



INTEGRATE TO SYNERGISE
FOR **SUSTAINABILITY**

Cnergyico Pk Limited

Half Yearly Report
31 December 2022



INTEGRATE TO SYNERGISE
FOR **SUSTAINABILITY**

Cnergyico Pk Limited

Half Yearly Report
31 December 2022

● CONTENT

- 04 Company Information
- 06 Directors' Report
- 10 Independent Auditors' Review Report

Unconsolidated Financial Statements

- 12 Statement of Financial Position
- 13 Statement of Profit or Loss
- 14 Statement of Comprehensive Income
- 15 Statement of Changes in Equity
- 16 Statement of Cash Flows
- 17 Notes to the Financial Statements

Consolidated Financial Statements

- 26 Statement of Financial Position
- 27 Statement of Profit or Loss
- 28 Statement of Comprehensive Income
- 29 Statement of Changes in Equity
- 30 Statement of Cash Flows
- 31 Notes to the Financial Statements

COMPANY INFORMATION

BOARD OF DIRECTORS

Uzma Abbasi	Chairperson
Amir Abbassciy	Director & Chief Executive Officer
Usama Qureshi	Vice Chairman
Samia Roomi	Director
Amir Waheed Ahmed	Independent Director
Syed Arshad Raza	Director
Syed Hasan Zaidi	Director

AUDIT COMMITTEE

Amir Waheed Ahmed	Chairman
Usama Qureshi	Member
Samia Roomi	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Amir Waheed Ahmed	Chairman
Usama Qureshi	Member
Syed Arshad Raza	Member

RISK MANAGEMENT COMMITTEE

Amir Abbassciy	Chairman
Usama Qureshi	Member
Amir Waheed Ahmed	Member

CHIEF FINANCIAL OFFICER

Zafar Shahab

COMPANY SECRETARY

Majid Muqtadir

AUDITORS

Yousuf Adil Chartered Accountants

BANKERS

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited
Soneri Bank Limited
Summit Bank Limited
Silkbank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

SHARES REGISTRAR

FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran Nursery
Block-6, P.E.C.H.S
Shahrah-e-Faisal, Karachi
Tel: (92 21) 3438 0101, 3438 0102
Fax: (92 21) 3438 0106

REGISTERED OFFICE

The Harbour Front, 9th Floor
Dolmen City, HC-3, Block-4
Marine Drive, Clifton
Karachi 75600, Pakistan
Tel: (92 21) 111 222 081
Fax: (92 21) 111 888 081

WEBSITE

www.cnergyico.com

DIRECTORS' REPORT

For the period ended December 31, 2022

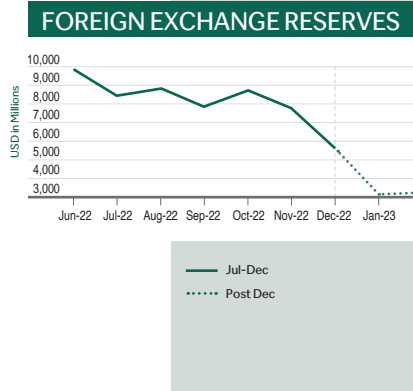
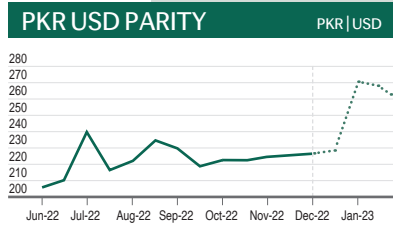
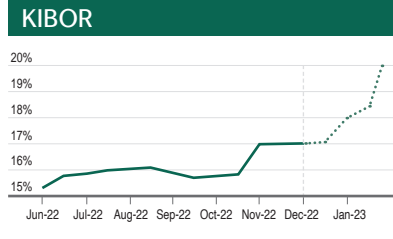
In the name of Allah the Most Merciful and the Most Benevolent.

The Directors of your Company are pleased to present a brief review of the financial results and operations of the Company for the period ended 31st December, 2022.

The oil sector as well as the company continued to face challenging times during the period primarily due to a continuous pressure on country's foreign exchange reserves, which has resulted in massive devaluation of Pakistan Rupee (PKR) against US\$ subsequent to the end of the period. This in turn has and is leading to significant negative economic uncertainty and a consequential uphill task for oil companies in particular to get their letters of credit established from banks in timely manner. The issue of LC confirmation remained unresolved as some banks were not able to get LC confirmation quotes even at exorbitantly higher cost of +10%.

As the working capital of the company is denominated in PKR., whereas the procurement of oil is denominated in US\$, the free fall of PKR has created an extremely challenging working capital situation, with corresponding impact on consistency of refining throughputs. Increase in the number of shutdowns and start-ups for the refineries results in higher inventory price risks and vessel demurrages.

Further, the government also has not been able to compensate for the impact of exchange rate in product pricing which has and is still resulting in losses to every oil company. Because of the above mentioned reasons, the Company's performance is being adversely affected. We expect the refineries to be operational intermittently till the company is able to



achieve an adequate amount of working capital for which efforts are being made by the management.

The Company recorded gross sales of PKR. 112.1 billion as compared to PKR. 90.3 billion with net sales of PKR. 100.5 billion as compared to PKR. 77.9 billion in the same period last year. This is primarily due to exchange rate differentials. The above mentioned factors have led to a gross loss of PKR. 7.5 billion compared to gross profit of PKR. 1.6 billion same period last year. Expenses remained inline except finance cost, which has increased very significantly due to rising KIBOR. The management requested the sponsors of the company to waive off the portion of its outstanding loan during the period amounting to PKR 4.6 billion, which was accepted. The Company incurred loss after tax of PKR. 5.3 billion with basic I diluted loss per share of PKR. 1.00 and PKR. 0.97 respectively as compared to loss after tax of PKR. 1.2 billion with basic I diluted loss per share of PKR. 0.24 and PKR. 0.23 respectively in the same period last year.

The Board wishes to place on record its gratitude for the co-operation extended by the Government of Pakistan and our strategic partners.

For and on behalf of the Board of Directors

Chief Executive Officer

Director

Karachi
February 23rd, 2023

کمپنی نے گزشتہ سال کی اسی مدت میں 90.3 ارب روپے کے مقابلے میں 112.1 ارب روپے کی مجموعی فروخت ریکارڈ کی اور گزشتہ سال کی اسی مدت میں 77.9 ارب روپے کے مقابلے میں 100.5 ارب روپے کی خالص فروخت ریکارڈ کی گئی۔ یہ بنیادی طور پر شرح مبادلہ کے فرق کی وجہ سے ہوا۔ اوپر بیان کیے گئے عوامل کے نتیجے میں گزشتہ سال کی اسی مدت میں 1.6 ارب روپے کے مجموعی منافع کے مقابلے میں 7.5 ارب روپے کا مجموعی خسارہ ہوا۔ اخراجات یکساں رہے سوائے مالیاتی لاگت کے جس میں KIBOR بڑھنے کی وجہ سے بہت زیادہ اضافہ ہوا۔ انتظامیہ نے کمپنی کے اسپانسرز سے اس مدت کے دوران 4.6 ارب روپے کے بقایا قرضے کا حصہ معاف کرنے کی درخواست کی جسے قبول کر لیا گیا۔ کمپنی کو بالترتیب 1.00 روپے اور 0.97 روپے فی حصص کے بنیادی اور تحلیل شدہ خسارے کے ساتھ 5.3 ارب روپے کا بعد از ٹیکس خسارہ ہوا جس کا موازنہ پچھلے سال کی اسی مدت میں بالترتیب 0.24 روپے اور 0.23 روپے فی حصص کے بنیادی اور تحلیل شدہ خسارے کے ساتھ 1.2 ارب روپے کے بعد از ٹیکس خسارے سے ہوتا ہے۔

بورڈ حکومت پاکستان اور کاروباری عمل کے شرکاء کی جانب سے فراہم کردہ تعاون پر ان کے شکر گزار ہیں۔

برائے و منجانب بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی

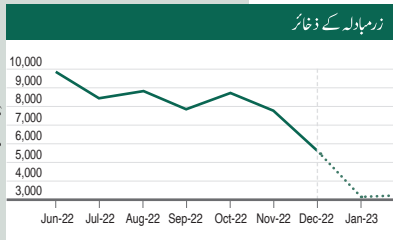
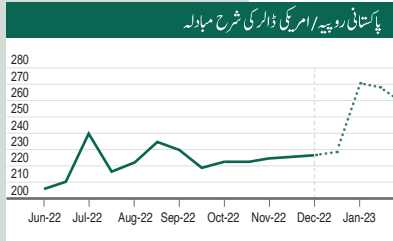
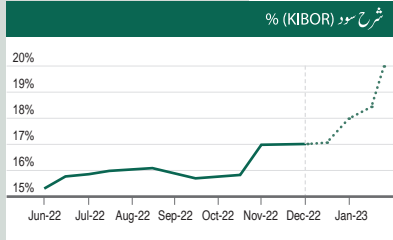
23 فروری، 2023

ڈائریکٹرز رپورٹ

برائے اہتمام مدت 31 دسمبر 2022

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی میعاد کے لئے مالیاتی نتائج اور کمپنی کی عملی سرگرمیوں کا ایک مختصر جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔



تیل کے شعبے کے ساتھ ساتھ کمپنی کو اس عرصے کے دوران مشکل وقت کا سامنا کرنا پڑا جو کہ بنیادی طور پر ملک کے زرمبادلہ کے ذخائر پر مسلسل دباؤ کی وجہ سے تھا جس کی وجہ سے اس مدت کے بعد امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں شدید کمی واقع ہوئی۔ اس کے نتیجے میں حد درجہ منفی معاشی غیر یقینی صورتحال پیدا ہوئی اور بوریسی ہے، اور خاص طور پر تیل کی کمپنیوں کے لیے بینکوں سے بروقت اپنے پیلز آف کریڈٹ (LC) حاصل کرنا انتہائی مشکل ہو گیا ہے۔ LC کی تصدیق کا مسئلہ حل نہیں ہوا کیونکہ کچھ بینک 10 فیصد سے زائد انتہائی بڑھی ہوئی قیمت پر بھی LC کی تصدیق کی رواں قیمت حاصل نہیں کر پائے۔

کمپنی کا ورلنگ کیپیٹل پاکستانی روپے میں مختص ہے جبکہ تیل کی خریداری امریکی ڈالر میں ہوتی ہے۔ اس لیے پاکستانی کرنسی کی بڑی گراؤ نے ورلنگ کیپیٹل کی ایک انتہائی مشکل صورتحال پیدا کر دی ہے، جس کا اثر ریفاٹنگ تھر وپس کو مسلسل برقرار رکھنے پر پڑا۔ ریفاٹری کی بندش اور کھلنے کے واقعات کی تعداد میں اضافے کے نتیجے میں انویسٹری کی قیمتوں سے وابستہ خطرات اور جہازوں کے ڈیرہج میں بھی اضافہ ہوا۔

مزید یہ کہ حکومت مصنوعات کی قیمتوں کے تعین میں شرح مبادلہ کے اثرات کی تلافی نہیں کر سکی جس کی وجہ سے تیل کی ہر کمپنی کو نقصان ہوا اور اب بھی ہو رہا ہے۔ مذکورہ بالا وجوہات کی بنا پر کمپنی کی کارکردگی بری طرح متاثر ہو رہی ہے۔ ہم توقع کرتے ہیں کہ ریفاٹریز وقفے وقفے سے چلتی رہیں گی جب تک کہ کمپنی مناسب مقدار کی میں ورلنگ کیپیٹل حاصل نہیں کر لیتی جس کے لیے انتظامیہ جانب سے کوششیں کی جا رہی ہیں۔

Independent Auditors' Review Report

To the members of Cnergyico Pk Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Cnergyico Pk Limited** (the Company) as at December 31, 2022, and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as 'condensed interim financial statements'). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on the unconsolidated condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six-months period then ended December 31, 2022 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2022 and December 31, 2021 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' review report is Hena Sadiq.

Chartered Accountants

Place: Karachi

Date: February 24, 2023

UDIN: RR202210057WHor32ksP

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2022

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	73,633,089	72,382,374
Intangible assets		15,601	18,827
Long-term investment	6	17,414,138	16,931,504
Long-term loans and advances		–	482,134
Long-term deposits		393,440	393,440
		91,456,268	90,208,279
CURRENT ASSETS			
Stores and spares		2,514,339	2,640,075
Stock-in-trade	7	35,136,338	48,245,824
Trade debts	8	7,036,914	7,078,048
Loans and advances		1,794,655	1,705,454
Trade deposits and short-term prepayments		272,784	52,700
Accrued interest		469,309	427,982
Other receivables	9	1,501,451	3,238,817
Taxation - net		983,319	956,058
Cash and bank balances		1,708,842	2,879,745
		51,417,951	67,224,703
TOTAL ASSETS		142,874,219	157,432,982
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(27,283,315)	(22,219,418)
Surplus on revaluation of operating fixed assets		2,327,491	2,590,087
		28,343,023	33,669,516
Contribution against future issue of shares		979,418	979,418
		29,322,441	34,648,934
NON CURRENT LIABILITIES			
Long-term financing	10	14,712,878	19,144,438
Accrued and deferred mark-up		7,034,497	7,132,660
Long-term lease liabilities	5.3	1,892,320	1,130,709
Long-term deposits		245,615	250,081
Deferred liabilities		308,324	334,283
		24,193,634	27,992,171
CURRENT LIABILITIES			
Trade and other payables		52,873,680	67,818,439
Advance from customers		2,477,766	2,893,301
Accrued mark-up		1,605,811	714,498
Short-term borrowings - secured	11	30,094,072	19,627,469
Current portion of non-current liabilities		2,305,788	3,737,143
Unclaimed dividend		1,027	1,027
		89,358,144	94,791,877
TOTAL EQUITY AND LIABILITIES		142,874,219	157,432,982
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Note	Six months period ended		Three months period ended	
		Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Revenue from contract with customers		112,135,031	90,389,093	55,537,730	50,192,470
Sales tax, discounts and other duties		(11,573,400)	(12,433,530)	(7,729,225)	(6,695,535)
Revenue from contract with customers - net		100,561,631	77,955,563	47,808,505	43,496,935
Cost of sales		(108,066,887)	(76,326,247)	(50,671,701)	(42,619,148)
Gross (loss) / profit		(7,505,256)	1,629,316	(2,863,196)	877,787
Administrative expenses		(587,136)	(531,406)	(295,024)	(261,736)
Selling and distribution expenses		(264,408)	(289,375)	(120,089)	(151,434)
Other expenses	8.1	(1,048,665)	(698,594)	(531,470)	(342,827)
Other income	10	6,934,677	491,492	6,497,823	243,354
		5,034,468	(1,027,883)	5,551,240	(512,643)
Operating (loss) / profit		(2,470,788)	601,433	2,688,044	365,144
Finance costs		(2,852,201)	(1,434,504)	(1,567,856)	(783,332)
(Loss) / profit before taxation		(5,322,989)	(833,071)	1,120,188	(418,188)
Taxation		(3,504)	(450,774)	115,191	(192,153)
(Loss) / profit after taxation		(5,326,493)	(1,283,845)	1,235,379	(610,341)
(Loss) / earnings per share - (Rupees)					
- Basic		(1.00)	(0.24)	0.23	(0.11)
- Diluted		(0.97)	(0.23)	0.22	(0.11)

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Six months period ended		Three months period ended	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
(Loss) / profit after taxation	(5,326,493)	(1,283,845)	1,235,379	(610,341)
Other comprehensive income	–	–	–	–
Total comprehensive (loss) / income for the period	(5,326,493)	(1,283,845)	1,235,379	(610,341)

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Issued subscribed and paid up capital	Capital Reserves			Revenue Reserve		Contribution against future issue of shares	Total
		Merger reserves	Other capital reserve	Revaluation surplus on operating fixed assets	Accumulated loss	Sub-total		
Balance as at Jul 1, 2021	53,298,847	(21,303,418)	3,214,209	3,115,366	(9,458,402)	28,866,602	979,418	29,846,020
Loss after taxation	-	-	-	-	(1,283,845)	(1,283,845)	-	(1,283,845)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,283,845)	(1,283,845)	-	(1,283,845)
Incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	(262,661)	262,661	-	-	-
Balance as at Dec 31, 2021	53,298,847	(21,303,418)	3,214,209	2,852,705	(10,479,586)	27,582,757	979,418	28,562,175
Balance as at Jul 1, 2022	53,298,847	(21,303,418)	3,214,209	2,590,087	(4,130,209)	33,669,516	979,418	34,648,934
Loss after taxation	-	-	-	-	(5,326,493)	(5,326,493)	-	(5,326,493)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(5,326,493)	(5,326,493)	-	(5,326,493)
Incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	(262,596)	262,596	-	-	-
Balance as at Dec 31, 2022	53,298,847	(21,303,418)	3,214,209	2,327,491	(9,194,106)	28,343,023	979,418	29,322,441

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Dec 31, 2022	Dec 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,322,989)	(833,071)
Adjustments for :		
Depreciation / Amortisation	1,963,552	1,956,312
Finance costs	2,852,201	1,434,504
Allowance for expected credited losses	1,048,665	698,594
Gain on sale of operating fixed assets	(29)	(891)
Liabilities written back	(5,990,173)	–
Interest income	(897,572)	(477,973)
Provision for defined benefit obligation	49,950	53,771
Net cash flow before working capital changes	(6,296,395)	2,831,246
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	125,736	(135,002)
Stock in trade	13,109,486	58,810
Trade debts	(216,167)	(335,460)
Loans and advances	(89,201)	43,984
Trade deposits and short-term prepayments	(220,084)	(35,682)
Other receivables	1,737,366	(2,701,652)
<i>Increase / (decrease) in current liabilities</i>		
Advance from customers	(415,535)	1,138,423
Trade and other payables	(14,979,439)	2,336,805
	(947,838)	370,226
Cash (used in) / generated from operations	(7,244,233)	3,201,472
Finance costs paid	(2,028,150)	(1,670,141)
Income taxes paid	(30,765)	(22,399)
Defined benefit obligation paid	(15,000)	(9,760)
Interest income received	64,881	10,181
Net cash (used in) / generated from operations	(9,253,267)	1,509,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	(1,110,286)	(2,137,900)
Proceeds from disposal of operating fixed assets	415	72
Investment in subsidiaries	(500)	–
Long-term deposits - net	(4,466)	(1,137)
Net cash used in investing activities	(1,114,837)	(2,138,965)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term financing - net	(1,063,771)	(1,605,141)
Payment of lease liabilities	(205,631)	(199,444)
Short-term borrowing - net	10,466,603	1,439,154
Net cash generated from / (used in) financing activities	9,197,201	(365,431)
Net decrease in cash and cash equivalents	(1,170,903)	(995,043)
Cash and cash equivalents - at the beginning of the period	1,279,745	649,958
Cash and cash equivalents - at the end of the period	108,842	(345,085)
Cash and cash equivalents comprise of:		
Cash and bank balances	1,708,842	1,254,915
Running finance facility	(1,600,000)	(1,600,000)
	108,842	(345,085)

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the six months period ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Cnergyico Pk Limited (the Company) was incorporated in Pakistan as a public limited company on January 9, 1995 under the Companies Act, 2017 and was granted a certificate of commencement of business on March 13, 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office of the company is situated at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi - 75600, Pakistan. The Company is a subsidiary of Cnergyico Mu Incorporated (the Parent Company). The Parent Company in turn is subsidiary of Busientco Incorporated, Cayman Islands (the Ultimate Parent Company).
- 1.2** The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 156,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 460 (June 30, 2022: 447) retail outlets across the country as at December 31, 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2022. These unconsolidated condensed interim financial statements are unaudited, however, the same have been subject to limited scope review by the statutory auditors of the Company, and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3** The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters

ended December 31, 2022 and December 31, 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2022 and December 31, 2021.

- 2.4 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses (if any).
- 2.5 These unconsolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation applied in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited unconsolidated financial statements as at and for the year ended June 30, 2022. Certain new IFRS and amendments to existing IFRS are effective for periods beginning on or after July 1, 2022, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these unconsolidated condensed interim financial statements.
- 3.2 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 this unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by the management in the preparation of this unconsolidated condensed interim financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company for the year ended June 30, 2022, except as disclosed otherwise.

5. PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Operating fixed assets	5.1	39,215,901	40,782,071
Capital work-in-progress	5.2	33,088,049	30,889,066
Right-of-use assets	5.3	1,329,139	711,237
		73,633,089	72,382,374

5.1 Additions in operating fixed assets including transfer from CWIP

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Dec 31, 2021 (Un-audited)
Building on free hold land, roads and civil works	82,389	–
Plant and machinery	40,618	529,521
Furniture and fixtures	1,085	2,809
Filling stations	24,600	–
Vehicles	20,000	–
Computer and allied equipments	8,360	20,559
Safety & lab equipments	13,852	413
	190,904	553,302

5.2 During the period, the additions in capital work-in-progress amounted to Rs. 1,063.746 million (December 31, 2021: Rs. 1,547.051 million). Transfer from CWIP to operating fixed assets amounted to Rs. 144.364 million (December 31, 2021: Rs. 515.752 million).

5.3 During the period, the additions in right-of-use assets amounted to Rs. 821.538 million (December 31, 2021: Rs. 37.548 million). The same additions has resulted in addition in lease liability of Rs. 821.538 million.

5.4 During the period, disposals in operating fixed assets amounting to Rs. 0.39 million (December 31, 2021: Nil).

6. LONG-TERM INVESTMENT

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Investment in subsidiaries			
Cnergyico Isomerate Pk (Private) Limited		16,931,504	16,931,504
Coastal Refinery (Private) Limited	6.1	482,134	–
Other wholly owned subsidiaries	6.2	500	–
		17,414,138	16,931,504

6.1 During the period, Rs. 482.134 million is converted into long-term investments from long-term loans and advances as on December 27, 2022 company has acquired 46,391,621 ordinary shares comprising of 91.06% of total paid-up capital of Coastal Refinery (Private) Limited.

6.2 Other wholly owned subsidiaries

During the period subsidiaries including Cnergyico ORB ORC 1 (Private) Limited, Cnergyico ORB ORC 2 (Private) Limited, Cnergyico ORB SPM 2 (Private) Limited, Cnergyico CPB CPC 1 (Private) Limited and Cnergyico OMB (Private) Limited have been incorporated with paid-up capital of 10,000 shares each having face value of Rs.10. The company holds 100% paid up capital of these subsidiaries.

7. STOCK-IN-TRADE

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Raw material	7.1 & 7.2	20,122,376	35,168,694
Finished products	7.3 & 7.4	15,013,962	13,077,130
		35,136,338	48,245,824

- 7.1 This includes raw material in transit amounting to Rs. 16,826.405 million (June 30, 2022: Rs. 22,250.820 million) as at the reporting date.
- 7.2 Raw material has been written down by Rs. 657.563 million (June 30, 2022: Nil) to net realisable value.
- 7.3 Finished Product costing Rs. 15,985.852 million (June 30, 2022: Nil) has been written down by Rs. 971.890 million (June 30, 2022: Nil) to net realisable value.
- 7.4 This includes finished products held by third parties amounting to Rs. 7,613.098 million (June 30, 2022: Rs. 2,689.126 million).

8. TRADE DEBTS

(Rupees in '000)			
	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Considered good		7,036,914	7,078,048
Considered doubtful		10,076,724	9,028,059
		17,113,638	16,106,107
Allowance for expected credit losses	8.1	(10,076,724)	(9,028,059)
		7,036,914	7,078,048

8.1 Allowance for expected credit losses

(Rupees in '000)			
		Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Opening balance		9,028,059	7,618,435
For the period / year		1,048,665	1,409,624
Closing balance		10,076,724	9,028,059

9. OTHER RECEIVABLES

(Rupees in '000)			
	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Considered good	9.1	1,501,451	3,238,817

- 9.1 This includes Rs. 660.716 and Rs. 818.735 million (June 30, 2022: Rs. 682.022 million and Rs. 1,087.566 million) receivable from related parties.

10. LONG-TERM FINANCING

(Rupees in '000)			
	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
	10.1	14,712,878	19,144,438

- 10.1** During the period, Integrate Pk (Private) Limited waived off portion of its loan amounting to Rs. 4,591.531 million through waiver agreement dated December 12, 2022. Consequently, the management reversed its liability to the extent of waived off amount. Waiver is being granted irrevocably and for commercial benefit and consideration agreed between the Company and IPL as an indirect support.

11. SHORT-TERM BORROWINGS - SECURED

(Rupees in '000)

Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
11.1	30,094,072	19,627,469

- 11.1** These facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products. The facility carries mark-up ranging from 1-3 month's KIBOR plus 1.25% to 2.25% (June 30, 2022: 1 month's KIBOR plus 1.25% to 3%). These facilities are secured under joint pari passu (JPP) arrangement having charge on the Company's current and operating fixed assets.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There are no material changes in the status of contingencies from what is disclosed in note 29 to the annual audited unconsolidated financial statements for the year ended June 30, 2022.

12.2 Commitments

The status for commitments is same as disclosed in annual audited unconsolidated financial statements for the year ended June 30, 2022 except for following:

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Commitments for capital expenditure	4,021,502	4,076,368

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company, parent company, subsidiary company, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. Transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

13.1 Transactions with related parties during the period:

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Dec 31, 2021 (Un-audited)
Parent company		
Mark-up charged	110,688	30,535
Subsidiary company		
Other income	183	183
Product processing charges	49,188	53,269
Associated companies		
Purchase of operating fixed assets and services	86,339	89,396
Rent expense	44,550	–
Waiver of principal amount	4,591,531	–
Mark-up charged	1,189,794	738,123
Others		
Post employment benefit funds	37,143	49,209
Key management personnels	178,818	98,925

13.2 Balances with related parties

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Parent company		
Contribution against future issue of shares	979,418	979,418
Accrued mark-up payable	889,287	778,601
Long-term financing	3,935,650	3,935,650
Subsidiary companies		
Receivable against expenses incurred	1,479,451	682,598
Loans and advances	1,518,780	–
Accrued interest - receivable	462,006	–
Associated companies		
Advance against shared services	34,892	37,452
Security deposit	61,875	61,875
Rent payable	44,550	–
Payable against services	80,865	–
Payable against purchases	42,084	38,453
Accrued mark-up payable	6,145,210	6,354,058
Loan payable	10,240,097	14,581,628
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	350,045	188,134

14. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. There have been no changes in any risk management policies since the year end.

15. FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst levels during the period.

16. OPERATING SEGMENTS

For management purposes, the Company has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources. The quantitative data for segments is given below:

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Sales to external customers	58,993,205	26,706,420	41,568,426	51,249,143	100,561,631	77,955,563
Inter-segment sales	41,231,494	50,246,226	–	–	41,231,494	50,246,226
Eliminations	(41,231,494)	(50,246,226)	–	–	(41,231,494)	(50,246,226)
Total revenue	58,993,205	26,706,420	41,568,426	51,249,143	100,561,631	77,955,563
Result						
Segment (loss) / profit	(5,772,734)	(1,389,646)	600,838	777,196	(5,171,896)	(612,450)
Unallocated expenses:						
Other expenses					(1,048,665)	(698,594)
Interest income					897,572	477,973
Loss before taxation					(5,322,989)	(833,071)
Taxation					(3,504)	(450,774)
Loss after taxation					(5,326,493)	(1,283,845)
Segment assets	139,639,096	138,355,973	3,235,123	1,266,992	142,874,219	139,622,965
Unallocated assets	–	–	–	–	–	–
	139,639,096	138,355,973	3,235,123	1,266,992	142,874,219	139,622,965
Segment liabilities	111,765,125	109,918,835	1,786,653	1,141,955	113,551,778	111,060,790
Unallocated liabilities	–	–	–	–	–	–
	111,765,125	109,918,835	1,786,653	1,141,955	113,551,778	111,060,790
Capital expenditure	1,062,974	2,100,352	47,312	37,548	1,110,286	2,137,900
Other information						
Depreciation	1,859,903	1,826,527	103,649	129,785	1,963,552	1,956,312

All non-current assets of the Company as at December 31, 2022 and 2021 are located in Pakistan.

17. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on **February 23rd, 2023** by the Board of Directors of the Company.

Director

Chief Executive Officer

Chief Financial Officer



CONSOLIDATED FINANCIAL STATEMENT



Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2022

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	5	88,036,888	83,676,349
Intangible assets		15,601	18,827
Long-term loans and advances		—	482,134
Long-term deposits		393,515	393,440
		88,446,004	84,570,750
CURRENT ASSETS			
Stores and spares		2,514,339	2,640,075
Stock-in-trade	6	35,136,338	48,245,824
Trade debts	7	7,036,914	7,078,048
Loans and advances		275,875	1,705,454
Trade deposits and short-term prepayments		272,784	52,700
Accrued interest		7,303	427,981
Other receivables		22,581	2,564,200
Taxation - net		945,775	946,344
Cash and bank balances		1,710,435	2,880,745
		47,922,344	66,541,371
TOTAL ASSETS		136,368,348	151,112,121
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		53,298,847	53,298,847
Reserves		(42,340,466)	(37,192,038)
Surplus on revaluation of operating fixed assets		8,227,943	8,733,023
		19,186,325	24,839,832
Contribution against future issue of shares		979,418	979,418
Non-controlling interest		47,382	—
		20,213,125	25,819,250
NON CURRENT LIABILITIES			
Long-term financing	8	14,712,878	19,144,438
Accrued and deferred mark-up		7,034,497	7,132,660
Long-term lease liabilities	5.3	1,892,305	1,130,709
Long-term deposits		245,615	250,081
Deferred liabilities		308,324	334,283
Deferred taxation		2,409,121	2,508,941
		26,602,740	30,501,112
CURRENT LIABILITIES			
Trade and other payables		53,068,003	67,818,322
Advance from customers		2,477,766	2,893,300
Accrued mark-up		1,605,811	714,498
Short-term borrowings - secured	9	30,094,072	19,627,469
Current portion of non-current liabilities		2,305,803	3,737,143
Unclaimed dividend		1,027	1,027
		89,552,482	94,791,759
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		136,368,348	151,112,121

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

Note	Six months period ended		Three months period ended	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Revenue from contract with customers	112,135,031	90,389,093	55,537,730	50,192,470
Sales tax, discount & other duties	(11,573,400)	(12,433,530)	(7,729,224)	(6,695,535)
Revenue from contract with customers - net	100,561,631	77,955,563	47,808,506	43,496,935
Cost of sales	(108,486,762)	(76,742,250)	(50,871,806)	(42,826,341)
Gross (loss) / profit	(7,925,131)	1,213,313	(3,063,300)	670,594
Administrative expenses	(587,137)	(531,406)	(295,025)	(261,736)
Selling and distribution expenses	(264,407)	(289,375)	(120,089)	(151,433)
Other expenses 7.1	(1,048,665)	(698,594)	(531,470)	(342,826)
Other income 8	6,934,494	491,309	6,497,731	243,263
	5,034,285	(1,028,066)	5,551,147	(512,732)
Operating (loss) / profit	(2,890,846)	185,247	2,487,847	157,862
Finance costs	(2,852,201)	(1,434,504)	(1,567,855)	(783,332)
(Loss) / profit before taxation	(5,743,047)	(1,249,257)	919,992	(625,470)
Taxation				
Current	(142,188)	(6,536)	(21,382)	(3,367)
Prior	132,684	-	132,684	-
Deferred	99,043	(351,731)	49,521	(142,632)
Taxation	89,539	(358,267)	160,823	(145,999)
(Loss) / profit after taxation	(5,653,508)	(1,607,524)	1,080,815	(771,469)
Attributable to:				
- Equity holders of the Holding Company	(5,653,508)	(1,607,524)	1,080,815	(771,469)
- Non-controlling interest	-	-	-	-
	(5,653,508)	(1,607,524)	1,080,815	(771,469)
(Loss) / earning per share - (Rupees)				
- Basic	(1.06)	(0.30)	0.20	(0.14)
- Diluted	(1.03)	(0.29)	0.20	(0.14)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Six months period ended		Three months period ended	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
(Loss) / profit after taxation	(5,653,508)	(1,607,524)	1,080,815	(771,469)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(5,653,508)	(1,607,524)	1,080,815	(771,469)
Attributable to:				
- Equity holders of the Holding Company	(5,653,508)	(1,607,524)	1,080,815	(771,469)
- Non-controlling interest	-	-	-	-
	(5,653,508)	(1,607,524)	1,080,815	(771,469)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves		Revenue Reserve		Sub-total	Non-controlling interest - NCI	Contribution against future issue of shares	Total
		Merger reserves	Other capital reserve	Surplus on revaluation of operating fixed assets	Accumulated loss				
Balance as at Jul 1, 2021	53,298,847	(21,303,418)	3,214,209	9,743,271	(24,251,964)	20,700,945	-	979,418	21,680,363
Other comprehensive income for the period									
Loss for the period	-	-	-	-	(1,607,524)	(1,607,524)	-	-	(1,607,524)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	(505,145)	505,145	-	-	-	-
Balance as at Dec 31, 2021	53,298,847	(21,303,418)	3,214,209	9,238,126	(25,354,343)	19,093,421	-	979,418	20,072,839
Balance as at Jul 1, 2022	53,298,847	(21,303,418)	3,214,209	8,733,023	(19,102,829)	24,839,832	-	979,418	25,819,250
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	(5,653,508)	(5,653,508)	-	-	(5,653,508)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Business acquisition during the period	-	-	-	-	-	-	47,382	-	47,382
Incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	(505,080)	505,080	-	-	-	-
Balance as at Dec 31, 2022	53,298,847	(21,303,418)	3,214,209	8,227,943	(24,251,257)	19,186,325	47,382	979,418	20,213,125

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended December 31, 2022

(Rupees in '000)

	Dec 31, 2022	Dec 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,743,047)	(1,249,257)
Adjustments for:		
Depreciation / Amortisation	2,406,899	2,399,593
Finance costs	2,852,201	1,434,504
Allowance for expected credited losses	1,048,665	698,594
Gain on disposal of assets	(29)	(891)
Liabilities written back	(5,990,173)	–
Interest income	(897,572)	(477,973)
Provision for defined benefit plan	49,950	53,771
Net cash flow before working capital changes	(6,273,107)	2,858,341
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	125,736	(135,001)
Stock in trade	13,109,486	58,808
Trade debts	(216,168)	(335,459)
Loans and advances	(89,201)	43,984
Trade deposits and short-term prepayments	(220,084)	(35,682)
Other receivables	1,744,770	(2,722,324)
<i>Increase / (decrease) in current liabilities</i>		
Advance from customers	(415,535)	1,138,423
Trade and other payables	(15,001,390)	2,330,384
	(962,387)	343,132
Cash (used in) / generated from operations	(7,235,493)	3,201,473
Finance costs paid	(2,028,145)	(1,670,142)
Income taxes paid	(39,417)	(22,400)
Gratuity paid	(15,000)	(9,760)
Interest income received	64,882	10,182
Net cash (used in) / generated from operating activities	(9,253,174)	1,509,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,110,286)	(2,137,900)
Proceeds from disposal of operating fixed assets	415	72
Long-term deposits - net	(4,467)	(1,137)
Net cash used in investing activities	(1,114,337)	(2,138,965)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term loan - net	(1,063,771)	(1,605,141)
Payment of lease liabilities	(205,632)	(199,444)
Short-term borrowing	10,466,603	1,439,154
Net cash generated / (used in) financing activities	9,197,200	(365,431)
Net decrease in cash and cash equivalents	(1,170,311)	(995,043)
Cash and cash equivalents - opening	1,280,745	649,958
Cash and cash equivalents - closing	110,434	(345,085)
Cash and cash equivalents comprise of:		
Cash and bank balances	1,710,435	1,254,915
Running finance facility	(1,600,000)	(1,600,000)
	110,435	(345,085)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.

Director

Chief Executive Officer

Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the six months period ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company

i) Cnergyico Pk Limited - the Holding Company

The Holding Company was incorporated in Pakistan as a public limited company on 09 January 1995 under the Companies Act, 2017 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Holding Company are listed on Pakistan Stock Exchange. The Holding Company is a subsidiary of Cnergyico Mu Incorporated- CMI, Mauritius (the Parent Company). The Parent Company in turn is a subsidiary of Busientco Incorporated - BI, Cayman Islands (the Ultimate Parent Company).

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 156,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 460 (June 30, 2022: 447) retail outlets across the country as at December 31, 2022.

Subsidiary Companies

ii) Cnergyico Isomerate Pk (Private) Limited - CIPPL

CIPPL was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 on 14 May 2014. CIPPL is a wholly owned subsidiary of the Holding Company. The company is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum products such as premium motor gasoline.

iii) Coastal Refinery (Private) Limited

Coastal Refinery (Private) Limited (the Company) was incorporated as a public unlisted company in Pakistan on August 19, 2005 and was subsequently converted into a private limited company on April 27, 2011, under the repealed Companies Ordinance, 1984.

The principal activity of the Company is transportation of crude oil and ancillary products through the operation of its terminal through SBM. The Company has obtained the necessary license from Oil and Gas Regulatory Authority (OGRA) and accordingly commenced the operations of its SBM on December 31, 2014.

During the period ended December 31, 2022, upon completion of the remaining formalities and conditions under the SPA, the 46,391,621 shares comprising 91.06% of the shares has been transferred to Cnergyico Pk Limited (Holding Company) on December 27, 2022 and the Company has become a subsidiary of Cnergyico Pk Limited.

iv) Cnergyico CPB CPC 1 (Private) Limited

Cnergyico CPB CPC 1 (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on 27 October 2022. The Company is a wholly owned subsidiary of the Holding Company. The principal line of business of the company shall be to manufacture, produce, refine, process, formulate, acquire, convert, distribute, buy, sell, import, export or otherwise deal in basic drugs, phyto chemicals or otherwise deal in heavy and light chemicals alkalis, acid, gasses, salt, compounds, including laboratory

and scientific chemicals used or capable of being used in the pharmaceuticals, textiles, agricultures, fertilizers, petrochemicals glass and ceramic industries, tiles, poultry feeds, cattle feeds, rubbers and paints, chemicals and compounds thereof including gypsum, quartz, silicon, earth, rock phosphate, soap-stone or any other industry and trade or laboratory including industrial chemicals or any other mixture, derivatives and compound thereof. No business activities have been commenced since incorporation of the Company.

v) Cnergyico ORB ORC 1 (Private) Limited

Cnergyico ORB ORC 1 (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on 25 October 2022. The Company is a wholly owned subsidiary of the Holding Company. The principal line of business of the company shall be to establish, erect, run, own, manage and operate refinery and to carry on the business of drilling, manufacturing, blending, refining and processing of crude oil and to produce petroleum and petroleum products like premium motor gasoline, high speed diesel, kerosene oil, furnace oil, aviation fuels, paving asphalt, cutback asphalt, polymer modified bitumen, mineral turpentine, light diesel oil, naphtha, liquefied petroleum gas, jute batching oil, lube oil and solvent oil. No business activities have been commenced since incorporation of the Company.

vi) Cnergyico ORB ORC 2 (Private) Limited

Cnergyico ORB ORC 2 (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on 27 October 2022. The Company is a wholly owned subsidiary of the Holding Company. The principal line of business of the company shall be to establish, erect, run, own, manage and operate refinery and to carry on the business of drilling, manufacturing, blending, refining and processing of crude oil and to produce petroleum and petroleum products like premium motor gasoline, high speed diesel, kerosene oil, furnace oil, aviation fuels, paving asphalt, cutback asphalt, polymer modified bitumen, mineral turpentine, light diesel oil, naphtha, liquefied petroleum gas, jute batching oil, lube oil and solvent oil. No business activities have been commenced since incorporation of the Company.

vii) Cnergyico OMB (Private) Limited

Cnergyico OMB (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on 27 October 2022. The Company is a wholly owned subsidiary of the Holding Company. The principal line of business of the company shall be to carry on the business of purchase or otherwise acquire, sale, store, transport, market, distribute, supply, sell, import, export, and otherwise dispose of and generally trade in any and all kinds of petroleum and petroleum products, oil, gas, hydrocarbons, petrochemicals, asphalt, bituminous substances and to undertake all such activities as are connected herewith or ancillary thereto and to take over the running or likely to be running business of alike nature with or without assets, liabilities, rights, privileges, registration, trade mark, import and export registration or any other facility. No business activities have been commenced since incorporation of the Company.

viii) Cnergyico ORB SPM 2 (Private) Limited

Cnergyico ORB SPM 2 (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on 27 October 2022. The Company is a wholly owned subsidiary of the Holding Company. The principal line of business of the company shall be to establish, erect, run, own, manage and operate refinery and to carry on the business of drilling, manufacturing, blending, refining and processing of crude oil and to produce petroleum and petroleum products like premium motor gasoline, high speed diesel, kerosene oil, furnace oil, aviation fuels, paving asphalt, cutback asphalt, polymer modified bitumen, mineral turpentine, light diesel oil, naphtha, liquefied petroleum gas, jute batching oil, lube oil and solvent oil. No business activities have been commenced since incorporation of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of Consolidation

These consolidated condensed interim financial statements include the financial statements of the Holding Company and its subsidiaries.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

2.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses, if any.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

- 2.4 As more fully explained in note 1.1 (iii) to these consolidated condensed interim financial statements, The Group acquired 91.06% of the voting shares of Coastal Refinery (Private) Limited on December 27, 2022, a private company, based in Pakistan in exchange for cash. The Group acquired Coastal Refinery (Private) Limited because it synergises the operations of the Company and the services to be offered to its customers. This has been accounted for using the acquisition method.

The Group has elected to measure the non-controlling interests in the acquiree at fair value as detailed below:

(Rupees in '000)

Assets acquired and liabilities assumed	Fair values recognised on acquisition
Assets	
Equipment	3,553,099
Long-term deposits	75
Other receivable	581
Cash and cash equivalents	92
Total assets	3,553,847
Liabilities	
Trade and other payables	194,327
Other current liabilities	2,830,003
	3,024,331
Total identifiable net assets at fair value	529,517
Purchase consideration transferred at acquisition date	482,134
Proportionate share of non-controlling interest of fair value of total identifiable net assets	47,382
Goodwill arising on acquisition	-
Net cash outflow on acquisition is as follows:	
Cash paid on acquisition - converted advance	(482,134)
Cash acquired in subsidiary	92
Net cash acquired with the subsidiary	(482,042)

- 2.5 The other subsidiaries including Cnergyico CPB CPC 1 (Private) Limited, Cnergyico ORB ORC 1 (Private) Limited, Cnergyico ORB ORC 2 (Private) Limited, Cnergyico OMB (Private) Limited and Cnergyico ORB SPM 2 (Private) Limited has been incorporated during the year with paid up capital of 10,000 shares each having face value of Rs. 10. Cnergyico Pk Limited holds 100% paid up capital of these subsidiaries.
- 2.6 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended June 30, 2022.
- 2.7 These consolidated condensed interim financial statements is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.
- 2.8 These consolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.9 The comparative balance sheet presented in these consolidated condensed interim financial statements has been extracted from the consolidated audited financial statements of the Group for the year ended June 30, 2022.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation applied in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements as at and for the year ended June 30, 2022. Certain new IFRS and amendments to existing IFRS are effective for periods beginning on or after July 1, 2022, which do not have any impact on the Group's financial reporting and therefore have not been detailed in these unconsolidated condensed interim financial statements.
- 3.2 The Group follows the practice of conducting actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these consolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to the annual consolidated financial statements of the Group for the year ended June 30, 2022, except as disclosed otherwise.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Operating fixed assets	5.1 & 5.4	53,619,700	52,076,046
Capital work-in-progress	5.2	33,088,049	30,889,066
Right-of-use assets	5.3	1,329,139	711,237
		88,036,888	83,676,349

5.1 Additions in operating fixed assets

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Dec 31, 2021 (Un-audited)
Building on free hold land, roads and civil works	82,389	–
Plant and machinery	40,618	529,521
Furniture and fixtures	1,085	2,809
Filling stations	24,600	–
Vehicles	20,000	–
Computer and allied equipments	8,360	20,559
Safety & lab equipments	13,852	413
	190,905	553,302

- 5.2 During the period, the additions in capital work-in-progress amounted to Rs. 1,063.746 million (December 31, 2021: Rs. 1,547.051 million). Transfer from CWIP to operating fixed assets amounted to Rs. 144.364 million (December 31, 2021: 515.752 million).
- 5.3 During the period, the additions in right-of-use assets amounted to Rs. 821.538 million (December 31, 2021: Rs. 37.548 million). The same additions has resulted in addition in lease liability of Rs. 821.538 million.
- 5.4 During the period, disposals in operating fixed assets amounting to Rs. 0.39 million (December 31, 2021: Nil).

6 STOCK IN TRADE

(Rupees in '000)			
	Note	Dec 31, 2021 (Un-audited)	Jun 30, 2021 (Audited)
Raw material	6.1 & 6.2	20,122,376	35,168,694
Finished products	6.3 & 6.4	15,013,962	13,077,130
		35,136,338	48,245,824

- 6.1 This includes raw material in transit amounting to Rs. 16,826.405 million (June 30, 2022: Rs. 22,250.820 million) as at the reporting date.
- 6.2 Raw material has been written down by Rs. 657.563 million (June 30, 2022: Nil) to net realisable value.
- 6.3 Finished product costing Rs. 15,985.852 million (June 30, 2022: Nil) has been written down by Rs. 971.890 million (June 30, 2022: Nil) to net realisable value.
- 6.4 This includes finished products held by third parties amounting to Rs. 7,613.098 million (June 30, 2022: Rs. 2,689.126 million).

7 TRADE DEBTS

(Rupees in '000)			
	Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Considered good		7,036,914	7,078,048
Considered doubtful		10,076,724	9,028,059
Allowance for expected credit losses	7.1	(10,076,724)	(9,028,059)
		7,036,914	7,078,048

7.1 Allowance for expected credit losses

(Rupees in '000)			
	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)	
Opening balance	9,028,059	7,618,435	
For the period / year	1,048,665	1,409,624	
Closing balance	10,076,724	9,028,059	

8 LONG-TERM FINANCING

(Rupees in '000)

Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
8.1	14,712,878	19,144,438

- 8.1 During the period, Integrate Pk (Private) Limited waived off portion of its loan amounting to Rs. 4,591.531 million through waiver agreement dated December 12, 2022. Consequently, the management reversed its liability to the extent of waived off amount. Waiver is being granted irrevocably and for commercial benefit and consideration agreed between the Group and IPL as an indirect support.

9 SHORT-TERM BORROWINGS - SECURED

(Rupees in '000)

Note	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
9.1	30,094,072	19,627,469

- 9.1 These facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products. The facility carries mark up ranging from 1-3 month's KIBOR plus 1.25% to 2.25% (June 30, 2022: 1 month's KIBOR plus 1.25% to 3%). These facilities are secured under joint pari passu (JPP) arrangement having charge on the Group's current and fixed assets.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no material changes in the status of contingencies from what is disclosed in note 29 to the annual audited consolidated financial statements for the year ended June 30, 2022.

10.2 Commitments

The status for commitments is same as disclosed in annual audited consolidated financial statements for the year ended June 30, 2022 except for:

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Commitments for capital expenditure	4,021,502	4,076,368

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent Company, parent Company, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Details of transactions and balances with related parties during the period are as follows:

11.1 Transactions with related parties

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Dec 31, 2021 (Un-audited)
Parent company		
Mark-up charged	110,688	30,535
Associated companies		
Purchase of operating fixed assets and services	86,339	89,396
Rent expense	44,550	–
Waiver of principal amount	4,591,531	–
Mark-up charged	1,189,794	738,123
Others		
Post employment benefit funds	37,143	49,209
Key management personnel remuneration	178,818	98,925

11.2 Balances with related parties

(Rupees in '000)

	Dec 31, 2022 (Un-audited)	Jun 30, 2022 (Audited)
Parent company		
Contribution against future issue of shares	979,418	979,418
Accrued mark-up	889,287	778,601
Loan payable	3,935,650	3,935,650
Associated companies		
Advance against shared services	34,892	37,452
Security deposit & other services	61,875	61,875
Rent payable	44,550	–
Payable against services	80,865	–
Payable against purchases	42,084	38,453
Accrued mark-up	6,145,210	6,354,058
Loan payable	10,240,097	14,581,628
Others		
Payable to key management person	68,508	68,508
Payable to post employment benefit funds	350,045	188,134

12 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks. There have been no changes in any risk management policies since the year end.

13 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst levels during the period.

14 OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources.

(Rupees in '000)

	Oil Refining		Petroleum Marketing		Total	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Sales to external customers	58,993,205	26,706,420	41,568,426	51,249,143	100,561,631	77,955,563
Inter-segment sales	41,231,494	50,246,226	–	–	41,231,494	50,246,226
Eliminations	(41,231,494)	(50,246,226)	–	–	(41,231,494)	(50,246,226)
Total revenue	58,993,205	26,706,420	41,568,426	51,249,143	100,561,631	77,955,563
Result						
Segment (loss) / profit	(6,192,792)	(1,805,832)	600,838	777,196	(5,591,954)	(1,028,636)
Unallocated expenses:						
Other expenses					(1,048,665)	(698,594)
Interest income					897,572	477,973
Loss before taxation					(5,743,047)	(1,249,257)
Taxation					89,539	(358,267)
Loss after taxation					(5,653,508)	(1,607,524)
Segment assets	133,133,225	132,080,871	3,235,123	1,266,992	136,368,348	133,347,863
Unallocated assets	–	–	–	–	–	–
	133,133,225	132,080,871	3,235,123	1,266,992	136,368,348	133,347,863
Segment liabilities	114,368,569	112,133,069	1,786,653	1,141,955	116,155,222	113,275,024
Unallocated liabilities	–	–	–	–	–	–
	114,368,569	112,133,069	1,786,653	1,141,955	116,155,222	113,275,024
Capital expenditure	1,062,974	2,100,353	47,312	37,548	1,110,286	2,137,901
Other information						
Depreciation	2,303,250	2,269,808	103,649	129,785	2,406,899	2,399,593

All non-current assets of the Group as at December 31, 2022 and 2021 are located in Pakistan.

15 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on **February 23rd, 2023** by the Board of Directors of the Group.

Director

Chief Executive Officer

Chief Financial Officer



Cnergyico Pk Limited

The Harbour Front, 9th Floor, Dolmen City, HC-3, Block-4,
Marine Drive, Clifton, Karachi-75600, Pakistan

www.cnergyico.com | Tel: (+92 21) 111 222 081 | Fax: (+92 21) 111 888 081