

REPORT FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2022

DRIVING THE FUTURE OF
energy

energy





DRIVING THE FUTURE OF ENERGY

PSO is changing Pakistan's energy landscape. Powering the nation for almost five decades, we have evolved from an oil marketing business to an agile, integrated and future-ready energy company.

Heralding a new era, we are paving the way for the future with our ground-breaking and innovation driven strategic projects. With sustainability, inclusivity and customer-focus being underpinning drivers, PSO is diversifying and making investments in clean energy and renewables as we continue to propel our nation forward.

future of



Shinkhari, Pakistan

fengshui

COMPANY INFORMATION

Board of Management

Chairman (Independent)

Mr. Zafar I. Usmani

Independent Members

Mr. Muhammad Hamayun Khan Barakzai

Ms. Tara Uzra Dawood

Non-Executive Members

Ms. Saira Najeeb Ahmed

Mr. Muhammad Anwer

Mr. Arshad Majeed

Mr. Hassan Mehmood Yousufzai

Managing Director & Chief Executive Officer

Syed Muhammad Taha

Chief Financial Officer

Ms. Gulzar Khoja

Company Secretary

Mr. Rashid Umer Siddiqui

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Legal Advisors

Orr, Dignam & Co.

Advocates

Registered Office

Pakistan State Oil Company Limited

PSO House

Khayaban-e-Iqbal, Clifton

Karachi – 75600, Pakistan

UAN: +92 21 111 111 PSO (776)

Fax: +92 21 9920 3721

Website: www.psopk.com

Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B

Block B, S.M.C.H.S.

Main Shahrah-e-Faisal

Karachi-74400, Pakistan

Tel.: 0800-CDCPL (23275)

Fax: +92 21 3432 6053

Email: info@cdcsrsl.com

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank AL Habib Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

Standard Chartered Bank (Pakistan)
Limited

The Bank of Punjab

United Bank Limited

REPORT TO SHAREHOLDERS

The Board of Management of Pakistan State Oil Company Limited (PSO) is pleased to present the company's and the group's performance along with the financial statements for the first quarter ended September 30, 2022 (1QFY23).

The Russia-Ukraine conflict continued to disrupt energy markets and deteriorate economic growth globally during the first quarter resulting in elevated commodity prices and added strain on developing economies such as Pakistan. Economic indicators remained under pressure for our country with double digit inflation, and trade imbalance. Automobile sales plunged by 50% during the three months compared to the same period last year.

In addition to macroeconomic challenges, monsoon rains brought about a major catastrophe for Pakistan. Flash floods wreaked havoc across the country, leaving millions homeless, destroying buildings, bridges & roads and putting vast swathes of the country under water. A national emergency was declared in August.

As the nation reeled from the impact of these external uncontrollable factors, the petroleum industry saw a significant decline in consumption of all products. Industry volumes declined by 24.4% in white oil and 16.1% in black oil during the period. Despite the obstruction in intercity movement due to massive flooding in major regions of Sindh, lower Punjab and Balochistan, PSO continued to fulfill its responsibility, supplying fuel nationwide, maintaining adequate stocks to aid in relief efforts and keep the wheels of the nation's economy in motion.

Despite the adverse environment and uncontrollable factors, PSO posted a profit after tax of PKR 1.2 billion in 1QFY23, while the group posted a net profit after tax of PKR 2.1 billion for the period. PSO's market share increased by 1.3% in white oil and 1.6% in black oil, reaching 48.8% and 65.6% respectively. Major contributions came from diesel and furnace oil, in which the company increased its market share by 2.6% and 1.7%, closing the quarter at 50.4% and 65.7% respectively.


Further strengthening its robust supply chain and infrastructure, 4000 tons of storages were rehabilitated in the period. Significant headway was made in innovation, digitization and diversification initiatives with numerous projects in advanced stages of completion. Standing strong with the nation in the time of need, PSO contributed approximately PKR 56 million in flood relief efforts and CSR activities.

The Board expressed concern over mounting receivables, noting an increase of around PKR 20 billion in receivables from Sui Northern Gas Pipelines Limited as compared to June 30, 2022. The management is actively pursuing the matter with the concerned authorities for early settlement of outstanding receivables.

We express our sincere gratitude to our employees, stakeholders and business partners for their continued support. We would also like to thank the Government of Pakistan, especially the Ministry of Energy (Petroleum Division), for their guidance and support.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Usmani
Chairman - Board of Management

October 27, 2022
Karachi

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	Un-audited September 30, 2022	Audited June 30, 2022
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	7	15,866,410	15,689,125
Right-of-use assets	8	6,374,073	6,473,649
Intangibles		229,901	251,337
Long-term investments	9	12,668,740	12,556,750
Long-term loans, advances and other receivables		789,602	333,520
Long-term deposits		761,031	337,537
Deferred tax asset - net		19,561,899	17,982,287
		56,251,656	53,624,205
Current assets			
Stores, spares and loose tools		811,559	764,664
Stock-in-trade	10	316,341,106	341,757,891
Trade debts	11	458,463,118	430,941,589
Loans and advances		384,907	636,421
Short-term deposits and prepayments		659,873	332,773
Other receivables	12	48,721,701	57,477,563
Cash and bank balances		7,271,204	13,919,215
		832,653,468	845,830,116
Net assets in Bangladesh		-	-
TOTAL ASSETS		888,905,124	899,454,321
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		212,226,031	210,954,367
		216,920,765	215,649,101
Non-current liabilities			
Retirement and other service benefits		9,900,719	9,930,755
Lease liabilities		5,390,159	5,842,539
Deferred income - Government grant		100,000	100,000
Other payable		696,690	674,319
		16,087,568	16,547,613
Current liabilities			
Trade and other payables	13	387,403,340	493,810,208
Short-term borrowings		247,939,060	155,845,542
Accrued interest / mark-up		3,765,471	1,029,501
Provisions		639,413	639,413
Current portion of lease liabilities		1,218,662	794,440
Taxation - net		13,458,441	13,659,984
Unclaimed dividend		1,472,404	1,478,519
		655,896,791	667,257,607
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		888,905,124	899,454,321

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the three months period ended September 30, 2022

		Three months ended	
		September 30, 2022	September 30, 2021
Note		(Rupees in '000)	
Gross Sales		929,559,384	536,685,287
Less:			
- Sales tax		(63,328,775)	(70,392,868)
- Inland freight equalization margin		(3,966,611)	(7,068,652)
		(67,295,386)	(77,461,520)
Net sales		862,263,998	459,223,767
Cost of products sold		(855,543,863)	(437,170,179)
Gross profit		6,720,135	22,053,588
Other income	15	6,449,009	1,786,181
Operating costs			
Distribution and marketing expenses		(2,998,405)	(3,047,331)
Administrative expenses		(1,082,280)	(908,238)
Provision for impairment on financial assets - net		(210,006)	(216,264)
Other expenses		(307,731)	(1,353,459)
		(4,598,422)	(5,525,292)
Profit from operations		8,570,722	18,314,477
Finance costs	16	(4,795,505)	(625,736)
Share of profit of associates - net of tax		232,302	113,384
Profit before taxation		4,007,519	17,802,125
Taxation			
- current		(4,425,452)	(5,972,321)
- deferred		1,615,774	163,862
		(2,809,678)	(5,808,459)
Profit for the period		1,197,841	11,993,666
			(Rupees)
Earnings per share - basic and diluted	17	2.55	25.55

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.


Syed Muhammad Taha
 Managing Director & CEO


Zafar I. Usmani
 Chairman - Board of Management


Gulzar Khoja
 Chief Financial Officer

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three months period ended September 30, 2022

Note	Three months ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Profit for the period	1,197,841	11,993,666
Other comprehensive income:		
Items that will not be subsequently reclassified to statement of profit or loss:		
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	404	-
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	9.1.1 109,581	211,342
Taxation thereon	(36,162)	(45,967)
Other comprehensive income	73,419	165,375
	73,823	165,375
Total comprehensive income for the period	1,271,664	12,159,041

The annexed notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Usmani
Chairman - Board of Management



Gulzar Khoja
Chief Financial Officer

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the three months period ended September 30, 2022

	Reserves						Total	
	Share capital	Capital Reserves	Revenue Reserves					
			Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	PSO venture capital fund		Un-appropriated profit
(Rupees in '000)								
Balance as at July 01, 2021	4,694,734	3,373	5,485,817	25,282,373	-	104,511,905	135,283,468	139,978,202
Total comprehensive income for three months period ended								
Profit for the period	-	-	-	-	-	11,993,666	11,993,666	11,993,666
Other comprehensive income								
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	165,375	-	-	-	165,375	165,375
Balance as at September 30, 2021	4,694,734	3,373	5,651,192	25,282,373	-	116,505,571	147,442,509	152,137,243
Balance as at July 01, 2022	4,694,734	3,373	2,240,544	25,282,373	1,478,551	181,949,526	210,954,367	215,649,101
Total comprehensive income for three months period ended								
Profit for the period	-	-	-	-	-	1,197,841	1,197,841	1,197,841
Other comprehensive income								
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	404	404	404
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	73,419	-	-	-	73,419	73,419
	-	-	73,419	-	-	404	73,823	73,823
Balance as at September 30, 2022	4,694,734	3,373	2,313,963	25,282,373	1,478,551	183,147,771	212,226,031	216,920,765

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the three months period ended September 30, 2022

		Three months ended	
		September 30, 2022	September 30, 2021
Note		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	18	(90,490,492)	13,988,618
Long-term loans, advances and other receivables		(456,082)	39,052
Long-term deposits		(423,494)	(31,301)
Taxes paid		(4,626,995)	(3,596,013)
Finance costs paid		(1,890,941)	(512,966)
Retirement and other service benefits paid		(455,408)	(10,229)
Net cash (used in) / generated from operating activities		(98,343,412)	9,877,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(663,815)	(420,913)
Proceeds from disposal of operating assets		18,383	13,281
Dividend received		555,838	384,142
Net cash used in investing activities		(89,594)	(23,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Short-term borrowings - net		75,340,954	38,156,900
Lease rentals paid		(302,408)	(131,579)
Dividends paid		(6,115)	(113,623)
Net cash flow from financing activities		75,032,431	37,911,698
Net (decrease) / increase in cash and cash equivalents		(23,400,575)	47,765,369
Cash and cash equivalents at beginning of the period		12,060,789	(5,916,574)
Cash and cash equivalents at end of the period	19	(11,339,786)	41,848,795

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

1. Legal status and nature of business

- 1.1 Pakistan State Oil Company Limited ("the Company") is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.
- 1.2 The business units of the Company include the following:

Business Unit	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

- 1.3 The Board of Management (BoM) nominated by the Federal Government under Section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed unconsolidated interim financial statements of the Company for the three months period ended September 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed unconsolidated interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2022. These condensed unconsolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3 These condensed unconsolidated interim financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. The condensed consolidated interim financial statements are presented separately.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

- 2.4 The Securities and Exchange Commission of Pakistan (SECP) through letter no. SMD/PRDD/Comp/(4)/2021/310 dated September 15, 2022 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till June 30, 2023, provided that the company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these condensed unconsolidated interim financial statements based on the exemption granted from SECP in this respect.
- 2.5 In connection to note 2.7 of the annual unconsolidated financial statements as at and for the year ended June 30, 2022, the Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. As at September 30, 2022, the Company awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.
- 2.6 These condensed unconsolidated interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

3. Use of Estimates and Judgements

The preparation of these condensed unconsolidated interim financial statements, in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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. Actual results may differ from the estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2022.

4. Significant Accounting Policies

- 4.1 The accounting policies and method of computation adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2022.
- 4.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed unconsolidated interim financial statements.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

5. New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these condensed unconsolidated interim financial statements.

6. Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

There are standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan, that would be effective from future, but, are considered not to be relevant or do not have any significant effect on the Company and accordingly have not been stated in these condensed unconsolidated interim financial statements.

7. Property, plant and equipment

7.1 Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Un-audited)			
	------(Rupees in '000)-----			
Buildings on freehold land	-	6,716	-	-
Buildings on leasehold land	13,778	18,251	536	-
Tanks and pipelines	432,069	41,207	46	-
Service and filling stations	88,829	32,625	704	97
Plant and machinery	171,480	60,190	-	-
Furniture and fittings	4,617	4,354	8	-
Vehicles and other rolling stock	39,974	69,371	-	1,009
Office equipments	53,815	18,477	-	1
Gas cylinders / regulators	4,369	4,623	-	-
	<u>808,931</u>	<u>255,814</u>	<u>1,294</u>	<u>1,107</u>

7.2 The above disposals represented assets costing Rs. 136,694 thousand (September 30, 2021: Rs. 88,747 thousand) and were disposed off for Rs. 18,383 thousand (September 30, 2021: Rs. 13,281 thousand).

7.3 As at September 30, 2022, operating assets includes net book value of Rs. 907,097 thousand (June 30, 2022: Rs. 802,259 thousand) in respect of Company's share in joint operations.

7.4 As at September 30, 2022, capital work-in-progress includes amount of Rs. 31,711 thousand (June 30, 2022: Rs. 175,668 thousand) in respect of Company's share in joint operations.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

8. Right-of-use assets

During the period, the Company recognised right of use asset comprising mainly land amounting to Rs. 56,856 thousand (September 30, 2021: Rs. 55,963 thousand) and modification amounting to Rs. 48,799 thousand (September 30, 2021: Rs. 28,831 thousand). Further, right-of-use having net book value of Rs. Nil (September 30, 2021: 141 thousand) have been disposed off due to the extinguishment of lease during the period.

9. Long-term investments

Investment in related parties	Note	Un-audited September 30, 2022	Audited June 30, 2022
(Rupees in '000)			
Investment held at fair value through other comprehensive income			
Unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (June 30, 2022: 12%)			
No. of shares: 8,640,000			
(June 30, 2022: 8,640,000) of Rs. 100/- each	9.1	4,317,675	4,208,094
Investment in subsidiary - at cost			
Quoted company			
- Pakistan Refinery Limited (PRL)			
Equity held 63.56% (June 30, 2022: 63.56%)			
No. of shares: 400,459,028			
(June 30, 2022: 400,459,028) of Rs. 10/- each		4,890,680	4,890,680
Investment in associates			
Unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (June 30, 2022: 49%)			
No. of shares: 46,058,570 (June 30, 2022: 46,058,570) of Rs. 10/- each		3,415,816	3,413,175
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 22% (June 30, 2022: 22%)			
No. of shares: 686,192 (June 30, 2022: 686,192) of Rs. 10/- each		44,569	44,801
		3,460,385	3,457,976
		12,668,740	12,556,750

- 9.1 The Company has carried out an exercise to ascertain the fair value of investment as at September 30, 2022 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited September 30, 2022	Audited June 30, 2022
(Rupees in '000)		
- Discount rate	19.52% - 23.29%	19.85% - 21.08%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised gain (net of tax) of Rs. 73,419 thousand (September 30, 2021: unrealised gain - net of tax of Rs. 165,375 thousand) in other comprehensive income for the period.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
9.1.1 Movement of investment classified as FVOCI		
Balance at beginning of the period / year	4,208,094	7,874,629
Remeasurement gain / (loss) recognised in other comprehensive loss	109,581	(3,666,535)
Balance at end of the period / year	4,317,675	4,208,094
9.1.2 Sensitivity to unobservable inputs:		
- Discount rate (1% increase)	(18,973)	(19,214)
- Discount rate (1% decrease)	19,675	19,945
- Growth rate of terminal value (1% increase)	135,476	124,485
- Growth rate of terminal value (1% decrease)	(116,815)	(107,718)

- 9.2** A wholly owned subsidiary named Cerisma (Private) Limited (Cerisma) was incorporated on September 29, 2022 as a private limited company. The principal activity of Cerisma is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at September 30, 2022, the Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for Cerisma is Sindh, Pakistan.

10. Stock-in-Trade

As at September 30, 2022, stock has been written down by Rs. 4,052,227 thousand (June 30, 2022: Rs. Nil) to arrive at its net realisable values.

	Note	Un-audited September 30, 2022	Audited June 30, 2022
		----- (Rupees in '000) -----	
11. Trade debts			
Considered good			
<i>Due from Government agencies and autonomous bodies</i>			
- Secured	11.1	224,034	13,825
- Unsecured	11.2 & 11.3	399,783,868	378,441,890
		400,007,903	378,455,715
<i>Due from other customers</i>			
- Secured	11.1	5,629,321	3,439,676
- Unsecured	11.2 & 11.3	52,825,894	49,046,198
		58,455,215	52,485,874
		458,463,118	430,941,589
Considered doubtful			
Trade debts - gross		461,399,846	433,679,044
Less: Provision for impairment	11.5	(2,936,728)	(2,737,455)
Trade debts - net		458,463,118	430,941,589

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

- 11.1** These debts are secured by way of bank guarantees and security deposits.
- 11.2** Includes Rs. 411,057,390 thousand (June 30, 2022: Rs. 388,500,783 thousand) due from related parties, against which provision for impairment of Rs. 798,634 thousand (June 30, 2022: Rs. 863,485 thousand) has been recognised.
- 11.3** Included in trade debts are the receivable from the following:

Name	Past due		Total	
	Un-audited	Audited	Un-audited	Audited
	September 30, 2022	June 30, 2022	September 30, 2022	June 30, 2022
Northern Power Generation Company Limited	69,578,137	69,076,058	69,578,137	69,076,058
Central Power Purchasing Company	3,283,747	5,229,441	3,283,747	5,229,441
Hub Power Company Limited	18,260,963	13,451,137	18,658,775	13,451,137
Sui Northern Gas Pipelines Company Limited	254,098,458	226,093,428	305,577,780	285,403,136
	345,221,305	313,850,064	397,098,439	373,159,772
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	344,874,330	313,503,089	396,751,464	372,812,797

The Company did not consider the remaining aggregate past due balance of Rs. 344,874,330 thousand (June 30, 2022: Rs. 313,503,089 thousand) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time and therefore, no further provision has been made in these condensed unconsolidated interim financial statements.

- 11.4** As at September 30, 2022 trade debts aggregating Rs. 109,327,526 thousand (June 30, 2022: Rs. 121,323,239 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 349,135,592 thousand (June 30, 2022: Rs. 309,618,350 thousand) are past due but not impaired.

Based on the past experience, past track record, recoveries and future economic forecasts, the Company believes that the above past due trade debts do not require any additional provision for impairment except as provided in these condensed unconsolidated interim financial statements.

Un-audited September 30, 2022	Audited June 30, 2022
----- (Rupees in '000) -----	

- 11.5** The movement in provision during the period / year is as follows:

Balance at beginning of the period / year	2,737,455	3,437,488
Provision recognised during the period / year	272,053	183,668
Reversal of provision made during the period / year	(72,780)	(883,701)
	199,273	(700,033)
Balance at the end of the period / year	2,936,728	2,737,455

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS ('000-AUDITED)

For the three months period ended September 30, 2022

12. Other receivables

- 12.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 16 to the annual unconsolidated financial statements for the year ended June 30, 2022:

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
Price differential claims (PDC):		
- on imports of Motor Gasoline - (net of related liabilities)	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GENCO receivables	3,407,357	3,407,357
	<u>9,297,419</u>	<u>9,297,419</u>

- 12.2 Includes receivable of Rs. 34,638,874 thousand (June 30, 2022: Rs. 50,297,182 thousand) due from associates and related parties.

- 12.3 As at September 30, 2022, receivables aggregating to Rs. 9,039,056 thousand (June 30, 2022: Rs. 9,028,322 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
Balance at beginning of the period / year	9,028,322	3,224,101
Provision recognised during the period / year	10,734	5,884,044
Reversal of provision during the period / year	-	(79,823)
	<u>10,734</u>	<u>5,804,221</u>
Balance at the end of the period / year	<u>9,039,056</u>	<u>9,028,322</u>

- 12.4 As at September 30, 2022, net unfavourable amount of foreign exchange difference of Rs. 15,496,451 (June 30, 2022: net unfavourable exchange difference of Rs. 27,755,497) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings. The Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

13. Trade and other payables

Includes Rs. 103,385,314 thousand (June 30, 2022: Rs. 88,599,095 thousand) due to various related parties.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

14. Contingencies and commitments

14.1 Contingencies

There is no significant change in the status of contingencies as disclosed in notes 29.1.1 to 29.1.4 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2022 other than as mentioned in the below notes.

14.1.1 Income Tax

- 14.1.1.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Company except one point on which the Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Company. The Company obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand was reduced to Rs. 484,459. As at September 30, 2022, the Company has obtained the appeal effect of ATIR order from taxation authorities for the tax years 2007 after which demand is further reduced to Rs. 435,732 thousand. For remaining issues of the Tax Year 2007, an appeal against the order has been filed before CIR(A). Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.2 Other Legal Claims

- 14.1.2.1** As at September 30, 2022, certain legal cases amounting to Rs. 8,095,050 thousand (June 30, 2022: Rs. 8,095,050 thousand) filed against the Company. However, based on advice of legal advisors of the Company, the management believes that the outcome of these cases would be decided in Company's favour. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.
- 14.1.2.2** Claims against the Company not acknowledged as debts amounting to Rs. 8,865,782 thousand (June 30, 2022: Rs. 8,373,253 thousand).
- 14.1.2.3** The Company's share in associates' contingencies in respect of various tax and legal matters as at September 30, 2022 is Rs. 1,200,155 thousand (June 30, 2022: Rs. 1,200,167 thousand).

14.2 Commitments

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

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
- Property, plant and equipment	4,120,478	5,278,901
- Intangibles	1,213,917	175,441
	<u>5,334,395</u>	<u>5,454,342</u>

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

	Un-audited September 30, 2022 ----- (Rupees in '000) -----	Audited June 30, 2022
14.2.2 Letters of credit	97,422,990	240,933,416
14.2.3 Bank guarantees	2,697,446	1,922,186
14.2.4 Standby Letters of credit	102,590,265	80,255,458
14.2.5 Post - dated cheques	28,643,123	46,126,631
14.2.6 The Company's share in associates' commitments as at September 30, 2022 is Rs. 5,283 thousand (June 30, 2022: Rs. 537 thousand)		

15. Other Income

Includes delayed payment surcharge received from customers.

16. Finance costs

Includes mark-up on short-term borrowings amounting to Rs. 4,453,135 thousand (September 30, 2021: Rs. 344,332 thousand).

17. Earnings per share

17.1 Basic

Profit for the period
attributable to ordinary
shareholders

Un-audited Three months ended	
September 30, 2022	September 30, 2021
----- (Rupees in '000) -----	

1,197,841	11,993,666
-----------	------------

Weighted average number of
ordinary shares outstanding
during the period (number of shares)

----- (Number of Shares) -----

469,473,300	469,473,300
-------------	-------------

----- (Rupees) -----

Earnings per share - basic and diluted

2.55	25.55
------	-------

17.2 Diluted

There is no dilutive effect on the basic earnings per share of the Company as there are no convertible ordinary shares in issue as at September 30, 2022 and September 30, 2021.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
	----- (Rupees in '000) -----	
18. Cash generated from operations		
Profit before taxation	4,007,519	17,802,125
Depreciation and amortisation	711,900	496,034
Provision / (Reversal) of impairment on trade debts - net	199,273	(83,736)
Provision of other receivables - net	10,734	300,000
Provision for impairment against stores, spares and loose tools	6,090	4,167
Provision for retirement and other services benefits	425,372	281,804
Gain on disposal of operating assets	(17,089)	(12,174)
Share of profit from associates - net of tax	(232,302)	(113,384)
Dividend income from FVOCI investment	(325,546)	(384,142)
Interest on lease payments	168,594	178,868
Finance costs	4,626,911	446,868
	5,573,937	1,114,305
Working capital changes	(100,071,948)	(4,927,812)
	(90,490,492)	13,988,618

18.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spares and loose tools	(52,985)	8,157
- Stock-in-trade	25,416,785	(44,740,154)
- Trade debts	(27,720,802)	(29,179,877)
- Loans and advances	251,514	70,829
- Deposits and short-term prepayments	(327,100)	(152,097)
- Other receivables	8,745,128	(2,829,051)

(Decrease) / Increase in current liabilities:

- Trade and other payables	(106,384,488)	71,894,381
	(100,071,948)	(4,927,812)

19. Cash and cash equivalents

Cash and cash equivalents comprises of the following items in these condensed unconsolidated interim statement of financial position:

	Un-audited	
	September 30, 2022	September 30, 2021
	----- (Rupees in '000) -----	
Cash and bank balances	7,271,204	44,460,831
Short-term borrowings (finances under mark-up arrangements)	(18,610,990)	(2,612,036)
	(11,339,786)	41,848,795

20. Fair value of financial assets and liabilities

The Company's financial risk management policies and objectives are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2022.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

These condensed unconsolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual audited unconsolidated financial statements for the year ended June 30, 2022.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. The carrying values of all financial assets and liabilities reflected in these condensed unconsolidated interim financial statements approximate their fair values. The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

As at September 30, 2022, except for the Company's investment in PAPCO, none of the financial instruments is carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 9.1 of these condensed unconsolidated interim financial statements.

21. Transactions and Balances with related parties

- 21.1 Related parties comprise of subsidiary company, associate companies, retirement benefit funds, state owned / controlled entities, GoP and its related entities and key management personnel. Details of transactions with the related parties during the period, other than those disclosed elsewhere in these condensed unconsolidated interim financial statements, are as follows:

		Un-audited Three months ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	
Name of the related party and relationship with the company	Nature of Transactions		
Subsidiary			
- Pakistan Refinery Limited	Purchases	40,412,616	25,271,661
	Income facility charges	4,387	296
Associates			
- Asia Petroleum Limited	Income facility charges	16,805	13,175
	Pipeline charges	109,255	215,022
	Dividend received	230,293	-
- Pak Grease Manufacturing Company (Private) Limited	Purchases	25,361	13,705

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

		Un-audited Three months ended	
		September 30, 2022	September 30, 2022
		(Rupees in '000)	
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	97,417	36,210
	Contributions made	213,700	-
- Gratuity Fund	Charge for the period	144,686	62,006
	Contributions made	219,750	-
- Provident Funds	Charge / contribution for the period	47,262	54,614
- Pension Funds (Defined Contribution)	Charge / contribution for the period	53,625	45,728
Key management personnel*	Managerial remuneration	119,411	87,741
	Charge / contribution for the period	1,460	1,460
Non-executive Directors	Remuneration and fees	4,900	4,200

21.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Company's issued share capital and is entitled to appoint members of the Board of Management (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of disclosures in respect of related parties.

The Company has availed the exemption available to it under IAS 24, and therefore has not provided detailed disclosures of its transactions with GoP related entities except for transactions stated below, which the Company considers to be significant:

- Board of Management	Contribution towards expenses of BoM	5,303	3,956
- Pak Arab Pipeline Company Limited	Pipeline charges	1,177,352	756,165
	Dividend received	325,546	384,142
- Sui Northern Gas Pipelines Limited	Gross sales	286,909,287	123,911,323
- Water and Power Development Authority (WAPDA)	Utility Charges	56,432	40,102
- Northern Power Generation Company Limited	Gross sales	2,998,235	2,245,453
- Jamshoro Power Company Limited	Gross sales	1,964,604	3,021,168
- Pakistan International Airlines Corporation Limited	Gross sales	13,179,600	3,290,693
	Purchases	651	2,460
- Pakistan Petroleum Limited	Gross sales	21,436	105,374
- Pak Arab Refinery Limited	Purchases	143,048,005	75,358,042
	Pipeline charges	222,909	109,203
- K-Electric Limited	Gross sales	53,217,322	19,795,601
	Income facility charges	13,103	11,543
- National Bank of Pakistan	Finance cost and bank charges	621,079	65,933

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

The transactions described below are collectively but not individually significant to these condensed consolidated interim financial statements and therefore have been described below:

- (i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.
- (ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Company incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Company uses pipeline of Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.
- (vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.
- (vii) The Company sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.
- (viii) The Company has obtained various financing facilities from National Bank of Pakistan.
- (ix) The Company also pays dividend to various GoP related entities who are shareholders of the Company.

21.3 Inventory of the Company held by related parties as at September 30, 2022 amounting to Rs. 120,274,993 thousand (June 30, 2022: Rs. 114,368,299 thousand).

21.4 Short term borrowings includes Rs. 15,690,288 thousand (June 30, 2022: Rs. 4,510,895 thousand) under finances obtained from National Bank of Pakistan.

21.5 The status of outstanding receivables and payables from / to related parties as at September 30, 2022 are included in respective notes to this condensed unconsolidated interim financial statements.

21.6 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

Un-audited Three months ended	
September 30, 2022	September 30, 2021
----- (Rupees in '000) -----	

22. Operating segments

22.1 Segment wise revenues and profit is as under:

Revenue - net sales

Petroleum Products	622,488,000	352,281,000
Liquefied Natural Gas (LNG)	238,529,000	105,907,000
Others	1,246,998	1,035,767
	<u>862,263,998</u>	<u>459,223,767</u>

Profit for the period

Petroleum Products	872,841	10,674,000
Liquefied Natural Gas (LNG)	273,000	776,000
Others	52,000	543,666
	<u>1,197,841</u>	<u>11,993,666</u>

22.2 Timing of revenue recognition is at a point in time.

22.3 Out of total sales of the Company, 99.7% (September 30, 2021: 99.6%) relates to customers in Pakistan.

22.4 All non-current assets of the Company as at September 30, 2022 and 2021 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 43% during the three month period ended September 30, 2022 (September 30, 2021: 35%).

22.5 Out of total gross sales of the Company, sales for the three month period ended September 30, 2022, amounting to Rs. 332,087,698 thousand (September 30, 2021: Rs 164,915,623 thousand), relates to circular debt customers.

23. Events after the reporting date

23.1 The members in the 46th Annual General Meeting held on October 26, 2022 have approved a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 thousand.

23.2 The Board of Management in its meeting held on October 27, 2022 has declared an interim cash dividend of Rs. Nil (September 30, 2021: Rs. Nil) amounting to Rs. Nil (September 30, 2021: Rs. Nil) for the year ending June 30, 2023.

24. General

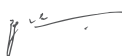
The figures are rounded off to the nearest thousand rupees, unless otherwise specified.

25. Date of authorisation for issue

These condensed unconsolidated interim financial statements were approved and authorised for issue on October 27, 2022 by the Board of Management.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Usmani
Chairman - Board of Management



Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	39,360,619	38,965,563
Right-of-use assets	8	6,501,351	6,604,904
Intangibles		237,857	259,292
Long-term investments	9	7,828,043	7,716,340
Long-term loans, advances and other receivables		798,047	343,234
Long-term deposits		782,213	358,719
Deferred tax asset - net		19,516,374	17,719,521
Retirement benefits		32,584	32,584
		75,057,088	72,000,157
Current assets			
Stores, spares, chemicals and loose tools		1,489,733	1,358,052
Stock-in-trade	10	355,914,082	362,469,390
Trade debts	11	461,529,739	433,138,291
Loans and advances		529,261	662,454
Short-term deposits and prepayments		1,017,875	532,309
Other receivables	12	51,899,332	59,068,727
Cash and bank balances		29,633,400	37,457,819
		902,013,422	894,687,042
Net assets in Bangladesh		-	-
TOTAL ASSETS		977,070,510	966,687,199
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		217,605,663	215,787,009
Equity attributable to the owners of the Holding Company		222,300,397	220,481,743
Non-controlling interest		7,264,109	6,861,546
		229,564,506	227,343,289
Non-current liabilities			
Retirement and other service benefits		10,408,939	10,517,504
Lease liabilities		5,531,819	5,984,284
Deferred income - Government grant		100,000	100,000
Other payable		696,690	674,319
		16,737,448	17,276,107
Current liabilities			
Trade and other payables	13	439,782,997	528,453,924
Unclaimed dividend		1,492,257	1,498,372
Provisions		639,413	639,413
Short-term borrowings		268,627,358	174,746,786
Accrued interest / mark-up		4,372,506	1,142,121
Current portion of lease liabilities		1,222,824	821,228
Taxation - net		14,631,201	14,765,959
		730,768,556	722,067,803
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		977,070,510	966,687,199

The annexed notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

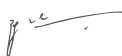
For the three months period ended September 30, 2022

		Three Months Ended		
		September 30, 2022	September 30, 2021	
Note		(Rupees in '000)		
	Net sales	15	900,667,288	469,580,628
	Cost of products sold		(892,532,618)	(447,144,920)
	Gross profit		8,134,670	22,435,708
	Other income	16	7,159,439	1,803,024
	Operating costs			
	Distribution and marketing expenses		(3,011,714)	(3,126,413)
	Administrative expenses		(1,296,041)	(1,037,259)
	Provision for impairment on financial assets - net		(210,006)	(216,264)
	Other expenses		(405,429)	(1,391,085)
			(4,923,190)	(5,771,021)
	Profit from operations		10,370,919	18,467,711
	Finance costs	17	(5,427,934)	(1,078,617)
	Share of profit of associates - net of tax		232,014	113,384
	Profit before taxation		5,174,999	17,502,478
	Taxation			
	- current		(4,860,620)	(6,155,421)
	- deferred		1,833,015	190,728
			(3,027,605)	(5,964,693)
	Profit for the period		2,147,394	11,537,785
	Profit / (loss) attributable to:			
	Owners of the Holding Company		1,744,831	11,703,909
	Non-controlling interest		402,563	(166,124)
			2,147,394	11,537,785
			(Rupees)	
	Earning per share - basic and diluted	18	3.72	24.93

The annexed notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Usmani
Chairman - Board of Management



Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three months period ended September 30, 2022

Note	Three months ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Profit for the period	2,147,394	11,537,785
Other comprehensive income:		
Items that will not be subsequently reclassified to profit or loss:		
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	404	-
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI) 9.1.1	109,581	211,342
Taxation thereon	(36,162)	(45,967)
	73,419	165,375
	73,823	165,375
Total comprehensive income for the period	2,221,217	11,703,160
Profit / (loss) attributable to:		
Owners of the Holding Company	1,818,654	11,869,284
Non-controlling interest	402,563	(166,124)
	2,221,217	11,703,160

The annexed notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the three months period ended September 30, 2022

	Share capital	Reserves						Total		
		Capital Reserves		Revenue Reserves				Sub-total	Non-controlling interest (NCI)	
		Surplus on vesting of net assets	Special Reserve	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	PSO venture capital fund	Un-appropriated profit			
(Rupees in '000)										
Balance as at July 01, 2021	4,694,734	3,373	837,156	5,485,817	25,282,373	-	103,918,603	135,527,322	2,150,881	142,372,937
Total comprehensive income for three months period ended										
Profit for the period	-	-	-	-	-	-	11,703,909	11,703,909	(166,124)	11,537,785
Other comprehensive income										
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	165,375	-	-	-	165,375	-	165,375
Balance as at September 30, 2021	4,694,734	3,373	837,156	5,651,192	25,282,373	-	115,622,512	147,396,606	1,984,757	154,076,097
Balance as at July 01, 2022	4,694,734	3,373	8,460,221	2,240,544	25,282,373	1,478,551	178,321,947	215,787,009	6,861,546	227,343,289
Total comprehensive income for three months period ended										
Profit for the period	-	-	-	-	-	-	1,744,831	1,744,831	402,563	2,147,394
Other comprehensive income										
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax							404	404	-	404
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	73,419	-	-	-	73,419	-	73,419
Balance as at September 30, 2022	4,694,734	3,373	8,460,221	2,313,963	25,282,373	1,478,551	180,067,182	217,685,663	7,264,109	229,564,506

The annexed notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the three months period ended September 30, 2022

		Three months ended	
		September 30, 2022	September 30, 2021
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	19	(90,822,416)	21,797,122
Long-term loans, advances and other receivables		(454,813)	36,456
Long-term deposits and prepayments		(423,494)	(31,301)
Taxes paid		(4,995,378)	(3,771,341)
Finance costs paid		(2,024,096)	(956,450)
Retirement and other service benefits paid		(577,489)	(39,465)
Net cash (used in) / generated from operating activities		(99,297,687)	17,035,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,279,080)	(462,155)
Proceeds from disposal of operating assets		18,383	13,281
Interest received		669,561	-
Dividends received		555,838	384,143
Net cash used in investing activities		(35,298)	(64,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans - net		(200,000)	(230,945)
Repayment of salary refinancing - net		(35,391)	-
Proceeds of short-term borrowings - net		75,340,954	35,155,911
Lease payments		(329,976)	(157,153)
Dividends paid		(6,115)	(113,622)
Net cash generated from financing activities		74,769,472	34,654,191
Net decrease in cash and cash equivalents		(24,563,513)	51,624,481
Cash and cash equivalents at beginning of the period		35,583,684	(11,379,998)
Cash and cash equivalents at end of the period	20	11,020,171	40,244,483

The annexed notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
 Managing Director & CEO


Zafar I. Usmani
 Chairman - Board of Management


Gulzar Khoja
 Chief Financial Officer

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of Pakistan State Oil Company Limited ("the Holding Company") and its subsidiaries namely Pakistan Refinery Limited ("the Subsidiary Company") and Cerisma (Private) Limited. Brief Profile of the Holding and Subsidiaries is given below:

1.1 Pakistan State Oil Company Limited

1.1.1 The Holding Company is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Holding Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.1.2 The business units of the Holding Company include the following:

Business Unit	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

1.1.3 The Board of Management (BoM) nominated by the Federal Government under Section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Holding Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Holding Company.

1.2 Pakistan Refinery Limited

1.2.1 The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. As on September 30, 2022, the Holding Company controls 63.56% (June 30, 2022: 63.56%) shares of the Subsidiary Company.

1.2.2 The business units of the Subsidiary Company include the following:

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Kemari, Karachi.

1.3 Cerisma (Private) Limited

Cerisma (Private) Limited (Cerisma), a wholly owned subsidiary, was incorporated on September 29, 2022 as a private limited company. The principal activity of Cerisma is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As on September 30, 2022, the Holding Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for Cerisma is Sindh, Pakistan.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed consolidated interim financial statements of the Group for the three months period ended September 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2. These condensed consolidated interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended June 30, 2022. These condensed consolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3. These financial statements denote the condensed consolidated interim financial statements of the Group. Condensed unconsolidated interim financial statements of Pakistan State Oil Company Limited and Pakistan Refinery limited have been presented separately. The separate financial Statements of Cersima (Private) Limited are yet to be published as it has recently been incorporated.
- 2.4. The Securities and Exchange Commission of Pakistan (SECP) through letter no. SMD/PRDD/Comp/(4)/2021/310 dated September 15, 2022 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till June 30, 2023, provided that the Group shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Group has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these condensed consolidated interim financial statements based on the exemption granted from SECP in this respect.
- 2.5. In connection to note 2.8 of the annual consolidated financial statements as at and for the year ended June 30, 2022, the Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Holding Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. As at September 30, 2022, the Holding Company awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

- 2.6 These condensed consolidated interim financial statements are presented in Pakistan Rupee which is also the Group's functional currency.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these condensed consolidated interim financial statements, in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. 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. Actual results may differ from the estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2022.

4. SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and method of computation adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2022.
- 4.2 The Group follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed consolidated interim financial statements.

5. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATIONS AND FORTHCOMING REQUIREMENTS

There are new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Group's financial position and are therefore not stated in these condensed consolidated interim financial statements.

6. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan, that would be effective from future, but, are considered not to be relevant or do not have any significant effect on the Group and accordingly have not been stated in these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2022 (Un-audited)	September 30, 2021	September 30, 2022 (Un-audited)	September 30, 2021
	(Rupees in '000)			
Buildings on freehold land	-	6,716	-	-
Buildings on leasehold land	13,778	18,251	536	-
Tanks and pipelines	432,071	41,207	46	-
Service and filling stations	88,829	32,625	704	97
Plant and machinery	171,480	138,858	-	-
Furniture and fittings	4,617	4,354	8	-
Vehicles and other rolling stock	42,802	69,371	-	1,009
Office equipments	55,902	18,477	-	1
Gas cylinders / regulators	4,369	4,623	-	-
	813,848	334,483	1,294	1,107

7.2 The above disposals represented assets costing Rs. 136,694 thousand (September 30, 2021: Rs. 88,747 thousand) and were disposed off for Rs. 18,383 thousand (September 30, 2021: Rs. 13,281 thousand).

7.3 As at September 30, 2022, operating assets includes net book value of Rs. 907,097 thousand (June 30, 2022: Rs. 802,259 thousand) in respect of Holding Company's share in joint operations.

7.4 As at September 30, 2022, capital work-in-progress includes amount of Rs. 31,711 thousand (June 30, 2022: Rs. 175,668 thousand) in respect of Holding Company's share in joint operations.

8. RIGHT-OF-USE ASSETS

During the period, the Group recognised right of use asset comprising mainly land amounting to Rs. 56,856 thousand (September 30, 2021: Rs. 55,963 thousand) and modification amounting to Rs. 48,799 thousand (September 30, 2021: Rs. 23,831 thousand). Further, right-of-use having net book value of Rs. Nil (September 30, 2021: 141 thousand) have been disposed off due to the extinguishment of lease during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

9. LONG-TERM INVESTMENTS

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
Investment in related parties		
Investment held at fair value through other comprehensive income		
Unquoted company		
- Pak-Arab Pipeline Company Limited (PAPCO)		
Equity held: 12% (June 30, 2022: 12%)		
No. of shares: 8,640,000		
(June 30, 2022: 8,640,000) of Rs. 100/- each 9.1	4,317,675	4,208,094
Investment in associates		
Unquoted companies		
- Asia Petroleum Limited		
Equity held: 49% (June 30, 2022: 49%)		
No. of shares: 46,058,570 (June 30, 2022: 46,058,570) of Rs. 10/- each	3,415,816	3,413,175
- Pak Grease Manufacturing Company (Private) Limited		
Equity held: 49.26% (June 30, 2022: 49.26%)		
No. of shares: 1,536,593 (June 30, 2022: 1,536,593) of Rs. 10/- each	94,552	95,071
	3,510,368	3,508,246
	7,828,043	7,716,340

- 9.1 The Holding Company has carried out an exercise to ascertain the fair value of investment as at September 30, 2022 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
- Discount rate	19.52% - 23.29%	19.85% - 21.08%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Holding Company has recorded an unrealised gain (net of tax) of Rs. 73,419 thousand (September 30, 2021: unrealised gain - net of tax of Rs. 165,375 thousand) in other comprehensive income for the period.

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
9.1.1 Movement of investment classified as FVOCI		
Balance at beginning of the period / year	4,208,094	7,874,629
Remeasurement gain / (loss) recognised in other comprehensive income	109,581	(3,666,535)
Balance at the end of the period / year	4,317,675	4,208,094

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
9.1.2 Sensitivity to unobservable inputs:		
- Discount rate (1% increase)	(18,973)	(19,214)
- Discount rate (1% decrease)	19,675	19,945
- Growth rate of terminal value (1% increase)	135,476	124,485
- Growth rate of terminal value (1% decrease)	(116,815)	(107,718)

10. Stock-in-trade

As at September 30, 2022, stock has been written down by Rs. 4,052,227 thousand (June 30, 2022: Rs. Nil) to arrive at its net realisable values.

	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000)	
11. TRADE DEBTS		
Considered good		
<i>Due from Government agencies and autonomous bodies</i>		
- Secured	11.1 224,034	13,825
- Unsecured	11.2 & 11.3 399,783,868	378,441,890
	400,007,903	378,455,715
<i>Due from other customers</i>		
- Secured	11.1 5,629,321	3,439,676
- Unsecured	11.2 & 11.3 55,892,515	51,242,900
	61,521,836	54,682,576
	461,529,739	433,138,291
Considered doubtful		
Trade debts - gross	3,071,619	2,872,347
Less: Provision for impairment	11.5 464,601,358	436,010,638
Trade debts - net	(3,071,619)	(2,872,347)
	461,529,739	433,138,291

11.1 These debts are secured by way of bank guarantees and security deposits.

11.2 Includes Rs. 411,057,390 thousand (June 30, 2022: Rs. 388,500,784 thousand) due from related parties, against which provision for impairment of Rs. 798,634 thousand (June 30, 2022: Rs. 863,485 thousand) has been recognised.

11.3 Included in trade debts are the receivable from the following:

Name	Past due		Total	
	Un-audited September 30, 2022	Audited June 30, 2022	Un-audited September 30, 2022	Audited June 30, 2022
Northern Power Generation Company Limited	69,578,137	69,076,058	69,578,137	69,076,058
Central Power Purchasing Company	3,283,747	5,229,441	3,283,747	5,229,441
Hub Power Company Limited	18,260,963	13,451,137	18,658,775	13,451,137
Sui Northern Gas Pipelines Company Limited	254,098,458	226,093,428	305,577,780	285,403,136
	345,221,305	313,850,064	397,098,439	373,159,772
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	344,874,330	313,503,089	396,751,464	372,812,797

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

The Group did not consider the remaining aggregate past due balance of Rs. 344,874,330 thousand (June 30, 2022: Rs. 313,503,089 thousand) as doubtful, as the Group based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time and therefore, no further provision has been made in these condensed consolidated interim financial statements.

- 11.4** As at September 30, 2022 trade debts aggregating Rs. 112,398,077 thousand (June 30, 2022: Rs. 123,288,952 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 349,131,662 thousand (June 30, 2022: Rs. 309,849,339 thousand) are past due but not impaired.

Based on the past experience, past track record and recoveries, the Group believes that the above past due trade debts do not require any additional provision for impairment except as provided in these condensed consolidated interim financial statements.

- 11.5** The movement in provision during the period / year is as follows:

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
Balance at beginning of the period / year	2,872,347	3,572,380
Provision recognised during the period / year	272,053	183,668
Reversal of provision made during the period / year	(72,780)	(883,701)
	199,272	(700,033)
Balance at the end of the period / year	3,071,619	2,872,347

12. OTHER RECEIVABLES

- 12.1** Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 17 to the annual consolidated financial statements for the year ended June 30, 2022:

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
Price differential claims (PDC):		
- on imports of Motor Gasoline - (net of related liabilities)	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GENCO receivables	3,407,357	3,407,357
	9,297,419	9,297,419

- 12.2** Includes receivable of Rs. 38,701,225 thousand (June 30, 2022: Rs. 52,726,599 thousand) due from associates and related parties.

- 12.3** As at September 30, 2022, receivables aggregating to Rs. 9,039,056 thousand (June 30, 2022: Rs. 9,028,322 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
Balance at beginning of the period / year	9,028,322	3,224,101
Provision recognised during the period / year	10,734	5,884,044
Reversal of provision during the period / year	-	(79,823)
	10,734	5,804,221
Balance at the end of the period / year	9,039,056	9,028,322

- 12.4** As at September 30, 2022, net unfavourable amount of foreign exchange difference of Rs.19,549,591 (June 30, 2022: net unfavourable exchange difference of Rs. 29,774,693) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings. The Group is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

13. TRADE AND OTHER PAYABLES

Includes Rs. 110,592,060 thousand (June 30, 2022: Rs. 73,005,093 thousand) due to various related parties.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The Group has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

14.1.1 Late Payment Surcharge

Claims against Subsidiary Company amounting to Rs. 1,450,000 thousand (June 30, 2022: Rs. 1,450,000 thousand) in respect of delayed payment charges have not been recognized on the understanding that these will be payable only when the Subsidiary Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Subsidiary Company against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

14.1.2 Other tax matters

- 14.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Holding

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

Company except one point on which the Holding Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Holding Company. The Holding Company obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand was reduced to Rs. 484,459. As at September 30, 2022, the Holding Company has obtained the appeal effect of ATIR order from taxation authorities for the tax years 2007 after which demand is further reduced to Rs. 435,732 thousand. For remaining issues of the Tax Year 2007, an appeal against the order has been filed before CIR(A). Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

14.1.2.2 There is no significant change in the status of contingencies as disclosed in notes 32.1.1 to 32.1.4 to the annual audited consolidated financial statements of the Group for the year ended June 30, 2022 other than as mentioned in the above notes .

14.1.3 Other Legal Claims

14.1.3.1 As at September 30, 2022 certain legal cases amounting to Rs. 8,095,050 thousand (June 30, 2022: Rs. 8,095,050 thousand) filed against the Group. However, based on advice of legal advisors of the Group, the management believes that the outcome of these cases would be decided in Group's favour. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

14.1.3.2 Claims against the Group not acknowledged as debts amount to Rs. 8,865,782 thousand (June 30, 2022: Rs. 8,373,253 thousand) other than as mentioned in note 14.1.1 above.

14.1.3.3 The Group's share in associates' contingencies in respect of various tax and legal matters as at September 30, 2022 is Rs. 1,203,895 thousand (June 30, 2022: Rs. 1,204,029 thousand).

	Un-audited September 30, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
14.2 Commitments		
14.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	9,760,478	10,508,901
- Intangibles	1,213,917	175,441
	<u>10,974,395</u>	<u>10,684,342</u>
14.2.2 Letters of credit	<u>137,239,295</u>	<u>240,933,416</u>
14.2.3 Bank guarantees	<u>2,822,076</u>	<u>2,046,816</u>
14.2.4 Standby Letters of credit	<u>102,590,265</u>	<u>80,255,458</u>
14.2.5 Post - dated cheques	<u>28,643,123</u>	<u>46,126,631</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

- 14.2.6** The Group's share in associates' commitments as at September 30, 2022 is Rs. 11,828 thousand (June 30, 2022: Rs. 1,204 thousand)

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
	----- (Rupees in '000) -----	
15. NET SALES		
Gross Sales	981,850,192	555,835,023
- Sales tax	(66,381,268)	(76,108,885)
- Excise duty and petroleum levy	(3,566,427)	(856,890)
- Surplus price differential	(4,646,443)	(993,580)
- Custom duty	(2,622,155)	(1,226,388)
- Inland Freight Equalization Margin (IFEM)	(3,966,611)	(7,068,652)
	(81,182,904)	(86,254,395)
Net Sales	900,667,288	469,580,628

16. OTHER INCOME

Includes delayed payment surcharge received from customers.

17. FINANCE COSTS

Includes mark-up on short-term borrowings amounting to Rs. 4,867,475 thousand (September 30, 2021: 658,890 thousand).

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
	----- (Rupees in '000) -----	
18. EARNINGS PER SHARE		
18.1 Basic		
Profit for the period attributable to the owners of the Holding Company	1,744,831	11,703,909
Weighted average number of ordinary shares in issue during the period (number of shares)	469,473,302	469,473,302
	----- (Rupees) -----	
Earnings per share - basic and diluted	3.72	24.93

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

18.2 Diluted

There is no dilutive effect on the basic earnings per share of the Holding Company as there are no convertible potential ordinary shares in issue as at September 30, 2022 and September 30, 2021.

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
Note	(Rupees in '000)	

19. CASH GENERATED FROM OPERATIONS

Profit before taxation	5,174,999	17,502,478
Depreciation and Amortisation	1,113,368	884,847
Provision for / (Reversal of) impairment on trade debts - net	199,272	(83,736)
Provision for other receivables - net	10,734	300,000
Provision for stores, spares and loose tools	12,950	4,167
Provision for retirement and other services benefits	468,924	311,072
Gain on disposal of operating assets	(17,089)	(12,174)
Profit on deposits	(613,163)	-
Share of profit from associates - net of tax	(232,014)	(113,384)
Dividend income from FVOCI investment	(325,546)	(384,142)
Interest on lease payments	173,453	183,950
Finance costs	5,254,481	894,667
	6,045,370	1,985,267
Working capital changes	(102,042,785)	2,309,377
	(90,822,416)	21,797,122

19.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spares and loose tools	(144,631)	(16,904)
- Stock-in-trade	6,555,308	(47,936,263)
- Trade debts	(28,590,720)	(28,685,885)
- Loans and advances	133,193	78,652
- Deposits and short-term prepayments	(485,566)	(313,155)
- Other receivables	9,138,187	(1,566,025)

(Decrease) / Increase in current liabilities:

- Trade and other payables	(88,648,556)	80,748,957
	(102,042,785)	2,309,377

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of the following items in these condensed consolidated interim statement of financial position:

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Cash and bank balances	29,633,400	44,734,990
Short-term borrowings (finances under mark-up arrangements)	(18,613,229)	(4,490,507)
	11,020,171	40,244,483

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Group's financial risk management policies and objectives are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2022.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2022.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. The carrying values of all financial assets and liabilities reflected in these condensed consolidated interim financial statements approximate their fair values. The Group analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

As at September 30, 2022, except for the Holding Company's investment in PAPCO, none of the financial instruments is carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 9.1 of these condensed consolidated interim financial statements.

22. TRANSACTIONS WITH RELATED PARTIES

- 22.1** Related parties comprise of associate companies, retirement benefit funds, state owned / controlled entities, GoP and its related entities and key management personnel. Details of transactions with the related parties during the period, other than those disclosed elsewhere in these condensed consolidated interim financial statements, are as follows:

Name of the related party and relationship with the Group	Nature of Transactions	Un-audited Three months ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	25,361	13,705
- Asia Petroleum Limited	Income facility charges	16,805	13,175
	Pipeline charges	109,255	215,022
	Dividend received	230,293	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

		Un-audited Three months ended	
		September 30, 2022	September 30, 2021
		(Rupees in '000)	
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	97,417	61,915
	Contributions made	329,595	-
- Gratuity Fund	Charge for the period	144,686	65,539
	Contributions made	225,936	-
- Provident Funds	Charge / Contribution for the period	71,231	75,695
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	53,625	45,728
Key management personnel	Managerial remuneration	154,013	118,032
	Provident Fund Charge / Contribution for the period	5,905	4,150
Non-executive Directors	Remuneration and fees	9,576	12,138

* There are no transactions with the key management personnel other than their terms of employments / entitlements.

22.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of disclosures in respect of related parties.

The Group has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with government related entities except for transactions stated below, which the Group considers to be significant:

		Un-audited Three months ended	
		September 30, 2022	September 30, 2021
		(Rupees in '000)	
- Board of Management	Contribution towards expenses of BoM	5,303	3,956
- Gas & Oil Pakistan Limited	Gross sales	646,637	-
- Pak Arab Pipeline Company Limited	Pipeline charges	1,177,352	756,165
	Dividend received	325,546	384,142
- Sui Northern Gas Pipelines Limited	Gross sales	286,909,287	123,911,323
- Sui Southern Gas Company Limited	Gross sales	-	180,208,351
	Purchases	215,758	-
- Northern Power Generation Company Limited	Gross sales	2,998,235	2,245,453
- Jamshoro Power Company Limited	Gross sales	1,964,604	3,021,168

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

		Un-audited Three months ended	
		September 30, 2022	September 30, 2021
		(Rupees in '000)	
- Water and Power Development Authority	Utility Charges	56,432	40,102
- Pakistan International Airlines Corporation Limited	Gross sales	13,179,660	3,290,693
	Purchases	651	2,460
- Government Holdings (Pvt) Limited	Purchases	907,207	562,236
- Pak Arab Refinery Limited	Purchases	146,301,350	75,358,042
	Pipeline charges	222,909	117,719
	Services rendered	6,944	-
- Oil and Gas Development Company Limited	Purchases	3,827,413	1,983,606
-Pakistan Petroleum Limited	Gross sales	21,436	-
	Purchases	784,025	105,374
- K-Electric Limited	Gross sales	53,217,322	19,795,601
	Income facility charges	13,103	11,543
- National Bank of Pakistan	Finance cost and bank charges	621,204	74,291

The transactions described below are collectively but not individually significant to these condensed consolidated interim financial statements and therefore have been described below:

- (i) The Group sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.
- (ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Group incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Group uses pipeline of Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.
- (vi) The Group obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.
- (vii) The Group sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

(viii) The Group has obtained various financing facilities from National Bank of Pakistan.

(ix) The Group also pays dividend to various government related entities who are shareholders of the Group.

- 22.3** Inventory of the Holding Company held by related parties as at September 30, 2022 amounting to Rs. 120,274,993 thousand (June 30, 2022: Rs. 114,368,299 thousand).
- 22.4** Short term borrowings includes Rs. 15,690,288 thousand (June 30, 2022: Rs. 4,510,895 thousand) under finances obtained from National Bank of Pakistan.
- 22.5** The status of outstanding receivables and payables from / to related parties as at September 30, 2022 are included in respective notes to this condensed consolidated interim financial statements.
- 22.6** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

23. Operating segments

- 23.1** Segment wise revenues and profit is as under:

Revenue - net sales

	Un-audited Three months ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Petroleum Products	622,488,000	352,281,000
Liquefied Natural Gas (LNG)	238,529,000	105,907,000
Refining operations	38,403,290	10,356,861
Others	1,246,998	1,035,767
	<u>900,667,288</u>	<u>469,580,628</u>

Profit for the period

Petroleum Products	872,841	10,674,000
Liquefied Natural Gas (LNG)	273,000	776,000
Refining operations	949,553	(455,881)
Others	52,000	543,666
	<u>2,147,394</u>	<u>11,537,785</u>

- 23.2** Timing of revenue recognition is at a point in time.
- 23.3** Out of total sales of the Group, 99.7% (September 30, 2021: 99.8%) relates to customers in Pakistan.
- 23.4** All non-current assets of the Group as at September 30, 2022 and 2021 are located in Pakistan and Bangladesh. Sales to five major customers of the Group are approximately 41% during the three months period ended September 30, 2022 (September 30, 2021: 33%).
- 23.5** Out of total gross sales of the Group, sales for the three month period ended September 30, 2022, amounting to Rs. 332,087,698 thousand (September 30, 2021: Rs 164,915,623 thousand), relates to circular debt customers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended September 30, 2022

24. Events after the reporting date

- 24.1 The members in the 46th Annual General Meeting of the Holding Company held on October 26, 2022 have approved a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 thousand.
- 24.2 The Board of Management of the Holding Company in its meeting held on October 27, 2022 has declared an interim cash dividend of Rs. Nil (September 30, 2021: Rs. Nil) amounting to Rs. Nil (September 30, 2021: Rs. Nil) for the year ending June 30, 2023.

25. General

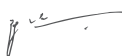
The figures are rounded off to the nearest thousand rupees, unless otherwise specified.

26. Date of authorisation for issue

These condensed consolidated interim financial statements were approved and authorised for issue on October 27, 2022 by the Board of Management of the Holding Company.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Usmani
Chairman - Board of Management



Gulzar Khoja
Chief Financial Officer

رپورٹ برائے شیئر ہولڈرز

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (پی ایس او) کا بورڈ آف مینجمنٹ، مالی سال 2022-23 کی 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے حوالے سے مالی گوشواروں کے ساتھ کمپنی اور گروپ کی کارکردگی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

پہلی سہ ماہی کے دوران روس اور یوکرین کا تنازعہ توانائی کے شعبے سے منسلک مارکیٹ کو منفی طور پر متاثر کرنے اور عالمی سطح پر معیشت میں مزید تنزلی کا سبب بنا، جس کے نتیجے میں نہ صرف اجناس کی قیمتوں میں اضافہ ہوا بلکہ یہ پاکستان جیسی ترقی پذیر معیشت کے لیے تناؤ کا سبب بھی بنا۔ ہمارے ملک کے معاشی اشاریے دوہرے افراط زر کے اعداد و شمار اور تجارتی عدم تعاون کی وجہ سے دباؤ میں رہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں ان تین مہینوں میں آٹوموبائل کی فروخت میں 50 فیصد کمی واقع ہوئی۔

بڑے اقتصادی مسائل کی وجہ سے درپیش چیلنجز کے علاوہ، مومن سون کی بارشیں پاکستان کے لیے بڑے تباہ کن نتائج لائیں۔ بارشوں کے باعث آنے والے سیلابوں نے ملک بھر میں تباہی مچادی، لاکھوں لوگ بے گھر ہوئے، عمارتیں، پل اور سڑکیں تباہ ہو گئیں اور ملک کا نصف حصہ زیر آب آ گیا اور اگست کے مہینے میں ملک بھر میں ایمر جنسی نافذ کر دی گئی۔

ملک کے ان بیرونی اور ناقابل دسترس عوامل پر قابو پانے کے بعد، پٹرولیم کی تمام پروڈکٹس کی کھیت میں نمایاں طور پر کمی دیکھنے میں آئی۔ اس مدت کے دوران پٹرولیم کی صنعت وائٹ آئل اور بلیک آئل کے والیوم بالترتیب 24.4% اور 16.1% تک تنزلی کا شکار ہوئے۔ سندھ، زیریں پنجاب اور بلوچستان میں بڑے پیمانے پر سیلاب کی وجہ سے ایک شہر سے دوسرے شہر نقل و حرکت میں خلل کے باوجود، پی ایس او نے ملک بھر میں ایندھن کی فراہمی اور سیلاب سے بحالی کے امور میں معاونت کے لیے موزوں اسٹاکس کو برقرار رکھ کر اپنی ذمہ داریوں کو تسلسل کے ساتھ پورا کیا اور ملک کی معیشت کے پسے کوروں دواں رکھا۔

موسم کی ابتز صورتحال، غیر موافق حالات اور ناقابل دسترس عوامل کے باوجود، پی ایس او نے مالی سال 2022-23 کی پہلی سہ ماہی (1QFY23) میں 1.2 بلین روپے کا بعد از ٹیکس منافع حاصل کیا اور گروپ نے 2.1 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔ مارکیٹ میں پی ایس او کا شیئر وائٹ آئل میں 1.3% اور بلیک آئل میں 1.6% تک اضافے کے ساتھ بالترتیب 48.8% اور 65.6% پر پہنچ گیا۔ ڈیزل اور فرنس آئل نے اس میں اہم کردار ادا کیا، جس میں کمپنی نے اپنے مارکیٹ شیئر میں 2.6% اور 1.7% تک اضافہ کیا اور سہ ماہی کا اختتام بالترتیب 50.4% اور 65.7% پر ہوا۔

مستحکم اسٹرکچر اور سپلائی چین کو فروغ دینے کے مقصد کے تحت کمپنی نے اس مدت میں 4,000 ٹن کے ذخائر کی بحالی کا کام کیا۔ جدید طرز عمل، ڈیجیٹائزیشن اور ترقیاتی امور کے حوالے سے کئے جانے والے اقدامات میں نمایاں طور پر پیش رفت ہوئی اور متعدد پروڈکٹس تکمیل کے آخری مراحل میں ہیں۔ مشکل کی گھڑی میں پی ایس او نے قوم کا ساتھ دیا اور سیلاب متاثرین کی بحالی اور سماجی بہبود کی سرگرمیوں میں تقریباً 56 ملین روپے عطیہ کئے۔

بورڈ آف مینجمنٹ نے سوئی نادرنگس پائپ لائنز لمیٹڈ پر واجبات کی مدد میں بڑھتی ہوئی وصولیوں پر گہری تشویش اور تحفظات کا اظہار کیا، جو کہ 30 جون، 2022 کے مقابلے میں تقریباً 20 بلین روپے زیادہ ہیں۔ اس معاملے پر کمپنی کی انتظامیہ وصولیوں کے فوری تحفیے اور حل کے لیے متعلقہ حکام کے ساتھ مسلسل رابطے میں ہے۔

ہم اپنے ملازمین، اسٹیک ہولڈرز اور بزنس پارٹنرز کے مسلسل تعاون پر ان کے شکر گزار ہیں۔ اس کے علاوہ ہم حکومت پاکستان خاص طور پر وزارت توانائی (پٹرولیم ڈویژن) کی رہنمائی اور تعاون پر تہدول سے شکر یہ ادا کرتے ہیں۔

ظفر آئی عثمانی
چیئر مین۔ بورڈ آف مینجمنٹ

سید محمد طہ
مینجنگ ڈائریکٹر اور سی ای او

27 اکتوبر 2022

کراچی

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