

REPORT FOR THE HALF YEAR
ENDED DECEMBER 31, 2022

DRIVING THE FUTURE OF
energy

energy





DRIVING THE FUTURE OF ENERGY

PSO is changing Pakistan's energy landscape. Powering the nation for almost five decades, we have evolved from an oil marketing business to an agile, integrated and future-ready energy company.

Heralding a new era, we are paving the way for the future with our ground-breaking and innovation driven strategic projects. With sustainability, inclusivity and customer-focus being underpinning drivers, PSO is diversifying and making investments in clean energy and renewables as we continue to propel our nation forward.

future of



Shinkhari, Pakistan

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COMPANY INFORMATION

Board of Management

Chairman (Independent)

Mr. Zafar I. Usmani

Independent Members

Mr. Muhammad Hamayun Khan Barakzai

Ms. Tara Uzra Dawood

Non-Executive Members

Mr. Arshad Majeed

Mr. Awais Manzur Sumra

Mr. Mohammad Hassan Iqbal

Capt. (Retd.) Shahbaz Tahir Nadeem

Managing Director & Chief Executive Officer

Syed Muhammad Taha

Chief Financial Officer

Ms. Gulzar Khoja

Company Secretary

Mr. Rashid Umer Siddiqui

Auditors

M/s. KPMG Taseer Hadi & Co.

Chartered Accountants

Legal Advisors

M/s. Orr, Dignam & Co.

Advocates

Registered Office

Pakistan State Oil Company Limited

PSO House

Khayaban-e-Iqbal, Clifton

Karachi – 75600, Pakistan

UAN: +92 21 111 111 PSO (776)

Fax: +92 21 9920 3721

Website: www.pso.pk.com

Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B

Block B, S.M.C.H.S.

Main Shahrah-e-Faisal

Karachi-74400, Pakistan

Tel.: 0800-CDCPL (23275)

Fax: +92 21 3432 6053

Email: info@cdcsrsl.com

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

REPORT TO SHAREHOLDERS

The Board of Management is pleased to present the condensed unconsolidated and consolidated interim financial statements of the company for six-months ended December 31, 2022 (1HFY23).

It has been a turbulent and volatile time on both the global and domestic fronts. World economies are battling high inflation and regressed growths. World GDP growth outlook for 2023 has been downgraded as central banks are tightening up measures to control inflation. Pakistan is amongst the most affected, striving to manage macroeconomic challenges such as high-inflation, slowing GDP growth and Pak Rupee devaluation against US Dollar in the calendar year. Large Scale Manufacturing (LSM) continued to contract, overall output of the LSM sector declined by around 4% as compared to the same period last year. Vehicle sales also declined by 34% as compared to the same period last year.

The petroleum industry saw a significant decline in the consumption of all products, mainly due to flash floods, slowdown in economic activities and plummeting real purchasing power of individuals. During the period, industry volumes declined by 18.5% in white oil – a dip of 15.7% in motor gasoline and 24.1% in diesel. Whereas, black oil volumes also declined by 26.7% in the period as a result of low furnace oil-based power generation in the country.

Despite all odds, your company remained resilient and continued to dominate the country's white oil market. PSO exhibited a 3.1% increase in white oil market share compared to the same period last year, selling around 50.7% of the industry volume. Major contribution came from diesel, in which the company increased its market share by 6.5%, closing the period at 55.3%.

The decline in international oil prices by 33% in the period (i.e., from US\$121.5 per barrel as of July 1, 2022 to US\$ 81.3 per barrel as of December 31, 2022 of Brent crude oil prices) and increase in PSO's cost of funding by about 850 basis points compared to the same period last year, adversely affected the financial performance of the company.

Owing to downwards international oil prices during the period under review coupled with galloping interest rates, the company posted a net loss of Rs. 3.4 billion translating into a Loss Per Share (LPS) of Rs. 7.16/-. On a consolidated basis, the group collectively posted a net loss of Rs. 1.2 billion for the period translating into an LPS of Rs. 2.52/-.

The circular debt crisis remains a serious problem. Receivables from SNGPL increased by 90% from December 31, 2021. Due to these challenges, the company's average borrowing increased by 180% compared to the same period last year, consequently increasing the financial cost substantially. A number of options are being explored to resolve the issue with the government to reduce the unwarranted burden on PSO's financials.

PSO continued to invest in infrastructure development for capacity enhancement and reliability, successfully rehabilitating 4 thousand tons of existing storages during the period. To further strengthen our robust supply chain, 104 thousand tons are being rehabilitated and 90 thousand tons of new storages are under construction.

Your company continued streamlining its operational activities with the help of cutting-edge technology to make them even more efficient. PSO's digital transformation strategy envisions end-to-end digital coverage, monitoring and control of the supply chain. During the period, PSO successfully integrated 2 terminals - Machike and Sihala, along with 600 retail outlets to its central command and control system. The Automated Queue Management System for tank lorries was also implemented at 3 locations.

REPORT TO SHAREHOLDERS

During the period, the company donated Rs. 78.5 million on account of CSR initiatives. Standing strong with the country at the time of need, PSO extended nationwide support to the victims of natural calamities. Rs. 39.6 million were spent on ongoing flood relief activities, Rs. 33 million on community building and social development, Rs. 3.7 million on education access and improvement, and Rs. 2.2 million on healthcare and wellbeing initiatives.

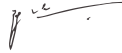
We are striving and committed to improving the financial performance of the company. With our dynamic business strategies and actions, increased margins and improving economic indicators, we expect to deliver top quartile business performance in the remaining part of the year.

We thank our shareholders, customers, business partners and employees for their sustained support and trust in the company, and look forward to taking this company to newer heights. We are also thankful to the Government of Pakistan, especially the Ministry of Energy (Petroleum Division), for their guidance and confidence.



Syed Muhammad Taha
Managing Director & CEO

February 17, 2023 | Karachi



Zafar I. Usmani
Chairman - Board of Management

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan State Oil Company Limited

Report on review of Condensed Unconsolidated Interim Financial Statements

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to:

- note 1.3 to the condensed unconsolidated interim financial statements, which describes reasons for not considering the outstanding balance of Rs. 361,289,766 thousand (net of provision of Rs. 346,975 thousand) due from gas distribution and power generation companies as doubtful of recovery; and
- note 12.1 to the condensed unconsolidated interim financial statements which describes the reasons for considering the aggregate amount of Rs. 9,297,419 thousand due from the Government of Pakistan on account of various price differential claims as recoverable.

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

INDEPENDENT AUDITOR'S REPORT

Other Matter

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

The engagement partner on the engagement resulting in this independent auditors' review report is Inam Ullah Kakra.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
February 28, 2023
UDIN: RR202210202NBdpG4IxD

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	------(Rupees in '000)-----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	16,651,586	15,689,125
Right-of-use assets	8	6,249,962	6,473,649
Intangibles		204,751	251,337
Long-term investments	9	12,718,117	12,556,750
Long-term loans, advances and other receivables		668,115	333,520
Long-term deposits		764,861	337,537
Deferred tax asset - net		22,290,474	17,982,287
		<u>59,547,866</u>	<u>53,624,205</u>
Current assets			
Stores, spares and loose tools		822,825	764,664
Stock-in-trade	10	272,137,616	341,757,891
Trade debts	11	468,707,726	430,941,589
Loans and advances		429,470	636,421
Short-term deposits and prepayments		437,439	332,773
Other receivables	12	45,016,515	57,477,563
Cash and bank balances		5,215,927	13,919,215
		<u>792,767,518</u>	<u>845,830,116</u>
Net assets in Bangladesh		-	-
TOTAL ASSETS		<u>852,315,384</u>	<u>899,454,321</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		202,841,335	210,954,367
		<u>207,536,069</u>	<u>215,649,101</u>
Non-current liabilities			
Retirement and other service benefits		10,305,068	9,930,755
Lease liabilities		5,372,192	5,842,539
Deferred income - Government grant		100,000	100,000
Other payable		719,061	674,319
		<u>16,496,321</u>	<u>16,547,613</u>
Current liabilities			
Trade and other payables	13	338,866,967	493,810,208
Short-term borrowings		272,282,069	155,845,542
Accrued interest / mark-up		6,002,733	1,029,501
Provisions		639,414	639,413
Current portion of lease liabilities		1,225,297	794,440
Taxation - net		7,686,800	13,659,984
Unclaimed dividend		1,579,714	1,478,519
		<u>628,282,994</u>	<u>667,257,607</u>
TOTAL LIABILITIES		<u>644,779,315</u>	<u>683,805,220</u>
TOTAL EQUITY AND LIABILITIES		<u>852,315,384</u>	<u>899,454,321</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

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

For the six months and quarter ended December 31, 2022

	Six months ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----			
Gross Sales	1,816,888,074	1,116,937,725	887,328,690	580,252,438
Less:				
- Sales tax	(106,281,721)	(119,547,747)	(42,952,946)	(49,154,879)
- Inland freight equalization margin	(5,342,368)	(15,417,120)	(1,375,757)	(8,348,468)
	(111,624,089)	(134,964,867)	(44,328,703)	(57,503,347)
Net sales	1,705,263,985	981,972,858	842,999,987	522,749,091
Cost of products sold	(1,693,702,577)	(933,256,674)	(838,158,714)	(496,086,495)
Gross profit	11,561,408	48,716,184	4,841,273	26,662,596
Other income	15 9,606,983	10,707,393	3,157,974	8,921,212
Operating costs				
Distribution and marketing expenses	(5,954,830)	(6,007,891)	(2,956,425)	(2,960,560)
Administrative expenses	(2,798,593)	(1,533,815)	(1,716,313)	(625,577)
(Provision) / reversal of impairment on financial assets - net	(267,107)	114,778	(57,101)	331,042
Other expenses	(35,807)	(3,658,565)	271,924	(2,305,106)
	(9,056,337)	(11,085,493)	(4,457,915)	(5,560,201)
Profit from operations	12,112,054	48,338,084	3,541,332	30,023,607
Finance costs	16 (12,460,186)	(1,410,194)	(7,664,681)	(784,458)
Share of profit of associates - net of tax	474,218	260,431	241,916	147,047
Profit / (loss) before taxation	126,086	47,188,321	(3,881,433)	29,386,196
Taxation				
- current	(8,465,884)	(14,910,842)	(4,040,432)	(8,938,521)
- prior	695,868	(67,852)	695,868	(67,852)
- deferred	4,282,832	(20,711)	2,667,058	(184,573)
	(3,487,184)	(14,999,405)	(677,506)	(9,190,946)
(Loss) / profit for the period	(3,361,098)	32,188,916	(4,558,939)	20,195,250
	----- (Rupees) -----			
(Loss) / earnings per share basic & diluted	17 (7.16)	68.56	(9.71)	43.02

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

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

For the six months and quarter ended December 31, 2022

	Six months ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note	(Rupees in '000)			
(Loss) / profit for the period	(3,361,098)	32,188,916	(4,558,939)	20,195,250
Other comprehensive loss:				
Items that will not be subsequently reclassified to statement of profit or loss:				
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	(5,721)	(38)	(6,125)	(38)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI) 9.1.1	(76,834)	(989,224)	(186,415)	(1,200,566)
Taxation thereon	25,355	215,156	61,517	261,123
Other comprehensive loss	(51,479)	(774,068)	(124,898)	(939,443)
Total comprehensive (loss) / income for the period	(3,418,298)	31,414,810	(4,689,962)	19,255,769

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

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

For the six months period ended December 31, 2022

	Share capital	Reserves					Sub-total	Total
		Capital Reserves		Revenue Reserves				
		Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	PSO venture capital fund	Un-appropriated profit		
(Rupees in '000)								
Balance as at July 01, 2021 (Audited)	4,694,734	3,373	5,485,817	25,282,373	-	104,511,905	135,283,468	139,978,202
Total comprehensive income for six months period ended								
Profit for the period	-	-	-	-	-	32,188,916	32,188,916	32,188,916
Other comprehensive income								
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(38)	(38)	(38)
Unrealized loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(774,068)	-	-	-	(774,068)	(774,068)
	-	-	(774,068)	-	-	(38)	(774,106)	(774,106)
Transactions with the owners:								
Final dividend for the year ended June 30, 2021 at Rs. 10 per share						(4,694,734)	(4,694,734)	(4,694,734)
Balance as at December 31, 2021	4,694,734	3,373	4,711,749	25,282,373	-	132,006,049	162,003,544	166,698,278
Balance as at July 01, 2022 (Audited)	4,694,734	3,373	2,240,544	25,282,373	1,478,551	181,949,526	210,954,367	215,649,101
Total comprehensive income for six months period ended								
Loss for the period	-	-	-	-	-	(3,361,098)	(3,361,098)	(3,361,098)
Other comprehensive income								
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(5,721)	(5,721)	(5,721)
Unrealized loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(51,479)	-	-	-	(51,479)	(51,479)
	-	-	(51,479)	-	-	(5,721)	(57,200)	(57,200)
Transactions with the owners:								
Final dividend for the year ended June 30, 2022 at Rs. 10 per share	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Balance as at December 31, 2022	4,694,734	3,373	2,189,065	25,282,373	1,478,551	173,887,973	202,841,335	207,536,069

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

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

For the six months period ended December 31, 2022

	Note	Six months ended	
		December 31, 2022	December 31, 2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	18	(96,472,126)	(92,353,339)
Long-term loans, advances and other receivables		(334,595)	89,283
Long-term deposits		(427,324)	922
Taxes paid		(13,743,200)	(7,685,377)
Finance costs paid		(7,131,915)	(785,323)
Retirement and other service benefits paid		(476,430)	(37,036)
Net cash used in operating activities		(118,585,590)	(100,770,870)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,951,389)	(1,405,677)
Proceeds from disposal of operating assets		58,424	18,040
Dividend received		555,839	384,142
Net cash used in investing activities		(1,337,126)	(1,003,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings - net		97,911,338	94,453,171
Lease rentals paid		(623,560)	(361,942)
Dividends paid		(4,593,539)	(4,672,053)
Net cash generated from financing activities		92,694,239	89,419,176
Net decrease in cash and cash equivalents		(27,228,477)	(12,355,189)
Cash and cash equivalents at beginning of the period		12,060,789	(5,916,574)
Cash and cash equivalents at end of the period	19	(15,167,688)	(18,271,763)

The annexed notes 1 to 25 form an integral part of these condensed unconsolidated interim financial statements.



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

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

For the six months period ended December 31, 2022

1. Legal status and nature of business

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

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

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

2. Basis of Preparation

2.1 Statement of compliance

These condensed unconsolidated interim financial statements of the Company for the six months period ended December 31, 2022 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 under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed unconsolidated interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2022. These condensed unconsolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3 These condensed unconsolidated interim financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. The condensed consolidated interim financial statements are presented separately.

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

For the six months period ended December 31, 2022

- 2.4 The figures of the condensed unconsolidated interim financial statement of profit or loss and condensed unconsolidated interim financial statements of comprehensive income for the quarters ended 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 period ended December 31, 2022.
- 2.5 The Securities and Exchange Commission of Pakistan (SECP) through letter no. SMD/PRDD/Comp/(4)/2021/310 dated September 15, 2022 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till June 30, 2023, provided that the company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these condensed unconsolidated interim financial statements based on the exemption granted from SECP in this respect.
- 2.6 In connection to note 2.7 of the annual unconsolidated financial statements as at and for the year ended June 30, 2022, the Honorable Supreme Court of Pakistan in its short order dated October 22, 2020, in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance Division's letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. As at December 31, 2022, the Company awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.
- 2.7 These condensed unconsolidated interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

3. Use of Estimates and Judgements

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2022.

4. Significant Accounting Policies

- 4.1 The accounting policies and method of computation adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2022.

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

For the six months period ended December 31, 2022

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

5. New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these condensed unconsolidated interim financial statements.

6. Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

	Effective date
- Amendments to IAS 01 - Classification of liabilities as current or non-current	January 1, 2024
- Amendments to IAS 01 - Non-current Liabilities with Covenants	January 1, 2024
- Amendments to IAS 01 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	January 1, 2023
- Amendments to IAS 08 - Definition of Accounting Estimates	January 1, 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	January 1, 2024
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2023

7. Property, plant and equipment

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)
	----- (Rupees in '000) -----			
Freehold land	345,038	-	-	-
Buildings on freehold land	12,942	68,976	2,778	-
Buildings on leasehold land	18,023	145,416	557	-
Tanks and pipelines	837,393	1,848,634	46	-
Service and filling stations	203,565	213,239	705	359
Plant and machinery	327,218	183,795	212	-
Furniture and fittings	12,770	9,580	97	-
Vehicles and other rolling stock	107,930	132,376	32	2,497
Office equipments	84,287	39,717	8	-
Gas cylinders / regulators	16,780	5,665	-	-
	<u>1,965,946</u>	<u>2,647,398</u>	<u>4,435</u>	<u>2,856</u>

- 7.2 The above disposals represented assets costing Rs. 435,345 thousand (December 31, 2021: Rs. 117,508 thousand) and were disposed off for Rs. 58,277 thousand (December 31, 2021: Rs. 18,040 thousand).

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

For the six months period ended December 31, 2022

7.3 As at December 31, 2022, operating assets includes net book value of Rs. 867,196 thousand (June 30, 2022: Rs. 802,259 thousand) in respect of Company's share in joint operations.

7.4 As at December 31, 2022, capital work-in-progress includes amount of Rs. 73,459 thousand (June 30, 2022: Rs. 175,668 thousand) in respect of Company's share in joint operations.

8. Right-of-use assets

During the period, the Company recognised right of use asset comprising mainly land amounting to Rs. 103,975 thousand (December 31, 2021: Rs. 105,826 thousand) and modification amounting to Rs. 125,060 thousand (December 31, 2021: Rs. 27,513 thousand). Further, right-of-use having net book value of Nil (December 31, 2021: Rs. 141 thousand) have been disposed off due to the extinguishment of lease during the period.

9. Long-term investments

	Un-audited December 31, 2022	Audited June 30, 2022
	Note -----(Rupees in '000)-----	
Investment in related parties		
Investment held at fair value through other comprehensive income (FVOCI)		
Unquoted company		
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (June 30, 2022: 12%) No. of shares: 8,640,000 (June 30, 2022: 8,640,000) of Rs. 100/- each	9.1 4,131,260	4,208,094
Investment in subsidiary - at cost		
Quoted company		
- Pakistan Refinery Limited (PRL) Equity held 63.56% (June 30, 2022: 63.56%) No. of shares: 400,459,028 (June 30, 2022: 400,459,028) of Rs. 10/- each	4,890,680	4,890,680
Investment in associates		
Unquoted companies		
- Asia Petroleum Limited Equity held: 49% (June 30, 2022: 49%) No. of shares : 46,058,570 (June 30, 2022: 46,058,570) of Rs. 10/- each	3,654,443	3,413,175
- Pak Grease Manufacturing Company (Private) Limited Equity held: 22% (June 30, 2022: 22%) No. of shares : 686,192 (June 30, 2022: 686,192) of Rs. 10/- each	41,734	44,801
	3,696,177	3,457,976
	12,718,117	12,556,750

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

For the six months period ended December 31, 2022

- 9.1 The Company has carried out an exercise to ascertain the fair value of investment as at December 31, 2022 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited December 31, 2022	Audited June 30, 2022
- Discount rate	19.54%- 20.04%	19.85% - 21.08%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised loss (net of tax) of Rs. 51,479 thousand (December 31, 2021: unrealised loss - net of tax of Rs. 774,068 thousand) in other comprehensive income for the period.

9.1.1 Movement of investment classified as FVOCI

	Un-audited December 31, 2022	Audited June 30, 2022
------(Rupees in '000)-----		
Balance at beginning of the period / year	4,208,094	7,874,629
Remeasurement loss recognised in other comprehensive income	(76,834)	(3,666,535)
Balance at the end of the period / year	<u>4,131,260</u>	<u>4,208,094</u>

9.1.2 Sensitivity to unobservable inputs:

	Un-audited December 31, 2022	Audited June 30, 2022
------(Rupees in '000)-----		
- Discount rate (1% increase)	(19,010)	(19,214)
- Discount rate (1% decrease)	19,693	19,945
- Growth rate of terminal value (1% increase)	137,898	124,485
- Growth rate of terminal value (1% decrease)	(118,935)	(107,718)

9.2 Cerisma (Private) Limited

A wholly owned subsidiary named Cerisma (Private) Limited (Cerisma) was incorporated on September 29, 2022 as private limited company.

The principal activity of Cerisma is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at December 31, 2022, the Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for Cerisma is Sindh, Pakistan.

9.3 PSO Renewable Energy (Private) Limited

A wholly owned subsidiary named PSO Renewable Energy (Private) Limited (PRE) was incorporated on December 2, 2022 as private limited company.

The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at December 31, 2022, the Company has subscribed to 999,999 shares of PRE.

The principal place of business for PRE is Sindh, Pakistan.

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

For the six months period ended December 31, 2022

10. Stock-in-Trade

As at December 31, 2022, stock has been written down by Rs. 698,285 thousand (June 30, 2022:Rs. Nil) to arrive at its net realisable values.

11. Trade debts

Note	Un-audited December 31, 2022	Audited June 30, 2022
------(Rupees in '000)-----		
Considered good		
<i>Due from Government agencies and autonomous bodies</i>		
- Secured	11.1 470,163	13,825
- Unsecured	11.2 & 11.3 427,400,134	378,441,890
	427,870,297	378,455,715
<i>Due from other customers</i>		
- Secured	11.1 3,463,833	3,439,676
- Unsecured	11.2 & 11.3 37,373,596	49,046,198
	40,837,429	52,485,874
	468,707,726	430,941,589
Considered doubtful		
Trade debts - gross	471,749,494	433,679,044
Less: Provision for impairment	11.5 (3,041,768)	(2,737,455)
Trade debts - net	468,707,726	430,941,589

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

11.2 Includes Rs. 440,108,236 thousand (June 30, 2022: Rs. 388,500,783 thousand) due from related parties, against which provision for impairment of Rs. 786,390 thousand (June 30, 2022: Rs. 863,485 thousand) has been recognised.

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

Name	Past due		Total	
	Un-audited December 31, 2022	Audited June 30, 2022	Un-audited December 31, 2022	Audited June 30, 2022
Northern Power Generation Company Limited	69,285,743	69,076,058	69,285,743	69,076,058
Central Power Purchasing Company	2,636,254	5,229,441	2,636,254	5,229,441
Hub Power Company Limited	18,158,818	13,451,137	18,158,818	13,451,137
Sui Northern Gas Pipelines Company Limited	271,555,926	226,093,429	333,622,686	285,403,136
	361,636,741	313,850,065	423,703,501	373,159,772
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	361,289,766	313,503,090	423,356,526	372,812,797

The Company did not consider the remaining aggregate past due balance of Rs. 361,289,766 thousand (June 30, 2022: Rs. 313,503,089 thousand) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

11.4 As at December 31, 2022 trade debts aggregating Rs. 86,477,159 thousand (June 30, 2022: Rs. 121,323,239 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 382,230,567 thousand (June 30, 2022: Rs.309,618,350 thousand) are past due but not impaired.

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

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

For the six months period ended December 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
11.5 The movement in provision during the period / year is as follows:	------(Rupees in '000)-----	
Balance at beginning of the period / year	2,737,455	3,437,488
Provision recognised during the period / year	399,668	183,668
Reversal of provision made during the period / year	(95,355)	(883,701)
	304,313	(700,033)
Balance at the end of the period / year	<u>3,041,768</u>	<u>2,737,455</u>

12. Other receivables

12.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 16 to the annual audited unconsolidated financial statements for the year ended June 30, 2022:

	Un-audited December 31, 2022	Audited June 30, 2022
Price differential claims (PDC):	------(Rupees in '000)-----	
- on imports of Motor Gasoline - (net of related liabilities)	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GENCO receivables	3,407,357	3,407,357
	<u>9,297,419</u>	<u>9,297,419</u>

12.2 Includes receivable of Rs. 41,822,640 thousand (June 30, 2022: Rs. 50,297,182 thousand) due from associates and related parties.

12.3 As at December 31, 2022, receivables aggregating to Rs. 9,026,966 thousand (June 30, 2022: Rs. 9,028,322 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

	Un-audited December 31, 2022	Audited June 30, 2022
	------(Rupees in '000)-----	
Balance at beginning of the period / year	9,028,322	3,224,101
Provision recognised during the period / year	13,359	5,884,044
Reversal of provision during the period / year	(14,715)	(79,823)
	(1,356)	5,804,221
Balance at the end of the period / year	<u>9,026,966</u>	<u>9,028,322</u>

12.4 As at December 31, 2022, net unfavorable amount of foreign exchange difference of Rs. 14,316,834 thousand (June 30, 2022: net unfavorable exchange difference of Rs. 27,755,497 thousand) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of

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

For the six months period ended December 31, 2022

exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings. The Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

13. Trade and other payables

Includes Rs. 102,878,608 thousand (June 30, 2022: Rs. 88,599,095 thousand) due to various related parties.

14. Contingencies and commitments

14.1 Contingencies

There is no significant change in the status of contingencies as disclosed in notes 29.1.1 to 29.1.4 to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2022 other than as mentioned in the below notes.

14.1.1 Income tax

14.1.1.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951 thousand. These orders were later rectified and amended to Rs. 831,811 thousand. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Company except one point on which the Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of tax Year 2006 and 2007 which were mostly in favour of the Company. The Company obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand was reduced to Rs. 484,459 thousand. During the period, the Company has obtained the appeal effect of ATIR order from taxation authorities for the tax year 2007 after which demand is further reduced to Rs. 435,732 thousand. For remaining issues of the tax Year 2007, an appeal against the order has been filed before CIR(A). Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.1.2 The Additional Commissioner Inland Revenue through his order dated June 28, 2022 made certain additions and disallowances in respect of tax Year 2021 and raised tax demand of Rs. 3,014,870 thousand. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) on July 26, 2022. During the period, taxation authorities have further amended the aforesaid order to Rs. 3,520,201 thousand by including WWF demand. The Company is in process of filing appeal before CIR(A). Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.1.3 The ACIR through his order dated June 30, 2021 for tax Year 2015 raised tax demand of Rs. 45,304 thousand in respect of alleged short deduction of withholding tax on payments made to various vendors. The Company filed an appeal before Commissioner Inland Revenue (Appeals) on July 27, 2021, who has remanded the case back to the assessing officer.

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

For the six months period ended December 31, 2022

14.1.1.4 The DCIR through his order dated November 11, 2022 for Tax Year 2017 raised tax demand of Rs. 93,553 thousand in respect of alleged short deduction of withholding tax on payments made to various vendors. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on December 02, 2022. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.2 Sales tax

14.1.2.1 During the period, the Company received Order from Balochistan Revenue Authority passed by the Commissioner (operation) raising sales tax demand of Rs. 57,473 thousand on the premise that the Company has made short payment on account of withholding sales tax made against invoices of various service providers. Against the Order of Commissioner (Operations), the Company has filed appeal before Appellate Tribunal, Balochistan Revenue Authority which has been admitted for regular hearing in due course. Based on the views of the tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Company. Hence, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.2.2 During the period, the sales tax audit for tax periods from July 2020 to June 2021 under Section 25 of Sales Tax Act, 1990 was concluded by tax authorities which culminated into Assessment order raising sales tax demand aggregating to Rs.9.76 billion in relation to various issues. Against the Order, the Company filed appeal before the Commissioner (Appeals) who, struck down the demand of Rs. 4 billion, out of total sales tax demand as raised in the Assessment Order, whereas remaining demand was remanded back to the officer for reexamination and reverification of the case. After such verification, the officer of Inland revenue passed another Assessment Order to give the effect of remand back proceedings raising sales tax demand of Rs.1.03 billion alongwith levies of default surcharge and penalties. The Company through its tax advisor is in the process of filing of appeal before Commissioner (Appeal) against the Assessment Order. Based on the views of the tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Company. Hence, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.3 Other Legal Claims

14.1.3.1 As at December 31, 2022 certain legal cases amounting to Rs. 8,202,668 thousand (June 30, 2022: Rs. 8,095,050 thousand) have been filed against the Company. However, based on advice of legal advisors of the Company, the management believes that the outcome of these cases would be decided in Company's favor. Accordingly, no provision has been made in these condensed unconsolidated interim financial statements.

14.1.3.2 Claims against the Company not acknowledged as debts amounting to Rs. 9,421,044 thousand (June 30, 2022: Rs. 8,373,253 thousand).

14.1.3.3 The Company's share in associates' contingencies in respect of various tax and legal matters as at December 31, 2022 is Rs. 1,200,155 thousand (June 30, 2022: Rs. 1,200,167 thousand).

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

For the six months period ended December 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	------(Rupees in '000)-----	
14.2 Commitments		
14.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	1,353,410	5,278,901
- Intangibles	16,451	175,441
	<u>1,369,861</u>	<u>5,454,342</u>
14.2.2 Letters of credit	<u>48,039,719</u>	<u>240,933,416</u>
14.2.3 Bank guarantees	<u>2,879,979</u>	<u>1,922,186</u>
14.2.4 Standby Letters of credit	<u>165,749,270</u>	<u>80,255,458</u>
14.2.5 Post - dated cheques	<u>-</u>	<u>46,126,631</u>
14.2.6 The Company's share in associates' commitments as at December 31, 2022 is Rs. 4,174 thousand (June 30, 2022: Rs. 537 thousand)		

15. Other income

Mainly includes late payment income received from customers.

16. Finance costs

Includes mark-up on short-term borrowings amounting to Rs. 11,694,510 thousand (December 31, 2021: Rs. 798,870 thousand).

17. (Loss) / earnings per share

	Un-audited Six months ended		Un-audited Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in '000)-----			
17.1 Basic				
(Loss) / profit for the period attributable to ordinary shareholders	<u>(3,361,098)</u>	32,188,916	<u>(4,558,939)</u>	20,195,250
	------(Number of Shares)-----			
Weighted average number of ordinary shares outstanding during the period (number of shares)	<u>469,473,302</u>	469,473,302	<u>469,473,302</u>	469,473,302
	------(Rupees in '000)-----			
(Loss) / earnings per share - basic and diluted	<u>(7.16)</u>	68.56	<u>(9.71)</u>	43.02

17.2 Diluted

There is no dilutive effect on the basic earnings per share of the Company as there are no convertible ordinary shares in issue as at December 31, 2022 and December 31, 2021.

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

For the six months period ended December 31, 2022

	Un-audited	
	Six months ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----	
18. Cash generated from operations		
Profit before taxation	126,086	47,188,321
Depreciation and amortisation	1,483,802	1,011,762
Provision / (Reversal) of impairment on trade debts - net	304,313	(386,438)
(Reversal) / Provision of impairment on other receivables - net	(1,356)	271,660
Provision for impairment against stores, spares and loose tools	25,685	21,810
Provision for retirement and other services benefits	850,743	563,609
Gain on disposal of operating assets & intangibles	(53,989)	(15,184)
Share of profit from associates - net of tax	(474,218)	(260,431)
Dividend income from FVOCI investment	(325,546)	(384,142)
Interest on lease payments	355,039	358,554
Finance costs	12,105,147	1,051,640
	14,269,620	2,232,840
Working capital changes	18.1 (110,867,832)	(141,774,500)
	(96,472,126)	(92,353,339)
18.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(83,846)	65,763
- Stock-in-trade	69,620,275	(83,976,090)
- Trade debts	(38,070,450)	(76,567,019)
- Loans and advances	206,951	(2,434)
- Deposits and short-term prepayments	(104,666)	(110,882)
- Other receivables	12,462,404	(9,519,902)
(Decrease) / Increase in current liabilities:		
- Trade and other payables	(154,898,500)	28,336,064
	(110,867,832)	(141,774,500)
19. Cash and cash equivalents		
Cash and cash equivalents comprises of the following items in these condensed unconsolidated interim statement of financial position:		
	Un-audited	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
Cash and bank balances	5,215,927	3,530,874
Short-term borrowings (finances under mark-up arrangements)	(20,383,615)	(21,802,637)
	(15,167,688)	(18,271,763)
20. Fair value of financial assets and liabilities		
The Company's financial risk management policies and objectives are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2022.		

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

For the six months period ended December 31, 2022

These condensed unconsolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual audited unconsolidated financial statements for the year ended June 30, 2022.

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

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

As at December 31, 2022, except for the Company's investment in PAPCO, none of the financial instruments is carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 9.1 of these condensed unconsolidated interim financial statements.

21. Transactions and Balances with related parties

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

Name of the related party and relationship with the company	Nature of Transactions	Un-audited Six months ended	
		December 31, 2022	December 31, 2021
------(Rupees in '000)-----			
Subsidiary			
- Pakistan Refinery Limited	Purchases	71,815,040	42,652,615
	Income facility charges	323	602
Associates			
- Asia Petroleum Limited	Income facility charges	18,185	28,122
	Pipeline charges	108,994	338,813
	Dividend received	230,293	-
- Pak Grease Manufacturing Company (Private) Limited	Purchases	47,604	49,015

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

For the six months period ended December 31, 2022

		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	194,834	72,419
	Contributions made	213,700	-
- Gratuity Fund	Charge for the period	289,372	124,011
	Contributions made	219,750	-
- Provident Funds	Charge / contribution for the period	98,464	103,495
- Pension Funds (Defined Contribution)	Charge / contribution for the period	110,836	108,355
Key management personnel*			
	Managerial remuneration	284,090	229,666
	Charge / contribution for the period	8,362	4,757
Non-executive Directors			
	Remuneration and fees	10,875	9,000

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

21.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Company's issued share capital and is entitled to appoint members of the Board of Management (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of disclosures in respect of related parties.

The Company has availed the exemption available to it under IAS 24, and therefore has not provided detailed disclosures of its transactions with GoP related entities except for transactions stated below, which the Company considers to be significant:

		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
- Government of Pakistan	Dividend paid	1,055,041	1,055,041
- PSOCL Employees Empowerment	Dividend paid to the trust	142,636	142,636
- Board of Management	Contribution towards expenses of BoM	11,254	9,276
- Pak Arab Pipeline Company Limited	Pipeline charges	3,715,613	2,389,241
	Dividend received	325,546	384,142
- Sui Northern Gas Pipelines Limited	Gross sales	540,738,375	280,711,558
- Water and Power Development Authority (WAPDA)	Utility Charges	93,262	60,807
- Northern Power Generation Company Limited	Gross sales	3,497,651	3,249,285

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

For the six months period ended December 31, 2022

		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
- Jamshoro Power Company Limited	Gross sales	2,262,162	5,357,917
- WAPDA Foundation	Gross sales	1,277,646	728,284
- Central Power Purchasing Agency	Gross sales	4,078,733.84	2,688,933
- Pakistan International Airlines Corporation Limited	Gross sales	26,854,254	8,679,861
	Purchases	2,626	2,762
- Pakistan Petroleum Limited	Gross sales	45,979	268,894
- Pak Arab Refinery Limited	Purchases	284,584,365	162,905,446
	Pipeline charges	802,033	302,317
- K-Electric Limited	Gross sales	73,016,970	28,814,274
	Income facility charges	30,463	15,692
- National Bank of Pakistan	Finance cost and bank charges	1,382,918	186,996

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

- (i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.
- (ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Company incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.
- (vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.
- (vii) The Company sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.
- (viii) The Company has obtained various financing facilities from National Bank of Pakistan.

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

For the six months period ended December 31, 2022

(ix) The Company also pays dividend to various GoP related entities who are shareholders of the Company.

- 21.3 Inventory of the Company held by related parties as at December 31, 2022 amounting to Rs. 103,930,402 thousand (June 30, 2022: Rs. 98,477,951 thousand).
- 21.4 Short term borrowings includes Rs. 41,025,078 thousand (June 30, 2022: Rs. 25,757,814 thousand) under finances obtained from National Bank of Pakistan.
- 21.5 The status of outstanding receivables and payables from / to related parties as at December 31, 2022 are included in respective notes to these condensed unconsolidated interim financial statements.
- 21.6 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

22. Operating segments	Un-audited Six months ended	
	December 31, 2022	December 31, 2021
22.1 Segment wise revenues and profit is as under:	------(Rupees in '000)-----	
Revenue - net sales		
Petroleum Products	1,237,868,000	739,722,004
Liquefied Natural Gas (LNG)	464,526,000	239,924,880
Others	2,869,985	2,325,974
	<u>1,705,263,985</u>	<u>981,972,858</u>
(Loss) / profit for the period		
Petroleum Products	(3,556,000)	28,778,916
Liquefied Natural Gas (LNG)	(3,170,000)	1,670,000
Others	3,364,902	1,740,000
	<u>(3,361,098)</u>	<u>32,188,916</u>

- 22.2 Timing of revenue recognition is at a point in time.
- 22.3 Out of total sales of the Company, 99.8% (December 31, 2021: 99.6%) relates to customers in Pakistan.
- 22.4 All non-current assets of the Company as at December 31, 2022 and 2021 are located in Pakistan and Bangladesh. Sales to five major customers of the Company are approximately 37% during the six month period ended December 31, 2022 (December 31, 2021: 34%).
- 22.5 Out of total gross sales of the Company, sales for the six month period ended December 31, 2022, amounting to Rs. 588,923,367 thousand (December 31, 2021: Rs. 350,489,400 thousand), relates to circular debt customers.

23. Events after the reporting date

The Board of Management in its meeting held on February 17, 2023 has proposed an interim cash dividend of Rs. Nil (December 31, 2021: Nil) amounting to Rs. Nil (December 31, 2021: Nil) for the year ending June 30, 2023.

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

For the six months period ended December 31, 2022

24. General

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

25. Date of authorisation for issue

These condensed unconsolidated interim financial statements were approved and authorised for issue on February 17, 2023 by the Board of Management.



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	------(Rupees in '000)-----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	40,431,393	38,965,563
Right-of-use assets	8	6,373,263	6,604,904
Intangibles		212,707	259,292
Long-term investments	9	7,873,907	7,716,340
Long-term loans, advances and other receivables		676,032	343,234
Long-term deposits		786,043	358,719
Deferred tax asset - net		22,152,262	17,719,521
Retirement benefits		32,534	32,584
		78,538,141	72,000,157
Current assets			
Stores, spares, chemicals and loose tools		2,033,158	1,358,052
Stock-in-trade	10	291,776,239	362,469,390
Trade debts	11	469,167,983	433,138,291
Loans and advances		537,920	662,454
Short-term deposits and prepayments		787,132	532,309
Other receivables	12	48,975,624	59,068,727
Investments		23,007,884	-
Cash and bank balances		10,389,694	37,457,819
		846,675,634	894,687,042
Net assets in Bangladesh		-	-
TOTAL ASSETS		925,213,775	966,687,199
EQUITY AND LIABILITIES			
Equity			
Share capital		4,694,734	4,694,734
Reserves		209,851,094	215,787,009
Equity attributable to the owners of the Holding Company		214,545,828	220,481,743
Non-controlling interest		8,109,725	6,861,546
		222,655,553	227,343,289
Non-current liabilities			
Retirement and other service benefits		10,843,431	10,517,504
Lease liabilities		5,513,552	5,984,284
Deferred income - Government grant		100,000	100,000
Other payable		719,061	674,319
		17,176,044	17,276,107
Current liabilities			
Trade and other payables	13	372,447,890	528,453,924
Short-term borrowings		294,299,079	174,746,786
Accrued interest / mark-up		6,323,588	1,142,121
Provisions		639,414	639,413
Current portion of lease liabilities		1,234,618	821,228
Taxation - net		8,838,022	14,765,959
Unclaimed dividend		1,599,567	1,498,372
		685,382,178	722,067,803
TOTAL LIABILITIES		702,558,222	739,343,910
TOTAL EQUITY AND LIABILITIES		925,213,775	966,687,199

CONTINGENCIES AND COMMITMENTS

14

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

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

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

For the six months and quarter ended December 31, 2022

	Note	Six months ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----					
Net sales	15	1,775,218,332	998,774,433	874,551,044	529,193,805
Cost of products sold		(1,759,307,972)	(948,609,524)	(866,775,354)	(501,464,604)
Gross profit		15,910,360	50,164,909	7,775,690	27,729,201
Other income	16	11,325,503	10,757,185	4,166,064	8,954,161
Operating costs					
Distribution and marketing expenses		(6,139,765)	(6,368,038)	(3,128,051)	(3,241,625)
Administrative expenses		(3,215,904)	(1,811,056)	(1,919,863)	(773,797)
(Provision for) / reversal of impairment on financial assets - net		(267,107)	114,778	(57,101)	331,042
Other expenses		(147,869)	(3,736,604)	257,560	(2,345,519)
		<u>(9,770,645)</u>	<u>(11,800,920)</u>	<u>(4,847,455)</u>	<u>(6,029,899)</u>
Profit from operations		17,465,218	49,121,174	7,094,299	30,653,463
Finance costs	17	(13,756,861)	(2,208,317)	(8,328,927)	(1,129,700)
Share of profit of associates - net of tax		470,417	258,845	238,403	145,461
Profit / (loss) before taxation		4,178,774	47,171,702	(996,225)	29,669,224
Taxation					
- current		(9,217,830)	(15,223,554)	(4,357,210)	(9,068,133)
- prior		695,868	(67,852)	695,868	(67,852)
- deferred		4,407,386	40,314	2,574,371	(150,414)
		<u>(4,114,576)</u>	<u>(15,251,092)</u>	<u>(1,086,971)</u>	<u>(9,286,399)</u>
Profit / (loss) for the period		64,198	31,920,610	(2,083,196)	20,382,825
(Loss) / profit attributable to:					
Owners of the Holding Company		(1,183,981)	32,018,381	(2,928,812)	20,314,472
Non-controlling interest		1,248,179	(97,771)	845,616	68,353
		<u>64,198</u>	<u>31,920,610</u>	<u>(2,083,196)</u>	<u>20,382,825</u>
----- (Rupees in '000) -----					
(Loss) / earnings per share - basic and diluted	18	(2.52)	68.20	(6.24)	43.27

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



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

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

For the six months and quarter ended December 31, 2022

	Six months ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000)			
Profit / (loss) for the period	64,198	31,920,610	(2,083,196)	20,382,825
Other comprehensive loss:				
Items that will not be subsequently reclassified to statement of profit or loss:				
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	(5,721)	(38)	(6,125)	(38)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	9.1.1 (76,834)	(989,224)	(186,415)	(1,200,566)
Taxation thereon	25,355	215,156	61,517	261,123
	(51,479)	(774,068)	(124,898)	(939,443)
Other comprehensive loss	(57,200)	(774,106)	(131,023)	(939,481)
Total comprehensive income / (loss) for the period	6,998	31,146,504	(2,214,218)	19,443,344
(Loss) / profit attributable to:				
Owners of the Holding Company	(1,241,181)	31,244,275	(3,059,835)	19,374,991
Non-controlling interest	1,248,179	(97,771)	845,616	68,353
	6,998	31,146,504	(2,214,218)	19,443,344

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



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Chief Financial Officer

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

For the six months ended December 31, 2022

	Reserves								Total	
	Share capital	Capital Reserves			Revenue Reserves					Non-controlling interest (NCI)
		Surplus on vesting of net assets	Special Reserve	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	PSO venture capital fund	Un-appropriated profit	Sub-total		
(Rupees in '000)										
Balance as at July 01, 2021 (Audited)	4,694,734	3,373	837,156	5,485,817	25,282,373	-	103,918,603	135,527,322	2,150,881	142,372,937
Total comprehensive income for six months period ended										
Profit / (Loss) for the period	-	-	-	-	-	-	32,018,381	32,018,381	(97,771)	31,920,610
Other comprehensive loss										
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	-	(38)	(38)	-	(38)
Unrealized loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	(774,068)	-	-	-	(774,068)	-	(774,068)
				(774,068)			(38)	(774,106)		(774,106)
Transactions with the owners:										
Final dividend for the year ended June 30, 2021 at Rs. 10 per share	-	-	-	-	-	-	(4,694,734)	(4,694,734)	-	(4,694,734)
Balance as at December 31, 2021	4,694,734	3,373	837,156	4,711,749	25,282,373	-	131,242,212	162,076,863	2,053,110	168,824,707
Balance as at July 01, 2022 (Audited)	4,694,734	3,373	8,460,221	2,240,544	25,282,373	1,478,551	178,321,947	215,787,009	6,861,546	227,343,289
Total comprehensive income for six months period ended										
(Loss) / profit for the period	-	-	-	-	-	-	(1,183,981)	(1,183,981)	1,248,179	64,198
Other comprehensive loss										
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	-	(5,721)	(5,721)	-	(5,721)
Unrealized loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	(51,479)	-	-	-	(51,479)	-	(51,479)
	-	-	-	(51,479)	-	-	(5,721)	(57,200)	-	(57,200)
Transactions with the owners:										
Final dividend for the year ended June 30, 2022 at Rs. 10 per share	-	-	-	-	-	-	(4,694,734)	(4,694,734)	-	(4,694,734)
Balance as at December 31, 2022	4,694,734	3,373	8,460,221	2,189,065	25,282,373	1,478,551	172,437,511	209,851,094	8,109,725	222,635,553

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

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

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

For the six months period ended December 31, 2022

	Six months ended	
	December 31, 2022	December 31, 2021
	Note -----(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	19 (93,013,794)	(95,827,516)
Long-term loans, advances and other receivables	(332,798)	87,595
Long-term deposits and prepayments	(427,324)	922
Taxes paid	(14,449,899)	(8,067,768)
Finance costs paid	(8,210,636)	(1,593,174)
Retirement and other service benefits paid	(611,870)	(97,682)
Net cash used in operating activities	(117,046,321)	(105,497,623)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(3,206,900)	(1,519,156)
Proceeds from disposal of operating assets	60,393	20,043
Interest received	1,269,124	12,244
Dividends received	555,839	384,142
Net cash used in investing activities	(1,321,544)	(1,102,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) / proceeds from long term loans - net	(700,000)	800,000
Repayment of salary refinancing - net	(70,522)	(36,248)
Proceeds from short-term borrowings - net	101,813,335	101,228,248
Lease payments	(651,130)	(387,515)
Dividends paid	(4,593,539)	(4,672,052)
Net cash generated from financing activities	95,798,144	96,932,433
Net decrease in cash and cash equivalents	(22,569,721)	(9,667,917)
Cash and cash equivalents at beginning of the period	35,583,684	(11,379,998)
Cash and cash equivalents at end of the period	20 13,013,963	(21,047,915)

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

Syed Muhammad Taha
Managing Director & CEO

Tara Uzra Dawood
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

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

For the six months period ended December 31, 2022

1. Group legal status and nature of business

The Group consist of Pakistan State Oil Company Limited ("the Holding Company") and and its subsidiaries namely Pakistan Refinery Limited ("the Subsidiary Company"), Cerisma (Private) Limited & PSO Renewable Energy (Private) Limited. Brief Profile of the Holding and subsidiaries is given below:

1.1 Pakistan State Oil Company Limited

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

1.1.2 The business units of the Holding Company include the following:

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

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

1.2 Pakistan Refinery Limited

1.2.1 The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. As on December 31, 2022, the Holding Company controls 63.56% (June 30, 2022: 63.56%) shares of the Subsidiary Company.

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

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Kemari, Karachi.

1.3 Cerisma (Private) Limited

A wholly owned subsidiary named Cerisma (Private) Limited (Cerisma) was incorporated on September 29, 2022 as private limited company.

The principal activity of Cerisma is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at December 31, 2022, the Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for Cerisma is Sindh, Pakistan.

1.4 PSO Renewable Energy (Private) Limited

A wholly owned subsidiary named PSO Renewable Energy (Private) Limited (PRE) was incorporated on December 2, 2022 as private limited company.

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

For the six months period ended December 31, 2022

The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at December 31, 2022, the Company has subscribed to 999,999 shares of PRE.

The principal place of business for PRE is Sindh, Pakistan.

2. Basis of Preparation

2.1. Statement of compliance

These condensed consolidated interim financial statements of the Group for the six months period ended December 31, 2022 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;
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended June 30, 2022. These condensed consolidated interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3 These financial statements denote the condensed consolidated interim financial statements of the Group. Condensed unconsolidated interim financial statements of Pakistan State Oil Company Limited & Pakistan Refinery Limited have been presented separately. The separate financial statements of Cerisma & PRE are yet to be published.
- 2.4 The Securities and Exchange Commission of Pakistan (SECP) through letter no. SMD/PRDD/Comp/(4)/2021/310 dated September 15, 2022 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till June 30, 2023, provided that the Holding Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Holding Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these condensed consolidated interim financial statements based on the exemption granted from SECP in this respect.
- 2.5 These condensed consolidated interim financial statements are presented in Pakistan Rupee which is also the Group's functional currency.

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

For the six months period ended December 31, 2022

3. Use Of Estimates and Judgements

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

The significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2022.

4. Significant Accounting Policies

4.1 The accounting policies and method of computation adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of the Group's annual audited financial statements for the year ended June 30, 2022.

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

5. New or Amendments / Interpretations to Existing Standards, Interpretations And Forthcoming Requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2022 but are considered not to be relevant or do not have any significant effect on the Group's financial positions and are therefore not stated in these condensed consolidated interim financial statements.

6. Standards, Amendments And Interpretations to Accounting And Reporting Standards That Are Not Yet Effective

The above amendments are not likely to have an impact on the Groups' condensed consolidated interim financial statements.

	Effective date
- Amendments to IAS 01 - Classification of liabilities as current or non-current	January 1, 2024
- Amendments to IAS 01 - Non-current Liabilities with Covenants	January 1, 2024
- Amendments to IAS 01 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	January 1, 2023
- Amendments to IAS 08 - Definition of Accounting Estimates	January 1, 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	January 1, 2024
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2023

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

For the six months period ended December 31, 2022

7. Property, Plant And Equipment

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2022 (Un-audited)	December 31, 2021	December 31, 2022 (Un-audited)	December 31, 2021
	------(Rupees in '000)-----			
Freehold land	345,038	-	-	-
Buildings on freehold land	12,942	68,976	2,778	-
Buildings on leasehold land	18,023	216,310	557	-
Tanks and pipelines	837,393	1,848,634	46	-
Service and filling stations	203,565	213,239	705	359
Plant and machinery	363,583	274,263	212	-
Furniture and fittings	12,770	9,580	97	-
Vehicles and other rolling stock	170,203	139,091	1,690	4,500
Office equipments	92,456	40,812	8	-
Gas cylinders / regulators	16,780	5,665	-	-
	2,072,753	2,816,570	6,093	4,859

7.2 The above disposals represented assets costing Rs. 451,159 thousand (December 31, 2021: Rs. 121,621 thousand) and were disposed off for Rs. 60,246 thousand (December 31, 2021: Rs. 20,043 thousand).

7.3 As at December 31, 2022, operating assets includes net book value of Rs. 867,196 thousand (June 30, 2022: Rs. 802,259 thousand) in respect of the Holding Company's share in joint operations.

7.4 As at December 31, 2022, capital work-in-progress includes amount of Rs. 73,459 thousand (June 30, 2022: Rs. 175,668 thousand) in respect of the Holding Company's share in joint operations.

8. Right-of-use Assets

During the period, the Group recognised right of use asset comprising mainly land amounting to Rs. 103,975 thousand (December 31, 2021: Rs. 105,826 thousand) and modification amounting to Rs. 125,060 thousand (December 31, 2021: Rs. 27,513 thousand). Further, right-of-use having net book value of Nil (December 31, 2021: Rs. 141 thousand) have been disposed off due to the extinguishment of lease during the period.

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9. Long-term Investments

	Un-audited December 31, 2022	Audited June 30, 2022
Note	------(Rupees in '000)-----	
Investment in related parties		
Investment held at fair value through other comprehensive income		
Unquoted company		
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (June 30, 2022: 12%) No. of shares: 8,640,000 (June 30, 2022: 8,640,000) of Rs. 100/- each 9.1	4,131,260	4,208,094
Investment in associates		
Unquoted companies		
- Asia Petroleum Limited Equity held: 49% (June 30, 2022: 49%) No. of shares: 46,058,570 (June 30, 2022: 46,058,570) of Rs. 10/- each	3,654,443	3,413,175
- Pak Grease Manufacturing Company (Private) Limited Equity held: 49.26% (June 30, 2022: 49.26%) No. of shares: 1,536,593 (June 30, 2022: 1,536,593) of Rs. 10/- each	88,204	95,071
	<u>3,742,647</u>	<u>3,508,246</u>
	<u>7,873,907</u>	<u>7,716,340</u>

- 9.1 The Holding Company has carried out an exercise to ascertain the fair value of investment as at December 31, 2022 using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	Un-audited December 31, 2022	Audited June 30, 2022
- Discount rate	19.54% - 20.04%	19.85% - 21.08%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Holding Company has recorded an unrealised loss (net of tax) of Rs. 51,479 thousand (December 31, 2021: unrealised loss - net of tax of Rs. 774,068 thousand) in other comprehensive income for the period.

9.1.1 Movement of investment classified as FVOCI

	Un-audited December 31, 2022	Audited June 30, 2022
	------(Rupees in '000)-----	
Balance at beginning of the period / year	4,208,094	7,874,629
Remeasurement loss recognised in other comprehensive loss	(76,834)	(3,666,535)
Balance at the end of the period / year	<u>4,131,260</u>	<u>4,208,094</u>

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	Un-audited December 31, 2022	Audited June 30, 2022
9.1.2 Sensitivity to unobservable inputs:	------(Rupees in '000)-----	
- Discount rate (1% increase)	(19,010)	(19,214)
- Discount rate (1% decrease)	19,693	19,945
- Growth rate of terminal value (1% increase)	137,898	124,485
- Growth rate of terminal value (1% decrease)	(118,935)	(107,718)

10. Stock-in-Trade

As at December 31, 2022, stock has been written down by Rs. 1,157,215 thousand (June 30, 2022:Rs. Nil) to arrive at its net realisable values.

	Un-audited December 31, 2022	Audited June 30, 2022
11. Trade Debts	------(Rupees in '000)-----	
Considered good		
<i>Due from Government agencies and autonomous bodies</i>		
- Secured 11.1	470,163	13,825
- Unsecured 11.2 & 11.3	427,400,134	378,441,890
	427,870,298	378,455,715
<i>Due from other customers</i>		
- Secured 11.1	3,463,833	3,439,676
- Unsecured 11.2 & 11.3	37,833,852	51,242,900
	41,297,685	54,682,576
Considered doubtful	3,176,660	2,872,347
Trade debts - gross	472,344,643	436,010,638
Less: Provision for impairment 11.5	(3,176,660)	(2,872,347)
Trade debts - net	469,167,983	433,138,291

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

11.2 Includes Rs. 440,108,236 thousand (June 30, 2022: Rs. 388,500,784 thousand) due from related parties, against which provision for impairment of Rs. 786,390 thousand (June 30, 2022: Rs. 863,485 thousand) has been recognised.

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

Name	Past due		Total	
	Un-audited December 31, 2022	Audited June 30, 2022	Un-audited December 31, 2022	Audited June 30, 2022
Northern Power Generation Company Limited	69,285,743	69,076,058	69,285,743	69,076,058
Central Power Purchasing Company	2,636,254	5,229,441	2,636,254	5,229,441
Hub Power Company Limited	18,158,818	13,451,137	18,158,818	13,451,137
Sui Northern Gas Pipelines Company Limited	271,555,926	226,093,429	333,622,686	285,403,136
	361,636,741	313,850,065	423,703,501	373,159,772
Provision for impairment	(346,975)	(346,975)	(346,975)	(346,975)
	361,289,766	313,503,090	423,356,526	372,812,797

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

For the six months period ended December 31, 2022

The Group did not consider the remaining aggregate past due balance of Rs. 361,289,766 thousand (June 30, 2022: Rs. 313,503,089 thousand) as doubtful, as the Group based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

- 11.4 As at December 31, 2022 trade debts aggregating Rs. 86,848,306 thousand (June 30, 2022: Rs. 123,288,952 thousand) are neither past due nor impaired. The remaining trade debt aggregating to Rs. 382,319,677 thousand (June 30, 2022: Rs. 309,849,339 thousand) are past due but not impaired.

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

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

	Un-audited December 31, 2022	Audited June 30, 2022
	------(Rupees in '000)-----	
Balance at beginning of the period / year	2,872,347	3,572,380
Provision recognised during the period / year	399,668	183,668
Reversal of provision made during the period / year	(95,355)	(883,701)
	<u>304,313</u>	<u>(700,033)</u>
Balance at the end of the period / year	<u>3,176,660</u>	<u>2,872,347</u>

12. Other Receivables

- 12.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 17 to the consolidated annual audited financial statements for the year ended June 30, 2022:

	Un-audited December 31, 2022	Audited June 30, 2022
	------(Rupees in '000)-----	
Price differential claims (PDC):		
- on imports of Motor Gasoline - (net of related liabilities)	1,350,961	1,350,961
- on High Speed Diesel	602,603	602,603
- on Ethanol E-10 fuel	27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	3,908,581	3,908,581
- GENCO receivables	3,407,357	3,407,357
	<u>9,297,419</u>	<u>9,297,419</u>

- 12.2 Includes receivable of Rs. 45,740,545 thousand (June 30, 2022: Rs. 52,726,599 thousand) due from associates and related parties.

- 12.3 As at December 31, 2022, receivables aggregating to Rs. 9,026,966 thousand (June 30, 2022: Rs. 9,028,322 thousand) were deemed to be impaired and hence have been provided for. The movement of provision for impairment is as follows:

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	Un-audited December 31, 2022 ------(Rupees in '000)-----	Audited June 30, 2022
Balance at beginning of the period / year	9,028,322	3,224,101
Provision recognised during the period / year	13,359	5,884,044
Reversal of provision during the period / year	(14,715)	(79,823)
	(1,356)	5,804,221
Balance at the end of the period / year	<u>9,026,966</u>	<u>9,028,322</u>

- 12.4** As at December 31, 2022 net unfavourable amount of foreign exchange difference of Rs.18,234,734 thousand (June 30, 2022: net unfavourable exchange difference of Rs. 29,774,693 thousand) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings. The Group is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

13. Trade And Other Payables

Includes Rs. 99,640,324 thousand (June 30, 2022: Rs. 73,005,093 thousand) due to various related parties.

14. Contingencies And Commitments

14.1 Contingencies

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

14.1.1 Late Payment Surcharge

Claims against amounting to Rs. 1,660,000 thousand (June 30, 2022: Rs. 1,450,000 thousand) in respect of delayed payment charges have not been recognized on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

14.1.2 Income tax

- 14.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951 thousand. These orders were later rectified and amended to Rs. 831,811 thousand. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of tax Year 2005 which was in favour of

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the Holding Company except one point on which the Holding Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of tax years 2006 and 2007 which were mostly in favour of the Holding Company. The Holding Company obtained the effect of ATIR order from taxation authorities for tax years 2005 and 2006 after which demand was reduced to Rs. 484,459 thousand. During the period, the Company has obtained the appeal effect of ATIR order from taxation authorities for tax year 2007 after which demand is further reduced to Rs. 435,732 thousand. For remaining issues of the tax Year 2007, an appeal against the order has been filed before CIR(A). Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

14.1.2.2 The Additional Commissioner Inland Revenue through his order dated June 28, 2022 made certain additions and disallowances in respect of tax Year 2021 and raised tax demand of Rs. 3,014,870 thousand. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) on July 26, 2022. During the period, taxation authorities has further amended the aforesaid order to Rs.3,520,201 thousand by including WWF demand. The Holding Company is in process of filing appeal before CIR(A). Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

14.1.2.3 The ACIR through his order dated June 30, 2021 for tax Year 2015 raised tax demand of Rs. 45,304 thousand in respect of alleged short deduction of withholding tax on payments made to various vendors. The Holding Company filed an appeal before Commissioner Inland Revenue (Appeals) on July 27, 2021, who has remanded the case back to the assessing officer.

14.1.2.4 The DCIR through his order dated November 11, 2022 for tax Year 2017 raised tax demand of Rs. 93,553 thousand in respect of alleged short deduction of withholding tax on payments made to various vendors. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) on December 02, 2022. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

14.1.3 Sales tax

14.1.3.1 During the period, the Holding Company received order from Balochistan Revenue Authority passed by the Commissioner (Operation) raising sales tax demand of Rs. 57,473 thousand on the premise that the Holding Company has made short payment on account of withholding sales tax made against invoices of various service providers. Against the Order of Commissioner (Operations), the Holding Company has filed appeal before Appellate Tribunal, Balochistan Revenue Authority which has been admitted for regular hearing in due course. Based on the views of the tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Holding Company. Hence, no provision has been made in these condensed consolidated interim financial statements.

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14.1.3.2 During the period, the sales tax audit for tax periods from July 2020 to June 2021 under Section 25 of Sales Tax Act, 1990 was concluded by tax authorities which culminated into Assessment Order raising sales tax demand aggregating to Rs.9.76 billion in relation to various issues. Against the Order, the Holding Company filed appeal before the Commissioner (Appeals) who, struck down the demand of Rs. 4 billion, out of total sales tax demand as raised in the Assessment Order, whereas remaining demand was remanded back to the officer for reexamination and reverification of the case. After such verification, the officer of Inland revenue passed another Assessment Order to give the effect of remand back proceedings raising sales tax demand of Rs.1.03 billion along with levies of default surcharge and penalties. The Holding Company through its tax advisor is in the process of filing of appeal before Commissioner (Appeals) against the Assessment Order. Based on the views of the tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Holding Company. Hence, no provision has been made in these condensed consolidated interim financial statements.

14.1.3.3 There is no significant change in the status of contingencies as disclosed in notes 32.1.1 to 32.1.4 to the annual audited consolidated financial statements of the Group for the year ended June 30, 2022 other than as mentioned in the above notes.

14.1.4 Other Legal Claims

14.1.4.1 As at December 31, 2022 certain legal cases amounting to Rs. 8,432,668 thousand (June 30, 2022: Rs. 8,325,050 thousand) filed against the Group. However, based on advice of legal advisors of the Group, the management believes that the outcome of these cases would be decided in Group's favour. Accordingly, no provision has been made in these condensed consolidated interim financial statements.

14.1.4.2 Claims against the Group not acknowledged as debts amount to Rs. 9,421,044 thousand (June 30, 2022: Rs. 8,373,253 thousand) other than as mentioned in note 14.1.1 above.

14.1.4.3 The Group's share in associates' contingencies in respect of various tax and legal matters as at December 31, 2022 is Rs. 1,204,002 thousand (June 30, 2022: Rs. 1,204,029 thousand).

14.2 Commitments

	Un-audited December 31, 2022	Audited June 30, 2022
	----- (Rupees in '000) -----	
14.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	6,203,410	10,508,901
- Intangibles	16,451	175,441
	<u>6,219,861</u>	<u>10,684,342</u>
14.2.2 Letters of credit	<u>86,211,719</u>	<u>240,933,416</u>
14.2.3 Bank guarantees	<u>3,003,979</u>	<u>2,046,816</u>
14.2.4 Standby Letters of credit	<u>165,749,270</u>	<u>80,255,458</u>
14.2.5 Post - dated cheques	<u>-</u>	<u>46,126,631</u>

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14.2.6 The Group's share in associates' commitments as at December 31, 2022 is Rs. 9,346 thousand (June 30, 2022: Rs. 1,204 thousand).

15. Net Sales

	Un-audited Six months ended		Un-audited Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in '000)-----			
Gross Sales	1,914,025,513	1,147,948,878	932,175,321	592,113,855
- Sales tax	(110,533,575)	(127,643,026)	(44,152,307)	(51,534,141)
- Excise duty and petroleum levy	(9,849,503)	(2,287,157)	(6,283,076)	(1,430,267)
- Surplus price differential	(8,290,861)	(1,750,251)	(3,644,418)	(756,671)
- Custom duty	(4,790,874)	(2,076,891)	(2,168,719)	(850,503)
- Inland freight Equalization Margin (IFEM)	(5,342,368)	(15,417,120)	(1,375,757)	(8,348,468)
	(138,807,181)	(149,174,445)	(57,624,277)	(62,920,050)
Net Sales	1,775,218,332	998,774,433	874,551,044	529,193,805

16. Other Income

Includes delayed payment income received from various customers.

17. Finance Costs

Includes mark-up on short-term borrowings amounting to Rs. 12,977,721 thousand (December 31, 2021: 1,337,094 thousand).

18. (Loss) / earnings Per Share

	Un-audited Six months ended		Un-audited Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in '000)-----			
18.1 Basic				
(Loss) / profit for the period attributable to the owners of the Holding Company	(1,183,981)	32,018,381	(2,928,812)	20,314,472
Weighted average number of ordinary shares in issue during the period (number of shares)	469,473,302	469,473,302	469,473,302	469,473,302
	------(Rupees)-----			
(Loss) / earnings per share - basic and diluted	(2.52)	68.20	(6.24)	43.27

18.2 Diluted

There is no dilutive effect on the basic earnings per share of the Holding Company as there are no convertible potential ordinary shares in issue as at December 31, 2022 and December 31, 2021.

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	Un-audited Six months ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----	
19. Cash Generated From Operations		
Profit before taxation	4,178,774	47,171,702
Depreciation and Amortisation	2,242,239	1,791,212
Provision for impairment / (reversal of provision) on trade debts - net	304,313	(386,438)
(Reversal of provision) / provision for other receivables - net	(1,356)	271,660
Provision for stores, spares and loose tools	25,685	24,301
Provision for retirement and other services benefits	937,847	624,641
Gain disposal of operating assets	(54,298)	(15,184)
Profit on deposits	(1,164,672)	(12,244)
Share of profit from associates - net of tax	(470,417)	(258,845)
Dividend income from FVOCI investment	(325,546)	(384,142)
Interest on lease payments	364,758	368,718
Finance costs	13,392,103	1,839,599
	15,250,656	3,863,278
Working capital changes	19.1 (112,443,224)	(146,862,496)
	(93,013,794)	(95,827,516)
19.1 Working capital changes		
<i>(Increase) / decrease in current assets:</i>		
- Stores, spares and loose tools	(700,791)	17,113
- Stock-in-trade	70,693,151	(86,623,865)
- Trade debts	(36,334,005)	(74,637,059)
- Loans and advances	124,534	11,280
- Deposits and short-term prepayments	(254,823)	(229,153)
- Other receivables	9,990,002	(9,465,515)
<i>(Decrease) / Increase in current liabilities:</i>		
- Trade and other payables	(155,961,292)	24,064,703
	(112,443,224)	(146,862,496)

20. Cash And Cash Equivalents

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

	Un-audited Six months ended	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
Investments	23,007,884	-
Cash and bank balances	10,389,694	3,279,805
Short-term borrowings (finances under mark-up arrangements)	(20,383,615)	(24,327,720)
	13,013,963	(21,047,915)

21. Fair Value Of Financial Assets And Liabilities

The Group's financial risk management policies and objectives are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2022.

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These condensed consolidated interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2022. There have been no change in any risk management policies since the year end.

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

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

As at December 31, 2022, except for the Holding Company's investment in PAPCO, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 9.1 of these condensed consolidated interim financial statements.

22. Transactions With Related Parties

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

Name of the related party and relationship with the Group	Nature of Transactions	Un-audited Six months ended	
		December 31, 2022	December 31, 2021
------(Rupees in '000)-----			
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	47,604	49,015
- Asia Petroleum Limited	Income facility charges	18,185	28,122
	Pipeline charges	108,994	338,813
	Dividend received	230,293	-
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	269,564	124,219
	Contribution made	336,817	52,406
- Gratuity Fund	Charge for the period	301,745	133,244
	Contribution made	232,123	8,815
- Provident Funds	Charge / Contribution for the period	148,759	165,119

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		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
- Pension Funds (Defined Contribution)	Charge / Contribution for the period	110,836	108,355
Key management personnel	Managerial remuneration	381,975	310,578
	Provident Fund Charge / Contribution for the period	14,963	10,525
Non-executive Directors	Remuneration and fees	20,065	26,320

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

22.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of disclosures in respect of related parties.

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

		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
- Federal Government of Pakistan	Dividend paid	1,055,041	1,055,041
- Holding Company's Employees Empowerment Scheme	Dividend paid to the trust	142,636	142,636
- Board of Management	Contribution towards expenses of BoM	11,254	9,276
- Pak Arab Pipeline Company Limited	Pipeline charges	3,715,613	2,389,241
	Dividend received	325,546	384,142
- Sui Northern Gas Pipelines Limited	Gross sales	540,738,375	280,711,558
- Northern Power Generation Company Limited	Gross sales	3,497,651	3,249,285
- Jamshoro Power Company Limited	Gross sales	2,262,162	5,357,917
- Water and Power Development Authority	Utility charges	93,262	60,807
- WAPDA Foundation	Gross sales	1,277,646	728,284
- Pakistan International Airlines Corporation Limited	Gross sales	26,854,254	8,679,861
	Purchases	2,626	2,762

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For the six months period ended December 31, 2022

		Un-audited Six months ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
- Government Holdings (Pvt) Limited	Purchases	1,612,540	1,145,618
- Pak Arab Refinery Limited	Purchases	287,837,710	162,905,446
	Pipeline charges	802,033	302,317
	Other expenses	17,013	16,729
- Oil and Gas Development Company Limited	Purchases	6,260,149	4,173,162
-Pakistan Petroleum Limited	Gross sales	45,979	268,894
- K-Electric Limited	Gross sales	73,016,970	28,814,274
	Income facility charges	30,463	15,692
- National Bank of Pakistan	Finance cost and bank charges	2,175,687	186,996

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

- (i) The Group sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.
- (ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in the capacity of withholding Agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Group incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Group utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Group also uses pipeline of Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.
- (vi) The Group obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.
- (vii) The Group sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.
- (viii) The Group has obtained various financing facilities from National Bank of Pakistan.
- (ix) The Group also pays dividend to various government related entities who are shareholders of the Group.

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

For the six months period ended December 31, 2022

- 22.3** Inventory of the Holding Company held by related parties as at December 31, 2022 amounting to Rs. 103,930,402 thousand (June 30, 2022: Rs. 98,477,951 thousand).
- 22.4** Short term borrowings includes Rs. 41,025,078 thousand (June 30, 2022: Rs. 25,757,814 thousand) under finances obtained from National Bank of Pakistan.
- 22.5** The status of outstanding receivables and payables from / to related parties as at December 31, 2022 are included in respective notes to these condensed consolidated interim financial statements.
- 22.6** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

23. Operating segments

- 23.1 Segment wise revenues and profit is as under:

	Un-audited	
	Six months ended	
	December 31, 2022	December 31, 2021
	------(Rupees in '000)-----	
Revenue - net sales		
Petroleum Products	1,237,868,000	739,722,004
Liquefied Natural Gas (LNG)	464,526,000	239,924,880
Refining operations	69,954,347	16,801,575
Others	2,869,985	2,325,974
	<u>1,775,218,332</u>	<u>998,774,433</u>
Profit / (loss) for the period		
Petroleum Products	(3,556,000)	28,778,916
Liquefied Natural Gas (LNG)	(3,170,000)	1,670,000
Refining operations	3,425,296	(268,306)
Others	3,364,902	1,740,000
	<u>64,198</u>	<u>31,920,610</u>

- 23.2** Timing of revenue recognition is at a point in time.
- 23.3** Out of total sales of the Group, 99.8% (December 31, 2021: 99.8%) relates to customers in Pakistan.
- 23.4** All non-current assets of the Group as at December 31, 2022 and 2021 are located in Pakistan and Bangladesh. Sales to five major customers of the Group are approximately 36% during the six months period ended December 31, 2021 (December 31, 2021: 33%).
- 23.5** Out of total gross sales of the Group, sales for the six month period ended December 31, 2022, amounting to Rs. 588,923,367 thousand (December 31, 2021: Rs 350,489,400 thousand), relates to circular debt customers.

24. Events after the reporting date

The Board of Management of the Holding Company in its meeting held on February 17, 2023 has proposed an interim cash dividend of Rs. Nil (December 31, 2021: Nil) amounting to Rs. Nil (December 31, 2021: Nil) for the year ending June 30, 2023.

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

For the six months period ended December 31, 2022

25. General

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

26. Date of authorisation for issue

These condensed consolidated interim financial statements were approved and authorised for issue on February 17, 2023 by the Board of Management of the Holding Company.



Syed Muhammad Taha
Managing Director & CEO



Tara Uzra Dawood
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

مقابلے میں 180 فیصد تک بڑھ چکے ہیں، نتیجتاً مالیاتی لاگت میں بھی نمایاں اضافہ ہوا ہے۔ اس مسئلے کے حل کیلئے جس سے پی ایس او سے غیر ضروری مالیاتی بوجھ کم کیا جاسکے، حکومت کے ساتھ مختلف آپشنز پر غور کیا جا رہا ہے۔


اس عرصے کے دوران، پی ایس او گنجائش اور انحصار کو بڑھانے کیلئے انفراسٹرکچر کے فروغ میں مسلسل سرمایہ کاری کر رہی ہے، جس کی بدولت 4 ہزار ٹن کی موجودہ اسٹوریج یعنی ذخیرے کو کامیابی سے بحال کیا جا رہا ہے۔ ہماری سپلائی چین کو مزید مستحکم کرنے کی غرض سے 104 ہزار ٹن کی گنجائش والے ذخیرہ گاہوں کو بحال کیا جا رہا ہے اور 90 ہزار ٹن کے نئے اسٹوریججز زیر تعمیر ہیں۔


آپ کی کمپنی، انتہائی جدید ٹیکنالوجی کی مدد سے اپنی عملی سرگرمیوں کو مسلسل منظم کر رہی ہے تاکہ انہیں زیادہ موثر اور مستعد و کارآمد بنا دیا جائے۔ پی ایس او کی ڈیجیٹل ٹرانسفارمیشن اسٹریٹیجی اس کے سپلائی چین کے ایک سرے سے دوسرے سرے تک کے ڈیجیٹل احاطے، نگرانی اور کنٹرول پر مکمل دسترس رکھتی ہے۔ اس عرصے میں پی ایس او نے بڑی کامیابی سے دو ڈومینلز - ماسٹریک اور سہالا، کو اپنے مرکزی کمانڈ اینڈ کنٹرول سسٹم کے 600 ریٹیل آؤٹ لیٹس کے ساتھ شامل کر چکی ہے۔ ٹینک لاریز کیلئے خود کار قطار بندی کے نظم کاری سسٹم کو 3 مقامات پر نافذ بھی کر دیا گیا ہے۔

کمپنی نے اس عرصے کے دوران، کارپوریٹ سوشل ریسپانسیٹی کے اقدامات کی مدد میں 78.5 ملین روپے کے عطیات دیے۔ مشکل گھڑی میں اپنے ہم وطنوں کے ساتھ کھڑے رہتے ہوئے، پی ایس او نے قدرتی آفات سے متاثر ہوجانے والوں کو امدادی - ملک میں سیلاب زدگان کیلئے جاری امدادی سرگرمیوں میں 39.6 ملین روپے خرچ کیے۔ سماجی تعمیر اور معاشرتی ترقی پر 33 ملین روپے، تعلیم تک رسائی اور بہتری پر 3.7 ملین روپے، اور نگہداشتِ صحت اور فلاحی ورفائی اقدامات پر 2.2 ملین روپے خرچ کیے۔

ہم کمپنی کی مالیاتی کارکردگی کو بہتر بنانے کیلئے پُر عزم ہیں اور اس کیلئے ہماری جدوجہد جاری رہے گی۔ اپنی متحرک کاروباری حکمت عملی اور کارکردگی، بڑھتے منافع جات اور بہتر ہوتے ہوئے معاشی اشاریوں (انڈیکسز) کے ساتھ، ہم بقیہ مالی سال میں ایک عمدہ معیاری کاروباری کارکردگی کی فراہمی کی توقع رکھتے ہیں۔

ہم اپنے شیئر ہولڈرز، کسٹمرز، بزنس پارٹنرز اور ملازمین کا اُن کے مسلسل تعاون اور کمپنی پر کامل بھروسہ رکھنے کیلئے تہہ دل سے شکر یہ ادا کرتے ہیں، اور امید کرتے ہیں کہ ہم سب مل کر اس کمپنی کو نئی بلندیوں تک لے جائیں گے۔ ہم حکومت پاکستان اور خاص طور پر وزارت توانائی (پیٹرولیم ڈویژن) کا بھی اُن کی رہنمائی اور اعتماد کیلئے شکر یہ ادا کرتے ہیں۔


ظفر آئی عثمانی
 چیئر مین - بورڈ آف مینجمنٹ


سید محمد طہ
 ہیڈنگ ڈائریکٹر اور سی ای او

17 فروری 2023ء، کراچی

شیر ہولڈرز کیلئے رپورٹ

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (پی ایس او) کا بورڈ آف ڈائریکٹرز سال 2022-23ء کی 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے حوالے سے مالی گوشواروں کے ساتھ کمپنی اور گروپ کی کارکردگی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

یہ مالی سال عالمی اور ملکی دونوں محاذوں پر کافی پریشان کن اور غیر یقینی رہا ہے۔ عالمی معیشتوں کو بلند افراط زر اور ترقی معکوس کا سامنا رہا ہے۔ سال 2023ء کیلئے عالمی شرح نمو کا منظر نامہ تنزیل کی طرف گامزن رہا ہے کیوں کہ افراط زر کو قابو کرنے کیلئے اقدامات کے سلسلے میں مرکزی بینکس کو سخت اقدامات اٹھانے پڑے۔ پاکستان سب سے زیادہ متاثر ہونے والے ممالک میں شامل ہے جسے بڑے بڑے اقتصادی چیلنجز جیسے بلند افراط زر کی نظم کاری کیلئے جدوجہد کرنی پڑی ہے، جس کی وجہ سے شرح نمو میں سست روی اور اس کی لینڈ رسال میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کو گراؤ کا سامنا رہا۔ لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) مسلسل سکڑتی رہی، گزشتہ سال کی اسی مدت کے مقابلے میں ایل ایس ایم شعبے کی مجموعی پیداوار میں تقریباً 4 فیصد کمی دیکھنے میں آئی۔ گزشتہ سال کی اسی مدت کے مقابلے میں گاڑیوں کی فروخت 34 فیصد تک کم ہوئی۔

پٹرولیم کی صنعت نے بھی تمام مصنوعات کے استعمال میں ایک واضح کمی دیکھی، جس کی بنیادی وجوہات میں تباہ کن سیلاب، معاشی سرگرمیوں کا انحطاط اور افرادی حقیقی قوت خرید میں نمایاں کمی ہونا شامل تھے۔ اس عرصے کے دوران، وہائٹ آئل میں صنعتی حجم 18.5 فیصد تک کم ہو گیا۔ موٹر گیٹولین 15.7 فیصد اور ڈیزل 24.1 فیصد تک گر گیا۔ جبکہ اسی دوران بلیک آئل کے حجم میں 26.7 فیصد کمی ہوئی جس کی وجہ ملک کے اندر فرانس آئل کے ذریعے بجلی کی پیداوار میں کمی تھی۔

ان تمام مسائل کے باوجود، آپ کی کمپنی بدستور مستحکم رہی اور اس نے ملک کی وہائٹ آئل مارکیٹ میں اپنی قیادت برقرار رکھی۔ پی ایس او نے گزشتہ سال کی اسی مدت کے مقابلے میں وہائٹ آئل مارکیٹ شیئر میں 3.1 فیصد کا اضافہ گویا صنعتی حجم کا تقریباً 50.7 فیصد حصہ فروخت کیا۔ اس میں سب سے بڑا حصہ ڈیزل کا رہا، جس میں کمپنی نے اپنے مارکیٹ شیئر میں 6.5 فیصد تک کا اضافہ کیا اور اس کا اختتام 55.3 فیصد مارکیٹ شیئر پر ہوا۔

اس عرصے میں، بین الاقوامی تیل کی منڈیوں میں قیمتیں 33 فیصد تک کم ہو گئیں (یعنی یکم جولائی 2022ء کے مطابق 121.5 ڈالر فی بیرل سے بمطابق 31 دسمبر 2022ء بریٹنٹ خام تیل کی قیمتیں 81.3 ڈالر فی بیرل) اور گزشتہ سال کی اسی مدت کے مقابلے میں پی ایس او کے قرضے کی لاگت میں تقریباً 850 بنیادی پوائنٹس کا اضافہ ہو گیا، جس سے کمپنی کی مالیاتی کارکردگی بری طرح متاثر ہوئی۔

زیر جائزہ عرصے کے دوران بین الاقوامی منڈی میں تیل کی قیمتوں میں کمی اور سود کی شرحوں میں اضافے کی وجہ سے، کمپنی کو 3.4 بلین روپے کا خالص نقصان ہوا جس کے نتیجے میں فی شیئر -7.16 روپے کا نقصان ہوا۔ مجموعی طور پر گروپ کو اس مدت کے دوران 1.2 بلین روپے کا نقصان ہوا ہے جس کا نتیجہ فی شیئر -2.52 روپے کے نقصان کی صورت میں ظاہر ہوا ہے۔

گردشی قرضے کا بحران بھی ایک مستقل سنجیدہ مسئلہ ہے۔ 31 دسمبر 2021ء سے ایس این جی پی ایل کی طرف سے قابل وصول 90 فیصد تک بڑھ گئے ہیں۔ ان چیلنجز کی وجہ سے، کمپنی کے اوسط قرضہ جات گزشتہ سال کی اسی مدت کے

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