

**PAKISTAN STATE OIL COMPANY LIMITED**

**REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

## **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. Asim Iqbal  
Mr. Hassan Mehmood Yousufzai  
Mr. Muhammad Anwer

#### **Managing Director & Chief Executive Officer**

Syed Muhammad Taha

### **CHIEF FINANCIAL OFFICER**

Ms. Gulzar Khoja

### **COMPANY SECRETARY**

Mr. Rashid Umer Siddiqui

### **AUDITORS**

M/s. 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.psopk.com](http://www.psopk.com)

### **SHARE REGISTRAR**

CDC Share Registrar Services Limited  
CDC House  
99-B, Block B  
S.M.C.H.S.  
Main Shahrah-e-Faisal  
Karachi-74400  
Tel.: 0800-CDCPL (23275)  
Fax: +92 21 3432 6053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

### **BANKERS**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Citibank N.A.  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
United Bank Limited

## **Report to Shareholders**

The Board of Management of Pakistan State Oil Company Limited is pleased to present the company's and its subsidiary Pakistan Refinery Limited's performance (collectively the 'Group') for the quarter ended September 30, 2021 (Q1FY22).

During the first quarter of FY22, the downstream segment continued to witness a double digit growth in both white and black oil segments. The industry attained a volumetric growth of 17.0% and 23.1% in white oil and black oil respectively. The growth is attributed to the expansionary fiscal year budget for 2021-22, supplemented by the monetary policy incentive in the form of lower interest rates. The growth trend in the automobile sector continued, witnessing a growth of 7.0% over the same period last year. It is anticipated that central bank's amended automobile borrowing regulation should spur demand for up to 1000 cc locally assembled vehicles while suppressing the demand of imported vehicles.

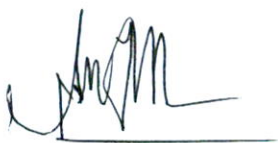
During the period the trade expanded substantially with imports and exports recording staggering growth of 66.0% and 28.0% respectively, compared to the same period last year. The growth in goods trading activity is another major driver for the increased demand of high speed diesel (HSD) during the period.

PSO's aggressive market penetration and growth strategy resulted in regaining market share while achieving substantial volumetric growth compared to the same period last year. The cumulative volume growth of 22.4% in white oil and 40.5% in black oil was witnessed during the period. The company's market share increased by 2.1% in white oil to 47.7% and by 8.0% in black oil to 64.5%. PSO continued on fast track infrastructural projects to gain operational efficiency and business expansion, adding 13 new outlets to the company's extensive retail footprint, while continuing work on rehabilitation and new storages.

Owing to volumetric growth, favorable price regime and lower financial cost, the company achieved stellar results with highest ever quarterly net profit after tax of PKR 11.9 billion (Q1FY21: PKR 5.1 billion). The group collectively posted a net profit after tax of PKR 11.7 billion (Q1FY21: PKR 5.2 billion).

During the period, receivables from the power sector and SNGPL increased by PKR 12.4 billion and PKR 17.1 billion respectively compared to June 30, 2021. SNGPL's receivables increased to PKR 115.7 billion, which is a growing area of concern for PSO severely impacting the financial health of the company. The management is rigorously following up with the concerned authorities for early settlement of outstanding receivables.

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



**Syed Muhammad Taha**  
Managing Director and CEO



**Zafar I. Usmani**  
Chairman – Board of Management

October 28, 2021  
Karachi

**PAKISTAN STATE OIL COMPANY LIMITED**

**UNAUDITED (UNCONSOLIDATED & CONSOLIDATED)  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**



**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2021

	Note	Un-Audited September 30, 2021	Audited June 30, 2021
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	14,223,950	14,156,554
Right-of-use assets	6	5,164,195	5,215,782
Intangibles		141,144	153,528
Long-term investments	7	16,591,234	16,266,508
Long-term loans, advances and other receivables		367,794	406,846
Long-term deposits		367,160	335,859
Deferred tax asset - net		13,422,458	13,304,563
Retirement benefits		1,359,548	1,457,761
		<u>51,637,483</u>	<u>51,297,401</u>
<b>Current assets</b>			
Stores, spares and loose tools		780,937	793,261
Stock-in-trade		123,768,858	79,028,704
Trade debts	8	249,459,531	220,195,918
Loans and advances		277,467	348,296
Short-term deposits and prepayments		374,056	221,959
Other receivables	9	21,635,355	19,106,304
Taxation - net		2,989,794	5,366,102
Cash and bank balances		44,460,831	2,901,619
		<u>443,746,829</u>	<u>327,962,163</u>
Net assets in Bangladesh		-	-
<b>TOTAL ASSETS</b>		<u><u>495,384,312</u></u>	<u><u>379,259,564</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,694,734	4,694,734
Reserves		147,442,509	135,283,468
		<u>152,137,243</u>	<u>139,978,202</u>
<b>Non-current liabilities</b>			
Retirement and other service benefits		7,359,708	7,186,346
Lease liabilities		4,242,330	4,299,704
Other payable		772,847	752,712
		<u>12,374,885</u>	<u>12,238,762</u>
<b>Current liabilities</b>			
Trade and other payables	10	239,568,069	167,693,826
Short-term borrowings		87,993,640	56,042,897
Accrued interest / mark-up		230,955	297,053
Provisions		743,436	743,436
Current portion of lease liabilities		946,490	762,171
Unclaimed dividend		1,389,594	1,373,428
Unpaid dividend		-	129,789
		<u>330,872,184</u>	<u>227,042,600</u>
Contingencies and commitments	11	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>495,384,312</u></u>	<u><u>379,259,564</u></u>

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.

  
Managing Director & CEO

  
Member - Board of Management

  
Chief Financial Officer

**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
 FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Three Months Ended	
		September 30, 2021	September 30, 2020
		----- (Rupees in '000) -----	
<b>Gross Sales</b>		<b>536,685,287</b>	<b>332,802,554</b>
Less:			
- Sales tax		(70,392,868)	(46,665,158)
- Inland Freight Equalization Margin		(7,068,652)	(5,372,318)
		<u>(77,461,520)</u>	<u>(52,037,476)</u>
<b>Net sales</b>		<b>459,223,767</b>	<b>280,765,078</b>
Cost of products sold		<u>(437,170,179)</u>	<u>(269,268,718)</u>
<b>Gross profit</b>		<b>22,053,588</b>	<b>11,496,360</b>
Other income		1,786,181	1,236,173
<b>Operating costs</b>			
Distribution and marketing expenses		(3,047,331)	(2,535,921)
Administrative expenses		(908,238)	(774,786)
Provision for impairment on financial assets - net		(216,264)	(478,067)
Other expenses		(1,353,459)	(560,889)
		<u>(5,525,292)</u>	<u>(4,349,663)</u>
<b>Profit from operations</b>		<b>18,314,477</b>	<b>8,382,870</b>
Finance costs	12	(625,736)	(858,853)
Share of profit of associates - net of tax		113,384	151,555
<b>Profit before taxation</b>		<b>17,802,125</b>	<b>7,675,572</b>
Taxation			
- current		(5,972,321)	(2,684,680)
- deferred		163,862	153,022
		<u>(5,808,459)</u>	<u>(2,531,658)</u>
<b>Profit for the period</b>		<b>11,993,666</b>	<b>5,143,914</b>
		----- (Rupees) -----	
<b>Earning per share - basic and diluted</b>	13	<b>25.55</b>	<b>10.96</b>

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.

  
 Managing Director & CEO

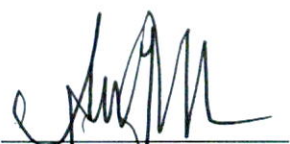
  
 Member - Board of Management

  
 Chief Financial Officer

**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
*FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021*

	Three Months Ended	
	September 30, 2021	September 30, 2020
Note	(Rupees in '000)	
Profit for the period	11,993,666	5,143,914
<b>Other comprehensive income:</b>		
<b>Items that will not be subsequently reclassified to statement of profit or loss:</b>		
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	4,324
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	7.1.1 211,342	467,811
Taxation thereon	(45,967)	(101,749)
	165,375	366,062
	165,375	370,386
<b>Total comprehensive income for the period</b>	<b>12,159,041</b>	<b>5,514,300</b>

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.

  
 Managing Director & CEO

  
 Member - Board of Management

  
 Chief Financial Officer

**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Reserves						Total
	Share capital	Capital Reserves	Revenue Reserves				
		Surplus on vesting of net assets	Unrealised gain on remeasurement of FVOCI investments	General reserve	Un-appropriated profit	Sub-total	
	------(Rupees in '000)-----						
Balance as at July 01, 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 three months period ended							
Profit for the period	-	-	-	-	5,143,914	5,143,914	5,143,914
Other comprehensive income							
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	4,324	4,324	4,324
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	366,062	-	-	366,062	366,062
	-	-	366,062	-	4,324	370,386	370,386
Balance as at September 30, 2020 (Unaudited)	4,694,734	3,373	6,353,888	25,282,373	82,240,933	113,880,567	118,575,301
Balance as at July 01, 2021 (Audited)	4,694,734	3,373	5,485,817	25,282,373	104,511,905	135,283,468	139,978,202
Total comprehensive income for three months period ended							
Profit for the period	-	-	-	-	11,993,666	11,993,666	11,993,666
Other comprehensive income							
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	165,375	-	-	165,375	165,375
Balance as at September 30, 2021 (Unaudited)	4,694,734	3,373	5,651,192	25,282,373	116,505,571	147,442,509	152,137,243

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.

  
Managing Director & CEO

  
Member - Board of Management

  
Chief Financial Officer



**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Three months ended	
		September 30, 2021	September 30, 2020
	Note	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	13,988,618	27,876,513
Long-term loans, advances and other receivables		39,052	(4,919)
Long-term deposits		(31,301)	(70,085)
Taxes paid		(3,596,013)	(1,287,978)
Finance costs paid		(512,966)	(1,796,361)
Retirement and other service benefits paid		(10,229)	(359,600)
<b>Net cash generated from operating activities</b>		<b>9,877,161</b>	<b>24,357,570</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(420,913)	(886,397)
Proceeds from disposal of operating assets		13,281	12,640
Purchase of PRL right shares		-	(224,590)
Dividend received		384,142	350,972
<b>Net cash used in investing activities</b>		<b>(23,490)</b>	<b>(747,375)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings - net		38,156,900	(24,839,066)
Lease payments		(131,579)	(199,473)
Dividends paid		(113,623)	(6,615)
<b>Net cash generated from / (used) in financing activities</b>		<b>37,911,698</b>	<b>(25,045,154)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>47,765,369</b>	<b>(1,434,959)</b>
Cash and cash equivalents at beginning of the period		(5,916,574)	(880,853)
<b>Cash and cash equivalents at end of the period</b>	15	<b>41,848,795</b>	<b>(2,315,812)</b>

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.

  
 Managing Director & CEO

  
 Member - Board of Management

  
 Chief Financial Officer



# PAKISTAN STATE OIL COMPANY LIMITED

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

### 1. Legal status and nature of business

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

1.2 The business units of the Company include the following:

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

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

### 2. Statement of compliance

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

-International Accounting Standards (IAS 34), *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017; and

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

### 3. Basis of preparation

3.1 These condensed unconsolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021. These condensed unconsolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

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

3.3 The Securities and Exchange Commission of Pakistan (SECP) through its SRO No.1177(I)/2021 dated: September 13, 2021 has notified that, in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method (ECL) shall not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Consequently, the Company has not applied ECL on SNGPL, HUBCO, GENCO-II and certain price differential claims in these condensed unconsolidated interim financial statements.

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

#### a) New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's financial positions and are therefore not stated in these condensed unconsolidated interim financial statements.

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

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

- 3.5 The preparation of these condensed unconsolidated interim financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of these 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 audited financial statements of the Company for the year ended June 30, 2021 do not have any material impact.

- 3.6 These condensed unconsolidated interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency.
- 3.7 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

#### 4. Accounting policies

- 4.1 The accounting policies and method of computation adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2021.
- 4.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed unconsolidated interim financial statements.

#### 5. Property, plant and equipment

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)	September 30, 2021 (Un-audited)	September 30, 2021 (Un-audited)
------(Rupees in '000)-----				
Buildings on freehold land	6,716	15,196	-	-
Buildings on leasehold land	18,251	15,083	-	67
Tanks and pipelines	41,207	2,772	-	-
Service and filling stations	32,625	149,265	97	13
Plant and machinery	60,190	23,775	-	-
Furniture and fittings	4,354	4,273	-	2
Vehicles and other rolling stock	69,371	-	1,009	1,028
Office equipments	18,477	15,642	1	-
Gas cylinders / regulators	4,623	9,148	-	-
	<u>255,815</u>	<u>235,154</u>	<u>1,107</u>	<u>1,110</u>

- 5.2 The above disposals represented assets costing Rs. 88,747 thousand (September 30, 2020: Rs. 73,380 thousand) and were disposed off for Rs. 13,281 thousand (September 30, 2020: Rs. 12,640 thousand).
- 5.3 Includes operating assets having net book value of Rs. 661,302 thousand (June 30, 2021: Rs. 690,216 thousand) in respect of Company's share in joint operations.
- 5.4 Includes capital work-in-progress amounting to Rs. 269,601 thousand (June 30, 2021: Rs. 269,601 thousand) in respect of Company's share in joint operations.

#### 6. Right-of-use assets

During the period, the Company recognised right of use asset comprising mainly land amounting to Rs. 55,963 thousand (September 30, 2020: 16,120 thousand) and modification amounting to Rs. 23,831 (September 30, 2020: 62,470 thousand).



	Note	Un-Audited September 30, 2021	Audited June 30, 2021
------(Rupees in '000)-----			
<b>7. Long-term investments</b>			
<b>Investment in related parties</b>			
<b>Investment held at fair value through other comprehensive income</b>			
<b>In a unquoted company</b>			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (June 30, 2021: 12%)			
No. of shares: 8,640,000			
(June 30, 2021: 8,640,000) of Rs. 100/- each	7.1	8,085,971	7,874,629
<b>Investment in subsidiary - at cost</b>			
<b>In a quoted company</b>			
- Pakistan Refinery Limited (PRL)			
Equity held: 63.56% (June 30, 2021: 63.56%)			
No. of shares: 400,459,028			
(June 30, 2021: 400,459,028) of Rs. 10/- each		4,890,680	4,890,680
<b>Investment in associates</b>			
<b>In unquoted companies</b>			
- Asia Petroleum Limited			
Equity held: 49% (June 30, 2021: 49%)			
No. of shares: 46,058,570 (June 30, 2021: 46,058,570) of Rs. 10/- each		3,567,025	3,453,641
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 22% (June 30, 2021: 22%)			
No. of shares: 686,192 (June 30, 2021: 686,192) of Rs. 10/- each		47,558	47,558
		3,614,583	3,501,199
		<b>16,591,234</b>	<b>16,266,508</b>

- 7.1 The Company has carried out an exercise to ascertain the fair value of investment as at September 30, 2021 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-Audited September 30, 2021	Audited June 30, 2021
- Discount rate	16.3% - 17.4%	16.4% - 17.2%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised gain (net of tax) of Rs. 165,375 thousand (September 30, 2020: unrealised gain - net of tax of Rs. 366,062 thousand) in other comprehensive income for the year.

<b>7.1.1 Movement of investment classified as FVOCI</b>	<b>Un-Audited September 30, 2021</b>	<b>Audited June 30, 2021</b>
------(Rupees in '000)-----		
Balance at beginning of the period / year	7,874,629	8,516,173
Remeasurement gain / (loss) charged in other comprehensive income / (loss)	211,342	(641,544)
Balance at the end of the period / year	<b>8,085,971</b>	<b>7,874,629</b>

### 7.1.2 Sensitivity to unobservable inputs:

- Discount rate (1% increase)	(600,640)	(580,008)
- Discount rate (1% decrease)	732,051	705,147
- Growth rate of terminal value (1% increase)	544,598	517,028
- Growth rate of terminal value (1% decrease)	(448,161)	(426,608)

	Note	Un-Audited September 30, 2021	Audited June 30, 2021
------(Rupees in '000)-----			
<b>8. Trade debts</b>			
<b>Considered good</b>			
<i>Due from Government agencies and autonomous bodies</i>			
- Secured	8.1	222,209	198,221
- Unsecured	8.2 & 8.3	205,043,649	185,808,652
		205,265,857	186,006,873
<i>Due from other customers</i>			
- Secured	8.1	2,778,948	4,157,539
- Unsecured	8.2 & 8.3	41,414,725	30,031,506
		44,193,674	34,189,045
		249,459,531	220,195,918
<b>Considered doubtful</b>		3,353,752	3,437,488
Trade debts - gross		252,813,283	223,633,406
Less: Provision for impairment	8.5	(3,353,752)	(3,437,488)
<b>Trade debts - net</b>		249,459,531	220,195,918

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

8.2 Includes Rs. 230,260,419 thousand (June 30, 2021: Rs. 187,979,797 thousand) due from related parties, against which provision for impairment of Rs. 1,402,813 thousand (June 30, 2021: Rs. 1,531,295 thousand) has been recognised.

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

Name	Past due		Total	
	Un-Audited September 30, 2021	Audited June 30, 2021	Un-Audited September 30, 2021	Audited June 30, 2021
Northern Power Generation Company Limited	69,097,566	69,477,680	69,097,566	69,477,680
Jamshoro Power Company Limited	490,697	919,254	490,697	919,254
Cental Power Purchasing Company	4,100,402	1,595,442	4,100,402	1,595,442
Hub Power Company Limited	20,733,854	13,316,559	20,733,854	13,316,559
Sui Northern Gas Pipelines Company Limited	107,559,484	93,510,930	115,674,618	98,586,824
	201,982,003	178,819,865	210,097,137	183,895,759
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	201,635,028	178,472,890	209,750,162	183,548,784

The Company did not consider the remaining aggregate past due balance of Rs. 201,635,028 thousand (June 30, 2021: Rs. 178,472,890 thousand) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

8.4 As at September 30, 2021 trade debts aggregating Rs. 34,771,968 thousand (June 30, 2021: Rs. 30,366,647 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 214,687,563 thousand (June 30, 2021: Rs. 189,829,272 thousand) are past due but not impaired.

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

	Un-Audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
8.5 The movement in provision during the period / year is as follows:		
Balance at beginning of the period / year	3,437,488	3,099,727
Provision recognised during the period / year	77,161	466,541
Reversal of provision made during the period / year	(160,897)	(128,780)
	(83,736)	337,761
Balance at the end of the period / year	3,353,752	3,437,488

**9. Other receivables**

- 9.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 16 to the annual audited unconsolidated financial statements for the year ended June 30, 2021:

	Un-Audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
<b>Price differential claims (PDC):</b>		
- 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
- GENCO 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 Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

- 9.2 Includes receivable of Rs. 10,819,459 thousand (June 30, 2021: Rs. 8,723,441 thousand) due from associates and related parties.
- 9.3 As at September 30, 2021, receivables aggregating to Rs. 3,524,101 thousand (June 30, 2021: Rs. 3,224,101 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-Audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
Balance at beginning of the period / year	3,224,101	2,663,597
Provision recognised during the period / year	300,000	884,583
Reversal of provision during the period / year	-	(324,079)
	300,000	560,504
Balance at the end of the period / year	3,524,101	3,224,101



9.4 Includes Rs. 3,127,983 thousand (June 30, 2021: Rs. Nil thousand) on account of unfavourable exchange differences arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - Government of Pakistan (MoF - GoP). These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings. The Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

#### 10. Trade and other payables

Includes Rs. 48,389,563 thousand (June 30, 2021: Rs. 44,755,995 thousand) due to various related parties.

#### 11. Contingencies and commitments

##### 11.1 Contingencies

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

##### 11.1.1 Other tax matters

11.1.1.1 The Honorable Supreme Court of Pakistan vide Judgment dated September 1, 2021 has suspended Sindh High Court's Judgment dated June 4, 2021 (Impugned Judgment) in CPLA No.5080 of 2021 filed by PSO before the Supreme Court of Pakistan against Sindh High Court order No.1311 of 2020 (imported POL Products). The Honorable Supreme Court of Pakistan has granted interim relief and directed that till further orders, operation of the Impugned Judgment will be suspended and also restrained the respondents i.e. Excise & Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy of 6,438,869 thousand on import of POL products. As per opinion of PSO's counsel, the Honorable Supreme Court of Pakistan has reverted to the position that existed before the Impugned Judgment. Therefore, PSO's stay shall continue as granted by the Sindh High Court in CP No.1311 of 2020. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

11.1.1.2 The Honorable Supreme Court of Pakistan vide Judgment dated September 1, 2021 has suspended Sindh High Court's Judgment dated June 4, 2021 (Impugned Judgment) in CPLA No.5079 of 2021 filed by PSO before the Supreme Court of Pakistan against Sindh High Court order No.876 of 2021 (imports of Non-POL / Packed Items). The Honorable Supreme Court of Pakistan has granted interim relief and directed that till further orders, operation of the Impugned Judgment of the Sindh High Court will be suspended. It has also been ordered that the petitioners shall keep the bank guarantees already submitted by them pursuant to the previous orders of Sindh High Court (whereby, 50% of the infrastructure cess amount was paid in cash and 50% secured through provision of bank guarantee) valid, operative & enforceable and shall furnish 100% securities in the form of bank guarantee for future imports which has been duly complied by PSO. Upto September 30 2021, the management has deposited Rs.126,650 in cash and provided bank guarantee amounting to Rs.126,650 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. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

11.1.1.3 There is no significant change in the status of contingencies as disclosed in notes 28.1.2 to 28.1.4 to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2021 other than as mentioned in the above notes.

##### 11.1.2 Other Legal Claims

11.1.2.1 As at September 30, 2021 certain legal cases amounting to Rs. 8,052,207 thousand (June 30, 2021: Rs. 8,052,207 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 these condensed unconsolidated interim financial statements.

11.1.2.2 Claims against the Company not acknowledged as debts amounting to Rs. 7,435,456 thousand (June 30, 2021: Rs. 6,675,456 thousand).

		Un-Audited September 30, 2021 ------(Rupees in '000)-----	Audited June 30, 2021
<b>11.2</b>	<b>Commitments</b>		
11.2.1	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
	- Property, plant and equipment	2,233,440	3,417,366
	- Intangibles	1,757,558	175,288
		<u>3,990,998</u>	<u>3,592,654</u>
11.2.2	Letters of credit	<u>112,209,862</u>	<u>49,706,950</u>
11.2.3	Bank guarantees	<u>1,804,090</u>	<u>1,956,441</u>
11.2.4	Standby Letters of credit	<u>48,747,320</u>	<u>18,341,799</u>
11.2.5	Post - dated cheques	<u>-</u>	<u>1,000,000</u>

## 12. Finance costs

Includes mark-up on short-term borrowings amounting to Rs. 344,332 thousand (September 30, 2020: 614,556 thousand).

## 13. Earning per share

		Un-Audited Quarter Ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
13.1	<b>Basic</b>		
	Profit for the period attributable to ordinary shareholders	<u>11,993,666</u>	<u>5,143,914</u>
	Weighted average number of ordinary shares in issue during the period (number of shares)	<u>469,473,302</u>	<u>469,473,302</u>
		------(Rupees)-----	
	Earning per share - basic and diluted	<u>25.55</u>	<u>10.96</u>

## 13.2 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 September 30, 2021 and September 30, 2020.

Note	Un-audited	
	Three months ended	
	September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
<b>14. Cash generated from operations</b>		
Profit before taxation	17,802,125	7,675,572
Depreciation and amortisation	496,034	421,253
(Reversal of provision) / Provision for impairment on trade debts - net	(83,736)	481,484
Provision / (Reversal of provision) for other receivables - net	300,000	(3,418)
Provision for impairment against stores, spares and loose tools	4,167	-
Provision for retirement and other services benefits	281,804	270,975
Provision for write down of inventory to net realisable value	-	121,532
Gain on disposal of operating assets	(12,174)	(11,530)
Share of profit from associates - net of tax	(113,384)	(151,555)
Dividend income from FVOCI investment	(384,142)	(350,972)
Interest on lease payments	178,868	166,219
Finance costs	446,868	692,634
	1,114,305	1,636,622
Working capital changes	14.1 (4,927,812)	18,564,319
	<u>13,988,618</u>	<u>27,876,513</u>
<b>14.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	8,157	(48,316)
- Stock-in-trade	(44,740,154)	(17,197,931)
- Trade debts	(29,179,877)	583,510
- Loans and advances	70,829	42,359
- Deposits and short-term prepayments	(152,097)	1,625,465
- Other receivables	(2,829,051)	3,529,831
Increase in current liabilities:		
- Trade and other payables	71,894,381	30,029,401
	<u>(4,927,812)</u>	<u>18,564,319</u>

**15. Cash and cash equivalents**

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

	Un-audited	
	Three months ended	
	September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
Cash and bank balances	44,460,831	3,075,606
Short-term borrowings (finances under mark-up arrangements)	(2,612,036)	(5,391,418)
	<u>41,848,795</u>	<u>(2,315,812)</u>



## 16. Fair value of financial assets and liabilities

These condensed unconsolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited unconsolidated financial statements for the year ended June 30, 2021. 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 unconsolidated interim financial statements approximate their fair values. The Company analyses financial

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

As at September 30, 2021, except for the Company's investment in PAPCO, none of the financial instruments is carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.1 of these condensed unconsolidated interim financial statements.

## 17. Transactions with related parties

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

Name of the related party and relationship with the company	Nature of Transactions	Un-audited	
		Three months ended	
		September 30, 2021	September 30, 2020
------(Rupees in '000)-----			
<b>Subsidiary</b>			
- Pakistan Refinery Limited	Purchases	25,271,661	18,362,940
	Income facility charges	296	459
<b>Associates</b>			
- Asia Petroleum Limited	Income facility charges	13,175	-
	Pipeline charges	215,022	-
- Pak Grease Manufacturing Company (Private) Limited	Purchases	13,705	10,429
<b>Retirement benefit funds</b>			
- Pension Funds (Defined Benefit)	Charge for the period	36,210	44,106
	Contributions	-	169,045
- Gratuity Fund	Charge for the period	62,006	65,973
	Contributions	-	170,565
- Provident Funds	Charge / Contribution for the period	54,614	41,502
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	45,728	48,045
<b>Key management personnel</b>	Managerial remuneration	87,741	86,671
	Provident Fund Charge / Contribution for the period	1,460	2,447
<b>Non-executive Directors</b>	Remuneration and fees	4,200	4,200

## 17.2 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 Three months ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
- Board of Management	Contribution towards expenses of BoM	3,956	4,705
- Pak Arab Pipeline Company Limited	Pipeline charges	756,165	925,935
	Dividend received	384,142	350,972
- Sui Northern Gas Pipelines Limited	Gross sales	123,911,323	63,101,544
- Northern Power Generation Company Limited	Gross sales	2,245,453	8,685
- Jamshoro Power Company Limited	Gross sales	3,021,168	-
- WAPDA Foundation	Gross sales	354,997	266,467
- Pakistan International Airlines Corporation Limited	Gross sales	3,290,693	1,732,188
	Purchases	2,460	1,791
- Pakistan Petroleum Limited	Gross sales	105,374	-
- Pak Arab Refinery Limited	Purchases	75,358,042	37,180,970
	Pipeline charges	109,203	136,781
- K-Electric Limited	Gross sales	19,795,601	21,292,237
	Income facility charges	11,543	-
- National Bank of Pakistan	Finance cost and bank charges	65,933	179,227

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

- 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.
- 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.
- The Company incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.



- (v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.
- (vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.
- (vii) The Company sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.
- (viii) The Company has obtained various financing facilities from National Bank of Pakistan.
- (ix) The Company also pays dividend to various GoP related entities who are shareholders of the Company.
- 17.3 Inventory of the Company held by related parties as at September 30, 2021 amounting to Rs. 28,740,584 thousand (June 30, 2021: Rs. 21,303,048 thousand).
- 17.4 Short term borrowings includes Rs. 18,378,372 thousand (June 30, 2021: Rs. 16,941,787 thousand) under finances obtained from National Bank of Pakistan.
- 17.5 The status of outstanding receivables and payables from / to related parties as at September 30, 2021 are included in respective notes to this condensed unconsolidated interim financial statements.
- 17.6 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

		Un-audited Three months ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
<b>18. Operating segments</b>			
18.1	Segment wise revenues and profit / (loss) is as under:		
	<b>Revenue - net sales</b>		
	Petroleum Products	352,281,000	223,915,000
	Liquefied Natural Gas (LNG)	105,907,000	56,341,000
	Others	1,035,767	509,078
		<u>459,223,767</u>	<u>280,765,078</u>
	<b>Profit for the period</b>		
	Petroleum Products	10,674,000	4,345,000
	Liquefied Natural Gas (LNG)	776,000	245,000
	Others	543,666	553,914
		<u>11,993,666</u>	<u>5,143,914</u>

- 18.2 Timing of revenue recognition is at a point in time.
- 18.3 Out of total sales of the Company, 100% (September 30, 2020: 99.6%) relates to customers in Pakistan.
- 18.4 All non-current assets of the Company as at September 30, 2021 and 2020 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 35% during the three months ended September 30, 2021 (September 30, 2020: 27%).
- 18.5 Out of total gross sales of the Company, sales for the three months ended September 30, 2021, amounting to Rs. 164,915,623 thousand (September 30, 2020: Rs 67,280,405 thousand), relates to circular debt customers.
- 19. Events after the reporting date**
- 19.1 The members in the 45th Annual General Meeting held on October 26, 2021 have approved a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 thousand.
- 19.2 The Board of Management in its meeting held on October 28, 2021 has proposed an interim cash dividend of Nil (September 30, 2020: Nil) amounting to Rs. Nil (September 30, 2020: Rs. Nil) for the year ending June 30, 2022.

20. **General**

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

21. **Date of authorisation for issue**

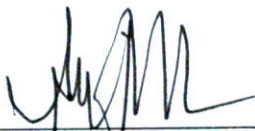
These condensed unconsolidated interim financial statements were approved and authorised for issue on October 28, 2021 by the Board of Management.

  
Managing Director & CEO  
Member - Board of Management  
Chief Financial Officer

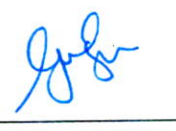
**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2021

		Un-Audited September 30, 2021	Audited June 30, 2021
		------(Rupees in '000)-----	
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	38,188,191	38,464,387
Right-of-use assets	6	5,307,383	5,362,947
Intangibles		149,100	161,483
Long-term investments	7	11,754,241	11,429,516
Long-term loans, advances and other receivables		376,448	412,904
Long-term deposits		388,342	357,041
Deferred tax asset - net		13,326,712	13,181,951
Retirement benefits		1,385,097	1,483,341
		<u>70,875,514</u>	<u>70,853,570</u>
<b>Current assets</b>			
Stores, spares, chemicals and loose tools		1,355,218	1,342,481
Stock-in-trade		136,870,673	88,934,410
Trade debts	8	251,154,575	222,384,954
Loans and advances		305,484	384,136
Short-term deposits and prepayments		571,557	258,402
Other receivables	9	22,600,760	21,334,735
Taxation - net		3,077,719	5,461,799
Cash and bank balances		44,734,990	2,974,299
		<u>460,670,976</u>	<u>343,075,216</u>
Net assets in Bangladesh		-	-
<b>TOTAL ASSETS</b>		<u><u>531,546,490</u></u>	<u><u>413,928,786</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,694,734	4,694,734
Reserves		147,396,606	135,527,322
Equity attributable to the owners of the Holding Company		152,091,340	140,222,056
Non-controlling interest		1,984,757	2,150,881
		<u>154,076,097</u>	<u>142,372,937</u>
<b>Non-current liabilities</b>			
Retirement and other service benefits		7,737,260	7,563,897
Long term borrowing		62,979	293,924
Lease liabilities		4,393,986	4,447,941
Other payable		772,847	752,712
		<u>12,967,072</u>	<u>13,058,474</u>
<b>Current liabilities</b>			
Trade and other payables	10	262,071,584	181,342,763
Short-term borrowings		98,908,566	73,616,445
Accrued interest / mark-up		422,166	483,949
Provisions		743,436	743,436
Current portion of lease liabilities		948,122	787,713
Unclaimed dividend		1,409,447	1,393,280
Unpaid dividend		-	129,789
		<u>364,503,321</u>	<u>258,497,375</u>
Contingencies and commitments	11	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>531,546,490</u></u>	<u><u>413,928,786</u></u>

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

  
Managing Director & CEO

  
Member - Board of Management

  
Chief Financial Officer

**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Three months ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
Note			
	12	469,580,628	285,109,660
Net sales		(447,144,920)	(272,941,147)
Cost of products sold		22,435,708	12,168,513
Gross profit		1,803,024	1,220,929
Other income			
Operating costs			
Distribution and marketing expenses		(3,126,413)	(2,597,396)
Administrative expenses		(1,037,259)	(880,176)
Provision for impairment on financial assets - net		(216,264)	(478,067)
Other expenses		(1,391,085)	(550,180)
		(5,771,021)	(4,505,819)
Profit from operations		18,467,711	8,883,623
Finance costs	13	(1,078,617)	(1,168,641)
Share of profit of associates - net of tax		113,384	151,555
Profit before taxation		17,502,478	7,866,537
Taxation			
- current		(6,155,421)	(2,818,164)
- deferred		190,728	178,686
		(5,964,693)	(2,639,478)
Profit for the period		11,537,785	5,227,059
Profit attributable to:			
Owners of the Holding Company		11,703,909	5,198,560
Non-controlling interest		(166,124)	28,499
		11,537,785	5,227,059
		(Rupees)	
Earning per share - basic and diluted	14	24.93	11.07

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

  
 Managing Director & CEO

  
 Member - Board of Management

  
 Chief Financial Officer



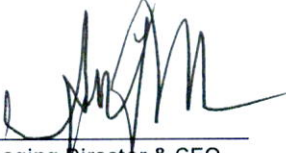
**PAKISTAN STATE OIL COMPANY LIMITED**

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

		Three months ended	
		September 30, 2021	September 30, 2020
Note		------(Rupees in '000)-----	
Profit for the period		11,537,785	5,227,059
Other comprehensive income:			
Items that will not be subsequently reclassified to statement of profit or loss:			
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax		-	4,324
Unrealised gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	7.1.1	211,342	467,811
Taxation thereon		(45,967)	(101,749)
		165,375	366,062
		165,375	370,386
Total comprehensive income for the period		11,703,160	5,597,445
Profit attributable to:			
Owners of the Holding Company		11,869,284	5,568,946
Non-controlling interest		(166,124)	28,499
		11,703,160	5,597,445

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

  
Managing Director & CEO

  
Member - Board of Management

  
Chief Financial Officer



PAKISTAN STATE OIL COMPANY LIMITED  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Share capital	Reserves					Sub-total	Non-controlling interest (NCI)	Total
		Capital Reserves		Revenue Reserves					
		Surplus on vesting of net assets	Special Reserve	Unrealised gain on remeasurement of FVOCI investments	General reserve	Un-appropriated profit			
	(Rupees in '000)								
Balance as at July 01, 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 three months period ended									
Profit for the period	-	-	-	-	-	5,198,560	5,198,560	28,499	5,227,059
Other comprehensive income									
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	4,324	4,324	-	4,324
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	366,062	-	-	366,062	-	366,062
	-	-	-	366,062	-	4,324	370,386	-	370,386
Transaction with Non-controlling interest	-	-	-	-	-	123,900	123,900	(123,900)	-
Right shares subscription money	-	-	-	-	-	-	-	982,234	982,234
Right issue issuance cost	-	-	-	-	-	(951)	(951)	(546)	(1,497)
Balance as at September 30, 2020 (Unaudited)	4,694,734	3,373	-	6,353,888	25,282,373	81,921,307	113,560,941	2,300,088	120,555,763
Balance as at July 01, 2021 (Audited)	4,694,734	3,373	837,156	5,485,817	25,282,373	103,918,603	135,527,322	2,150,881	142,372,937
Total comprehensive income for three months period ended									
Profit for the period	-	-	-	-	-	11,703,909	11,703,909	(166,124)	11,537,785
Other comprehensive income									
Unrealized gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	165,375	-	-	165,375	-	165,375
Balance as at September 30, 2021 (Unaudited)	4,694,734	3,373	837,156	5,651,192	25,282,373	115,622,512	147,396,606	1,984,757	154,076,097

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

Managing Director & CEO

Member - Board of Management

Chief Financial Officer

**PAKISTAN STATE OIL COMPANY LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

		Three months ended	
		September 30, 2021	September 30, 2020
	Note	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	21,797,122	26,427,384
Long-term loans, advances and other receivables		36,456	(3,955)
Long-term deposits and prepayments		(31,301)	(70,085)
Taxes paid		(3,771,341)	(1,431,800)
Finance costs paid		(956,450)	(2,213,925)
Retirement and other service benefits paid		(39,465)	(391,395)
<b>Net cash generated from operating activities</b>		<b>17,035,021</b>	<b>22,316,224</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(462,155)	(976,942)
Proceeds from disposal of operating assets		13,281	12,640
Dividends received		384,143	350,972
<b>Net cash used in investing activities</b>		<b>(64,731)</b>	<b>(613,330)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share deposit money received net of rights issuance cost		-	980,732
Long-term borrowings repaid		(230,945)	(200,000)
Short-term borrowings - net		35,155,911	(29,193,764)
Lease payments		(157,153)	(223,830)
Dividends paid		(113,622)	(6,627)
<b>Net cash generated from / (used) in financing activities</b>		<b>34,654,191</b>	<b>(28,643,489)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>51,624,481</b>	<b>(6,940,595)</b>
Cash and cash equivalents at beginning of the period		(11,379,998)	(4,574,164)
Cash and cash equivalents at end of the period	16	40,244,483	(11,514,759)

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

 Managing Director & CEO	 Member - Board of Management	 Chief Financial Officer
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**PAKISTAN STATE OIL COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
*FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2021*

**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 Holding Company include the following:

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

1.1.3 The Board of Management (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. As on September 30, 2021, the Holding Company controls 63.56% (June 30, 2021: 63.56%) shares of the Subsidiary Company.

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

<b>Business Unit</b>	<b>Geographical Location</b>
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Keamari, Karachi.

**2. Statement of compliance**

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.



### **3. Basis of preparation**

- 3.1 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 Group for the year ended June 30, 2021. 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.
- 3.2 These condensed financial statements denote the condensed consolidated interim financial statements of the Group. Condensed unconsolidated interim financial statements of the Holding Company and its Subsidiary have been presented separately.
- 3.3 The Securities and Exchange Commission of Pakistan (SECP) through its SRO No.1177(I)/2021 dated: September 13, 2021 has notified that, in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method (ECL) shall not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Consequently, the holding company has not applied ECL on SNGPL, HUBCO, GENCO-II and certain price differential claims in these condensed consolidated interim financial statements.
- 3.4 Initial application of standards, amendments or an interpretation to existing standards**
- a) **New or amendments / interpretations to existing standards, interpretations and forthcoming requirements**
- There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Group's financial positions and are therefore not stated in these condensed consolidated interim financial statements.
- b) **Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**
- There are standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan, that would be effective from future, but, are considered not to be relevant or do not have any significant effect on the Group and accordingly have not been stated in these condensed consolidated interim financial statements.
- 3.5 The preparation of these condensed consolidated interim financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the 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 audited financial statements of the Group for the year ended June 30, 2021 do not have any material impact.
- 3.6 These condensed consolidated interim financial statements are presented in Pakistan Rupee which is also the Group's functional currency.
- 3.7 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 4. Accounting policies**
- 4.1 The accounting policies and method of computation adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements for the year ended June 30, 2021.
- 4.2 The Group follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these condensed consolidated interim financial statements.

5. **Property, plant and equipment**

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)	September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)
	------(Rupees in '000)-----			
Buildings on freehold land	6,716	15,196	-	-
Buildings on leasehold land	18,251	15,083	-	67
Tanks and pipelines	41,207	2,772	-	-
Service and filling stations	32,625	149,265	97	13
Plant and machinery	138,858	31,307	-	-
Furniture and fittings	4,354	6,350	-	2
Vehicles and other rolling stock	69,371	-	1,009	1,028
Office equipments	18,477	15,642	1	-
Gas cylinders / regulators	4,623	9,148	-	-
	<u>334,483</u>	<u>244,763</u>	<u>1,107</u>	<u>1,110</u>

5.2 The above disposals represented assets costing Rs. 88,747 thousand (September 30, 2020: Rs. 73,380 thousand) and were disposed off for Rs. 13,281 thousand (September 30, 2020: Rs. 12,640 thousand).

5.3 Includes operating assets having net book value of Rs. 661,302 thousand (June 30, 2021: Rs. 690,216 thousand) in respect of Holding Company's share in joint operations.

5.4 Includes capital work-in-progress amounting to Rs. 269,601 thousand (June 30, 2021: Rs. 269,601 thousand) in respect of Holding Company's share in joint operations.

6. **Right-of-use assets**

During the period, the Group recognised right of use asset comprising mainly land amounting to Rs. 55,963 thousand (September 30, 2020: 16,120 thousand) and modification amounting to Rs. 23,831 thousand (September 30, 2020: 62,470 thousand).

7. **Long-term investments**

Long-term investments		Un-audited September 30, 2021	Audited June 30, 2021
	Note	------(Rupees in '000)-----	
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% (2021: 12%)			
No. of shares: 8,640,000			
(June 30, 2021: 8,640,000) of Rs. 100/- each	7.1	8,085,971	7,874,629
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (2021: 49%)			
No. of shares: 46,058,570 (2021: 46,058,570) of Rs. 10/- each		3,567,025	3,453,641
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 49.26% (2021: 49.26%)			
No. of shares: 1,536,593 (2021: 1,536,593) of Rs. 10/- each		101,245	101,246
		3,668,270	3,554,887
		11,754,241	11,429,516

- 7.1 The Group has carried out an exercise to ascertain the fair value of investment as at September 30, 2021 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited September 30, 2021	Audited June 30, 2021
- Discount rate	16.3% - 17.4%	16.4% - 17.2%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Group has recorded an unrealised gain (net of tax) of Rs. 165,375 thousand (September 30, 2020: unrealised gain - net of tax of Rs. 366,062 thousand) in other comprehensive income for the year.

7.1.1 Movement of investment classified as FVOCI

	Un-audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
Balance at beginning of the period / year	7,874,629	8,516,173
Remeasurement gain / (loss) charged in other comprehensive income / (loss)	211,342	(641,544)
Balance at the end of the period / year	<u>8,085,971</u>	<u>7,874,629</u>

7.1.2 Sensitivity to unobservable inputs:

- Discount rate (1% increase)	(600,640)	(580,008)
- Discount rate (1% decrease)	732,051	705,147
- Growth rate of terminal value (1% increase)	544,598	517,028
- Growth rate of terminal value (1% decrease)	(448,161)	(426,608)

	Note	Un-audited September 30, 2021	Audited June 30, 2021
		------(Rupees in '000)-----	
8. Trade debts			
Considered good			
Due from Government agencies and autonomous bodies			
- Secured	8.1	222,209	198,221
- Unsecured	8.2 & 8.3	205,556,667	185,808,652
		205,778,876	186,006,873
Due from other customers			
- Secured	8.1	2,778,948	4,157,539
- Unsecured	8.2 & 8.3	42,596,750	32,220,542
		45,375,699	36,378,081
		251,154,575	222,384,954
Considered doubtful		3,488,644	3,572,380
Trade debts - gross		254,643,219	225,957,334
Less: Provision for impairment	8.5	(3,488,644)	(3,572,380)
Trade debts - net		<u>251,154,575</u>	<u>222,384,954</u>



- 8.1 These debts are secured by way of bank guarantees and security deposits.
- 8.2 Includes Rs. 230,260,419 thousand (June 30, 2021: Rs. 187,979,797 thousand) due from related parties, against which provision for impairment of Rs. 1,402,813 thousand (June 30, 2021: Rs. 1,531,295 thousand) has been recognised.
- 8.3 Included in trade debts are the receivable from the following:

Name	Past due		Total	
	Un-audited September 30, 2021	Audited June 30, 2021	Un-audited September 30, 2021	Audited June 30, 2021
Northern Power Generation Company Limited	69,097,566	69,477,680	69,097,566	69,477,680
Jamshoro Power Company Limited	490,697	919,254	490,697	919,254
Cental Power Purchasing Company	4,100,402	1,595,442	4,100,402	1,595,442
Hub Power Company Limited				
Sui Northern Gas Pipelines Company Limited	20,733,854	13,316,559	20,733,854	13,316,559
	<u>107,559,484</u>	<u>93,510,930</u>	<u>115,674,618</u>	<u>98,586,824</u>
	201,982,003	178,819,865	210,097,137	183,895,759
Provision for impairment	<u>(346,975)</u>	<u>(346,975)</u>	<u>(346,975)</u>	<u>(346,975)</u>
	<u>201,635,028</u>	<u>178,472,890</u>	<u>209,750,162</u>	<u>183,548,784</u>

The Group did not consider the remaining aggregate past due balance of Rs. 201,635,028 thousand (June 30, 2021: Rs. 178,472,890 thousand) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

- 8.4 As at September 30, 2021 trade debts aggregating Rs. 39,841,046 thousand (June 30, 2021: Rs. 36,876,275 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 211,313,529 thousand (June 30, 2021: Rs. 185,508,679 thousand) are past due but not impaired.

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

	Un-audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
8.5 The movement in provision during the period / year is as follows:		
Balance at beginning of the period / year	3,572,380	3,234,619
Provision recognised during the period / year	77,161	466,541
Reversal of provision made during the period / year	(160,897)	(128,780)
	(83,736)	337,761
Balance at the end of the period / year	<u>3,488,644</u>	<u>3,572,380</u>

## 9. Other receivables

- 9.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 17 to the consolidated annual audited financial statements for the year ended June 30, 2021:

	Un-audited September 30, 2021	Audited June 30, 2021
	------(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	<u>3,407,357</u>	<u>3,407,357</u>
	<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 claims. The Group is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

- 9.2 Includes receivable of Rs. 11,765,949 thousand (June 30, 2021: Rs. 11,642,805 thousand) due from associates and related parties.
- 9.3 As at September 30, 2021, receivables aggregating to Rs. 3,524,101 thousand (June 30, 2021: Rs. 3,224,101 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-audited September 30, 2021 ------(Rupees in '000)-----	Audited June 30, 2021
Balance at beginning of the period / year - Restated	3,224,101	2,663,597
Provision recognised during the period / year	300,000	884,583
Reversal of provision during the period / year	-	(324,079)
	300,000	560,504
Balance at the end of the period / year	3,524,101	3,224,101

- 9.4 Includes Rs. 3,127,983 thousand (June 30, 2021: Rs. Nil thousand) on account of unfavourable exchange differences arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - Government of Pakistan (MoF - GoP). These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings. The Group is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

#### 10. Trade and other payables

- 10.1 Includes Rs. 49,732,464 thousand (June 30, 2021: Rs. 49,009,020 thousand) due to various related parties.

#### 11. Contingencies and commitments

##### 11.1 Contingencies

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

##### 11.1.1 Late Payment Surcharge

Claims amounting to Rs. 1,185,277 thousand (June 30, 2021: Rs. 717,000 thousand) in respect of delayed payment charges have not been recognized on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

##### 11.1.2 Other tax matters

- 11.1.2.1 The Honorable Supreme Court of Pakistan vide Judgment dated September 1, 2021 has suspended Sindh High Court's Judgment dated June 4, 2021 (Impugned Judgment) in CPLA No 5080 of 2021 filed by the Holding Company before the Supreme Court of Pakistan against Sindh High Court order No.1311 of 2020 (imported POL Products). The Honorable Supreme Court of Pakistan has granted interim relief and directed that till further orders, operation of the Impugned Judgment will be suspended and also restrained the respondents i.e. Excise & Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy of 6,438,869 thousand on import of POL products. As per opinion of Holding Company's counsel, the Honorable Supreme Court of Pakistan has reverted to the position that existed before the Impugned Judgment. Therefore, Holding Company's stay shall continue as granted by the Sindh High Court in CP No.1311 of 2020. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these condensed consolidated interim financial statements.



11.1.2.2 The Honorable Supreme Court of Pakistan vide Judgment dated September 1, 2021 has suspended Sindh High Court's Judgment dated June 4, 2021 (Impugned Judgment) in CPLA No.5079 of 2021 filed by the holding company before the Supreme Court of Pakistan against Sindh High Court order No.876 of 2021 (imports of Non-POL / Packed Items). The Honorable Supreme Court of Pakistan has granted interim relief and directed that till further orders, operation of the Impugned Judgment of the Sindh High Court will be suspended. It has also been ordered that the petitioners shall keep the bank guarantees already submitted by them pursuant to the previous orders of Sindh High Court (whereby, 50% of the infrastructure cess amount was paid in cash and 50% secured through provision of bank guarantee) valid, operative & enforceable and shall furnish 100% securities in the form of bank guarantee for future imports which has been duly complied by the holding company. Upto September 30 2021, the management has deposited Rs.126,650 in cash and provided bank guarantee amounting to Rs. 126,650 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. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

11.1.2.3 There is no significant change in the status of contingencies as disclosed in notes 31.1.2 to 31.1.4 to the annual audited consolidated financial statements of the Group for the year ended June 30, 2021 other than as mentioned in the above notes

### 11.1.3 Other Legal Claims

11.1.3.1 As at September 30, 2021 certain legal cases amounting to Rs. 8,052,207 thousand (June 30, 2021: Rs. 8,052,207 thousand) had been filed against the Group. However, based on advice of legal advisors of the Group, the management believes that the outcome of these cases would be decided in Group's favor. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

11.1.3.2 Claims against the Group not acknowledged as debts amount to Rs. 7,435,456 thousand (June 30, 2021: Rs. 6,675,456 thousand) other than as mentioned in note 11.1.1.1 above.

### 11.2 Commitments

	Un-audited September 30, 2021	Audited June 30, 2021
	------(Rupees in '000)-----	
11.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	2,341,380	3,453,346
- Intangibles	1,757,558	175,288
	<u>4,098,938</u>	<u>3,628,634</u>
11.2.2 Letters of credit	<u>127,108,862</u>	<u>49,706,950</u>
11.2.3 Bank guarantees	<u>1,928,720</u>	<u>2,081,071</u>
11.2.4 Standby Letters of credit	<u>48,747,320</u>	<u>18,341,799</u>
11.2.5 Post - dated cheques	<u>-</u>	<u>1,000,000</u>

### 12. Net Sales

	Un-Audited September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
Gross Sales	<u>555,835,023</u>	<u>349,720,800</u>
- Sales tax	(76,108,885)	(51,037,539)
- Excise duty and petroleum levy	(856,890)	(7,436,724)
- Surplus price differential	(993,580)	(65,375)
- Custom duty	(1,226,388)	(699,184)
- Inland freight Equalization Margin (IFEM)	(7,068,652)	(5,372,318)
	<u>(86,254,395)</u>	<u>(64,611,140)</u>
Net Sales	<u>469,580,628</u>	<u>285,109,660</u>



13. Finance costs

Includes mark-up on short-term borrowings and late payment charges amounting to Rs. 658,890 thousand (September 30, 2020: 917,018 thousand).

14. Earning per share

14.1 Basic

Profit for the period  
attributable to the owners  
of the Holding Company

Weighted average number of  
ordinary shares in issue  
during the period (number of shares)

Earning per share - basic and diluted

Un-Audited Quarter Ended	
September 30, 2021	September 30, 2020
------(Rupees in '000)-----	
11,703,909	5,198,560
469,473,302	469,473,302
-----(Rupees)----	
24.93	11.07

14.2 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 September 30, 2021.

15. Cash generated from operations

Profit before taxation

Depreciation and Amortisation  
(Reversal of provision) / Provision for impairment on trade debts - net  
Provision / (Reversal of provision) for other receivables - net  
Provision / (Reversal of provision) for stores, spares and loose tools  
Provision for retirement and other services benefits  
Provision for write down of inventory to net realisable value  
Gain on disposal of operating assets  
Operating asset written off  
Share of profit from associates - net of tax  
Dividend income from FVOCI investment  
Interest on lease payments  
Finance costs

Working capital changes

15.1

15.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spares and loose tools  
- Stock-in-trade  
- Trade debts  
- Loans and advances  
- Deposits and short-term prepayments  
- Other receivables

Increase in current liabilities:

- Trade and other payables

Un-audited Three months ended	
September 30, 2021	September 30, 2020
------(Rupees in '000)-----	
17,502,478	7,866,537
884,847	784,712
(83,736)	481,484
300,000	(3,418)
4,167	(695)
311,072	300,243
-	812,865
(12,174)	(11,530)
-	5,571
(113,384)	(151,555)
(384,142)	(350,972)
183,950	171,457
894,667	997,184
1,985,267	3,035,346
2,309,377	15,525,501
21,797,122	26,427,384
(16,904)	(78,833)
(47,936,263)	(21,055,353)
(28,685,885)	572,699
78,652	40,880
(313,155)	1,501,581
(1,566,025)	3,291,618
80,748,957	31,252,909
2,309,377	15,525,501

## 16. Cash and cash equivalents

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

	Un-audited Three months ended	
	September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
Cash and bank balances	44,734,990	3,078,664
Short-term borrowings (finances under mark-up arrangements)	(4,490,507)	(14,593,423)
	<u>40,244,483</u>	<u>(11,514,759)</u>

## 17. Fair value of financial assets and liabilities

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 June 30, 2021. 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 September 30, 2021, except for the Holding Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.1 of these condensed consolidated interim financial statements.

## 18. Transactions with related parties

- 18.1 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 Three months ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
<b>Associates</b>			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	13,705	10,429
- Asia Petroleum Limited	Income facility charges	13,175	-
	Pipeline charges	215,022	-
<b>Retirement benefit funds</b>			
- Pension Funds (Defined Benefit)	Charge for the period	61,915	69,811
	Contributions	-	169,045
- Gratuity Fund	Charge for the period	65,539	69,443
	Contributions	-	170,565
- Provident Funds	Charge / Contribution for the period	75,695	60,679
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	45,728	48,045

Key management personnel	Managerial remuneration	118,032	122,257
	Provident Fund Charge / Contribution for the period	4,150	4,853
Non-executive Directors	Remuneration and fees	12,138	16,981

## 18.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of disclosures in respect of related parties.

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

		Un-audited Three months ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
- Board of Management	Contribution towards expenses of BoM	3,956	4,705
- Pak Arab Pipeline Company Limited	Pipeline charges	756,165	925,935
	Dividend received	384,142	350,972
- Sui Northern Gas Pipelines Limited	Gross sales	123,911,323	63,101,544
- Sui Southern Gas Pipelines Limited	Purchases	180,208,351	-
- Northern Power Generation Company Limited	Gross sales	2,245,453	8,685
- Jamshoro Power Company Limited	Gross sales	3,021,168	-
- WAPDA Foundation	Gross sales	354,997	266,467
- Pakistan International Airlines Corporation Limited	Gross sales	3,290,693	1,732,188
	Purchases	2,460	1,791
- Government Holdings (Pvt) Limited	Purchases	562,236	-
- Pak Arab Refinery Limited	Purchases	75,358,042	39,622,360
	Pipeline charges	117,719	136,781
- Oil and Gas Development Company	Purchases	-	1,244,392
- Pakistan Petroleum Limited	Purchases	105,374	399,790
- K-Electric Limited	Gross sales	19,795,601	21,292,237
	Income facility charges	11,543	-
- National Bank of Pakistan	Finance cost and bank charges	74,291	185,823

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

- 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.
- 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.

- 18.3 Inventory of the Holding Company held by related parties as at September 30, 2021 amounts to Rs. 28,740,584 thousand (June 30, 2021: Rs. 21,303,048 thousand).
- 18.4 Short term borrowings includes Rs. 4,705,584 thousand (June 30, 2021: Rs. 17,432,140 thousand) under finances obtained from National Bank of Pakistan.
- 18.5 The status of outstanding receivables and payables from / to related parties as at September 30, 2021 are included in respective notes to these condensed consolidated interim financial statements.
- 18.6 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

		Un-audited Three months ended	
		September 30, 2021	September 30, 2020
19.	<b>Operating segments</b>	------(Rupees in '000)-----	
19.1	Segment wise revenues and profit is as under:		
	<b>Revenue - net sales</b>		
	Petroleum Products	352,281,000	223,915,000
	Liquefied Natural Gas (LNG)	105,907,000	56,341,000
	Refining operations	10,356,861	4,344,551
	Others	1,035,767	509,109
		<u>469,580,628</u>	<u>285,109,660</u>
	<b>Profit / (loss) for the period</b>		
	Petroleum Products	10,674,000	4,344,613
	Liquefied Natural Gas (LNG)	776,000	245,000
	Refining operations	(455,881)	83,502
	Others	543,666	553,944
		<u>11,537,785</u>	<u>5,227,059</u>
19.2	Timing of revenue recognition is at a point in time.		
19.3	Out of total sales of the Group, 99.8% (September 30, 2020: 99.6%) relates to customers in Pakistan.		
19.4	All non-current assets of the Group as at September 30, 2021 and 2020 are located in Pakistan and Bangladesh. Sales to five major customers of the Group are approximately 33% during the three months period ended September 30, 2020 (September 30, 2020: 30%).		
19.5	Out of total gross sales of the Group, sales for the three months ended September 30, 2021, amounting to Rs. 164,915,623 thousand (September 30, 2020: Rs 67,280,405 thousand), relates to circular debt customers.		
20.	<b>Events after the reporting date</b>		
20.1	The members in the 45th Annual General Meeting of the holding company held on October 26, 2021 have approved a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 thousand.		
20.2	The Board of Management of the holding company in its meeting held on October 28, 2021 has proposed an interim cash dividend of Nil (September 30, 2020: Nil) amounting to Rs. Nil (September 30, 2020: Rs. Nil) for the year ending June 30, 2022.		

21. **General**

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

22. **Date of authorisation for issue**

These condensed consolidated interim financial statements were approved and authorised for issue on October 28, 2021 by the Board of Management.

  
\_\_\_\_\_  
Managing Director & CEO  
\_\_\_\_\_  
Member - Board of Management  
\_\_\_\_\_  
Chief Financial Officer