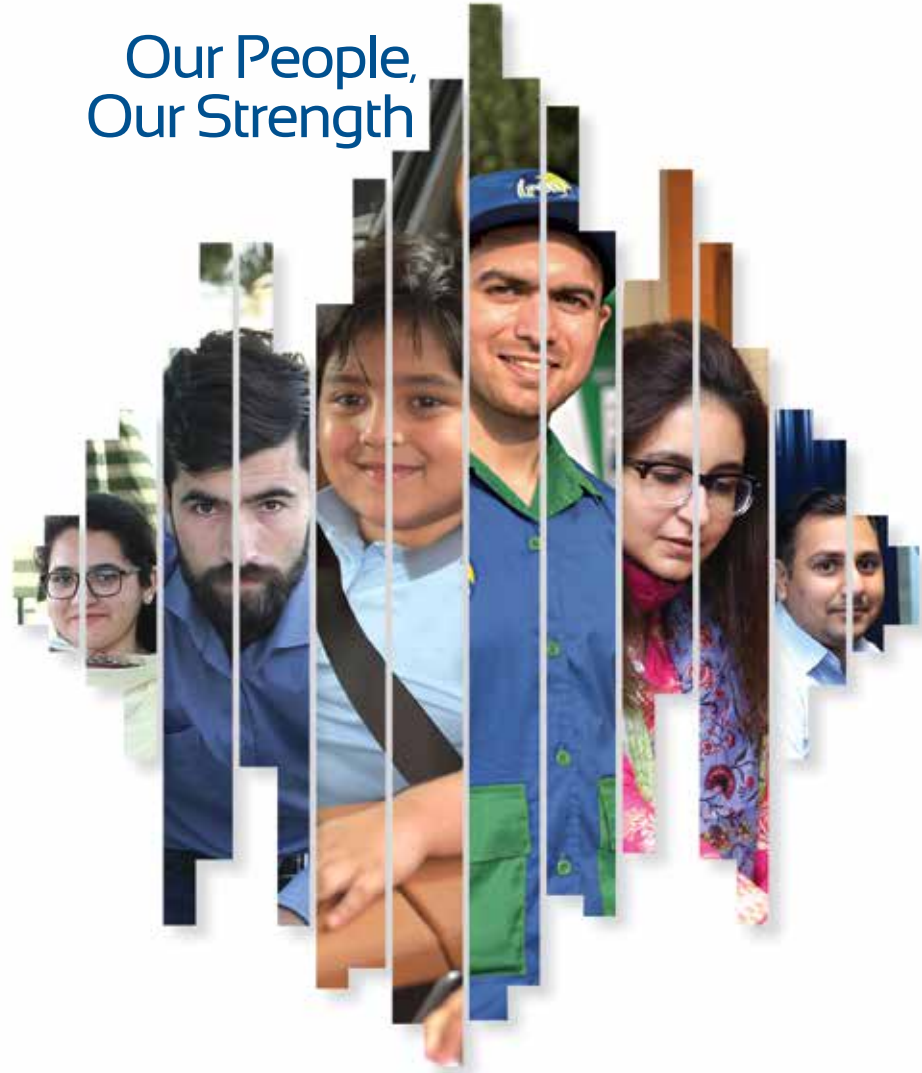


Our People,
Our Strength



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

Report for the Half Year
ended December 31, 2020





Our People, Our Strength

As an organisation, PSO understands the fundamental importance of people. We truly value not just our team but also the countless people that make up our network, our stakeholders, our customers and our partners across the nation. The pandemic that swept the world this year has taught us about the fragility and importance of the people around us and has shown us the dedication with which we persevered and so, this annual report aims to pay homage to the people that make up PSO's network, working tirelessly to continue fuelling Pakistan.

Company Information

Board of Management

Chairman (Independent)

Mr. Zafar I. Usmani

Independent Members

Mr. Muhammad Hamayun Khan Barakzai

Ms. Tara Uzra Dawood

Non-Executive Members

Mr. Ali Raza Bhutta

Mr. Muhammad Anwer

Mr. Nadeem Irshad Kayani

Mr. Sajid Mehmood Qazi

Mr. Shahid Salim Khan

Managing Director & Chief Executive Officer

Syed Muhammad Taha

Chief Financial Officer

Mr. Imtiaz Jaleel

Company Secretary

Mr. Rashid Umer Siddiqui

Auditors

KPMG Taseer Hadi & Co.

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.pso.pk

Share Registrar

THK Associates (Pvt.) Limited

Plot No. 32-C

Jami Commercial Street 2

Phase VII, D.H.A.

Karachi-75500

Tel: +92 21 111 000 322

Fax: +92 21 3531 0191

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

Soneri Bank Limited

Standard Chartered Bank (Pakistan)

Limited

The Bank of Punjab

United Bank Limited

Independent Auditors' Review Report

To the members of Pakistan State Oil Company Limited

Report on review of Condensed Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed unconsolidated interim statement of financial position of Pakistan State Oil Company Limited ("the Company") as at 31 December 2020 and the related condensed unconsolidated interim statement of profit or loss, condensed unconsolidated interim statement of comprehensive income, condensed unconsolidated interim statement of changes in equity, and condensed unconsolidated interim statement of cash flows, and notes to the condensed unconsolidated interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of this condensed unconsolidated 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 condensed unconsolidated interim financial statements based on our review.

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 condensed unconsolidated 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 as applicable in Pakistan 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 condensed unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to:

- note 11.3 to the condensed unconsolidated financial statements, which describes reasons for not considering the outstanding balance of Rs 167,366,069 thousand (net of provision of Rs 167,019,094 thousand); inclusive of Rs 13,954,000 thousand received subsequent to the reporting date, due from gas distribution and power generation companies as doubtful of recovery;
- note 12.1 to the condensed unconsolidated financial statements which describes the reasons for considering the aggregate amount of Rs 9,297,419 thousand due from the Government of Pakistan as recoverable; and

Independent Auditors' Review Report

- note 14.1.1 to the condensed unconsolidated financial statements, which describes the reasons of non-accrual of late payment surcharge - contingent liability amounting to Rs 6,690,026 thousand.

Our conclusion is not modified in respect of the above stated matters.

Other matters

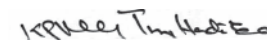
The condensed unconsolidated interim financial statements for the six months period ended 31 December 2019 and unconsolidated financial statements for the year ended 30 June 2020 of the Company were reviewed and audited by other firms of chartered accountants who through their reports dated 18 February 2020 and 25 September 2020, expressed an unqualified conclusion and opinion thereon.

The figures of the condensed unconsolidated interim financial statements for the quarter ended 31 December 2020 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Muhammad Nadeem.

Date: 26 February, 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Report to Shareholders

The Board of Management (BOM) of Pakistan State Oil Company has reviewed the performance of the company and the Group for the first half of the financial year 2021 (IHFY21) and is pleased to present its Report thereon.

During the period under review, PSO continued to build on its leadership position by introducing new and more advanced products. The company launched Euro-5 standard fuels including High Octane 97, MoGas 92 RON and Hi-Cetane Diesel during the months of August, September and December 2020, respectively. The initiative to upgrade fuels has been undertaken in line with the Government of Pakistan's "Clean and Green" policy initiative. Euro-5 standard fuels provide improved engine performance, increases fuel efficiency and significantly reduces emission thus making the air and environment cleaner and healthy.

Considering the importance of Electric Vehicles technology, the company took its first stride in this arena by installing first ever EV charging facility at Islamabad in July, 2020. The company further plans to add more EV charging points across the country.

The company's strategic focus on its core business resulted in increased sales and market share. During the period under review, the company increased its total liquid sales to 4,681.1 KMTs versus 4,132.9 KMTs in the same period last year (SPLY), an increase of 13.3%. The market share in total liquid sales increased to 46.4% from 45.6% SPLY. The company outperformed the industry and successfully increased its share and volumes as depicted below:

Product	Volumetric Growth	Market Share	vs. SPLY
MoGas	14.2%	41.1%	↑ 2.0%
Hi-Cetane Diesel	19.5%	47.6%	↑ 2.7%
White Oil	10.1%	45.1%	↑ 1.0%
Black Oil	27.8%	52.3%	↓ -1.5%

The company outperformed the industry in all white oil products.

Acknowledging the significance of infrastructure for business growth and sustainability, the management placed special emphasis on ensuring completion of infrastructural projects (44 KMTs rehabilitated storage added as of December 31, 2020, while progress on new storage development is in advance stages, including the mega storage project of 44 KMTs at Machhoke). Cumulatively, these projects shall bring flexibility and operational efficiency for the Company upon completion.

The company has embarked upon a journey for the next generation industry 4.0 through adoption of automation and robotics. A number of technologically driven initiatives have been undertaken using machine learning and predictive modeling. Salient features include implementation of SAP Ariba for e-procurement, retail automation, terminal management solutions (TMS) and business process re-engineering (BPR) of all key business areas.

The company continued to build on the objective of increasing its reach by adding 16 new vision retail outlets in addition to 15 convenience stores. In addition, the company continued to revolutionize the cards business in the industry by enabling acceptability of DigiCash card at PSO's convenience stores. PSO was also able to add major customers in fuel products by acquiring business of FWO and Air Sial during the period under review.

These strategic initiatives and focus on key areas resulted in a profit after tax of Rs. 9.5 bn for IHFY 21 which is 48% higher compared to SPLY (IHFY20: Rs. 6.4 bn). The incremental profit is primarily attributable to increase in gross profit driven by volumetric gains and reduced finance cost. Keeping into account the improved performance of the Company, the board declared an interim cash dividend of 50% i.e. Rs. 5 per share.

During the period under review (IHFY 21), PRL, by augmenting its operations, supply strategies and stringent controls over operating expenses, also improved its bottom line by reporting profit of Rs. 0.85 mn vs. a loss of Rs. 1.7 bn SPLY. Factors such as savings in Sulphur price differential, coupled with reduction in finance costs in addition to exchange gains contributed in attaining positive results. Further, PRL also managed to restore normal refinery operations swiftly, after disruption caused by damage to its intra-city pipelines due to heavy rainfall and flooding in August 2020. On a consolidated basis, the group achieved a net profit of Rs. 9.3 bn (Rs. 4.3 bn in IHFY 20).

During the period, PSO continued supplies to power sector primarily on cash basis, contributing towards decline in PSO's receivables from power sector by Rs. 6.1 bn whereas, receivables from SNGPL increased by Rs. 9.8 bn. The management is continuously engaged with concerned authorities for recovery of these receivables at the earliest.

We express our sincere gratitude to all our stakeholders and shareholders for their contributions and support. We also take this opportunity to thank the Government of Pakistan, especially Ministry of Energy (Petroleum Division) for their guidance and support.



Syed Muhammad Taha
Managing Director & CEO



Zafar I. Uşmani
Chairman – Board of Management


Karachi: February 17, 2021

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Un-audited 31 December 2020	Audited 30 June 2020
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	7	11,409,067	9,993,564
Right-of-use assets	8	4,923,945	4,735,815
Intangibles		70,225	82,930
Long-term investments	9	16,466,469	16,190,758
Long-term loans, advances and other receivables		430,586	454,612
Long-term deposits and prepayments		286,874	207,272
Deferred tax asset - net		13,810,723	17,148,771
Retirement benefits		1,010,024	797,250
		48,407,913	49,610,972
Current assets			
Stores, spares and loose tools		626,757	538,631
Stock-in-trade	10	76,253,047	57,214,768
Trade debts	11	205,768,043	196,759,839
Loans and advances		386,990	414,315
Short-term deposits and prepayments		1,060,549	2,559,442
Other receivables	12	18,745,483	23,790,569
Taxation - net		9,468,422	7,718,188
Cash and bank balances		2,356,738	3,908,652
		314,666,029	292,904,404
Net assets in Bangladesh		-	-
TOTAL ASSETS		363,073,942	342,515,376
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		117,769,548	108,366,267
Total Shareholder's Equity		122,464,282	113,061,001
Non-current liabilities			
Retirement and other service benefits		6,974,774	6,786,597
Lease liabilities		4,656,476	4,314,789
Other payable		1,359,627	1,359,627
		12,990,877	12,461,013
Current liabilities			
Trade and other payables	13	166,774,012	147,460,348
Short-term borrowings		58,798,376	66,433,196
Provisions		490,972	490,972
Accrued interest / mark-up		129,905	1,216,690
Current portion of lease liabilities		80,808	37,092
Unclaimed dividend		1,344,710	1,355,064
		227,618,783	216,993,362
Contingencies and commitments			
TOTAL EQUITY AND LIABILITIES		363,073,942	342,515,376

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


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management



Imtiaz Jaleel
Chief Financial Officer


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

For the six months and quarter ended 31 December 2020

Note	Six months ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(Rupees in '000)				
Gross Sales	671,410,904	752,532,594	338,608,350	365,454,762
Less:				
- Sales tax	(93,756,906)	(100,509,015)	(47,091,748)	(48,620,611)
- Inland Freight Equalization Margin	(10,221,577)	(9,684,901)	(4,849,259)	(4,278,299)
	(103,978,483)	(110,193,916)	(51,941,007)	(52,898,910)
Net sales	567,432,421	642,338,678	286,667,343	312,555,852
Cost of products sold	(546,943,395)	(624,661,947)	(277,674,677)	(305,585,577)
Gross profit	20,489,026	17,676,731	8,992,666	6,970,275
Other income	15	4,411,646	7,591,157	3,175,473
Operating costs				
Distribution and marketing expenses	(5,773,638)	(5,763,094)	(3,237,717)	(3,197,966)
Administrative expenses	(1,480,013)	(1,455,451)	(705,227)	(730,797)
(Provision) / reversal of provision of impairment on financial assets - net	(1,221,280)	173,362	(743,213)	(44,751)
Other expenses	(1,034,855)	(887,906)	(473,966)	75,136
	(9,509,786)	(7,933,089)	(5,160,123)	(3,898,378)
Profit from operations	15,390,886	17,334,799	7,008,016	8,604,560
Finance costs	17	(1,437,462)	(6,589,099)	(3,930,607)
Share of profit of associates - net of tax	295,481	312,241	143,926	167,658
Profit before taxation	14,248,905	11,057,941	6,573,333	4,841,611
Taxation				
- current	(1,357,485)	(4,993,896)	1,327,195	(2,275,920)
- prior	2,157	1,738	2,157	1,738
- deferred	(3,371,927)	368,967	(3,524,949)	338,863
	(4,727,255)	(4,623,191)	(2,195,597)	(1,935,319)
Profit for the period	9,521,650	6,434,750	4,377,736	2,906,292
..... (Rupees)				
Earnings per share - basic and diluted	18	20.28	13.71	9.32
				6.19

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


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months and quarter ended 31 December 2020

Note	Six months ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)		(Rupees in '000)	
Profit for the period	9,521,650	6,434,750	4,377,736	2,906,292
Other comprehensive income / (loss):				
Items that will not be reclassified to statement of profit or loss				
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	3,504	579	(820)	579
Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	(155,748)	1,785,785	(623,559)	230,596
Taxation	33,875	(388,408)	135,624	(50,154)
	(121,873)	1,397,377	(487,935)	180,442
Other comprehensive (loss) / income	(118,369)	1,397,956	(488,755)	181,021
Total comprehensive income for the period	9,403,281	7,832,706	3,888,981	3,087,313

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


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Reserves						Total
	Capital Reserves	Revenue Reserves					
	Share capital	Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	un-appropriated profit	Sub-total	
	(Rupees in '000)						
Balance as at 30 June 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 six months period 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
Unrealised 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 30 June 2019 at Rs. 5 per share	-	-	-	-	(1,956,139)	(1,956,139)	(1,956,139)
Bonus shares issued for the year ended 30 June 2019 at 20%	782,456	-	-	-	(782,456)	(782,456)	-
Balance as at 31 December 2019 (Un-audited)	4,694,734	3,373	5,733,025	25,282,373	89,343,749	120,362,520	125,057,254
Balance as at 30 June 2020 (Audited)	4,694,734	3,373	5,987,826	25,282,373	77,092,695	108,366,267	113,061,001
Total comprehensive income for six months period ended							
Profit for the period	-	-	-	-	9,521,650	9,521,650	9,521,650
Other comprehensive loss							
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	3,504	3,504	3,504
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(121,873)	-	-	(121,873)	(121,873)
	-	-	(121,873)	-	3,504	(118,369)	(118,369)
Balance as at 31 December 2020 (Un-audited)	4,694,734	3,373	5,865,953	25,282,373	86,617,849	117,769,548	122,464,282

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


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management



Imtiaz Jaleel
Chief Financial Officer

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

For the six months ended 31 December 2020

	Note	Six months ended	
		31 December 2020	31 December 2019
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	13,992,406	10,075,337
Long-term loans, advances and other receivables		24,026	(88,361)
Long-term deposits and prepayments		(83,279)	78,694
Taxes paid		(3,105,566)	(5,045,358)
Finance costs paid		(2,024,151)	(5,210,125)
Retirement and other service benefits paid		(566,546)	(2,396,946)
Net cash generated from / (used in) operating activities		8,236,890	(2,586,759)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,039,428)	(681,560)
Proceeds from disposal of operating assets		24,872	23,145
Purchase of right shares of Pakistan Refinery Limited		(224,590)	-
Dividend received		443,089	283,234
Net cash used in investing activities		(1,796,057)	(375,181)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments) / proceeds of short-term borrowings - net		(13,596,744)	4,191,917
Lease rentals paid		(347,573)	(580,958)
Dividends paid		(10,354)	(2,315,789)
Net cash (used in) / flow from financing activities		(13,954,671)	1,295,170
Net decrease in cash and cash equivalents		(7,513,838)	(1,666,770)
Cash and cash equivalents at beginning of the period		(880,853)	(16,467,793)
Cash and cash equivalents at end of the period	20	(8,394,691)	(18,134,563)

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


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months ended 31 December 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The business units of the Company include the following:

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

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

2. STATEMENT OF PREPARATION

2.1 These condensed unconsolidated interim financial statements of the Company for the six months period ended 31 December 2020 has 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.

2.2 These condensed unconsolidated interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual unconsolidated audited financial statements of the Company for the year ended 30 June 2020. These condensed unconsolidated financial statements are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 These condensed unconsolidated interim financial statements are the separate financial information of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. The condensed consolidated financial statements are presented separately.

2.4 The figures of the condensed unconsolidated interim financial statement of profit or loss and condensed unconsolidated interim financial statements of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months period ended 31 December 2020. The cumulative figures for the six months period ended 31 December 2019 were reviewed by another firms of chartered accountants.

For the six months ended 31 December 2020

2.5 Further to the note 2.6 of the annual unconsolidated financial statements as at and for the year ended 30 June 2020, Supreme Court of Pakistan in its short order dated 22 October 2020, in the cases filed by other companies, declared that Benazir Employees Stock option Scheme (BESOS / the Scheme) is unconstitutional and ultra-virus. During the period, the Ministry of Energy (Petroleum Division) through its letter reference F.No.8(9)/2014/BESOS/D-III(Vol-IV) dated 25 November 2020 directed the Company while referring Finance Division's letter no.F.2(39)-NTR/2-2-F dated 19 November 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund.

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

2.7 Impact of COVID - 19

The Company continued its operations despite slowdown of economic activities due to spread of COVID-19 with no material impact during the period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the Company's annual unconsolidated financial statements for the year ended 30 June 2020.

3.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed unconsolidated interim financial statements.

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2020, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these condensed unconsolidated interim financial statements.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021 and these amendments are not likely to have a significant affect over these condensed unconsolidated interim financial statements:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods; and
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).

For the six months ended 31 December 2020

The following annual improvements to IFRS standards 2018 - 2020 are effective for annual reporting periods beginning on or after 01 January 2022 and these amendments are not likely to have a significant affect over these condensed unconsolidated interim financial statements:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender;
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor;
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of biological assets using present value technique;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3;
- Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

6. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these condensed unconsolidated interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed unconsolidated 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 financial statements of the Company as at and for the year ended 30 June 2020 do not have any material impact. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

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

For the six months ended 31 December 2020

7. PROPERTY, PLANT AND EQUIPMENT

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

	Additions (at cost)		Disposals (at net book value)	
	31 December 2020 (Un-audited)	31 December 2019	31 December 2020 (Un-audited)	31 December 2019
	------(Rupees in '000)-----			
Buildings on freehold land	15,196	11,012	-	-
Buildings on leasehold land	30,486	899	67	-
Tanks and pipelines	11,985	9,122	-	80
Service and filling stations	252,792	271,288	577	10
Plant and machinery	73,407	86,900	-	-
Furniture and fittings	10,156	5,098	40	200
Vehicles and other rolling stock	9,349	67,508	2,202	5,441
Office equipments	22,859	14,448	27	-
Gas cylinders / regulators	49,637	45,534	-	-
	<u>475,867</u>	<u>511,809</u>	<u>2,913</u>	<u>5,731</u>

7.2 The above disposals represented assets costing Rs. 99,355 thousand (31 December 2019: Rs. 65,001 thousand) and were disposed off for Rs. 24,872 thousand (31 December 2019: Rs. 23,145 thousand).

7.3 As at 31 December 2020, operating assets includes book value of Rs. 660,572 thousand (30 June 2020: Rs. 704,674 thousand) in respect of Company's share in joint operations.

7.4 As at 31 December 2020, capital work-in-progress includes amounting to Rs. 205,431 thousand (30 June 2020: Rs. 182,269 thousand) in respect of Company's share in joint operations.

8. RIGHT-OF-USE ASSETS

During the period, the Company recognised right-of-use assets comprising mainly land amounting to Rs. 160,953 thousand (31 December 2019: 4,388,198 thousand) and modification amounting to Rs. 235,553 thousand (31 December 2019: Nil). Further, right-of-use having net book value of Rs. 333 thousand (31 December 2019: Nil) have been disposed off due to the extinguishment of leases during the period.

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

For the six months ended 31 December 2020

9. LONG-TERM INVESTMENTS

Investment in related parties

Investment held at fair value through other comprehensive income

In a unquoted company

- Pak-Arab Pipeline Company Limited (PAPCO)
Equity held: 12% (30 June 2020: 12%)
No. of shares: 8,640,000
(30 June 2020: 8,640,000) of Rs. 100/- each

Note

Un-audited
31 December
2020
Audited
30 June
2020
(Rupees in '000)

Investment in subsidiary - at cost

In a quoted company

- Pakistan Refinery Limited (PRL)
Equity held 63.56% (30 June 2020: 60.00%)
No. of shares: 400,459,028
(30 June 2020: 189,000,000) of Rs. 10/- each

- Advance against issue of share capital

Investment in associates

In unquoted companies

- Asia Petroleum Limited
Equity held: 49% (30 June 2020: 49%)
No. of shares: 46,058,570 (30 June 2020: 46,058,570) of Rs. 10/- each

- Pak Grease Manufacturing Company (Private) Limited
Equity held: 22% (30 June 2020: 22%)
No. of shares: 686,192 (30 June 2020: 686,192) of Rs. 10/- each

9.1 The Company has carried out an exercise to ascertain the fair value of investment as at 31 December 2020 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited 31 December 2020	Audited 30 June 2020
- Discount rate	17.7% - 18.1%	16.8% - 17.8%
- Growth rate of terminal value	5%	5%

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

For the six months ended 31 December 2020

Based on the above fair valuation exercise, the Company has recorded an unrealised loss - net of tax of Rs. 121,873 thousand (31 December 2019: Gain of Rs. 1,397,377 thousand) in other comprehensive (loss) / income for the period.

9.1.1 Movement of investment classified as FVOCI	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
Balance at beginning of the period / year	8,516,173	6,404,764
Remeasurement (loss) / gain recognised in other comprehensive (loss) / income	(155,748)	2,111,409
Balance at the end of the period / year	<u>8,360,425</u>	<u>8,516,173</u>

9.1.2 Sensitivity to unobservable inputs:

- Discount rate (1% increase)	(484,649)	(619,123)
- Discount rate (1% decrease)	569,525	737,965
- Growth rate of terminal value (1% increase)	415,366	500,839
- Growth rate of terminal value (1% decrease)	(354,721)	(422,476)

9.2 During the year ended 30 June, 2020, Board of Directors of PRL approved increase in share capital of PRL by 100% through issue of 1 right share for every 1 existing ordinary share held at Rs. 10/- per share. The Company fully subscribed its portion (60%) of right shares and paid Rs. 1,890,000 thousand. Further, the Company has given undertaking to PRL for subscribing such remaining portion of 40% of the Right Issue which remains unsubscribed. During the period, 92.87% of the Right Issue has been subscribed and remaining 7.13% unsubscribed portion (22,459,028 shares) has been subscribed by the Company.

10. STOCK-IN-TRADE

During the period, the Company has written off stock held with third party amounting to Rs. 89,543 thousand (31 December 2019: Nil).

ii. TRADE DEBTS	Note	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
Considered good			
Due from Government agencies and autonomous bodies			
- Secured	11.1	204,082	124,663
- Unsecured	11.2 & 11.3	167,475,673	161,751,360
		<u>167,679,755</u>	<u>161,876,023</u>
Due from other customers			
- Secured	11.1	2,268,430	1,826,424
- Unsecured	11.2 & 11.3	35,819,858	33,057,392
		<u>38,088,288</u>	<u>34,883,816</u>
		<u>205,768,043</u>	<u>196,759,839</u>
Considered doubtful			
Trade debts - gross		3,861,815	3,099,727
Less: Provision for impairment	11.5	(3,861,815)	(3,099,727)
Trade debts - net		<u>205,768,043</u>	<u>196,759,839</u>

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

For the six months ended 31 December 2020

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

11.2 Includes Rs. 165,459,025 thousand (30 June 2020: Rs. 163,845,827 thousand) due from related parties, against which provision for impairment of Rs. 1,909,349 thousand (30 June 2020: Rs. 1,332,981 thousand) has been recognised.

11.3 Included in trade debts are the receivable from following:

Name	Past due		Total	
	Un-audited 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
----- (Rupees in '000) -----				
Northern Power Generation Company Limited	69,191,279	72,957,116	69,191,279	72,957,116
Jamshoro Power Company Limited	10,287	929,916	10,287	929,916
Cental Power Purchasing Company	1,558,713	1,092,614	1,558,713	1,092,614
WAPDA Foundation	54,519	34,174	54,519	34,174
Hub Power Company Limited	23,331,715	23,331,012	23,331,715	23,331,012
Kot Addu Power Company Limited	-	473,458	-	473,458
Sui Northern Gas Pipelines Company Limited	73,219,556	68,296,465	80,974,478	71,171,324
	<u>167,366,069</u>	<u>167,114,755</u>	<u>175,120,991</u>	<u>169,989,614</u>
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	<u>167,019,094</u>	<u>166,767,780</u>	<u>174,774,016</u>	<u>169,642,639</u>

The Company did not consider the remaining aggregate past due balance of Rs. 167,019,094 thousand (30 June 2020: Rs. 166,767,780 thousand) (against which subsequent receipts of Rs. 13,954,000 thousand 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.

11.4 As at 31 December 2020, trade debts aggregating Rs. 28,787,287 thousand (30 June 2020: Rs. 17,312,197 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 176,980,756 thousand (30 June 2020: Rs. 179,447,642 thousand) are past due but not impaired. Based on the past experience, past track record, recoveries and future economic forecasts, the Company believes that the above past due trade debts do not require any additional provision for impairment except as provided in these condensed unconsolidated interim financial statements.

11.5	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
The movement in provision during the period / year is as follows:		
Balance at beginning of the period / year	3,099,727	3,025,523
Provision recognised during the period / year	777,165	262,952
Reversal of provision during the period / year	(15,077)	(188,748)
	<u>762,088</u>	<u>74,204</u>
Balance at the end of the period / year	<u>3,861,815</u>	<u>3,099,727</u>

For the six months ended 31 December 2020

12. OTHER RECEIVABLES

12.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 16 to the annual unconsolidated financial statements for the year ended 30 June 2020:

	Un-audited 31 December 2020	Audited 30 June 2020
Price differential claims (PDC):	(Rupees in '000)	
- on imports of Motor Gasoline - Net of related liability	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GENCO receivables	3,407,357	3,407,357
	<u>9,297,419</u>	<u>9,297,419</u>

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

12.2 Includes receivable of Rs. 8,466,187 thousand (30 June 2020: Rs. 10,666,183 thousand) due from associates and related parties.

12.3 As at 31 December 2020, receivables aggregating to Rs. 3,122,788 thousand (30 June 2020: Rs. 2,663,597 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-audited 31 December 2020	Audited 30 June 2020
	(Rupees in '000)	
Balance at beginning of the period / year	2,663,597	2,907,016
Provision recognised during the period / year	510,656	37,394
Reversal of provision during the period / year	(51,465)	(280,813)
Balance at the end of the period / year	459,191	(243,419)
	<u>3,122,788</u>	<u>2,663,597</u>

13. TRADE AND OTHER PAYABLES

13.1 Includes Rs. 37,665,261 thousand (30 June 2020: Rs. 40,800,474 thousand) due to various related parties.

13.2 Includes 72,066 thousand (30 June 2020: Nil) - net on account of favourable 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.

For the six months ended 31 December 2020

14. CONTINGENCIES AND COMMITMENTS

14.1 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.

14.1.1 Late Payment Surcharge

Claims amounting to Rs. 6,690,026 thousand (30 June 2020: Rs. 6,836,838 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.

14.1.2 Income Tax

The Additional Commissioner Inland Revenue through his order dated 30 September 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567 thousand. The Company has filed an appeal before Commissioner Inland Revenue (Appeals). Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.3 Other tax matters

14.1.3.1 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 High Court of Sindh which was instituted on 26 May 2011. Through the interim order passed on 31 May 2011, the High Court has ordered that for every consignment cleared after 28 December 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 31 December 2020, the management has deposited Rs. 123,223 thousand (30 June 2020: Rs. 115,047 thousand) in cash and provided bank guarantee amounting to Rs. 123,223 thousand (30 June 2020: Rs. 115,047 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 condensed unconsolidated interim financial statements.

14.1.3.2 There is no significant change in the status of other contingencies as disclosed in notes 29.1.2 to 29.1.4 to the annual unconsolidated financial statements of the Company for the year ended 30 June 2020.

14.1.4 Other Legal Claims

14.1.4.1 As at 31 December 2020 certain legal cases amounting to Rs. 7,654,595 thousand (30 June 2020: Rs. 7,682,477 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 condensed unconsolidated interim financial statements.

14.1.4.2 Claims against the Company not acknowledged as debts amount to Rs. 6,801,986 thousand (30 June 2020: Rs. 6,801,986 thousand) other than as stated in note 14.1.1 above.

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

For the six months ended 31 December 2020

14.2 Commitments	Un-audited 31 December 2020	Audited 30 June 2020
	(Rupees in '000)	
14.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	6,344,824	6,461,609
- Intangibles	526,872	872,588
	<u>6,871,696</u>	<u>7,334,197</u>
14.2.2 Letters of credit	<u>30,709,293</u>	<u>26,070,442</u>
14.2.3 Bank guarantees	<u>1,586,242</u>	<u>1,474,867</u>
14.2.4 Standby Letters of credit	<u>31,166,852</u>	<u>32,609,446</u>
14.2.5 Post-dated cheques	<u>2,250,000</u>	<u>1,300,000</u>

15. OTHER INCOME

This mainly includes delayed payment surcharge received from various customers and exchange gain.

16. OTHER EXPENSES

During the period, Company has written off rent advance amounting to Rs. 3,677 thousand (31 December 2019: Nil).

17. FINANCE COSTS

Includes mark-up on short-term borrowings amounting to Rs. 774,139 thousand (31 December 2019: 5,500,021 thousand).

18. EARNING PER SHARE

	Un-audited Six Months ended		Un-audited Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
18.1 Basic				
	----- (Rupees in '000) -----			
There is no dilutive effect on the basic earnings per share attributable to ordinary shareholders:	<u>9,521,650</u>	<u>6,434,750</u>	<u>4,377,736</u>	<u>2,906,292</u>
	----- (Number of Shares) -----			
Weighted average number of ordinary shares outstanding during the period	<u>469,473,302</u>	<u>469,473,302</u>	<u>469,473,302</u>	<u>469,473,302</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>20.28</u>	<u>13.71</u>	<u>9.32</u>	<u>6.19</u>

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

For the six months ended 31 December 2020

18.2 Diluted

There is no dilutive effect on the basic earning per share of the Company as there are no convertible ordinary shares in issue as at 31 December 2020 and 31 December 2019.

	Note	Un-audited Six months ended	
		31 December 2020	31 December 2019
19. CASH GENERATED FROM OPERATIONS		(Rupees in '000)	
Profit before taxation		14,248,905	11,057,941
Depreciation and amortisation		847,759	759,708
Provision / (reversal of provision) for impairment on trade debts - net		762,089	(281,364)
Provision for other receivables - net		459,191	108,002
Provision against stock-in-trade		-	89,543
Provision for impairment against stores, spares and loose tools		7,601	-
Advance rent written off		3,677	-
Provision for retirement and other services benefits		541,949	773,109
Gain on disposal of operating assets		(21,959)	(17,414)
Loss on disposal of right-of-use assets due to extinguishment		17	-
Share of profit from associates - net of tax		(295,481)	(312,241)
Dividend income from FVOCI investment		(350,972)	(283,227)
Interest on lease payments		330,786	279,091
Finance costs		1,106,676	6,261,125
		<u>3,391,333</u>	<u>7,376,332</u>
Working capital changes	19.1	<u>(3,647,832)</u>	<u>(8,358,936)</u>
		<u>13,992,406</u>	<u>10,075,337</u>

	Un-audited Six months ended	
	31 December 2020	31 December 2019
19.1 Working capital changes	(Rupees in '000)	
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(95,727)	(3,868)
- Stock-in-trade	(19,038,279)	4,511,942
- Trade debts	(9,770,293)	14,918,753
- Loans and advances	27,325	(10,141)
- Deposits and short-term prepayments	1,498,893	1,680,697
- Other receivables	4,585,895	5,982,404
Increase / (decrease) in current liabilities:		
- Trade and other payables	19,144,354	(35,438,723)
	<u>(3,647,832)</u>	<u>(8,358,936)</u>

For the six months ended 31 December 2020

20. CASH AND CASH EQUIVALENTS

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

	Un-audited Six months ended	
	31 December 2020	31 December 2019
	(Rupees in '000)	
Cash and bank balances	2,356,738	2,614,356
Short - term borrowings (Finances under mark-up arrangements)	(10,751,429)	(20,748,919)
	(8,394,691)	(18,134,563)

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company's financial risk management policies and objectives are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended 30 June 2020.

These condensed unconsolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended 30 June 2020.

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

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

As at 31 December 2020, except for the Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions along with level of fair value are disclosed in note 9.1 of these condensed unconsolidated interim financial statements.

For the six months ended 31 December 2020

22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

22.1 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 condensed unconsolidated interim financial statements, are as follows:

Name of the related party and relationship with the Company	Nature of transactions	Un-audited Six months ended	
		31 December 2020	31 December 2019
(Rupees in '000)			
Subsidiary			
- Pakistan Refinery Limited	Purchases	35,878,866	47,982,101
	Income facility charges	462	828
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	22,078	26,307
- Asia Petroleum Limited	Income facility charges	1,367	4,718
	Dividend received	92,117	-
	Pipeline charges	15,451	47,180
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	88,211	209,879
	Contributions made	169,045	1,831,706
- Gratuity Fund	Charge for the period	131,946	121,725
	Contributions made	280,590	481,108
- Provident Funds	Charge / Contribution for the period	82,783	76,613
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	96,594	90,046
Key management personnel *			
	Managerial remuneration	191,334	186,586
	Charge / Contribution for the period	5,200	5,600
Non-executive Directors			
	Remuneration and fees	8,700	15,800

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

For the six months ended 31 December 2020

22.2 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 Six months ended	
		31 December 2020	31 December 2019
		(Rupees in '000)	
- Board of Management	Contribution towards expenses of BoM	10,575	18,276
- Federal Government of Pakistan	Dividend paid	-	439,601
- Benazir Employees' Stock Option Scheme	Dividend paid	-	59,432
- Pak Arab Pipeline Company Limited	Pipeline charges	2,123,468	1,982,928
	Dividend received	350,972	283,227
- Sui Northern Gas Pipelines Limited	Sales	132,814,930	192,412,292
- Water and Power Development Authority	Utility charges	58,544	40,998
- Northern Power Generation Company Limited	Sales	14,938	471,530
- Jamshoro Power Company Limited	Sales	-	4,956,868
- WAPDA Foundation	Sales	550,807	634,313
- Pakistan International Airlines Corporation Limited	Sales	3,592,778	15,111,216
	Purchases	4,262	4,526
- Pak Arab Refinery Limited	Purchases	75,332,575	88,141,141
	Pipeline charges	300,730	230,162
	Other expense	141,576	881,048
- K-Electric Limited	Sales	29,862,123	36,692,854
- National Bank of Pakistan	Finance cost and bank charges	215,552	1,048,129

For the six months ended 31 December 2020

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

- (i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.
- (ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Company incurs rental charges in respect of storage facilities at Kamari 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 utilizes 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.

22.3 Inventory of the Company held by related parties as at 31 December 2020 amounts to Rs. 25,832,668 thousand (30 June 2020: Rs. 15,518,767 thousand).

22.4 Short-term borrowings includes Rs. 17,598,909 thousand (30 June 2020: Rs. 18,110,162 thousand) under finances obtained from National Bank of Pakistan.

22.5 The status of outstanding receivables and payables from / to related parties as at 31 December 2020 are included in respective notes to this condensed consolidated interim financial statements.

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

For the six months ended 31 December 2020

23. OPERATING SEGMENTS

23.1 Segment wise revenues and profit is as under:

Revenue - net sales

	Un-audited Six months ended	
	31 December 2020	31 December 2019
Petroleum Products	447,407,242	468,965,000
Liquefied Natural Gas (LNG)	118,584,759	171,896,000
Others	1,440,420	1,477,678
	<u>567,432,421</u>	<u>642,338,678</u>

Profit / (loss) for the period

Petroleum Products	7,685,000	6,027,000
Liquefied Natural Gas (LNG)	517,000	(436,000)
Others	1,319,650	843,750
	<u>9,521,650</u>	<u>6,434,750</u>

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

23.3 Out of total sales of the Company, 99.6% (31 December 2019: 99.3%) relates to customers in Pakistan.

23.4 All non-current assets of the Company as at 31 December 2020 and 2019 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 27% during the half year ended 31 December 2020 (31 December 2019: 29%).

23.5 Out of total gross sales of the Company, sales for the six months ended 31 December 2020, amounting to Rs. 148,668,618 thousand (31 December 2019: Rs 221,056,972 thousand), relates to circular debt customers.

24. RECLASSIFICATION OF CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards, as presented below.

Description	Reclassified		Amount in '000'
	From	To	
Reclassification of net defined benefits assets of pension fund	Retirement and other service benefits	Retirement benefits	<u>797,250</u>
Reversal of Provision for impairment against trade debts	Other expenses	(Provisions)/reversal of impairment on financial assets - net	<u>281,364</u>
Provision for impairment against other receivables	Other expenses	(Provisions)/reversal of impairment on financial assets - net	<u>108,002</u>
Exchange gain	Other expenses	Other Income	<u>563,374</u>
Card sweeping bank charges	Other Income	Finance costs	<u>48,883</u>

For the six months ended 31 December 2020

25. GENERAL

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

25.2 Events after the reporting date

The Board of Management - Pakistan State Oil Company Limited in its meeting held on 17 February 2021 has proposed an interim cash dividend of Rs. 5 per share (31 December 2019: 'Nil') amounting to Rs. 2,347,367 thousand (31 December 2019: 'Nil') for the year ending 30 June 2021.

26. DATE OF AUTHORISATION FOR ISSUE

These condensed unconsolidated interim financial statements were approved and authorised for issue on 17 February 2021 by the Board of Management.


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		Un-audited 31 December 2020	Audited 30 June 2020
	Note	(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	36,335,313	35,691,707
Right-of-use assets	8	5,079,065	4,898,890
Intangibles		78,181	90,885
Long-term investments	9	11,630,770	11,584,720
Long-term loans, advances and other receivables		434,700	459,376
Long-term deposits and prepayments		308,056	228,454
Deferred tax asset - net		13,595,966	16,848,132
Retirement benefits		1,040,281	827,507
		68,502,332	70,629,671
Current assets			
Stores, spares, chemicals and loose tools		1,210,081	991,583
Stock-in-trade		85,368,821	64,758,242
Trade debts	10	207,607,588	197,777,742
Loans and advances		405,061	433,797
Short-term deposits and prepayments		1,216,643	2,586,292
Other receivables	11	18,946,866	23,797,120
Taxation - net		9,607,714	7,800,728
Cash and bank balances		2,377,542	6,098,361
		326,740,316	304,243,865
Net assets in Bangladesh		-	-
TOTAL ASSETS		395,242,648	374,873,536
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		117,231,255	107,869,046
Equity attributable to the owners' of the Holding Company		121,925,989	112,563,780
Non-controlling interest		2,175,141	1,413,801
		124,101,130	113,977,581
Non-current liabilities			
Retirement and other service benefits		7,425,098	7,236,921
Long-term borrowing		4,054,249	4,215,146
Lease liabilities		4,815,191	4,488,600
Other Payable		1,359,627	1,359,627
		17,654,165	17,300,294
Current liabilities			
Trade and other payables	12	180,054,306	161,148,826
Short-term borrowings		71,120,434	79,032,665
Provisions		490,972	490,972
Accrued interest / mark-up		371,683	1,507,806
Current portion of lease liabilities		85,394	40,462
Unclaimed dividend		1,364,564	1,374,930
		253,487,353	243,595,661
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		395,242,648	374,873,536

The annexed notes 1 to 27 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months and quarter ended 31 December 2020

		Six months ended		Quarter ended	
	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(Rupees in '000)		(Rupees in '000)	
Net sales					
	14	580,984,605	658,957,141	295,874,945	318,314,792
Cost of products sold		(559,601,242)	(641,920,289)	(286,660,095)	(312,692,340)
Gross profit		21,383,363	17,036,852	9,214,850	5,622,452
Other income	15	4,524,854	7,741,839	3,303,925	5,579,267
Operating costs					
Distribution and marketing expenses		(5,910,580)	(5,952,209)	(3,313,184)	(3,289,772)
Administrative expenses		(1,722,011)	(1,701,733)	(841,835)	(872,738)
(Provision) / reversal of provision of impairment on financial assets		(1,224,957)	173,362	(746,890)	(134,293)
Other expenses	16	(1,067,210)	(915,825)	(517,030)	173,262
		(9,924,758)	(8,396,405)	(5,418,939)	(4,123,541)
Profit from operations		15,983,459	16,382,286	7,099,836	7,078,178
Finance costs	17	(2,086,535)	(7,456,782)	(917,894)	(4,344,489)
Share of profit of associates - net of tax		290,411	313,960	138,856	169,377
Profit before taxation		14,187,335	9,239,464	6,320,798	2,903,066
Taxation					
- current		(1,645,529)	(5,437,919)	1,172,635	(2,448,544)
- prior		2,157	1,738	2,157	1,738
- deferred		(3,286,046)	540,333	(3,464,732)	413,405
		(4,929,418)	(4,895,848)	(2,289,940)	(2,033,401)
Profit for the period		9,257,917	4,343,616	4,030,858	869,665
Profit / (loss) attributable to:					
Owners' of the Holding Company		9,355,843	5,332,898	4,157,283	1,833,386
Non-controlling interest		(97,926)	(989,282)	(126,425)	(963,721)
		9,257,917	4,343,616	4,030,858	869,665
----- (Rupees) -----					
Earnings per share - basic and diluted	18	19.93	11.36	8.86	3.91

The annexed notes 1 to 27 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months and quarter ended 31 December 2020

Note	Six months ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)		(Rupees in '000)	
Profit for the period	9,257,917	4,343,616	4,030,858	869,665
Other comprehensive (loss) / income:				
Items that will not be reclassified to statement of profit or loss				
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	3,504	579	(820)	579
Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	9.1.1 (155,748)	1,785,785	(623,559)	230,596
Taxation thereon	33,875	(388,408)	135,624	(50,154)
	(121,873)	1,397,377	(487,935)	180,442
Other comprehensive (loss) / income	(118,369)	1,397,956	(488,755)	181,021
Total comprehensive income for the period	9,139,548	5,741,572	3,542,103	1,050,686
Profit / (loss) attributable to:				
Owners' of the Holding Company	9,237,474	6,730,854	3,668,528	2,014,407
Non-controlling interest	(97,926)	(989,282)	(126,425)	(963,721)
	9,139,548	5,741,572	3,542,103	1,050,686

The annexed notes 1 to 27 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
Managing Director & CEO


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Imtiaz Jaleel
Chief Financial Officer

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

For the six months ended 31 December 2020

	Equity attributable to the owners' of the Holding Company							Total
	Capital Reserves		Revenue Reserves			Non-controlling interest (NCI)		
	Share capital	Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	un-appropriated profit			
	(Rupees in '000)							
Balance as at 30 June 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 six months Period 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
Unrealised 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 30 June 2019 at Rs. 5 per share	-	-	-	-	(1,956,139)	(1,956,139)	-	(1,956,139)
Bonus shares issued for the year ended 30 June 2019 at 20%	782,456	-	-	-	(782,456)	(782,456)	-	-
Balance as at 31 December 2019 (Un-audited)	4,694,734	3,373	5,733,025	25,282,373	91,908,253	122,927,024	4,609,086	132,230,844
Balance as at 30 June 2020 (Audited)	4,694,734	3,373	5,987,826	25,282,373	76,595,474	107,869,046	1,413,801	113,977,581
Total Comprehensive Income For six months Period Ended								
Profit / (loss) for the period	-	-	-	-	9,355,843	9,355,843	(97,926)	9,257,917
Other comprehensive loss								
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	3,504	3,504	-	3,504
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(121,873)	-	-	(121,873)	-	(121,873)
	-	-	(121,873)	-	3,504	(118,369)	-	(118,369)
Transaction with Non-controlling interest	-	-	-	-	123,900	123,900	(123,900)	-
Right shares subscription money	-	-	-	-	-	-	982,687	982,687
Right issue issuance cost	-	-	-	-	835	835	479	1,314
Balance as at 31 December 2020 (Un-audited)	4,694,734	3,373	5,865,953	25,282,373	86,079,556	117,231,255	2,175,141	124,101,330

The annexed notes 1 to 27 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months ended 31 December 2020

	Note	Six months ended	
		31 December 2020	31 December 2019
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	12,249,374	18,505,165
Long-term loans, advances and other receivables		24,676	(94,358)
Long-term deposits and prepayments		(83,279)	79,315
Taxes paid		(3,450,363)	(5,463,062)
Finance costs paid		(2,712,084)	(6,149,225)
Retirement and other service benefits paid		(627,610)	(2,454,469)
Net cash generated from operating activities		5,400,714	4,423,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,122,054)	(1,635,539)
Proceeds from disposal of operating assets		28,856	23,145
Dividends received		443,089	283,234
Net cash used in investing activities		(1,650,109)	(1,329,160)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received net of rights issuance cost		984,001	-
Long-term borrowings repaid		(200,000)	(200,000)
Proceeds from salary refinancing		145,301	-
(Repayments) / proceeds of short-term borrowings - net		(11,769,462)	1,951,116
Lease payments		(371,931)	(602,509)
Dividends paid		(10,366)	(2,317,691)
Net cash used in financing activities		(11,222,457)	(1,169,084)
Net (decrease) / increase in cash and cash equivalents		(7,471,852)	1,925,122
Cash and cash equivalents at beginning of the period		(4,574,164)	(21,015,683)
Cash and cash equivalents at end of the period	20	(12,046,016)	(19,090,561)

The annexed notes 1 to 27 form an integral part of these condensed consolidated interim financial statements.


Syed Muhammad Taha
Managing Director & CEO


Tara Uzra Dawood
Member-Board of Management


Imtiaz Jaleel
Chief Financial Officer

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

For the six months ended 31 December 2020

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 business units of the Company include the following:

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

1.1.3 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. During the year ended June 30, 2020, the Holding Company fully subscribed 189,000,000 right shares (its portion of the right issue) which have been issued to Holding Company during the period. Further, the Holding Company had given undertaking to the Subsidiary Company for subscribing such remaining portion of remaining 40% of the Right Issue which remains unsubscribed. Therefore, during the period, the Holding Company further subscribed 7.13% unsubscribed portion (22,459,028 shares) of such right issue. This has resulted in increase in the shareholding of the Holding Company to 63.56% (30 June 2020: 60.00%).

1.2.2 During August 2020, on account of unusual heavy rain in Karachi, the rainwater washed away a portion of the Piles Bridge inside Malir River, carrying the intra-city oil pipelines which connect Keamari Terminal to the Refinery, at Korangi Creek for transportation of crude oil and products. Consequently, the intra-city pipelines were immediately isolated from both ends (i.e. Korangi and Keamari Terminal). This hampered the operations of the Subsidiary Company and the refinery was shut down for 12 days and resumed its operations from September 9, 2020.

The management considered various options to limit the resultant loss and to resume the operations within minimum time span. The crude supply line was restored on priority basis, through a temporary arrangement, whereas gantry operations were used for product deliveries in addition to the HSD supplies through PARCO System. White oil line was restored in December 2020 while crude and furnace oil lines were restored subsequent to the reporting period. The Subsidiary Company used Horizontal Directional Drilling (HDD) technique to lay the pipeline below the river bed.

Business Unit
Head Office & Refinery Complex
Storage tanks

Geographical Location
Korangi Creek Road, Karachi.
Keamari, Karachi.

For the six months ended 31 December 2020

2. STATEMENT OF PREPARATION

2.1 These condensed consolidated interim 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.

2.2 These condensed consolidated 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, 2020. These condensed consolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

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

2.4 Further to the note 2.6 of the annual consolidated financial statements as at and for the year ended 30 June 2020, Supreme Court of Pakistan in its short order dated 22 October 2020, in the cases filed by other companies, declared that Benazir Employees Stock option Scheme (BESOS / the Scheme) is unconstitutional and ultra-virus. During the period, the Ministry of Energy (Petroleum Division) through its letter reference F.No.8(9)/2014/BESOS/D-III(Vol-IV) dated 25 November 2020 directed the Holding Company while referring Finance Division's letter no.F.2(39)-NTR/2-2-F dated 19 November 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund.

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

2.6 Impact of COVID - 19

The Group continued its operations despite slowdown of economic activities due to spread of COVID-19 with no material impact during the period. The Subsidiary Company has availed long term loan under SBP's refinance scheme for payment of salaries and wages.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of the Group's consolidated annual audited financial statements for the year ended June 30, 2020.

For the six months ended 31 December 2020

3.2 The Group follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed consolidated interim financial statements.

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2020, but are considered not to be relevant or do not have any significant effect on the Group's financial position and are therefore not stated in these condensed consolidated interim financial statements.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) relevant to the Group as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021 and these amendments are not likely to have a significant affect over these condensed consolidated interim financial statements:

Standards, amendments or interpretation

- COVID-19 Related Rent Concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods; and
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).

The following annual improvements to IFRS standards 2018 - 2020 are effective for annual reporting periods beginning on or after 01 January 2022 and these amendments are not likely to have a significant affect over these condensed consolidated interim financial statements:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender;
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor;
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of biological assets using present value technique;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3;
- Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

For the six months ended 31 December 2020

6. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these condensed consolidated interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed consolidated 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 consolidated financial statements of the Group as at and for the year ended 30 June 2020 do not have any material impact. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

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

	Additions (at cost)		Disposals (at net book value)	
	31 December 2020 (Un-audited)	31 December 2019	31 December 2020 (Un-audited)	31 December 2019
	(Rupees in '000)			
Buildings on freehold land	15,196	11,012	-	-
Buildings on leasehold land	30,486	899	67	-
Tanks and pipelines	319,122	152,356	-	80
Service and filling stations	252,792	271,288	577	10
Plant and machinery	74,166	159,034	62,330	-
Furniture and fittings	10,156	5,098	40	200
Vehicles and other rolling stock	9,349	73,398	6,923	5,441
Office equipment	46,392	14,448	27	-
Gas cylinders / regulators	49,637	45,534	-	-
	807,296	733,067	69,964	5,731

7.2 The above disposals represented assets costing Rs. 167,593 thousand (31 December 2019: Rs. 65,001 thousand) and were disposed off for Rs. 28,856 thousand (31 December 2019: Rs. 23,145 thousand).

7.3 Includes operating assets amounting to Rs. 660,572 thousand (30 June 2020: Rs. 704,674 thousand) in respect of Holding Company's share in joint operations.

7.4 Includes capital work-in-progress amounting to Rs. 205,431 thousand (30 June 2020: Rs. 182,269 thousand) in respect of Holding Company's share in joint operations.

7.5 During the period, assets having net book value of Rs. 5,571 thousand were written off due to unforeseen incident explained in detail in note 1.2.2 to these condensed consolidated interim financial statements.

For the six months ended 31 December 2020

8. RIGHT-OF-USE ASSETS

During the period, the Group recognised right-of-use assets comprising mainly land amounting to Rs. 160,953 thousand (31 December 2019: 4,554,696 thousand) and modification amounting to Rs. 235,553 thousand (December 31, 2019: Nil). Further, having net book value of Rs. 333 thousand (31 December 2019: Nil) have been disposed off due to the extinguishment of leases during the period.

9. LONG-TERM INVESTMENTS

Investment in related parties

Investment held at fair value through other comprehensive income

In a unquoted company
- Pak-Arab Pipeline Company Limited (PAPCO)
Equity held: 12% (30 June 2020: 12%)
No. of shares: 8,640,000 (30 June 2020: 8,640,000) of Rs. 100/- each

Note	Un-audited 31 December 2020	Audited 30 June 2020
	(Rupees in '000)	

9.1	8,360,425	8,516,173
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Investment in associates

In unquoted companies
- Asia Petroleum Limited
Equity held: 49% (30 June 2020: 49%)
No. of shares: 46,058,570 (30 June 2020: 46,058,570) of Rs. 10/- each

- Pak Grease Manufacturing Company (Private) Limited
Equity held: 49.26% (30 June 2020: 49.26%)
No. of shares: 1,536,593 (30 June 2020: 1,536,593) of Rs. 10/- each

	3,166,762	2,955,801
	103,583	112,746
	3,270,345	3,068,547
	11,630,770	11,584,720

9.1 The Group has carried out an exercise to ascertain the fair value of investment as at 31 December 2020 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-Audited 31 December 2020	Audited 30 June 2020
- Discount rate	17.7% - 18.1%	16.8% - 17.8%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Group has recorded an unrealised loss - net of tax of Rs. 121,873 thousand (31 December 2019: gain of Rs. 1,397,377 thousand) in other comprehensive (loss) / income for the year.

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

For the six months ended 31 December 2020

9.1.1	Movement of investment classified as FVOCI	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
	Note		
	Balance at beginning of the period / year	8,516,173	6,404,764
	Remeasurement (loss) / profit recognised in other comprehensive (loss) / income	(155,748)	2,111,409
	Balance at the end of the period / year	8,360,425	8,516,173
9.1.2	Sensitivity to unobservable inputs:		
	- Discount rate (1% increase)	(484,649)	(619,123)
	- Discount rate (1% decrease)	569,525	737,965
	- Growth rate of terminal value (1% increase)	415,366	500,839
	- Growth rate of terminal value (1% decrease)	(354,721)	(422,476)
10.	TRADE DEBTS		
	Considered good		
	Due from Government agencies and autonomous bodies		
	- Secured	10.1	204,082
	- Unsecured	10.2 & 10.3	169,164,864
			159,102,110
			169,368,946
	Due from other customers		
	- Secured	10.1	2,268,430
	- Unsecured	10.2 & 10.3	35,970,212
			38,238,642
			197,777,742
			207,607,588
	Considered doubtful		
	Trade debts - gross		3,996,707
	Less: Provision for impairment	10.5	211,604,295
	Trade debts - net		(3,996,707)
			201,012,361
			(3,234,619)
			207,607,588
			197,777,742

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

10.2 Includes Rs. 165,459,025 thousand (30 June 2020: Rs. 163,845,827 thousand) due from related parties, against which provision for impairment of Rs. 1,909,349 thousand (30 June 2020: Rs. 1,332,981 thousand) has been recognised.

10.3 Included in trade debts are the receivable from following:

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

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Name	Past due		Total	
	Un-audited 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
Northern Power Generation Company Limited	69,191,279	72,957,116	69,191,279	72,957,116
Jamshoro Power Company Limited	10,287	929,916	10,287	929,916
Central Power Purchasing Company	1,558,713	1,092,614	1,558,713	1,092,614
WAPDA Foundation	54,519	34,174	54,519	34,174
Hub Power Company Limited	23,331,715	23,331,012	23,331,715	23,331,012
Kot Addu Power Company Limited	-	473,458	-	473,458
Sui Northern Gas Pipelines Company Limited	73,219,556	68,296,465	80,974,478	71,171,324
	167,366,069	167,114,755	175,120,991	169,989,614
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	167,019,094	166,767,780	174,774,016	169,642,639

The Group did not consider the remaining aggregate past due balance of Rs. 167,019,094 thousand (30 June 2020: Rs. 166,767,780 thousand) (against which subsequent receipts of Rs. 13,954,000 thousand 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.

10.4 As at 31 December 2020 trade debts aggregating Rs. 30,406,753 thousand (30 June 2020: Rs. 18,245,454 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 177,200,835 thousand (30 June 2020: Rs. 179,532,288 thousand) are past due but not impaired.

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

10.5	The movement in provision during the period / year is as follows:	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
	Balance at beginning of the period / year	3,234,619	3,160,415
	Provision recognised during the period / year	777,165	262,952
	Reversal of provision during the period / year	(15,077)	(188,748)
		762,088	74,204
	Balance at the end of the period / year	3,996,707	3,234,619

For the six months ended 31 December 2020

II. OTHER RECEIVABLES

11.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 17 to the consolidated annual audited financial statements for the year ended 30 June 2020:

	Un-audited 31 December 2020	Audited 30 June 2020
(Rupees in '000)		
Price differential claims (PDC):		
- on imports (net of related liabilities) of Motor Gasoline	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GHC receivables	3,407,357	3,407,357
	9,297,419	9,297,419

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.

11.2 Includes receivable of Rs. 8,466,187 thousand (30 June 2020: Rs. 10,671,960 thousand) due from associates and related parties.

11.3 As at 31 December 2020, receivables aggregating to Rs. 3,122,788 thousand (30 June 2020: Rs. 2,663,597 thousand) were deemed to be impaired and hence have been provided for.

	Un-audited 31 December 2020	Audited 30 June 2020
(Rupees in '000)		
Balance at beginning of the period / year	2,663,597	2,907,016
Provision recognised during the period / year	510,656	37,394
Reversal of provision during the period / year	(51,465)	(280,813)
	459,191	(243,419)
Balance at the end of the period / year	3,122,788	2,663,597

12. TRADE AND OTHER PAYABLES

12.1 Includes Rs. 31,938,087 thousand (30 June 2020: Rs. 32,229,801 thousand) due to various related parties.

12.2 Includes 72,066 thousand (June 30, 2020: Nil) on account of favourable 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 Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings.

For the six months ended 31 December 2020

13. CONTINGENCIES AND COMMITMENTS

13.1 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.

13.1.1 Late Payment Surcharge

Claims amounting to Rs. 7,713,113 thousand (30 June 2020: Rs. 7,626,014 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.

13.1.2 Income Tax

The Additional Commissioner Inland Revenue through his order dated 30 September 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567 thousand. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals). Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

13.1.3 Other tax matters

13.1.3.1 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, 2020, the management has deposited Rs.123,223 thousand (30 June 2020: Rs.115,047 thousand) in cash and provided bank guarantee amounting to Rs.123,223 thousand (30 June 2020: Rs. 115,047 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 Holding 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 condensed consolidated interim financial statements.

13.1.3.2 There is no significant change in the status of other contingencies as disclosed in notes 31.1.2 to 31.1.4 to the annual audited consolidated financial statements of the Company for the year ended 30 June 2020.

13.1.4 Other Legal Claims

13.1.4.1 As at 31 December 2020 certain legal cases amounting to Rs. 7,832,060 thousand (30 June 2020: Rs. 7,859,942 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 favour. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

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

For the six months ended 31 December 2020

13.1.4.2 Claims against the Group not acknowledged as debts amount to Rs. 6,808,001 thousand (30 June 2020: Rs. 6,926,195 thousand) other than as mentioned in note 13.1.1.1 above.

13.2 Commitments	Un-audited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
13.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	6,484,824	6,591,609
- Intangibles	526,872	872,588
	<u>7,011,696</u>	<u>7,464,197</u>
13.2.2 Letters of credit	<u>37,400,293</u>	<u>26,070,442</u>
13.2.3 Bank guarantees	<u>1,710,872</u>	<u>1,598,867</u>
13.2.4 Standby Letters of credit	<u>31,166,852</u>	<u>32,609,446</u>
13.2.5 Post-dated cheques	<u>2,250,000</u>	<u>1,300,000</u>

14. NET SALES

	Un-audited Six months ended		Un-audited Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Gross Sales	711,146,872	792,053,223	361,426,072	380,123,931
Less:				
- Sales tax	(102,779,065)	(111,967,054)	(51,741,526)	(53,014,532)
- Excise duty and petroleum levy	(15,418,893)	(8,598,136)	(7,982,169)	(3,545,676)
- Surplus price differential	(346,567)	(910,259)	(281,192)	(218,739)
- Custom duty	(1,396,165)	(1,935,732)	(696,981)	(751,893)
- Inland freight Equalization Margin (IFEM)	(10,221,577)	(9,684,901)	(4,849,259)	(4,278,299)
	<u>(130,162,267)</u>	<u>(133,096,082)</u>	<u>(65,551,127)</u>	<u>(61,809,139)</u>
Net Sales	<u>580,984,605</u>	<u>658,957,141</u>	<u>295,874,945</u>	<u>318,314,792</u>

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

For the six months ended 31 December 2020

15. OTHER INCOME

Mainly includes delayed payment surcharge received from various customers and exchange gain.

16. OTHER EXPENSES

16.1 During the period, the Holding Company has written off rent advance amounting to Rs. 3,677 thousand (31 December 2020: Nil).

16.2 This includes an amount of Rs. 10,000 thousand (31 December 2020: Nil) imposed by OGRA to the Subsidiary Company as a penalty alleging that one of the product sample independently tested by OGRA did not meet the required specifications. The Subsidiary Company is of the opinion that the penalty is in non-compliance with OGRA Rules 2016 and has challenged the Order by filing a review petition with the Office of Chairman OGRA.

17. FINANCE COSTS

Includes mark-up on short-term borrowings amounting to Rs. 1,409,383 thousand (31 December 2019: 6,852,316 thousand).

18. EARNING PER SHARE

18.1 Basic	Un-audited Six Months ended		Un-audited Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)			
Profit for the period attributable to the owners' of the Holding Company	9,355,843	5,332,898	4,157,283	1,833,386
Weighted average number of ordinary shares in issue during the period (No. of shares)	469,473,302	469,473,302	469,473,302	469,473,302
	----- (Rupees) -----			
Earnings per share - basic and diluted	19.93	11.36	8.86	3.91

18.2 Diluted

There is no dilutive effect on the basic earning per share of the Holding Company as there are no convertible potential ordinary shares in issue as at 31 December 2020 and 31 December 2019.

For the six months ended 31 December 2020

	Note	Un-audited Six months ended	
		31 December 2020	31 December 2019
19. CASH GENERATED FROM OPERATIONS		(Rupees in '000)	
Profit before taxation		14,187,335	9,239,464
Depreciation and Amortisation		1,637,615	1,786,967
Provision / (reversal of provision)			
for impairment on trade debts - net		762,089	(281,364)
Provision for other receivables - net		459,191	108,002
Provision against stock-in-trade		-	89,543
Provision / (reversal of provision)			
for impairment against stores, spares, chemicals and loose tools		14,922	(1,500)
Provision for retirement and other services benefits		603,013	830,633
Provision for write down of inventory to net realisable value		-	46,789
Advance rent written off		3,677	-
Operating asset written off		5,571	-
Loss / (gain) on disposal of operating assets		41,108	(17,414)
Loss on disposal of right-of-use assets due to extinguishment		17	-
Share of profit from associates - net of tax		(290,411)	(313,960)
Dividend income from FVOCI investment		(350,972)	(283,227)
Interest on lease payments		341,264	289,027
Finance costs		1,745,271	7,197,037
		4,972,355	9,450,533
Working capital changes	19.1	(6,910,316)	(184,832)
		<u>12,249,374</u>	<u>18,505,165</u>

	Un-audited Six months ended	
	31 December 2020	31 December 2019
19.1 Working capital changes	(Rupees in '000)	
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(233,420)	66,054
- Stock-in-trade	(20,610,579)	8,277,622
- Trade debts	(10,591,935)	18,967,547
- Loans and advances	28,736	(1,172,186)
- Deposits and short-term prepayments	1,369,649	1,554,424
- Other receivables	4,391,063	3,647,375
Increase / (decrease) in current liabilities:		
- Trade and other payables	18,736,170	(31,525,668)
	<u>(6,910,316)</u>	<u>(184,832)</u>

For the six months ended 31 December 2020

20. CASH AND CASH EQUIVALENTS

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

	Un-audited Six months ended	
	31 December 2020	31 December 2019
	(Rupees in '000)	
Cash and bank balances	2,377,542	2,861,716
Short - term borrowings (Finances under mark-up arrangements)	(14,423,558)	(21,952,277)
	<u>(12,046,016)</u>	<u>(19,090,561)</u>

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Group's financial risk management policies and objectives are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2020.

These condensed consolidated 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 30 June 2020. 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 condensed consolidated interim financial statements approximate their fair values. The Group analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

As at 31 December 2020, except for the Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions along with level of fair value are disclosed in note 9.1 of these condensed consolidated interim financial statements.

For the six months ended 31 December 2020

22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

22.1 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 condensed consolidated interim financial statements, are as follows:

Name of the related party and relationship with the Group	Nature of transactions	Un-audited six months ended	
		31 December 2020	31 December 2019
(Rupees in '000)			
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	22,078	26,307
- Asia Petroleum Limited	Income facility charges	1,367	4,718
	Dividend received	92,117	-
	Pipeline charges	15,451	47,180
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	142,147	259,993
	Contributions	222,981	1,896,820
- Gratuity Fund	Charge for the period	139,074	129,135
	Contributions	287,718	493,135
- Provident Funds	Charge / Contribution for the period	125,729	118,012
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	96,594	90,046
Key management personnel *	Managerial remuneration	256,156	264,060
	Charge / Contribution for the period	10,580	10,376
Non-executive Directors	Remuneration and fees	20,238	25,235

* There are no transactions with the key management personal other than under their terms of employees / entitlements.

For the six months ended 31 December 2020

22.2 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:

		Un-audited Six months ended	
		31 December 2020	31 December 2019
(Rupees in '000)			
- Board of Management	Contribution towards expenses of BoM	10,575	18,276
- Federal Government of Pakistan	Dividend paid	-	439,601
- Benazir Employees' Stock Option Scheme	Dividend paid	-	59,432
- Pak Arab Pipeline Company Limited	Pipeline charges	2,123,468	1,982,928
	Dividend received	350,972	283,234
- Sui Northern Gas Pipelines Limited	Sales	132,814,930	192,412,292
- Water and Power Development Authority	Utility charges	58,544	40,998
- Northern Power Generation Company Limited	Sales	14,938	471,530
- Jamshoro Power Company Limited	Sales	-	4,956,868
- WAPDA Foundation	Sales	550,807	634,313
- Pakistan International Airlines Corporation Limited	Sales	3,592,778	15,111,216
	Purchases	4,262	4,526
- Pak Arab Refinery Limited	Purchases	75,332,575	94,967,311
	Pipeline charges	300,730	230,162
	Other expense	141,576	881,048
- Oil and Gas Development Company Limited	Purchases	2,578,618	4,825,656
- Pakistan Petroleum Limited	Purchases	414,942	1,184,320
- K-Electric Limited	Sales	29,862,123	36,692,854
- National Bank of Pakistan	Finance cost and bank charges	232,771	1,083,267

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

- (i) The Group sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.
 - (ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
 - (iii) The Group incurs rental charges in respect of storage facilities at 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.
- 22.3** Inventory of the Group held by related parties as at 31 December 2020 amounts to Rs. 25,832,668 thousand (30 June 2020: Rs. 15,518,767 thousand).
- 22.4** Short term borrowings includes Rs. 18,091,733 thousand (30 June 2020: Rs. 18,591,496 thousand) under finances obtained from National Bank of Pakistan.
- 22.5** The status of outstanding receivables and payables from / to related parties as at 31 December 2020 are included in respective notes to these condensed consolidated interim financial statements.
- 22.6** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

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	Un-audited Six months ended	
	31 December 2020	31 December 2019
(Rupees in '000)		
23. OPERATING SEGMENTS		
23.1 Segment wise revenues and profit is as under:		
Revenue - net sales		
Petroleum Products	447,407,242	468,965,000
Liquefied Natural Gas (LNG)	118,584,759	171,896,000
Refining operations	13,552,186	16,618,463
Others	1,440,418	1,477,678
	580,984,605	658,957,141
Profit / (loss) for the period		
Petroleum Products	7,685,000	6,026,487
Liquefied Natural Gas (LNG)	517,000	(436,000)
Refining operations	(263,733)	(2,090,621)
Others	1,319,650	843,750
	9,257,917	4,343,616

- 23.2** Timing of revenue recognition is at a point in time.
- 23.3** Out of total sales of the Group, 99.4% (31 December 2019: 99.1%) relates to customers in Pakistan.
- 23.4** All non-current assets of the Company as at 31 December 2020 and 2019 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 25% during the half year ended 31 December 2020 (31 December 2019: 28%).
- 23.5** Out of total gross sales of the Group, sales for the half year ended 31 December 2020, amounting to Rs. 148,668,618 thousand (31 December 2019: Rs 221,056,972 thousand), relates to circular debt customers

24. GENERAL

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

25. EVENTS AFTER THE REPORTING DATE

The Board of Management of the Holding Company in its meeting held on 17 February 2021 has proposed an interim cash dividend of Rs. 5 per share (31 December 2019: 'Nil') amounting to Rs. 2,347,367 thousand (31 December 2019: 'Nil') for the year ending 30 June 2021.

26. RECLASSIFICATION OF CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards, as presented below.

Description	Reclassified		Amount in '000'
	From	To	
Reclassification of net defined benefits assets of pension fund	Retirement and other service benefits	Retirement benefits	827,507
Reversal of Provision for impairment against trade debts	Other expenses	(Provisions)/reversal of impairment on financial assets - net	281,364
Provision for impairment against other receivables	Other expenses	(Provisions)/reversal of impairment on financial assets - net	108,002
Exchange gain	Other expenses	Other Income	564,059
Card sweeping bank charges	Other Income	Finance costs	48,883

27. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were approved and authorised for issue on 17 February 2021 by the Board of Management.

کمپنی نے اپنی رسائی کو مزید بہتر بنانے کے مقصد کو آگے بڑھاتے ہوئے اپنے نیٹ ورک میں 16 نیوٹرن ریٹیل آؤٹ لیٹس کا اضافہ کیا جو 15 کونٹیکس اسٹورز (سہولت اسٹورز) کے علاوہ ہیں۔ علاوہ ازیں، کمپنی نے کونٹیکس اسٹورز پر ڈی جی کیش کارڈز کے استعمال کو قابل قبول بناتے ہوئے ملک میں کارڈز برنس میں انقلاب کا عمل جاری رکھا۔ پی ایس اوزیپر جائزہ مدت کے دوران FWO اور ایئر سیال کا کاروبار حاصل کر کے اپنی فیول پروڈکٹس کے بڑے کسٹمرز میں اضافہ کرنے میں بھی کامیاب رہی۔

حکمت عملی پر مبنی ان اقدامات اور بنیادی امور پر مکمل توجہ کا نتیجہ 2021 کی پہلی شش ماہی میں 9.5 ملین روپے بعد از ٹیکس منافع کی صورت میں سامنے آیا۔ جو گزشتہ برس کی اسی مدت کے مقابلے میں 48 فیصد زیادہ ہے۔ (مالی سال 2020 کی پہلی شش ماہی میں 6.4 ملین روپے) منافع میں اضافے کا بنیادی سبب مجموعی منافع (Gross Profit) میں اضافہ ہے جو وائیو میٹرک گروٹھ اور مالیاتی لاگت میں کمی کے نتیجے میں حاصل کیا گیا۔ کمپنی کی بہتر کارکردگی کے پیش نظر بورڈ نے 50 فیصد یعنی 5 روپے فی شیئر کے حساب سے عبوری ڈیویڈنڈ کا اعلان کیا ہے۔

زیر جائزہ مدت (مالی سال 2021 کی پہلی شش ماہی) کے دوران پی آر ایل نے اپنی کارکردگی میں اضافے، سپلائی میں بہتری اور آپریشنز کی لاگت پر قابو کے باعث اپنے خالص منافع میں اضافہ کیا اور اسے اس مدت کے لئے 85 ملین روپے کا خالص منافع حاصل ہوا جبکہ گزشتہ برس کی اسی مدت میں اس کو 1.7 بلین روپے کا خسارہ ہوا تھا۔ سلفر پرائس ڈیفرنشیل کی مد میں ہونے والی بچت، مالیاتی لاگت میں کمی اور ایکس چینج گین جیسے عوامل نے مثبت نتائج حاصل کرنے میں اہم کردار ادا کیا۔ مزید یہ کہ اگست 2020 کی طوفانی بارشوں اور سیلاب کے باعث انٹرائسٹیا پائپ لائن کی ٹوٹ پھوٹ کے بعد ہونے والی مرمت کے بعد پی آر ایل (PRL) ریفاہنسی اب معمول کے مطابق اپنی سرگرمیاں بھرپور طور پر انجام دے رہی ہے۔ مجموعی طور پر گروپ نے 9.3 بلین روپے کا خالص منافع حاصل کیا (4.3 بلین روپے مالی سال 2020 کی پہلی شش ماہی)۔

اس مدت کے دوران پی ایس او نے پاور سیکٹر کو عمومی طور پر نقد ادائیگی کی بنیادوں پر سپلائی جاری رکھی جو پاور سیکٹر پر پی ایس او کے واجبات میں 6.1 بلین روپے کی باعث بنا جبکہ دیگر واجبات میں ایس این جی پی ایل کی جانب سے 9.8 بلین روپے کا اضافہ ہوا۔ ان واجبات کے جلد از جلد حصول کے لئے کمپنی مینجمنٹ، متعلقہ حکام سے مسلسل رابطے میں ہے۔

ہم اپنے تمام اسٹیک ہولڈرز اور شیئرز ہولڈرز کی مسلسل حمایت اور تعاون پر ان کے شکر گزار ہیں۔ اس موقع پر ہم حکومت پاکستان بالخصوص وزارت توانائی (پٹرولیم ڈویژن) کی رہنمائی اور تعاون کے لئے بھی اظہار تشکر کرتے ہیں۔

ظفر آئی عثمانی
چیئر مین، بورڈ آف مینجمنٹ

سید محمد ظہیر
ٹیچنگ ڈائریکٹر اور سی ای او

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member-Board of Management

Imtiaz Jaleel
Chief Financial Officer

17 فروری 2021
کراچی

پاکستان اسٹیٹ آئل کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال 2021 کی پہلی سیشن مابقی کے دوران کمپنی اور گروپ کی کارکردگی کا جائزہ لیا اور اس کی رپورٹ بصد مسرت حسب ذیل پیش کی جا رہی ہے۔

زیر نظر مدت کے دوران پی ایس او نے نئی اور زیادہ جدید پروڈکٹس متعارف کراتے ہوئے انڈسٹری میں اپنی قیادت کو برقرار رکھا۔ کمپنی نے یورو فائینومعیار کے فیولز بشمول ہائی اوکٹین 97، موگیس RON 92 اور ہائی سیٹین ڈیزل علی الترتیب ماہ اگست، ستمبر اور دسمبر 2020 میں متعارف کرائے۔ فیولز کو مزید بہتر بنانے کا اقدام حکومت پاکستان کی "کلین اینڈ گرین" پالیسی کو مدنظر رکھتے ہوئے کیا گیا، یورو فائینومعیار کے فیولز انجن کی کارکردگی میں اضافے، فیول کی صلاحیت بڑھانے کے ساتھ ساتھ دھوئیں کے اخراج کو نمایاں طور پر کم کر کے ہوا اور ماحول کو صاف ستھرا اور صحت بخش رکھتے ہیں۔

ایکسٹریکٹ و ہیکلریٹیکنا لوجی کی اہمیت کے پیش نظر کمپنی نے اس میدان میں پہلا قدم اٹھاتے ہوئے جولائی 2020 میں اسلام آباد میں ملک کی پہلی ایکسٹریکٹ و ہیکل چارجنگ فیکٹری کی تنصیب کی۔ کمپنی ملک میں ایکسٹریکٹ و ہیکل چارجنگ پوائنٹس کی تعداد میں اضافے کا ارادہ رکھتی ہے۔

کمپنی کی حکمت عملی اپنے بنیادی کاروبار پر مرکوز رہی جو سیلز اور مارکیٹ شیئر میں اضافے پر مبنی ہوئی۔ زیر جائزہ مدت کے دوران، کمپنی کی کل لیکویڈ سٹاکز میں 4,681.1 KMTs کا اضافہ ہوا جو گزشتہ برس کی اسی مدت کے دوران 4,132.9 KMTs تھی، یعنی سیلز میں 13.3 فیصد اضافہ ہوا۔ مجموعی لیکویڈ سٹاکز میں کمپنی کا مارکیٹ شیئر گزشتہ برس کے 45.6 فیصد سے بڑھ کے اس برس 46.4 فیصد ہو گیا۔ کمپنی نے انڈسٹری میں شاندار کارکردگی کا مظاہرہ کیا اور اپنے شیئرز اور وائیومز میں کامیابی سے اضافہ کیا جو حسب ذیل گوشوارے سے ظاہر ہے:

گزشتہ برس کی اسی مدت کے مقابلے میں	مارکیٹ شیئر	وائیومیٹریکٹ گروتھ	پروڈکٹ
2.0% ↑	41.1%	14.2%	موگیس
2.7% ↑	47.6%	19.5%	ہائی سیٹین ڈیزل
1.0% ↑	45.1%	10.1%	وائٹ آئل
-1.5% ↓	52.3%	27.8%	بلیک آئل

کمپنی نے وائٹ آئل کی تمام پروڈکٹس میں انڈسٹری میں سب سے شاندار کارکردگی کا مظاہرہ کیا۔

کاروبار کی ترقی اور استحکام کے لئے انفراسٹرکچر کی اہمیت کو مدنظر رکھتے ہوئے ڈیجیٹل انفراسٹرکچرل پروڈیکٹس کی بروقت تکمیل پر مکمل توجہ مرکوز کر رہی ہے۔ (31 دسمبر 2020 کو 44 KMTs مرمت شدہ اسٹورج کا اضافہ کیا گیا جبکہ نئے اسٹورج کی تعمیر کا کام تیزی سے جاری ہے، بشمول ماچھی کے 44 KMT میگا اسٹورج پروڈیکٹ)۔ مجموعی طور پر یہ پروڈیکٹس اپنی تکمیل کے بعد کمپنی کی کارکردگی اور استعداد میں اضافے کا باعث ہوں گے۔

کمپنی نے خود کار مشینوں اور روبوٹکس کے استعمال کو اپناتے ہوئے انڈسٹری میں جدید ٹیکنالوجی 4.0 کے سفر کا آغاز کیا۔ ٹیکنالوجی پر مبنی ایسے متعدد اقدامات اٹھائے گئے جن میں بذریعہ مشین ہدایت کاری اور پیش گوئی پر مبنی ماڈلنگ کا استعمال کیا گیا۔ ان میں نمایاں اور قابل ذکر ای۔ پروکیورمنٹ کے لئے "SAP Ariba"، ریشیل کا خود کار نظام، ٹریڈ انٹیلیجنٹ سلوشنز (TMS) اور تمام کاروباری شعبہ جات میں برنس پروسیسنگ ری انجینئرنگ (BPR) کا استعمال شامل تھا۔