



Celebrating

th

YEAR OF **POWERING
PROGRESS IN PAKISTAN**



GENERATING
SHAREHOLDER
VALUE



ACHIEVING
NET-ZERO
EMISSIONS



POWERING
LIVES



RESPECTING
NATURE

| HALF YEARLY REPORT - JUNE 2022

COMPANY INFORMATION

BOARD OF DIRECTORS

Zain K. Hak (Chairperson)

Waqar I. Siddiqui

Rafi H. Basheer

Parvez Ghias

Imran R. Ibrahim

Madiha Khalid

Zaffar A. Khan

John King Chong Lo

Zarrar Mahmud

Amir R. Paracha

Badaruddin F. Vellani

CHIEF EXECUTIVE

Waqar I. Siddiqui

AUDIT COMMITTEE

Imran R. Ibrahim (Chairperson)

Rafi H. Basheer

Badaruddin F. Vellani

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Zaffar A. Khan (Chairperson)

Parvez Ghias

Zain K. Hak

Waqar I. Siddiqui

COMPANY SECRETARY

Lalarukh Hussain – Shaikh

REGISTERED OFFICE

Shell House

6, Ch. 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 Review Report

FOR THE HALF YEAR ENDED JUNE 30, 2022

Dear Shareholders,

The Directors of our Company are pleased to present the unaudited condensed interim financial statements for the half year and quarter ended June 30, 2022.

Shell Pakistan Limited continued focus on its strategic priorities and operational excellence in the quarter and despite the ongoing macroeconomic challenges in the country, successfully delivered a profit after tax of Rs. 7,508 million for the half year ended June 30, 2022.

This encouraging turnaround is mainly driven by improved business performance e.g., selling more differentiated products, the governments positive change in pricing formula and running efficient operations during the period.

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

The profit for the half year ended June 30, 2022, after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

| | Rupees in Million |
|--|--------------------------|
| Profit before taxation | 12,459 |
| Taxation | (4,951) |
| Net Profit for the period ended June 30, 2022 | <u>7,508</u> |
| | Rupees |
| Earnings per share – basic and diluted | <u>35.08</u> |

Appropriations and movement in reserves have been disclosed in the condensed interim Statement of Changes in Equity on page 8 of the condensed interim financial statements.

Receivables, financing costs & taxation

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

Lubricants

The lubricants business continues to be a catalyst in sustained performance of our Company. The efforts made in the first half have proven to be pivotal in generating business value despite pressures due to currency devaluation and increase in commodity prices. The lubricants business continues to reclaim market share in the B2C channel supported by key consumer led and penetration led interventions in Passenger Car Motor Oil portfolio and in Diesel Engine Oil Category. In a similar manner, this growth strategy has been replicated in the B2B channel to ensure sustained market leadership.

Retail (Mobility)

Our Company delivered robust financial performance for the first half despite several headwinds on the back of healthy margins on fuels and steady market share. We launched 13 new sites which will help build on our volume delivery and our non-fuel retail business particularly lubricants. Shell V-Power remains the market leader in the premium fuels category. There has been encouraging breakthrough in the government advocacy space which will now enable unabated expansion of our network in Punjab driving topline growth while providing the best-in-class customer value proposition in Pakistan.

Environmental, Social and Governance

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

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

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

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

In line with the Company's Health, Safety, Security, Environment and Social Performance Policy, the Company voluntarily and proactively tests water quality from wells at terminals and retail sites which it owns or operates. These tests are undertaken by independent accredited external consultants and analysed at international accredited laboratories.

Our routine testing process has indicated the presence of petroleum hydrocarbons in the groundwater, at levels which are above both Shell's and international screening criteria, at and around five terminals (two of which are non-operational) and eleven retail sites. Four of the Company's terminals identified are located within an area designated for oil terminals, which also house facilities belonging to other oil marketing companies.

The Company has voluntarily initiated the process of groundwater remediation at the relevant terminals and retail sites to meet internationally recognised standards for petroleum hydrocarbon. It is pertinent to note that due to the underlying groundwater quality, the removal of petroleum hydrocarbons alone will not necessarily make the groundwater fit for use.

The Company has proactively provided alternate drinking water to the communities in close proximity to the relevant terminals and retail sites in collaboration with a local non-governmental organisation. Furthermore, the Company has conducted community engagement activities to explain the risks and advocate the use of this alternate water supply.

The Company reiterates its commitment to ensuring adherence to its Health, Safety, Security, Environment and Social Performance Policy.

Going forward

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

Our Company does face challenges ahead, as does the industry – these include currency devaluation, oil price volatility, local economic uncertainty, and continued delays in recovery of receivables from the Government. However, the Board of Directors and management continue to meet the challenges as appropriate, to strive towards providing requisite returns to stakeholders and play its due role in society at large.

Composition of the Board

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

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

On behalf of the Board of Directors



Zain K. Hak
Chairperson



Waqar I. Siddiqui
Chief Executive

Karachi: August 17, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Shell Pakistan Limited

Report on Review of Condensed Interim Financial Statements

Dear Shareholders,

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shell Pakistan Limited (the Company) as at 30 June 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, 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 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2022.

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.

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



Chartered Accountants

Place: Karachi

Date: 22 August 2022

UDIN Number: RR202210076nXlkq17yj


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

| | Note | Unaudited June 30, 2022 | Audited December 31, 2021 |
|---|------|-------------------------------|---------------------------------|
| | | ----- (Rupees '000) ----- | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 18,760,209 | 17,841,942 |
| Right-of-use assets | | 5,885,139 | 5,896,843 |
| Intangible assets | | 3,677 | 5,253 |
| Long-term investments | 6 | 5,535,403 | 4,970,295 |
| Long-term loans | | 60,187 | 37,440 |
| Long-term deposits and prepayments | | 266,840 | 265,766 |
| Deferred taxation | | - | 753,734 |
| | | 30,511,455 | 29,771,273 |
| Current Assets | | | |
| Stock-in-trade | 7 | 65,438,779 | 36,711,968 |
| Trade debts | | 6,099,198 | 4,667,468 |
| Loans and advances | | 51,871 | 92,160 |
| Short-term deposits and prepayments | | 743,229 | 527,247 |
| Other receivables | 8 | 6,256,593 | 8,189,480 |
| Cash and bank balances | | 2,293,165 | 4,973,417 |
| | | 80,882,835 | 55,161,740 |
| TOTAL ASSETS | | 111,394,290 | 84,933,013 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 9 | 2,140,248 | 2,140,248 |
| Share premium | | 11,991,012 | 11,991,012 |
| General reserves | | 207,002 | 207,002 |
| Unappropriated profit | | 9,056,262 | 1,587,146 |
| Remeasurement of post-employment benefits – actuarial loss | | (598,930) | (598,930) |
| Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI) | | (5,000) | (5,000) |
| Total equity | | 22,790,594 | 15,321,478 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Asset retirement obligation | | 177,304 | 173,550 |
| Long-term lease liabilities | | 5,497,086 | 5,365,192 |
| Provision for post-retirement medical benefits | | 181,091 | 170,543 |
| Deferred taxation – net | | 746,264 | - |
| | | 6,601,745 | 5,709,285 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 75,791,962 | 61,341,662 |
| Advances received from customers (contract liabilities) | | 1,495,687 | 1,105,953 |
| Unclaimed dividend | | 293,906 | 293,906 |
| Accrued mark-up | | 18,805 | 1,187 |
| Short term borrowings – secured | | 1,500,000 | - |
| Taxation – net | | 2,191,798 | 477,857 |
| Current portion of long-term lease liabilities | | 709,793 | 681,685 |
| | | 82,001,951 | 63,902,250 |
| Contingencies and commitments | 11 | | |
| TOTAL EQUITY AND LIABILITIES | | 111,394,290 | 84,933,013 |

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


Zarrar Mahmud
Chief Financial Officer


Waqar I. Siddiqui
Chief Executive


Imran R. Ibrahim
Director


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

FOR THE HALF YEAR ENDED JUNE 30, 2022

| | Note | Half year ended | | Quarter ended | |
|---|------|----------------------|---------------|---------------------|---------------|
| | | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| ----- (Rupees '000) ----- | | | | | |
| Sales | | 198,484,216 | 126,223,021 | 114,103,090 | 65,876,300 |
| Other revenue | | 324,916 | 332,532 | 183,486 | 146,240 |
| | | 198,809,132 | 126,555,553 | 114,286,576 | 66,022,540 |
| Sales tax | | (3,716,171) | (19,423,126) | (1,901,783) | (10,133,075) |
| Net revenue | | 195,092,961 | 107,132,427 | 112,384,793 | 55,889,465 |
| Cost of products sold | | (167,161,488) | (98,310,050) | (93,806,600) | (51,055,773) |
| Gross profit | | 27,931,473 | 8,822,377 | 18,578,193 | 4,833,692 |
| Distribution and marketing expenses | | (4,297,076) | (3,450,975) | (1,916,414) | (1,726,230) |
| Administrative expenses | | (3,536,344) | (2,964,743) | (2,006,470) | (1,651,214) |
| Other expenses | 12 | (8,841,569) | (212,154) | (6,313,148) | (1,057,503) |
| Other income | | 1,083,387 | 644,561 | 942,264 | 190,250 |
| Operating profit | | 12,339,871 | 2,839,066 | 9,284,425 | 588,995 |
| Finance costs | | (484,746) | (455,542) | (267,842) | (181,279) |
| | | 11,855,125 | 2,383,524 | 9,016,583 | 407,716 |
| Share of profit of associate - net of tax | 6 | 604,022 | 393,707 | 412,075 | 208,440 |
| Profit before taxation | | 12,459,147 | 2,777,231 | 9,428,658 | 616,156 |
| Taxation | 13 | (4,951,117) | (626,385) | (4,000,044) | (413,747) |
| Net profit for the period | | 7,508,030 | 2,150,846 | 5,428,614 | 202,409 |
| Other Comprehensive Income | | | | | |
| Items that will be subsequently reclassified to profit or loss | | | | | |
| Share of other comprehensive income of associate - net of tax | 6 | (38,914) | 3,088 | - | - |
| Total comprehensive income for the period | | 7,469,116 | 2,153,934 | 5,428,614 | 202,409 |
| ----- (Rupees) ----- | | | | | |
| Earning per share - basic and diluted | | 35.08 | 11.07 | 25.36 | 1.04 |

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


Zarrar Mahmud
 Chief Financial Officer


Waqar I. Siddiqui
 Chief Executive


Imran R. Ibrahim
 Director


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2022

| | Capital reserve | | Revenue reserve | | | | Total |
|--|------------------|-------------------|------------------|--|--|---|-------------------|
| | Share capital | Share premium | General reserves | Accumulated (loss) / Unappropriated profit | Actuarial loss on post-employment benefits | Unrealised (loss) on revaluation of investments | |
| ----- (Rupees '000) ----- | | | | | | | |
| Balance as at December 31, 2020 (Audited) | 1,070,125 | 1,503,803 | 207,002 | (2,829,185) | (597,904) | (5,000) | (651,159) |
| Net profit for the period | - | - | - | 2,150,846 | - | - | 2,150,846 |
| Other comprehensive income for the period | - | - | - | 3,088 | - | - | 3,088 |
| | - | - | - | 2,153,934 | - | - | 2,153,934 |
| Issue of Right Shares | 1,070,123 | 10,487,209 | - | - | - | - | 11,557,332 |
| Issue cost of Right Shares | - | - | - | (58,057) | - | - | (58,057) |
| Balance as at 30 June 2021 (Unaudited) | <u>2,140,248</u> | <u>11,991,012</u> | <u>207,002</u> | <u>(733,308)</u> | <u>(597,904)</u> | <u>(5,000)</u> | <u>13,002,050</u> |
| Balance as at December 31, 2021 (Audited) | 2,140,248 | 11,991,012 | 207,002 | 1,587,146 | (598,930) | (5,000) | 15,321,478 |
| Net profit for the period | - | - | - | 7,508,030 | - | - | 7,508,030 |
| Other comprehensive loss for the period | - | - | - | (38,914) | - | - | (38,914) |
| | - | - | - | 7,469,116 | - | - | 7,469,116 |
| Balance as at 30 June 2022 (Unaudited) | <u>2,140,248</u> | <u>11,991,012</u> | <u>207,002</u> | <u>9,056,262</u> | <u>(598,930)</u> | <u>(5,000)</u> | <u>22,790,594</u> |

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


Zarrar Mahmud
Chief Financial Officer


Waqar I. Siddiqui
Chief Executive


Imran R. Ibrahim
Director


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2022

| | Note | Half year ended | |
|---|------|---------------------------|--------------------|
| | | June 30, 2022 | June 30, 2021 |
| | | ----- (Rupees '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 14 | (138,362) | 2,762,036 |
| Finance costs paid | | (66,664) | (114,132) |
| Interest portion of lease liabilities paid | | (106,404) | (17,370) |
| Income tax paid | | (1,737,179) | (711,009) |
| Long-term loans and advances | | (22,747) | 22,479 |
| Long-term deposits and prepayments | | (1,074) | (6,650) |
| Net cash (used in) / generated from operating activities | | (2,072,430) | 1,935,354 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (1,804,009) | (1,912,342) |
| Proceeds from disposal of property, plant and equipment | | 23,221 | 10,736 |
| Interest received on short-term deposits and saving accounts | | 68,605 | 51,677 |
| Net cash used in investing activities | | (1,712,183) | (1,849,929) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of shares | | - | 11,557,332 |
| Share issuance cost | | - | (58,057) |
| Principal portion of lease liabilities paid | | (395,639) | (394,676) |
| Repayment of long-term loan | | - | (4,000,000) |
| Dividends paid | | - | (1,843) |
| Net cash (used in) / generated from financing activities | | (395,639) | 7,102,756 |
| Net increase in cash and cash equivalents | | (4,180,252) | 7,188,181 |
| Cash and cash equivalents at the beginning of the period | | 4,973,417 | (3,607,634) |
| Cash and cash equivalents at the end of the period | | 793,165 | 3,580,547 |
| Cash and cash equivalents comprise of: | | | |
| Cash and bank balances | | 2,293,165 | 3,580,547 |
| Short term borrowings – secured | | (1,500,000) | - |
| | | 793,165 | 3,580,547 |

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


Zarrar Mahmud
Chief Financial Officer


Waqar I. Siddiqui
Chief Executive


Imran R. Ibrahim
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND ITS OPERATIONS

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

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

2 BASIS OF PREPARATION

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

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

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

These condensed interim financial statements of the Company for the half year ended June 30, 2022 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, 2022 and 2021 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, 2022. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021.

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

3 ACCOUNTING POLICIES

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

New / Revised Standards, Interpretations and Amendments

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

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

- 3.2** The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
- 3.3** The Company follows the practice of conducting actuarial valuation annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in these condensed interim financial statements.
- 3.4** Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4 ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

| | Note | Unaudited June 30, 2022 ------(Rupees '000) ----- | Audited December 31, 2021 |
|--|-------|--|---------------------------------|
| 5 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating assets - at net book value | 5.1 | 15,422,895 | 13,498,820 |
| Provision for impairment | | (209,568) | (210,340) |
| | | 15,213,327 | 13,288,480 |
| Capital work-in-progress | 5.2 | 3,546,882 | 4,553,462 |
| | | 18,760,209 | 17,841,942 |
| 5.1 Operating Fixed Assets | | | |
| Balance at the beginning of the period / year | | 13,288,480 | 10,107,420 |
| Additions during the period / year | 5.1.1 | 2,810,589 | 4,550,067 |
| | | 16,099,069 | 14,657,487 |
| Disposals / write-offs during the period / year - Net Book Value (NBV) | 5.1.2 | (27,041) | (57,850) |
| Depreciation charge / impairment reversal during the period / year - net | | (858,701) | (1,311,157) |
| | | (885,742) | (1,369,007) |
| Balance at the end of the period / year | | 15,213,327 | 13,288,480 |

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

| | Unaudited Half year ended | |
|---|--------------------------------------|--------------------------|
| | June 30, 2022 | June 30, 2021 |
| | ------(Rupees '000) ----- | |
| Buildings on freehold land | 9,405 | 41 |
| Buildings on leasehold land | 470,850 | 321,773 |
| Tanks and pipelines | 1,370,395 | 123,003 |
| Plant and machinery | 230,814 | 81,397 |
| Air conditioning plant | 11,635 | 1,731 |
| Lifts | 345 | 3,411 |
| Dispensing pumps | 127,595 | 105,751 |
| Computer auxiliaries | 20,381 | 94,000 |
| Rolling stock and vehicles | 3,523 | - |
| Electrical, mechanical and firefighting equipment | 366,342 | 108,196 |
| Furniture, office equipment and other assets | 199,304 | 144,267 |
| | 2,810,589 | 983,570 |

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

| | Cost | Accumulated depreciation | Net book value |
|--|---------------------------|-------------------------------------|---------------------------|
| | ------(Rupees '000) ----- | | |
| June 30, 2022 (Unaudited) | | | |
| Building on leasehold land | 9,269 | 1,465 | 7,804 |
| Dispensing pumps | 6,404 | 3,374 | 3,030 |
| Electrical, mechanical and fire fighting equipment | 1,573 | 1,130 | 443 |
| Furniture, office equipment and other assets | 9,221 | 6,309 | 2,912 |
| Computer auxiliaries | 1,397 | 272 | 1,125 |
| Plant and Machinery | 354 | 41 | 313 |
| Rolling stocks and vehicles | 22,949 | 12,865 | 10,084 |
| Tanks and pipelines | 2,160 | 830 | 1,330 |
| | 53,327 | 26,286 | 27,041 |
| June 30, 2021 (Unaudited) | | | |
| Building on leasehold land | 15,535 | 11,939 | 3,596 |
| Dispensing pumps | 4,630 | 3,881 | 749 |
| Electrical, mechanical and fire fighting equipment | 12,681 | 9,745 | 2,936 |
| Furniture, office equipment and other assets | 6,888 | 5,331 | 1,557 |
| Plant and Machinery | 1,637 | 1,264 | 373 |
| Rolling stocks and vehicles | 63,638 | 63,638 | - |
| Tanks and pipelines | 5,196 | 2,499 | 2,697 |
| | 110,205 | 98,297 | 11,908 |

5.2 Capital work-in-progress

| | Note | Unaudited June 30, 2022 | Audited December 31, 2021 |
|--|-------------|--|--|
| | | ------(Rupees '000) ----- | |
| Buildings on leasehold land | | 1,761,645 | 1,644,941 |
| Tanks and pipelines | | 698,988 | 1,744,915 |
| Plant and machinery | | 556,545 | 710,089 |
| Air conditioning plant | | 98,021 | 97,840 |
| Electrical, mechanical and fire-fighting equipment | | 138,279 | 227,419 |
| Furniture, office equipment and other assets | | 156,305 | 109,225 |
| Rolling stock and vehicles | | 137,099 | 19,033 |
| | 5.2.1 | 3,546,882 | 4,553,462 |

5.2.1 Additions to capital work-in-progress during the period amounted to Rs. 1,804,008 thousand (June 30, 2021: Rs.1,912,342 thousand).

6 LONG-TERM INVESTMENTS

Investment in associate - unquoted

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

| | Unaudited June 30, 2022 | Audited December 31, 2021 |
|---|-------------------------------|---------------------------------|
| Note | ----- (Rupees '000) ----- | |
| Balance at the beginning of the period / year | 4,970,295 | 4,936,422 |
| Share of profit before taxation | 948,379 | 1,244,175 |
| Share of taxation | (344,357) | (385,778) |
| | 604,022 | 858,397 |
| Share of other comprehensive loss before taxation | (51,547) | 10,964 |
| Share of taxation | 12,633 | (3,180) |
| | (38,914) | 7,784 |
| Dividend received | - | (832,308) |
| Balance at the end of the period / year | 5,535,403 | 4,970,295 |

7 STOCK-IN-TRADE

| | | |
|--|------------|------------|
| Raw and packing materials | 4,321,928 | 2,539,185 |
| Provision for obsolete and slow moving stock | (64,379) | (77,085) |
| | 4,257,549 | 2,462,100 |
| Finished products | 61,339,513 | 34,379,579 |
| Provision for obsolete and slow moving stock | (158,283) | (129,711) |
| | 61,181,230 | 34,249,868 |
| | 65,438,779 | 36,711,968 |

8 OTHER RECEIVABLES

| | | |
|--|-----------------|-------------|
| Petroleum development levy and other duties | 1,380,029 | 1,380,029 |
| Price differential claims | | |
| - on imported purchases | 295,733 | 295,733 |
| - on high speed diesel (HSD) | 343,584 | 382,794 |
| - on imported motor gasoline | 1,961,211 | 2,088,244 |
| Customs duty receivable | 44,413 | 44,413 |
| Sales tax refundable | 1,326,593 | 902,767 |
| Inland freight equalisation mechanism | - | 64,292 |
| Receivable from related parties | 1,621,046 | 1,400,968 |
| Service cost receivable from PAPCO – an associated company | 12,949 | 19,045 |
| Workers' profits participation fund | - | 63,977 |
| Receivable from Oil Marketing Companies | 56,013 | 861,535 |
| Taxes recoverable | 1,020,214 | 1,020,214 |
| Margin held against letter of credit | 54,041 | 59,245 |
| Others | 553,449 | 718,478 |
| | 8,669,275 | 9,301,734 |
| Provision for impairment | 8.1 (2,412,682) | (1,112,254) |
| | 6,256,593 | 8,189,480 |

8.1 Provision for impairment

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

9 SHARE CAPITAL

Authorized share capital

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

Issued, subscribed and paid-up share capital

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

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

| | | Unaudited June 30, 2022 ------(Rupees '000) ----- | Audited December 31, 2021 |
|--|------|--|---------------------------------|
| 10 TRADE AND OTHER PAYABLES | | | |
| Creditors | 10.1 | 68,696,819 | 52,925,102 |
| Accrued liabilities | 10.2 | 4,593,640 | 7,330,125 |
| Security deposits | | 375,960 | 344,118 |
| Inland freight equalisation mechanism | | 743,672 | - |
| Provision for Staff retirement benefit schemes | | 14,214 | 94,349 |
| Workers' Welfare Fund | | 715,718 | 439,552 |
| Workers' profits participation fund | | 574,408 | - |
| Provision for staff redundancy plan | | 74,189 | 199,740 |
| Others | | 3,342 | 8,676 |
| | | <u>75,791,962</u> | <u>61,341,662</u> |

10.1 Includes amounts due to related parties aggregating to Rs. 55,344,898 thousand (December 31, 2021: Rs 47,213,745 thousand).

10.2 Includes Rs. 788,113 thousand (December 31, 2021: Rs. 1,161,245 thousand) accrued in respect of related parties.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

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

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

11.2 Commitments

- 11.2.1** Capital expenditure contracted for but not incurred as at June 30, 2022 amounted to approximately Rs. 1,660,218 thousand (December 31, 2021: Rs. 1,539,713 thousand).

- 11.2.2** Post-dated cheques have been deposited with the Collector of Customs Port Qasim and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. As at June 30, 2022, the value of these cheques amounted to Rs. 5,470,623 thousand (December 31, 2021: Rs. 15,727,211 thousand). The maturity dates of these cheques extend to December 23, 2022.

- 11.2.3** Letters of credit, bank guarantees and bank contracts outstanding at June 30, 2022 amount to Rs. 21,955,468 thousand (December 31, 2021: Rs. 18,121,996 thousand).

12 OTHER EXPENSES

Includes exchange loss amounting to Rs. 6,587,454 thousand (June 30, 2021: Rs.Nil).

13 TAXATION

Current

- for the year

- prior year

Deferred

| | Unaudited | | | |
|--|---------------------------|------------------|------------------|------------------|
| | Half Year ended | | Quarter ended | |
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| | ----- (Rupees '000) ----- | | | |
| | 2,754,109 | 733,305 | 2,439,750 | 411,388 |
| | 697,010 | - | 613,779 | - |
| | 3,451,119 | 733,305 | 3,053,529 | 411,388 |
| | 1,499,998 | (106,920) | 709,548 | 2,359 |
| | 4,951,117 | 626,385 | 3,763,077 | 413,747 |

| | | Unaudited June 30, 2022 | Unaudited June 30, 2021 |
|--|------|-------------------------------|-------------------------------|
| | Note | ------(Rupees '000) ----- | |
| 14 CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 12,459,147 | 2,777,231 |
| Adjustment for non-cash charges and other items: | | | |
| Depreciation for the period on operating assets | | 859,472 | 634,950 |
| Depreciation for the period on right-of-use assets | | 381,484 | 346,336 |
| Amortisation | | 1,576 | 1,576 |
| Accretion expense in respect of asset retirement obligation | | 3,754 | 3,460 |
| Provision for / (Reversal of) impairment of stock-in-trade – net | | 15,866 | (54,027) |
| Reversal of impairment of trade debts | | (12,027) | (89,142) |
| Trade debts written-off | | - | 48,123 |
| Provision for impairment of other receivables | | 1,300,428 | - |
| Reversal of provision for impairment of operating assets | | (771) | (78,054) |
| Provision for post-retirement medical benefits | | 10,548 | 9,019 |
| Write off of operating assets | | - | 3,305 |
| Write in of operating assets | | - | (51,850) |
| Loss / (Gain) on disposal of operating assets | | 3,820 | (2,133) |
| Share of profit of associate – net of tax | 6 | (604,022) | (393,707) |
| Interest on short-term deposits | | (68,605) | (51,677) |
| Mark-up on short term borrowings | | 84,282 | 113,248 |
| Interest on lease liability | | 292,266 | 262,358 |
| Working capital changes | 14.1 | (14,865,580) | (716,980) |
| | | (138,362) | 2,762,036 |

14.1 Working capital changes

(Increase) / Decrease in current assets

| | | |
|-------------------------------------|---------------------|-------------|
| Stock-in-trade | (28,742,677) | (8,433,050) |
| Trade debts | (1,419,703) | (403,403) |
| Loans and advances | 40,289 | 14,550 |
| Short-term deposits and prepayments | (215,982) | (6,643) |
| Other receivables | 632,459 | (345,866) |
| | (29,705,614) | (9,174,412) |

Increase in current liabilities

| | | |
|--------------------------|---------------------|-----------|
| Trade and other payables | 14,840,034 | 8,457,432 |
| | (14,865,580) | (716,980) |

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, 2022 | June 30, 2021 |
| | | | ----- (Rupees '000) ----- | |
| Associate | | | | |
| Pak-Arab Pipeline Company Limited | Pipeline charges | | 492,489 | 120,292 |
| | Others | | 7,562 | 7,715 |
| Staff retirement benefit / contribution funds | | | | |
| Pension funds | Contribution | | 64,919 | 90,050 |
| Gratuity funds | Contribution | | 2,199 | 3,526 |
| Provident funds | Contribution | | 10,914 | 38,475 |
| Key management Personnel | | | | |
| | Salaries and other short term employee benefits | 15.1 | 64,768 | 31,956 |
| | Post-employment benefits | | 5,338 | 4,375 |
| | Medical | | 698 | 1,913 |
| | Loan to Executive Director | | - | 6,619 |
| Directors | | | | |
| | Fee for attending meetings | | 2,796 | 2,681 |
| Other related parties | | | | |
| | Purchases | | 140,301,576 | 52,951,341 |
| | Sales | | 180,912 | 107,347 |
| | Collection for sales made in Pakistan to customers of the parent and its associates | | 1,377,334 | 475,685 |
| | Technical service fee charged | 15.2 | 1,624,888 | 1,336,925 |
| | Trademarks and manifestations license fee charged - net | | 24,933 | 230,837 |
| | Expenses recovered from related parties | | 76,370 | 66,517 |
| | Other expenses charged by related parties | 15.3 | 584,581 | 540,134 |
| | Donations | | 11,750 | 11,690 |
| | Legal charges | | 50 | 773 |
| | Commission income - net | | 19,934 | - |
| | Commission expense - net | | - | 320 |
| | Subscription | | 360 | 300 |

- 15.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive, Company Secretary, Executive Directors and Chief Financial Officer to be key management personnel.
- 15.2** Technical services include advice and assistance to the Company in its operations. The fee for these services has been determined on the basis of an agreement between the Company and a related Shell Group company based on an agreed methodology.
- 15.3** These include charges net of reversals amounting to Rs. 133,807 thousand (June 30, 2021: Rs.153,220 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.

16 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

17 FAIR VALUES OF ASSETS AND LIABILITIES

There were no transfers amongst levels during the period.

18 OPERATING SEGMENTS

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

19 GENERAL

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

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on August 17, 2022 by the Board of Directors of the Company.


Zarrar Mahmud
Chief Financial Officer


Waqar I. Siddiqui
Chief Executive


Imran R. Ibrahim
Director

Trade in Shares by Directors/Executives through CDC

For The Half Year Ended June 30, 2022

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

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