HASCOL PETROLEUM LIMITED

30th October 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sirs,

Re: FINANCIAL RESULTS FOR THE NINE MONTHS PERIOD ENDED 30th SEPTEMBER 2019

We are pleased to inform you that the Board of Directors of the Company in their meeting held today at the corporate office of the Company, has approved the quarterly accounts for the period ended 30th September 2019 and recommended the following:

DIVIDEND

Nil.

FINANCIAL RESULTS

The financial results of the Company for the quarter ended 30th September 2019 are attached herewith.

Chief Executive Officer | **Chief Financial Officer** | **Director**

(zh/companysecretary/301019)

Ref: HASCOL/SEC/PSX/154

Head Office (Karachi)
The Forum 1st Floor, Suite # 105-106
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E-Mail: info@hascol.com, Web: www.hascol.com

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT - Unaudited
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Nine months period ended		Three months period ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	----------Rupees in '000----------			
Sales - net	**130,254,176**	220,375,883	**29,668,026**	72,851,485
Less: sales tax	**(18,853,882)**	(36,686,924)	**(4,301,894)**	(10,895,615)
Net sales	**111,400,294**	183,688,959	**25,366,132**	61,955,870
Other revenue	**573,040**	615,532	**184,450**	240,963
Net revenue	**111,973,334**	184,304,491	**25,550,582**	62,196,833
Cost of products sold	**(111,805,003)**	(176,091,584)	**(25,490,037)**	(59,797,572)
Gross profit	**168,331**	8,212,907	**60,545**	2,399,261
Operating expenses				
Distribution and marketing	**(4,226,681)**	(2,655,233)	**(1,251,721)**	(994,540)
Administrative	**(820,978)**	(647,569)	**(271,921)**	(201,444)
	(5,047,659)	(3,302,802)	**(1,523,642)**	(1,195,984)
Other expense	**(6,324,049)**	-	**-**	-
Other income	**293,936**	341,167	**98,662**	142,155
Operating (loss) / profit	**(10,909,441)**	5,251,272	**(1,364,435)**	1,345,432
Finance cost	**(5,014,129)**	(782,616)	**(2,364,110)**	(347,462)
Exchange loss - net	**(2,512,515)**	(2,517,381)	**(32,697)**	(662,831)
	(7,526,644)	(3,299,997)	**(2,396,807)**	(1,010,293)
(Loss) / profit before taxation	**(18,436,085)**	1,951,275	**(3,761,242)**	335,139
Taxation	**4,559,078**	(444,186)	**1,052,551**	143,765
(Loss) / profit for the period	**(13,877,007)**	1,507,089	**(2,708,691)**	478,904
		Restated		Restated
(Loss) / earnings per share - basic and diluted (Rupees)	**(69.69)**	7.57	**(13.60)**	2.41

Chief Executive Officer **Chief Financial Officer** **Director**

(zh/companysecretary/301019)

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The Quarterly reports of the Company for the nine months period ended 30th September 2019 will be transmitted through PUCARS separately.

Chief Executive Officer	**Chief Financial Officer**	**Director**

Copy to:
The Securities and Exchange Commission of Pakistan, Islamabad.

(zh/company secretary/301019)

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HASCOL PETROLEUM LIMITED

Directors' Review Report

The 3rd Quarter 2019 continues a challenging pattern that we experienced in the first six months of this year. The Company volumes drastically fell from 646,000 Metric Tons to 210,000 Metric Tons as compared to the corresponding quarter of 2018. The major reason for this decline was the shortage of working capital to procure the product. The overall market of HSD fell 25% and a meager growth of 2% was witnessed in Motor Gasoline in the current Q3, 2019. The overall oil industry remained under pressure amid high interest cost and low demand.

Hascol Petroleum Limited has reliance on import of petroleum products and have very minor allocation of local refineries. The exchange losses and the inventory losses combined with the unperformed cargoes in Q1 2019 has badly affected the working capital cycle which resulted in short term borrowing of Rs. 43 billion at the end of the period resulting in huge financial charges of Rs. 2.2 billion for Q3, 2019 and Rs. 4.9 billion for overall 9 months.

The result of our senior leadership meeting with decision makers in Islamabad has created an awareness of the problems of the Oil Sector and the government is seriously considering an increase in the overall margins of the OMCs and dealers and is implementing a mechanism wherein the exchange losses in future are absorbed as a part of the cost, thereby not affecting the profitability of the OMCs.

Future Outlook of the Business:

Your Board has approved a Capital Reorganization Program and also approved the medium and long term plans, for the Company to overcome these challenges. In this connection the implementation of the following program is in progress:

a. Successful negotiations of Rs. 16 billion long term finance from Banking consortium led by one of the major bank operating in the country and LC Line of approx. Rs. 50 billion.
b. Issuance of right shares out of which approx. 58% will be fully presubscribed by the Directors and Sponsors of the Company and the remaining portion will be underwritten.

The Company has started regaining its market share. The October 2019 will be closing around 120,000 MTs as compared to 210,000 MTs for the complete 3rd Quarter, 2019. The Company has achieved 9% and 8.8% market share in Motor Gasoline and HSD respectively for the month of October 2019 as compared to 5% for both MS and HSD in the previous months. The management expects that by the end of Q1 2020, the Company will regain its market share which once stood at 12%.

The management has very aggressively reviewed the cost in each and every area of the business and there is a significant reduction of approx. Rs. 1.5 billion per annum as compared to the year 2018. We will continue to closely monitor cost in order to reduce overheads of the business.

A more conservative approach has been taken in import of products and more reliance has been put in place on local availability of products from the refineries and less on imports. Most of our major bankers are fully aware of the problems being faced by the oil industry and Hascol in particular, and have provided the appropriate support to ensure that the Company meets its financial obligations.

HASCOL PETROLEUM LIMITED

The Company has one of the largest infrastructure in the Country in private sector with a capacity of 420,000 MTs. This gives the Company a big edge over its competitors and will prove as a strong pillar in doing business at much more efficient and cost effective manner resulting in a better bottom line for the company. The Company will continue investment in its Retail infrastructure which currently stands at 700+ retail outlets.

Finally, I would like to thank the Board for their guidance in pursuing a sound business strategy and making appropriate recommendations in our corporate governance. I would also like to place on record the efforts of our management team and all employees for efficiently responding to the challenges facing the Company due to factors beyond the control.

The Company has successfully started its state of the art Lubricant Plant which has got a capacity of 45,000MT per annum. This will significantly improve the availability of product in the market and profitability of the business and to the bottom line of the Company.

The Company's new chemical business is contributing positively to the bottom line and during the last 9 months has contributed Rs. 2 billion to the sales of the Company.

I am confident that within the next twelve months, I will have a much more positive report to make to the shareholders.

Chairman

Chief Executive Officer

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