



POWERING THE FUTURE

SHELL PAKISTAN LIMITED | HALF YEARLY REPORT JUNE 2020

COMPANY INFORMATION

BOARD OF DIRECTORS

Rafi H. Basheer (Chairperson)
Haroon Rashid
Parvez Ghias
Zaffar Khan
Madiha Khalid
Naz Khan
Imran Ibrahim
John King Chong Lo
Waqar Siddiqui
Badaruddin F. Vellani
Faisal Waheed

CHIEF EXECUTIVE

Haroon Rashid

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Zaffar Khan (Chairperson)
Parvez Ghias
Waqar Siddiqui
Haroon Rashid

COMPANY SECRETARY

Lalarukh Hussain – Shaikh

REGISTERED OFFICE

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

AUDITORS

EY Ford Rhodes

LEGAL ADVISORS

Vellani & Vellani
Advocates & Solicitors

REGISTRAR & SHARE REGISTRATION OFFICE

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

DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED JUNE 30, 2020

Dear Shareholders,

The Directors of your Company present the financial statements for the half year ended June 30, 2020.

The first half of the year has been greatly affected by the unprecedented coronavirus pandemic. The pandemic led to a global economic downturn resulting in crude oil prices sharply declining from \$66/barrel in January 2020 to a new low of approx. \$19/barrel in April 2020 and closing at \$41/barrel in June 2020, a decrease of 38 per cent during the six-month period. This sharp decrease in the oil prices resulted in exceptionally high inventory losses of approximately Rs. 5,974 million during the first half of 2020 which in turn significantly impacted the Company's financial performance.

The oil industry also felt the impact of the declining fuels market in Pakistan owing to the nationwide lockdown measures enforced by the Government including countrywide closure of non-essential businesses, factories and public transport. The OMCs in Pakistan experienced a reduction in oil consumption as Pakistan's Motor Gasoline volumes fell by 7% in the first six months of 2020 with a decrease of over 36% in April 2020 alone as compared to the same period last year, while High Speed Diesel volumes fell by 9% in the first half of 2020 with a decrease of over 16% in April 2020 as compared to 2019. Furthermore, the half year was also impacted by uncontrollable structural pricing issues following the COVID-19 demand reduction which resulted in unplanned supply costs. The declining volumes trend and uncontrollable supply costs have significantly impacted your Company's financial performance.

Over the course of the six months, the Pak Rupee devalued against the US dollar by a further 8.5%. Being part of an import dependent industry where a large percentage of our costs and payables are denominated in foreign currency, this devaluation had an impact on our cost base and, in turn, on our financial performance.

The loss for the half year ended June 30, 2020 after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

Loss before taxation	Rupees in Million
Taxation	(8,108)
Loss for the half year ended June 30, 2020	<u>235</u>
	<u>(7,873)</u>
Loss per share – basic and diluted	Rupees
	<u>(73.62)</u>

Appropriations and movement in reserves have been disclosed in the condensed interim Statement of Changes in Equity on page 11 of the condensed interim financial statements.

Your Company continues to be at the forefront of the industry in Pakistan in ensuring safe operations across the business. Your Company's transport fleet is fully compliant with the Oil and Gas Regulatory Authority (OGRA) standards. Your Company also continues its relentless focus on ensuring safety at all its sites by inculcating a culture of safety through ongoing engagements, drills, and workshops with staff, business partners, and industry partners; whereby playing an industry leading role in terms of safety advocacy.

Lubricants

Lubricants continues to deliver value for your Company's overall business. In tough economic times and a declining lubricant market, your Company has managed to deliver exceptional performance in the first two month of the year with significant growth in volumes by over 9% compared to the previous year and increase in premium penetration.

The COVID crises and country wide lockdown has severely impacted business in March and April, however with the ease in lockdown restrictions and as markets resume, business has come back strongly and sales volume have picked up. We have tapped into new channels to serve Agri customers and ensured no Agri volume is lost during the pandemic crises. In addition, new customers have also been won on the B2B front which include business with Pakistan Navy. In light of the change in energy mix in the country (from natural gas to furnace oil) we have successfully managed to retain captive engine power volume.

On the cost front, strict cash preservation actions have been taken and marketing expenses have been reduced to only essential campaigns/promotions to support volume delivery.

As a community support initiative Shell Helix Disinfection & Safety Drive for Traders – The Shell Pakistan Helix team took a pre-emptive measure to disinfect Branded Independent Workshops. Led by teams with WHO approved equipment and safety gear, they conducted disinfection at stores. Spanning to 26 lubricant marketing clusters, across 5 cities, the intended benefit of the drive was not only to provide a safer, cleaner environment, but also educate the traders and end consumers about COVID19 safety SOPs. The drive was supplemented with point of sale material placed on the counter as well as outside the outlet for maximizing awareness.

Retail

Your Company took various initiatives to provide best-in-class customer value proposition and an outstanding customer experience, especially in the turbulent times brought on by the pandemic, with the country going into lockdown. Your Company's Operations responded swiftly by launching a training video and a COVID-19 checklist for our Retail site network to generate awareness and safeguarding well-being of the site staff, equipping them to keep sites clean and ensuring customer safety.

For our local law enforcement agencies, medical staff and Captains of our Road Transport network, free sanitizer and snacks were distributed at our convenience stores. To show solidarity with the country's frontline, Your Company has given free fuel vouchers for Aga Khan University Hospital (AKUH) and the National Disaster Management Authority.

In continuation of efforts towards keeping the forecourt staff and customers safe, your Company entered a collaboration with Unilever's antibacterial soap brand Lifebuoy. This helped raise hand wash awareness across various Shell Retail Stations via installation of electronic hand washing stations. In tandem with these efforts, a disinfection drive was also the highlight of the second quarter, where your Company joined hands with Domex (a Unilever disinfectant brand) to disinfect Shell Retail Stations.

With the need for increased focus on hygiene and contactless services on the rise, your Company has launched Shell @ Home for the convenience of customers, providing oil change, car wash, cabin disinfection, tyre care and other valuable services at the doorstep. In our commitment towards bringing our services to the customer, your Company collaborated with foodpanda, a leading mobile food delivery service, for home delivery.

Your Company's response to COVID-19 has spanned across our operations, demonstrating care for forecourt staff and customers, and adapting to the new normal by entering into collaborations or launching new offerings that show our commitment to serving Pakistan and making life's journeys better for our customers. We continue to face substantial exposure in a challenging macro-economic environment but remain focused on driving key strategic priorities and remaining competitive in the market. As a key lynchpin, sharp focus remains on driving safe Retail operations for the benefit of our retailers and customers.

Social Investment

During this global pandemic your Company's response efforts have been focused on ensuring the health, safety and well-being of our people, customers and community. Your Company made contributions to National Disaster Management Authority (NDMA), an organization entrusted by the Government to lead disaster management activities, and Aga Khan University Hospital, who have been working closely with the federal and provincial governments; to aid them in mobilizing their relief efforts during this fight.

To continue contributing to the development of youth during this trying time, Shell Tameer reached out to young Pakistani entrepreneurs with a virtual mentoring platform to help build and refine their business ideas through collaboration with a carefully selected group of subject matter experts. The program has garnered an interest of 39 aspiring entrepreneurs, each with a unique business idea; who are being paired with the most suited mentor for a duration of 8 weeks.

Receivables, financing costs & taxation

The finances of your Company continue to be affected by the heavy burden resulting from overdue receivables from the Government of Pakistan. Your Company continues to incur financing costs on bank borrowing required to fund these receivables. However, we appreciate the Government's initiative to reduce the interest rates to ease the impact on businesses, with the announcement of the monetary policy at the end of June 2020, the Government reduced the policy rate to 7%. As at June 30, 2020, total outstanding receivables stand at Rs. 5,331 million. Your Company's management continues its efforts of proactive and regular engagement with relevant Government authorities for the recovery of receivables, drive for efficient business, and ensure our ability to continue to invest in growth opportunities in Pakistan.

The Government of Pakistan through the Finance Act 2019 increased the minimum tax rate applicable to Oil Marketing Companies by 0.25%. Due to the minimum tax regime, the Company pays Corporate Tax even if it makes a loss for the period and this unfairly adds to the cost of the Company with no increase in the regulated margins. This minimum tax on turnover mechanism is punitive in nature for our industry and results in our effective tax rate being well in excess of the standard 29% corporate rate of income tax. We continue our discussions with tax authorities to bring the oil and gas sector in line with allowances and lower rates that are extended to other similarly regulated sectors in Pakistan. Your Company is hopeful for a change in the taxation regime and look forward to early action by the authorities to resolve this major issue.

Going forward

The management remains committed to maintaining sharp focus on improving the financial performance of your Company, with a baseline of driving towards attaining Goal Zero in its safety performance.

The Company does face challenges ahead, not least arising from currency devaluation, oil price volatility, local economic uncertainty and continued delays in recovery of receivables from the Government as well as changing market, regulatory and competitive dynamics.

Your Board and the Company's management will continue to actively work to minimizing the impact of the current challenges and capture all opportunities to ensure the company is well placed to provide a return and to play a key role in developing Pakistan's energy future

The Directors confirm that:

1. The Board comprises of 11 members, including the Chief Executive, who is a deemed director. The Board comprises of two female and nine male members which is as follows:

Female Members:

1. Ms. Naz Khan (resigned with effect from July 1st, 2020)
2. Ms. Madiha Khalid

Male Members:

1. Mr. Rafi H. Basheer
2. Mr. John Lo
3. Mr. Parvez Ghias
4. Mr. Waqar Siddiqui
5. Mr. Haroon Rashid
6. Mr. Zaffar Khan
7. Mr. Imran Ibrahim
8. Mr. Badaruddin F. Vellani
9. Mr. Faisal Waheed

Independent Directors:

1. Mr. Parvez Ghias
2. Ms. Naz Khan
3. Mr. Zaffar Khan
4. Mr. Imran Ibrahim

Non-Executive Directors:

1. Mr. Rafi H. Basheer
2. Mr. Waqar Siddiqui
3. Mr. Badaruddin F. Vellani
4. Mr. John Lo

Executive Directors:

1. Mr. Haroon Rashid
2. Ms. Madiha Khalid
3. Mr. Faisal Waheed

2. The Board has formed committees comprising of members given below:

A. Audit Committee

- a. Mr. Imran Ibrahim (Chairperson)
- b. Mr. Badaruddin F. Vellani
- c. Mr. Rafi H. Basheer

B. Human Resource & Remuneration Committee

- a. Mr. Zaffar Khan (Chairperson)
- b. Mr. Parvez Ghias
- c. Mr. Waqar Siddiqui
- d. Mr. Haroon Rashid

3. The condensed interim financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
4. Proper books of account of the Company have been maintained.
5. Appropriate accounting policies have been consistently applied in preparation of these condensed interim financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards, as stated in note 3 to these condensed interim financial statements. Accounting estimates are based on reasonable and prudent judgment.
6. International Financial Reporting Standards, as applicable in Pakistan for interim reporting, have been followed in preparation of these condensed interim financial statements and departures, if any, have been adequately disclosed.
7. The system of internal control is sound in design and has been effectively implemented and monitored.
8. There are no significant doubts upon the Company's ability to continue as a going concern.
9. There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.
10. The Board and Audit Committee met twice during the half year.
11. A reasonable indication of the principle risks and uncertainties as well as the future prospects is discussed in the aforesaid paragraphs.
12. The non-executive/independent directors, other than those occupying executive positions in other Shell Group Companies are paid a fee to attend meetings of the board and its committees.
13. A formal self-evaluation of the Board and its committees' performance was carried out for the year 2019, facilitated by KPMG Taseer Hadi & Co. – Chartered Accountants.
14. Mr. Rafi H. Basheer, Mr. Parvez Ghias, Ms. Naz Khan, Mr. Badaruddin F. Vellani, Mr. Haroon Rashid Mr. Imran Ibrahim, Mr. Zaffar Khan and Mr. Faisal Waheed have already obtained directors' training certification from the Pakistan Institute of Corporate Governance (PICG). The Company shall continue to comply with the requirements of the Code of Corporate Governance 2019 to ensure that the required number of directors are duly certified.
15. The Company is a subsidiary of Shell Petroleum Company Limited, London (immediate holding Company) which is a subsidiary of Royal Dutch Shell Plc. (ultimate holding Company) incorporated in the United Kingdom.

16. The figures in the condensed interim financial statements for the half year ended June 30, 2020 have been reviewed by the auditors.
17. The Board, on the recommendation of the Board Audit Committee, recommended M/S EY Ford Rhodes to be retained as external auditors of the Company for the year ended December 31, 2020 which was approved by the Shareholders in the Annual General Meeting held on May 2020.
18. Details of trades in shares of the Company by Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other employees and their spouses and minor children are reported on page 22 of these condensed interim financial statements.

We thank our shareholders, customers, staff and all other stakeholders for their dedication, sustained support and trust in the Company as we continue our journey in becoming the number one energy company in Pakistan.

On behalf of the Board of Directors

Rafi H. Basheer

Chairperson

Haroon Rashid

Chief Executive

Karachi: August 20, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHELL PAKISTAN LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shell Pakistan Limited** (the Company) as at **30 June 2020** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income and the notes forming part thereof for the three months period ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

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

Emphasis of matter

We draw attention to the contents of notes 8.1, 8.2, 8.3 and 8.4 to the interim financial statements in respect of receivable against petroleum development levy and price differential claims due from the Government of Pakistan. Our conclusion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 27 August 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	Unaudited June 30, 2020 ----- (Rupees '000) -----	Audited December 31, 2019 -----
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	13,696,750	13,176,996
Right-of-use assets		5,036,185	4,861,724
Intangible asset		9,981	11,557
Long-term investments	6	5,176,107	4,631,252
Long-term loans and advances		66,960	33,585
Long-term deposits and prepayments		157,299	159,759
Deferred taxation – net		557,481	425,467
		24,700,763	23,300,340
Current Assets			
Stock-in-trade	7	11,535,226	17,413,439
Trade debts		2,836,199	4,544,062
Loans and advances		64,860	131,099
Short-term deposits and prepayments		562,720	544,129
Other receivables	8	7,582,006	7,922,392
Cash and bank balances		1,854,154	2,319,546
		24,435,165	32,874,667
TOTAL ASSETS		49,135,928	56,175,007
EQUITY AND LIABILITIES			
Equity			
Share capital		1,070,125	1,070,125
Share premium		1,503,803	1,503,803
General reserves		207,002	207,002
Unappropriated (loss) / profit		(5,877,769)	1,995,276
Remeasurement of post-employment benefits - actuarial loss		(485,073)	(485,073)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	6.2	(5,000)	-
Total equity		(3,586,912)	4,291,133
Liabilities			
Non-Current Liabilities			
Asset retirement obligation	9	166,925	138,322
Long-term financing		3,600,000	-
Long-term lease liabilities		3,925,159	3,718,614
Provision for post-retirement medical benefits		183,518	173,067
		7,875,602	4,030,003
Current Liabilities			
Trade and other payables	10	37,668,573	38,401,649
Unclaimed dividend		164,316	165,094
Unpaid dividend		153,615	154,623
Accrued mark-up		229,785	11,747
Short term borrowings – secured		5,802,900	8,154,343
Taxation – net		256,553	559,652
Current portion of long-term lease liabilities		571,496	406,763
		44,847,238	47,853,871
Contingencies and commitments	11		
TOTAL EQUITY AND LIABILITIES		49,135,928	56,175,007

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Faisal Waheed
Chief Financial Officer

Haroon Rashid
Chief Executive

Imran Ibrahim
Director

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

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	Half year ended		Quarter ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Rupees '000) -----					
Sales		84,398,699	116,844,907	35,088,983	63,561,613
Other revenue		151,408	436,810	46,684	199,975
		84,550,107	117,281,717	35,135,667	63,761,588
Sales tax		(13,004,816)	(16,136,493)	(5,500,153)	(8,196,674)
Net revenue		71,545,291	101,145,224	29,635,514	55,564,914
Cost of products sold		(72,797,420)	(92,728,582)	(31,633,453)	(50,268,539)
Gross (loss) / profit		(1,252,129)	8,416,642	(1,997,939)	5,296,375
Distribution and marketing expenses		(3,030,144)	(3,448,858)	(1,283,099)	(1,842,591)
Administrative expenses		(2,794,676)	(2,360,077)	(1,478,887)	(1,595,831)
Other expenses	12	(1,123,796)	(3,245,246)	(16,428)	(2,845,246)
Other income		401,761	378,350	888,893	98,532
Operating loss		(7,798,984)	(259,189)	(3,887,460)	(888,761)
Finance costs		(858,983)	(726,846)	(426,532)	(396,338)
		(8,657,967)	(986,035)	(4,313,992)	(1,285,099)
Share of profit of associate - net of tax	6.1	549,855	460,094	301,627	244,598
Loss before taxation		(8,108,112)	(525,941)	(4,012,365)	(1,040,501)
Taxation	13	235,067	(921,517)	471,782	(663,851)
Net loss for the period		(7,873,045)	(1,447,458)	(3,540,583)	(1,704,352)
Loss on equity instrument at fair value through other comprehensive income		(5,000)	-	(5,000)	-
Total comprehensive loss for the period		(7,878,045)	(1,447,458)	(3,545,583)	(1,704,352)
Loss per share - basic and diluted (Rupees)		(73.62)	(13.53)	(33.13)	(15.93)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Faisal Waheed
Chief Financial Officer

Haroon Rashid
Chief Executive

Imran Ibrahim
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	Half year ended	
		June 30, 2020	June 30, 2019
		----- (Rupees '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	251,752	315,410
Finance costs paid		(364,945)	(401,310)
Income tax paid		(200,046)	(524,210)
Long-term loans and advances		(33,375)	525
Long-term deposits and prepayments		2,460	205,021
Interest received on short-term deposits		14,114	15,221
Net cash used in operating activities		(330,040)	(389,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,042,119)	(1,154,588)
Proceeds from disposal of property, plant and equipment		-	500
Net cash used in investing activities		(1,042,119)	(1,154,088)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(340,004)	(230,724)
Long term financing obtained		3,600,000	-
Dividends paid		(1,786)	(8,105)
Net cash generated from / (used in) financing activities		3,258,210	(238,829)
Net increase / (decrease) in cash and cash equivalents		1,886,051	(1,782,260)
Cash and cash equivalents at the beginning of the period		(5,834,797)	(6,079,565)
Cash and cash equivalents at the end of the period		(3,948,746)	(7,861,825)
Cash and cash equivalents comprise of:			
Cash and bank balances		1,854,154	1,426,583
Short term borrowings – secured		(5,802,900)	(9,288,408)
		(3,948,746)	(7,861,825)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Faisal Waheed
Chief Financial Officer

Haroon Rashid
Chief Executive

Imran Ibrahim
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Capital reserve		Revenue reserve			Unrealised (loss) on revaluation of investments	Total
	Share capital	Share premium	General reserve	Unappropriated (loss) / profit	Actuarial loss on post-employment benefits		
	----- (Rupees '000) -----						
Balance as at December 31, 2018 (Audited)	1,070,125	1,503,803	207,002	4,068,450	(496,058)	-	6,353,322
Effect of change in accounting policy – net of tax	-	-	-	(587,407)	-	-	(587,407)
Balance as at January 01, 2019 (Adjusted)	1,070,125	1,503,803	207,002	3,481,043	(496,058)	-	5,765,915
Net loss for the period	-	-	-	(1,447,458)	-	-	(1,447,458)
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	(1,447,458)	-	-	(1,447,458)
Balance as at June 30, 2019 (Unaudited)	<u>1,070,125</u>	<u>1,503,803</u>	<u>207,002</u>	<u>2,033,585</u>	<u>(496,058)</u>	<u>-</u>	<u>4,318,457</u>
Balance as at December 31, 2019 (Audited)	1,070,125	1,503,803	207,002	1,995,276	(485,073)	-	4,291,133
Net loss for the period	-	-	-	(7,873,045)	-	-	(7,873,045)
Other comprehensive loss for the period	-	-	-	-	-	(5,000)	(5,000)
	-	-	-	(7,873,045)	-	(5,000)	(7,878,045)
Balance as at June 30, 2020 (Unaudited)	<u>1,070,125</u>	<u>1,503,803</u>	<u>207,002</u>	<u>(5,877,769)</u>	<u>(485,073)</u>	<u>(5,000)</u>	<u>(3,586,912)</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Faisal Waheed
Chief Financial Officer

Haroon Rashid
Chief Executive

Imran Ibrahim
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATIONS

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

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

1.3 As at the reporting date, the Company has incurred a loss before tax amounting to Rs. 8,108,112 thousand and have accumulated losses and negative equity amounting to Rs. 5,877,769 thousand and Rs. 3,586,912 thousand respectively. The adverse situation in the current period is mainly due to the unprecedented fluctuation in the international oil prices and demand disruption caused by extended lockdown due to Covid19. Amidst stability in the international oil prices and resumption of normal economic activity in the country, the management believes that the Company will return to profitability in the near future based on the business plans drawn by the management and duly endorsed by the Board.

2 BASIS OF PREPARATION

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

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

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

These condensed interim financial statements of the Company for the half year ended June 30, 2020 are unaudited but subject to limited scope review by the statutory auditors as required by section 237 of the Act.

2.2 The figures of the condensed interim statement of comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed by the external auditors of the Company as they have reviewed the cumulative figures for the half year ended June 30, 2020. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

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

3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2019, except as follows:

New / Revised Standards, Interpretations and Amendments

IFRS 3	Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 1 / IAS 8	Definition of a Material (Amendments)

The application of above standards did not have any material impact on the condensed interim financial statements of the Company.

- 3.2** The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- 3.3** The Company follows the practice of conducting actuarial valuation annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in these condensed interim financial statements.
- 3.4** Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4 ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

- 4.1** The preparation of these condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions.
- 4.2** During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2019, except as disclosed otherwise.

	Note	Unaudited June 30, 2020 ------(Rupees '000) -----	Audited December 31, 2019
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets - at net book value	5.1 & 5.2	10,692,319	10,502,075
Provision for impairment		(299,812)	(355,392)
		10,392,507	10,146,683
Capital work-in-progress	5.3	3,304,243	3,030,313
		13,696,750	13,176,996

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

	Unaudited Half year ended	
	June 30, 2020	June 30, 2019
	------(Rupees '000) -----	
Leasehold improvements	7,585	67,133
Buildings on freehold land	132	429
Buildings on leasehold land	84,854	176,301
Tanks and pipelines	50,413	90,833
Plant and machinery	33,798	73,511
Air conditioning plant	68	344
Lifts	9,091	10,150
Dispensing pumps	118,860	114,397
Computer auxiliaries	144,596	1,704
Rolling stock and vehicles	67,577	2,259
Electrical, mechanical and firefighting equipment	64,004	332,414
Furniture, office equipment and other assets	215,276	163,633
	796,254	1,033,108

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

	Cost	Accumulated depreciation	Net book value
	------(Rupees '000) -----		
June 30, 2020 (Unaudited)			
Rolling stock and vehicles	7,984	7,984	-
June 30, 2019 (Unaudited)			
Tanks and pipelines	12,541	12,541	-
Plant and machinery	3,124	3,083	41
Electrical, mechanical and fire fighting equipment	9,755	8,822	933
	25,420	24,446	974

5.3 Capital work-in-progress

	Note	Unaudited June 30, 2020	Audited December 31, 2019
		------(Rupees '000) -----	
Buildings on leasehold land		1,209,066	1,440,440
Tanks and pipelines		514,529	164,655
Plant and machinery		1,445,425	1,363,171
Electrical, mechanical and fire-fighting equipment		89,084	56,965
Furniture, office equipment and other assets		7,622	1,212
Rolling stock and vehicles		38,450	3,803
Computer auxiliaries		67	67
	5.3.1	3,304,243	3,030,313

5.3.1 Additions to capital work-in-progress during the period amounted to Rs. 974,542 thousand (June 30, 2019: Rs. 1,154,588 thousand).

	Note	Unaudited June 30, 2020	Audited December 31, 2019
		------(Rupees '000) -----	
6 LONG-TERM INVESTMENTS			
Investment in associate - unquoted	6.1	5,176,107	4,626,252
At fair value through other comprehensive income	6.2	-	5,000
		5,176,107	4,631,252

- 6.1** Represent investment of 26% in an unquoted associate "Pak-Arab Pipeline Company Limited (PAPCO)", which is carried under equity method of accounting as summarized below:

	Unaudited June 30, 2020	Audited December 31, 2019
	----- (Rupees '000) -----	
Balance at the beginning of the period / year	4,626,252	4,431,561
Impact of initial application of IFRS 9 - net of tax	-	(142,458)
	4,626,252	4,289,103
Share of profit before taxation	777,981	1,399,235
Share of taxation	(228,126)	(448,429)
	549,855	950,806
Dividend received	-	(613,657)
Balance at the end of the period / year	5,176,107	4,626,252

- 6.2** Represent investment in an unquoted company "Arabian Sea Country Club Limited (ASSCL)", which is carried at fair value through other comprehensive income as summarized below:

	Unaudited June 30, 2020	Audited December 31, 2019
	----- (Rupees '000) -----	
	5,000	5,000
Balance at the beginning of the period / year	5,000	5,000
Loss on equity instrument at fair value through other comprehensive income	(5,000)	-
Balance at the end of the period / year	-	5,000

7 STOCK-IN-TRADE

	Unaudited June 30, 2020	Audited December 31, 2019
	----- (Rupees '000) -----	
Raw and packing materials	1,594,445	1,204,911
Provision for obsolete and slow moving stock	(47,288)	(30,910)
	1,547,157	1,174,001
Finished products	10,213,754	16,481,908
Provision for obsolete and slow moving stock	(225,685)	(242,470)
	9,988,069	16,239,438
	11,535,226	17,413,439

- 7.1** Includes items costing Rs. 6,744,449 thousand (December 31, 2019: Rs. Nil) which have been valued at their net realizable value of Rs. 6,265,793 thousand (December 31, 2019: Rs. Nil).

- 7.2** Provision for obsolete and slow moving stock is as follows:

	Unaudited June 30, 2020	Audited December 31, 2019
	----- (Rupees '000) -----	
Balance at the beginning of the period / year	273,380	172,707
Provision made during the period / year	60,405	161,703
Reversals during the period / year	(60,812)	(61,030)
	(407)	100,673
Balance at end of the period / year	272,973	273,380

8 OTHER RECEIVABLES	Note	Unaudited June 30, 2020	Audited December 31, 2019
		------(Rupees '000) -----	
Petroleum development levy and other duties	8.1	1,380,029	1,380,029
Price differential claims			
- on imported purchases	8.2	295,733	295,733
- on high speed diesel (HSD)	8.3	343,584	343,584
- on imported motor gasoline	8.4	1,961,211	1,961,211
Customs duty receivable	8.5	44,413	44,413
Sales tax refundable	8.6	771,351	-
Inland freight equalisation mechanism		485,559	447,295
Receivable from related parties	8.7	1,023,246	924,666
Service cost receivable from PAPCO – an associated company		18,033	11,346
Workers' profits participation fund		15,185	15,185
Staff retirement benefit schemes		62,817	-
Receivable from Oil Marketing Companies		828,938	1,944,059
Taxes recoverable	8.8	1,020,214	1,020,214
Margin held against letter of credit		50,865	59,076
Others		263,234	468,253
		8,564,412	8,915,064
Provision for impairment		(982,406)	(992,672)
		7,582,006	7,922,392

8.1 Includes petroleum development levy amounting to Rs. 1,369,560 thousand (December 31, 2019: Rs. 1,369,560 thousand) recoverable from the Government of Pakistan (GoP) on account of export sales from June 2007. In 2011, the Company approached the GoP and Federal Board of Revenue (FBR) for settlement thereof. The GoP sought certain information which was duly provided by the Company. The FBR through the Large Taxpayers Unit (LTU) completed the verification exercise for claims amounting to Rs 938,866 thousand, refund cheques against which were received in 2014. During 2015, verification exercise of claims amounting to Rs. 182,004 thousand was completed by the authorities, however, the payment has not been released yet. Further, during 2016, FBR through Customs station Torkham completed verification exercise of claims amounting to Rs. 851,330 thousand. However, the same has not yet been sanctioned by the FBR as of the statement of financial position date. Furthermore, the remaining claims are under verification and the Company is confident of recovery of the amount in full on completion of the verification exercise by the FBR.

8.2 Represents amount receivable from GoP on account of price differential on imports and the ex-refinery price on direct and retail sales during the period 1990-2001. The Company is actively following up the matter with GoP and is confident of recovering the amount in full.

8.3 Represents price differential claim from GoP on local / imported purchases of HSD which was based on rates notified by GoP to subsidise petroleum prices by restricting the increase in prices in order to reduce the burden of rising oil prices on the end consumers. The Company is actively following up the matter with GoP and is confident of recovering the amount in full.

8.4 Represents the Company's share of price differential claims on account of import of motor gasoline by the Company, being the difference between the landed cost and ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in a meeting chaired by the Director General Oil to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the Ministry of Petroleum and Natural Resources (MoPNR) with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Despite no response from the MoPNR, the Company along with other OMCs continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline, will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost at the time of filing of cargo with Customs, as imports were being made on MoPNR instructions.

In 2009, the Company along with other OMCs approached MoPNR through letter dated July 23, 2009 requesting to expedite settlement of these claims. On October 02, 2009, MoPNR requested that an audited claim be submitted to allow further consideration and resolution of the matter. Accordingly, the Company submitted audit reports for claims till May 31, 2011 amounting to Rs.2,411,661 thousand. Subsequently, the Company received an amount of Rs.454,000 thousand from GoP on account of these claims. The remaining claims amounting to Rs.1,957,661 thousand are still outstanding as on the statement of financial position date.

The Company along with other OMCs and Oil Companies Advisory Council (OCAC) continues to follow up this matter with MoPNR and is confident of recovering the amounts in full.

- 8.5** This includes receivable in respect of increase in rate of customs duty effective June 25, 2016, imposed by the MoF through Finance Act, 2016 dated June 24, 2016, on import of crude oil, high speed diesel and motor gasoline. Under the product pricing formula, the OMCs are required to recover similar cost elements and duties from customers on sale of petroleum products through prices notified on monthly basis. However, impact of increase in rate of customs duty was not incorporated in the price notification issued by OGRA for July 2016 which resulted in a receivable balance on customs duty to be recovered from the GoP. The Company has taken up this matter through OCAC to demand recovery of the aforesaid balance from the GoP and expects to receive the amount in due course.
- 8.6** Includes sales tax refundable on account of export sales pertaining to period October 2005 to September 2006 and January 2008 to August 2011 amounting to Rs. 663,045 thousand and Rs. 642,996 thousand respectively. In 2017, the tax authorities completed verification of refunds amounting to Rs. 440,378 thousand which have been received. For the remaining refund claims, the Company is actively pursuing for their recovery.
- 8.7** Includes net receivable on account of recoveries from customers by Shell Aviation Limited on behalf of the Company.
- 8.8** In 2013, the Deputy Commissioner Inland Revenue (DCIR) in compliance with the directions of Appellate Tribunal Inland Revenue (ATIR), completed denovo proceedings in respect of tax year 2006 and raised a demand of Rs. 425,514 thousand. The demand primarily relates to disallowance of premium paid to Shell International Trading Middle East (SITME) on imports of high speed diesel while treating the same as payment to non-resident on which the Company failed to deduct tax under section 152 of the Income Tax Ordinance, 2001. The Company in response to the aforementioned order deposited an amount of Rs. 301,167 thousand while an amount of Rs. 111,785 thousand was adjusted against sales tax refund. In addition, a rectification application was also filed for correction of certain mistakes apparent in the order which has been accepted and given effect. The Company also filed an appeal against the aforementioned order before CIR (Appeals) which in its order dated February 2, 2015 has upheld the order passed by the DCIR. The Company has filed an appeal there against before the ATIR which is pending for hearing. The Company, based on the advice of its tax consultant expects a favorable outcome at appellate levels and considers the possibility of any liability arising under the aforementioned order to be remote.

		Unaudited June 30, 2020	Audited December 31, 2019
	Note	------(Rupees '000) -----	
9 LONG-TERM FINANCING			
Long-term loan	9.1	3,600,000	-
Less: Current portion of long-term loan		<u>-</u>	<u>-</u>
		<u>3,600,000</u>	<u>-</u>

- 9.1** Represents a long-term financing facility from a commercial bank amounting to Rs. 4,000,000 (2019: Nil) thousand out of which Rs. 400,000 thousands remain unutilized at period end. The facility carries interest at the rate of 3 months KIBOR + 0.05%. The financing is repayable over a period of 5 years. The loan is secured by way of hypothecation over the Company's present and future current assets.

		Unaudited June 30, 2020	Audited December 31, 2019
	Note	------(Rupees '000) -----	
10 TRADE AND OTHER PAYABLES			
Creditors	10.1	28,824,293	26,281,704
Accrued liabilities	10.2	7,218,325	10,281,935
Security deposits		351,678	396,442
Advances received from customers (contract liabilities)		873,976	543,942
Staff retirement benefit schemes		-	20,878
Workers' welfare fund		327,394	335,361
Provision for staff redundancy plan		32,668	19,972
Sales tax payable		-	319,330
Others		40,239	202,085
		<u>37,668,573</u>	<u>38,401,649</u>

10.1 Includes amounts due to related parties aggregating to Rs. 22,401,154 thousand (December 31, 2019: Rs. 19,550,664 thousand).

10.2 Includes Rs. 1,256,937 thousand (December 31, 2019: Rs. 2,684,345 thousand) accrued in respect of related parties.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in the status of contingencies from what is disclosed in note 22.1 to the annual audited financial statements for the year ended December 31, 2019 except as follows:

11.1.1 Infrastructure fee

Reference to note 22.1.1 of the annual audited financial statements for the year ended December 31, 2019, In January 2020, the Company received demand notices issued by the relevant authority for levy or collection of cess on imported petroleum products under the SDMI Act. The Company along with others challenged the levy of cess in Constitutional Petitions before the Sindh High Court (SHC) on the basis, inter alia, that the SDMI Act is inapplicable to petroleum products whose prices are fixed under the Federal laws and, alternatively, no cess can lawfully be levied or collected under the SDMI Act on the import or export of petroleum products regulated by the Federal laws. The SHC has passed an interim order directing that the respondents may not take adverse action against the Company pursuant to impugned demand/penalty notice and may not create hindrance in the lawful import/export of petroleum products of the Company.

Subsequent to the stay granted by the SHC, the Company has reviewed its position and without acknowledging it as a debt, estimates the accumulated levy up to June 30, 2020 at Rs. 147,493 thousand (December 31, 2019: Rs. 141,493 thousand). However, the eventual obligation on account of the aggregate fee, if any, cannot be ascertained presently because of uncertainty in relation to the extent of its application to the Company.

11.1.2 Taxation

11.1.2.1 Reference to note 22.1.3.4 of the annual audited financial statements for the year ended December 31, 2019, the tax officer has issued show cause notice to the Company for verification of data in line with directions of Commissioner Appeals.

11.1.2.2 During the period, the tax authorities whilst finalizing the assessment proceedings for tax year 2014 vide order dated April 30, 2020, disallowed adjustment of brought forward business losses, fees for technical services, salary expense and Global Infrastructure Desktop Charges (GIDC) resulting in an aggregate demand of Rs. 499,879 thousand. The Company has filed an appeal against the same with the Commissioner (Appeals) and has also simultaneously filed a rectification application with the department for adjustment of brought forward business losses, since its disallowance was never confronted to the Company at the time of notice issuance. After giving effect to the filed rectification application, the demand will stand reduced to Rs. 49,475 thousand.

11.2 Commitments

11.2.1 Capital expenditure contracted for but not incurred as at June 30, 2020 amounted to approximately Rs. 1,734,579 thousand (December 31, 2019: Rs. 1,125,160 thousand).

11.2.2 Post-dated cheques have been deposited with the Collector of Customs Karachi and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. As at June 30, 2020, the value of these cheques amounted to Rs. 15,803,179 thousand (December 31, 2019: Rs. 14,203,008 thousand). The maturity dates of these cheques extend to December 27, 2020.

11.2.3 Letters of credit and bank guarantees outstanding as at June 30, 2020 amount to Rs. 8,990,186 thousand (December 31, 2019: Rs. 11,448,257 thousand).

12 OTHER EXPENSES

Includes exchange loss amounting to Rs. 1,059,430 thousand (June 30, 2019: Rs. 3,243,836 thousand).

	Unaudited			
	Half Year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- (Rupees '000) -----			
13 TAXATION				
Current				
- for the year	430,236	663,355	165,736	503,705
- prior year	(533,289)	-	(533,289)	-
	(103,053)	663,355	(367,553)	503,705
Deferred	(132,014)	258,162	(104,229)	160,146
	(235,067)	921,517	(471,782)	663,851

	Note	Unaudited June 30, 2020	Unaudited June 30, 2019
		----- (Rupees '000) -----	
14 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(8,108,112)	(525,941)
Adjustment for non-cash charges and other items:			
Depreciation for the period on operating assets		606,010	521,094
Depreciation for the period on right-of-use assets		315,534	250,836
Amortisation		1,576	1,576
Accretion expense in respect of asset retirement obligation		1,223	3,913
Reversal of liability in respect of asset retirement obligation		(685)	-
Reversal of impairment of stock-in-trade – net		(407)	(11,225)
Provision / (reversal) of provision for impairment of trade debts		50,627	(130,778)
Reversal of provision for impairment of other receivables		(10,266)	(32,484)
Reversal of provision for impairment of operating assets		(55,580)	(1,154)
Provision for post-retirement medical benefits		10,451	-
Write off of operating assets		-	916
Gain on disposal of operating assets		-	(442)
Share of profit of associate – net of tax		(549,855)	(460,094)
Interest on short-term deposits		(14,114)	(15,221)
Mark-up on short term borrowings		582,983	482,499
Interest on lease liability		221,287	146,565
Working capital changes	14.1	7,201,080	85,350
		251,752	315,410

14.1 Working capital changes

(Increase) / decrease in current assets

Stock-in-trade	5,878,620	(2,911,698)
Trade debts	1,657,236	(732,924)
Loans and advances	66,239	(9,608)
Short-term prepayments	(18,591)	(439,343)
Other receivables	350,652	1,611,642
	7,934,156	(2,481,931)

Increase in current liabilities

Trade and other payables	(733,076)	2,567,281
	7,201,080	85,350

15 RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	Note	Unaudited Half year ended	
			June 30, 2020 ----- (Rupees '000) -----	June 30, 2019 -----
Associate				
Pak-Arab Pipeline Company Limited	Pipeline charges		84,471	111,979
	Others		9,476	6,640
Staff retirement benefit / contribution funds				
Pension funds	Contribution		95,449	89,292
Gratuity funds	Contribution		89,380	2,701
Provident funds	Contribution		42,039	42,239
Key management Personnel				
	Salaries and other short term employee benefits	15.1	39,519	43,204
	Post-employment benefits		4,286	3,779
	Medical		922	-
	Loan to Executive Director		3,492	4,277
Directors				
	Fee for attending meetings		2,145	2,324
Other related parties				
	Purchases		42,662,262	47,302,439
	Sales		113,667	93,791
	Collection for sales made in Pakistan to customers of the parent and its associates		491,421	1,368,658
	Technical service fee Charged	15.2	1,209,070	1,211,675
	Trademarks and manifestations license fee charged		304,572	162,710
	Computer expenses charged (Global Infrastructure Desktop charges)	15.3	27,506	51,808
	Expenses recovered from related parties		71,209	178,797
	Other expenses charged by related parties	15.4	459,152	444,412
	Donations		2,784	155
	Legal charges		542	2,187
	Commission income - net		1,734	3,570

- 15.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive, Company Secretary, Executive Directors and Chief Financial Officer to be key management personnel.
- 15.2** Technical services include advice and assistance to the Company in its operations. The fee for these services has been determined on the basis of an agreement between the Company and a related Shell Group company based on an agreed methodology.
- 15.3** Global Infrastructure Desktop charges are based on the agreement entered into by the Company with Shell Group Company.
- 15.4** These include charges net of reversals amounting to Rs.141,996 thousand (June 30, 2019: Rs.201,747 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.

16 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at December 31, 2019. There has been no change in any risk management policies since the year end.

17 FAIR VALUES OF ASSETS AND LIABILITIES

There were no transfers amongst levels during the period.

18 OPERATING SEGMENTS

18.1 These condensed interim financial statements have been prepared on the basis of a single reportable segment.

18.2 As described in note 1.2 to these condensed interim financial statements, the Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. Revenues (inclusive of sales tax) from external customers for petroleum products amounts to Rs. 84,307,437 thousand (June 30, 2019: Rs. 116,614,215 thousand) and others amounts to Rs. 91,262 thousand (June 30, 2019: Rs. 230,692 thousand).

18.3 Total sales of the Company relating to customers in Pakistan were 100% during the period ended June 30, 2020 (June 30, 2019: 100%).

18.4 All non-current assets of the Company as at June 30, 2020 and 2019 are located in Pakistan.

18.5 Sales to twenty major customers of the Company are around 14% during the half year ended June 30, 2020 (June 30, 2019: 12%).

19 GENERAL

Figures have been rounded off to the nearest thousand, unless otherwise stated.

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on August 20, 2020 by the Board of Directors of the Company.

Trade in shares of the Company by Directors / Executives

Half year ended June 30, 2020

Name	Category	Date of Transaction	Number of Shares	Price per Shares (Rs.)	Nature of Transaction
Usman Khalid	Executive	March 09, 2020	500	Rs. 156/-	Bought

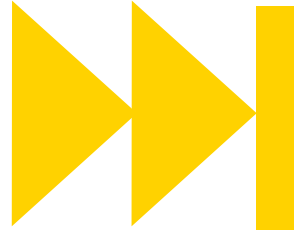
Faisal Waheed
Chief Financial Officer

Haroon Rashid
Chief Executive

Imran Ibrahim
Director

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