

Innovation in Energy

Quarterly Report
September 2024



This page is blank intentionally

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
Dr. Mohammed Mahmood Al Balushi
Zarrar Mahmud
Amir R. Paracha
Badaruddin F. Vellani

John King Chong Lo
(Resigned as Director with effect from May 30, 2024)
Dr. Mohammed Mahmood Al Balushi
(Appointed as Director with effect from June 3, 2024)

Chief Executive Audit Committee

Waqar I. Siddiqui
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 Registered Office

Lalarukh Hussain – Shaikh
Shell House 6, Ch. Khaliquzzaman Road
Karachi-75530 Pakistan

Auditors

EY Ford Rhodes

Legal Advisors

Vellani & Vellani Advocates &
Solicitors

Registrar & Share Registration Office

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

Report of Directors

For the nine months ended September 30, 2024

Dear Shareholders,

The Directors of the Company present the unaudited condensed interim financial statements for the nine months and quarter ended September 30, 2024.

The profit for the nine months ended September 30, 2024, after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	Rupees in Million
Profit before taxation	3,550
Taxation	(2,826)
Net Profit for the nine months ended September 30, 2024	724
Profit per share – basic and diluted	Rupees 3.38

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

As per the announcement made by the Company to the Pakistan Stock Exchange (PSX) on June 14, 2023, Shell Petroleum Company Limited, United Kingdom (the Immediate Parent of the Company) which is a subsidiary of Shell Plc, (SPCo) informed the Board of Directors of its intent to sell its shareholding of 77.42% in the Company.

On October 31, 2023, SPCo informed the Company that it had entered into a Share Purchase Agreement with Wafi Energy LLC (the Acquirer) for the sale of its entire shareholding in the Company, which is currently under progress. On April 4, 2024, an Addendum to the above was posted on PSX to reflect a change in the capital ownership structure of the Acquirer, where Wafi Energy Holding Limited replaced Wafi Energy LLC as 'Acquirer'.

On July 27, 2024, Public Announcement of Offer to further acquire up to 24,162,179 ordinary shares representing 11.29% was made by Arif Habib Limited (Manager to the Offer) on behalf of Wafi Energy Holding Limited. On October 7, 2024, Arif Habib Limited (Manager to the Offer) confirmed that the Acquirer has fulfilled all obligations under the applicable takeover regulations and payments have been dispatched to all the shareholders who tendered their shares as part of the Public Offer. The completion of the transaction is subject to receipt of regulatory approvals, completion of legal requirements and satisfaction of other closing formalities.

Macro-economic challenges

The period was characterized by stable macroeconomic conditions, supported by a declining inflation rate and a relatively stable exchange rate. The current account deficit narrowed significantly, primarily due to an improved trade balance. However, ex-refinery prices dropped substantially, driven by declining international crude prices. Despite this, the Company successfully maintained its market share through operational excellence, achieving a profit after tax of Rs. 724 million for the nine-month period, compared to Rs. 6,450 million in the same period last year.

Lubricants

In Q3 2024, Shell Lubricants boosted its market presence through a combination of sustained customer engagement, targeted market expansion strategies and highly effective influencer driven campaigns.

Key B2C initiatives includes the "Tum Kamaal Karte Ho 2.0" campaign, which paid tribute to mechanics and greatest influencers by sharing their stories on digital platforms and featuring their images on billboards across the country. The anti-counterfeit campaign, "Original Pehchano Shell Khareedo" was rolled out on all media platforms raising awareness on how to check authenticity of Shell lubricants via the sticker on our bottles. Shell Advance's "Advance Ka Jashan", engaged mechanics and traders through infotainment sessions. Meanwhile, Shell Helix launched consumer promotion by offering food vouchers from OPTP or California Pizza with purchases of Helix premium engine oil. Rimula further promoted its premium portfolio through "Aik Sham Rimula Kay Naam" activations.

In the B2B sector, the Company secured big wins in fleet, construction and sugar sectors. The Company also arranged several technical sessions with fleet owners in key fleet hubs across Pakistan.

Mobility

The Mobility business continues to prioritize delivering an exceptional experience for its customers. As part of the commitment to broadening reach, the network expanded with 11 new sites during the year, while also enhancing the experience of seven existing stations by upgrading them to meet modern standards staying aligned with evolving customer needs.

Mobility remained dedicated to delivering premium, high-quality fuel to our customers. Premium fuel volumes grew significantly, driven by ongoing efforts to educate consumers on the benefits of Shell V-Power. This was further supported by the successful launch of brand campaign, "Fuel the Difference, Feel the Difference", highlighting the advantages of Shell V-Power.

A new onboarding initiative designed to equip new Mobility team members with essential knowledge on operations, customer experience, and commercial delivery was launched called "Start Strong, Start Shell" (4S). The programme features hands-on learning experience in the field, access to a comprehensive learning library, and guidance from line managers or buddies to support a smooth onboarding process.

The Convenience Retail portfolio achieved double digit growth, particularly in the On-Demand Delivery channel, driven by strategic footprint expansion, operational excellence, and technological integrations with service provider. The collaborative promotional efforts with esteemed suppliers have successfully enhanced occasion-based and impulse purchases, reinforcing commitment to providing exceptional value at Shell stations. Overall, the business stays committed to providing best solutions that improve customer experience and support ongoing growth.

Environmental, Social and Governance

Shell Pakistan launched Pakistan's first-ever retail site made with recycled plastic - Malik Service Station at Shahrah-e-Faisal, Karachi - to promote circular economy and environmentally friendly practices. The construction of the retail site utilized approximately 6,500 kilograms, or roughly 1.3 million pieces of end-of-life plastic waste, to create plastic-infused pavers and concrete blocks. This initiative was jointly collaborated with Concept Loop, a Shell Tameer entrepreneur to bring this vision to life. Last year, the Company built a plastic infused road in Karachi by recycling discarded lubricants bottles.

Shell Pakistan continues to support Access to Energy projects in covering 4 villages, basti Tooba, Adam, Katimar and Bullah Baloch. The program provides clean energy solutions through 4 solar powered tubewells facilitating ~235 households, a solar powered flour mill for ~430 households, a solarized milk refrigeration plant for 40+ households. These projects have facilitated creation of jobs, improvement in livelihoods, and empowered women to be active earning members of the community. The project has provided an average of 12-16 hours of electricity to energy-stricken areas and saved an average of PKR 600 of fuel per acre of land.

Launching the 11th Tameer Awards, Shell Tameer continues to promote young and aspiring entrepreneurs within the country. For the program, we engaged partners from the entrepreneurial landscape that include National Incubation Centers across the country, IBA CED, LUMS CED and Startup Syndicate. In addition, Shell Tameer has been part of sustainable business workshop arranged by GIZ Pakistan to promote circular economy and has also collaborated with FPCCI Pakistan, where a delegation from Scottish Chamber of Commerce led by Dr. Jeanette Forbes, the designated Trade Ambassador for Pakistan visited FPCCI with plans to collaborate with academic institutions.

Going Forward

While the economy is on a path of recovery, macroeconomic risks remain elevated due to high financing needs, modest foreign exchange reserves and inequitable tax regimes. The recent change in sales tax regime has further worsened the situation as the costs of doing business has increased substantially for the Company and overall oil industry. The Company will continue to work with other industry players to raise concerns over this change in tax regime and its detrimental impact on Pakistan’s oil industry at relevant regulatory forums and engage with relevant Government authorities to reassess the industry margins to capture these impacts.

Despite these challenges, the management and Board of Directors stay fully committed to improving the Company’s financial health, attaining a Goal-Zero standard for safety, and upholding our social responsibilities.

Composition of Board

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

We would like to express our appreciation to our shareholders, customers, employees, and all stakeholders for their steadfast support, dedication, and confidence in the Company.

On behalf of the Board of Directors



Zain K. Hak
Chairperson

Karachi: October 29, 2024



Waqar I. Siddiqui
Chief Executive

Condensed Interim Statement of Financial Position

As at September 30, 2024

	Note	Unaudited September 30, 2024 — (Rupees '000) —	Audited December 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	22,852,721	23,143,446
Right-of-use assets		7,668,947	6,696,781
Long-term investment	6	5,272,120	5,680,940
Long-term loans		31,961	30,653
Long-term deposits and prepayments		170,824	255,871
Deferred taxation - net		-	558,665
		35,996,573	36,366,356
Current assets			
Stock-in-trade	7	42,452,246	48,051,486
Trade debts		7,671,529	6,491,679
Loans and advances		95,674	76,836
Short-term deposits and prepayments		930,521	573,899
Other receivables	8	6,400,535	7,081,188
Taxation - net		538,523	1,154,999
Bank balances	9	11,795,180	6,552,223
		69,884,208	69,982,310
TOTAL ASSETS		105,880,781	106,348,666
EQUITY AND LIABILITIES			
Equity			
- Authorized share capital 300,000,000 (December 31, 2023: 300,000,000) Ordinary shares of Rs. 10/- each		3,000,000	3,000,000
- Issued, subscribed and paid-up share capital 214,024,662 (December 31, 2023: 214,024,662) Ordinary shares of Rs. 10/- each		2,140,246	2,140,246
Share premium		11,991,012	11,991,012
General reserves		207,002	207,002
Unappropriated profit		6,630,166	5,773,614
Remeasurement of post-employment benefits - actuarial loss		(369,884)	(369,884)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income		(5,000)	(5,000)
		20,593,542	19,736,990
Liabilities			
Non-current liabilities			
Asset retirement obligation		384,034	361,826
Long-term provisions		3,116,559	2,790,571
Long-term lease liabilities		6,465,028	6,564,770
Provision for post-retirement medical benefits		213,190	213,190
Deferred taxation - net		364,889	-
		10,543,700	9,930,357
Current liabilities			
Trade and other payables	10	70,636,371	71,898,733
Advances received from customers (contract liabilities)		2,158,590	1,857,237
Unpaid dividend		275,313	1,340,138
Unclaimed dividend		237,266	238,848
Accrued mark-up		-	1,552
Current portion of asset retirement obligation		45,361	45,361
Current portion of long-term provisions		642,956	733,171
Current portion of long-term lease liabilities		747,682	566,279
	11	74,743,539	76,681,319
Contingencies and commitments			
TOTAL EQUITY AND LIABILITIES		105,880,781	106,348,666

The annexed notes from 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 nine months ended September 30, 2024

	Note	Nine months ended		Quarter ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Rupees '000)					
Sales		327,100,812	325,665,500	103,560,080	110,247,969
Other revenue		779,156	897,120	314,287	255,983
		327,879,968	326,562,620	103,874,367	110,503,952
Sales tax		(5,882,503)	(5,390,835)	(1,716,917)	(1,425,954)
Net revenue		321,997,465	321,171,785	102,157,450	109,077,998
Cost of products sold		(304,132,351)	(291,563,388)	(96,723,367)	(97,660,827)
Gross profit		17,865,114	29,608,397	5,434,083	11,417,171
Distribution and marketing expenses		(10,020,587)	(8,798,132)	(3,697,444)	(3,284,990)
Administrative expenses		(8,045,106)	(6,916,045)	(2,272,235)	(1,922,699)
Other expenses	12	(538,989)	(13,492,211)	20,264	(545,526)
Other income	13	4,241,718	12,740,424	757,086	521,815
Operating profit		3,502,150	13,142,433	241,754	6,185,771
Finance costs		(1,490,701)	(1,954,502)	(443,881)	(782,068)
		2,011,449	11,187,931	(202,127)	5,403,703
Share of profit of associate - net of tax	6	1,538,453	399,570	277,962	146,204
Profit before income tax and minimum tax differential		3,549,902	11,587,501	75,835	5,549,907
Minimum tax differential	14	(1,164,631)	-	(503,936)	-
Final taxes		(312,000)	-	(312,000)	-
		(1,476,631)	-	(815,936)	-
Profit/(loss) before income tax		2,073,271	11,587,501	(740,101)	5,549,907
Income tax:					
Current		(425,893)	(5,200,650)	(101,061)	(2,626,202)
Deferred		(923,554)	63,519	246,781	(13,286)
	14.2	(1,349,447)	(5,137,131)	145,720	(2,639,488)
Net profit/(loss) for the period		723,824	6,450,370	(594,381)	2,910,419
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Share of other comprehensive income of associate - net of tax	6	132,728	2,108	-	-
Total comprehensive income/(loss) for the period		856,552	6,452,478	(594,381)	2,910,419
(Rupees)					
Earning per share - basic and diluted		3.38	30.14	(2.78)	13.60

The annexed notes from 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 nine months ended September 30, 2024

	Share capital	Capital reserve	Revenue reserve			Total	
		Share premium	General reserves	Unappropriated profit	Remeasurement of post-employment benefits - actuarial loss		Unrealised loss on remeasurement of equity investment
(Rupees '000)							
Balance as at December 31, 2022 (Audited)	2,140,246	11,991,012	207,002	807,101	(543,266)	(5,000)	14,597,095
Net profit for the period	-	-	-	6,450,370	-	-	6,450,370
Other comprehensive income for the period - net of tax	-	-	-	2,108	-	-	2,108
Total comprehensive income for the period	-	-	-	6,452,478	-	-	6,452,478
Balance as at September 30, 2023 (Unaudited)	<u>2,140,246</u>	<u>11,991,012</u>	<u>207,002</u>	<u>7,259,579</u>	<u>(543,266)</u>	<u>(5,000)</u>	<u>21,049,573</u>
Balance as at December 31, 2023 (Audited)	2,140,246	11,991,012	207,002	5,773,614	(369,884)	(5,000)	19,736,990
Net profit for the period	-	-	-	723,824	-	-	723,824
Other comprehensive income for the period - net of tax	-	-	-	132,728	-	-	132,728
Total comprehensive income for the period	-	-	-	856,552	-	-	856,552
Balance as at September 30, 2024 (Unaudited)	<u>2,140,246</u>	<u>11,991,012</u>	<u>207,002</u>	<u>6,630,166</u>	<u>(369,884)</u>	<u>(5,000)</u>	<u>20,593,542</u>

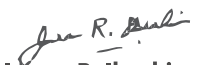
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Zarrar Mahmud
Chief Financial Officer



Waqar I. Siddiqui
Chief Executive



Imran R. Ibrahim
Director

Condensed Interim Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2024

	Note	Nine months ended	
		September 30, 2024	September 30, 2023
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	7,683,600	9,343,591
Finance costs paid		(1,552)	(18,883)
Interest portion of lease liabilities paid		(574,183)	(583,158)
Income tax paid		(1,286,048)	(2,257,256)
Long-term loans		(1,308)	(17,972)
Long-term deposits and prepayments		85,047	(100,139)
Payments against long-term provisions		(115,385)	-
Net cash generated from operating activities		5,790,171	6,366,183
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,577,855)	(3,183,998)
Proceeds from disposal of operating fixed assets		38,508	385,151
Dividend received from associate		2,080,000	-
Interest received on term deposit receipts and saving accounts		1,564,700	1,198,278
Net cash generated/(used in) investing activities		2,105,353	(1,600,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liabilities paid		(1,586,160)	(327,006)
Dividends paid		(1,066,407)	(83,094)
Net cash used in financing activities		(2,652,567)	(410,100)
Net increase in cash and cash equivalents		5,242,957	4,355,514
Cash and cash equivalents at the beginning of the period		6,552,223	10,801,097
Cash and cash equivalents at the end of the period		11,795,180	15,156,611

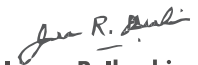
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Zarrar Mahmud
Chief Financial Officer



Waqar I. Siddiqui
Chief Executive



Imran R. Ibrahim
Director

Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine months ended September 30, 2024

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Shell Pakistan Limited (the Company) is a limited liability Company incorporated in Pakistan on June 28, 1969 under the repealed Companies Act, VII of 1913 (now Companies Act, 2017 (the Act)) 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 Shell Plc (formerly known as Royal Dutch Shell Plc.) (Ultimate Parent).
- 1.2** As disclosed in note 1.1 to the annual audited financial statements of the Company for the year ended December 31, 2023, the Immediate Parent entered into a Share Purchase Agreement on October 31, 2023 with Wafi Energy LLC (the Acquirer) for the sale of its entire shareholding comprising 165,700,304 shares and representing 77.42% of the issued share capital of the Company. However on April 05, 2024, an addendum to the Public Announcement of Intention was published which stated that due to a change in the capital ownership structure of the Acquirer, a new foreign entity 'Wafi Energy Holding Limited' will replace Wafi Energy LLC as "Acquirer". On July 27, 2024, Public Announcement of Offer to further acquire up to 24,162,179 ordinary shares representing 11.29% was made by Arif Habib Limited (Manager to the Offer) on behalf of Wafi Energy Holding Limited. The completion of the transaction is subject to receipt of regulatory approvals, completion of legal requirements and satisfaction of other closing formalities.
- 1.3** The Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. The registered office of the Company is located at Shell House, 6, Ch. Khaliqzaman Road, Karachi.

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
 - Provisions of and directives issued under the Act.

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

These condensed interim financial statements of the Company for the nine months ended September 30, 2024 are unaudited.

- 2.2** These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023.
- 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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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, 2023 except for below:

Amendments

- IAS1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- IFRS 16: Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The above amendments had no impact on the Company's condensed interim financial statements.

Further on May 15, 2024, the Institute of Chartered Accountants of Pakistan (ICAP) issued a circular in respect of 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes'. Pursuant to the release of the circular, the Company has elected to change the method of accounting for minimum taxes.

The Company has elected to designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, will then be recognised as a levy falling under the scope of IFRIC 21/IAS 37.

The change has been applied retrospectively however there were no material reclassifications to report in this respect.

3.2 The Company has not early adopted any standard, interpretation or amendment that are 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.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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 the estimates.

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, 2023.

5	PROPERTY, PLANT AND EQUIPMENT	Note	Unaudited	Audited
			September 30, 2024	December 31, 2023
			———— (Rupees '000) ————	
	Operating fixed assets - at net book value		20,264,359	18,553,441
	Provision for impairment	5.1	(225,987)	(250,145)
			20,038,372	18,303,296
	Capital work-in-progress	5.2	2,814,349	4,840,150
			22,852,721	23,143,446
5.1	Operating fixed assets			
	Balance at the beginning of the period / year		18,303,296	15,973,551
	Additions during the period / year	5.1.1	3,603,656	4,637,231
			21,906,952	20,610,782
	Disposals / write-offs during the period / year - net book value	5.1.2	(33,497)	(475,777)
	Depreciation charge / impairment reversal during the period / year - net		(1,835,083)	(1,831,709)
			(1,868,580)	(2,307,486)
	Balance at the end of the period / year		20,038,372	18,303,296

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

	Unaudited Nine months ended	
	September 30, 2024	September 30, 2023
———— (Rupees '000) ————		
Leasehold land	-	189,556
Buildings on leasehold land	868,983	705,557
Tanks and pipelines	668,255	901,349
Plant and machinery	148,394	782,296
Air conditioning plant	129,334	65,748
Lifts	32,181	10,148
Dispensing pumps	235,633	142,728
Rolling stock and vehicles	108,004	-
Electrical, mechanical and firefighting equipments	485,743	188,343
Furniture, office equipment and other assets	652,429	341,543
Computer auxiliaries	274,700	73,451
	3,603,656	3,400,719

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

	Cost	Accumulated depreciation (Rupees '000)	Net book value
September 30, 2024 (Unaudited)			
Buildings on leasehold land	37,224	29,631	7,593
Tanks and pipelines	9,628	6,809	2,819
Plant and machinery	4,468	2,181	2,287
Dispensing pumps	18,507	7,616	10,891
Rolling stock and vehicles	30,398	28,989	1,409
Electrical, mechanical and fire fighting equipments	55,373	48,968	6,405
Furniture, office equipment and other assets	7,977	6,337	1,640
Computer auxiliaries	1,660	1,207	453
	<u>165,235</u>	<u>131,738</u>	<u>33,497</u>
September 30, 2023 (Unaudited)			
Leasehold land	8,833	629	8,204
Building on leasehold land	93,446	71,384	22,062
Lifts	73,672	61,438	12,234
Tanks and pipelines	596	214	382
Plant and Machinery	178,059	68,346	109,713
Air conditioning plant	1,597	1,314	283
Dispensing pumps	164,246	105,774	58,472
Rolling stocks and vehicles	179,642	175,236	4,406
Electrical, mechanical and fire fighting equipment	645,022	542,821	102,201
Furniture, office equipment and other assets	18,883	15,049	3,834
Computer auxiliaries	19,882	19,882	-
	<u>1,383,878</u>	<u>1,062,087</u>	<u>321,791</u>
	Note	Unaudited September 30, 2024	Audited December 31, 2023
		(Rupees '000)	(Rupees '000)

5.2 Capital work-in-progress

Buildings on leasehold land	1,419,352	2,863,388
Tanks and pipelines	916,537	1,442,815
Plant and machinery	290,433	258,358
Rolling stock and vehicles	142	168
Electrical, mechanical and fire fighting equipments	186,763	180,655
Furniture, office equipment and other assets	1,122	94,766
	<u>2,814,349</u>	<u>4,840,150</u>

5.2.1 Additions to capital work-in-progress during the period amounted to Rs. 1,577,855 thousand (September 30, 2023: Rs. 3,183,998 thousand).

6 LONG-TERM INVESTMENT

Includes 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 September 30, 2024	Audited December 31, 2023
	(Rupees '000)	
Balance at the beginning of the period / year	5,680,940	5,198,192
Share of profit before taxation	2,485,421	1,379,024
Share of taxation	(946,968)	(660,157)
	1,538,453	718,867
Share of other comprehensive income before taxation	217,586	303,677
Share of taxation	(84,859)	(118,434)
	132,727	185,243
Dividend received	(2,080,000)	(421,362)
Balance at the end of the period / year	<u>5,272,120</u>	<u>5,680,940</u>

7 STOCK-IN-TRADE	Note	Unaudited September 30, 2024 ———— (Rupees '000) ————	Audited December 31, 2023 ———— (Rupees '000) ————
Raw and packing materials		5,991,803	6,338,124
Provision for obsolete and slow moving stock		(62,551)	(52,891)
		5,929,252	6,285,233
Finished products		37,036,723	41,775,029
Provision for obsolete and slow moving stock		(513,729)	(8,776)
		36,522,994	41,766,253
		42,452,246	48,051,486
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		343,584	343,584
- on imported motor gasoline		195,925	1,961,211
Customs duty receivable		44,413	44,413
Sales tax refundable		274,600	1,689,029
Inland freight equalization margin		-	60,365
Receivable from related parties		3,180,076	2,990,515
Service cost receivable from PAPCO - an associate		4,188	30,707
Workers' profits participation fund		-	81,385
Staff retirement benefit schemes		116,371	130,743
Receivable from Oil Marketing Companies		13,910	45,483
Taxes recoverable		1,705,780	1,297,979
Margin held against letter of credit		578	375
Receivable from dealers		820,899	520,306
Others		387,452	476,300
		8,763,538	11,348,157
Provision for impairment	8.1	(2,363,003)	(4,266,969)
		6,400,535	7,081,188
8.1 Provision for impairment			
Balance at the beginning of the period / year		4,266,969	2,155,189
Provision made during the period / year		-	2,111,780
Reversal made during the period / year	8.2	(1,765,286)	-
		(1,765,286)	2,111,780
Write-offs during the year		(138,680)	-
Balance at the end of the period / year		2,363,003	4,266,969

8.2 Represents reversal in respect of recovery of price differential claims on imported motor gasoline from Ministry of Energy (Petroleum Division).

9 BANK BALANCES

Includes term deposit receipts amounting to Rs. 7,062,519 thousand (December 31, 2023: Nil) which carry interest rates ranging from 15% to 16.55% (December 31, 2023: 7.50% to 20.50%) per annum, having maturity upto December 10, 2024.

10 TRADE AND OTHER PAYABLES	Note	Unaudited September 30, 2024	Audited December 31, 2023
		———— (Rupees '000) ————	
Creditors	10.1	57,750,015	60,611,234
Accrued liabilities	10.2	8,137,084	9,823,795
Security deposits		531,117	532,552
Inland freight equalization margin		3,628,752	-
Workers' Welfare Fund		492,689	411,561
Workers' profit participation fund		92,931	-
Provision for staff redundancy plan		-	511,228
Other liabilities		3,783	8,363
		<u>70,636,371</u>	<u>71,898,733</u>

10.1 Includes amounts due to related parties aggregating to Rs. 49,098,085 thousand (December 31, 2023: Rs. 51,038,370 thousand).

10.2 Includes Rs. 4,003,055 thousand (December 31, 2023: Rs. 4,014,552 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 24.1 to the annual audited financial statements for the year ended December 31, 2023.

11.2 Commitments

11.2.1 Capital expenditure contracted for but not incurred as at September 30, 2024 amounted to approximately Rs. 3,577,555 thousand (December 31, 2023: Rs. 2,063,961 thousand).

11.2.2 Post-dated cheques have been deposited with the Collector of Customs Port Qasim and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. As at September 30, 2024, the value of these cheques amounted to Rs. 36,926,337 thousand (December 31, 2023: Rs. 56,437,060 thousand). The maturity dates of these cheques extend to March 19, 2025 (December 31, 2023: July 24, 2024).

11.2.3 Letters of credit, bank guarantees and bank contracts outstanding at September 30, 2024 amount to Rs. 14,707,860 thousand (December 31, 2023: Rs. 18,113,436 thousand).

12 OTHER EXPENSES

Includes exchange loss amounting to nil (September 30, 2023: Rs. 10,569,053 thousand).

13 OTHER INCOME

Includes reversal of provision for impairment on other receivables amounting to Rs. 1,765,286 thousand (September 30, 2023: Nil) and exchange gain amounting to Rs. 162,674 thousand (September 30, 2023: Nil).

14 TAXATION

14.1 This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

14.2 The aggregate of minimum tax and income tax, amounting to Rs. 2,826,078 thousand (September 30, 2023: Rs. 5,137,131 thousand) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

		Unaudited Nine months ended	
		September 30, 2024	September 30, 2023
		———— (Rupees '000) ————	
15	CASH GENERATED FROM OPERATIONS	Note	
	Profit before income tax and minimum tax differential		11,587,501
	Adjustment for non-cash charges and other items:		
	Depreciation charge for the period on operating assets		1,437,140
	Depreciation charge for the period on right-of-use assets		692,093
	Amortization charge for the period		2,101
	Accretion expense in respect of asset retirement obligation		45,974
	(Reversal) / Provision of impairment of trade debts		5,145
	Provision for soil and ground water remediation		393,756
	(Reversal) / Provision for impairment of other receivables	8.1	1,974,470
	Write off of trade debts		17,288
	Provision for obsolete and slow moving stock		373,725
	Write off of operating assets		-
	Reversal of impairment of operating assets		(224,186)
	Gain on disposal of operating assets		(63,360)
	Gain on termination of leases		-
	Share of profit of associate - net of tax	6	(399,569)
	Interest on term deposits and saving accounts		(1,198,278)
	Liabilities no longer required written back		(11,089,530)
	Mark-up on borrowings and running finance		16,036
	Accretion of interest on lease liabilities		583,158
	Working capital changes	15.1	5,190,127
			<u>9,343,591</u>
15.1	Working capital changes		
	Decrease / (increase) in current assets		
	Stock-in-trade		(18,660,150)
	Trade debts		(543,110)
	Loans and advances		(14,371)
	Short-term deposits and prepayments		450,611
	Other receivables		(373,220)
			<u>(19,140,240)</u>
	(Decrease) / increase in current liabilities		
	Trade and other payables		24,330,367
	Advances received from customers (contract liabilities)		-
			<u>5,190,127</u>

16 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of Ultimate and Immediate Parent and its subsidiaries, companies with common directorship, associates, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of relationship	Nature of transactions	Note	Unaudited Nine months ended	
			September 30, 2024	September 30, 2023
			———— (Rupees '000) ————	
Associate	Pipeline charges		447,990	475,686
	Others		22,138	12,142
Employees' retirement funds				
Defined benefit pension funds	Contribution		9,371	12,440
Defined contribution pension fund	Contribution		115,516	124,064
Defined benefit gratuity funds	Contribution		2,935	3,688
Provident funds	Contribution		53,473	57,569
Key management Personnel				
	Salaries and other short term employee benefits		137,851	103,264
	Post-employment benefits		11,148	9,723
	Medical		2,881	2,221
	Loan to Director		7,627	-
Non-executive Directors				
	Fee for attending meetings		9,204	9,030
Others				
	Purchases		113,975,990	115,903,211
	Sales		1,137,740	373,089
	Collection for sales made in Pakistan from customers of the associated company		-	273,698
	Technical service fee charged	16.2	4,223,832	3,818,631
	Trade-marks and manifestations license fee charged		539,280	368,298
	Insurance		8,118	6,258
	Bank charges		397,670	342,751
	Interest on term deposit receipts and saving accounts		980,139	1,198,278
	Expenses recovered from related parties - net		772,695	10,823,946
	Other expenses charged by related parties	16.3	1,843,296	2,103,001
	Donations		19,700	23,169
	Legal charges		2,043	1,256
	Commission income - net		-	715
	Subscription paid		4,622	360

- 16.1** 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.
- 16.2** 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.
- 16.3** Include charges net of reversals amounting to Rs. 297,432 thousand (September 30, 2023: Rs. 409,287 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.
- 16.4** As at the reporting date, trade debts amounting to Rs. 14,386 thousand (December 31, 2023: Rs. 7,789 thousand) were due from associated companies.

17 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, 2023. There has been no change in any risk management policies since the year end.

18 OPERATING SEGMENTS

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

As described in note 1.3 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.

Total sales of the Company relating to customers in Pakistan were 100% during the period ended September 30, 2024 (September 30, 2023: 100%).

All non-current assets of the Company as at September 30, 2024 and 2023 are located in Pakistan.

Sales to twenty major customers of the Company are around 16% during the quarter ended September 30, 2024 (September 30, 2023: 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. However there has been no material reclassification to report.

20 DATE OF AUTHORIZATION

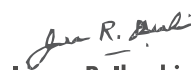
These condensed interim financial statements were authorized for issue on October 29, 2024 by the Board of Directors of the Company.



Zarrar Mahmud
Chief Financial Officer



Waqar I. Siddiqui
Chief Executive



Imran R. Ibrahim
Director

Trade in Shares by Executives through CDC

During January 01 to September 30, 2024

Name	Category	Transaction's date	No. of Shares	Nature	Rate (Rs.)
Danish Mukarram	Executive	March 29, 2024	100	Bought	151.00
Maria Silat	Executive	April 16, 2024	500	Bought	151.00
Danish Mukarram	Executive	April 30, 2024	100	Bought	145.00
Danish Mukarram	Executive	April 30, 2024	100	Bought	146.00
Imtiaz Aftab	Executive	May 20, 2024	1000	Sold	143.00
Khurram Baghpatee (Spouse)	Executive	June 10, 2024	350	Bought	135.14
Khurram Baghpatee (Spouse)	Executive	June 11, 2024	900	Bought	135.00
Muhammad Akmal	Executive	June 21, 2024	500	Bought	137.10
Khurram Baghpatee (Spouse)	Executive	June 25, 2024	2000	Bought	134.26
Muhammad Saleem	Executive	July 07, 2024	335	Bought	147.60
Muhammad Akmal	Executive	July 09, 2024	500	Sold	152.90
Yasser Effendi	Executive	September 13, 2024	192	Sold	155.11
Danish Mukarram	Executive	September 30, 2024	600	Sold	155.11

This page is blank intentionally



Shell Pakistan Limited
Shell House, 6 Ch. Khaliquzzaman Road,
Karachi - 75530, Pakistan.
www.shell.com.pk