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, 2014 the Company's financial liabilities have contractual maturities as summarised below:

(Rupees in 000)

	With in One year	Over one year	Total
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	8,104,357	-	8,104,357
Mark-up accrued	59,877	-	59,877
Short term running finances - secured	1,271,707	-	1,271,707
	9,752,785	388,062	10,140,847

As at December 31, 2013 the Company's liabilities had contractual maturities as summarised below:

(Rupees in 000)

	With in One year	Over one year	Total
Long term finances - secured	124,237	97,732	221,969
Liabilities against assets subject to finance lease	-	45,693	45,693
Long term deposits	-	90,872	90,872
Trade and other payable	6,405,329	-	6,405,329
Mark-up accrued	18,001	-	18,001
Short term running finances - secured	679,680	-	679,680
	7,227,247	234,297	7,461,544

43 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(Rupees in '000)

	2014	2013
Total borrowings	1,888,291	947,342
Cash and bank balance	(1,761,389)	(865,510)
Net debt	126,902	81,832
Total Equity	2,778,057	1,085,162
Total Capital	2,904,959	1,166,994
Gearing ratio	4.37%	7.01%

44 EMPLOYEES PROVIDENT FUND

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

(Rupees in '000)

	2014	2013
Size of fund - total assets (Rupees in '000)	41,656	31,112
Cost of investments made (Rupees in '000)	35,955	31,112
Percentage of investments made	100%	100%
Fair value of investments (Rupees in '000)	41,656	31,112

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.

45 NUMBER OF EMPLOYEES

December

	2014	2013
Total number of employees at year-end	292	204
Average number of employees during the year	259	188

46 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.

47 DATE OF AUTHORISATION

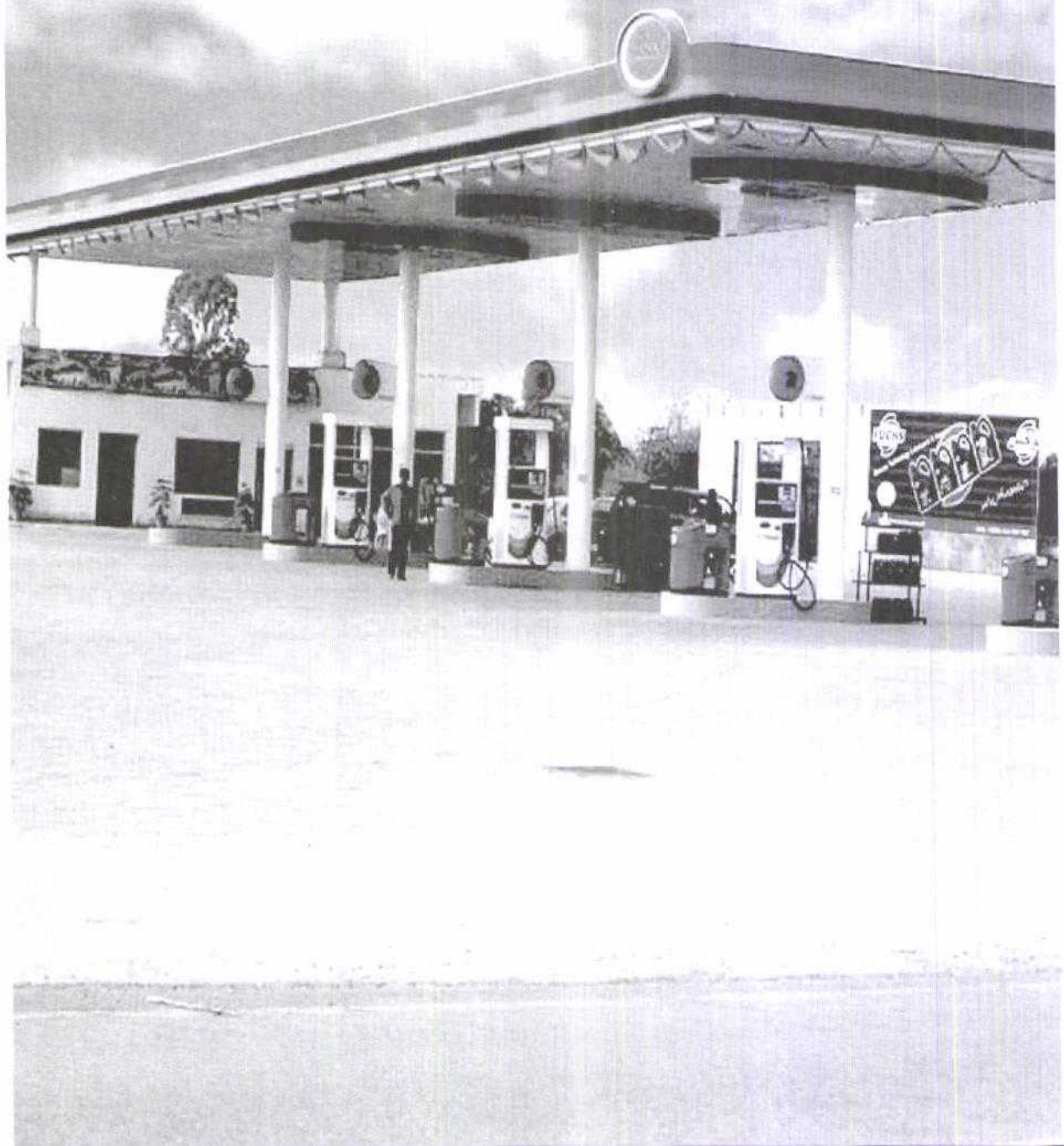
These financial statements have been authorised for issue on 25th March 2015 by the Board of Directors of the Company.


Mumtaz Hasan Khan
Chairman & Chief Executive


Mr. Najmus Saquib Hameed
Director

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Form of Proxy 13th Annual General Meeting



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 13th Annual General Meeting of the Company to be held on Wednesday, 29th
April 2015, and at any adjournment thereof.

As witness my / our hands / seal this _____ day of _____ 2015.

Witness No.1

Name : _____

Address : _____

CNIC : _____

Rs. 5/-
Revenue
Stamp

Witness No.2

Name : _____

Address : _____

CNIC : _____

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

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

The Company Secretary

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

HASCO



Hascol Petroleum Limited

The Forum, Suite # 105, 106 1st Floor, Khayaban-e-Jami, Clifton Karachi

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