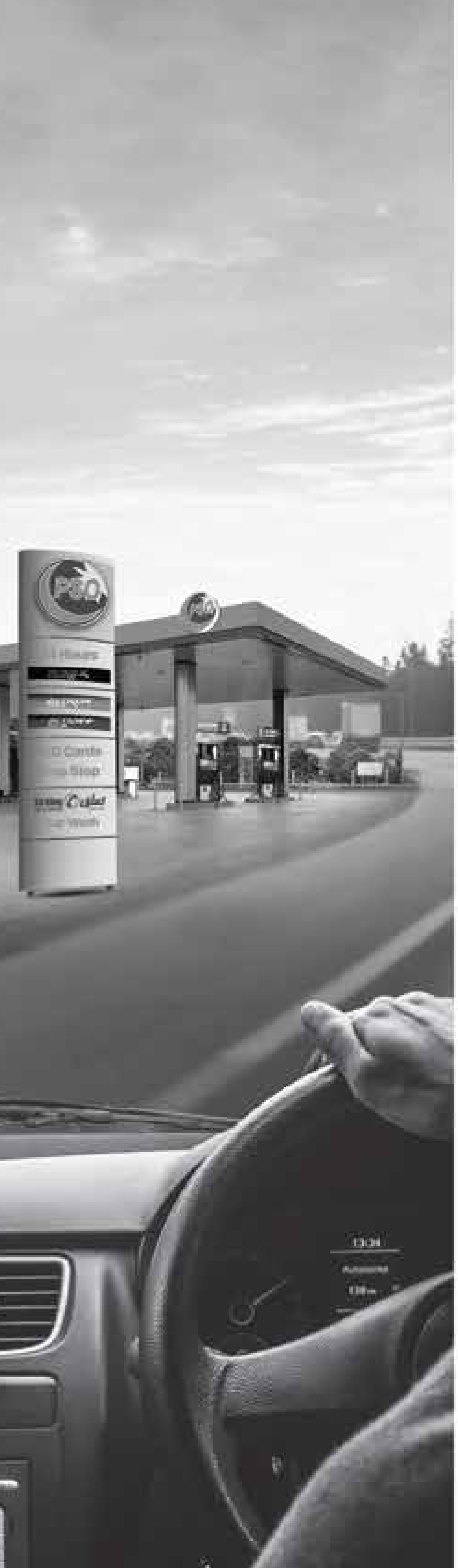


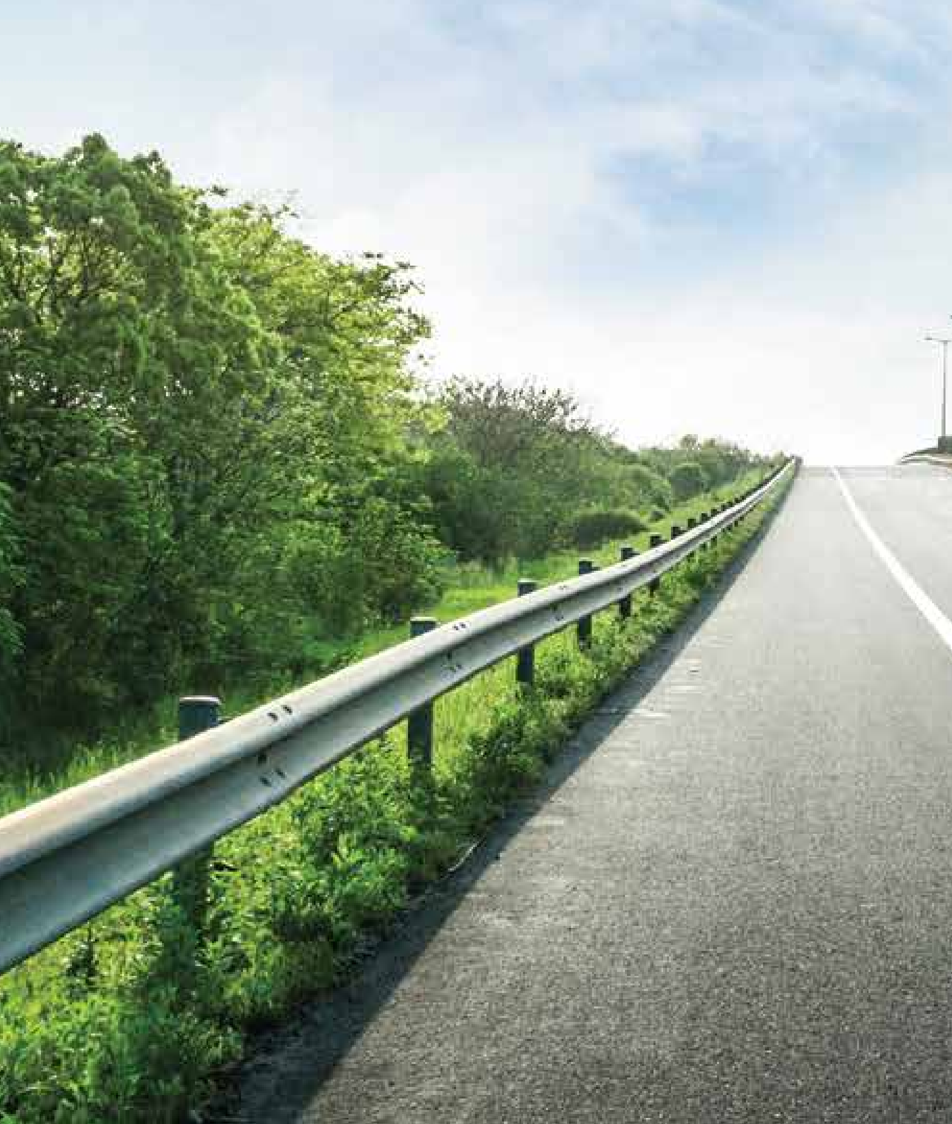
Pakistan State Oil Company Limited
PSO House, Khayaban-e-Iqbal, Clifton
Karachi -75600, Pakistan.
UAN: (92-21) 111-111-PSO (776)
Ta'aluq Care Line: 0800-03000
Email: taaluq@psopk.com
Fax: (92) 9920-3721
Website: www.psopk.com

ON THE MOVE WITH PSO

REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2019

On the move with PSO

PSO is proud to be your preferred partner on the road to prosperity. We fuel the nation's economy and enable journeys across air, land and sea. As the nation's largest Oil Marketing Company, we will continue to take the country to greater heights.



BOARD OF MANAGEMENT

Chairman (Independent)
Mr. Zafar I. Usmani

Independent Members
Ms. Tara Uzra Dawood
Mr. Mohammad Shahid Khan
Mr. Muhammad Hamayun Khan Barakzai

Non-Executive Members
Mr. Muhammad Anwer
Mr. Sajid Mehmood Qazi
Mr. Irfan Ali
Dr. Tanveer Ahmad Qureshi
Mr. Shahid Salim Khan

Managing Director & Chief Executive Officer
Syed Jehangir Ali Shah

CHIEF FINANCIAL OFFICER

Mr. Imtiaz Jaleel

COMPANY SECRETARY

Mr. Rashid Umer Siddiqui

AUDITORS

M/s. A. F. Ferguson & Co.
Chartered Accountants

M/s. EY Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

M/s. 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

THK Associates (Pvt.) Limited
1st Floor, 40-C
Block-6, P.E.C.H.S.
Karachi – 75400
P. O. Box 8533
Tel.: +92 21 111 000 322
Tel.: +92 21 3416 8266-68-70
Fax: +92 21 3416 8271
Email: secretariat@thk.com.pk

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
United Bank Limited

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, Karachi

EY Ford Rhodes
Chartered Accountants
Progressive Plaza
Beaumont Road, Karachi

To the members of Pakistan State Oil Company Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan State Oil Company Limited (the Company) as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to:

- Note 8.3 to the interim financial statements. The Company considers aggregate amount of Rs. 160,184 million (net of provision of Rs. 347 million); inclusive of Rs. 21,037 million received subsequent to the reporting date, due from gas distribution and power generation companies as a good debt for reasons given in the aforementioned note;
- Note 9.1 to the interim financial statements. The Company considers the aggregate amount of Rs. 8,932 million due from the Government of Pakistan as recoverable for reasons given in the aforementioned note;
- Note 9.4 to the interim financial statements. The Company considers the amount of Rs. 27,783 million due from the Government of Pakistan in respect of FE-25 borrowings as a good debt for reasons given in the aforementioned note;
- Note 11.1.1 to the interim financial statements regarding contingent liability in respect of non-accrual of late payment surcharge amounting to Rs. 6,871 million for reasons given in the aforementioned note.

Our conclusion is not modified in respect of the aforementioned matters.

The engagement partners on the review resulting in this independent auditor's report are Osama Kapadia and Shaikh Ahmad Salman.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

EY Ford Rhodes
Chartered Accountants

Date: February 26, 2020

The Board of Management (BOM) of Pakistan State Oil Company Limited (PSOCL) has reviewed the performance of the Company and the Group for the period ended December 31, 2019 i.e. first half of the financial year 2020 (1HFY20) and is pleased to present its report thereon.

During the period, economic challenges continued to impact the country's overall growth. In order to curb the creeping inflation, SBP maintained its tight monetary policy which impacted the industrial sector growth, particularly automobile manufacturing and also consumer spending. These factors coupled with influx of smuggled petroleum products from Iranian border resulted in decline of POL market size.

The demand for HSD declined by 10.3%, while there was growth of 3.8% in MoGas, which limited the decline in White Oil to 3.2%. The decline of 21.9% in Black Oil was due to the shift of power production to RLNG. The Liquid Fuels demand declined by 6.5% vs. SPLY.

Despite these challenges, PSO remained focused on re-gaining the market share and volumetric growth and outperformed the industry by an enormous margin as follows:

PRODUCT	PSO's Volumetric Growth over SPLY	INDUSTRY's Volumetric Growth over SPLY	PSO's Performance over Industry	PSO's Market Share Growth over SPLY
MOGAS	13.7%	3.8%	9.9%	3.4%
HSD	7.8%	-10.3%	18.1%	7.6%
WHITE OIL	9.3%	-3.2%	12.5%	5.0%
BLACK OIL	-13.7%	-21.9%	8.2%	5.1%
TOTAL LIQUID	4.4%	-6.5%	10.9%	4.8%

These results were achieved through various customer centric plans and by enhancing consumer experience and forecourt improvements. PSO also brought further supply chain efficiencies by sourcing 43% of refinery production (1HFY19: 37%) and handling 51% of industry imports.

The Company has reported healthy growth of 51% in Profit after Tax (PAT) which increased from Rs. 4.2 billion in 1HFY19 to Rs. 6.4 billion in 1HFY20. Despite the delay of five months in the increase of White Oil regulated margins, gross profit of the Company increased by 11% over same period last year (SPLY) mainly due to significant increase in white oil volumes and lower inventory loss. The other income went up by 163% due to receipt of Late Payment Surcharge income from Power Sector amounting to Rs. 5.0 billion (SPLY: Rs. 0.8 billion) which helped the Company to absorb the higher finance cost impact incurred on financing of the circular debt. Moreover, exchange gain of Rs. 0.6 billion (SPLY: exchange loss of Rs. 1.5 billion) on account of appreciation in value of Pak rupee also contributed positively to the bottom line.

During the period, PSO's receivable from power sector was reduced by Rs. 13.4 billion, while receivable from Sui Northern Gas Pipelines Limited (SNGPL) increased by Rs. 5.8 billion. Receivables from SNGPL has been on the rising trajectory and has surged by an alarming Rs. 29 billion approximately since the start of December 2019. This is a matter of grave concern for PSO, which is continuously engaged with concerned authorities for recovery of these receivables.

In respect of exchange loss of Rs 28 billion receivable from the Ministry of Finance on FE-25 loans, booked on instructions of the Ministry, the Economic Coordination Council of the Cabinet in its meeting held on January 8, 2020 has directed the Finance Division to explore the possibility of clearance of some of the claim during current financial year and consider allocation of the balance requisite amount for settlement from the next financial year.

PSO also executed a Share Purchase Agreement with The Shell Petroleum Company Limited for purchase of 10.5 million shares of its subsidiary, Pakistan Refinery Limited (PRL).

During the period, PRL has incurred a loss after tax of Rs. 1.7 billion (43% less than the loss of Rs. 3.0 billion in SPLY), mainly attributed to depressed refining margins, increase in finance cost due to surge in SBP discount rate and expenses on planned Turnaround maintenance. On a consolidated basis, the group achieved net turnover of Rs. 659 billion which translated in to a Net Profit of Rs. 4.3 billion. PRL has successfully completed the "planned maintenance turnaround" of the Refinery complex without any lost time injury and is working on the Refinery upgrade project.

PSO is making all out efforts to improve its market share and leadership position with sustained profitability. We express our sincere gratitude to all our employees, stakeholders and partners for their contributions and continuous support. We also take this opportunity to thank the Government of Pakistan, especially Ministry of Energy (Petroleum Division) for their incessant support and guidance.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Karachi: February 18, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
ASSETS		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	5	**12,497,549**	8,187,159
Intangibles		**46,122**	52,193
Long-term investments	6	**13,538,449**	11,439,851
Long-term loans, advances and other receivables		**435,364**	347,003
Long-term deposits and prepayments		**252,606**	331,300
Deferred tax asset - net		**11,749,714**	12,496,742
		38,519,804	32,854,248
Current assets			
Stores, spares and loose tools		**478,077**	474,209
Stock-in-trade	7	**85,063,546**	89,665,031
Trade debts	8	**204,948,943**	219,586,332
Loans and advances		**244,875**	234,734
Short-term deposits and prepayments		**1,219,359**	3,190,303
Other receivables	9	**51,865,365**	57,955,771
Taxation - net		**9,306,542**	8,525,756
Cash and bank balances		**2,614,356**	4,593,141
		355,741,063	384,225,277
Net assets in Bangladesh		**-**	-
TOTAL ASSETS		**394,260,867**	417,079,525
EQUITY AND LIABILITIES			
Equity			
Share capital		**4,694,734**	3,912,278
Reserves		**120,362,520**	115,268,409
		125,057,254	119,180,687
Non-current liabilities			
Retirement and other service benefits		**5,903,872**	7,527,709
Lease liabilities		**3,701,370**	-
		9,605,242	7,527,709
Current liabilities			
Trade and other payables	10	**145,534,638**	180,042,553
Unclaimed dividend		**1,375,150**	1,739,860
Unpaid dividend		**108,357**	103,297
Provisions		**490,972**	490,972
Accrued interest / mark-up		**1,137,509**	1,017,317
Short-term borrowings		**110,857,031**	106,977,130
Current portion of lease liabilities		**94,714**	-
		259,598,371	290,371,129
Contingencies and commitments	11		
TOTAL EQUITY AND LIABILITIES		**394,260,867**	417,079,525

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
		(Rupees in '000)			
Gross Sales		752,532,594	662,726,817	365,454,762	330,911,731
Less:					
- Sales tax		(100,509,015)	(81,171,691)	(48,620,611)	(34,494,346)
- Inland Freight Equalization Margin		(9,684,901)	(9,011,896)	(4,278,299)	(4,592,720)
		(110,193,916)	(90,183,587)	(52,898,910)	(39,087,066)
Net sales		642,338,678	572,543,230	312,555,852	291,824,665
Cost of products sold		(624,661,947)	(556,546,780)	(305,585,577)	(286,734,614)
Gross profit		17,676,731	15,996,450	6,970,275	5,090,051
Other income	12	6,978,900	2,650,049	5,394,716	1,679,595
Operating costs					
Distribution and marketing expenses		(5,763,094)	(4,427,661)	(3,197,966)	(2,359,640)
Administrative expenses		(1,455,451)	(1,285,573)	(730,797)	(564,801)
Other expenses		(151,170)	(1,819,030)	138,020	(1,026,968)
		(7,369,715)	(7,532,264)	(3,790,743)	(3,951,409)
Profit from operations		17,285,916	11,114,235	8,574,248	2,818,237
Finance costs	13	(6,540,216)	(3,855,407)	(3,900,295)	(2,029,353)
Share of profit / (loss) of associates - net of tax		312,241	(65,309)	167,658	(185,268)
Profit before taxation		11,057,941	7,193,519	4,841,611	603,616
Taxation					
- current		(4,993,896)	(3,799,224)	(2,275,920)	(1,421,494)
- prior		1,738	143,535	1,738	143,535
- deferred		368,967	711,215	338,863	742,504
		(4,623,191)	(2,944,474)	(1,935,319)	(535,455)
Profit for the period		6,434,750	4,249,045	2,906,292	68,161
		(Rupees)			
			(Restated)		(Restated)
Earnings per share - basic and diluted	14	13.71	9.05	6.19	0.15

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018 (Restated)	Quarter ended December 31, 2019	Quarter ended December 31, 2018 (Restated)
		(Rupees in '000)			
Profit for the period		6,434,750	4,249,045	2,906,292	68,161
Other comprehensive income / (loss):					
Items that will not be subsequently reclassified to statement of profit or loss:					
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax		579	(10,143)	579	(9,221)
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	6.1.1	1,785,785	-	230,596	-
Taxation thereon		(388,408)	-	(50,154)	-
		1,397,377	-	180,442	-
Actuarial loss on remeasurement of retirement and other service benefits - net of tax		-	(4,415)	-	(2,207)
		1,397,956	(14,558)	181,021	(11,428)
Total comprehensive income for the period		7,832,706	4,234,487	3,087,313	56,733

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share capital	Capital Reserves: Surplus on vesting of net assets	Revenue Reserves: Unrealised gain on remeasurement of FVOCI investments	Revenue Reserves: Companys's share of unrealised loss on AFS investment of associates	Revenue Reserves: General reserve	Revenue Reserves: un-appropriated profit	Sub-total	Total
	(Rupees in '000)							
Balance as at July 01, 2018 (Audited)	3,260,232	3,373	-	(6,354)	25,282,373	81,912,851	107,192,243	110,452,475
Effect of change in accounting policy	-	-	6,063,653	6,354	-	17,907	6,087,914	6,087,914
Balance as at July 01, 2018 - Restated	3,260,232	3,373	6,063,653	-	25,282,373	81,930,758	113,280,157	116,540,389
Total comprehensive income for half year ended								
Profit for the period	-	-	-	-	-	4,249,045	4,249,045	4,249,045
Other comprehensive loss - Restated								
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(10,143)	(10,143)	(10,143)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	(4,415)	(4,415)	(4,415)
	-	-	-	-	-	(14,558)	(14,558)	(14,558)
Transaction with the owners								
Final dividend for the year ended June 30, 2018 @ Rs. 5 per share	-	-	-	-	-	(1,630,116)	(1,630,116)	(1,630,116)
Bonus shares issued for the year ended June 30, 2018 @ 20%	652,046	-	-	-	-	(652,046)	(652,046)	-
Balance as at December 31, 2018 (Unaudited) - Restated	3,912,278	3,373	6,063,653	-	25,282,373	83,883,083	115,232,482	119,144,760
Balance as at July 01, 2019 (Audited)	**3,912,278**	**3,373**	**4,335,648**	**-**	**25,282,373**	**85,647,015**	**115,268,409**	**119,180,687**
Total comprehensive income for half year ended								
Profit for the period	-	-	-	-	-	6,434,750	6,434,750	6,434,750
Other comprehensive income								
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	579	579	579
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	1,397,377	-	-	-	1,397,377	1,397,377
	-	-	1,397,377	-	-	579	1,397,956	1,397,956
Transaction with the owners								
Final dividend for the year ended June 30, 2019 @ Rs. 5 per share	-	-	-	-	-	(1,956,139)	(1,956,139)	(1,956,139)
Bonus shares issued for the year ended June 30, 2019 @ 20%	782,456	-	-	-	-	(782,456)	(782,456)	-
Balance as at December 31, 2019 (Unaudited)	**4,694,734**	**3,373**	**5,733,025**	**-**	**25,282,373**	**89,343,749**	**120,362,520**	**125,057,254**

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Jehangir Ali Shah
Syed Jehangir Ali Shah
Managing Director & CEO

T U Dawood
Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	December 31, 2019	December 31, 2018
		Half year ended (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	15	**10,075,337**	(47,518,489)
Long-term loans, advances and other receivables		**(88,361)**	24,633
Long-term deposits and prepayments		**78,694**	(96,393)
Taxes paid		**(5,045,358)**	(3,923,882)
Finance costs paid		**(5,210,125)**	(3,316,363)
Retirement and other service benefits paid		**(2,396,946)**	(530,073)
Net cash used in operating activities		**(2,586,759)**	(55,360,567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of			
- property, plant and equipment		**(678,782)**	(679,833)
- Intangibles		**(2,778)**	-
Proceeds from disposal of operating assets		**23,145**	10,152
Acquisition of shares in PRL		**-**	(840,000)
Dividends received		**283,234**	298,038
Net cash used in investing activities		**(375,181)**	(1,211,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		**4,191,917**	32,484,508
Lease rentals paid		**(580,958)**	-
Dividends paid		**(2,315,789)**	(3,878,453)
Net cash generated from financing activities		**1,295,170**	28,606,055
Net decrease in cash and cash equivalents		**(1,666,770)**	(27,966,155)
Cash and cash equivalents at beginning of the period		**(16,467,793)**	(7,924,869)
Cash and cash equivalents at end of the period	16	**(18,134,563)**	(35,891,024)

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Jehangir Ali Shah
Syed Jehangir Ali Shah
Managing Director & CEO

T U Dawood
Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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 Board of Management (the Board) 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. Statement of compliance

These unconsolidated condensed interim financial statements 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 Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by 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.

3. Basis of preparation

3.1 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. These unconsolidated condensed interim financial statements are unaudited, however have been subject to limited scope review by the auditors, 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. These unconsolidated 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.

3.2 These unconsolidated condensed 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.

3.3 The figures of the unconsolidated condensed interim statement of profit and loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

3.4 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting and reporting standards that became effective during the period

The following standards, amendments and interpretations to accounting and reporting standards became effective for the first time and are relevant to the Company.

IFRS 16 - 'Leases'
IAS 19 - 'Plan Amendment, Curtailment or Settlement'
IAS 28 - 'Long-term Interests in Associates and Joint Ventures'
IFRIC 23 - 'Uncertainty over Income Tax Treatments'

The adoption of the above standards, amendments and interpretations to accounting standards did not have any material effect on these unconsolidated condensed interim financial statements except for IFRS 16 which is as follows:

IFRS 16 - 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions and will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company does not have any sub-lease or finance leases as on July 1, 2019.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	Rupees in '000'
Undiscounted operating lease commitments as at June 30, 2019	13,512,093
Impact of discounting	(9,414,142)
Total lease liability at July 1, 2019	**4,097,951**
Incremental borrowing rate as at July 1, 2019	**13.72%**

Impact: Increase/ (decrease) of adopting IFRS 16 on financial statements as at July 1, 2019

Impact on unconsolidated condensed interim statement of financial position

	Rupees in '000'
Assets	
Property, plant and equipment	4,388,198
Prepayments	(290,247)
Impact on Total Assets	**4,097,951**
Liabilities	
Current portion of lease liabilities	89,153
Lease liabilities	4,008,798
	4,097,951

(b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the dates mentioned below against the respective standards, amendments or interpretation:

Standards, amendments or interpretation	Effective date (annual periods beginning on or after)
IAS1 / IAS 8 Definition of Material	January 01,2020

3.5 The preparation of these unconsolidated condensed interim financial statements, in conformity with the approved accounting and reporting standards 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.

During the preparation of these unconsolidated condensed interim financial statements, changes in the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2019 do not have any material impact, except for as disclosed in note 3.4(a).

3.6 These unconsolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all interim financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

3.7 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Accounting policies

4.1 The accounting policies and method of computation adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2019 except as explained in note 4.2 to these unconsolidated condensed interim financial statements.

4.2 Lease liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

4.3 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 unconsolidated condensed interim financial statements.

5. Property, plant and equipment

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)		(Un-audited)	
	-----------------(Rupees in '000)		-----------------	
Freehold land	-	326,725	-	-
Buildings on freehold land	11,012	-	-	-
Buildings on leasehold land	899	2,185	-	116
Tanks and pipelines	9,122	12,909	80	16
Service and filling stations	271,288	107,713	10	517
Plant and machinery	86,900	41,580	-	-
Furniture and fittings	5,098	1,619	200	45
Vehicles and other rolling stock	67,508	12,282	5,441	911
Office equipment	14,448	16,726	-	-
Gas cylinders / regulators	45,534	32,993	-	-
	511,809	554,732	5,731	1,605

5.2 The above disposals represented assets costing Rs. 65,001 thousand (December 31, 2018: Rs. 151,669 thousand) and were disposed off for Rs. 23,145 thousand (December 31, 2018: Rs. 10,152 thousand).

5.3 Includes operating assets amounting to Rs. 760,182 thousand (June 30, 2019: Rs. 796,624 thousand) in respect of Company's share in joint operations.

5.4 Includes capital work-in-progress amounting to Rs. 84,586 thousand (June 30, 2019: Rs. 72,604 thousand) in respect of Company's share in joint operations.

5.5 During the period, the Company recognised right of use asset comprising mainly land amounting to Rs. 4,388,198 thousand (June 30, 2019: Nil) having a net book value as at reporting date amounting to Rs. 4,225,750 thousand (June 30, 2019: Nil).

6. Long-term investments	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000)	
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (June 30, 2019: 12%) No. of shares: 8,640,000 (June 30, 2019: 8,640,000) of Rs. 100/- each	6.1	8,190,549	6,404,764
Investment in subsidiary - at cost			
In a quoted company			
- Pakistan Refinery Limited (PRL) Equity held 52.68% (June 30, 2019: 52.68%) No. of shares: 154,875,000 (2019: 154,875,000) of Rs. 10/- each	6.2	2,566,090	2,566,090
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited Equity held: 49% (June 30, 2019: 49%) No. of shares: 46,058,570 (2019: 46,058,570) of Rs. 10/- each		2,730,310	2,418,932
- Pak Grease Manufacturing Company (Private) Limited Equity held: 22% (June 30, 2019: 22%) No. of shares: 686,192 (2019: 686,192) of Rs. 10/- each		51,500	50,065
		2,781,810	2,468,997
		13,538,449	11,439,851

6.1 The Company has carried out an exercise to ascertain the fair value of investment as at December 31, 2019 using the discounted cash flow technique (Level 3) and determined that the fair value amounts to Rs. 8,190,549 thousand (June 30, 2019: 6,404,764 thousand). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-Audited December 31, 2019	Audited June 30, 2019
- Discount rate	18.0% - 18.9%	20.5% - 21.8%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Company has recorded an unrealised gain - net of tax of Rs. 1,397,377 thousand (December 31, 2018: Nil) in other comprehensive income for the year.

	Un-Audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000)	
6.1.1 Movement of investment classified as FVOCI		
Balance at beginning of the period / year	6,404,764	864,000
Impact of change in accounting policy	-	7,603,327
Balance at beginning of the period / year - restated	6,404,764	8,467,327
Remeasurement profit / (loss) recognised in other comprehensive income / (loss)	1,785,785	(2,062,563)
Balance at the end of the period / year	8,190,549	6,404,764
6.1.2 Sensitivity to unobservable inputs:		
- Discount rate (1% increase)	(534,861)	(359,561)
- Discount rate (1% decrease)	627,432	411,960
- Growth rate of terminal value (1% increase)	434,744	254,700
- Growth rate of terminal value (1% decrease)	(372,557)	(223,821)

6.2 During the period, the Company entered into Share Purchase Agreement with The Shell Petroleum Company Limited for purchase of 10,500,000 shares of PRL at a nominal value. Process for the transfer of these shares in the name of the Company was in progress as of December 31, 2019.

7. Stock-in-trade

The Company has recognised write-down of inventory to net realisable value amounting to Rs. Nil (June 30, 2019: Rs. 51,286 thousand).

8. Trade debts

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000)	
Considered good			
Due from Government agencies and autonomous bodies			
- Secured	8.1	282,800	155,524
- Unsecured	8.2 & 8.3	166,403,582	168,277,493
		166,686,382	168,433,017
Due from other customers			
- Secured	8.1	1,916,073	1,819,131
- Unsecured	8.2 & 8.3	36,346,488	49,334,184
		38,262,561	51,153,315
		204,948,943	219,586,332
Considered doubtful		2,744,159	3,025,523
Trade debts - gross		207,693,102	222,611,855
Less: Provision for impairment	8.4	(2,744,159)	(3,025,523)
Trade debts - net		204,948,943	219,586,332

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

8.2 Includes Rs.164,865,193 thousand (June 30, 2019: Rs. 170,735,867 thousand) due from related parties, against which provision for impairment of Rs. 1,018,938 thousand (June 30, 2019: Rs. 1,071,117 thousand) has been recognised.

8.3 Included in trade debts is an aggregate amount of Rs. 173,041,272 thousand (June 30, 2019:Rs. 180,676,446 thousand) due from GENCO Holding Company Limited (GENCO) (formerly WAPDA), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO),and Sui Northern Gas Pipeline Limited (SNGPL). These include past due trade debts of Rs. 76,904,843 thousand (June 30, 2019: Rs. 82,383,020 thousand), Rs. 23,329,052 thousand (June 30, 2019: Rs. 25,637,026 thousand), Rs Nil (June 30, 2019: Rs. 4,105,302 thousand) and Rs. 60,297,018 thousand (June 30,2019 : Rs. 53,457,589 thousand) from GENCO, HUBCO, KAPCO and SNGPL respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 thousand (June 30, 2019: Rs. 346,975 thousand) against these debts and did not consider the remaining aggregate past due balance of Rs. 160,183,938 thousand (against which subsequent receipts of Rs. 225,000 thousand from GENCO (formerly WAPDA) and Rs. 20,812,000 thousand from SNGPL have been received) 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.

As at December 31, 2019 trade debts aggregating Rs. 32,969,964 thousand (June 30, 2019: Rs. 27,382,041 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 171,978,979 thousand (June 30, 2019: Rs.192,204,291 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 unconsolidated condensed interim financial statements.

8.4 The movement in provision during the period / year is as follows:

	Un-Audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000)	
Balance at beginning of the period / year	3,025,523	3,290,578
Impact of change in accounting policy	-	(330,234)
Balance at beginning of the period / year - restated	3,025,523	2,960,344
Provision recognised during the period / year	-	198,469
Reversal due to recoveries during the period / year	(281,364)	(133,290)
	(281,364)	65,179
Balance at the end of the period / year	2,744,159	3,025,523

9. Other receivables

9.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 15 to the annual audited unconsolidated financial statements for the year ended June 30, 2019:

	Un-Audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000)	
Price differential claims (PDC):		
- on imports (net of related liabilities and specific provision of Rs 365,294 included in note 9.3) of Motor Gasoline	985,667	985,667
- 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
	8,932,125	8,932,125

During the period, there has been no significant change in the status of the abovementioned claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

9.2 Includes receivable of Rs. 39,921,171 thousand (June 30, 2019: Rs. 45,807,855 thousand) due from associates and related parties.

9.3 As at December 31, 2019, receivables aggregating to Rs. 3,015,018 thousand (June 30, 2019: Rs. 2,907,016 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-Audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000)	
Balance at beginning of the period / year	2,907,016	2,368,822
Impact of change in accounting policy	-	297,000
Balance at beginning of the period / year - Restated	2,907,016	2,665,822
Provision recognised during the period / year	108,002	311,327
Reversal of provision due to recoveries during the period / year	-	(70,133)
	108,002	241,194
Balance at the end of the period / year	3,015,018	2,907,016

9.4 Includes Rs. 27,782,637 thousand (June 30, 2019: Rs.30,243,658 thousand) on account of unfavourable exchange differences arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - Government of Pakistan (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. Subsequent to the period, Economic Coordination Committee has directed allocation of requisite amount for settlement of these exchange losses. The Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

10. Trade and other payables

10.1. Includes Rs. 28,829,098 thousand (June 30, 2019: Rs. 37,012,699 thousand) due to various related parties.

11. Contingencies and commitments

11.1 Contingencies

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

11.1.1 Late Payment Surcharge

Claims amounting to Rs. 6,870,724 thousand (June 30, 2019: Rs.7,757,050 thousand) in respect of delayed payment charges are not recognised on the understanding that these will be payable only when the Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the 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.

11.1.2 Income Tax

The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,733,038 thousand. These orders were later rectified and amended to Rs. 964,037 thousand. Currently, the appeal against tax year 2008 is pending before High Court of Sindh (SHC). During the year ended June 30, 2018 the ATIR passed an order in respect of Tax Year 2004 which was decided in favour of the Company and the Company obtained its effect from tax authorities after which the amended demand was reduced to Rs. 783,014 thousand. During the current period, ATIR has passed three orders in respect of Tax Year 2005, 2006 and 2007 which are mostly in favour of the Company except one point for Tax Year 2005 on which the Company is in process of filing reference before SHC. The Company has obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 435,662 thousand. 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 for the said matters in these unconsolidated condensed interim financial statements.

11.1.3 Sales Tax

11.1.3.1 A sales tax show cause notice dated April 11, 2014 was issued by the Additional Commissioner Inland Revenue (ACIR), FBR in respect of sales tax audit of the Company for tax year 2010. Under the said show cause notice, the ACIR showed the intention to impose a demand of Rs. 5,426,874 thousand on account of certain matters. Further, the show cause notice also includes default surcharge and penalty to be imposed at the time of payment. The Company filed a suit against the said show cause notice before the SHC. The SHC vide an order suit no.753/2014 dated May 08, 2014 restrained the tax authorities from issuing any final order and taking any adverse action against the Company and further instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Company based on views of its lawyers withdrew the suit consequent to recent decision of Honorable Supreme Court (SC) dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The Deputy Commissioner Inland Revenue (DCIR) issued notice subsequent to withdrawal of suit which were duly responded by the Company. During the period, the DCIR passed an order dated July 02, 2019 giving rise to demand of sales tax of Rs. 3,586,018 thousand alongwith penalty of Rs. 179,300 thousand and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before Commissioner Inland Revenue (CIR - Appeals), who has annulled the order and has decided the case in the Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.3.2 During the year ended June 30, 2018, a show-cause notice dated November 17, 2017 for recovery of sales tax amounting to Rs.4,858,000 thousand was raised by the DCIR on the matter of non-charging of sales tax on supply of fuel to foreign going airlines for the year 2014-15. The show cause notice also included default surcharge and penalty to be imposed at the time of payment. The Company filed suit No. 46 dated January 08, 2018 before the SHC which restrained the tax authorities from issuing any final order and taking any adverse action against the Company and further instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Company based on views of its lawyers withdrew the aforesaid suit consequent to recent decision of SC dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Company. During the period, the DCIR has passed an order dated July 04, 2019 giving rise to demand of sales tax of Rs. 4,579,596 thousand along with penalty of Rs.228,979 thousand and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.3.3 Sales tax show cause notices dated May 09, 2017 and June 30, 2017 were issued by the Deputy Commissioner, Large tax payers unit (LTU), Karachi in respect of non-payment of sales tax on PDC / subsidies by the Company involving Rs. 35,696,013 thousand. The Company filed petition in SHC against these show cause notices, against which SHC passed stay order restraining the department from issuing any final order and instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Company based on views of its lawyers withdrew the suit consequent to recent decision of SC dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Company. During the period, the DCIR passed an order dated July 03, 2019 giving rise to demand of sales tax of Rs. 33,855,642 thousand alongwith penalty of Rs.33,855,642 thousand and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.3.4 Punjab Revenue Authority (PRA) issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 thousand alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal was also filed with Commissioner - Appeals PRA against the subject order. Commissioner PRA in his appellate order dated September 5, 2018 decided against the Company while waiving levy of penalty thereon. The Company filed an appeal with Appellate Tribunal PRA, who in the order dated December 9, 2019 set aside the order dated September 18, 2017. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.3.5 Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Company demanding Rs. 571,933 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The Orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Company challenged the Orders in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, appeals have also been filed with Commissioner - Appeals PRA against the subject orders, which is still pending. Based on the view of tax and legal advisor, the Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these financial statements. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 thousand on similar issue against which the Company has obtained stay order from Lahore High Court. In a recent development, Lahore High Court has quashed its orders on constitutional grounds. The Company, however, has applied for stay of demand with Commissioner Appeals against the orders for Financial Years 2014-15 and 2015-16 which is still pending. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.3.6 PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 thousand claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Company did not agree with the view of PRA as it was treating the whole price of POL products subject to levy of general sales tax. The Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements

11.1.3.7 The Collector (Adjudication) - Customs House Karachi, has issued a show-cause notice dated August 06, 2019 to the Company for recovery of minimum value added sales tax of Rs. 3,107,963 thousand, on import of furnace oil in Pakistan from Keamari terminals. The Company has challenged the impugned show-cause notice in the SHC, who has granted stay against any coercive action by the adjudicating authority. Based on the views of legal advisor of the Company, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

11.1.4 Other tax matters

11.1.4.1 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Company is contesting the levy along with other companies in the SHC. Through the interim order passed on May 31, 2011, the SHC has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to Dec 31, 2019, the management has deposited Rs.109,543 thousand (June 30, 2019: Rs.108,707 thousand) in cash and provided bank guarantee amounting to Rs.109,543 thousand (June 30, 2019: Rs.108,707 thousand) with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these unconsolidated condensed interim financial statements.

11.1.4.2 There is no significant change in the status of other contingencies as disclosed in notes 26.1.2 to 26.1.4 to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

11.1.5 Other Legal Claims

11.1.5.1 As at December 31, 2019 certain legal cases amounting to Rs. 7,989,472 thousand (June 30, 2019: Rs. 7,801,972 thousand) had been 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 this unconsolidated condensed interim financial statements.

11.1.5.2 Claims against the Company not acknowledged as debts amount to Rs. 6,257,761 thousand (June 30, 2019: Rs. 5,629,189 thousand) other than as mentioned in note 11.1.5.1 above.

	Un-Audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000)	
11.2 Commitments		
11.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	2,628,116	2,845,135
- Intangibles	2,450,690	984,726
	5,078,806	3,829,861
11.2.2 Letters of credit	20,321,142	27,680,685
11.2.3 Bank guarantees	1,348,059	1,189,181
11.2.4 Standby Letters of credit	36,665,723	38,897,240
11.2.5 Post - dated cheques	2,305,000	5,160,000

12. Other income

Mainly includes delayed payment surcharge received from various customers.

13. Finance costs

Includes mark-up on short-term borrowings and late payment charges amounting to Rs. 6,151,740 thousand (December 31, 2018: 3,776,397 thousand).

14. Earnings per share

14.1 Basic

	Un-audited Half year ended		Un-audited Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)			
Profit for the period attributable to ordinary shareholders	6,434,750	4,249,045	2,906,292	68,161
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period (number of shares)	469,473,302	469,473,302	469,473,302	469,473,302
		(Restated)		(Restated)
Earnings per share - basic and diluted	13.71	9.05	6.19	0.15

14.2 During the period, the Company has issued 20% bonus shares (i.e. one for every five ordinary shares held) which has resulted in restatement of basic and diluted earnings per share for quarter and half year ended December 31, 2018.

14.3 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 December 31, 2019 and December 31, 2018.

15. Cash generated from / (used in) operations

	Note	Un-audited Half year ended December 31, 2019	December 31, 2018
		-----(Rupees in '000)-----	
Profit before taxation		11,057,941	7,193,519
Depreciation and amortisation		759,708	559,865
Unrealised gain on revaluation of investment in PRL on acquisition date		-	(170,375)
Unrealised loss transferred to profit or loss on reclassification of investment in associate to subsidiary at cost		-	11,826
Reversal of provision for impairment on trade debts - net		(281,364)	(242,609)
Provision / (Reversal of provision) for other receivables - net		108,002	(11,032)
Provision against stock-in-trade		89,543	-
Provision for impairment against stores, spares and loose tools		-	4,534
Provision for retirement and other services benefits		773,109	621,157
Provision for write down of inventory to net realisable value		-	5,194,589
Gain on disposal of operating assets		(17,414)	(8,547)
Share of profit from associates - net of tax		(312,241)	65,309
Dividend income from FVOCI / AFS investment		(283,227)	(271,998)
Interest on lease payments		279,091	-
Finance costs		6,261,125	3,855,407
		7,376,332	9,608,126
Working capital changes	15.1	(8,358,936)	(64,320,134)
		10,075,337	(47,518,489)

15.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(3,868)	(103,791)
- Stock-in-trade	4,511,942	(4,705,661)
- Trade debts	14,918,753	8,978,903
- Loans and advances	(10,141)	1,574,194
- Deposits and short-term prepayments	1,680,697	1,538,828
- Other receivables	5,982,404	(11,260,627)
Decrease in current liabilities:		
- Trade and other payables	(35,438,723)	(60,341,980)
	(8,358,936)	(64,320,134)

	Un-audited Half year ended	
	December 31, 2019	December 31, 2018
	-----(Rupees in '000)-----	

16. Cash and cash equivalents

Cash and cash equivalents comprise following items in the unconsolidated condensed interim statement of financial position:		
Cash and bank balances	2,614,356	2,964,688
Short-term borrowings (finances under mark-up arrangements)	(20,748,919)	(38,855,712)
	(18,134,563)	(35,891,024)

17. Fair value of financial assets and liabilities

17.1 These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited unconsolidated financial statements for the year ended June 30, 2019. There have been no change in any risk management policies since the year end.

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 unconsolidated condensed 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 December 31, 2019, except for the Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 6.1 of these unconsolidated condensed interim financial statements.

18. Transactions with related parties

18.1 Related parties comprise 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 unconsolidated condensed interim financial statements, are as follows:

Name of the related party and relationship with the Group	Nature of transactions	Un-audited Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in '000)	
Subsidiary			
- Pakistan Refinery Limited	Purchases	47,982,101	5,587,796
	Income facility charges	828	-
Associates			
- Pakistan Refinery Limited	Purchases	-	24,832,671
	Dividend received	-	26,040
	Income facility charges	-	233
- Pak Grease Manufacturing Company (Private) Limited	Purchases	26,307	37,099
- Asia Petroleum Limited	Income facility charges	4,718	6,862
	Pipeline charges	47,180	74,106
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	209,879	280,750
	Contributions	1,831,706	328,408
- Gratuity Fund	Charge for the period	121,725	142,182
	Contributions	481,108	136,782
- Provident Funds	Charge / Contribution for the period	76,613	66,684
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	90,046	-
Key management personnel	Managerial remuneration	197,461	175,456
	Charge / Contribution for the period	5,600	4,250
Non-executive Directors	Remuneration and fees	15,800	8,413

18.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) 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:

		Un-audited Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in '000)	
- Board of Management	Contribution towards expenses of BoM	18,276	10,805
- Federal Government of Pakistan	Dividend paid	439,601	366,334
- Benazir Employees' Stock Option Scheme	Dividend paid	59,432	49,526
- Pak Arab Pipeline Company Limited	Pipeline charges	1,982,928	1,381,939
	Dividend received	283,227	271,998
- Sui Northern Gas Pipelines Limited	Sales	192,412,292	194,027,724
- GENCO Holding Company Limited (formerly Water and Power Development Authority)	Sales	6,062,711	5,674,932
	Utility charges	40,998	46,112
- Pakistan International Airlines Corporation Limited	Sales	15,111,216	13,748,564
	Purchases	4,526	3,265
- Pak Arab Refinery Limited	Purchases	88,141,141	73,948,394
	Pipeline charges	230,162	159,465
	Other expense	881,048	-
- K-Electric	Sales	36,692,854	33,108,355
- National Bank of Pakistan	Finance cost and bank charges	1,048,129	877,924

The transactions described below are collectively but not individually significant to these unconsolidated condensed 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 utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also 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.

18.3 Inventory of the Company held by related parties as at December 31, 2019 amounts to Rs. 28,977,258 thousand (June 30, 2019: Rs. 22,767,496 thousand).

18.4 Short term borrowings includes Rs. 23,154,628 thousand (June 30, 2019: Rs. 30,153,558 thousand) under finances obtained from National Bank of Pakistan.

18.5 The status of outstanding receivables and payables from / to related parties as at December 31, 2019 are included in respective notes to this unconsolidated condensed interim financial statements.

18.6 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.

	Un-audited Half year ended December 31, 2019	December 31, 2018
19. Operating segments		
19.1 Segment wise revenues and profit is as under:	(Rupees in '000)	
Revenue - net sales		
Petroleum Products	468,965,000	401,916,012
Liquefied Natural Gas (LNG)	171,896,000	169,228,950
Others	1,477,678	1,398,268
	642,338,678	572,543,230
Profit / (loss) for the period		
Petroleum Products	6,027,000	2,222,794
Liquefied Natural Gas (LNG)	(436,000)	1,431,310
Others	843,750	594,941
	6,434,750	4,249,045

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

19.3 Out of total sales of the Company, 99.3% (December 31, 2018: 98.4%) relates to customers in Pakistan.

19.4 All non-current assets of the Company as at December 31, 2019 and 2018 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 29% during the half year ended December 31, 2019 (December 31, 2018: 34%).

19.5 Out of total gross sales of the Company, sales for the half year ended December 31, 2019, amounting to Rs. 221,056,972 thousand (December 31, 2018: Rs 262,021,083 thousand), relates to circular debt customers.

20. Events after the reporting date

The Board of Management - Oil in its meeting held on February 18, 2020 has proposed an interim cash dividend of Nil (December 31, 2018: 'Nil') amounting to Rs. Nil (December 31, 2018: 'Nil') for the year ending June 30, 2020.

21. General

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

22. Date of authorisation for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue on February 18, 2020 by the Board of Management.

Syed Jehangir Ali Shah	Ms. Tara Uzra Dawood	Mr. Imtiaz Jaleel
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	38,985,624	34,581,849
Intangibles		54,217	60,455
Long-term investments	6	11,030,872	8,930,555
Long-term loans, advances and other receivables		440,975	346,617
Long-term deposits and prepayments		273,743	353,058
Deferred tax asset - net		11,280,280	11,854,947
		62,065,711	56,127,481
Current assets			
Stores, spares, chemicals and loose tools		824,741	889,295
Stock-in-trade	7	90,433,711	98,847,665
Trade debts	8	205,110,861	223,797,044
Loans and advances		1,563,095	390,909
Short-term deposits and prepayments		1,367,174	3,211,845
Other receivables	9	53,042,531	56,797,908
Taxation - net		9,444,169	8,690,696
Cash and bank balances		2,861,716	4,847,030
		364,647,998	397,472,392
Net assets in Bangladesh		-	-
TOTAL ASSETS		426,713,709	453,599,873
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	3,912,278
Reserves		122,927,024	118,934,765
Equity attributable to the owner's of the Holding Company		127,621,758	122,847,043
Non-controlling interest		4,609,086	5,598,368
		132,230,844	128,445,411
Non-current liabilities			
Retirement and other service benefits		6,253,341	7,877,177
Long term borrowing		4,100,000	4,300,000
Lease liabilities		3,853,307	-
		14,206,648	12,177,177
Current liabilities			
Trade and other payables	10	157,055,176	187,650,036
Unclaimed dividend		1,395,016	1,761,628
Unpaid dividend		108,357	103,297
Provisions		490,972	490,972
Accrued interest / mark-up		1,409,447	1,292,443
Short-term borrowings		119,719,589	121,678,909
Current portion of lease liabilities		97,660	-
		280,276,217	312,977,285
Contingencies and commitments	11		
TOTAL EQUITY AND LIABILITIES		426,713,709	453,599,873

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jehangir Ali Shah	Ms. Tara Uzra Dawood	Mr. Imtiaz Jaleel
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
		(Rupees in '000)			
Net sales	12	658,957,141	572,543,230	318,314,792	291,824,665
Cost of products sold		(641,920,289)	(556,546,780)	(312,692,340)	(286,734,614)
Gross profit		17,036,852	15,996,450	5,622,452	5,090,051
Other income	13	7,128,897	2,650,049	5,442,167	1,679,595
Operating costs					
Distribution and marketing expenses		(5,952,209)	(4,427,661)	(3,289,772)	(2,359,640)
Administrative expenses		(1,701,733)	(1,285,573)	(872,738)	(564,801)
Other expenses		(178,404)	(1,819,030)	145,757	(1,026,968)
		(7,832,346)	(7,532,264)	(4,016,753)	(3,951,409)
Profit from operations		16,333,403	11,114,235	7,047,866	2,818,237
Finance costs	14	(7,407,899)	(3,855,407)	(4,314,177)	(2,029,353)
Share of profit / (loss) of associates - net of tax		313,960	(65,309)	169,377	(185,268)
Profit before taxation		9,239,464	7,193,519	2,903,066	603,616
Taxation					
- current		(5,437,919)	(3,799,224)	(2,448,544)	(1,421,494)
- prior		1,738	143,535	1,738	143,535
- deferred		540,333	711,215	413,405	742,504
		(4,895,848)	(2,944,474)	(2,033,401)	(535,455)
Profit for the period		4,343,616	4,249,045	869,665	68,161
Profit / (loss) attributable to:					
Owners of the Holding Company		5,332,898	4,249,045	1,833,386	68,161
Non-controlling interest		(989,282)	-	(963,721)	-
		4,343,616	4,249,045	869,665	68,161
		(Rupees)			
			(Restated)		(Restated)
Earnings per share - basic and diluted	15	11.36	9.05	3.91	0.15

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
		(Rupees in '000)			
Profit for the period		4,343,616	4,249,045	869,665	68,161
Other comprehensive income / (loss):					
Items that will not be subsequently reclassified to statement of profit or loss:					
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax		579	(10,143)	579	(9,221)
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	6.1.1	1,785,785	-	230,596	-
Taxation thereon		(388,408)	-	(50,154)	-
		1,397,377	-	180,442	-
Actuarial loss on remeasurement of retirement and other service benefits		-	(4,415)	-	(2,207)
		-	(4,415)	-	(2,207)
		1,397,956	(14,558)	181,021	(11,428)
Total comprehensive income for the period		5,741,572	4,234,487	1,050,686	56,733
Profit / (loss) attributable to:					
Owners of the Holding Company		6,730,854	4,234,487	2,014,407	56,733
Non-controlling interest		(989,282)	-	(963,721)	-
		5,741,572	4,234,487	1,050,686	56,733

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share capital	Reserves: Capital Reserves	Reserves: Revenue Reserves						
		Surplus on vesting of net assets	Unrealised gain on remeasure-ment of FVOCI investments	Companys's share of unrealised loss on AFS investment of associates	General reserve	un-appropriated profit	Sub-total	Non-controlling interest	Total
	(Rupees in '000)								
Balance as at July 01, 2018 (Audited)	3,260,232	3,373	-	(6,354)	25,282,373	81,912,851	107,192,243	-	110,452,475
Effect of change in accounting policy	-		6,063,653	6,354		17,907	6,087,914	-	6,087,914
Balance as at July 01, 2018 - Restated	3,260,232	3,373	6,063,653	-	25,282,373	81,930,758	113,280,157	-	116,540,389
Total comprehensive income for half year ended									
Profit for the period	-	-	-	-	-	4,249,045	4,249,045	-	4,249,045
Other comprehensive loss									
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(10,143)	(10,143)	-	(10,143)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	(4,415)	(4,415)	-	(4,415)
	-	-	-	-	-	(14,558)	(14,558)	-	(14,558)
Transaction with the owners									
Final dividend for the year ended June 30, 2018 @ Rs. 5 per share	-	-	-	-	-	(1,630,116)	(1,630,116)	-	(1,630,116)
Bonus shares issued for the year ended June 30,2018 @ 20%	652,046	-	-	-	-	(652,046)	(652,046)	-	-
Balance as at December 31, 2018 (Unaudited)	3,912,278	3,373	6,063,653	-	25,282,373	83,883,083	115,232,482	-	119,144,760
Balance as at July 01, 2019 (Audited)	**3,912,278**	**3,373**	**4,335,648**	**-**	**25,282,373**	**89,313,371**	**118,934,765**	**5,598,368**	**128,445,411**
Total comprehensive income for half year ended									
Profit / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**5,332,898**	**5,332,898**	**(989,282)**	**4,343,616**
Other comprehensive income									
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**579**	**579**	**-**	**579**
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**1,397,377**	**-**	**-**	**-**	**1,397,377**	**-**	**1,397,377**
	-	**-**	**1,397,377**	**-**	**-**	**579**	**1,397,956**	**-**	**1,397,956**
Transaction with the owners									
Final dividend for the year ended June 30, 2019 @ Rs. 5 per share	**-**	**-**	**-**	**-**	**-**	**(1,956,139)**	**(1,956,139)**	**-**	**(1,956,139)**
Bonus shares issued for the year ended June 30,2019 @ 20%	**782,456**	**-**	**-**	**-**	**-**	**(782,456)**	**(782,456)**	**-**	**-**
Balance as at December 31, 2019 (Unaudited)	**4,694,734**	**3,373**	**5,733,025**	**-**	**25,282,373**	**91,908,253**	**122,927,024**	**4,609,086**	**132,230,844**

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	Half year ended December 31, 2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	16	**18,505,165**	(47,518,489)
Long-term loans, advances and other receivables		**(94,358)**	24,633
Long-term deposits and prepayments		**79,315**	(96,393)
Taxes paid		**(5,463,062)**	(3,923,882)
Finance costs paid		**(6,149,225)**	(3,316,363)
Retirement and other service benefits paid		**(2,454,469)**	(530,073)
Net cash generated from / (used in) operating activities		**4,423,366**	(55,360,567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of			
- property, plant and equipment		**(1,632,761)**	(679,833)
- intangibles		**(2,778)**	-
Proceeds from disposal of operating assets		**23,145**	10,152
Acquisition of shares in PRL		**-**	(840,000)
Dividends received		**283,234**	298,038
Net cash used in investing activities		**(1,329,160)**	(1,211,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term borrowings repaid		**(200,000)**	-
Short-term borrowings - net		**1,951,116**	32,484,508
Lease payments		**(602,509)**	-
Dividends paid		**(2,317,691)**	(3,878,453)
Net cash (used in) / generated from financing activities		**(1,169,084)**	28,606,055
Net increase / (decrease) in cash and cash equivalents		**1,925,122**	(27,966,155)
Cash and cash equivalents at beginning of the period		**(21,015,683)**	(7,924,869)
Cash and cash equivalents at end of the period	17	**(19,090,561)**	(35,891,024)

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Ms. Tara Uzra Dawood
Member-Board of Management

Mr. Imtiaz Jaleel
Chief Financial Officer

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of Pakistan State Oil Company Limited ("the Holding Company") and Pakistan Refinery Limited ("the Subsidiary Company"). Brief Profile of the Holding and Subsidiary Company 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 Board of Management (the Board) 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. The Holding Company controls 52.68% effective from December 01, 2018 (2018: 24.11%) class-B shares of the Subsidiary Company.

2. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Basis of preparation

3.1 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the consolidated annual audited financial statements of the Company for the year ended June 30, 2019. These consolidated condensed 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.

3.2 These financial statements denote the consolidated condensed interim financial statements of the Group. Unconsolidated condensed interim financial statements of the Holding Company and its Subsidiary have been presented separately.

3.3 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting and reporting standards that became effective during the period

The following standards, amendments and interpretations to accounting and reporting standards became effective for the first time and are relevant to the Group.

IFRS 16 - 'Leases'
IAS 19 - 'Plan Amendment, Curtailment or Settlement'
IAS 28 - 'Long-term Interests in Associates and Joint Ventures'
IFRIC 23 - 'Uncertainty over Income Tax Treatments'

The adoption of the above standards, amendments and interpretations to accounting standards did not have any material effect on these consolidated condensed interim financial statements except for IFRS 16 which is as follows:

IFRS 16 - 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions and will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

The Group adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group does not have any sub-lease or finance leases as on July 1, 2019.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	Rupees in '000'
Undiscounted operating lease commitments as at June 30, 2019	13,827,482
Impact of discounting	(9,563,033)
Total lease liability at July 1, 2019	**4,264,449**
Weighted average incremental borrowing rate as at July 1, 2019	**13.72%**

Impact: Increase/ (decrease) of adopting IFRS 16 on financial statements as at July 1, 2019

	Rupees in '000'
Impact on consolidated condensed interim statement of financial position	
Assets	
Property, plant and equipment	4,554,696
Prepayments	(290,247)
Impact on Total Assets	**4,264,449**
Liabilities	
Current portion of lease liabilities	**90,832**
Lease liabilities	**4,173,617**
	4,264,449

b) **Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan are relevant to the Group and would be effective from the dates mentioned below against the respective standards, amendments or interpretation:

Standards, amendments or interpretation	**Effective date (annual periods beginning on or after)**
IFRS 3 Definition of a Business	January 01,2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalised
IAS1 / IAS 8 Definition of Material	January 01,2020

3.4 The preparation of these consolidated condensed interim financial statements, is in conformity with the approved accounting and reporting standards 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.

During the preparation of these consolidated condensed interim financial statements, changes in the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited financial statements of the Group for the year ended June 30, 2019 do not have any material impact, except for as disclosed in note 3.3 (a).

3.5 These consolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Group's functional currency and all interim financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

3.6 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Accounting policies

4.1 The accounting policies and method of computation adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements for the year ended June 30, 2019 except as explained in note 4.2 to these consolidated condensed interim financial statements.

4.2 Lease liability and Right-of-use asset

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is premeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

4.3 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 consolidated condensed interim financial statements.

5. Property, plant and equipment

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)		(Un-audited)	
	(Rupees in '000)			
Freehold land	-	326,725	-	-
Buildings on freehold land	11,012	-	-	-
Buildings on leasehold land	899	2,185	-	116
Tanks and pipelines	152,356	12,909	80	16
Service and filling stations	271,288	107,713	10	517
Plant and machinery	159,034	41,580	-	-
Furniture and fittings	5,098	1,619	200	45
Vehicles and other rolling stock	73,398	12,282	5,441	911
Office equipment	14,448	16,726	-	-
Gas cylinders / regulators	45,534	32,993	-	-
	733,067	554,732	5,731	1,605

5.2 The above disposals represented assets costing Rs. 65,001 thousand (December 31, 2018: Rs. 151,669 thousand) and were disposed off for Rs. 23,145 thousand (December 31, 2018: Rs. 10,152 thousand).

5.3 Includes operating assets amounting to Rs.760,182 thousand (June 30, 2019: Rs. 796,624 thousand) in respect of Holding Company's share in joint operations.

5.4 Includes capital work-in-progress amounting to Rs. 84,586 thousand (June 30, 2019: Rs. 72,604 thousand) in respect of Holding Company's share in joint operations.

5.5 During the period, the Company recognised right of use asset comprising mainly land amounting to Rs. 4,554,696 thousand (June 30, 2019: Nil) having a net book value as at reporting date amounting to Rs. 4,384,848 thousand (June 30, 2019: Nil).

5.6 During the period, the Subsidiary Company has capitalised borrowing costs amounting to Rs. 39,660 thousand (June 30, 2019: Rs. 41,510 thousand). Borrowing costs were capitalised at the current weighted average rate of its general borrowings of 13.71% (June 30, 2019: 10.42%) per annum.

6. Long-term investments

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000)	
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2019: 12%) No. of shares: 8,640,000 (June 30, 2019: 8,640,000) of Rs. 100/- each	6.1	8,190,549	6,404,764
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited Equity held: 49% (2019: 49%) No. of shares: 46,058,570 (2019: 46,058,570) of Rs. 10/- each		2,730,310	2,418,932
- Pak Grease Manufacturing Company (Private) Limited Equity held: 49.26% (2019: 49.26%) No. of shares:1,536,593 (2019: 1,536,593) of Rs. 10/- each		110,013	106,859
		2,840,323	2,525,791
		11,030,872	8,930,555

6.1 The Group has carried out an exercise to ascertain the fair value of investment as at December 31, 2019 using the discounted cash flow technique (Level 3) and determined that the fair value amounts to Rs. 8,190,549 thousand (June 30, 2019: 6,404,764 thousand). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-Audited December 31, 2019	Audited June 30, 2019
- Discount rate	18.0% - 18.9%	20.5% - 21.8%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Group has recorded an unrealised profit - net of tax of Rs. 1,397,377 thousand (December 31, 2018: Nil) in other comprehensive income for the period.

6.1.1 Movement of investment classified as FVOCI

	Un-Audited December 31, 2019	Audited June 30, 2019
	----------(Rupees in '000)	---------
Balance at beginning of the period / year	6,404,764	864,000
Impact of change in accounting policy	-	7,603,327
Balance at beginning of the period / year - restated	6,404,764	8,467,327
Remeasurement profit / (loss) recognised in other comprehensive income / (loss)	1,785,785	(2,062,563)
Balance at the end of the period / year	8,190,549	6,404,764

6.1.2 Sensitivity to unobservable inputs:

	Un-Audited December 31, 2019	Audited June 30, 2019
- Discount rate (1% increase)	(534,861)	(359,561)
- Discount rate (1% decrease)	627,432	411,960
- Growth rate of terminal value (1% increase)	434,744	254,700
- Growth rate of terminal value (1% decrease)	(372,557)	(223,821)

7. Stock-in-trade

The Group has recognised write-down of inventory to net realisable value amounting to Rs. 46,789 thousand (June 30, 2019: Rs. 170,781 thousand)

8. Trade debts

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		----------(Rupees in '000)	---------
Considered good			
Due from Government agencies and autonomous bodies			
- Secured	8.1	282,800	155,524
- Unsecured	8.2 & 8.3	166,557,694	168,277,493
		166,840,494	168,433,017
Due from other customers			
- Secured	8.1	1,916,073	3,208,767
- Unsecured	8.2 & 8.3	36,354,294	52,155,260
		38,270,367	55,364,027
		205,110,861	223,797,044
Considered doubtful		2,879,051	3,160,415
Trade debts - gross		207,989,912	226,957,459
Less: Provision for impairment	8.4	(2,879,051)	(3,160,415)
Trade debts - net		205,110,861	223,797,044

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

8.2 Includes Rs.164,865,193 thousand (June 30, 2019: Rs. 170,735,867 thousand) due from related parties, against which provision for impairment of Rs. 1,018,938 thousand (June 30, 2019: Rs. 1,071,117 thousand) has been recognised.

8.3 Included in trade debts is an aggregate amount of Rs. 173,041,272 thousand (June 30, 2019:Rs. 180,676,446 thousand) due from GENCO Holding Company Limited (GENCO) (formerly WAPDA), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO),and Sui Northern Gas Pipeline Limited (SNGPL). These include past due trade debts of Rs. 76,904,843 thousand (June 30, 2019: Rs. 82,383,020 thousand), Rs. 23,329,052 thousand (June 30, 2019: Rs. 25,637,026 thousand), Rs Nil (June 30, 2019: Rs. 4,105,302 thousand) and Rs. 60,297,018 thousand (June 30,2019 : Rs. 53,457,589 thousand) from GENCO, HUBCO, KAPCO and SNGPL respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 thousand (June 30, 2019: Rs. 346,975 thousand) against these debts and did not consider the remaining aggregate past due balance of Rs. 160,183,938 thousand (against which subsequent receipts of Rs. 225,000 thousand from GENCO (formerly WAPDA) and Rs. 20,812,000 thousand from SNGPL have been received) 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.

Further, as at December 31, 2019 against the remaining trade debts aggregating Rs. 33,113,381 thousand (June 30, 2019: Rs. 27,382,041 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 171,997,480 (June 30, 2019: Rs.196,415,003 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 consolidated condensed interim financial statements.

8.4 The movement in provision during the period / year is as follows:

	Un-Audited December 31, 2019	Audited June 30, 2019
	----------(Rupees in '000)	---------
Balance at beginning of the period / year	3,160,415	3,290,578
Impact of change in accounting policy	-	(330,234)
Balance at beginning of the period / year - restated	3,160,415	2,960,344
Provision assumed through business combination	-	134,892
Provision recognised during the period / year	-	198,469
Reversal due to recoveries during the period / year	(281,364)	(133,290)
	(281,364)	65,179
Balance at the end of the period / year	2,879,051	3,160,415

9. Other receivables

9.1 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 consolidated annual audited financial statements for the year ended June 30, 2019:

	Un-Audited December 31, 2019	Audited June 30, 2019
	----------(Rupees in '000)	---------
Price differential claims (PDC):		
- on imports (net of related liabilities and specific provision of Rs. 365,294 included in note 9.3) of Motor Gasoline	985,667	985,667
- 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
- GHC receivables	3,407,357	3,407,357
	8,932,125	8,932,125

During the period, there has been no significant change in the status of the abovementioned claims. The Group is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

9.2 Includes receivable of Rs. 39,944,111 thousand (June 30, 2019: Rs. 46,345,131 thousand) due from associates and related parties.

9.3 As at December 31, 2019, receivables aggregating to Rs. 3,015,018 thousand (June 30, 2019: Rs.2,907,016 thousand) were deemed to be impaired and hence have been provided for.

	Un-Audited December 31, 2019	Audited June 30, 2019
	----------(Rupees in '000)	---------
Balance at beginning of the period / year	2,907,016	2,368,822
Impact of change in accounting policy	-	297,000
Balance at beginning of the period / year - Restated	2,907,016	2,665,822
Provision recognised during the period / year	108,002	311,327
Reversal of provision due to recoveries during the period / year	-	(70,133)
	108,002	241,194
Balance at the end of the period / year	3,015,018	2,907,016

9.4 Includes Rs. 27,782,637 thousand (June 30, 2019: Rs.30,243,658 thousand) on account of unfavorable exchange differences arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - Government of Pakistan (MoF - GoP). These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Holding 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 Holding Company in respect of these long / extended term borrowing arrangements i.e. the Holding Company would not bear any exchange differences on such borrowings. Subsequent to the period, Economic Coordination Committee has directed allocation of requisite amount for settlement of these exchange losses. The Holding Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

10. Trade and other payables

10.1 Includes Rs. 31,754,460 thousand (June 30, 2019: Rs. 30.958,529 thousand) due to various related parties.

11. Contingencies and commitments

11.1 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.

11.1.1 Late Payment Surcharge

Claims amounting to Rs. 7,003,768 thousand (June 30, 2019: Rs. 7,877,755 thousand) in respect of delayed payment charges on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group 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.

11.1.2 Income Tax

The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,733,038 thousand. These orders were later rectified and amended to Rs. 964,037 thousand. Currently, the appeal against tax year 2008 is pending before High Court of Sindh (SHC). During the year ended June 30, 2018 the ATIR passed an order in respect of Tax Year 2004 which was decided in favor of the Holding Company and the Holding Company obtained its effect from tax authorities after which the amended demand was reduced to Rs. 783,014 thousand. During the current period, ATIR has passed three orders in respect of Tax Year 2005, 2006 and 2007 which are mostly in favor of the Holding Company except one point for Tax Year 2005 on which the Holding Company is in process of filing reference before SHC. The Holding Company has obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 435,662 thousand. 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 favor of the Holding Company. Accordingly, no provision has been made for the said matters in these consolidated condensed interim financial statements.

11.1.3 Sales Tax

11.1.3.1 A sales tax show cause notice dated April 11, 2014 was issued by the Additional Commissioner Inland Revenue (ACIR), FBR in respect of sales tax audit of the Company for tax year 2010. Under the said show cause notice, the ACIR showed the intention to impose a demand of Rs. 5,426,874 thousand on account of certain matters. Further, the show cause notice also includes default surcharge and penalty to be imposed at the time of payment. The Holding Company filed a suit against the said show cause notice before the SHC. The SHC vide an order suit no.753/2014 dated May 08, 2014 restrained the tax authorities from issuing any final order and taking any adverse action against the Holding Company and further instructed the Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Company based on views of its lawyers withdrew the suit consequent to recent decision of Honorable Supreme Court (SC) dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The Deputy Commissioner Inland Revenue (DCIR) issued notice subsequent to withdrawal of suit which were duly responded by the Holding Company. During the period, the DCIR passed an order dated July 02, 2019 giving rise to demand of sales tax of Rs. 3,586,018 thousand alongwith penalty of Rs. 179,300 thousand and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before Commissioner Inland Revenue (CIR - Appeals), who has annulled the order and has decided the case in the Holding Company's favor in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.2 During the year ended June 30, 2018, a show-cause notice dated November 17, 2017 for recovery of sales tax amounting to Rs.4,858,000 thousand was raised by the DCIR on the matter of non-charging of sales tax on supply of fuel to foreign going airlines for the year 2014-15. The show cause notice also included default surcharge and penalty to be imposed at the time of payment. The Holding Company filed suit No. 46 dated January 08, 2018 before the SHC which restrained the tax authorities from issuing any final order and taking any adverse action against the Holding Company and further instructed the Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Company based on views of its lawyers withdrew the aforesaid suit consequent to recent decision of SC dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Holding Company. During the period, the DCIR has passed an order dated July 04, 2019 giving rise to demand of sales tax of Rs. 4,579,596 thousand along with penalty of Rs.228,979 thousand and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Holding Company's favor in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.3 Sales tax show cause notices dated May 09, 2017 and June 30, 2017 were issued by the Deputy Commissioner, Large tax payers unit (LTU), Karachi in respect of non-payment of sales tax on PDC / subsidies by the Holding Company involving Rs. 35,696,013 thousand. The Holding Company filed petition in SHC against these show cause notices, against which SHC passed stay order restraining the department from issuing any final order and instructed the Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the year ended June 30, 2019, the Holding Company based on views of its lawyers withdrew the suit consequent to recent decision of SC dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Holding Company. During the period, the DCIR passed an order dated July 03, 2019 giving rise to demand of sales tax of Rs. 33,855,642 thousand alongwith penalty of Rs.33,855,642 thousand and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Holding Company's favor in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.4 Punjab Revenue Authority (PRA) issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Holding Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Holding Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Holding Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal was also filed with Commissioner - Appeals PRA against the subject order. Commissioner PRA in his appellate order dated September 5, 2018 decided against the Company while waiving levy of penalty thereon. The Holding Company filed an appeal with Appellate Tribunal PRA, who in the order dated December 9, 2019 set aside the order dated September 18, 2017. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.5 Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Company demanding Rs. 571,933 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The Orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Holding Company challenged the Orders in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, appeals have also been filed with Commissioner - Appeals PRA against the subject orders, which is still pending. Based on the view of tax and legal advisor, the Holding Company is confident that the ultimate outcome of the matter would be in its favor and therefore no provision has been made in these financial statements. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Company has obtained stay order from Lahore High Court. In a recent development, Lahore High Court has quashed its orders on constitutional grounds. The Holding Company, however, has applied for stay of demand with Commissioner Appeals against the orders for Financial Years 2014-15 and 2015-16 which is still pending. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.6 PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 thousand claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Holding Company did not agree with the view of PRA as it was treating the whole price of POL products subject to levy of general sales tax. The Holding Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.3.7 The Collector (Adjudication) - Customs House Karachi, has issued a show-cause notice dated August 06, 2019 to the Holding Company for recovery of minimum value added sales tax of Rs. 3,107,963 thousand, on import of furnace oil in Pakistan from Keamari terminals. The Holding Company has challenged the impugned show-cause notice in the SHC, who has granted stay against any coercive action by the adjudicating authority.

Based on the views of legal advisor of the Holding Company, the management believes that the matters will ultimately be decided in the favor of the Holding Company. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.4 Other tax matters

11.1.4.1 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Holding Company is contesting the levy along with other companies in the SHC. Through the interim order passed on May 31, 2011, the SHC has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to Dec 31, 2019, the management has deposited Rs.109,543 (June 30, 2019: Rs.108,707) in cash and provided bank guarantee amounting to Rs.109,543 (June 30, 2019: Rs.108,707) with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company's favor. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these consolidated condensed interim financial statements.

11.1.4.2 There is no significant change in the status of other contingencies as disclosed in notes 28.1.2 to 28.1.4 to the annual audited consolidated financial statements of the Group for the year ended June 30, 2019.

11.1.5 Other Legal Claims

11.1.5.1 As at December 31, 2019 certain legal cases amounting to Rs. 7,996,054 thousand (June 30, 2019: Rs. 7,808,554 thousand) had been 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 favor. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

11.1.5.2 Claims against the Group not acknowledged as debts amount to Rs. 6,262,940 thousand (June 30, 2019: Rs. 5,725,761 thousand) other than as mentioned in note 11.1.5.1 above.

11.2 Commitments	**Un-Audited December 31, 2019**	**Audited June 30, 2019**
	----------(Rupees in '000)	---------
11.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	2,808,116	3,365,135
- Intangibles	2,450,690	984,726
	5,258,806	4,349,861
11.2.2 Letters of credit	57,681,582	42,196,685
11.2.3 Bank guarantees	1,472,059	1,313,181
11.2.4 Standby Letters of credit	36,665,723	38,897,240
11.2.5 Post - dated cheques	2,305,000	5,160,000
11.2.6 Rental under ijarah arrangements:	48,490	29,851

12. Net Sales

	Un-audited Half year ended		Un-audited Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	Dercember 31, 2018
	-----------------(Rupees in '000)			-----------------
Gross Sales	780,609,096	662,726,817	375,607,623	330,911,731
Less:				
- Sales tax	(111,967,054)	(81,171,691)	(53,014,532)	(34,494,346)
- Inland freight Equalization Margin (IFEM)	(9,684,901)	(9,011,896)	(4,278,299)	(4,592,720)
	121,651,955)	(90,183,587)	(57,292,831)	(39,087,066)
Net Sales	658,957,141	572,543,230	318,314,792	291,824,665

13. Other income

Mainly includes delayed payment surcharge received from various customers.

14. Finance costs

Includes mark-up on short-term borrowings and late payment charges amounting to Rs. 6,852,316 thousand (December 31, 2018: 3,776,397 thousand).

15. Earning per share

	Un-audited Half year ended		Un-audited Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
15.1 Basic	-----------------(Rupees in '000)			-----------------
Profit for the period attributable to the owners of the Holding Company	5,332,898	4,249,045	1,833,386	68,161
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period (number of shares)	469,473,302	469,473,302	469,473,302	469,473,302
	-----------------(Rupees)			-----------------
		(Restated)		(Restated)
Earnings per share - basic and diluted	11.36	9.05	3.91	0.15

15.2 During the year ended June 30, 2019, the Holding Company has issued 20% bonus shares (i.e.) one for every five ordinary shares held which has resulted in restatement of basic and diluted earnings per share.

15.3 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 December 31, 2019.

16. Cash used in operations

	Note	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
		------- (Rupees in '000) -------	
Profit before taxation		**9,239,464**	7,193,519
Depreciation and Amortisation		**1,786,967**	559,865
Unrealised gain on revaluation of investment in PRL on acquisition		**-**	(170,375)
Unrealised loss transferred to profit or loss on reclassification of investment in associate to subsidiary at cost		**-**	11,826
Reversal of provision for impairment on trade debts - net		**(281,364)**	(242,609)
Provision / (Reversal of provision) for other receivables - net		**108,002**	(11,032)
Provision against stock-in-trade		**89,543**	-
Reversal of provision for impairment against stores, spares and loose tools		**(1,500)**	4,534
Provision for retirement and other services benefits		**830,633**	621,157
Provision for write down of inventory to net realisable value		**46,789**	5,194,589
Gain on disposal of operating assets		**(17,414)**	(8,547)
Share of profit from associates - net of tax		**(313,960)**	65,309
Dividend income from FVOCI / AFS investment		**(283,227)**	(271,998)
Interest on lease payments		**289,027**	-
Finance costs		**7,197,037**	3,855,407
		9,450,533	9,608,126
Working capital changes	16.1	**(184,832)**	(64,320,134)
		18,505,165	(47,518,489)

16.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spares and loose tools	**66,054**	(103,791)
- Stock-in-trade	**8,277,622**	(4,705,661)
- Trade debts	**18,967,547**	8,978,903
- Loans and advances	**(1,172,186)**	1,574,194
- Deposits and short-term prepayments	**1,554,424**	1,538,828
- Other receivables	**3,647,375**	(11,260,627)
Decrease in current liabilities:		
- Trade and other payables	**(31,525,668)**	(60,341,980)
	(184,832)	(64,320,134)

17. Cash and cash equivalents

Cash and cash equivalents comprise following items in consolidated condensed interim statement of financial position:

	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
	----------(Rupees in '000) ---------	
Cash and bank balances	**2,861,716**	2,964,688
Short-term borrowings (finances under mark-up arrangements)	**(21,952,277)**	(38,855,712)
	(19,090,561)	(35,891,024)

18. Fair value of financial assets and liabilities

18.1 These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2019. There have been no change in any risk management policies since the year end.

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 consolidated condensed 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 December 31, 2019, except for the Holding Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 6.1 of these consolidated condensed interim financial statements.

19. Transactions with related parties

19.1 Related parties comprise associates, 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 consolidated condensed interim financial statements, are as follows:

Name of the related party and relationship with the Group	Nature of transactions	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
		----------(Rupees in '000)	---------
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**26,307**	37,099
- Asia Petroleum Limited	Income facility charges	**4,718**	6,862
	Pipeline charges	**47,180**	74,106
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	**259,993**	280,750
	Contributions	**1,896,820**	328,408
- Gratuity Fund	Charge for the period	**129,135**	142,182
	Contributions	**493,135**	136,782
- Provident Funds	Charge / Contribution for the period	**118,012**	66,684
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	**90,046**	-
Key management personnel	Managerial remuneration	**274,935**	175,456
	Charge / Contribution for the period	**10,376**	4,250
Non-executive Directors	Remuneration and fees	**25,235**	8,413

19.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) 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:

Name of the related party and relationship with the Group	Nature of transactions	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
		----------(Rupees in '000)	---------
- Board of Management	Contribution towards expenses of BoM	**18,276**	10,805
- Federal Government of Pakistan	Dividend paid	**439,601**	366,334
- Benazir Employees' Stock Option Scheme	Dividend paid	**59,432**	49,526
- Pak Arab Pipeline Company Limited	Pipeline charges	**1,982,928**	1,381,939
	Dividend received	**283,234**	271,998
- Sui Northern Gas Pipelines Limited	Sales	**192,412,292**	194,027,724
- GENCO Holding Company Limited (formerly Water and Power Development Authority)	Sales	**6,062,711**	5,674,932
	Utility charges	**40,998**	46,112
- Pakistan International Airlines Corporation Limited	Sales	**15,111,216**	13,748,564
	Purchases	**4,526**	3,265
- Pak Arab Refinery Limited	Purchases	**94,967,311**	73,948,394
	Pipeline charges	**230,162**	159,465
	Other expense	**881,048**	-
- Oil and Gas Development Company	Purchases	**4,825,656**	-
- Pakistan Petroleum Limited	Purchases	**1,184,320**	-
- K-Electric	Sales	**36,692,854**	33,108,355
- National Bank of Pakistan	Finance cost and bank charges	**1,083,267**	877,924

The transactions described below are collectively but not individually significant to these consolidated condensed 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 Keamari 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 utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Group also 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.

(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.

19.3 Inventory of the Group held by related parties as at December 31, 2019 amounts to Rs. 28,977,258 thousand (June 30, 2019: Rs. 22,767,496 thousand).

19.4 Short term borrowings includes Rs. 23,358,117 thousand (June 30, 2019: Rs. 30,604,813 thousand) under finances obtained from National Bank of Pakistan.

19.5 The status of outstanding receivables and payables from / to related parties as at December 31, 2019 are included in respective notes to these consolidated condensed interim financial statements.

19.6 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.

20. Operating segments

	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
20.1 Segment wise revenues and profit is as under:	----------(Rupees in '000)	--------
Revenue - net sales		
Petroleum Products	**468,965,000**	401,916,012
Liquefied Natural Gas (LNG)	**171,896,000**	169,228,950
Refining operations	**16,618,463**	-
Others	**1,477,678**	1,398,268
	658,957,141	572,543,230
Profit for the period		
Petroleum Products	**6,026,487**	2,222,794
Liquefied Natural Gas (LNG)	**(436,000)**	1,431,310
Refining operations	**(2,090,621)**	-
Others	**843,750**	594,941
	4,343,616	4,249,045

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

20.3 Out of total sales of the Group, 99.1% (December 31, 2018: 98.4%) relates to customers in Pakistan.

20.4 All non-current assets of the Group as at December 31, 2019 and 2018 are located in Pakistan.

20.5 Sales to five major customers of the Group are approximately 28% during the half year ended December 31, 2019 (December 31, 2018: 34%).

21. Events after the reporting date

The Board of Management - Oil in its meeting held on February 18, 2020 has proposed an interim cash dividend of Nil (December 31, 2018: 'Nil') amounting to Rs. Nil (December 31, 2018: 'Nil') for the year ending June 30, 2020.

22. Date of authorisation for issue

These consolidated condensed interim financial statements were approved and authorised for issue on February 18, 2020 by the Board of Management.

Syed Jehangir Ali Shah	Ms. Tara Uzra Dawood	Mr. Imtiaz Jaleel
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

پی ایس او کے بورڈ آف مینجمنٹ نے 31 دسمبر 2019 کو ختم ہونے والی مدت (مالی سال 2020 کی پہلی ششماہی) کے دوران کمپنی اور گروپ کی کارگردگی کا جائزہ لیا اور اس حوالے سے تیار کی جانے والی رپورٹ پیش کی۔

اس عرصے کے دوران ملکی معیشت اور ترقی کو متعدد چیلنجز کا سامنا کرنا پڑا۔ مہنگائی کی بڑھتی ہوئی شرح کو روکنے کے لیے، اسٹیٹ بینک آف پاکستان نے سخت مانیٹری پالیسی اپنائی جس کے باعث صنعتی پیداوار خصوصاً، آٹو موبائلز کی پیداوار اور صارفین کے اخراجات میں واضح کمی دیکھی گئی۔ ان عوامل کے ساتھ ساتھ ایرانی بارڈر سے کی جانی والی پیٹرولیم مصنوعات کی سمگلنگ نے پی او ایل کے مارکیٹ حجم کو سخت نقصان پہنچایا۔

ہائی اسپیڈ ڈیزل کی طلب میں 10.3% کمی دیکھی گئی، جبکہ موگیس میں 3.8% کا اضافہ ہوا جس کے باعث وائٹ آئل میں کمی 3.2% تک محدود ہوگئی۔ بجلی کی پیداوار کو آر ایل این جی پر منتقل کرنے کی وجہ سے بلیک آئل میں 21.9% کمی دیکھی گئی جبکہ لیکویڈ فیول کی طلب میں گزشتہ سال کی اسی مدت کے مقابلے میں 6.5% کمی ہوئی۔

ان تمام چیلنجز کے باوجود پی ایس او، مارکیٹ شیئر کے دوبارہ حصول کے لیے پر عزم رہا اور ایک بڑے مارجن سے باقی تمام انڈسٹری کے مقابلے میں بہترین کارگردگی کا مظاہرہ کیا جس کی تفصیل مندرجہ ذیل ہے:

پروڈکٹ	والیوم میٹرک گروتھ (گزشتہ سال کی اسی مدت کے دوران) (پی ایس او)	والیوم میٹرک گروتھ (گزشتہ سال کی اسی مدت کے دوران) (انڈسٹری)	انڈسٹری میں پی ایس او کی کارگردگی	پی ایس او مارکیٹ شیئر گروتھ (گزشتہ سال کی اسی مدت کے دوران)
موگیس	13.7%	3.8%	9.9% ↑	3.4%
ایچ ایس ڈی	7.8%	-10.3%	18.1% ↑	7.6%
وائٹ آئل	9.3%	-3.2%	12.5% ↑	5.0%
بلیک آئل	-13.7%	-21.9%	8.2% ↑	5.1%
کل لکویڈ	4.4%	-6.5%	10.9% ↑	4.8%

یہ نتائج صارفین کو توجہ کا مرکز رکھتے ہوئے مختلف منصوبوں، انکے تجربہ کو بہتر بنانے اور فورکورٹس میں بہتری کے ذریعہ حاصل ہوئے۔ پی ایس او نے سپلائی چین میں مزید بہتری لانے کے لیے 43% ریفائنری پروڈکشن (مالی سال 2019 کی پہلی ششماہی کے دوران 37%) کی خریداری کی جب کہ انڈسٹری امپورٹس میں اس کا حصہ 51% رہا۔

پہلی ششماہی 2019 کے مقابلے میں پہلی ششماہی 2020 میں کمپنی کے بعد از ٹیکس منافع میں 51% اضافہ ہوا جو 4.2 بلین روپے سے بڑھ کر 6.4 بلین روپے ہو گیا۔ وائٹ آئل مارجن میں پانچ ماہ کی تاخیر کے باوجود، کمپنی کے خام منافع میں پچھلے سال کے مقابلے میں 11 فیصد اضافہ ہوا جو بنیادی طور پر وائٹ آئل والیوم میں اضافے اور کم انوینٹری نقصان کی وجہ سے ممکن ہوا۔ پاور سیکٹر سے 5 بلین (مالی سال 2019 کی پہلی ششماہی کے دوران 0.8 بلین) انٹرسٹ آمدنی کے حصول کی وجہ سے other income میں 163% اضافہ ہوا جس سے کمپنی کو گردشی قرضہ کی وجہ سے بڑھتے ہوئے مالی اخراجات کو قابو کرنے میں مدد ملی۔ مزید برآں پاکستانی روپے کی قدر میں بہتری کے باعث 0.6 بلین روپے کا ایکسچینج گین (جو گزشتہ سال کی اسی مدت کے دوران 1.5 بلین روپے ایکسچینج خسارہ تھا)۔ اس ایکسچینج گین سے کمپنی کے منافع پر بھی مثبت اثرات مرتب ہوئے۔

مالی سال 2020 کی پہلی ششماہی کے دوران پاور سیکٹر سے واجبات میں 13.4 بلین روپے کی کمی ہوئی جبکہ سوئی نادرن گیس پائپ لائن کے واجبات میں 5.8 بلین روپے کا اضافہ ہوا۔ دسمبر 2019 سے سوئی نادرن گیس پائپ لائن کے واجبات میں 29 بلین روپے کا اضافہ ہوا ہے جو پی ایس او کے لیے لمحہ فکریہ ہے جبکہ پی ایس او واجبات کی وصولی کے لئے متعلقہ حکام کے ساتھ مسلسل رابطے میں ہے۔

ایف ای 25 قرضے جو کہ وزارت خزانہ کی ہدایت پر لئے گئے تھے، جس پر ایکسچینج خسارہ کے ضمن میں قابلِ وصول 28 ارب روپے جس پر اقتصادی رابطہ کونسل (ای سی سی) کے اجلاس، جو کہ 8 جنوری 2020 میں منعقد ہوا، ای سی سی نے فنانس ڈویژن کو ہدایت کی کہ ان واجبات کا کچھ حصہ رواں مالی سال اور بقیہ حصہ اگلے مالی سال میں مختص کرنے کی کوشش کرے۔

پی ایس او نے شیل پیٹرولیم کمپنی لمیٹڈ کے ساتھ ایک سیلز پرچیز ایگریمنٹ کے تحت اپنے ذیلی ادارے پاکستان ریفائنری لمیٹڈ میں 10.5 ملین کے شیئرز خرید لیے ہیں۔

مالی سال 2020 کی پہلی ششماہی کے دوران پاکستان ریفائنری لمیٹڈ کو 1.7 بلین روپے بعد از ٹیکس نقصان ہوا (جو کہ پہلی ششماہی 2019 کے 3 ارب روپے کے مقابلے میں 43% کم ہے) جو ریفائینگ مارجن میں کمی، مالیاتی قیمت میں اضافے اور طے شدہ مرمتی کام کیلئے کیے جانے والے اخراجات کے باعث ہوا۔ مجموعی طور پر گروپ نے 659 بلین روپے کا ٹرن اوور حاصل کیا جس کی وجہ سے 4.3 بلین روپے کا خالص منافع ہوا۔ پاکستان ریفائنری لمیٹڈ نے کامیابی سے طے شدہ مرمتی کام کو مکمل کیا جبکہ ریفائنری اپ گریڈ منصوبے پر کام جاری ہے۔

پی ایس او اپنی تمام تر صلاحیتیں مستحکم منافع کے ساتھ مارکیٹ شیئر کو بہتر بنانے اور اپنے قائدانہ مقام کو برقرار رکھنے کے لیے صرف کر رہا ہے۔ ہم اپنے تمام ملازمین، اسٹیک ہولڈرز اور پارٹنرز کی جانب سے مسلسل حوصلہ افزائی اور تعاون کرنے کے لیے ان کے بے حد مشکور ہیں۔ ہم اس موقع پر حکومت پاکستان خصوصاً وزارت توانائی (پیٹرولیم ڈویژن) کی رہنمائی اور حوصلہ افزائی کا بھی شکریہ ادا کرتے ہیں۔

Jehangir ali Shah
سید جہانگیر علی شاہ
ایم ڈی اور سی ای او

T U Dawood
تارا عذرا داؤد
ممبر بورڈ آف مینجمنٹ

کراچی: 18 فروری 2020