



Celebrating

th

YEAR OF **POWERING  
PROGRESS IN PAKISTAN**



GENERATING  
SHAREHOLDER  
VALUE



ACHIEVING  
NET-ZERO  
EMISSIONS



POWERING  
LIVES



RESPECTING  
NATURE

| **QUARTERLY REPORT - SEPTEMBER 2022**



# COMPANY INFORMATION

## BOARD OF DIRECTORS

Zain K. Hak (Chairperson)  
Waqar I. Siddiqui  
Rafi H. Basheer  
Parvez Ghias  
Imran R. Ibrahim  
Madiha Khalid  
Zaffar A. Khan  
John King Chong Lo  
Zarrar Mahmud  
Amir R. Paracha  
Badaruddin F. Vellani

## CHIEF EXECUTIVE

Waqar I. Siddiqui

## AUDIT COMMITTEE

Imran R. Ibrahim (Chairperson)  
Rafi H. Basheer  
Badaruddin F. Vellani

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Zaffar A. Khan (Chairperson)  
Parvez Ghias  
Zain K. Hak  
Waqar I. Siddiqui

## COMPANY SECRETARY

Lalarukh Hussain – Shaikh

## REGISTERED OFFICE

Shell House  
6, Ch. Khaliqzaman Road  
Karachi-75530  
Pakistan

## AUDITORS

EY Ford Rhodes

## LEGAL ADVISORS

Vellani & Vellani  
Advocates & Solicitors

## REGISTRAR & SHARE REGISTRATION OFFICE

FAMCO Associates (Pvt) Ltd.  
8-F, next to Hotel Faran, Nursery  
Block-6, P.E.C.H.S.  
Shahra-e-Faisal  
Karachi-75400

# Director's Review Report

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

## Dear Shareholders,

The Directors of the Company are pleased to present the financial statements for the third quarter and nine months ended September 30, 2022.

The period witnessed material external shocks such as the unprecedented devaluation of the Rupee, continued volatility in the international oil prices and most significantly the impact of the devastating floods. The Oil sector felt the impact of these macro-economic challenges and the industry volumes shrunk significantly as a result. However, the Company was able to maintain its market share.

Shell Pakistan Limited remained focused on its strategic priorities, operational excellence and fiscal prudence. However due to the macroeconomic challenges, the Company recorded a loss after tax of Rs. 4,644 million for the quarter ended September 30, 2022.

The profit for the nine-month period January 1, 2022 to September 30, 2022, after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	<b>Rupees in Million</b>
<b>Profit before taxation</b>	<b>5,615</b>
Taxation	(2,751)
<b>Net Profit for the period ended September 30, 2022</b>	<b>2,864</b>
	<b>Rupees</b>
<b>Earnings per share – basic and diluted</b>	<b>13.38</b>

Appropriations and movement in reserves have been disclosed in the condensed interim Statement of Changes in Equity on page 7 of the condensed interim financial statements. The Board of Directors declared an interim cash dividend of Rs. 3 per share for the nine months ended September 30, 2022.

The Company continues to be at the forefront of the industry in Pakistan in ensuring safe operations across the business and playing an industry leading role in terms of safety advocacy.

## Receivables, financing costs & taxation

The finances of the Company were impacted by the new PDC (Price Differential Claim) of Rs. 21,706 million imposed by the Government, which has been received in full during the year. We thank the Government for timely settlement of these PDC claims to minimize the working capital and cash flow implications on our Company. The Company is still affected by overdue legacy receivables of Rs. 5,331 million. We continue to pursue the settlement of the remaining receivable from the Government.

## Lubricants

Lubricants continues to be a highly resilient business in the face of volatile external environment. Floods and concerning macroeconomic factors have reduced demand, especially in consumer, construction, fleets and cement sectors. The Company continues to deliver on its commitments through consistent initiatives protecting share of mind and effective pricing interventions.

Lubricants has been successful in increasing market share in the consumer channel, enabled by continued focus on consumer and influencer interventions. Lastly, the B2B channel continues to demonstrate its agility to win new businesses to offset the impact of low consumption in other sectors. We have further strengthened our market leadership in the B2B channel on the back of world-class value selling behaviors.

## **Retail (Mobility)**

Q3 was a very challenging period which witnessed a significant reduction in industry demand. The Mobility business along with a strong Supply and Distribution network managed to maintain its market share in a safe and compliant manner at time when most of the supply routes were severely challenged. The Company remains on track with its network expansion whilst providing best-in-class customer value propositions in Pakistan.

## **Environmental, Social and Governance**

The Company has been working towards the economic empowerment of women through vocational skills in grass-root communities through Shell Tameer. The first batch of trainees at the Vocational Business Center for Women near Bahawalpur were provided hands-on training and provided market access to the local garment industry. The group successfully received two orders to produce 580 garment articles from larger garment production units creating revenue streams for 11 women.

Shell Tameer entered into an agreement with the Institute of Business Management (IOBM) - Shahjehan S Karim Incubation Center to promote youth entrepreneurship in Pakistan. Through this partnership, both institutes will work together to inculcate entrepreneurial skills through trainings, mentoring and business incubation services to create opportunities for young Pakistani start-ups.

This International Women's Day, Shell Tameer hosted the launch of Tameer's Mentoring Circles for Women Entrepreneurs at IOBM, with a panel discussion on "Gender Equality for a Sustainable Future". 13 female-led enterprises received mentoring through four industry experts in the area of sustainability.

The Company in collaboration with Markings, a publishing firm, authored a book on Road Safety titled "Once upon a Road" with the aim to drive right behaviors when it comes to keeping roads safer in Pakistan by instilling the need of being responsible future citizens. The book will be part of the Care Foundation school curriculum of sixth grade across Pakistan. A teacher's guide has been prepared with the author, Ms. Tahera Hasan, Founder of Imkaan Foundation to help teachers coach students on this story-based narrative of life lessons.

A solar-powered milk refrigeration plant has been built in Basti Katimar, South Punjab, in collaboration with the National Rural Support Program (NRSP), giving 240 dairy farmers access to a milk refrigeration unit. This programme assists dairy farmers in increasing milk shelf life and increasing their own profitability.

Shell Tameer Awards 2022, a nationwide competition was launched to reward and recognize young Pakistani innovators who are working towards fueling their entrepreneurial passion in the areas of Clean Energy Solutions, Technology Innovations, Empowering Women, Circular Economy, Transportation and Mobility and Bright Ideas. Winning entrepreneurs will get a chance to win seed capital, business mentoring, high value networking and local as well as global recognition through Shell. Campus drives and partner engagements were conducted to create awareness around the program. 253 innovative start-ups and prototype stage ideas were received across Pakistan.

## **Going forward**

The Company and the Industry are expected to face challenges in the near term. Some of these continue to be macro-economic in nature such as currency and oil price volatility, the aftermath of the devastating floods and the general uncertain economic

outlook of the Country. Other challenges are Industry specific such as low regulated margins, tax on turnover and the continued delay in recovery of legacy Government Receivables.

Despite these challenges, the management and the Board of Directors remain committed in ensuring that the Company's financial position is further strengthened, a Goal-Zero approach in safety performance is maintained and that the company continues to play a responsible role in society.

## Composition of the Board

Total Number of Directors	Male: 10 Female: 01
Independent Directors	04
Non-Executive Directors	04
Executive Directors	03

We would like to take the opportunity to thank our shareholders, customers, employees and all other stakeholders for their dedication, sustained support, and trust in the Company.

On behalf of the Board of Directors



Zain K. Hak  
Chairperson



Waqar I. Siddiqui  
Chief Executive

Karachi: October 19, 2022

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

		Unaudited September 30, 2022	Audited December 31, 2021
	Note	----- (Rupees '000) -----	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	19,335,351	17,841,942
Right-of-use assets		6,149,271	5,896,843
Intangible assets		2,889	5,253
Long-term investments	6	4,843,577	4,970,295
Long-term loans and advances		51,317	37,440
Long-term deposits and prepayments		241,698	265,766
Deferred taxation – net		579,641	753,734
		<b>31,203,744</b>	<b>29,771,273</b>
<b>Current Assets</b>			
Stock-in-trade	7	56,179,672	36,711,968
Trade debts		5,578,038	4,667,468
Loans and advances		4,316	92,160
Short-term deposits and prepayments		1,089,283	527,247
Other receivables	8	7,414,532	8,189,480
Cash and bank balances		737,878	4,973,417
		<b>71,003,719</b>	<b>55,161,740</b>
<b>TOTAL ASSETS</b>		<b>102,207,463</b>	<b>84,933,013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	2,140,248	2,140,248
Share premium		11,991,012	11,991,012
General reserves		207,002	207,002
Unappropriated profit		4,412,129	1,587,146
Remeasurement of post-employment benefits - actuarial loss		(598,930)	(598,930)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)		(5,000)	(5,000)
<b>Total equity</b>		<b>18,146,461</b>	<b>15,321,478</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Asset retirement obligation		179,182	173,550
Long-term lease liabilities		5,628,983	5,365,192
Provision for post-retirement medical benefits		181,091	170,543
		<b>5,989,256</b>	<b>5,709,285</b>
<b>Current Liabilities</b>			
Trade and other payables	10	67,918,079	61,341,662
Advances received from customers (contract liabilities)		2,401,628	1,105,953
Unclaimed dividend		293,906	293,906
Accrued mark-up		59,213	1,187
Short term borrowings – secured		5,700,000	-
Taxation – net		989,127	477,857
Current portion of long-term lease liabilities		709,793	681,685
		<b>78,071,746</b>	<b>63,902,250</b>
<b>Contingencies and commitments</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>102,207,463</b>	<b>84,933,013</b>

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

  
Zarrar Mahmud  
Chief Financial Officer

  
Waqar I. Siddiqui  
Chief Executive

  
Imran R. Ibrahim  
Director


# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine months ended		Quarter ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		----- (Rupees '000) -----			
Sales		<b>307,921,601</b>	196,883,124	<b>109,437,385</b>	70,660,103
Other revenue		<b>535,687</b>	574,384	<b>210,771</b>	241,852
		<b>308,457,288</b>	197,457,508	<b>109,648,156</b>	70,901,955
Sales tax		<b>(5,248,092)</b>	(28,229,930)	<b>(1,531,921)</b>	(8,806,804)
Net revenue		<b>303,209,196</b>	169,227,578	<b>108,116,235</b>	62,095,151
Cost of products sold		<b>(270,053,828)</b>	(153,940,250)	<b>(102,892,340)</b>	(55,630,200)
<b>Gross profit</b>		<b>33,155,368</b>	15,287,328	<b>5,223,895</b>	6,464,951
Distribution and marketing expenses		<b>(10,107,157)</b>	(5,342,749)	<b>(5,810,081)</b>	(1,891,774)
Administrative expenses		<b>(5,664,629)</b>	(4,710,561)	<b>(2,128,285)</b>	(1,745,818)
Other expenses	12	<b>(12,315,539)</b>	(2,298,384)	<b>(3,473,970)</b>	(2,367,646)
Other income		<b>973,480</b>	474,141	<b>(109,907)</b>	110,996
<b>Operating profit</b>		<b>6,041,523</b>	3,409,775	<b>(6,298,348)</b>	570,709
Finance costs		<b>(1,043,801)</b>	(638,382)	<b>(559,055)</b>	(182,840)
		<b>4,997,722</b>	2,771,393	<b>(6,857,403)</b>	387,869
Share of profit of associate - net of tax	6	<b>617,546</b>	617,877	<b>13,524</b>	224,170
<b>Profit before taxation</b>		<b>5,615,268</b>	3,389,270	<b>(6,843,879)</b>	612,039
Taxation	13	<b>(2,751,371)</b>	(941,852)	<b>2,199,746</b>	(315,467)
<b>Net profit for the period</b>		<b>2,863,897</b>	2,447,418	<b>(4,644,133)</b>	296,572
<b>Other Comprehensive Income</b>					
<b>Items that will be subsequently reclassified to profit or loss</b>					
Share of other comprehensive income of associate - net of tax	6	<b>(38,914)</b>	3,088	-	-
<b>Total comprehensive income for the period</b>		<b>2,824,983</b>	2,450,506	<b>(4,644,133)</b>	296,572
----- (Rupees) -----					
<b>Earning per share - basic and diluted</b>		<b>13.38</b>	12.18	<b>(21.70)</b>	1.39

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

  
Zarrar Mahmud  
Chief Financial Officer

  
Waqar I. Siddiqui  
Chief Executive

  
Imran R. Ibrahim  
Director




# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Capital reserve		Revenue reserve				Total
	Share capital	Share premium	General reserves	Accumulated (loss) / Unappropriated profit	Actuarial loss on post-employment benefits	Unrealised (loss) on revaluation of investments	
	----- (Rupees '000) -----						
<b>Balance as at December 31, 2020 (Audited)</b>	1,070,125	1,503,803	207,002	(2,829,185)	(597,904)	(5,000)	(651,159)
Net profit for the period	-	-	-	2,447,418	-	-	2,447,418
Other comprehensive income for the period	-	-	-	3,088	-	-	3,088
	-	-	-	2,450,506	-	-	2,450,506
Issue of Right Shares	1,070,123	10,487,209	-	-	-	-	11,557,332
Issue cost of Right Shares	-	-	-	(58,308)	-	-	(58,308)
<b>Balance as at September 30, 2021 (Unaudited)</b>	<u>2,140,248</u>	<u>11,991,012</u>	<u>207,002</u>	<u>(436,987)</u>	<u>(597,904)</u>	<u>(5,000)</u>	<u>13,298,371</u>
<b>Balance as at December 31, 2021 (Audited)</b>	<b>2,140,248</b>	<b>11,991,012</b>	<b>207,002</b>	<b>1,587,146</b>	<b>(598,930)</b>	<b>(5,000)</b>	<b>15,321,478</b>
Net profit for the period	-	-	-	2,863,897	-	-	2,863,897
Other comprehensive loss for the period	-	-	-	(38,914)	-	-	(38,914)
	-	-	-	2,824,983	-	-	2,824,983
<b>Balance as at September 30, 2022 (Unaudited)</b>	<u>2,140,248</u>	<u>11,991,012</u>	<u>207,002</u>	<u>4,412,129</u>	<u>(598,930)</u>	<u>(5,000)</u>	<u>18,146,461</u>

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

  
**Zarrar Mahmud**  
Chief Financial Officer

  
**Waqar I. Siddiqui**  
Chief Executive

  
**Imran R. Ibrahim**  
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine months ended	
		September 30, 2022	September 30, 2021
		----- (Rupees '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	(4,318,498)	1,046,442
Finance costs paid		(291,513)	(118,922)
Interest portion of lease liabilities paid		(162,209)	(18,750)
Income tax paid		(2,066,009)	(1,343,213)
Long-term loans and advances		(13,877)	2,647
Long-term deposits and prepayments		24,068	(13,824)
<b>Net cash used in operating activities</b>		<b>(6,828,038)</b>	<b>(445,620)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(3,155,821)	(3,061,692)
Dividend received from associate		705,350	832,309
Proceeds from disposal of property, plant and equipment		23,221	15,127
Interest received on short-term deposits and saving accounts		98,477	107,052
<b>Net cash used in investing activities</b>		<b>(2,328,773)</b>	<b>(2,107,204)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		-	11,557,332
Share issuance cost		-	(58,308)
Principal portion of lease liabilities paid		(778,728)	(544,440)
Repayment of long-term loan		-	(4,000,000)
Dividends paid		-	(1,843)
<b>Net cash (used in) / generated from financing activities</b>		<b>(778,728)</b>	<b>6,952,741</b>
<b>Net increase in cash and cash equivalents</b>		<b>(9,935,539)</b>	<b>4,399,917</b>
Cash and cash equivalents at the beginning of the period		4,973,417	(3,607,634)
<b>Cash and cash equivalents at the end of the period</b>		<b>(4,962,122)</b>	<b>792,283</b>
<b>Cash and cash equivalents comprise of:</b>			
Cash and bank balances		737,878	2,442,283
Short term borrowings – secured		(5,700,000)	(1,650,000)
		<b>(4,962,122)</b>	<b>792,283</b>

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

  
Zarrar Mahmud  
Chief Financial Officer

  
Waqar I. Siddiqui  
Chief Executive

  
Imran R. Ibrahim  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

## 1 THE COMPANY AND ITS OPERATIONS

**1.1** Shell Pakistan Limited (the Company) is a limited liability Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Shell Petroleum Company Limited, United Kingdom (immediate parent) which is a subsidiary of Royal Dutch Shell Plc. (ultimate parent). The registered office of the Company is located at Shell House, 6, Ch. Khaliqzaman Road, Karachi-75530, Pakistan.

**1.2** The Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils.

## 2 BASIS OF PREPARATION

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

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

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

These condensed interim financial statements of the Company for the nine months ended September 30, 2022 are unaudited.

**2.2** These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021.

**2.3** These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Act and Pakistan Stock Exchange Regulations.

## 3 ACCOUNTING POLICIES

**3.1** The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2021, except as follows:

### New / Revised Standards, Interpretations and Amendments

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)
IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

These amendments had no material impact on the condensed interim financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

- 3.2** The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
- 3.3** The Company follows the practice of conducting actuarial valuation annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in these condensed interim financial statements.
- 3.4** 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 ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

- 4.1** The preparation of these condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions 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. However, actual results may differ from these estimates and assumptions.
- 4.2** During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2021, except as disclosed otherwise.

		<b>Unaudited September 30, 2022</b>	<b>Audited December 31, 2021</b>
	<b>Note</b>	----- <b>(Rupees '000)</b> -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets - at net book value	5.1	<b>15,633,435</b>	13,498,820
Provision for impairment		<b>(525,705)</b>	(210,340)
		<b>15,107,730</b>	13,288,480
Capital work-in-progress	5.2	<b>4,227,621</b>	4,553,462
		<b>19,335,351</b>	17,841,942
<b>5.1 Operating Fixed Assets</b>			
Balance at the beginning of the period / year		<b>13,288,480</b>	10,107,420
Additions during the period / year	5.1.1	<b>3,481,664</b>	4,550,067
		<b>16,770,144</b>	14,657,487
Disposals / write-offs during the period / year - Net Book Value (NBV)	5.1.2	<b>(27,041)</b>	(57,850)
Depreciation charge / impairment reversal during the period / year - net		<b>(1,635,373)</b>	(1,311,157)
		<b>(1,662,414)</b>	(1,369,007)
Balance at the end of the period / year		<b>15,107,730</b>	13,288,480

5.1.1 Additions to operating assets including transfers from capital work-in-progress, during the period were as follows:

	<b>Unaudited</b>	
	<b>Nine months ended</b>	
	<b>September 30, 2022</b>	<b>September 30, 2021</b>
	----- <b>(Rupees '000)</b> -----	
Buildings on freehold land	<b>9,405</b>	41
Buildings on leasehold land	<b>578,064</b>	461,166
Tanks and pipelines	<b>1,425,922</b>	175,771
Plant and machinery	<b>385,937</b>	95,420
Air conditioning plant	<b>16,383</b>	4,753
Lifts	<b>2,113</b>	3,599
Dispensing pumps	<b>199,397</b>	139,942
Computer auxiliaries	<b>44,581</b>	123,781
Rolling stock and vehicles	<b>22,541</b>	-
Electrical, mechanical and firefighting equipment	<b>454,341</b>	124,459
Furniture, office equipment and other assets	<b>342,980</b>	257,756
	<b>3,481,664</b>	1,386,688

5.1.2 The following assets were written off / disposed during the period:

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
	----- <b>(Rupees '000)</b> -----		
<b>September 30, 2022 (Unaudited)</b>			
Building on leasehold land	<b>9,269</b>	<b>1,465</b>	<b>7,804</b>
Dispensing pumps	<b>6,404</b>	<b>3,374</b>	<b>3,030</b>
Electrical, mechanical and fire fighting equipment	<b>1,573</b>	<b>1,130</b>	<b>443</b>
Furniture, office equipment and other assets	<b>9,221</b>	<b>6,309</b>	<b>2,912</b>
Computer auxiliaries	<b>1,397</b>	<b>272</b>	<b>1,125</b>
Plant and Machinery	<b>354</b>	<b>41</b>	<b>313</b>
Rolling stocks and vehicles	<b>22,949</b>	<b>12,865</b>	<b>10,084</b>
Tanks and pipelines	<b>2,160</b>	<b>830</b>	<b>1,330</b>
	<b>53,327</b>	<b>26,286</b>	<b>27,041</b>
<b>September 30, 2021 (Unaudited)</b>			
Building on leasehold land	15,535	11,939	3,596
Dispensing pumps	4,980	4,231	749
Electrical, mechanical and fire fighting equipment	15,133	12,037	3,096
Furniture, office equipment and other assets	8,055	6,498	1,557
Plant and Machinery	1,638	1,264	374
Rolling stocks and vehicles	63,638	63,638	-
Tanks and pipelines	5,197	2,499	2,698
Air conditioning plant	4,161	3,362	799
	118,337	105,468	12,869

5.2 **Capital work-in-progress**

	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
		<b>June 30, 2022</b>	<b>December 31, 2021</b>
		----- <b>(Rupees '000)</b> -----	
Buildings on leasehold land		<b>2,063,915</b>	1,644,941
Tanks and pipelines		<b>974,638</b>	1,744,915
Plant and machinery		<b>645,785</b>	710,089
Air conditioning plant		<b>98,021</b>	97,840
Electrical, mechanical and fire-fighting equipment		<b>261,016</b>	227,419
Furniture, office equipment and other assets		<b>139,609</b>	109,225
Rolling stock and vehicles		<b>44,637</b>	19,033
	5.2.1	<b>4,227,621</b>	4,553,462

5.2.1 Additions to capital work-in-progress during the period amounted to Rs. 3,155,823 thousand (September 30, 2021: Rs.3,061,692 thousand).

## 6 LONG-TERM INVESTMENTS

### Investment in associate - unquoted

Represent investment of 26% in an unquoted associate "Pak-Arab Pipeline Company Limited (PAPCO)".

	Unaudited September 30, 2022	Audited December 31, 2021
Note	----- (Rupees '000) -----	----- (Rupees '000) -----
Balance at the beginning of the period / year	4,970,295	4,936,422
Share of profit before taxation	<b>988,648</b>	1,244,175
Share of taxation	<b>(371,102)</b>	(385,778)
	<b>617,546</b>	858,397
Share of other comprehensive loss before taxation	<b>(51,547)</b>	10,964
Share of taxation	<b>12,633</b>	(3,180)
	<b>(38,914)</b>	7,784
Dividend received	<b>(705,350)</b>	(832,308)
Balance at the end of the period / year	<b>4,843,577</b>	4,970,295

## 7 STOCK-IN-TRADE

Raw and packing materials	<b>5,755,830</b>	2,539,185
Provision for obsolete and slow moving stock	<b>(54,581)</b>	(77,085)
	<b>5,701,249</b>	2,462,100
Finished products	<b>50,667,074</b>	34,379,579
Provision for obsolete and slow moving stock	<b>(188,651)</b>	(129,711)
	<b>50,478,423</b>	34,249,868
	<b>56,179,672</b>	36,711,968

## 8 OTHER RECEIVABLES

Petroleum development levy and other duties	<b>1,380,029</b>	1,380,029
Price differential claims		
- on imported purchases	<b>295,733</b>	295,733
- on high speed diesel (HSD)	<b>343,584</b>	382,794
- on imported motor gasoline	<b>1,961,211</b>	2,088,244
Customs duty receivable	<b>44,413</b>	44,413
Sales tax refundable	<b>1,549,054</b>	902,767
Inland freight equalisation mechanism	<b>-</b>	64,292
Receivable from related parties	<b>2,375,481</b>	1,400,968
Service cost receivable from PAPCO – an associated company	<b>15,667</b>	19,045
Workers' profits participation fund	<b>-</b>	63,977
Receivable from Oil Marketing Companies	<b>56,013</b>	861,535
Taxes recoverable	<b>1,020,214</b>	1,020,214
Margin held against letter of credit	<b>54,041</b>	59,245
Others	<b>731,774</b>	718,478
	<b>9,827,214</b>	9,301,734
Provision for impairment	<b>(2,412,682)</b>	(1,112,254)
	<b>7,414,532</b>	8,189,480

### 8.1 Provision for impairment

Balance at the beginning of the period / year	<b>1,112,254</b>	958,844
Provision made during the period / year	<b>1,300,428</b>	153,410
Balance at the end of the period / year	<b>2,412,682</b>	1,112,254

## 9 SHARE CAPITAL

### Authorized share capital

Unaudited September 30, 2022 (Number of shares)	Audited December 31, 2021		Unaudited September 30, 2022 ------(Rupees '000) -----	Audited December 31, 2021 -----
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10/- each	<u>3,000,000</u>	<u>3,000,000</u>

### Issued, subscribed and paid-up share capital

Unaudited September 30, 2022 (Number of shares)	Audited December 31, 2021		Note	Unaudited September 30, 2022 ------(Rupees '000) -----	Audited December 31, 2021 -----
		Ordinary shares of Rs. 10/- each			
<b>130,493,331</b>	130,493,331	Fully paid in cash	9.1	<b>1,304,933</b>	1,304,933
<b>83,531,331</b>	83,531,331	Issued as fully paid bonus shares		<b>835,315</b>	835,315
<u><b>214,024,662</b></u>	<u>214,024,662</u>			<u><b>2,140,248</b></u>	<u>2,140,248</u>

**9.1** The immediate parent held 165,700,304 (December 31, 2021: 165,700,304) ordinary shares as at the date of condensed interim statement of financial position.

## 10 TRADE AND OTHER PAYABLES

		Unaudited September 30, 2022 ------(Rupees '000) -----	Audited December 31, 2021 -----
Creditors	10.1	<b>55,251,981</b>	52,925,102
Accrued liabilities	10.2	<b>7,555,555</b>	6,942,746
Security deposits		<b>456,164</b>	344,118
Inland freight equalisation mechanism		<b>604,414</b>	-
Provision for Staff retirement benefit schemes		<b>27,588</b>	94,349
Provision for Soil and ground water remediation		<b>3,081,452</b>	387,379
Workers' Welfare Fund		<b>631,477</b>	439,552
Workers' profits participation fund		<b>209,197</b>	-
Provision for staff redundancy plan		<b>74,189</b>	199,740
Others		<b>26,062</b>	8,676
		<u><b>67,918,079</b></u>	<u>61,341,662</u>

**10.1** Includes amounts due to related parties aggregating to Rs. 48,218,930 thousand (December 31, 2021: Rs 47,213,745 thousand).

**10.2** Includes Rs. 831,765 thousand (December 31, 2021: Rs. 1,161,245 thousand) accrued in respect of related parties.

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There is no material change in the status of contingencies from what is disclosed in note 23.1 to the annual audited financial statements for the year ended December 31, 2021 except as follows:

**11.1.1** Reference to note 23.1.3.7 of the annual audited financial statements for the year ended 31 December 2021, during the period, the Commissioner Inland Revenue Appeals decided the appeal in favour of the Company except for default surcharge imposed for delayed payment of sales tax on advance from customers amounting to Rs. 19,817 thousand. The Company, in response to the order, filed an appeal with the Appellate Tribunal Inland Revenue where the matter is pending adjudication.

The Company based on the merits of the aforementioned matter and as per the advice of its tax consultant, expects a favorable outcome and accordingly no provision has been made in this respect in these condensed interim financial statements.

### 11.2 Commitments

**11.2.1** Capital expenditure contracted for but not incurred as at September 30, 2022 amounted to approximately Rs. 1,923,501 thousand (December 31, 2021: Rs. 1,539,713 thousand).

**11.2.2** Post-dated cheques have been deposited with the Collector of Customs Port Qasim and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. As at September 30, 2022, the value of these cheques amounted to Rs. 5,946,605 thousand (December 31, 2021: Rs. 15,727,211 thousand). The maturity dates of these cheques extend to February 2, 2023.

**11.2.3** Letters of credit, bank guarantees and bank contracts outstanding at September 30, 2022 amount to Rs. 8,594,135 thousand (December 31, 2021: Rs. 18,121,996 thousand).

## 12 OTHER EXPENSES

Includes exchange loss amounting to Rs. 10,389,486 thousand (September 30, 2021: Rs.2,068,481 thousand).

	Unaudited			
	Nine months ended		Quarter ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- (Rupees '000) -----			
<b>13 TAXATION</b>				
Current				
- for the year	<b>1,880,268</b>	1,308,275	<b>(873,841)</b>	574,970
- prior year	<b>697,010</b>	-	-	-
	<b>2,577,278</b>	1,308,275	<b>(873,841)</b>	574,970
Deferred	<b>174,093</b>	(366,423)	<b>(1,325,905)</b>	(259,503)
	<b>2,751,371</b>	941,852	<b>(2,199,746)</b>	315,467



		Unaudited September 30, 2022	Unaudited September 30, 2021
	Note	------(Rupees '000) -----	
<b>14 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		5,615,268	3,389,270
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation for the period on operating assets		1,320,005	998,524
Depreciation for the period on right-of-use assets		533,550	525,297
Amortisation		2,364	2,364
Accretion expense in respect of asset retirement obligation		5,633	5,191
Provision for / (Reversal of) impairment of stock-in-trade – net		36,436	(76,396)
Reversal of impairment of trade debts		(21,171)	(83,881)
Trade debts written-off		107,668	48,123
Provision for impairment of other receivables		1,300,428	-
Provision for / (Reversal of) impairment of operating assets		315,368	(85,603)
Provision for post-retirement medical benefits		10,548	9,020
Write off of operating assets		-	3,305
Write in of operating assets		-	(51,850)
Loss / (Gain) on disposal of operating assets		3,820	(5,563)
Share of profit of associate – net of tax	6	(617,546)	(617,877)
Interest on short-term deposits		(98,477)	(107,052)
Mark-up on short term borrowings		349,540	116,986
Interest on lease liability		446,856	401,059
Working capital changes	14.1	<u>(13,628,788)</u>	<u>(3,424,475)</u>
		<u>(4,318,498)</u>	<u>1,046,442</u>

#### 14.1 Working capital changes

##### (Increase) / Decrease in current assets

Stock-in-trade	(19,504,141)	(10,876,708)
Trade debts	(997,066)	(666,553)
Loans and advances	87,844	14,074
Short-term deposits and prepayments	(562,036)	101,385
Other receivables	(525,480)	(305,120)
	<u>(21,500,879)</u>	<u>(11,732,922)</u>

##### Increase in current liabilities

Trade and other payables	7,872,091	8,308,447
	<u>(13,628,788)</u>	<u>(3,424,475)</u>

## 15 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of ultimate and immediate parent and its subsidiaries, associates and other companies with common directorship with significant influence, employees' retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Nature of relationship	Nature of transactions	Note	Unaudited	
			September 30, 2022	September 30, 2021
			----- (Rupees '000) -----	
<b>Associate</b>				
Pak-Arab Pipeline Company Limited	Pipeline charges		<b>702,016</b>	194,829
	Others		<b>10,281</b>	10,259
	Dividend Received		<b>705,350</b>	832,309
<b>Staff retirement benefit / contribution funds</b>				
Pension funds	Contribution		<b>96,239</b>	133,537
Gratuity funds	Contribution		<b>3,196</b>	5,193
Provident funds	Contribution		<b>16,572</b>	56,052
<b>Key management Personnel</b>				
	Salaries and other short term employee benefits	15.1	<b>88,011</b>	48,180
	Post-employment benefits		<b>8,053</b>	5,031
	Medical		<b>948</b>	3,170
	Loan to Executive Director		-	6,619
<b>Directors</b>				
	Fee for attending meetings		<b>5,750</b>	5,184
<b>Other related parties</b>				
	Purchases		<b>170,931,967</b>	86,612,935
	Sales		<b>323,421</b>	165,101
	Collection for sales made in Pakistan to customers of the parent and its associates		<b>2,324,956</b>	772,587
	Technical service fee charged	15.2	<b>2,541,239</b>	2,070,098
	Trademarks and manifestations license fee charged - net		<b>394,261</b>	358,548
	Expenses recovered from related parties		<b>148,065</b>	107,749
	Other expenses charged by related parties	15.3	<b>1,379,741</b>	890,630
	Donations		<b>11,750</b>	11,690
	Legal charges		<b>1,044</b>	846
	Commission income - net		<b>33,128</b>	-
	Commission expense - net		-	298
	Subscription		<b>360</b>	300

- 15.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive, Company Secretary, Executive Directors and Chief Financial Officer to be key management personnel.
- 15.2** Technical services include advice and assistance to the Company in its operations. The fee for these services has been determined on the basis of an agreement between the Company and a related Shell Group company based on an agreed methodology.
- 15.3** These include charges net of reversals amounting to Rs. 293,927 thousand (September 30, 2021:Rs. 219,706 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.

## **16 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at December 31, 2021. There has been no change in any risk management policies since the year end.

## **17 FAIR VALUES OF ASSETS AND LIABILITIES**

There were no transfers amongst levels during the period.

## **18 OPERATING SEGMENTS**

- 18.1** These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 18.2** As described in note 1.2 to these condensed interim financial statements, the Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. All the sales of the Company from external customers relate to petroleum products including lubricating oils.
- 18.3** Total sales of the Company relating to customers in Pakistan were 100% during the period ended September 30, 2022 (September 30, 2021: 100%).
- 18.4** All non-current assets of the Company as at September 30, 2022 and 2021 are located in Pakistan.
- 18.5** Sales to twenty major customers of the Company are around 16% during the nine months ended September 30, 2022 (September 30, 2021: 17%).

## **19 NON-ADJUSTING EVENT AFTER REPORTING DATE**

- 19.1** The Board of Directors, in its meeting held on October 19, 2022, has proposed and approved an interim cash dividend of Rs. 3 per share for the nine months ended September 30, 2022.


## **20 GENERAL**

- 20.1** Figures have been rounded off to the nearest thousand, unless otherwise stated.
- 20.2** Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

## **21 DATE OF AUTHORIZATION**

These condensed interim financial statements were authorized for issue on October 19, 2022 by the Board of Directors of the Company.

  
**Zarrar Mahmud**  
Chief Financial Officer

  
**Waqar I. Siddiqui**  
Chief Executive

  
**Imran R. Ibrahim**  
Director

# Trade in Shares by Director/Executives through CDC

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Name	Category	Transaction's date	No. of Shares	Nature	Rate (Rs.)
Mr. Usman Khalid	Executive	27-01-2022	500	Bought	120.50
Mr. Usman Khalid	Executive	03-02-2022	200	Sold	129.00
Mr. Usman Khalid	Executive	03-02-2022	200	Sold	134.00
Mr. Saifullah Khan	Executive	04-02-2022	10,000	Sold	140.00
Mr. Hamza Kholia	Executive	07-02-2022	500	Sold	138.31
Mr. Usman Khalid	Executive	14-02-2022	400	Bought	127.50
Mr. Usman Khalid	Executive	24-02-2022	100	Bought	118.50
Mr. Usman Khalid	Executive	02-03-2022	200	Bought	119.00
Mr. Usman Khalid	Executive	06-04-2022	500	Bought	112.80
Mr. Usman Khalid	Executive	07-04-2022	100	Bought	111.20
Mr. Saifullah Khan	Executive	11-04-2022	5,000	Bought	117.80
Mr. Hamza Kholia	Executive	25-04-2022	600	Bought	118.60
Mr. Hamza Kholia	Executive	16-05-2022	200	Bought	106.85
Mr. Usman Khalid	Executive	25-05-2022	100	Sold	108.00
Mr. Usman Khalid	Executive	30-05-2022	1,000	Sold	116.00

# Trade in Shares by Director/Executives through CDC

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Name	Category	Transaction's date	No. of Shares	Nature	Rate (Rs.)
Mr. Hamza Kholia	Executive	04-08-2022	500	Sold	122.75
Mr. Usman Khalid	Executive	15-08-2022	200	Sold	124.00
Mr. Saifullah Khan	Executive	25-08-2022	5,000	Sold	122.00
Mr. Usman Khalid	Executive	29-08-2022	500	Sold	121.00
Mr. Usman Khalid	Executive	30-08-2022	200	Sold	123.90
Mr. Usman Khalid	Executive	31-08-2022	200	Sold	132.40
Mr. Usman Khalid	Executive	07-09-2022	200	Sold	128.99

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