



# HALF YEARLY REPORT 2020

TRANSFORMATION TODAY,  
BETTER TOMORROW



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## CORPORATE INFORMATION

### Chairman

Sir Alan Duncan

### Chief Executive Officer

Mr. Adeb Ahmad

### Directors

Mr. Hasan Reza Ur Rahim  
Mr. Nauman Kramat Dar  
Mr. Farrukh Saeed  
Mr. Farid Arshad Masood  
Mr. Abdul Aziz Khalid  
Mr. Aqeel Ahmed Khan

### Company Secretary

Mr. Farhan Ahmad

### Audit Committee

Mr. Hasan Reza Ur Rahim (Chairman)  
Mr. Nauman Kramat Dar (Member)  
Mr. Farid Arshad Masood (Member)

### Risk Committee

Mr. Nauman Kramat Dar (Chairman)  
Mr. Farrukh Saeed (Member)  
Mr. Abdul Aziz Khalid (Member)

### Human Resource Committee

Mr. Farrukh Saeed (Chairman)  
Mr. Alan Duncan (Member)  
Mr. Farid Arshad Masood (Member)

### Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

### Bankers

Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
The Bank of Khyber  
The Bank of Punjab  
The Citibank N. A. Pakistan Karachi Branch  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Silk Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
United Bank Limited

### Share Registrar

CDC Share Registrar Services Limited

### Legal Advisor

Mohsin Tayebaly & Co.  
Corporate Legal Consultants – Barristers & Advocates

### Registered Office

The Forum, Suite No.105-106, First Floor,  
Khayaban-e-Jami, Clifton, Block-9, Karachi

**Phone:** +92 21 35301343-50

**Fax:** +92 21 35301351

**UAN:** 111-757-757

**Email:** info@hascol.com

Website www.hascol.com



# DIRECTOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED JUNE 30, 2020

We are pleased to present the un-audited condensed interim financial statements of your Company for the half-year ended June 30, 2020 as reviewed by the Company's auditors Grant Thornton Anjum Rahman. These condensed interim financial statements have been prepared in accordance with applicable requirements of International Financial Reporting Standards (IAS 34 – Interim Financial Reporting) and the Companies Act, 2017.

The first half of 2020 witnessed unprecedented coronavirus pandemic (C-19) which impacted life globally; Pakistan also faced the severity of the pandemic. The C-19 affected the global oil industry on two folds, drastic reductions in the demand for oil and a sharp decline in product prices. Local OMC industry ("industry") was also adversely impacted by the global oil trends. Additionally, due to currency devaluation the industry also had to account for high inventory and exchange losses.

During Q1 2020, the shareholders injected PKR 8 Billion as additional capital, to bolster the operations and address the liquidity position of the Company, both of which had been adversely affected in FY 2019. But due to the lockdowns imposed by the government to tackle the C-19 situation; not only the sales volumes decreased due to a drop in consumption of oil products, the unprecedented fall in oil prices and devaluation of currency also had a severe dampening effect on the Company's financial performance. Additionally, together with the above, servicing of financial cost on a significant outstanding debt balance, provisioning against some assets and restatement of some liabilities contributed to a net loss of PKR 11.1 Billion for the three months June 30, 2020; and PKR 17.9 Billion for six months ended June 30, 2020. The shareholder's deficit as of June 30, 2020 rose to PKR 26.7 Billion and the current ratio fell to 0.30 due to high short term debt burden.

The Company's lenders agreed to partially convert short-term debt to long-term (which completed subsequently in September, 2020) to improve the Company's debt maturity profile. However, due to the subdued economic conditions and volatility of the oil markets, the expected results were not achieved.

There were some changes in the Board of Directors during the period under review. Sir Alan Duncan replaced Mr. Mumtaz Hasan Khan as the new Chairman of the Board and Mr. Nauman Dar replaced Mr. Atif Aslam Bajwa as Independent Director. Additionally, Mr. Aqeel Ahmed Khan (currently a Director on the Board) was appointed as CEO of the company in place of Mr. Waheed Ahmed Shaikh.

Subsequent to the period under review, in early September 2020, the Board of Directors was reconstituted and the changes saw Mr. Najmus Saqib Hameed and Mr. Farooq Rahmatullah Khan retiring and replaced by Mr. Farrukh Saeed and Mr. Hasan Reza ur Rahim. Soon thereafter, in late September 2020, Mr. Adeeb Ahmad was appointed as the CEO replacing Mr. Aqeel Ahmed Khan.

To put the company on a sustainable footing, the reconstituted board and the new management has now formulated a business revival and financial restructuring plan ("Plan"). A number of short to medium term measures are being taken, or are in process, as part of the Plan including, but not limited to, significant reduction in operating costs, recapturing and growing sales volumes and market share, disposal of non-core assets, shoring up working capital and raising of additional equity to reduce leverage and address negative book equity. Additionally, and most importantly, the Company is in discussion with the banks to partially convert debt into equity and restructure all of Company's short term debt into long term facilities in order to reduce its onerous debt service obligations.

Since major components of the Plan (while in progress) are yet to be formalized, the Company's auditors have reported on the risks to its going concern status based on which they have added a standard Disclaimer of not having been able to form a conclusion on the financial statements for H1 2020. However, the Board and the management of the Company are committed to, and are confident of, improving the Company's financial position and its operating and financial performance and are working with major shareholders, various lender and potential strategic partners towards an early and successful execution of the Plan.

Post reporting period due to the changes in the management team and, further, some of the Company's senior management and key members of finance team were affected by C-19. EY Ford Rhodes resigned as the co-auditors and Grant Thornton Anjum Rahman Chartered Accountants were appointed as the auditors of the Company. The above conditions caused the delay in announcement of the financial results for the half year ended June 30, 2020.



The Company expresses its sincere gratitude to all its shareholders, customers, dealers and partners, employees, lenders, suppliers, regulators and other stakeholders for their contributions and continuing support.

Chief Executive Officer

Director

Director

Karachi  
March 10, 2021

## ڈائریکٹرز کی جائزہ کی گئی رپورٹ

برائے سہ ماہی (اختتام 30 جون 2020)

ہم خوشی کے ساتھ مطلع کرنا چاہتے ہیں کہ غیر آڈٹ شدہ کمپنی کے عبوری مالی بیانات جو کہ سال کے آخر میں مورخہ ۳۰ جون ۲۰۲۰ کو پیش کیا جا رہا ہے۔ جو کہ کمپنی کے آڈیٹرانٹھم نے ریویو کیا ہے یہ عبوری مالی بیانات ضرورت کے مطابق انٹرنیشنل فنانس رپورٹنگ اسٹینڈرڈ (آئی اے ایس ۳۴ عبوری مالی رپورٹنگ) اور کنٹینر ایکٹ ۲۰۱۷ کے ماتحت تیار کیا گیا ہے۔

یہ مدت بہت ہی غیر معمولی اور نئے قسم کی ہے چونکہ کوویڈ 19 پینڈیک کی وجہ اندرونی اور بیرونی مسائل کا سامنا ہے جس کی وجہ سے کاروباری سرگرمیوں میں گہرے اثرات پیش نظر ہیں، جس کے نتیجے میں 30 جون 2020 کے چوتھائی اکاؤنٹ کے اعلان میں تاخیر کردی گئی ہے، مزید برآں اس صورتحال میں کرنسی میں کافی حد تک کمی آئی ہے جس کی وجہ سے اندسٹری کے مالی معاملات میں بے حد نقصانات کا سامنا ہوا ہے۔

دورانیہ Q.1، ۲۰۲۰، شیئر ہولڈرز نے اپنے 8 بلین کے اثاثہ جات شامل کیے ہیں تاکہ کمپنی کے مالی حالات میں بہتری لائی جاسکے جو کہ ایف وائے 2019 پر اثر انداز ہوا ہے، لیکن لاک ڈاؤن کی وجہ سے کوویڈ 19 کی سنگین صورتحال میں صرف سبزی نہیں بلکہ پروڈکٹ کی قیمتوں پر اثر انداز ہوا ہے جس کی وجہ سے قیمتوں میں کمی کے باعث مزید نقصانات کا سامنا پیش ہوا ہے۔ کرنسی میں کمی کی وجہ سے آئل کی قیمتوں کے باعث کمپنی کی مالی کارکردگی میں اثر نظر آیا ہے۔ مندرجہ بالا صورتحال حال کے باعث جو نقصانات کا سامنا ہوا ہے اس کے مطابق 11.1 بلین روپے جو کہ تین ماہ 30 جون 2020 تک ریکارڈ کیا گیا ہے، اور چھ ماہ کا ریکارڈ 17.9 بلین روپے 30 جون 2020 تک ریکارڈ کیا گیا ہے جس کے نتیجے میں شیئر ہولڈرز کو 30 جون 2020 تک 26.7 بلین روپے کا ٹھکانا ہوا ہے اور جس کا موجودہ تناسب 0.30 کرنٹ ریٹو کے مطابق بے حد زیادہ قرضی بوجھ ریکارڈ کیا گیا ہے۔

یہ کمپنی کو قرضہ دینے والے حضرات سے باہمی رضامندی سے طے کیا ہے کہ کم مدت کے قرضوں میں توسیع کر کے مزید لمبے عرصے کے لیے بڑھادینے جائیں جو کہ ستمبر 2020 تک پائے پھیل تک پہنچا دیا گیا ہے تاکہ کمپنی کی مالی نقصانات کو مزید بڑھنے سے روکا جاسکے، موجودہ صورتحال کو مد نظر رکھتے ہوئے آئل مارکس میں ہونے والے نقصانات پر تاحال قابو نہیں پایا جا سکا ہے۔

یہ کہ بورڈ آف ڈائریکٹرز میں کچھ تبدیلیاں کی گئی ہیں چیئر مین جناب ممتاز حسن خان کی جگہ سر ایلن ڈکسن نے لی ہے جناب عاطف اسلم باجوہ ایگزیکٹو ڈائریکٹر کی جگہ نعمان ڈار نے لی ہے مزید یہ کہ جناب عقیل احمد خان جو کہ موجودہ حالات میں ڈائریکٹر تھے انہیں چیف ایگزیکٹو آفسر وحید امجد شیخ کی جگہ مدعو کیا گیا ہے۔

اس کے بعد اس مدت کو دیکھتے ہوئے ستمبر 2020 میں بورڈ آف ڈائریکٹرز میں کچھ تبدیلیاں پیش آئی ہیں جس میں جناب نجم الثاقب حمید اور جناب فاروق رحمت اللہ ریٹائر ہو رہے ہیں اور ان کی جگہ جناب فرخ سعید اور جناب حسن رضا الرحیم لے رہے ہیں۔ مزید برآں ستمبر 2020 میں جناب ادیب احمد کو عقیل احمد خان کی جگہ چیف ایگزیکٹو آفسر بنایا جائے گا۔

یہ کہ کی گئی تبدیلیوں کے برعکس کمپنی کے پائیدار قدم اور نئی مینجمنٹ کمپنی کو بہتری کی جانب گامزن کرنے کے لیے اپنے بہترین اور باہمی رضامندی سے طے کردہ (منصوبہ) کے تحت کام کرے گی۔ جس میں کم مدتی قرضوں اور لمبے عرصے تک کے لیے استعمال کیا جائے گا۔ البتہ بورڈ اور کمپنی کی مینجمنٹ کے پیش نظر کمپنی کی پرفارمنس منفی طور پر معاشی حماز پر پاک روپے کی قدر میں کمی سے کمپنی کی کارکردگی بری بھی بڑھایا جائے گا۔ چونکہ کمپنی کو شیئر میں کافی نقصان کا سامنا ہوا ہے اس نقصان کو بھی پورا کرنے کے لیے نئی مینجمنٹ کے قدم گامزن ہوں گے اور اس معاملے میں بینکس کے ساتھ بھی بات چیت کر کے کم مدتی قرضوں کو لمبے عرصے تک استعمال کرنے کے منصوبے پر غور کیا جائے گا۔

منصوبے کے اہم نقاط ابھی زیر غور ہیں جن پر عمل کرنے کے لیے کمپنی کے آڈٹ کے زیر نگرانی عمل پیرا ہونے کے لیے غور کیا جائے گا اور جس پر معیاری دستبرداری کے تحت عمل کیا جائے گا اور مزید مالی تفصیلات کے نتیجے میں H1 2020 کو اخذ کیا جائے گا۔ البتہ بورڈ اور کمپنی کی مینجمنٹ کے پیش نظر کمپنی کی پرفارمنس منفی طور پر معاشی حماز پر پاک روپے کی قدر میں کمی سے کمپنی کی کارکردگی بری طور پر متاثر ہوئی ہے، جسے بہتر بنانے کے لیے ممکنہ سٹیجیک شراکتداری کو برقرار رکھنے ہوئے منصوبہ پر عملدرآمد کیا جائے گا۔

یہ کہ اطلاع دہندگی کے بعد کی مدت میں مینجمنٹ ٹیم میں جو تبدیلیاں کی گئی ہیں اور کمپنی کی سینئر مینجمنٹ اور فنانس ٹیم کے ممبر جو کہ کوویڈ 19 سے متاثر ہوئے ہیں ان کے وائے فارورڈ رہوڈز جنہوں نے کوآڈیٹر کے عہدے سے استعفیٰ دے دیا ہے اور گریڈ ٹھوسٹون انٹرنیشنل چارٹڈ اکاؤنٹینٹ کے عہدے پر کمپنی میں فائز کیا گیا ہے۔ مندرجہ بالا ضوابط کی وجہ سے مالی نتائج کے اعلان میں تاخیر کا سامنا پیش آیا ہے جو کہ آدھے سال 30 جون 2020 تک کے لیے ریکارڈ کیا گیا ہے۔

کبھی نے اپنی تمام تر حالات اور معاملات بے حد شکرگزاری کے ساتھ اپنے تمام تر ملازمین، صارفین، فنانس ایسوسی ٹیوشن، سپلائرز اور دیگر اسٹیک ہولڈر کے سامنے پیش کیا ہے اور اس کے ساتھ ہی ان کے شراکت اور مسلسل مدد کو بھی سراہا ہے۔ مزید گورنمنٹ آف پاکستان اور متعلقہ منسٹریز کو بھی ان کے تعاون اور مدد کے لیے شکریہ ادا کرتے ہیں۔



ڈائریکٹر



ڈائریکٹر



چیف ایگزیکٹو آفسر

کراچی

تاریخ 10 مارچ 2021



## TO THE MEMBERS OF HASCOL PETROLEUM LIMITED REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

### Introduction

We were engaged to review the accompanying condensed interim unconsolidated statement of financial position of Hascol Petroleum Limited (the Company) as at June 30, 2020 and the related condensed interim unconsolidated statement of profit or loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to these condensed interim unconsolidated financial statements for the six months period then ended (here-in-after referred to as the “condensed interim unconsolidated financial statements”). Management is responsible for the preparation and fair presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review. However, because of matter described in Basis for Disclaimer of Conclusion paragraph, we were not able to obtain sufficient appropriate evidence for expressing a conclusion on these condensed interim unconsolidated financial statements.

### Scope of review

We were engaged to conduct 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 these condensed interim unconsolidated 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 Standard 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.

### Basis for Disclaimer of Conclusion

As disclosed in note 1.4, these condensed interim unconsolidated financial statements are prepared on the assumption that the Company will continue as a going concern. The management’s assessment highlighted that the liquidity of the Company is dependent upon the proposed restructuring arrangement of the Company’s overdue financial liabilities. However, we were unable to obtain sufficient appropriate evidence to support our conclusion in respect of the proposed restructuring. These condensed interim unconsolidated financial statements do not reflect any adjustment that would be required should the Company be unable to continue as a going concern.

### Disclaimer of Conclusion

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to form a conclusion on these condensed interim unconsolidated financial statements. Accordingly, we do not express a conclusion on these condensed interim unconsolidated financial statements.

### Emphasis of Matters

We draw attention to the following matters:

- a) Note 1.5 to these condensed interim unconsolidated financial statements which states that these condensed interim unconsolidated financial statements have not been authenticated by the Chief Financial Officer as required by the Companies Act, 2017 because the same was not appointed till the date of authorization of these condensed interim unconsolidated financial statements. In this regard, the Board of Directors through a resolution has authorized a Director to authenticate these condensed interim unconsolidated financial statements.



- b) Note 4 to these condensed interim unconsolidated financial statements which states that during the period the Company has restated certain prior period figures.
- c) Note 20.1 to these condensed interim unconsolidated financial statements which states the cumulative impact of contingencies as at June 30, 2020.
- d) Note 21 to these condensed interim unconsolidated financial statements which states that the Company has fully provided a trade debt balance during the period.

#### Other Matter

The figures for the quarter ended June 30, 2020 in the condensed interim unconsolidated statement of profit or loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Shaukat Naseeb.

Grant Thornton Anjum Rahman  
Chartered Accountants  
Karachi  
Date: 10 March, 2021



SEMI-SYNTHETIC OIL

**AW**

**GEAR S**

Oil

**AW**

**GEAR S**



# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020



## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

AS AT JUNE 30, 2020

|                                                                   | Note | Un-audited<br>June 30,<br>2020 | Restated<br>Audited<br>December 31,<br>2019 | Restated<br>Audited<br>December 31,<br>2018 |
|-------------------------------------------------------------------|------|--------------------------------|---------------------------------------------|---------------------------------------------|
| -----Rupees in '000-----                                          |      |                                |                                             |                                             |
| <b>ASSETS</b>                                                     |      |                                |                                             |                                             |
| <b>Non-current assets</b>                                         |      |                                |                                             |                                             |
| Property, plant and equipment                                     | 8    | 32,707,257                     | 33,824,831                                  | 22,563,232                                  |
| Intangible asset                                                  | 9    | 4,777                          | 3,134                                       | 2,565                                       |
| Long-term investments                                             | 10   | 4,062,500                      | 4,272,165                                   | 1,378,199                                   |
| Deferred taxation - net                                           | 11   | -                              | -                                           | 164,027                                     |
| Long-term deposits                                                |      | 551,803                        | 571,065                                     | 547,772                                     |
| <b>Total non-current assets</b>                                   |      | <b>37,326,337</b>              | <b>38,671,195</b>                           | <b>24,655,795</b>                           |
| <b>Current assets</b>                                             |      |                                |                                             |                                             |
| Stock-in-trade                                                    |      | 14,258,887                     | 19,219,871                                  | 22,615,303                                  |
| Trade debts                                                       |      | 3,918,301                      | 11,040,583                                  | 13,552,235                                  |
| Advances                                                          | 12   | 97,814                         | 166,662                                     | 65,104                                      |
| Deposits and prepayments                                          | 13   | 285,035                        | 165,756                                     | 199,829                                     |
| Other receivables                                                 | 14   | 3,906,263                      | 3,840,343                                   | 2,845,526                                   |
| Mark-up and profit accrued                                        |      | 88,606                         | 114,159                                     | 92,718                                      |
| Taxation - net                                                    |      | 173,278                        | 566,012                                     | 1,270,808                                   |
| Short term investments                                            |      | 102,900                        | 103,688                                     | -                                           |
| Cash and bank balances                                            |      | 3,832,249                      | 13,586,382                                  | 8,799,447                                   |
| <b>Total current assets</b>                                       |      | <b>26,663,333</b>              | <b>48,803,456</b>                           | <b>49,440,970</b>                           |
| <b>TOTAL ASSETS</b>                                               |      | <b>63,989,670</b>              | <b>87,474,651</b>                           | <b>74,096,765</b>                           |
| <b>EQUITY AND LIABILITIES</b>                                     |      |                                |                                             |                                             |
| <b>Share capital and reserves</b>                                 |      |                                |                                             |                                             |
| Share capital                                                     | 15   | 9,991,207                      | 1,991,207                                   | 1,810,188                                   |
| Reserves                                                          |      | (40,569,865)                   | (22,428,634)                                | 4,253,392                                   |
| Revaluation surplus on property, plant and equipment - net of tax |      | 3,855,001                      | 4,033,053                                   | 4,389,156                                   |
| Share deposit money                                               |      | -                              | 5,752,443                                   | -                                           |
| <b>Total shareholders' (deficit) / equity</b>                     |      | <b>(26,723,657)</b>            | <b>(10,651,931)</b>                         | <b>10,452,736</b>                           |
| <b>LIABILITIES</b>                                                |      |                                |                                             |                                             |
| <b>Non-current liabilities</b>                                    |      |                                |                                             |                                             |
| Long-term financing - secured                                     | 16   | 903,803                        | 1,590,538                                   | 2,625,850                                   |
| Liabilities against assets subject to finance lease               |      | 2,260,883                      | 2,379,875                                   | 1,015,993                                   |
| Deferred liabilities                                              | 17   | -                              | 257,282                                     | 250,593                                     |
| <b>Total non-current liabilities</b>                              |      | <b>3,164,686</b>               | <b>4,227,695</b>                            | <b>3,892,436</b>                            |
| <b>Current liabilities</b>                                        |      |                                |                                             |                                             |
| Trade and other payables                                          | 18   | 41,958,515                     | 53,436,409                                  | 38,728,255                                  |
| Unclaimed dividend                                                |      | 356,406                        | 356,597                                     | 362,674                                     |
| Mark-up and profit accrued                                        |      | 2,409,271                      | 1,549,403                                   | 311,976                                     |
| Short-term borrowings                                             |      | 41,075,008                     | 37,017,653                                  | 18,877,466                                  |
| Current portion of non-current liabilities                        | 19   | 1,749,441                      | 1,538,825                                   | 1,471,222                                   |
| <b>Total current liabilities</b>                                  |      | <b>87,548,641</b>              | <b>93,898,887</b>                           | <b>59,751,593</b>                           |
| <b>TOTAL LIABILITIES</b>                                          |      | <b>90,713,327</b>              | <b>98,126,582</b>                           | <b>63,644,029</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |      | <b>63,989,670</b>              | <b>87,474,651</b>                           | <b>74,096,765</b>                           |

### CONTINGENCIES AND COMMITMENTS

20

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Director



## CONDENSED INTERIM UNCONSOLIDATED PROFIT OR LOSS ACCOUNT – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                    | Note | Restated                |                           | Restated            |                         |
|----------------------------------------------------|------|-------------------------|---------------------------|---------------------|-------------------------|
|                                                    |      | Six months period ended | Three months period ended | June 30, 2020       | June 30, 2019           |
|                                                    |      | June 30, 2020           | June 30, 2019             | June 30, 2020       | June 30, 2019           |
| -----Rupees in '000-----                           |      |                         |                           |                     |                         |
| Sales - net                                        |      | 69,140,852              | 100,586,150               | 28,401,171          | 41,942,097              |
| Less: sales tax                                    |      | (10,390,010)            | (14,551,988)              | (4,344,388)         | (5,546,214)             |
| <b>Net sales</b>                                   |      | <b>58,750,842</b>       | <b>86,034,162</b>         | <b>24,056,783</b>   | <b>36,395,883</b>       |
| Other revenue                                      |      | 217,319                 | 145,115                   | 111,952             | 67,231                  |
| <b>Net revenue</b>                                 |      | <b>58,968,161</b>       | <b>86,179,277</b>         | <b>24,168,735</b>   | <b>36,463,114</b>       |
| Cost of products sold                              |      | (61,067,800)            | (86,204,375)              | (24,411,175)        | (36,472,150)            |
| <b>Gross loss</b>                                  |      | <b>(2,099,639)</b>      | <b>(25,098)</b>           | <b>(242,440)</b>    | <b>(9,036)</b>          |
| <b>Operating expenses</b>                          |      |                         |                           |                     |                         |
| Distribution and marketing                         |      | (1,411,466)             | (1,845,776)               | (545,191)           | (992,211)               |
| Administrative                                     |      | (539,270)               | (549,057)                 | (358,498)           | (333,672)               |
|                                                    |      | (1,950,736)             | (2,394,833)               | (903,689)           | (1,325,883)             |
| Impairment losses on financial assets              | 21   | (7,603,868)             | (838,373)                 | (7,603,868)         | (838,373)               |
| Other expenses                                     | 22   | (58,590)                | (6,326,849)               | (58,590)            | (2,862,713)             |
| Other income                                       |      | 311,561                 | 195,274                   | 209,736             | 86,316                  |
| <b>Operating loss</b>                              |      | <b>(11,401,272)</b>     | <b>(9,389,879)</b>        | <b>(8,598,851)</b>  | <b>(4,949,689)</b>      |
| Finance cost                                       |      | (3,714,422)             | (2,807,656)               | (1,761,408)         | (2,002,158)             |
| Exchange loss - net                                |      | (2,096,874)             | (3,288,837)               | (209,167)           | (3,045,184)             |
|                                                    |      | (5,811,296)             | (6,096,493)               | (1,970,575)         | (5,047,342)             |
| <b>Loss before taxation</b>                        |      | <b>(17,212,568)</b>     | <b>(15,486,372)</b>       | <b>(10,569,426)</b> | <b>(9,997,031)</b>      |
| Taxation                                           | 23   | (687,571)               | 3,667,368                 | (481,784)           | 3,961,650               |
| <b>Loss for the period</b>                         |      | <b>(17,900,139)</b>     | <b>(11,819,004)</b>       | <b>(11,051,210)</b> | <b>(6,035,381)</b>      |
| <b>Loss per share - basic and diluted (Rupees)</b> | 24   | <b>(18.10)</b>          | <b>Restated (31.31)</b>   | <b>(11.18)</b>      | <b>Restated (15.99)</b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                                                                               | Six months period ended    |                            | Three months period ended  |                           |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
|                                                                                                                               | June 30,<br>2020           | June 30,<br>2019           | June 30,<br>2020           | June 30,<br>2019          |
| -----Rupees in '000-----                                                                                                      |                            |                            |                            |                           |
| <b>Loss for the period</b>                                                                                                    | <b>(17,900,139)</b>        | <b>(11,819,004)</b>        | <b>(11,051,210)</b>        | <b>(6,035,381)</b>        |
| <b>Other comprehensive (loss) / income for the period</b>                                                                     |                            |                            |                            |                           |
| <b>Items that will not be reclassified subsequently<br/>to consolidated profit or loss account</b>                            |                            |                            |                            |                           |
| Unrealized (loss) / gain on remeasurement of investment held at<br>fair value through other comprehensive income - net of tax | <b>(292,025)</b>           | <b>(182,400)</b>           | <b>24,259</b>              | <b>(175,645)</b>          |
| <b>Total comprehensive loss for the period</b>                                                                                | <b><u>(18,192,164)</u></b> | <b><u>(12,001,404)</u></b> | <b><u>(11,026,951)</u></b> | <b><u>(6,211,026)</u></b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                 |      | June 30,<br>2020         | Restated<br>June 30,<br>2019 |
|-----------------------------------------------------------------|------|--------------------------|------------------------------|
|                                                                 |      | -----Rupees in '000----- |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                          |                              |
|                                                                 | Note |                          |                              |
| Cash (used in) / generated from operations                      | 25   | (12,356,934)             | 5,911,580                    |
| Finance cost paid                                               |      | (2,773,671)              | (2,278,534)                  |
| Interest cost on leased assets paid                             |      | (80,883)                 | (82,841)                     |
| Profit received on bank deposits                                |      | 213,110                  | 228,698                      |
| Profit received on short term investment                        |      | 6,266                    | -                            |
| Profit received on sale of derivatives                          |      | 70,142                   | -                            |
| Taxes paid                                                      |      | (262,650)                | (112,755)                    |
| Gratuity paid                                                   |      | (67,891)                 | (769)                        |
| <b>Net cash (used in) / generated from operating activities</b> |      | <b>(15,252,511)</b>      | <b>3,665,379</b>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                          |                              |
| Capital expenditure incurred                                    |      | (59,818)                 | (12,447,887)                 |
| Proceeds from disposal of property, plant and equipment         |      | 180,705                  | 515,532                      |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>120,887</b>           | <b>(11,932,355)</b>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                          |                              |
| Lease liability (obtained) / repaid                             |      | (189,248)                | 245,384                      |
| Payment of commercial paper                                     |      | -                        | (2,500,000)                  |
| Payment of unclaimed dividend                                   |      | (191)                    | (5,308)                      |
| Proceeds from issue of commercial paper                         |      | -                        | 3,770,753                    |
| Issue of right shares                                           |      | 2,247,557                | -                            |
| Rights share issuance cost                                      |      | (127,119)                | -                            |
| Long term investment                                            |      | (205,000)                | -                            |
| Long-term finance paid                                          |      | (405,863)                | (450,202)                    |
| <b>Net cash generated from financing activities</b>             |      | <b>1,320,136</b>         | <b>1,060,627</b>             |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(13,811,488)</b>      | <b>(7,206,349)</b>           |
| Cash and cash equivalents at beginning of the period            |      | (23,431,271)             | (7,639,654)                  |
| <b>Cash and cash equivalents at end of the period</b>           | 26   | <b>(37,242,759)</b>      | <b>(14,846,003)</b>          |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY – UNAUDITED**

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                                                                              | Capital reserves |                  | Revenue reserve                                        | Revaluation surplus on property, plant and equipment net of tax | Share deposit money | Total shareholders' equity / (deficit) |                                |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|--------------------------------------------------------|-----------------------------------------------------------------|---------------------|----------------------------------------|--------------------------------|
|                                                                                                                              | Share Capital    | Share premium    | Unrealized loss on remeasurement of FVTOCI investments |                                                                 |                     |                                        | Unappropriated profit / (loss) |
| -----Rupees in '000-----                                                                                                     |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Balance as at January 01, 2019 (audited)                                                                                     | 1,810,188        | 4,766,854        | (216,958)                                              | 585,068                                                         | 4,389,156           | -                                      | 11,334,308                     |
| Effect of restatement (note 4)                                                                                               | -                | -                | -                                                      | (881,572)                                                       | -                   | -                                      | (881,572)                      |
| Balance as at January 01, 2019 (restated)                                                                                    | 1,810,188        | 4,766,854        | (216,958)                                              | (296,504)                                                       | 4,389,156           | -                                      | 10,452,736                     |
| <b>Total comprehensive loss for the period</b>                                                                               |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Loss for the period                                                                                                          | -                | -                | -                                                      | (11,819,004)                                                    | -                   | -                                      | (11,819,004)                   |
| <b>Other comprehensive loss for the period</b>                                                                               |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax            | -                | -                | (182,400)                                              | -                                                               | -                   | -                                      | (182,400)                      |
| <b>Total comprehensive loss for the period</b>                                                                               | -                | -                | (182,400)                                              | (11,819,004)                                                    | -                   | -                                      | (12,001,404)                   |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax | -                | -                | -                                                      | 145,203                                                         | (145,203)           | -                                      | -                              |
|                                                                                                                              | -                | -                | (182,400)                                              | (11,673,801)                                                    | (145,203)           | -                                      | (12,001,404)                   |
| <b>Transactions with owners</b>                                                                                              |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Bonus issue 10% per share - December 2018                                                                                    | 181,019          | -                | -                                                      | (181,019)                                                       | -                   | -                                      | -                              |
|                                                                                                                              | 181,019          | -                | -                                                      | (181,019)                                                       | -                   | -                                      | -                              |
| <b>Balance as at June 30, 2019 (Restated) - unaudited</b>                                                                    | <b>1,991,207</b> | <b>4,766,854</b> | <b>(399,358)</b>                                       | <b>(12,151,324)</b>                                             | <b>4,243,953</b>    | <b>-</b>                               | <b>(1,548,668)</b>             |
| Balance as at January 01, 2020 (audited)                                                                                     | 1,991,207        | 4,766,854        | (267,992)                                              | (25,189,293)                                                    | 4,033,053           | 5,752,443                              | (8,913,728)                    |
| Effect of restatement (note 4)                                                                                               | -                | -                | -                                                      | (1,738,203)                                                     | -                   | -                                      | (1,738,203)                    |
| Balance as at January 01, 2020 (restated)                                                                                    | 1,991,207        | 4,766,854        | (267,992)                                              | (26,927,496)                                                    | 4,033,053           | 5,752,443                              | (10,651,931)                   |
| <b>Total comprehensive loss for the period</b>                                                                               |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Loss for the period                                                                                                          | -                | -                | -                                                      | (17,900,139)                                                    | -                   | -                                      | (17,900,139)                   |
| <b>Other comprehensive loss for the period</b>                                                                               |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax            | -                | -                | (292,025)                                              | -                                                               | -                   | -                                      | (292,025)                      |
| <b>Total comprehensive loss for the period</b>                                                                               | -                | -                | (292,025)                                              | (17,900,139)                                                    | -                   | -                                      | (18,192,164)                   |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax    | -                | -                | -                                                      | 178,052                                                         | (178,052)           | -                                      | -                              |
|                                                                                                                              | -                | -                | (292,025)                                              | (17,722,087)                                                    | (178,052)           | -                                      | (18,192,164)                   |
| <b>Transactions with owners</b>                                                                                              |                  |                  |                                                        |                                                                 |                     |                                        |                                |
| Right issue - 400% @ Rs. 10/- per share - October 2019                                                                       | 8,000,000        | -                | -                                                      | -                                                               | -                   | (8,000,000)                            | -                              |
| Share deposit money received                                                                                                 | -                | -                | -                                                      | -                                                               | -                   | 2,247,557                              | 2,247,557                      |
| Issuance cost                                                                                                                | -                | (127,119)        | -                                                      | -                                                               | -                   | -                                      | (127,119)                      |
|                                                                                                                              | 8,000,000        | (127,119)        | -                                                      | -                                                               | -                   | (5,752,443)                            | 2,120,438                      |
| <b>Balance as at June 30, 2020 - unaudited</b>                                                                               | <b>9,991,207</b> | <b>4,639,735</b> | <b>(560,017)</b>                                       | <b>(44,649,582)</b>                                             | <b>3,855,001</b>    | <b>-</b>                               | <b>(26,723,657)</b>            |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

  
 Chief Executive Officer

  
 Director

  
 Director



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 1 STATUS AND NATURE OF BUSINESS

- 1.1** Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.
- 1.2** The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licenced company in the year 2018.
- 1.3** These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and associated companies, have been accounted for at cost less accumulated impairment losses, if any.
- 1.4** The Company incurred a net loss of Rs. 17,900 (2019: Rs. 11,819) million for the six months ended June 30, 2020, resulting in accumulated losses of Rs. 40,570 (2019: Rs. 22,429) million as of the condensed interim unconsolidated statement of financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 60,908 (2019: Rs. 45,095) million. Further, the Company did not make certain payments during the period in accordance with the repayment term to a financial institution and is currently in the process of negotiating for restructuring the terms for repayment. The Company has undertaken certain plans and measures to improve its liquidity and financial position which includes the following:
- a) The Company is in the process of increasing its share capital to address its equity deficit. In this respect, the shareholders of the Company have approved increase of Authorized Capital of the Company from Rs. 10 billion to Rs. 50 billion.
  - b) The Company is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Company improve its future operating and financial performance.
  - c) The Company is also taking measures to reduce its storage costs through revision of existing agreements.
  - d) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Company for the twelve months from the date of approval of these condensed interim unconsolidated financial statements, which took into account the projected future working capital of the Company. The board believes that the Company will have sufficient cash resources to continue its operations for the next twelve months from the date of approval of these condensed interim unconsolidated financial statements.
- Considering expected equity injection and support from financial institutions, the Company, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these condensed interim unconsolidated financial statements on going concern basis.
- 1.5** These condensed interim unconsolidated financial statements have not been authenticated by the Chief Financial Officer as required by the Companies Act, 2017 because the same was not appointed till the date of authorization of these condensed interim unconsolidated financial statements. In this regard, the Board of Directors through a resolution has authorized a Director to authenticate these condensed interim unconsolidated financial statements.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the six months period ended June 30, 2020 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These condensed interim unconsolidated financial statements are being submitted to the shareholders in accordance with Section 237 of the Act and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2019.

### 3 ACCOUNTING POLICIES

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 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 January 01, 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.

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 unconsolidated financial statements.

### 4 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The following restatements have been made on account of prior period errors in the financial statement.

| Impact on statement of financial position<br>As at 31 December 2018 | As previously<br>reported | Adjustments<br>Rs in '000 | As restated  |
|---------------------------------------------------------------------|---------------------------|---------------------------|--------------|
| Reserves                                                            | 5,134,964                 | (881,572)                 | 4,253,392    |
| Trade and other payables<br>Trade creditors                         | (26,686,559)              | (1,241,651)               | (27,928,210) |
| Deferred taxation - net                                             | -                         | 164,027                   | 164,027      |
| Deferred liabilities<br>Deferred taxation - net                     | (196,052)                 | 196,052                   | -            |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

- 4.1** As explained in note 18 of these condensed interim unconsolidated financial statements, the Company was involved in a litigation with counter party that was then referred in the court of arbitration, the liability was revised after receipt of final award from the arbitrator. The final award was received during the prior period however, the balances were not revised in the relevant period. Accordingly, the balances have been retrospectively restated, taking cumulative impact in the opening retained earning of the earliest prior period presented net of deferred taxation.

| <b>Impact on statement of financial position<br/>As at 31 December 2019</b> | <b>As previously<br/>reported</b> | <b>Adjustments</b> | <b>As restated</b> |
|-----------------------------------------------------------------------------|-----------------------------------|--------------------|--------------------|
|                                                                             | -----Rs in '000-----              |                    |                    |
| Reserves - note 4.3                                                         | (21,932,082)                      | (496,552)          | (22,428,634)       |
| Trade and other payables                                                    |                                   |                    |                    |
| Trade creditors - note 4.1, 4.2                                             | (46,647,987)                      | (496,552)          | (47,144,539)       |

- 4.2** The amount of trade creditors has been restated to Rs. 46,648 million as at December 31, 2019 after incorporating the effect of previous year restatement of Rs. 1,242 million. Previously, the balance was stated as Rs. 45,406 million as at December 31, 2019.

- 4.3** The amount of reserves has been restated to Rs. 21,932 million as at December 31, 2019 after incorporating the effect of previous year restatement of Rs. 1,242 million. Previously, the balance was stated as Rs. 20,690 million as at December 31, 2019.

| <b>Impact on statement of comprehensive income<br/>For the period ended June 30, 2019</b> | <b>As previously<br/>reported</b> | <b>Adjustments</b> | <b>As restated</b> |
|-------------------------------------------------------------------------------------------|-----------------------------------|--------------------|--------------------|
|                                                                                           | -----Rs in '000-----              |                    |                    |
| Cost of products sold - note 4.4                                                          | (86,314,966)                      | 110,591            | (86,204,375)       |
| Distribution and marketing - note 4.5                                                     | (2,974,960)                       | 44,536             | (2,930,424)        |
| Finance cost - note 4.6                                                                   | (2,650,019)                       | (157,636)          | (2,807,655)        |
| Exchange loss - net - note 4.7                                                            | (2,479,918)                       | (809,019)          | (3,288,937)        |
| Unrealized loss on remeasurement of investment carried at FVOCI - note 4.8                | (256,902)                         | 74,502             | (182,400)          |
| Taxation - note 4.9                                                                       | 3,506,527                         | 160,841            | 3,667,368          |

- 4.4** Refer note 37.4 of the annual audited financial statements for the year ended December 31, 2019. The amount represents six months impact of shipping cost related to import transactions.

- 4.5** This represents net impact of recognition of depreciation expense on right of use asset and reversal of rental expense as recognized in unconsolidated financial statement for the year ended December 31, 2019.

- 4.6** This represents interest expense on outstanding amount of the liability against arbitration order and lease liability against right of use asset as referred in note 4.1 and 4.5 respectively.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

- 4.7** This represents exchange loss on outstanding amount of the liability against arbitration order and shipping cost as referred in note 4.1 and 4.4 respectively.
- 4.8** The amount is due to deferred tax impact on the unrealized loss on remeasurement of investment carried at FVOCI.
- 4.9** The amount represents the deferred tax impact on the above mentioned restatements.
- 4.10** Investment in Haseco Terminal (Private) Limited has been carried at cost under IAS-28 'Investment in Associates and Joint Ventures' on the basis of significant influence in the entity, which was previously being carried at fair value through other comprehensive income under IFRS-9 'Financial Instruments'.

### 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 5.1** The preparation of this condensed interim unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements 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.
- 5.2** During the preparation of this condensed interim unconsolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2019.

### 6 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

- Significant related party transactions are disclosed in note 28.
- As of June 30, 2020, the Company's current ratio has declined below the minimum requirement under Sukuk agreement.
- As at June 30, 2020, the Company has overdue balances of Rs. 20,826 million in respect of financial institutions.
- During the period, prior year balances have been restated as disclosed in note 4.
- The Company has received certain notices from the regulatory bodies of Pakistan against which appropriate responses have been given to clarify the Company's stance from time to time in consultation with Company's legal council and requisite legal recourse was taken by the Company.

### 7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company as at and for the year ended December 31, 2019.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| 8 | PROPERTY, PLANT AND EQUIPMENT | Note | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---|-------------------------------|------|----------------------------------|-----------------------------------|
|   |                               |      | -----Rupees in '000-----         |                                   |
|   | Operating fixed assets        |      | 27,714,504                       | 28,402,074                        |
|   | Capital work-in-progress      | 8.3  | 3,784,742                        | 4,167,173                         |
|   | Right of use asset            | 8.4  | 1,208,011                        | 1,255,584                         |
|   |                               |      | <u>32,707,257</u>                | <u>33,824,831</u>                 |

8.1 Additions / transfer from CWIP to operating fixed assets during the period / year were as follows:

### Owned assets

|                                                    |                |                   |
|----------------------------------------------------|----------------|-------------------|
| Office building                                    | -              | 2,081,643         |
| Tanks and pipelines                                | 45,832         | 2,583,719         |
| Pump building                                      | 366,405        | 1,362,308         |
| Electrical, mechanical and fire fighting equipment | 18,192         | 2,967,604         |
| Tank lorries                                       | -              | 76,823            |
| Motor cars                                         | -              | 7,250             |
| Dispensing pumps                                   | -              | 512,100           |
| Furniture, office equipment and other assets       | 2,574          | 110,487           |
| Plant and machinery                                | -              | 1,589,281         |
| Computer auxiliaries                               | 7,183          | 16,103            |
|                                                    | <u>440,186</u> | <u>11,307,318</u> |

### Leased assets

|              |                |                   |
|--------------|----------------|-------------------|
| Tank lorries | -              | 462,641           |
|              | <u>440,186</u> | <u>11,769,959</u> |

8.2 The following assets were disposed off during the period / year:

|                                   | Cost             | Accumulated<br>Depreciation | Net Book<br>Value |
|-----------------------------------|------------------|-----------------------------|-------------------|
| -----Rupees in '000-----          |                  |                             |                   |
| <b>June 30, 2020 (Un-audited)</b> | <u>(177,498)</u> | <u>23,325</u>               | <u>(154,173)</u>  |
| December 31, 2019 (Audited)       | <u>(788,000)</u> | <u>124,976</u>              | <u>(663,024)</u>  |

8.3 Capital work-in-progress

|                                                    | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------|----------------------------------|-----------------------------------|
| -----Rupees in '000-----                           |                                  |                                   |
| Office building                                    | 1,365,259                        | 1,360,721                         |
| Tanks and pipelines                                | 932,015                          | 1,016,818                         |
| Pump building                                      | -                                | 259,127                           |
| Electrical, mechanical and fire fighting equipment | 699,202                          | 699,202                           |
| Dispensing pumps                                   | 80,571                           | 102,845                           |
| Furniture, office equipment and other assets       | 173,315                          | 194,080                           |
| Plant and machinery                                | 360,740                          | 360,740                           |
| Borrowing cost capitalized                         | 167,702                          | 167,702                           |
| Computer auxiliaries                               | 5,938                            | 5,938                             |
|                                                    | <u>3,784,742</u>                 | <u>4,167,173</u>                  |

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|            |                                                                  | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|------------|------------------------------------------------------------------|----------------------------------|-----------------------------------|
|            |                                                                  | -----Rupees in '000-----         |                                   |
| <b>8.4</b> | <b>Right of use asset</b>                                        |                                  |                                   |
|            | Opening balance                                                  | 1,255,584                        | -                                 |
|            | Additions during the period / year                               | -                                | 1,349,100                         |
|            | Depreciation during the period / year                            | (47,573)                         | (93,516)                          |
|            | Closing balance                                                  | <u>1,208,011</u>                 | <u>1,255,584</u>                  |
| <b>9</b>   | <b>INTANGIBLE ASSET</b>                                          |                                  |                                   |
|            | <b>Computer software</b>                                         | <u>4,777</u>                     | <u>3,134</u>                      |
|            | Net book value at beginning of the period / year                 | 3,134                            | 2,565                             |
|            | Addition                                                         | 2,063                            | 1,103                             |
|            | Amortization charge for the period / year                        | (420)                            | (534)                             |
|            | Net book value at the end of the period / year                   | <u>4,777</u>                     | <u>3,134</u>                      |
|            | <b>Net book value</b>                                            |                                  |                                   |
|            | Cost                                                             | 14,074                           | 12,010                            |
|            | Accumulated amortization                                         | (9,297)                          | (8,876)                           |
|            | Net book value                                                   | <u>4,777</u>                     | <u>3,134</u>                      |
|            | Rate of amortization - %                                         | <u>33.33</u>                     | <u>33.33</u>                      |
| <b>10</b>  | <b>LONG-TERM INVESTMENTS</b>                                     |                                  |                                   |
|            | <b>Investment in subsidiary company - at cost</b>                |                                  |                                   |
|            | Hascombe Lubricant (Private) Limited - unquoted                  | 10.1 -                           | -                                 |
|            | Hascol Lubricant (Private) Limited - unquoted                    | 10.2 3,150,000                   | 1,497                             |
|            | <b>Investment in associate - at cost</b>                         |                                  |                                   |
|            | VAS LNG (Private) Limited - unquoted                             | 10.3 3,000                       | 3,000                             |
|            | Hascol Terminal Limited - unquoted                               | 10.4 412,500                     | 375,000                           |
|            | <b>Investment at fair value through other comprehensive</b>      |                                  |                                   |
|            | Pakistan Refinery Limited - quoted                               | 10.5 493,477                     | 904,780                           |
|            | <b>Advance against purchase of shares - with related parties</b> |                                  |                                   |
|            | - Hascol Terminal Limited                                        | 2,500                            | 40,000                            |
|            | - VAS LNG (Private) Limited                                      | 1,023                            | 1,023                             |
|            | - Hascol Lubricants (Private) Limited                            | -                                | 2,946,865                         |
|            |                                                                  | <u>3,523</u>                     | <u>2,987,888</u>                  |
|            |                                                                  | <u>4,062,500</u>                 | <u>4,272,165</u>                  |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                               | Note   | (Un-audited)<br>June 30,<br>2020<br>-----Rupees in '000----- | (Audited)<br>December 31,<br>2019 |
|-----------------------------------------------|--------|--------------------------------------------------------------|-----------------------------------|
| <b>10.1 Investment at cost</b>                |        | <b>30,604</b>                                                | 30,604                            |
| <b>Movement in provision for impairment</b>   |        |                                                              |                                   |
| Balance at the beginning of the period / year |        | (30,604)                                                     | (30,604)                          |
| Provision made during the period / year       |        | -                                                            | -                                 |
| Balance at the end of the period / year       |        | (30,604)                                                     | (30,604)                          |
| <b>Net book value</b>                         | 10.1.1 | <b>-</b>                                                     | -                                 |

**10.1.1** This represents investment in wholly owned subsidiary of the Company. Its shares are not quoted in active market.

**10.2** This represents investment in wholly owned subsidiary of the Company. Its shares are not quoted in active market. The Company holds 315 (December 31, 2019: 0.15) million ordinary shares of Rs. 10 per share.

**10.3** Investment in VAS LNG (Private) Limited amounting Rs. 3 (December 31, 2019: Rs. 3) million representing 30% (December 31, 2019: 30%) equity stake. The Company holds 0.3 (December 31, 2019: 0.3) million ordinary shares of Rs. 10 per share.

**10.4** Investment in Hascol Terminals Limited amounting Rs. 412.5 (December 31, 2019: Rs. 375) million representing 15% (December 31, 2019: 15%) equity stake which amounts to 41.25 (December 31, 2019 : 37.5) million shares of Rs. 10 per share. The investment has been carried at cost under the provision of IAS-28 'Investment in Associates and Joint Venture' as disclosed in note 4.10.

|                                       | Note   | Cost                     | Unrealized<br>loss | Carrying<br>Value |
|---------------------------------------|--------|--------------------------|--------------------|-------------------|
|                                       |        | -----Rupees in '000----- |                    |                   |
| <b>10.5 Pakistan Refinery Limited</b> |        |                          |                    |                   |
| <b>June 30, 2020</b>                  | 10.5.1 | <b>1,172,772</b>         | <b>(679,295)</b>   | <b>493,477</b>    |
| December 31, 2019                     |        | 1,172,772                | (267,992)          | 904,780           |

**10.5.1** Investment in Pakistan Refinery Limited represents 14.71% (December 31, 2019: 14.71%) equity stake. The investment represents 43.25 (December 31, 2019: 43.25) million fully paid ordinary shares which were subsequently disposed off at an average rate of Rs. 19.5 per share.

**10.6** Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------------------|----------------------------------|-----------------------------------|
|                                                                | -----Rupees in '000-----         |                                   |
| <b>11 DEFERRED TAXATION - NET</b>                              |                                  |                                   |
| <b>This comprises the following:</b>                           |                                  |                                   |
| <b>Taxable temporary difference arising in respect of :</b>    |                                  |                                   |
| Accelerated depreciation                                       | (3,968,064)                      | (3,243,392)                       |
| <b>Deductible temporary difference arising in respect of :</b> |                                  |                                   |
| Long term investment                                           | 194,821                          | 77,392                            |
| Liabilities against assets subject to finance lease            | 743,433                          | 803,232                           |
| Exchange loss                                                  | 368,999                          | 175,285                           |
| Provision for :                                                |                                  |                                   |
| other liabilities                                              | 2,302                            | 2,187                             |
| retirement benefit                                             | 64,500                           | 74,299                            |
| doubtful debts                                                 | 2,698,933                        | 666,935                           |
| short term investments - TFCs                                  | 602                              | 379                               |
| Normal tax loss                                                | 11,134,640                       | 7,873,001                         |
| Unrecognized deferred tax asset                                | <u>(11,240,166)</u>              | <u>(6,429,318)</u>                |
|                                                                | <u>-</u>                         | <u>-</u>                          |

**11.1** Deferred tax asset of Rs. 11,240 million (2019: Rs. 6,429 million) has not been recognized in these condensed interim unconsolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.

**11.2** Had the Company recognized full amount of deferred tax asset the impact on these condensed interim unconsolidated financial statements would have been:

|                          | Rupees in '000 |
|--------------------------|----------------|
| Loss for the period      | (6,659,973)    |
| Shareholders' deficit    | (29,329,699)   |
| Total non-current assets | 48,566,503     |
| Loss per share (Rupees)  | (6.73)         |

|                                                 | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|-------------------------------------------------|----------------------------------|-----------------------------------|
|                                                 | -----Rupees in '000-----         |                                   |
| <b>12 ADVANCES - considered good, unsecured</b> |                                  |                                   |
| To employees                                    |                                  |                                   |
| - against expenses                              | 25,725                           | 28,264                            |
| - against salaries                              | 26,057                           | 33,290                            |
| Suppliers                                       | <u>46,032</u>                    | <u>105,108</u>                    |
|                                                 | <u>97,814</u>                    | <u>166,662</u>                    |

### 13 DEPOSITS AND PREPAYMENTS

#### Deposits

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| - current portion of lease deposits | 16,007        | 1,414         |
| - other deposits                    | 9,928         | 8,996         |
|                                     | <u>25,935</u> | <u>10,410</u> |

#### Prepayments

|                        |                |                |
|------------------------|----------------|----------------|
| - Insurance and others | 140,827        | 42,055         |
| - Rent                 | 118,273        | 113,291        |
|                        | <u>259,100</u> | <u>155,346</u> |
|                        | <u>285,035</u> | <u>165,756</u> |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| 14 | OTHER RECEIVABLES                                   | Note | (Un-audited)             | (Audited)         |
|----|-----------------------------------------------------|------|--------------------------|-------------------|
|    |                                                     |      | June 30, 2020            | December 31, 2019 |
|    |                                                     |      | -----Rupees in '000----- |                   |
|    | Inland freight equalization margin receivable       |      | 3,715,970                | 3,646,078         |
|    | Receivable against services rendered                | 14.1 | 7,957                    | 20,863            |
|    | Receivable against regulatory duty                  |      | 25,533                   | 25,533            |
|    | Receivable from Hascol Lubricants (Private) Limited |      | 151,720                  | 142,786           |
|    | Price differential claims                           | 14.2 | 5,083                    | 5,083             |
|    |                                                     |      | <u>3,906,263</u>         | <u>3,840,343</u>  |

**14.1** This represents amount receivable from Hascol Terminals Limited (an associated Company) against services rendered by the Company on account of business support services.

**14.2** This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

### 15 SHARE CAPITAL

#### 15.1 Authorized share capital

| 2020                 | 2019                 | Note                           | (Un-audited)      | (Audited)         |
|----------------------|----------------------|--------------------------------|-------------------|-------------------|
|                      |                      |                                | June 30, 2020     | December 31, 2019 |
| Number of shares     |                      | -----Rupees in '000-----       |                   |                   |
| <u>1,000,000,000</u> | <u>1,000,000,000</u> | Ordinary shares of Rs. 10 each | <u>10,000,000</u> | <u>10,000,000</u> |

#### 15.2 Issued, subscribed and paid-up share capital

| 2020               | 2019               |                                                                  | (Un-audited)     | (Audited)         |
|--------------------|--------------------|------------------------------------------------------------------|------------------|-------------------|
|                    |                    |                                                                  | June 30, 2020    | December 31, 2019 |
| Number of shares   |                    | -----Rupees in '000-----                                         |                  |                   |
| 89,540,000         | 89,540,000         | Ordinary shares of Rs. 10 each fully paid                        | 895,400          | 895,400           |
| 1,060,000          | 1,060,000          | Ordinary shares of Rs. 10 each for consideration other than cash | 10,600           | 10,600            |
| 9,966,000          | 9,966,000          | Annual bonus @ 11% Dec, 2014                                     | 99,660           | 99,660            |
| 20,113,200         | 20,113,200         | Interim bonus @ 20% Jun, 2015                                    | 201,132          | 201,132           |
| 24,135,840         | 24,135,840         | Right issue @ 20% Sep, 2017                                      | 241,359          | 241,359           |
| 36,203,760         | 36,203,760         | Bonus issue @ 25% Sep, 2018                                      | 362,038          | 362,038           |
| 18,101,808         | 18,101,808         | Bonus issue @ 10% Dec, 2018                                      | 181,018          | 181,018           |
| 800,000,000        | -                  | Right issue @ 400% Jan, 2020                                     | 8,000,000        | -                 |
| <u>999,120,608</u> | <u>199,120,608</u> |                                                                  | <u>9,991,207</u> | <u>1,991,207</u>  |

**15.3** The right shares were issued for the purpose of meeting the working capital requirements of the Company.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|               |                                                                                                                                                                                                                                               | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
|               |                                                                                                                                                                                                                                               | -----Rupees in '000-----         |                                   |
| <b>16</b>     | <b>LONG TERM FINANCING - secured</b>                                                                                                                                                                                                          |                                  |                                   |
|               | Borrowing from conventional banks                                                                                                                                                                                                             | 1,419,875                        | 1,554,250                         |
|               | Borrowing from non banking financial institutions                                                                                                                                                                                             | 209,238                          | 283,113                           |
|               | Sukuk certificates                                                                                                                                                                                                                            | 692,840                          | 890,454                           |
|               |                                                                                                                                                                                                                                               | <b>2,321,953</b>                 | <b>2,727,817</b>                  |
|               | Borrowing from conventional banks                                                                                                                                                                                                             | (537,500)                        | (537,500)                         |
|               | Borrowing from non banking financial institutions                                                                                                                                                                                             | (187,810)                        | (199,779)                         |
|               | Sukuk certificates                                                                                                                                                                                                                            | (692,840)                        | (400,000)                         |
|               |                                                                                                                                                                                                                                               | <b>(1,418,150)</b>               | <b>(1,137,279)</b>                |
|               | <b>Non-current portion of long term financing</b>                                                                                                                                                                                             | <b>903.803</b>                   | <b>1,590.538</b>                  |
| <b>16.1</b>   | <b>Sukuk certificate</b>                                                                                                                                                                                                                      | <b>700,000</b>                   | <b>900,000</b>                    |
|               | <i>Issuance cost</i>                                                                                                                                                                                                                          |                                  |                                   |
|               | Balance at the beginning of the period / year                                                                                                                                                                                                 | (9,546)                          | (19,092)                          |
|               | Charged to profit or loss account                                                                                                                                                                                                             | 2,386                            | 9,546                             |
|               | Balance at the end of the period / year                                                                                                                                                                                                       | <b>(7,160)</b>                   | <b>(9,546)</b>                    |
|               |                                                                                                                                                                                                                                               | <b>692.840</b>                   | <b>890.454</b>                    |
| <b>16.1.1</b> | During the period, Sukuk amounting to Rs. 200 million (2019: Rs. 200 million) have been matured.                                                                                                                                              |                                  |                                   |
| <b>17</b>     | <b>DEFERRED LIABILITIES</b>                                                                                                                                                                                                                   |                                  |                                   |
|               | Deferred liability - gratuity                                                                                                                                                                                                                 | -                                | 257,282                           |
| <b>18</b>     | <b>TRADE AND OTHER PAYABLES</b>                                                                                                                                                                                                               |                                  |                                   |
|               | Trade creditors                                                                                                                                                                                                                               | 29,998,360                       | 43,602,245                        |
|               | Payable to cartage contractors                                                                                                                                                                                                                | 2,834,490                        | 2,031,042                         |
|               | Advance from customers - unsecured                                                                                                                                                                                                            | 501,895                          | 409,490                           |
|               | Dealers' and customers' security deposits                                                                                                                                                                                                     | 431,825                          | 421,407                           |
|               | Accrued liabilities                                                                                                                                                                                                                           | 4,897                            | 6,518                             |
|               | Sales tax payable                                                                                                                                                                                                                             | 580,133                          | -                                 |
|               | Other liabilities                                                                                                                                                                                                                             | 7,606,915                        | 6,965,707                         |
|               |                                                                                                                                                                                                                                               | <b>41,958,515</b>                | <b>53,436,409</b>                 |
| <b>18.1</b>   | The amount includes a liability amounting Rs. 1,599 (2019: 1,473) million against claim lodged by a counterparty in out of court settlement of a litigation in the English Commercial Court, London between the counterparty and the Company. |                                  |                                   |
| <b>18.2</b>   | The amount includes a liability amounting to Rs. 3,924 (2019: 3,542) million recorded against arbitration award in litigation between the counterparty and the Company.                                                                       |                                  |                                   |
| <b>18.3</b>   | During the period, the Company has created a funded gratuity plan. The liability against gratuity is yet to be transferred to the fund amounting to Rs. 225 million (2019: Nil).                                                              |                                  |                                   |
| <b>18.4</b>   | The amount represents a Payable to Hascol Lubricants (Private) Limited amounting to Rs. 34.2 million (2019: Nil).                                                                                                                             |                                  |                                   |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|           |                                                         | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|-----------|---------------------------------------------------------|----------------------------------|-----------------------------------|
|           | Note                                                    | -----Rupees in '000-----         |                                   |
| <b>19</b> | <b>CURRENT PORTION OF NON-CURRENT LIABILITIES</b>       |                                  |                                   |
|           | Current portion of long term financing                  | 1,418,150                        | 1,137,279                         |
|           | Current portion of liabilities subject to finance lease | 331,291                          | 401,546                           |
|           |                                                         | <u>1,749,441</u>                 | <u>1,538,825</u>                  |

### 20 CONTINGENCIES AND COMMITMENTS

#### 20.1 Contingencies

- i The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The legal counsel is hopeful about success of this petition.
- ii A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.
- iii The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Company on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay has been granted to the Company on November 26, 2019 and to be fixed with other cases. The legal counsel is of the view that the Company has a strong defense against tax authorities.
- iv FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Company reveals that the Company has under declared sales quantity of MS and HSD, resulting in short payment of sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Company to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Company submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing Company's case, Honorable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Company on the basis of impugned Show Cause Notice. The matter is still pending adjudication and in the view of the advisor, the Company has a good arguable case on merits with a chance of favorable outcome. There is no immediate financial liability against the Company.

The accumulated impact of contingencies as at June 30, 2020 amounts to Rs. 24.515 billion.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 20.2 Commitments

(i) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Company amounting to Rs. 2,256 (2019: Rs. 3,898) million.

|                                                                      | Note   | (Un-audited)<br>June 30,<br>2020<br>-----Rupees in '000----- | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------------------------|--------|--------------------------------------------------------------|-----------------------------------|
| (ii) Letter of credit                                                | 20.2.1 | <u>18,520,653</u>                                            | <u>27,426,457</u>                 |
| (iii) Bank guarantees                                                |        | <u>372,026</u>                                               | <u>372,026</u>                    |
| (iv) Capital commitments                                             |        | <u>105,180</u>                                               | <u>1,325,836</u>                  |
| (v) Commitments for rental of assets under operating lease / ijarah: |        |                                                              |                                   |
| Not later than one year                                              |        | 452,338                                                      | 479,820                           |
| Later than one year and not later than five years                    |        | 1,331,069                                                    | 1,474,449                         |
| Later than five years                                                |        | 2,148,987                                                    | 2,259,004                         |
|                                                                      |        | <u>3,932,394</u>                                             | <u>4,213,273</u>                  |

20.2.1 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 2,658 (2019: Rs. 3,261) million as of reporting date.

### 21 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

This represents provision for expected credit losses - ECL under IFRS 9. A trade debt balance has been fully provided during the period.

|                                | Note | Un-audited<br>June 30,<br>2020<br>-----Rupees in '000----- | June 30,<br>2019 |
|--------------------------------|------|------------------------------------------------------------|------------------|
| 22 OTHER EXPENSES              |      |                                                            |                  |
| Unfavourable losses on imports |      | -                                                          | 6,324,049        |
| Penalty                        | 22.1 | <u>58,590</u>                                              | <u>2,800</u>     |
|                                |      | <u>58,590</u>                                              | <u>6,326,849</u> |

22.1 This represents penalty charged by Oil and Gas Regulatory Authority (OGRA) amounting to Rs. 58.59 (2019: Rs. 2.8) million.

|              | Note | Un-audited<br>June 30,<br>2020<br>-----Rupees in '000----- | June 30,<br>2019   |
|--------------|------|------------------------------------------------------------|--------------------|
| 23 TAXATION  |      |                                                            |                    |
| Current      |      | 333,821                                                    | 556,176            |
| Prior period |      | 234,472                                                    | -                  |
| Deferred     |      | 119,278                                                    | (4,223,544)        |
|              |      | <u>687,571</u>                                             | <u>(3,667,368)</u> |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| 24                                | LOSS PER SHARE                                                                | Unaudited               |                     |                           |                    |
|-----------------------------------|-------------------------------------------------------------------------------|-------------------------|---------------------|---------------------------|--------------------|
|                                   |                                                                               | Six months period ended |                     | Three months period ended |                    |
|                                   |                                                                               | Restated                |                     | Restated                  |                    |
|                                   |                                                                               | June 30,<br>2020        | June 30,<br>2019    | June 30,<br>2020          | June 30,<br>2019   |
| -----Rupees in '000-----          |                                                                               |                         |                     |                           |                    |
|                                   | Loss after tax for the period                                                 | <u>(17,900,139)</u>     | <u>(11,819,004)</u> | <u>(11,051,210)</u>       | <u>(6,035,381)</u> |
| -----Number of shares in'000----- |                                                                               |                         |                     |                           |                    |
|                                   | Weighted average number of ordinary shares                                    | <u>988,874</u>          | <u>377,513</u>      | <u>988,874</u>            | <u>377,513</u>     |
| -----Amount in Rupees-----        |                                                                               |                         |                     |                           |                    |
|                                   | Loss per share                                                                | <u>(18.10)</u>          | <u>(31.31)</u>      | <u>(11.18)</u>            | <u>(15.99)</u>     |
| 25                                | CASH (USED IN) / GENERATED FROM OPERATIONS                                    | Note                    | (Un-audited)        | (Audited)                 |                    |
|                                   |                                                                               |                         | June 30,<br>2020    | June 31,<br>2019          |                    |
| -----Rupees in '000-----          |                                                                               |                         |                     |                           |                    |
|                                   | <b>Loss before taxation</b>                                                   |                         | <b>(17,212,568)</b> | <b>(15,486,372)</b>       |                    |
|                                   | <b>Adjustment for:</b>                                                        |                         |                     |                           |                    |
|                                   | Depreciation and amortization                                                 |                         | 1,021,576           | 698,920                   |                    |
|                                   | Provision for gratuity                                                        |                         | 35,505              | 43,016                    |                    |
|                                   | Fair value change in short term investment                                    |                         | 788                 | -                         |                    |
|                                   | Impairment losses on financial assets                                         |                         | 7,603,868           | 838,373                   |                    |
|                                   | Gain on sale of fixed assets                                                  |                         | (26,532)            | 9,716                     |                    |
|                                   | Profit on bank deposits                                                       |                         | (192,512)           | (197,677)                 |                    |
|                                   | Profit on sale of derivate assets                                             |                         | (71,453)            | -                         |                    |
|                                   | Exchange loss unrealized                                                      |                         | 1,286,611           | 1,809,768                 |                    |
|                                   | Finance cost                                                                  |                         | 3,714,422           | 2,807,655                 |                    |
|                                   | Working capital changes                                                       | 25.1                    | <u>(8,516,639)</u>  | <u>15,388,182</u>         |                    |
|                                   |                                                                               |                         | <u>(12,356,934)</u> | <u>5,911,580</u>          |                    |
| 25.1                              | <b>Changes in working capital<br/>(Increase) / decrease in current assets</b> |                         |                     |                           |                    |
|                                   | Stock-in-trade                                                                |                         | 4,960,984           | 1,836,330                 |                    |
|                                   | Trade debts                                                                   |                         | (480,703)           | 396,604                   |                    |
|                                   | Deposits, prepayments and other receivables                                   |                         | (166,820)           | (308,527)                 |                    |
|                                   | Advances                                                                      |                         | 68,848              | (77,021)                  |                    |
|                                   |                                                                               |                         | <u>4,382,309</u>    | <u>1,847,386</u>          |                    |
|                                   | <b>(Decrease) / increase in current liabilities</b>                           |                         |                     |                           |                    |
|                                   | Trade and other payables                                                      |                         | <u>(12,898,948)</u> | <u>13,540,796</u>         |                    |
|                                   |                                                                               |                         | <u>(8,516,639)</u>  | <u>15,388,182</u>         |                    |
| 26                                | <b>CASH AND CASH EQUIVALENTS</b>                                              |                         |                     |                           |                    |
|                                   | Cash and bank balances                                                        |                         | 3,832,249           | 7,027,561                 |                    |
|                                   | Short-term borrowings                                                         |                         | (41,075,008)        | (25,857,467)              |                    |
|                                   | Add: commercial paper                                                         |                         | -                   | 3,983,903                 |                    |
|                                   |                                                                               |                         | <u>(41,075,008)</u> | <u>(21,873,564)</u>       |                    |
|                                   |                                                                               |                         | <u>(37,242,759)</u> | <u>(14,846,003)</u>       |                    |

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

These condensed interim unconsolidated financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited unconsolidated financial statements for the year ended December 31, 2019. There have been no change in any risk management policies since the year end.

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

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

As at June 30, 2020, except for the Company's investment in PRL, none of the financial instruments are carried at fair value through other comprehensive income.

### 28 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund.

Balances and significant transactions with related parties, other than those disclosed elsewhere in this unconsolidated condensed interim financial information, are as follows:

|             |                                          |                                  | (Un-audited)<br>June 30,<br>2020  | (Audited)<br>December 31,<br>2019 |
|-------------|------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
|             |                                          |                                  | -----Rupees in '000-----          |                                   |
| <b>28.1</b> | <b>Transactions with related parties</b> |                                  |                                   |                                   |
|             | <b>Nature of relationship</b>            | <b>Nature of transaction</b>     | <b>Percentage of shareholding</b> |                                   |
|             | <b>Investment in the Company</b>         |                                  |                                   |                                   |
|             | Fossil Energy (Private) Limited          | Payable against services         | 10.66%                            | -                                 |
|             | Vitol Bahrain E.C                        | Payable against procurement      | 40.40%                            | 3,475                             |
|             |                                          |                                  | <u>17,866,820</u>                 | <u>29,620,793</u>                 |
|             | <b>Investment in associate</b>           |                                  |                                   |                                   |
|             | VAS LNG (Private) Limited                | Advance against issue of shares  | 30%                               | 1,023                             |
|             |                                          | Investments                      | 30%                               | 3,000                             |
|             | Hascol Terminals Limited                 | Advance against issue of shares  | 15%                               | 2,500                             |
|             |                                          | Investments                      | 15%                               | 412,500                           |
|             |                                          | Payable against support services | 15%                               | -                                 |
|             |                                          | Payable against services         | 15%                               | 20,863                            |
|             |                                          |                                  | <u>1,321,907</u>                  | <u>853,643</u>                    |



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| Nature of relationship                             | Nature of transaction                    | Percentage of shareholding | (Un-audited)         | (Audited)            |
|----------------------------------------------------|------------------------------------------|----------------------------|----------------------|----------------------|
|                                                    |                                          |                            | June 30, 2020        | December 31, 2019    |
| -----Rupees in '000-----                           |                                          |                            |                      |                      |
| <b>Investment in subsidiary</b>                    |                                          |                            |                      |                      |
| Hascol Lubricants (Private) Limited                | Advance against issue of shares          | 100%                       | -                    | 2,948,362            |
|                                                    | Investments                              | 100%                       | 3,150,000            | -                    |
|                                                    | Receivable                               | 100%                       | 151,720              | 142,785              |
|                                                    | Payable                                  | 100%                       | 34,192               | -                    |
| <b>Other related parties - Common directorship</b> |                                          |                            |                      |                      |
| VOS Petroleum Limited                              | Payable against services                 | N/A                        | 51,478               | 46,918               |
| Faysal Bank Limited                                | Bank balances                            | N/A                        | 257,635              | 1,853,063            |
| Gas & Oil Pakistans Limited                        | Payable against support services         | N/A                        | 205,000              | 205,000              |
|                                                    |                                          |                            | <b>Un-audited</b>    |                      |
|                                                    |                                          |                            | <b>June 30, 2020</b> | <b>June 30, 2019</b> |
| -----Rupees in '000-----                           |                                          |                            |                      |                      |
| <b>28.2</b>                                        | <b>Transactions with related parties</b> |                            |                      |                      |
| Vitol Bahrain E.C                                  | Procurement                              | 40.40%                     | 33,378,228           | 48,738,258           |
| Hascol Lubricants (Private) Limited                | Advance against Issue of Shares          | 100%                       | 205,000              | -                    |
|                                                    | Purchase                                 | N/A                        | 24,221               | -                    |
|                                                    | Sale                                     | N/A                        | 16,839               | -                    |
| Faysal Bank Limited                                | Rendering of services                    | N/A                        | 10,698               | -                    |
| VOS Petroleum Limited                              | Rendering of services                    | N/A                        | 7,307                | -                    |
| Clover Pakistan Limited                            | Rendering of services                    | N/A                        | -                    | 53,712               |
| Hascol Terminals Limited                           | Rendering of services                    | 15%                        | 917,578              | 640,209              |
|                                                    | Business support services                | 15%                        | 13,303               | 24,334               |
| Key management personnel                           | Managerial remuneration                  | N/A                        | 81,056               | 56,576               |
|                                                    | Directors fee                            | N/A                        | 6,893                | 9,700                |
|                                                    | Retirement benefits                      | N/A                        | 1,494                | 1,750                |
|                                                    | Vehicles transferred                     | N/A                        | 26,920               | -                    |

### 29 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim unconsolidated statement of financial position comprise of balances as per the audited financial statements of the Company for the year ended December 31, 2019 and the corresponding figures in the condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows comprise of balances of comparable period as per the condensed interim unconsolidated financial information of the Company for the six months period ended June 30, 2019.

The following items presented in these condensed interim unconsolidated statement of financial position as at December 31, 2019 and December 31, 2018 have been reclassified to confirm current period's presentation.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                           | Before<br>reclassification | Reclassification | After<br>reclassification |
|-----------------------------------------------------------|----------------------------|------------------|---------------------------|
|                                                           | -----Rupees in '000-----   |                  |                           |
| <b>Statement of financial position</b>                    |                            |                  |                           |
| <b>As at December 31, 2018</b>                            |                            |                  |                           |
| <b>Trade and other payable</b>                            |                            |                  |                           |
| Trade creditors                                           | (27,928,210)               | 3,045,742        | (24,882,468)              |
| Other liabilities                                         | (1,529,802)                | (4,365,862)      | (5,895,664)               |
| <b>Current portion of non-current liabilities</b>         |                            |                  |                           |
| Current portion of deferred and other liabilities         | (2,791,342)                | 1,320,120        | (1,471,222)               |
| <b>As at December 31, 2019</b>                            |                            |                  |                           |
| <b>Property, plant and equipment</b>                      |                            |                  |                           |
| Capital work-in-progress                                  | 4,213,205                  | (46,032)         | 4,167,173                 |
| <b>Advances</b>                                           |                            |                  |                           |
| Suppliers                                                 | 59,076                     | 46,032           | 105,108                   |
| <b>Long-term investments</b>                              |                            |                  |                           |
| Advance against purchase of shares - with related parties |                            |                  |                           |
| Hascol Lubricant (Private) Limited - unquoted             | 2,948,362                  | (1,497)          | 2,946,865                 |
| Investment in subsidiary company - at cost                |                            |                  |                           |
| Hascol Lubricant (Private) Limited - unquoted             | -                          | 1,497            | 1,497                     |
| <b>Trade and other payable</b>                            |                            |                  |                           |
| Trade creditors (refer note 4)                            | (47,144,539)               | 3,542,294        | (43,602,245)              |
| Other liabilities                                         | (1,950,410)                | (5,015,297)      | (6,965,707)               |
| <b>Current portion of non-current liabilities</b>         |                            |                  |                           |
| Current portion of deferred and other liabilities         | (1,473,003)                | 1,473,003        | -                         |

The following items presented in these condensed interim unconsolidated statement of profit or loss account for the period ended June 30, 2019 have been reclassified to confirm current period's presentation.

|                                               | Before<br>reclassification | Reclassification | After<br>reclassification |
|-----------------------------------------------|----------------------------|------------------|---------------------------|
|                                               | -----Rupees in '000-----   |                  |                           |
| <b>For the six months ended June 30, 2019</b> |                            |                  |                           |
| <b>Statement of profit or loss account</b>    |                            |                  |                           |
| Other revenue                                 | 388,590                    | (243,475)        | 145,115                   |
| Distribution and marketing - note 29.1        | (2,930,424)                | 1,084,648        | (1,845,776)               |
| Other expenses                                | (6,324,049)                | (2,800)          | (6,326,849)               |
| Impairment losses on financial assets         | -                          | (838,373)        | (838,373)                 |

**29.1** The amount of distribution and marketing has been restated to Rs. 2,930 million for the period ended June 30, 2019 after incorporating the effect of previous period's restatement as disclosed in note 4.5. Previously the amount was stated as Rs. 2,975 million for the period ended June 30, 2019.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 30 IMPACT OF COVID-19

The Company has been closely monitoring the impact of COVID-19 on its businesses and has put in place contingency measures. These contingency measures include reviewing the supplies closely, reassessing the required level of inventory, assessing our logistics, readiness and negotiating with customers on delivery timetable. The Company will keep their contingency measures under review as the situation evolves.

As far as the Company's businesses are concerned, the outbreak has a significant impact in the change in oil prices which is currently being managed by monitoring the inventory level. As the situation is evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

### 31 EVENTS AFTER THE REPORTING PERIOD

The Company has subsequently increased its Authorized Share Capital from Rs. 10 billion to Rs. 50 billion through resolution passed in extraordinary general meeting held on February 23, 2021.

### 32 DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements have been authorised for issue on March 10, 2021 by the Board of Directors of the Company.

### 33 GENERAL

All amounts have been rounded to the nearest thousand.

Chief Executive Officer

Director

Director



# CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020





**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UN-AUDITED)**

AS AT JUNE 30, 2020

|                                                                   | Note | (Un-audited)<br>June 30,<br>2020 | Restated<br>(Audited)<br>December 31,<br>2019 | Restated<br>Audited<br>December 31,<br>2018 |
|-------------------------------------------------------------------|------|----------------------------------|-----------------------------------------------|---------------------------------------------|
| -----Rupees in '000-----                                          |      |                                  |                                               |                                             |
| <b>ASSETS</b>                                                     |      |                                  |                                               |                                             |
| <b>Non-current assets</b>                                         |      |                                  |                                               |                                             |
| Property, plant and equipment                                     | 8    | 34,828,222                       | 35,984,144                                    | 22,563,232                                  |
| Intangible asset                                                  | 9    | 6,621                            | 5,232                                         | 2,565                                       |
| Long-term investments                                             | 10   | 953,417                          | 1,331,783                                     | 1,321,754                                   |
| Deferred taxation - net                                           | 11   | -                                | -                                             | 164,027                                     |
| Long-term deposits                                                |      | 551,803                          | 585,066                                       | 547,772                                     |
| <b>Total non-current assets</b>                                   |      | <b>36,340,063</b>                | <b>37,906,225</b>                             | <b>24,599,350</b>                           |
| <b>Current assets</b>                                             |      |                                  |                                               |                                             |
| Stock-in-trade                                                    |      | 14,854,408                       | 19,724,092                                    | 22,615,303                                  |
| Trade debts                                                       |      | 4,126,895                        | 11,156,299                                    | 13,552,235                                  |
| Advances                                                          | 12   | 113,663                          | 199,788                                       | 65,104                                      |
| Deposits and prepayments                                          | 13   | 293,194                          | 165,767                                       | 199,829                                     |
| Other receivables                                                 | 14   | 3,754,542                        | 3,697,557                                     | 2,844,944                                   |
| Mark-up and profit accrued                                        |      | 88,606                           | 114,159                                       | 92,718                                      |
| Taxation - net                                                    |      | 248,432                          | 648,474                                       | 1,270,808                                   |
| Short term investments                                            |      | 102,900                          | 103,688                                       | -                                           |
| Cash and bank balances                                            |      | 4,264,335                        | 13,847,510                                    | 8,799,447                                   |
| <b>Total current assets</b>                                       |      | <b>27,846,974</b>                | <b>49,657,335</b>                             | <b>49,440,388</b>                           |
| <b>TOTAL ASSETS</b>                                               |      | <b>64,187,037</b>                | <b>87,563,560</b>                             | <b>74,039,738</b>                           |
| <b>EQUITY AND LIABILITIES</b>                                     |      |                                  |                                               |                                             |
| <b>Share capital and reserves</b>                                 |      |                                  |                                               |                                             |
| Share capital                                                     | 15   | 9,991,207                        | 1,991,207                                     | 1,810,188                                   |
| Reserves                                                          |      | (40,616,335)                     | (22,427,821)                                  | 4,196,025                                   |
| Revaluation surplus on property, plant and equipment - net of tax |      | 3,855,002                        | 4,033,053                                     | 4,389,156                                   |
| Share deposit money                                               |      | -                                | 5,752,443                                     | -                                           |
| <b>Total shareholders' (deficit) / equity</b>                     |      | <b>(26,770,126)</b>              | <b>(10,651,118)</b>                           | <b>10,395,369</b>                           |
| <b>LIABILITIES</b>                                                |      |                                  |                                               |                                             |
| <b>Non-current liabilities</b>                                    |      |                                  |                                               |                                             |
| Long-term financing - secured                                     | 16   | 1,196,643                        | 1,590,538                                     | 2,625,850                                   |
| Liabilities against assets subject to finance lease               |      | 2,271,896                        | 2,379,875                                     | 1,015,993                                   |
| Deferred liabilities                                              | 17   | 30,918                           | 286,844                                       | 250,593                                     |
| <b>Total non-current liabilities</b>                              |      | <b>3,499,457</b>                 | <b>4,257,257</b>                              | <b>3,892,436</b>                            |
| <b>Current liabilities</b>                                        |      |                                  |                                               |                                             |
| Trade and other payables                                          | 18   | 42,156,987                       | 53,494,943                                    | 38,728,595                                  |
| Unclaimed dividend                                                |      | 356,406                          | 356,597                                       | 362,674                                     |
| Mark-up and profit accrued                                        |      | 2,409,271                        | 1,549,403                                     | 311,976                                     |
| Short-term borrowings                                             |      | 41,075,008                       | 37,017,653                                    | 18,877,466                                  |
| Current portion of non-current liabilities                        | 19   | 1,460,034                        | 1,538,825                                     | 1,471,222                                   |
| <b>Total current liabilities</b>                                  |      | <b>87,457,706</b>                | <b>93,957,421</b>                             | <b>59,751,933</b>                           |
| <b>TOTAL LIABILITIES</b>                                          |      | <b>90,957,163</b>                | <b>98,214,678</b>                             | <b>63,644,369</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |      | <b>64,187,037</b>                | <b>87,563,560</b>                             | <b>74,039,738</b>                           |
| <b>CONTINGENCIES AND COMMITMENTS</b>                              |      |                                  |                                               |                                             |
|                                                                   | 20   |                                  |                                               |                                             |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



## CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS ACCOUNT – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                    | Note | Restated                                    |                             | Restated                                      |                             |
|----------------------------------------------------|------|---------------------------------------------|-----------------------------|-----------------------------------------------|-----------------------------|
|                                                    |      | Six months period ended<br>June 30,<br>2020 | June 30,<br>2019            | Three months period ended<br>June 30,<br>2020 | June 30,<br>2019            |
| -----Rupees in '000-----                           |      |                                             |                             |                                               |                             |
| Sales - net                                        |      | 69,579,165                                  | 100,586,150                 | 28,839,484                                    | 41,942,097                  |
| Less: sales tax                                    |      | (10,465,804)                                | (14,551,988)                | (4,420,182)                                   | (5,546,214)                 |
| <b>Net sales</b>                                   |      | <b>59,113,361</b>                           | <b>86,034,162</b>           | <b>24,419,302</b>                             | <b>36,395,883</b>           |
| Other revenue                                      |      | 220,439                                     | 145,115                     | 115,071                                       | 67,231                      |
| <b>Net revenue</b>                                 |      | <b>59,333,800</b>                           | <b>86,179,277</b>           | <b>24,534,373</b>                             | <b>36,463,114</b>           |
| Cost of products sold                              |      | (61,383,328)                                | (86,204,375)                | (24,726,704)                                  | (36,472,150)                |
| <b>Gross loss</b>                                  |      | <b>(2,049,528)</b>                          | <b>(25,098)</b>             | <b>(192,331)</b>                              | <b>(9,036)</b>              |
| <b>Operating expenses</b>                          |      |                                             |                             |                                               |                             |
| Distribution and marketing                         |      | (1,475,904)                                 | (1,845,776)                 | (609,628)                                     | (992,211)                   |
| Administrative                                     |      | (622,750)                                   | (549,057)                   | (441,978)                                     | (333,672)                   |
|                                                    |      | (2,098,654)                                 | (2,394,833)                 | (1,051,607)                                   | (1,325,883)                 |
| Impairment losses on financial assets              | 21   | (7,603,868)                                 | (838,373)                   | (7,603,868)                                   | (838,373)                   |
| Other expenses                                     | 22   | (58,590)                                    | (6,326,849)                 | (58,590)                                      | (2,862,713)                 |
| Other income                                       |      | 328,102                                     | 195,274                     | 226,277                                       | 86,316                      |
| <b>Operating loss</b>                              |      | <b>(11,482,538)</b>                         | <b>(9,389,879)</b>          | <b>(8,680,119)</b>                            | <b>(4,949,689)</b>          |
| Finance cost                                       |      | (3,717,353)                                 | (2,807,655)                 | (1,764,339)                                   | (2,002,157)                 |
| Exchange loss - net                                |      | (2,096,874)                                 | (3,288,837)                 | (209,167)                                     | (3,045,184)                 |
| Share of profit / (loss) from associate            |      | 32,937                                      | 30,556                      | 16,468                                        | 15,278                      |
|                                                    |      | (5,781,290)                                 | (6,065,936)                 | (1,957,038)                                   | (5,032,064)                 |
| <b>Loss before taxation</b>                        |      | <b>(17,263,828)</b>                         | <b>(15,455,815)</b>         | <b>(10,637,157)</b>                           | <b>(9,981,753)</b>          |
| Taxation                                           | 23   | (687,571)                                   | 3,667,368                   | (481,784)                                     | 3,961,650                   |
| <b>Loss for the period</b>                         |      | <b>(17,951,399)</b>                         | <b>(11,788,447)</b>         | <b>(11,118,941)</b>                           | <b>(6,020,103)</b>          |
| <b>Loss per share - basic and diluted (Rupees)</b> | 24   | <b>(18.15)</b>                              | <b>Restated<br/>(31.23)</b> | <b>(11.24)</b>                                | <b>Restated<br/>(15.95)</b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                                                                            | Six months period ended |                     | Three months period ended |                    |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------------|--------------------|
|                                                                                                                            | June 30,<br>2020        | June 30,<br>2019    | June 30,<br>2020          | June 30,<br>2019   |
| -----Rupees in '000-----                                                                                                   |                         |                     |                           |                    |
| <b>Loss for the period</b>                                                                                                 | <b>(17,951,399)</b>     | <b>(11,788,447)</b> | <b>(11,118,941)</b>       | <b>(6,020,103)</b> |
| <b>Other comprehensive (loss) / income for the period</b>                                                                  |                         |                     |                           |                    |
| <i>Items that will not be reclassified subsequently to consolidated profit or loss account</i>                             |                         |                     |                           |                    |
| Unrealized (loss) / gain on remeasurement of investment held at fair value through other comprehensive income - net of tax | (292,025)               | (182,400)           | 24,259                    | (175,645)          |
| Gain on remeasurement of defined benefit obligation                                                                        | 3,978                   | -                   | 3,978                     | -                  |
| <b>Total comprehensive loss for the period</b>                                                                             | <b>(18,239,446)</b>     | <b>(11,970,847)</b> | <b>(11,090,705)</b>       | <b>(6,195,748)</b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                                                 | Note | June 30,<br>2020         | June 30,<br>2019    |
|-----------------------------------------------------------------|------|--------------------------|---------------------|
|                                                                 |      | -----Rupees in '000----- |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                          |                     |
| Cash (used in) / generated from operations                      | 25   | (12,417,437)             | 9,391,689           |
| Finance cost paid                                               |      | (2,776,602)              | (2,658,687)         |
| Interest cost on leased assets paid                             |      | (80,883)                 | -                   |
| Profit received on bank deposits                                |      | 213,110                  | 228,698             |
| Profit received on short term investment                        |      | 6,266                    | -                   |
| Profit received on sale of derivatives                          |      | 70,142                   | -                   |
| Taxes paid                                                      |      | (337,804)                | (3,431,063)         |
| Gratuity paid                                                   |      | (97,453)                 | (769)               |
| <b>Net cash (used in) / generated from operating activities</b> |      | <b>(15,420,661)</b>      | <b>3,529,868</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                          |                     |
| Capital expenditure incurred                                    |      | (21,216)                 | (12,447,887)        |
| Proceeds from disposal of property, plant and equipment         |      | 180,705                  | 515,532             |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>159,489</b>           | <b>(11,932,355)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                          |                     |
| Lease liability (obtained) / repaid                             |      | (174,801)                | 245,383             |
| Payment of commercial paper                                     |      | -                        | (2,500,000)         |
| Payment of unclaimed dividend                                   |      | (191)                    | (5,308)             |
| Proceeds from issue of commercial paper                         |      | -                        | 3,770,753           |
| Issue of right shares                                           |      | 2,247,557                | -                   |
| Rights share issuance cost                                      |      | (127,119)                | -                   |
| Long term investment                                            |      | (205,000)                | 256,902             |
| Long-term finance paid                                          |      | (405,864)                | (450,202)           |
| <b>Net cash generated from financing activities</b>             |      | <b>1,334,582</b>         | <b>1,317,528</b>    |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(13,926,590)</b>      | <b>(7,084,959)</b>  |
| Cash and cash equivalents at beginning of the period            |      | (23,431,271)             | (7,639,654)         |
| <b>Cash and cash equivalents at end of the period</b>           | 26   | <b>(37,357,861)</b>      | <b>(14,724,613)</b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Director



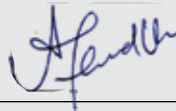
# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED


FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| Share Capital                                                                                                                | Capital reserves |                                                        | Revenue reserve                | Revaluation surplus on property, plant and equipment net of tax | Share deposit money | Total shareholders' equity / (deficit) |                     |
|------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------|--------------------------------|-----------------------------------------------------------------|---------------------|----------------------------------------|---------------------|
|                                                                                                                              | Share premium    | Unrealized loss on remeasurement of FVTOCI investments | Unappropriated profit / (loss) |                                                                 |                     |                                        |                     |
| Rupees in '000                                                                                                               |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Balance as at January 01, 2019 (audited)                                                                                     | 1,810,188        | 4,766,854                                              | (216,958)                      | 579,335                                                         | 4,389,156           | -                                      | 11,328,575          |
| Effect of restatement (note 4)                                                                                               | -                | -                                                      | -                              | (933,206)                                                       | -                   | -                                      | (933,206)           |
| Balance as at January 01, 2019 (restated)                                                                                    | 1,810,188        | 4,766,854                                              | (216,958)                      | (353,871)                                                       | 4,389,156           | -                                      | 10,395,369          |
| <b>Total comprehensive loss for the period</b>                                                                               |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Loss for the period                                                                                                          | -                | -                                                      | -                              | (11,788,447)                                                    | -                   | -                                      | (11,788,447)        |
| <b>Other comprehensive loss for the period</b>                                                                               |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax            | -                | -                                                      | (182,400)                      | -                                                               | -                   | -                                      | (182,400)           |
| <b>Total comprehensive loss for the period</b>                                                                               | -                | -                                                      | (182,400)                      | (11,788,447)                                                    | -                   | -                                      | (11,970,847)        |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax | -                | -                                                      | -                              | 145,203                                                         | (145,203)           | -                                      | -                   |
|                                                                                                                              | -                | -                                                      | (182,400)                      | (11,643,244)                                                    | (145,203)           | -                                      | (11,970,847)        |
| <b>Transactions with owners</b>                                                                                              |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Bonus issue 10% per share - December 2018                                                                                    | 181,019          | -                                                      | -                              | (181,019)                                                       | -                   | -                                      | -                   |
|                                                                                                                              | 181,019          | -                                                      | -                              | (181,019)                                                       | -                   | -                                      | -                   |
| <b>Balance as at June 30, 2019 (Restated) - unaudited</b>                                                                    | <b>1,991,207</b> | <b>4,766,854</b>                                       | <b>(399,358)</b>               | <b>(12,178,135)</b>                                             | <b>4,243,953</b>    | <b>-</b>                               | <b>(1,575,478)</b>  |
| Balance as at January 01, 2020 (audited)                                                                                     | 1,991,207        | 4,766,854                                              | (267,992)                      | (25,197,958)                                                    | 4,033,053           | 5,752,443                              | (8,922,393)         |
| Effect of restatement (note 4)                                                                                               | -                | -                                                      | -                              | (1,728,725)                                                     | -                   | -                                      | (1,728,725)         |
| Balance as at January 01, 2020 (restated)                                                                                    | 1,991,207        | 4,766,854                                              | (267,992)                      | (26,926,683)                                                    | 4,033,053           | 5,752,443                              | (10,651,118)        |
| <b>Total comprehensive loss for the period</b>                                                                               |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Loss for the period                                                                                                          | -                | -                                                      | -                              | (17,951,399)                                                    | -                   | -                                      | (17,951,399)        |
| <b>Other comprehensive loss for the period</b>                                                                               |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax            | -                | -                                                      | (288,047)                      | -                                                               | -                   | -                                      | (288,047)           |
| <b>Total comprehensive loss for the period</b>                                                                               | -                | -                                                      | (288,047)                      | (17,951,399)                                                    | -                   | -                                      | (18,239,446)        |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax    | -                | -                                                      | -                              | 178,052                                                         | (178,052)           | -                                      | -                   |
|                                                                                                                              | -                | -                                                      | (288,047)                      | (17,773,348)                                                    | (178,052)           | -                                      | (18,239,446)        |
| <b>Transactions with owners</b>                                                                                              |                  |                                                        |                                |                                                                 |                     |                                        |                     |
| Right issue - 400% @ Rs. 10/- per share - October 2019                                                                       | 8,000,000        | -                                                      | -                              | -                                                               | -                   | (8,000,000)                            | -                   |
| Share deposit money received                                                                                                 | -                | -                                                      | -                              | -                                                               | -                   | 2,247,557                              | 2,247,557           |
| Issuance cost                                                                                                                | -                | (127,119)                                              | -                              | -                                                               | -                   | -                                      | (127,119)           |
|                                                                                                                              | 8,000,000        | (127,119)                                              | -                              | -                                                               | -                   | (5,752,443)                            | 2,120,438           |
| <b>Balance as at June 30, 2020 - unaudited</b>                                                                               | <b>9,991,207</b> | <b>4,639,735</b>                                       | <b>(556,039)</b>               | <b>(44,700,030)</b>                                             | <b>3,855,002</b>    | <b>-</b>                               | <b>(26,770,126)</b> |

The annexed notes from 1 to 33 form an integral part of these condensed interim consolidated financial statements.

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 1 STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

| Name of group                         | Status in the Group | % of holding |
|---------------------------------------|---------------------|--------------|
| Hascol Petroleum Limited              | Holding Group       | -            |
| Hascol Lubricants (Private) Limited   | Subsidiary Group    | 100%         |
| Hascombe Lubricants (Private) Limited | Subsidiary Group    | 100%         |

#### Hascol Petroleum Limited

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Suite No.105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

The Holding Group is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Holding Group obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed Group in the year 2018.

#### Hascol Lubricants (Private) Limited

Hascol Lubricants (Private) Limited (the Subsidiary Company) was incorporated on January 31, 2017 as a private limited Company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at "The Forum, 1st floor, Suite No. 101-104-105-106 & 120-213, G-20, Khayaban-e-Jami, Clifton, Karachi". The Subsidiary Company is formed to carry on the business of blending and producing of lubricating oils, greases and other petroleum products. The Subsidiary Company is a wholly owned subsidiary of Hascol Petroleum Limited.

#### Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Group) was incorporated on December 27, 2001 as a private limited Group under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Group is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Group was marketing and selling imported and locally produced automobile and industrial lubricants. The Group is a wholly owned subsidiary of Hascol Petroleum Limited.

The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company have not been prepared on a going concern basis.

1.2 The Group incurred a net loss of Rs. 17,951 (2019: Rs. 11,788) million for the six months ended June 30, 2020, resulting in accumulated losses of Rs. 40,616 (2019: Rs. 22,428) million as of the condensed interim consolidated statement of financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 59,611 (2019: Rs. 44,300) million. Further, the Group did not make certain payments during the period in accordance with the repayment term to a financial institution and is currently in the process of negotiating for restructuring the terms for repayment. The Group's has taken certain plans and measures to improve its liquidity and financial position which includes , but not limited to, the following:



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

- a) The Holding Company is in the process of increasing its share capital to address its equity deficit. In this respect, the shareholders of the Holding Company have approved increase of Authorized Capital of the Holding Company from Rs. 10 billion to Rs. 50 billion.
- b) The Group is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Company improve its future operating and financial performance.
- c) The Group is also taking measures to reduce its storage costs through revision of existing agreements.
- d) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Group for the twelve months from the date of approval of these condensed interim consolidated financial statements, which took into account the projected future working capital of the Group. The board believes that the Group will have sufficient cash resources to continue its operations for the next twelve months from the date of approval of these condensed interim consolidated financial statements.

Considering expected equity injection and support from financial institutions, the Group, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these condensed interim consolidated financial statements on going concern basis.

- 1.3** These condensed interim consolidated financial statements have not been authenticated by the Chief Financial Officer as required by the Companies Act, 2017 because the same was not appointed till the date of authorization of these condensed interim consolidated financial statements. In this regard, the Board of Directors through a resolution has authorized a Director to authenticate these condensed interim consolidated financial statements.

### 2 BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Group for the six months period ended June 30, 2020 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These condensed interim consolidated financial statements are being submitted to the shareholders in accordance with Section 237 of the Act and should be read in conjunction with the audited consolidated financial statements of the group for the year ended December 31, 2019.

### 3 ACCOUNTING POLICIES

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)          |



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

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 January 01, 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.

The Group 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 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The following restatements have been made on account of prior period errors in the financial statement;

| Impact on statement of financial position<br>As at 31 December 2018 | As previously<br>reported | Adjustments | As restated  |
|---------------------------------------------------------------------|---------------------------|-------------|--------------|
|                                                                     | -----Rs in '000-----      |             |              |
| Reserves - note 4.1                                                 | 5,129,231                 | (933,206)   | 4,196,025    |
| Long term investment<br>Hascol Terminals Limited - note 4.2         | 375,000                   | (51,634)    | 323,366      |
| Trade and other payable<br>Trade creditors - note 4.1               | (26,686,559)              | (1,241,651) | (27,928,210) |
| Deferred taxation - net - note 4.1                                  | -                         | 164,027     | 164,027      |
| Deferred liabilities<br>Deferred taxation - net - note 4.1          | (196,052)                 | 196,052     | -            |

**4.1** As explained in note 18 of these condensed interim consolidated financial statements, the Group was involved in a litigation with counter party that was then referred in the court of arbitration, the liability was revised after receipt of final award from the arbitrator. The final award was received during the prior period however, the balances were not revised in the relevant period. Accordingly, the balances have been retrospectively restated, taking cumulative impact in the opening retained earning of the earliest prior period presented net of deferred taxation.

**4.2** Investment in Hascol Terminal (Private) Limited had been carried at cost under IAS -28 'Investment in Associates and Joint Ventures' on the basis of significant influence in the entity, which was previously being carried at fair value through other comprehensive income under IFRS-9 'Financial Instruments'.

| Impact on statement of financial position<br>As at 31 December 2018 | As previously<br>reported | Adjustments | As restated  |
|---------------------------------------------------------------------|---------------------------|-------------|--------------|
|                                                                     | -----Rs in '000-----      |             |              |
| <b>Reserves - note 4.4</b>                                          | (21,992,381)              | (435,440)   | (22,427,821) |
| Long term investment<br>Hascol Terminals Limited - note 4.2         | 323,366                   | 61,112      | 384,478      |
| Trade and other payables<br>Trade creditors - note 4.1, 4.3         | (46,693,320)              | (496,552)   | (47,189,872) |

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS – UNAUDITED**

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

**4.3** The amount of trade creditors has been restated to Rs. 46,648 million as at December 31, 2019 after incorporating the effect of previous year restatement of Rs. 1,242 million. Previously, the balance was stated as Rs. 45,406 million as at December 31, 2019.

**4.4** The amount of reserves has been restated to Rs. 21,932 million as at December 31, 2019 after incorporating the effect of previous year restatement of Rs. 1,242 million. Previously, the balance was stated as Rs. 20,690 million as at December 31, 2019.

| Impact on statement of financial position<br>For the period ended June 30, 2019 | As previously<br>reported | Adjustments | As restated  |
|---------------------------------------------------------------------------------|---------------------------|-------------|--------------|
|                                                                                 | -----Rs in '000-----      |             |              |
| Cost of products sold - note 4.5                                                | (86,314,966)              | 110,591     | (86,204,375) |
| Distribution and marketing - note 4.6                                           | (2,974,960)               | 44,536      | (2,930,424)  |
| Finance cost - note 4.7                                                         | (2,650,019)               | (157,636)   | (2,807,655)  |
| Exchange loss - net - note 4.8                                                  | (2,479,918)               | (809,019)   | (3,288,937)  |
| Unrealized loss on remeasurement of<br>investment carried at FVOCI - note 4.9   | (256,902)                 | 74,502      | (182,400)    |
| Taxation - note 4.10                                                            | 3,506,527                 | 160,841     | 3,667,368    |

**4.5** Refer note 37.4 of the annual audited financial statements for the year ended December 31, 2019. The amount represents six months impact of shipping cost related to import transactions.

**4.6** This represents net impact of recognition of depreciation expense on right of use asset and reversal of rental expense.

**4.7** This represents interest expense on outstanding amount of the liability against arbitration order as referred in note 4.1 and lease liability against right of use asset recognized in the year 2019.

**4.8** This represents exchange loss on outstanding amount of the liability against arbitration order and shipping cost as referred in note 4.1 and 4.5 respectively.

**4.9** The amount is due to deferred tax impact on the unrealized loss on remeasurement of investment carried at FVOCI.

**4.10** The amount represents the deferred tax impact on the above mentioned restatements.

**5 ACCOUNTING ESTIMATES AND JUDGEMENTS**

**5.1** The preparation of this condensed interim consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. Estimates and judgements 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

- 5.2** During the preparation of this condensed interim consolidated financial statements, the significant judgements made by management in applying the Group'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.

### 6 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

- Significant related party transactions are disclosed in note 28.
- As of June 30, 2020, the Group current ratio has declined below the minimum requirement under Sukuk agreement.
- As at June 30, 2020, the Group has overdue balances of Rs. 20,826 million in respect of financial institutions.
- During the period, prior year balances have been restated as disclosed in note 4.

### 7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended December 31, 2019.

| 8 | PROPERTY, PLANT AND EQUIPMENT | Note | (Un-audited)             | (Audited)            |
|---|-------------------------------|------|--------------------------|----------------------|
|   |                               |      | June 30,<br>2020         | December 31,<br>2019 |
|   |                               |      | -----Rupees in '000----- |                      |
|   | Operating fixed assets        |      | <b>29,682,360</b>        | 28,593,449           |
|   | Capital work-in-progress      | 8.3  | <b>3,923,899</b>         | 6,135,112            |
|   | Right of use asset            | 8.4  | <b>1,221,963</b>         | 1,255,584            |
|   |                               |      | <b>34,828,222</b>        | <b>35,984,144</b>    |

- 8.1** Additions / transfer from CWIP to operating fixed assets during the period / year were as follows:

#### Owned assets

|                                                    |                |                   |
|----------------------------------------------------|----------------|-------------------|
| Office building                                    | -              | 2,168,204         |
| Tanks and pipelines                                | <b>45,832</b>  | 2,691,158         |
| Pump building                                      | <b>366,405</b> | 1,418,957         |
| Electrical, mechanical and fire fighting equipment | <b>18,192</b>  | 3,091,006         |
| Tank lorries                                       | -              | 80,018            |
| Motor cars                                         | -              | 7,551             |
| Dispensing pumps                                   | -              | 533,395           |
| Furniture, office equipment and other assets       | <b>2,574</b>   | 115,081           |
| Plant and machinery                                | -              | 1,655,368         |
| Computer auxiliaries                               | <b>7,183</b>   | 16,773            |
|                                                    | <b>440,185</b> | <b>11,777,511</b> |

#### Leased assets

|              |                |                   |
|--------------|----------------|-------------------|
| Tank lorries | -              | 481,879           |
|              | <b>440,185</b> | <b>12,259,390</b> |

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**8.2** The following assets were disposed off during the period / year:

|                                   | Cost                     | Accumulated<br>Depreciation | Net Book Value   |
|-----------------------------------|--------------------------|-----------------------------|------------------|
|                                   | -----Rupees in '000----- |                             |                  |
| <b>June 30, 2020 (un-audited)</b> | <b>(177,498)</b>         | <b>23,325</b>               | <b>(154,173)</b> |
| December 31, 2019 (audited)       | (788,000)                | 124,976                     | (663,024)        |

**8.3 Capital work-in-progress**

|                                                    | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------|----------------------------------|-----------------------------------|
|                                                    | -----Rupees in '000-----         |                                   |
| Office building                                    | 1,504,417                        | 1,360,721                         |
| Tanks and pipelines                                | 932,015                          | 1,016,818                         |
| Pump building                                      | -                                | 259,127                           |
| Electrical, mechanical and fire fighting equipment | 699,202                          | 699,202                           |
| Dispensing pumps                                   | 80,571                           | 102,845                           |
| Furniture, office equipment and other assets       | 173,315                          | 194,080                           |
| Plant and machinery                                | 360,740                          | 360,740                           |
| Borrowing cost capitalized                         | 167,702                          | 167,702                           |
| Computer auxiliaries                               | 5,938                            | 5,938                             |
|                                                    | <b>3,923,899</b>                 | <b>4,167,173</b>                  |

**8.4 Right of use asset**

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Opening balance                       | 1,255,584        | -                |
| Additions during the period / year    | 14,693           | 1,349,100        |
| Depreciation during the period / year | (48,314)         | (93,516)         |
| Closing balance                       | <b>1,221,963</b> | <b>1,255,584</b> |

**9 INTANGIBLE ASSET**

|                                         |              |              |
|-----------------------------------------|--------------|--------------|
| <b>Computer softwares</b>               | <b>6,621</b> | <b>5,232</b> |
| Net book value at beginning of the year | 5,232        | 2,565        |
| Addition                                | 2,388        | 3,201        |
| Amortization charge for the year        | (999)        | (534)        |
| Net book value at the end of the year   | <b>6,621</b> | <b>5,232</b> |
| <b>Net book value</b>                   |              |              |
| Cost                                    | 16,496       | 14,108       |
| Accumulated amortization                | (9,875)      | (8,876)      |
| Net book value                          | <b>6,621</b> | <b>5,232</b> |
| Rate of amortization - %                | <b>33.33</b> | <b>33.33</b> |



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|               |                                                                                                                                                                                                                              |                           | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------|-----------------------------------|
| <b>10</b>     | <b>LONG-TERM INVESTMENTS</b>                                                                                                                                                                                                 | <b>Note</b>               | -----Rupees in '000-----         |                                   |
|               | <b>Investment in associate - at cost</b>                                                                                                                                                                                     |                           |                                  |                                   |
|               | VAS LNG (Private) Limited - unquoted                                                                                                                                                                                         | 10.1                      | 1,441                            | 1,502                             |
|               | Hascol Terminal Limited - unquoted                                                                                                                                                                                           | 10.2                      | 454,976                          | 384,478                           |
|               | <b>Investment at fair value through other comprehensive income</b>                                                                                                                                                           |                           |                                  |                                   |
|               | Pakistan Refinery Limited - quoted                                                                                                                                                                                           | 10.3                      | 493,477                          | 904,780                           |
|               | <b>Advance against purchase of shares - with related parties</b>                                                                                                                                                             |                           |                                  |                                   |
|               | Hascol Terminal Limited                                                                                                                                                                                                      |                           | 2,500                            | 40,000                            |
|               | VAS LNG (Private) Limited                                                                                                                                                                                                    |                           | 1,023                            | 1,023                             |
|               |                                                                                                                                                                                                                              |                           | <u>3,523</u>                     | <u>41,023</u>                     |
|               |                                                                                                                                                                                                                              |                           | <u>953,417</u>                   | <u>1,331,783</u>                  |
| <b>10.1</b>   | <b>2020</b>                                                                                                                                                                                                                  | <b>2019</b>               | <b>2020</b>                      | <b>2019</b>                       |
|               | <b>Number of share</b>                                                                                                                                                                                                       | <b>unquoted</b>           | -----Rupees in '000-----         |                                   |
|               | <u>300,002</u>                                                                                                                                                                                                               | <u>300,002</u>            | <u>1,441</u>                     | <u>1,502</u>                      |
|               |                                                                                                                                                                                                                              | VAS LNG (Private) Limited |                                  |                                   |
| <b>10.1.1</b> | The investment has been accounted for using equity method.                                                                                                                                                                   |                           |                                  |                                   |
| <b>10.1.2</b> | The Holding Company holds 0.3 million ordinary shares (2019: 0.3 million) of Rs. 10 per share, representing 30% (2019: 30%) equity stake in VAS LNG (Private) Limited, acquired at a cost of Rs. 3 million in the year 2017. |                           |                                  |                                   |
|               | Details of the investment is as follows:                                                                                                                                                                                     |                           |                                  |                                   |
|               | Balance at the beginning of the year                                                                                                                                                                                         |                           | 1,502                            | 1,551                             |
|               | Share of loss for the period / year                                                                                                                                                                                          |                           | (61)                             | (49)                              |
|               | Balance at the end of the year                                                                                                                                                                                               |                           | <u>1,441</u>                     | <u>1,502</u>                      |
| <b>10.2</b>   | <b>2020</b>                                                                                                                                                                                                                  | <b>2019</b>               | <b>2020</b>                      | <b>2019</b>                       |
|               | <b>Number of share</b>                                                                                                                                                                                                       | <b>unquoted</b>           | -----Rupees in '000-----         |                                   |
|               | <u>41,250,000</u>                                                                                                                                                                                                            | <u>37,500,000</u>         | <u>454,976</u>                   | <u>384,478</u>                    |
|               |                                                                                                                                                                                                                              | Hascol Terminals Limited  |                                  |                                   |
| <b>10.2.1</b> | The investment has been accounted for using equity method.                                                                                                                                                                   |                           |                                  |                                   |
| <b>10.2.2</b> | The Holding Company holds 41.25 (2019: 37.50) million ordinary shares of Rs. 10 per share, representing 15% (2019: 15%) equity stake in Hascol Terminals Limited, acquired at a cost of Rs. 413 (2019: 375) million.         |                           |                                  |                                   |

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Details of the investment is as follows:

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Balance at the beginning of the year  | 384,478        | 323,366        |
| Equity injection                      | 37,500         | -              |
| Share of profit for the period / year | 32,998         | 61,112         |
| Balance at the end of the year        | <u>454,976</u> | <u>384,478</u> |

|                                       |        | Cost                     | Unrealized loss  | Carrying Value |
|---------------------------------------|--------|--------------------------|------------------|----------------|
|                                       | Note   | -----Rupees in '000----- |                  |                |
| <b>10.3 Pakistan Refinery Limited</b> |        |                          |                  |                |
| <b>June 30, 2020</b>                  | 10.3.1 | <u>1,172,772</u>         | <u>(679,295)</u> | <u>493,477</u> |
| December 31, 2019                     |        | <u>1,172,772</u>         | <u>(267,992)</u> | <u>904,780</u> |

**10.3.1** Investment in Pakistan Refinery Limited represents 14.71% (December 31, 2019: 14.71%) equity stake which amounts to 43.25 million fully paid ordinary shares (December 31, 2019: 43.25 million shares) which were subsequently disposed off at an average rate of Rs. 19.5 per share.

|                                                                | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------------------|----------------------------------|-----------------------------------|
| <b>11 DEFERRED TAXATION - NET</b>                              | -----Rupees in '000-----         |                                   |
| <b>This comprises the following:</b>                           |                                  |                                   |
| <b>Taxable temporary difference arising in respect of :</b>    |                                  |                                   |
| Accelerated depreciation                                       | (3,137,609)                      | (2,897,798)                       |
| Long term investment                                           | 194,821                          | 77,392                            |
| <b>Deductible temporary difference arising in respect of :</b> |                                  |                                   |
| Liabilities against assets subject to finance lease            | 1,797,318                        | 1,864,042                         |
| Exchange loss                                                  | 368,999                          | 175,285                           |
| Provision for :                                                |                                  |                                   |
| other liabilities                                              | 2,302                            | 2,187                             |
| retirement benefit                                             | 64,500                           | 74,299                            |
| doubtful debts                                                 | 2,716,997                        | 666,935                           |
| short term investment - TFCs                                   | 602                              | 379                               |
| Normal tax loss                                                | 9,369,475                        | 6,536,609                         |
| Unrecognized deferred tax asset                                | <u>(11,377,405)</u>              | <u>(6,499,330)</u>                |
|                                                                | <u>-</u>                         | <u>-</u>                          |

**11.1** Deferred tax asset of Rs. 11,377 million (2019: Rs. 6,499 million) has not been recognized in these condensed interim consolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.

**11.2** Had the Group recognized full amount of deferred tax asset the impact on these consolidated financial statements would have been:



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|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | Rupees in '000           |                     |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|
|             | Loss for the period                                                                                                                                                                                                                                                                                                                                                                                                                      |                          | (6,573,994)         |
|             | Shareholders' equity                                                                                                                                                                                                                                                                                                                                                                                                                     |                          | (29,238,930)        |
|             | Total non-current assets                                                                                                                                                                                                                                                                                                                                                                                                                 |                          | 47,717,468          |
|             | Loss per share (Rupees)                                                                                                                                                                                                                                                                                                                                                                                                                  |                          | (6.65)              |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>(Un-audited)</b>      | <b>(Audited)</b>    |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>June 30,</b>          | <b>December 31,</b> |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>2020</b>              | <b>2019</b>         |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | -----Rupees in '000----- |                     |
| <b>12</b>   | <b>ADVANCES - considered good, unsecured</b>                                                                                                                                                                                                                                                                                                                                                                                             |                          |                     |
|             | To employees                                                                                                                                                                                                                                                                                                                                                                                                                             |                          |                     |
|             | - against expenses                                                                                                                                                                                                                                                                                                                                                                                                                       | 25,755                   | 28,264              |
|             | - against salaries                                                                                                                                                                                                                                                                                                                                                                                                                       | 26,146                   | 33,304              |
|             | Suppliers                                                                                                                                                                                                                                                                                                                                                                                                                                | 61,761                   | 138,221             |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>113,663</u>           | <u>199,788</u>      |
| <b>13</b>   | <b>DEPOSITS AND PREPAYMENTS</b>                                                                                                                                                                                                                                                                                                                                                                                                          |                          |                     |
|             | <b>Deposits</b>                                                                                                                                                                                                                                                                                                                                                                                                                          |                          |                     |
|             | - current portion of lease deposits                                                                                                                                                                                                                                                                                                                                                                                                      | 16,007                   | 1,414               |
|             | - other deposits                                                                                                                                                                                                                                                                                                                                                                                                                         | 10,551                   | 8,996               |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | 26,558                   | 10,410              |
|             | <b>Prepayments</b>                                                                                                                                                                                                                                                                                                                                                                                                                       |                          |                     |
|             | - Insurance and others                                                                                                                                                                                                                                                                                                                                                                                                                   | 147,858                  | 42,055              |
|             | - Rent                                                                                                                                                                                                                                                                                                                                                                                                                                   | 118,778                  | 113,302             |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | 266,636                  | 155,357             |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>293,194</u>           | <u>165,767</u>      |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>(Un-audited)</b>      | <b>(Audited)</b>    |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>June 30,</b>          | <b>December 31,</b> |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>2020</b>              | <b>2019</b>         |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | -----Rupees in '000----- |                     |
| <b>14</b>   | <b>OTHER RECEIVABLES</b>                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                     |
|             | Inland freight equalization margin receivable                                                                                                                                                                                                                                                                                                                                                                                            | 3,715,969                | 3,646,078           |
|             | Receivable against services rendered                                                                                                                                                                                                                                                                                                                                                                                                     | 7,957                    | 20,863              |
|             | Receivable against regulatory duty                                                                                                                                                                                                                                                                                                                                                                                                       | 25,533                   | 25,533              |
|             | Price differential claims                                                                                                                                                                                                                                                                                                                                                                                                                | 5,083                    | 5,083               |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>3,754,542</u>         | <u>3,697,557</u>    |
| <b>14.1</b> | This represents amount receivable from Hascol Terminals Limited (an associated Company) against services rendered by the Group on account of business support services.                                                                                                                                                                                                                                                                  |                          |                     |
| <b>14.2</b> | This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Group together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Group considers that the balance amount will be reimbursed by GoP in due course of time. |                          |                     |



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### 15 SHARE CAPITAL

#### 15.1 Authorized share capital

|                      |                      |                                | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------|----------------------|--------------------------------|----------------------------------|-----------------------------------|
|                      |                      |                                | -----Rupees in '000-----         |                                   |
| 2020                 | 2019                 |                                |                                  |                                   |
|                      |                      | Number of share                |                                  |                                   |
| <u>1,000,000,000</u> | <u>1,000,000,000</u> | Ordinary shares of Rs. 10 each | <u>1,000,000,000</u>             | <u>1,000,000,000</u>              |

#### 15.2 Issued, subscribed and paid-up share capital

|                    |                    |                                                                  | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--------------------|--------------------|------------------------------------------------------------------|----------------------------------|-----------------------------------|
|                    |                    |                                                                  | -----Rupees in '000-----         |                                   |
| 2020               | 2019               |                                                                  |                                  |                                   |
|                    |                    | Number of shares                                                 |                                  |                                   |
| 89,540,000         | 89,540,000         | Ordinary shares of Rs. 10 each fully paid                        | 895,400                          | 895,400                           |
| 1,060,000          | 1,060,000          | Ordinary shares of Rs. 10 each for consideration other than cash | 10,600                           | 10,600                            |
| 9,966,000          | 9,966,000          | Annual bonus @ 11% Dec, 2014                                     | 99,660                           | 99,660                            |
| 20,113,200         | 20,113,200         | Interim bonus @ 20% Jun, 2015                                    | 201,132                          | 201,132                           |
| 24,135,840         | 24,135,840         | Right issue @ 20% Sep, 2017                                      | 241,358                          | 241,358                           |
| 36,203,760         | 36,203,760         | Bonus issue @ 25% Sep, 2018                                      | 362,038                          | 362,038                           |
| 18,101,808         | 18,101,808         | Bonus issue @ 10% Dec, 2018                                      | 181,018                          | 181,018                           |
| 800,000,000        | -                  | Right issue @ 400% Jan, 2020                                     | 8,000,000                        | -                                 |
| <u>999,120,608</u> | <u>199,120,608</u> |                                                                  | <u>9,991,206</u>                 | <u>1,991,206</u>                  |

### 16 LONG TERM FINANCING - secured

Note

|  |      |                                                   | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|------|---------------------------------------------------|----------------------------------|-----------------------------------|
|  |      |                                                   | -----Rupees in '000-----         |                                   |
|  |      | Borrowing from conventional banks                 | 1,419,875                        | 1,554,250                         |
|  |      | Borrowing from non banking financial institutions | 209,238                          | 283,113                           |
|  |      | Sukuk certificates                                | 692,840                          | 890,454                           |
|  | 16.1 |                                                   | <u>2,321,953</u>                 | <u>2,727,817</u>                  |

#### Current portion of long term finances

|  |    |                                                   |                    |                    |
|--|----|---------------------------------------------------|--------------------|--------------------|
|  |    | Borrowing from conventional banks                 | (537,500)          | (537,500)          |
|  |    | Borrowing from non banking financial institutions | (187,810)          | (199,779)          |
|  |    | Sukuk certificates                                | (400,000)          | (400,000)          |
|  | 19 |                                                   | <u>(1,125,310)</u> | <u>(1,137,279)</u> |

#### Non-current portion of long term financing

#### 16.1 Sukuk certificate

16.1.1

|  |  |                                               | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|--|--|-----------------------------------------------|----------------------------------|-----------------------------------|
|  |  |                                               | -----Rupees in '000-----         |                                   |
|  |  | Issuance cost                                 | 700,000                          | 900,000                           |
|  |  | Balance at the beginning of the period / year | (9,546)                          | (19,092)                          |
|  |  | Charged to profit or loss account             | 2,386                            | 9,546                             |
|  |  | Balance at the end of the period / year       | <u>(7,160)</u>                   | <u>(9,546)</u>                    |
|  |  |                                               | <u>692,840</u>                   | <u>890,454</u>                    |



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**16.1.1** During the period, Sukuk amounting to Rs. 200 million (2019: Rs. 200 million) have been matured.

|                                           |              | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|-------------------------------------------|--------------|----------------------------------|-----------------------------------|
|                                           | Note         | -----Rupees in '000-----         |                                   |
| <b>17 DEFERRED LIABILITIES</b>            |              |                                  |                                   |
| Deferred liability - gratuity             | 18.3         | <u>30,918</u>                    | <u>286,844</u>                    |
| <b>18 TRADE AND OTHER PAYABLES</b>        |              |                                  |                                   |
| Trade creditors                           |              | 30,031,198                       | 43,647,578                        |
| Payable to cartage contractors            |              | 2,842,743                        | 2,032,209                         |
| Advance from customers - unsecured        |              | 501,895                          | 414,969                           |
| Dealers' and customers' security deposits |              | 431,825                          | 421,407                           |
| Accrued liabilities                       |              | 5,113                            | 9,434                             |
| Sales tax payable                         |              | 580,133                          | -                                 |
| Other liabilities                         | 18.1 to 18.3 | <u>7,764,081</u>                 | <u>6,969,346</u>                  |
|                                           |              | <u>42,156,987</u>                | <u>53,494,943</u>                 |

**18.1** Liability amounting to Rs. 1,599 (2019: 1,473) million against claim lodged by a counterparty in out of court settlement of a litigation in the English Commercial Court, London between the counterparty and the Holding Company.

**18.2** Liability amounting to Rs. 3,924 (2019: 3,542) million recorded against arbitration award in litigation between the counterparty and the Holding Company.

**18.3** During the period, the Holding Company has created a funded gratuity plan. The liability against gratuity is yet to be transferred to the fund amounting to Rs. 225 million (2019: Nil).

|                                                         |      | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|---------------------------------------------------------|------|----------------------------------|-----------------------------------|
|                                                         | Note | -----Rupees in '000-----         |                                   |
| <b>19 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>    |      |                                  |                                   |
| Current portion of long term financing                  | 16   | 1,125,310                        | 1,137,279                         |
| Current portion of liabilities subject to finance lease |      | 334,724                          | 401,546                           |
|                                                         |      | <u>1,460,034</u>                 | <u>1,538,825</u>                  |



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### 20 CONTINGENCIES AND COMMITMENTS

#### 20.1 Contingencies

- i The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Holding Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The next date of hearing is January 14, 2021 and the legal counsel is hopeful about success of this petition.
- ii A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hasco) for recovery of amount of Rs. 53,223,663 and damages of Rs. 50 million against the Holding Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Last hearing held on November 17, 2020. Next tentative date is December 17, 2020. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.
- iii The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Group on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay been granted to the Holding Company on November 26, 2019 and to be fixed with other cases. The next date of hearing is December 24, 2020 and legal counsel is of the view that the Holding Company have a strong defense against tax authorities.
- iv FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Holding Company reveals that the Holding Company has under declared sales quantity of MS and HSD, resulting in short payment of sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Holding Company to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Holding Company submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing Holding Company's case, Honorable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Holding Company on the basis of impugned Show Cause Notice. The matter is still pending adjudication and in the view of the advisor, the Holding Company has a good arguable case on merits with a chance of favorable outcome. There is no immediate financial liability against the Holding Company.

The accumulated impact of contingencies as at June 30, 2020 amounts to Rs. 24.515 billion.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 20.2 Commitments

- (i) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Holding Company amounting to Rs. 2,256 (2019: Rs. 3,898) million.

|                                                                      |        | (Un-audited)<br>June 30,<br>2020 | (Audited)<br>December 31,<br>2019 |
|----------------------------------------------------------------------|--------|----------------------------------|-----------------------------------|
|                                                                      | Note   | -----Rupees in '000-----         |                                   |
| (ii) Letter of credit                                                | 20.2.1 | <u>18,520,653</u>                | <u>27,426,457</u>                 |
| (iii) Bank guarantees                                                |        | <u>372,026</u>                   | <u>372,026</u>                    |
| (iv) Capital commitments                                             |        | <u>105,180</u>                   | <u>1,325,836</u>                  |
| (v) Commitments for rental of assets under operating lease / ijarah: |        |                                  |                                   |
| Not later than one year                                              |        | 452,338                          | 479,820                           |
| Later than one year and not later than five years                    |        | 1,331,069                        | 1,474,449                         |
| Later than five years                                                |        | <u>2,148,987</u>                 | <u>2,259,004</u>                  |
|                                                                      |        | <u>3,932,394</u>                 | <u>4,213,273</u>                  |

- 20.2.1** The Group has total unutilised facility limit against letters of credit aggregating to Rs. 2,658 (2019: Rs. 3,261) million as of reporting date.

### 21 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The represents provision for expected credit losses - ECL under IFRS 9. Certain trade debts have been fully provided during the period.

|                                |      | Un-audited<br>June 30,<br>2020 | June 30,<br>2019 |
|--------------------------------|------|--------------------------------|------------------|
|                                | Note | -----Rupees in '000-----       |                  |
| <b>22 OTHER EXPENSES</b>       |      |                                |                  |
| Unfavourable losses on imports |      | -                              | 6,324,049        |
| Penalty                        | 22.1 | <u>58,590</u>                  | <u>2,800</u>     |
|                                |      | <u>58,590</u>                  | <u>6,326,849</u> |

- 22.1** This represents penalty charged by Oil and Gas Regulatory Authority (OGRA) amounting to Rs. 58.59 (2019: Rs. 2.8) million.

|                    |  | Un-audited<br>June 30,<br>2020 | June 30,<br>2019   |
|--------------------|--|--------------------------------|--------------------|
|                    |  | -----Rupees in '000-----       |                    |
| <b>23 TAXATION</b> |  |                                |                    |
| Current            |  | 333,821                        | 556,176            |
| Prior period       |  | 234,472                        | -                  |
| Deferred           |  | <u>119,278</u>                 | <u>(4,223,544)</u> |
|                    |  | <u>687,571</u>                 | <u>(3,667,368)</u> |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 24 LOSS PER SHARE

|                                            | Unaudited                         |                     |                           |                    |
|--------------------------------------------|-----------------------------------|---------------------|---------------------------|--------------------|
|                                            | Six months period ended           |                     | Three months period ended |                    |
|                                            | Restated                          |                     | Restated                  |                    |
|                                            | June 30, 2020                     | June 30, 2019       | June 30, 2020             | June 30, 2019      |
|                                            | -----Rupees in '000-----          |                     |                           |                    |
| Loss after tax for the period              | <u>(17,951,399)</u>               | <u>(11,788,447)</u> | <u>(11,118,941)</u>       | <u>(6,020,103)</u> |
|                                            | -----Number of shares in'000----- |                     |                           |                    |
| Weighted average number of ordinary shares | <u>988,874</u>                    | <u>377,513</u>      | <u>988,874</u>            | <u>377,513</u>     |
|                                            | -----Amount in Rupees -----       |                     |                           |                    |
| Loss per share                             | <u>(18.15)</u>                    | <u>(31.23)</u>      | <u>(11.24)</u>            | <u>(15.95)</u>     |

| 25 CASH (USED IN) / GENERATED FROM OPERATIONS | Note | Un-audited               |                     |
|-----------------------------------------------|------|--------------------------|---------------------|
|                                               |      | June 30, 2020            | June 30, 2019       |
|                                               |      | -----Rupees in '000----- |                     |
| <b>Loss before taxation</b>                   |      | <b>(17,263,828)</b>      | <b>(15,455,815)</b> |
| <b>Adjustment for:</b>                        |      |                          |                     |
| Depreciation and amortization                 |      | 1,021,576                | 868,988             |
| Provision for gratuity                        |      | 35,505                   | 43,015              |
| Fair value change in short term investment    |      | 788                      | -                   |
| Share of profit from associate                |      | -                        | (30,556)            |
| Impairment losses on financial assets         |      | 7,603,868                | 838,373             |
| Gain on sale of fixed assets                  |      | (26,532)                 | 9,715               |
| Profit on bank deposits                       |      | (192,512)                | (135,980)           |
| Profit on sale of derivate assets             |      | (71,453)                 | -                   |
| Exchange loss unrealized                      |      | 1,286,611                | 1,819,242           |
| Finance cost                                  |      | 3,717,353                | 3,030,171           |
| Working capital changes                       | 25.1 | <u>(8,528,813)</u>       | <u>18,404,537</u>   |
|                                               |      | <u>(12,417,437)</u>      | <u>9,391,689</u>    |

| 25.1 Changes in working capital (Increase) / decrease in current assets | Note | Un-audited               |                   |
|-------------------------------------------------------------------------|------|--------------------------|-------------------|
|                                                                         |      | June 30, 2020            | June 30, 2019     |
|                                                                         |      | -----Rupees in '000----- |                   |
| Stock-in-trade                                                          |      | 4,869,684                | 1,836,330         |
| Trade debts                                                             |      | (573,580)                | 396,604           |
| Deposits, prepayments and other receivables                             |      | (152,032)                | (308,527)         |
| Advances                                                                |      | 86,125                   | (77,021)          |
|                                                                         |      | <u>4,230,197</u>         | <u>1,847,386</u>  |
| <b>(Decrease) / increase in current liabilities</b>                     |      |                          |                   |
| Trade and other payables                                                |      | <u>(12,759,010)</u>      | <u>16,557,151</u> |
|                                                                         |      | <u>(8,528,813)</u>       | <u>18,404,537</u> |



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|                                     | Un-audited                 |                            |
|-------------------------------------|----------------------------|----------------------------|
|                                     | June 30,<br>2020           | June 30,<br>2019           |
|                                     | -----Rupees in '000-----   |                            |
| <b>26 CASH AND CASH EQUIVALENTS</b> |                            |                            |
| Cash and bank balances              | 4,264,335                  | 7,027,561                  |
| Short-term borrowings               | <b>(41,075,008)</b>        | (25,857,467)               |
| Add: commercial paper               | -                          | 3,983,903                  |
|                                     | <b>(41,075,008)</b>        | (21,873,564)               |
|                                     | <b><u>(36,810,673)</u></b> | <b><u>(14,846,003)</u></b> |

### 27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

These condensed interim consolidated financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended December 31, 2019. There have been no change in any risk management policies since the year end.

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

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

As at June 30, 2020, except for the Group investment in PRL, none of the financial instruments are carried at fair value through other comprehensive income.

### 28 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund.

Balances and significant transactions with related parties, other than those disclosed elsewhere in this consolidated condensed interim financial information, are as follows:



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

|             |                                                    |                                  | (Un-audited)<br>June 30,<br>2020  | (Audited)<br>December 31,<br>2019 |
|-------------|----------------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
|             |                                                    |                                  | -----Rupees in '000-----          |                                   |
| <b>28.1</b> | <b>Balances with related parties</b>               |                                  |                                   |                                   |
|             | <b>Nature of relationship</b>                      | <b>Nature of transaction</b>     | <b>Percentage of shareholding</b> |                                   |
|             | <b>Investment in the Company</b>                   |                                  |                                   |                                   |
|             | Fossil Energy (Private) Limited                    | Payable against services         | 10.66%                            | -                                 |
|             | Vitol Bahrain E.C                                  | Payable against procurement      | 40.40%                            | 3,475                             |
|             |                                                    |                                  | <u>17,866,820</u>                 | <u>29,620,793</u>                 |
|             | <b>Investment in associate</b>                     |                                  |                                   |                                   |
|             | VAS LNG (Private) Limited                          | Advance against issue of shares  | 30%                               | 1,023                             |
|             |                                                    | Investments                      | 30%                               | 3,000                             |
|             | Hascol Terminals Limited                           | Advance against issue of shares  | 15%                               | 2,500                             |
|             |                                                    | Investments                      | 15%                               | 412,500                           |
|             |                                                    | Payable against support services | 15%                               | -                                 |
|             |                                                    | Payable against services         | N/A                               | 20,863                            |
|             |                                                    |                                  | <u>1,321,907</u>                  | <u>853,643</u>                    |
|             | <b>Other related parties - Common directorship</b> |                                  |                                   |                                   |
|             | VOS Petroleum Limited                              | Payable against services         | N/A                               | 51,478                            |
|             | Faysal Bank Limited                                | Bank balances                    | N/A                               | 257,635                           |
|             | Gas & Oil Pakistan Limited                         | Payable against support services | N/A                               | 205,000                           |
|             |                                                    |                                  | <u>51,478</u>                     | <u>46,918</u>                     |
|             |                                                    |                                  | <u>257,635</u>                    | <u>1,853,063</u>                  |
|             |                                                    |                                  | <u>205,000</u>                    | <u>205,000</u>                    |
|             |                                                    |                                  | <b>Un-audited</b>                 | <b>June 30,</b>                   |
|             |                                                    |                                  | <b>2020</b>                       | <b>2019</b>                       |
|             |                                                    |                                  | -----Rupees in '000-----          |                                   |
| <b>28.2</b> | <b>Transactions with related parties</b>           |                                  |                                   |                                   |
|             | <b>Nature of relationship</b>                      | <b>Nature of transaction</b>     | <b>Percentage of shareholding</b> |                                   |
|             | Vitol Bahrain E.C                                  | Procurement                      | 40.40%                            | 33,378,228                        |
|             | Faysal Bank Limited                                | Rendering of services            | N/A                               | 10,698                            |
|             | VOS Petroleum Limited                              | Rendering of services            | N/A                               | 7,307                             |
|             | Clover Pakistan Limited                            | Rendering of services            | N/A                               | -                                 |
|             | Hascol Terminals Limited                           | Rendering of services            | 15%                               | 917,578                           |
|             |                                                    | Business support services        | 15%                               | 13,303                            |
|             | Key management personnel                           | Managerial remuneration          | N/A                               | 81,056                            |
|             |                                                    | Directors fee                    | N/A                               | 6,893                             |
|             |                                                    | Retirement benefits              | N/A                               | 1,494                             |
|             |                                                    | Vehicles transferred             | N/A                               | 26,920                            |
|             |                                                    |                                  | <u>33,378,228</u>                 | <u>48,738,258</u>                 |
|             |                                                    |                                  | <u>10,698</u>                     | <u>-</u>                          |
|             |                                                    |                                  | <u>7,307</u>                      | <u>-</u>                          |
|             |                                                    |                                  | <u>-</u>                          | <u>53,712</u>                     |
|             |                                                    |                                  | <u>917,578</u>                    | <u>640,209</u>                    |
|             |                                                    |                                  | <u>13,303</u>                     | <u>24,334</u>                     |
|             |                                                    |                                  | <u>81,056</u>                     | <u>56,576</u>                     |
|             |                                                    |                                  | <u>6,893</u>                      | <u>9,700</u>                      |
|             |                                                    |                                  | <u>1,494</u>                      | <u>1,750</u>                      |
|             |                                                    |                                  | <u>26,920</u>                     | <u>-</u>                          |

### 29 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated statement of financial position comprise of balances as per the audited financial statements of the Group for the year ended December 31, 2019 and the corresponding figures in the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows comprise of balances of comparable period as per the condensed interim consolidated financial information of the Group for the six months period ended June 30, 2019.

The following items presented in these condensed interim consolidated statement of financial position as at December 31, 2019 and Decemeber 31, 2018 have been reclassified to confirm current period's presentation.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

| <b>Statement of financial position<br/>As at December 31, 2018</b> | <b>Before<br/>reclassification</b> | <b>Reclassification</b> | <b>After<br/>reclassification</b> |
|--------------------------------------------------------------------|------------------------------------|-------------------------|-----------------------------------|
|                                                                    | -----Rupees in '000-----           |                         |                                   |
| Trade and other payable                                            |                                    |                         |                                   |
| Trade creditors                                                    | (27,928,210)                       | 3,045,742               | (24,882,468)                      |
| Other liabilities                                                  | (1,529,802)                        | (4,365,862)             | (5,895,664)                       |
| Current portion of non-current liabilities                         | (2,791,342)                        | 1,320,120               | (1,471,222)                       |
| As at December 31, 2019                                            |                                    |                         |                                   |
| Property, plant and equipment                                      |                                    |                         |                                   |
| Capital work-in-progress                                           | 6,181,144                          | (46,032)                | 6,135,112                         |
| Advances                                                           |                                    |                         |                                   |
| Suppliers                                                          | 92,189                             | 46,032                  | 138,221                           |
| Trade and other payable                                            |                                    |                         |                                   |
| Trade creditors (refer note 4)                                     | (47,189,872)                       | 3,542,294               | (43,647,578)                      |
| Other liabilities                                                  | (1,954,049)                        | (5,015,297)             | (6,969,346)                       |
| Current portion of non-current liabilities                         |                                    |                         |                                   |
| Current portion of deferred and other liabilities                  | (1,473,003)                        | 1,473,003               | -                                 |

The following items presented in these condensed interim consolidated statement of statement of profit or loss account for the period ended June 30, 2019 have been reclassified to confirm current period's presentation.

| <b>For the six months ended June 30, 2019<br/>profit or loss account</b> | <b>Before<br/>reclassification</b> | <b>Reclassification</b> | <b>After<br/>reclassification</b> |
|--------------------------------------------------------------------------|------------------------------------|-------------------------|-----------------------------------|
|                                                                          | -----Rupees in '000-----           |                         |                                   |
| <b>Other revenue</b>                                                     | 388,590                            | (243,475)               | 145,115                           |
| <b>Distribution and marketing - note 28.1</b>                            | (2,930,424)                        | 1,084,648               | (1,845,776)                       |
| <b>Other expenses</b>                                                    | (6,324,049)                        | (2,800)                 | (6,326,849)                       |
| <b>Impairment losses on financial assets</b>                             | -                                  | (838,373)               | (838,373)                         |

**29.1** The amount of distribution and marketing has been restated to Rs. 2,823 million for the period ended June 30, 2019 after incorporating the effect of previous periods restatement as disclosed in note 4.6. Previously the amount was stated as Rs. 2,975 million for the period ended June 30, 2019.

### **30 IMPACT OF COVID-19**

The Group has been closely monitoring the impact of COVID-19 on its businesses and has put in place contingency measures. These contingency measures include reviewing the supplies closely, reassessing the required level of inventory, assessing our logistics, readiness and negotiating with customers on delivery timetable. The Group will keep their contingency measures under review as the situation evolves.

As far as the Group's businesses are concerned, the outbreak has a significant impact in the change in oil prices which is currently being managed by monitoring the inventory level. As the situation is evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

### 31 EVENTS AFTER THE REPORTING PERIOD

The Holding Company has subsequently increased its Authorized Share Capital from Rs. 10 billion to Rs. 50 billion through resolution passed in extraordinary general meeting held on February 23, 2021.

### 32 DATE OF AUTHORISATION

These condensed interim consolidated financial statements have been authorised for issue on March 10, 2021 by the Board of Directors of the holding Company.

### 33 GENERAL

All amounts have been rounded to the nearest thousand.

Chief Executive Officer

Director

Director



## **Hascol Petroleum Limited**

The Forum, Suite No. 105-106, 1st Floor,  
Khayaban-e-Jami, Clifton, Block-9, Karachi.  
Phone: +92-21-35301343-50 Fax: +92-21-35301351  
UAN: 111-757-757 Email: [info@hascol.com](mailto:info@hascol.com)  
[www.hascol.com](http://www.hascol.com)