ANNUAL REPORT 2019

TRANSFORMATION TODAY, BETTER TOMORROW

TRANSFORMATION TODAY,
BETTER TOMORROW

18TH ANNUAL GENERAL MEETING

11:00 a.m

11th August 2020

Hascol Petroleum Limited
The Forum, Suite No. 105-106, 1st Floor,
Khayaban-e-Jami, Clifton, Block-9, Karachi.
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www.hascol.com

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CORPORATE INFORMATION

Chairman
Sir Alan Duncan

CEO & Director
Mr. Aqeel Ahmed Khan

Directors
Mr. Abdul Aziz Khalid
Mr. Farooq Rahmatullah Khan
Mr. Najmus Saquib Hameed
Mr. Farid Arshad Masood
Mr. Nauman K Dar

Chief Financial Officer
Khurram Shahzad Venjhar

Company Secretary
Mr. Zeeshan Ul Haq

Audit Committee
Mr. Najmus Saquib Hameed (Chairman)
Mr. Nauman K Dar (Member)
Mr. Farid Arshad Masood (Member)

Risk Committee
Mr. Nauman K Dar (Chairman)
Mr. Abdul Aziz Khalid (Member)
Mr. Aqeel Ahmed Khan (Member)

Human Resource Committee
Mr. Najmus Saquib Hameed (Chairman)
Sir 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,
Pakistan.

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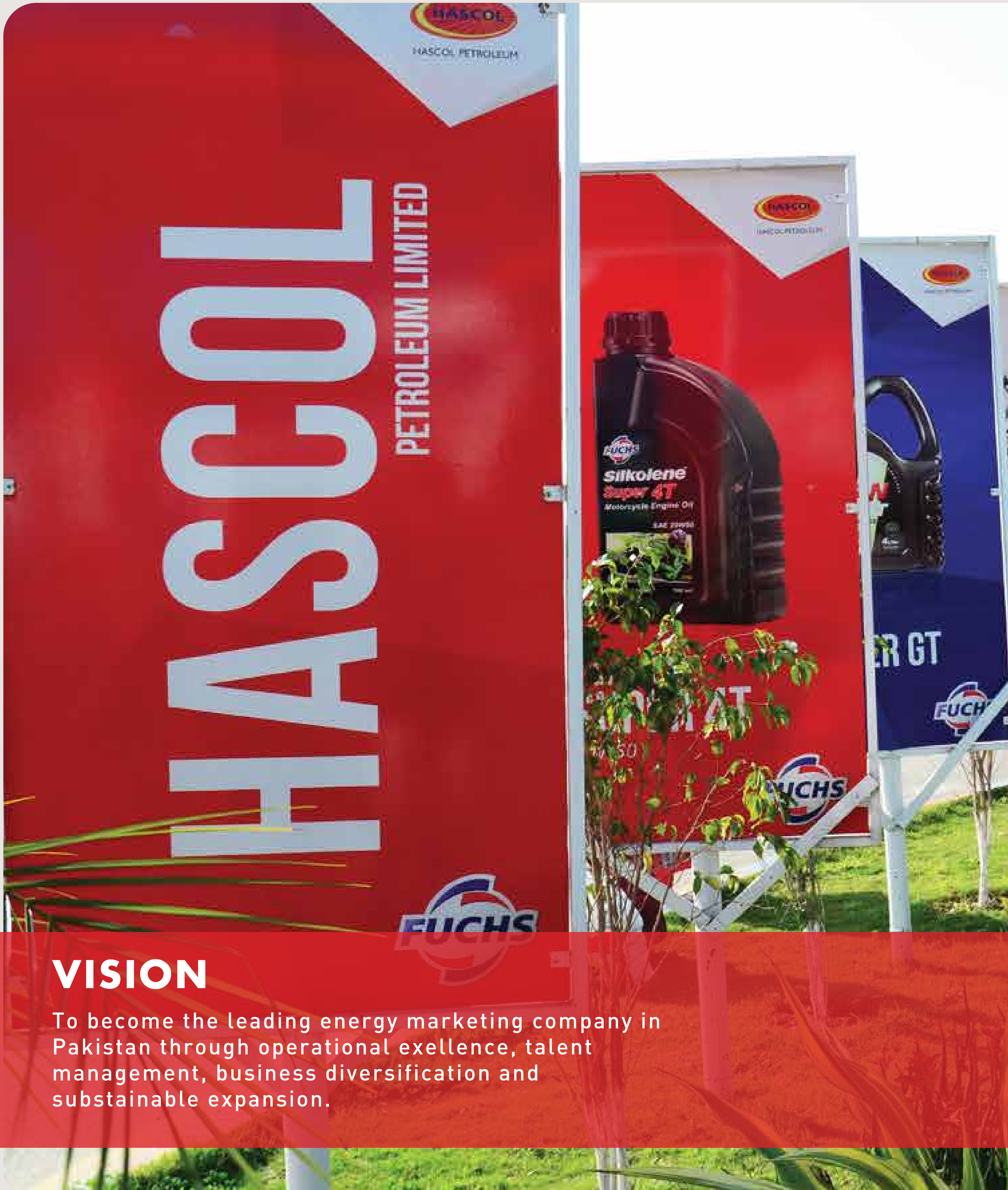


VISION

To become the leading energy marketing company in Pakistan through operational exellence, talent management, business diversification and substainable expansion.

MISSION

To gain recognition and leadership in the hydrocarbon and energy sectors, by maximizing customer satisfaction and shareholder value through continuous improvement, high quality human capital, appropriate technology, and by adhering to the Company's Core Values.

DIRECTORS' PROFILE

Sir Alan Duncan
Chairman

Sir Alan Duncan has joined the Board of the Company as nominee Director of Vitol Dubai Limited. Sir Alan is a former UK Government Minister. After studying at Oxford and Harvard, he worked first for Shell and then spent ten years as an oil trader with Marc Rich (now Glencore).

During 1990-92, following the invasion of Kuwait, he was a major supplier of refined products to Pakistan following the termination of the country's supplies from Kuwait Petroleum. From 1992-2020 he was a Member of Parliament, and was International Development Minister 2010-14, and Foreign Minister 2016-19.

Mr. Aqeel Ahmed Khan
CEO & Director

Mr. Aqeel Ahmed Khan is the Chief Executive Officer of Hascol Petroleum Limited. He has over 20 years diverse professional experience in oil industry in the areas of Supply chain, Sales and Marketing, Strategic Planning and Business development. He joined Hascol in 2015 and has held various senior management roles in the company.

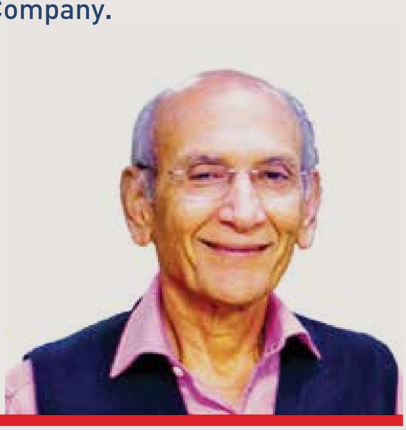
Before joining Hascol Petroleum Limited, he was associated with Attock Petroleum Limited where he played an instrumental role in strategic development of the organization through securing various commercial contracts, infrastructure development, retail network expansion and strengthening the supply chain functions.

Mr. Farooq Rahmatullah Khan

Director

Mr. Farooq Rahmatullah is a law graduate from University of Peshawar. He joined Burmah Shell Oil and Distribution Company in 1968 and worked in different functions such as Human resources, Supply, Chemicals, Marketing, Distribution and Retail. He was transferred to Shell International London in 1994, he was appointed as a Manager in the Business Strategy Division and was involved in various portfolios covering over 140 countries. On his return in 1998, he was appointed as Head of Operations of Shell Pakistan and was responsible for Middle East and South Asia (MESA). In 2001 he was appointed as Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited. He has been a founding member of PAPCO (Pak Arab Pipeline Company Limited).

He retired from Shell on June 30, 2006. He has also served as Director General of Civil Aviation Authority of Pakistan, Chairman of Oil and Gas Development Company Limited and Chairman of LEADS Pakistan. He has been Chairman of Pakistan Refinery Limited (PRL) since June, 2005. In addition to this, he is currently serving on the Board of Directors of Faysal Bank Ltd, Founding member of Pakistan Human Development Fund, director on the Board of Society for Sustainable Development, member of Resource Development Committee of Aga Khan University Hospital, member of National Commission of Government Reforms and member of Pakistan Stone Development Company.



Mr. Najmus Saquib Hameed

Director

Mr. Najmus Saquib Hameed, Honorary Vice Chairman and CEO of Layton Rahmatullah Benevolent Trust (LRBT) has over 50 years experience in senior management positions in various multinational companies like Unilever, British American Tobacco Company (Plc) and Pakistan Tobacco where he retired as Chairman of the Company. Since his retirement he has been the CEO and Chairman of Layton Rahmatullah Benevolent Trust (LRBT) which is one of the largest charitable organizations in Pakistan providing free eye care to over 2.9 million patients per annum through a 19 hospitals and network of 56 clinics all over Pakistan.

He has also served as Chairman of Cigarette Manufacturers Association of Pakistan and Chairman, Board of Governors, Indus Valley School of Art and Architecture, Karachi.

Mr. Farid Arshad Masood

Director

Mr. Farid Masood is Managing Director of Vitol Dubai having joined Vitol in 2018. Prior to joining Vitol, he has had a number of roles in Middle East, Pakistan and Africa including from 2016 to 2017 as Chief Executive for Kansai Paints Africa where he led the company through a restructuring exercise that reduced the workforce by 20% at the same time expanding the business into East and West Africa to become the largest paint supplier in Africa. From 2011 to 2015, he was responsible for Advisory Services and Asset Management at Islamic Development Bank's private sector arm. During his five year there, he expanded the advisory business from operations in the GCC to assignments in over twenty countries. He also setup the asset management business and grew it to over $800m AUM in private equity, SME and income funds. From 2000 to 2010, he was based in Pakistan where he was primarily focused on bringing foreign investment into the country. From 2005 to 2010, he was part of the KASB Group (JV partners of Merrill Lynch) where he led the investment banking business and was CEO of KASB Securities in 2010. During his time in Pakistan and through his various roles, he was actively involved in bringing over $5bn of investment into the country.

In the early part of his career, he worked as a strategy consultant for Price Waterhouse in the USA, advising energy and telecommunication companies on new venture development and cross-border M&A. He holds a Bachelors and Masters in Systems and Information Engineering from the University of Virginia (USA) and a Masters from the University of Cambridge (UK).

Mr. Abdul Aziz Khalid

Director

Mr. Abdul Aziz Khalid has joined the Board of the Company as nominee Director of Vitol Dubai Limited. Mr. Aziz is working as Business Development Director in Vitol.

He possesses a vast experience as being affiliated with oil industry especially in Middle East and has worked for renowned companies such as Libyan Emirates Oil Refining Company and AlGhurair. Mr. Aziz holds a CPA from Australia and completed his Bachelors from Griffith University.

Mr. Nauman K Dar

Director

Mr. Nauman K. Dar is a seasoned banker and has over 35 years of diverse national and international banking experience. He has extensive experience in board and executive roles, in leading international financial institutions, across geographies; with strong track record in general management, business building, strategy development, risk and crisis management, and leading acquisition and divesture of business lines as well as full franchises / institutions.

He started his career with Bank of America N.A where his last assignment was Managing Director and Country Head of Credit & Marketing, Pakistan. He also served as Vice President and Head of Risk Management, East Africa for Citibank N.A., Kenya. Mr. Dar was the Chief Executive Officer of Habib Allied International Bank Plc, UK from 2003 till 2011. He served as President and CEO of Habib Bank Limited from 2012 till end 2017. He has served on the Boards of HBL Foundation, Habib Bank Financial Services (Pvt) Limited, Pak-Saudi Joint Chamber of Commerce and Industry, Habib Finance International Limited, Hong Kong, Habib Allied International Bank PLC, UK, Habibsons Bank Limited, UK and Diamond Trust Bank, Kenya.

Mr. Dar completed his MBA in Finance from University of California, Berkeley, USA and holds B.Sc. - Electrical Engineering from University of Engineering and Technology, Lahore.

CHAIRMAN'S REVIEW

I succeeded Mumtaz Hasan Khan as Chairman of Hascol Petroleum in March 2020. These accounts cover the year 2019.

The company, along with the wider industry, has faced a challenging period, and all oil marketing companies have had to deal with many pressures. Pakistan has faced a reversal in its recent rapid growth, and this has adversely affected the demand for petroleum products. The nature of the market itself has changed, particularly as the power sector has steadily reduced its use of fuel oil for electricity generation. There has been significant volatility in the international oil market, and serious currency devaluation in the local economy. This has combined with punitively high interest rates, which has placed a severe burden on the company's cost of financing. These circumstances have presented the company with a difficult business climate for its activities.

When all put together, the effect of all these factors has been to render the company unprofitable in 2019, but it has throughout received valuable support from its sponsors, shareholders and bankers. The company has begun to reposition itself through organisational restructuring and wholesale cost optimisation. These efforts will need to continue through 2020. A successful turnaround has been hampered by the Coronavirus and the massive collapse in demand and prices which resulted. The full impact of this global pandemic will be explained in detail when the 2020 accounts are published next year.

With new management and a revised Board, every effort will now be made to turn the corner and restore the company to growth and profitability. Those efforts will be accompanied by keen attention to high standards of governance and ethics in order to ensure that an efficient and respectable company stands behind the Hascol brand.

On behalf of Hascol's management I would like to thank all our shareholders, stakeholders and employees for their continued support and confidence.

Sir Alan Duncan
Chairman, Hascol Petroleum Limited

چیئرمین کی جانب سے جائزہ

میں نے ممتاز حسن خان کو مارچ **2020** میں ہیسکول پیٹرولیم کے چیئرمین کی حیثیت سے منعقد کیا۔ اس رپورٹ میں سال **2019** کا احاطہ پیش کیا گیا ہے۔

وسیع صنعت کے ساتھ ساتھ کمپنی کو ایک مشکل دور کا سامنا کرنا پڑا ہے۔ اور تمام آئل مارکیٹنگ کمپنیز کو بہت سے دباؤ کا سامنا کرنا پڑا ہے۔ پاکستان کو اپنی حالیہ ترقی میں تبدیلی کا سامنا کرنا پڑا، اور اس نے پیٹرولیم مصنوعات کی طلب کو بری طرح متاثر کیا ہے۔ مارکٹ کی نوعیت بدل گئی ہے، خاص طور پر بجلی کے شعبے نے بجلی پیدا کرنے کیلئے ایندھن کے تیل کے استعمال میں مستقل طور پر کمی کی ہے۔ تیل کی بین الاقوامی منڈی میں شرح سود کے مل جانے کی وجہ سے اہم اتار چڑھاو اور مقامی معیشت میں کرنسی کی سنگین کمی دیکھنے میں آئی ہے جس نے کمپنی کی مالی اعانت پر سخت بوجھ ڈالا ہے۔ ان حالات نے کمپنی کو اپنی سرگرمیوں کیلئے ایک مشکل کاروباری ماحول پیش کیا ہے۔

جب سب عوامل کو اکٹھا کیا جائے تو ان تمام کا اثر **2019** میں نظر آتا ہے جو کہ غیر منافع بخش رہا، لیکن اس کے باوجود اسپانسرز، شیئر ہولڈرز اور بینکرز کی جانب سے قیمتی تعاون حاصل رہا۔ کمپنی نے تنظیم نو اور ہول سیل کی کارکردگی کو بہتر بنانے کے لئے خود کو تبدیل کرنا شروع کیا ہے اور ان کوششوں کو **2020** تک جاری رکھنے کی ضرورت ہوگی۔ کورونا وائرس کی وجہ سے مانگ میں بڑے پیمانے میں کمی اور قیمتوں میں رکاوٹ پیدا ہوئی ہے۔ اگلے سال جب **2020** کی رپورٹ شایع ہوگی تو اس عالمی وباء کے اثرات کی مکمل تفصیل سے وضاحت کی جائے گی۔

نئی انتظامیہ اور ریوائسڈ بورڈ کے ساتھ اب ہر ممکن کوشش کی جائے گی کہ کمپنی کی ترقی کا رخ موڑ دیا جائے اور کمپنی کو ترقی اور منافع میں بحال کیا جا سکے۔ ان کوششوں کے ساتھ حکمرانی اور اخلاقیات کے اعلی معیار پر گہری توجہ دی جائے گی تا کہ یہ یقینی بنایا جا سکے کہ ایک موثر اور قابل احترام کمپنی ہیسکول برانڈ کے پیچھے کھڑی ہے۔

ہیسکول کی انتظامیہ کی جانب سے میں اپنے تمام حصص یافتگان، اسٹیک ہولڈرز اور ملازمین کی مسلسل حمایت اور اعتماد کیلئے ان کا شکریہ ادا کرنا چاہتا ہوں۔

سر ایلن ڈنکن

چیرمین، ہیسکول پیٹرولیم لمیٹڈ

HSSE POLICY

Health, Safety, Security and Environment (HSSE) is an integral part of the Management Philosophy of HASCOL Petroleum Limited (HPL). HPL Aims to achieve Business Excellence and Strives to Protect People, Assets, Environment and Reputation.

This Commitment is in the best interests of our Employees, Contractors, Customers, Stakeholders and the Community at large.

IN ORDER TO CONTRIBUTE TO SUSTAINABLE DEVELOPMENT, HPL IS COMMITTED TO:

- Providing Safe, Secure and Healthy Work Environment with a cautionary attitude by exercising Responsible Care;
- Achieving a Generative HSSE Culture to Prevent Incidents and Reducing our Environmental Footprint; and
- Complying with Legal Requirements, Internal Standards and adopt Best Practices.

TO REALIZE THE ABOVE, WE HEREBY DECLARE OUR INTENTION TO:

- Set HSSE Targets and Goals annually to measure Performance for Continual improvement
- Reduce HSSE Risks arising from our Operations to a reasonably acceptable level
- Provide Training/Awareness to our Employees to perform Safely
- Maintain high standard of Emergency Response Capability
- Prevent Accidents, Occupational Diseases, Fire Cases and Pollution
- Empower Employees and Contractors to report Non-compliances or Unsafe Conditions/Acts and to take immediate remedial measures to Prevent Incidents
- Promote Pollution Prevention, Resource Conservation, GHG Emissions Management, and Horticulture
- Ensure all activities are carried out in accordance with Company HSSE Policy
- Ensure that contractors' HSSE performance is in line with our Standards

SMOKING POLICY

The right of people to breathe clean air prevails over the right of the smoker to smoke. Careless smoking habits are also a major cause of Fires. HPL endeavors to provide Healthy and Safe Work Environment for all of its employees by protecting them from unnecessary exposure to smoking hazards.

THE FOLLOWING RULES SHALL BE MAINTAINED AND FOLLOWED BY ALL EMPLOYEES, CONTRACTORS AND VISITORS:

- The smoking of cigarettes, cigars, pipes and similar items is prohibited in offices, conference/meeting rooms, vehicles and field sites
- All smoking areas must be clearly identified with proper signs
- Smoking is allowed only in designated areas at offices and sites

PERSONAL PROTECTIVE EQUIPMENT (PPE) POLICY

Personal Protective Equipment (PPE) plays an important role in reducing the effects of an incident on people involved in it. Hascol Petroleum Limited (HPL) shall as far as is practicable eliminate or control hazards in the workplace. Personal Protective Equipment shall only be employed as a control measure where:

- It is not otherwise practicable to eliminate or control the hazard effectively; or
- As an additional protective measure to existing control mechanisms.

HPL STAFF, CONTRACTORS INCLUDING SUBCONTRACTORS AND VISITORS SHALL USE PPE AS REQUIRED BY THE COMPANY AND SHALL ENSURE THAT:

- All tasks performed are assessed to determine the requirement for PPE
- The selection, supply and maintenance of PPE is to protect the users from hazards
- All persons required to use PPE
- The requirement to use PPE is enforced
- Clear and appropriate signs are displayed in areas where PPE must be worn

HPL LIFE SAVING RULES

As part of our ongoing effort to improve safety culture within the organization, HPL has adopted 12 Life Saving Rules (LSRs) based on Common Failures that have contributed to serious incidents. These Life Saving Rules are simple "dos" and "don'ts" covering activities with the highest potential safety risk and apply to all employees and contractors.

Rule 1:
Wear your Seat Belt

Rule 2:
Protect yourself against a Fall When Working at Height

Rule 3:
Wear a Personal Floating Device, when required

Rule 4:
Follow prescribed Lift Plan

Rule 5:
Work with a valid Work Permit, when required

Rule 6:
Position yourself in a Safe Zone in relation to moving and Energized Equipment

Rule 7:
Obtain Authorization before starting Excavation Activities

Rule 8
Verify Isolation before work begins

Rule 9
Do not work under Suspended Load

Rule 10:
No Alcohol or Drug while working or driving

Rule 11:
Do not Smoke outside designated Smoking Areas

CORPORATE OBJECTIVES AND BUSINESS STRATEGY

At HASCOL, our focus on sustainability healthy ethics plan is driven by our long-standing commitment to doing what is right.

The objective of Hascol Petroleum Limited is to create a retail network catering the fuel needs of its customer base throughout the country; reaching remote areas for domestic consumption and to cater the energy needs of all the industrial clients in an efficient and profitable manner.

Hascol Petroleum Limited recognizes oil and gas as an energy resource integral to future needs for economic development in this era of world globalization.

Our business strategy is devised in a manner that ensures fulfilling energy needs in an environmentally viable and socially responsible conduct. At Hascol Petroleum Limited, our aspiration is to attain a high standard of performance with robust profitability as well as strengthening market position in the competitive environment. We closely liaise with our customers, partners and policy-makers to fulfill everyone's needs.
A reputation is not built overnight. But when core values are in place, customers give it recognition for international standards, good governance and fair play.

Hascol Petroleum Limited transacts its business based on the following Business Principles; for which the objectives are stated below:

VALUES OF HASCOL

We at HASCOL, follow a set of business principles that let us achieve remarkable success in every aspect. These values are abide by the set of beliefs as rescribed by our founding father – Unity, Faith and Discipline. We strongly value the importance of trust, openness, teamwork and professionalism, and take great pride in how we do business. Hascol keeps its doors open for feedback/suggestions to the management and human resource and constantly emphasis on employees to demonstrate a high level of discipline in their role, establishing a culture of ingenuity.

COMPETITIVE ENVIRONMENT

HASCOL focuses on building the competitive environment that supports the practical implementation of free and fair competition amongst the industry members. We believe in following honest business practices that are sustainable and rewarding for the business in the long run. We seek to compete ethically abiding by the local and international legislation and within the framework of applicable competition laws in the relevant jurisdiction.

INTEGRITY AND HONESTY

For HASCOL, honesty, integrity, and fairness is what matters the most in all aspects of its business; be it a customers, suppliers, contractors or external partnerships while expecting the same in our interactions. The direct or indirect offer, facilitation payments, soliciting or acceptance of bribes in any form is unacceptable. Employees are expected to avoid conflicts of interest between their private activities and their part in the conduct of company business. Insider trading and passing on sensitive company information is strictly forbidden. HASCOL encourages honesty in all its dealings and business transactions that is reflected in accurate and fair financial statements of the company.

SAFEGUARDING THE HUMAN CAPITAL

HASCOL vigilantly takes care that business functions are performed safely. This is the reason we keep aligned the health, safety, security, and environmental management factors with our business functions to achieve the high potential of our employees. Our HSSE Policy and Life Saving Rules revolve around the contribution and importance our workforce provides in our growth. At HASCOL, we promote an open culture that allows every employee to come forward and address their personal concerns to the human resource on confidential basis or any issue that may affect their performance. In case of personal counselling general management do take notice. HASCOL understand that advancement in these matters will enhance their business operations and keep on exploring the area of improvement.

ECONOMICS

Profitability makes businesses fuelled up with growth, sustainability and prosperity. It speaks about the brand value and customers' commitment to the product & service. Profitability helps us to simplify business processes bringing in innovations to market more effectively. On the other hand, the considerable saving of costs frees up cash for investment for another place or plan, further improving our prospects for growth. HASCOL make sure to invest and reallocate the resources in all aspects including, social, economic and environmental on micro and macro level, validating our decision making process and their outcomes.

MEETINGS AND ENGAGEMENTS

HASCOL gives importance to the views of it stakeholders and this makes it obligatory for us to share the right amount of information at right time. We lift the confidence of legitimately interested parties by representing the authentic and reliable information. The regular investor's relations programme of meetings between shareholders, analysts, senior management and directors makes the operations workout smoothly. This helps us to respond to their concern easily, and providing them feedback honestly and responsibly. Our employees also follow a stringent rule of having formal work relations and not to compromise on principles.

COMPLIANCE

We comply with all applicable laws and regulations of the Islamic Republic of Pakistan where we operate. Any breach is a matter of prompt scrutiny and immediate action against the perpetrators. Within our organization, we have also internal procedures which are just as important as our daily tasks. General Management ensures that employees follow the code of conduct and work under the assigned principles without following any shortcuts. Our retail sites ensure the safe disposal of hazardous material and other elements that cause environmental pollution.

BUSINESS BASED ON OUR PRINCIPLES

Hascol's core values of unity, faith and discipline coupled with honesty, integrity and respect for people are the basis for all the work we do and are the foundation of our Business Principles. These rules apply to all transactions, and are the basis of the behavior expected of every employee in Hascol Petroleum Limited at all times. Our reputation is based on our actions and it will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to follow these principles. We persuade our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of Hascol Petroleum Limited. It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement. The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In return, it is the responsibility of the employees to report suspected breaches of the Business Principles to the management. The Business Principles have been fundamental to how we conduct our business and living by them is crucial to our continued success.

COUNTRY POLITICS

a. of Companies

Hascol Petroleum Limited pursues its activities within the laws and statutes of the Islamic Republic of Pakistan whereby our aim is to legitimately accomplish our commercial objectives. The initiatives of Triple Bottom Reporting are gradually evolving among the corporate circles of Pakistan, where the pillars of focus are People, Profit and Planet and Corporate Social Responsibility.

Hascol Petroleum Limited as a rule of thumb does not make payments to political parties or organization, or to their affiliates /representatives whatsoever. The Company does not take part in any external/internal affairs with regulatory bodies unless compliance issue arises or authorized instruction permits us to do so. However, with such dealings, Hascol Petroleum Limited has the right to make our position known on any matters which affect us, our employees, our customers, our shareholders or the local communities in which we operate, in a manner which is in accordance with our ethical values and the best practices of our company.

b. of Employees

Hascol Petroleum Limited has encouraged the need of a friendly work environment and identified the ideal conduct for a decent workplace culture and interaction with all stakeholders. Harassment has been explicitly stated and what is unacceptable includes: jokes, insults, threats, and other unwelcome actions about a person's race, gender, age, religion, ancestry, social or economic status or educational background is strictly forbidden. Nor is any employee eligible to verbally or physically conduct himself/herself that upsets another's work performance creating a fearful or hostile work environment. Hascol Petroleum Limited has ensured to provide safe working environment based on our statements in the "Zero Harm Charter". Also, we discourage intoxication or use of illegal substance at work premises and employees violating shall be subjected to disciplinary action. Where individuals wish to engage in political activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate keeping in view the specific circumstances of that particular scenario.

BUSINESS COMPLIANCE, & ETHICS GUIDELINE

We have a Business Ethics Charter by the name of Business, Compliance & Ethics Guideline that dictates our commitment to fair dealing and highlighting ourselves as a professional entity in the oil marketing sector. Our initiative is to avoid any consequential events due to non-conformance of local and foreign legislation and be subjected to penal scrutiny. Apart from General Business Principles; Hascol Petroleum Limited has placed this additional guideline for its operational engagement with the relevant stakeholders.

CUSTOMER RELATION

Hascol Petroleum Limited will compete for business aggressively and honestly in the competitive oil marketing industry, and shall constrict itself in the following ways:

- Will not misrepresent any products, services and prices.
- Will not make false claims about our competitors.
- Product alteration / blending or change in specifications is only allowed if requested by the customer, or permitted by regulation or commercial practice.
- Only supply safe products and services that meet all applicable government standards and regulations.

SUPPLIER RELATION

Hascol Petroleum Limited shall ensure all procurement decisions are based on best value received by us and a supplier analysis needs to be conducted. Base the purchase of goods and services only on the merits of price, quality, performance and suitability.

- Avoid reciprocal agreements or exchange of favors.
- The fee or price paid for goods and services by Hascol Petroleum Limited shall represent the value of the goods or services provided.
- Hascol Petroleum Limited shall ensure its maximum ability to refrain from using suppliers who participate in the following activities:
  - Supply unsafe products or services.
  - Break laws or regulations.
  - Hidden deals and unscrupulous commitments.

ENTERTAINMENT & GIFTS

Gifts, favor or entertainment should not be accepted or provided if it will obligate or appear to obligate the person who receives it. Employees may accept or give gifts, favors and entertainment subject to the following criteria:

- Not against the laws and policies of other parties' company.
- Not intended to serve as a bribe, payoff or to get improper influence.
- Should not have been requested or asked to be provided.
- Should not affect business relationship in any negative manner.

INFORMATION SHARING

Unless sharing information with external suppliers and customers is against the law or our standard business practise, Hascol Petroleum Limited shall encourage sharing information when it may improve the quality or use of our products. Passing on internal memos and confidential documentation / paperwork is strictly forbidden; if Hascol proprietary information is given outside the company, it has to be ensured that a written confidentiality and non-disclosure agreement is prepared, and that proper controls are established to manage the flow of information. Otherwise, the concerned employee is in serious breach of the business ethics and subject to prosecution.

GENERAL PUBLIC RELATION

Hascol Petroleum Limited considers the general public as its brand ambassador; our brilliance in products and services must outshine that of competitors; thus allow for our market share to rise at our desired optimal level. Dispelling rumours and misinforming about competitors products and services to the public is highly prohibited and any competitor that indulges in such activities must be dealt with the guidelines prescribed by OGRA and other regulations and legislation. Our business ethics guide us to avoid unnecessary comparisons and benchmarking of retrospective performance of competitors.

SOCIETY AND LOCAL COMMUNITIES

Hascol Petroleum Limited aims to be society's best friend and foster healthy relationships within our communities. Our aim is to monitor possible impacts of the actions we pursue and ensure that we create recreational facilities adjacent to our retail outlets with provision of fast food franchise chains. This was an idea provisioned by our marketing team to provide a means of light entertainment to the local residents. In addition, Hascol Petroleum Limited takes a constructive interest in societal matters directly or indirectly related to our business and donation payments for social causes are made on a regular basis. Two well-renowned charities are regular recipients of our donations. Employees can in some instances given time of for appropriate volunteer work and can also refer to legitimate registered.

RESPONSIBILITIES

Hascol Petroleum Limited recognizes its responsibilities towards all the stakeholders. The management is responsible to continuously assess these priorities and discharge them on the basis of its assessment. These responsibilities pertain to:

- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.
- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.
- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.
- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

  General Principles, Business, Compliance and Ethics and HSSE are subject to constant review and updated as per our business requirements. We seek continuous feedback from a variety of stakeholders and vested interest group as the dynamic and unpredictable nature of the oil marketing business demands us to be proactive.

I welcome the sincere initiatives of any respective reader of our General Principles and overall this report to present Hascol Petroleum Limited with any clarification and constructive feedback they deem has to be brought to our attention.

AQEEL AHMED KHAN
Director / CEO

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report of the Company along with audited standalone and consolidated financial statements and auditors' report thereon for the year ended 31st December 2019.

1. FINANCIAL RESULTS

The standalone loss for the year ended 31st December 2019 after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	(Rupees in '000)
(Loss) before taxation	(25,056,218)
Taxation	817,611
(Loss) for the year	(25,873,829)
	(Rupees in '000)
(Loss) per share	(129.94)

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 59 of the Annual Report.

During the year the Company posted a standalone loss after tax of Rs. 25,873 million (2018: loss after tax Rs. 214 million). The gross loss stood at Rs. 1,851 million (2018: gross profit Rs. 10,706 million).

The standalone LPS for the year stood at Rs. (129.94) as compared to LPS of Rs. (1.08) in 2018.

On a consolidated basis, the Company posted a loss after tax of (25,877 million) (2018: profit after tax Rs. 218 million) resulting in a LPS of (129.96) as compared to LPS of (1.10) in 2018.

The industry as a whole, and the Company in particular, faced significant challenges in the year 2019 including the impact of steep Pak Rupee devaluation, unprecedented increase in interest rates and volatile international market, which contributed to the working capital shortages and losses. As part of a restructuring exercise the Board had issued right shares in the ratio of 4.0177 right shares for every 1 existing ordinary share of PKR 10/- each and the financing facilities are also being restructured.

The Company continued to improve its infrastructure to better position itself for future growth including opening 40 new retail sites as well as a state-of-the-art lubricant plant at Port Qasim, Karachi.

2. CASH AND STOCK DIVIDENDS

As the Company has incurred a loss after tax for year ended 31st December 2019, the Directors have decided not to make any dividend appropriation for the year.

3. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The management of Hascol Petroleum Limited is committed to good corporate governance and complying with the best practices. As required under the Code of Corporate Governance, the directors are pleased to state as follows:

(a) The financial statements prepared by the Management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

(b) The Company has maintained proper books of accounts as required under the Companies Act, 2017.

(c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

(e) The system of internal financial control is sound and has been effectively implemented. The Board Audit Committee reviews reports on the system of internal controls from the external and internal auditors and continuously seeks to improve the same.

(f) As explained in note 1.2 of the unconsolidated financial statements of the Company, there are no significant doubts upon the Company's ability to continue as a going concern.

4. HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSSE)

HSE is an integral part of the Company's management philosophy and values. HPL aims to achieve business excellence and strives to protect People, Environment, Assets and Reputation. An integrated HSE management manual is in place and has been implemented by the Company. This covers all operational areas and incorporates regulatory and best industrial practices. The Company recorded its 3rd Consecutive Year with Zero LTI and achieved 4.4 Million Safe Man-Hours. Total Recordable Incident Rate (TRIR) for Hascol Employees and Contractors remained 0.43 and 2.92 respectively. Road Accident Rate (RAR) remained 0.01 for both Hascol and Contractor Fleet. A total of 5,817 Training Man-hours were done in 346 Training Sessions. Altogether, 693 HSSE Inspections were carried out.

All near misses and incidents are being reported and investigated as per the Company's Incident reporting and Investigation System (IRIS) and remedial measures are taken. An Emergency Response Plan (ERP) is in place. Mutual Aid Emergency Response Plans (MAERP) are also practiced.

5. HUMAN RESOURCE

Training and Development is an integral part of company's HR policy that equips the staff with new skills, enhances their productivity & efficiency and improves their leadership skills. Company continued with the training programs during the year. Internships are offered to promising students from local and foreign institutions, and a successful Trainee Program for engineers, business and accounting graduates is underway.

In view of the significant drop in demand and changed market conditions, the organization underwent a right sizing exercise in order to align itself with the revised goals and business strategy. This resulted in not only significant cost saving but a more focused and efficient organization. The company's headquarters are today spread out in multiple offices but will also move into a single location in 2020.

The Company continued its Employee Engagement initiatives organizing several events including Women's Day, Sports, World Happiness Day, etc.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of our Corporate Social Responsibility initiative, Hascol contributed Rs. 3.54 million towards various education institutions, hospitals and charitable organizations.

Hascol being a member of the prestigious United Nations Global Compact (UNGC) submitted its Second Communication on Progress (COP) Report to the UNGC. This report reaffirms our commitment to the 10 Principles of UNGC and mentions the actions that Hascol has undertaken to implement them.

7. CORPORATE GOVERNANCE

The Company remains committed to conducting its business in line with the best practices of the Code of Corporate Governance, the Companies Act 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited. Details are particularly mentioned in the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017.

8. KEY OPERATIONAL AND FINANCIAL DATA

A statement summarizing key operational and financial data for the last six years is given on page 32 of the report.

9. CONTRIBUTION TO THE NATIONAL EXCHEQUER AND ECONOMY

During the year your Company has made a total contribution of Rs.48.47 billion to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

10. COMPOSITION OF THE BOARD OF DIRECTORS DURING THE YEAR 2019

The total number of Directors are seven (7) as per the following:

(a) Male: 7
(b) Female: Nil

The composition of Board is as follows:

(a)	Independent Directors:	Mr. Najmus Saquib Hameed Mr. Atif Aslam Bajwa*
(b)	Non-executive Directors:	Mr. Mumtaz Hasan Khan** Mr. Farooq Rahmatullah Khan Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c)	Executive Directors:	Mr. Saleem Butt***
(d)	Female Directors:	Nil

* Mr. Atif Aslam Bajwa was appointed as director in place of Mr. Aqeel Ahmed Khan with effect from 16th December 2019 and Mr. Nauman K Dar appointed as director in place of Mr. Atif Bajwa w.e.f. 31st March 2020

** Sir Alan Duncan appointed as Chairman in place of Mr. Mumtaz Hasan w.e.f 31st March 2020

*** Mr. Waheed Ahmed Shaikh appointed as CEO in place of Mr. Saleem Butt on 4th March 2020 and Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Waheed Ahmed Shaikh w.e.f 2nd April 2020

11. BOARD OF DIRECTORS AND MEETINGS OF THE BOARD HELD DURING THE YEAR 2019

During the year, nine (9) meetings of the Board of Directors were held and the attendance of each Director is given below:

S. No.	Director's Name	Meetings Attended
1	Mr. Mumtaz Hasan Khan (Chairman)	9
2	Mr. Saleem Butt (Chief Executive Officer)	7
3	Mr. Farooq Rahmatullah Khan	9
4	Mr. Najmus Saquib Hameed	8
5	Mr. Liaquat Ali*	6
6	Mr. Abdul Aziz Khalid	8
7	Mr. Farid Arshad Masood	9
8	Mr. Aqeel Ahmed Khan*	-
9	Mr. Atif Aslam Bajwa*	1

*Mr. Aqeel Ahmed Khan appointed as director in place of Mr. Liaquat Ali on 30th October 2019
*Mr. Atif Aslam Bajwa appointed as director in place of Mr. Aqeel Ahmed Khan on 16th December 2019

12. BOARD COMMITTEE MEETINGS HELD DURING THE YEAR 2019

During the year, the Audit Committee held six (6) meetings. The attendance record of the Directors is as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	6
2	Mr. Liaquat Ali (Member)*	5
3	Mr. Farid Arshad Masood (Member)	5
4	Mr. Atif Aslam Bajwa (Member)	-

*Mr. Liaquat Ali resigned on 30th October 2019.

During the year, the Human Resource Committee held 3 (three) meetings. The attendance record of the Directors is as follows:

S. No.	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	3
2	Mr. Mumtaz Hasan Khan (Member)	3
3	Mr. Farid Arshad Masood (Member)	3
4	Mr. Saleem Butt (Member)	2

13. PERFORMANCE EVALUATION OF THE BOARD

A formal and effective mechanism is in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.

14. DIRECTORS' REMUNERATION

The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017. The non-executive and independent directors, are paid a fee of PKR 100,000 each for attending board meeting and Committee meeting as approved by shareholders in the Company's Annual General Meeting held on 28th April 2016.

15. DIRECTORS TRAINING PROGRAMME

Three (03) directors namely, Mr. Farooq Rahmatullah Khan, Najmus Saquib Hameed and Mr. Atif Aslam Bajwa have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG).

16. VALUE OF INVESTMENT IN POST – EMPLOYMENT BENEFIT FUNDS

The Company maintains retirement benefit plans for its employees. Contribution to provident and gratuity funds on the basis of audited financial statements as at 31st December 2019 are as follows:

	(Rupees in '000)
Provident Fund	33,032
Gratuity	84,823

17. EXTERNAL AUDITORS

The external auditors Messrs Grant Thornton Anjum Rahman, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for the re-appointment.

The Board on the recommendation of the Board Audit Committee has advised the appointment of Messrs Grant Thornton Anjum Rahman Chartered Accountants and Messrs EY Ford Rhodes Chartered Accountants as joint auditors of the Company for the year 2020, subject to Shareholders' approval at the next AGM to be held on 11th August 2020.

18. PATTERN OF SHAREHOLDING

The statement of Pattern of Shareholding as at 31st December 2019 is given on page 30 of the report.

19. ACKNOWLEDGEMENT

The Board acknowledges the dedication, commitment and hard work of all of its employees, and also places on record the gratitude to the shareholders, customers, financial institutions and Government authorities for their continuous support and confidence in the Company.

20. FUTURE OUTLOOK

A reasonable indication of future prospects is discussed in the Chairman's Review on page 12.

Thanking you all

On behalf of the Board

AQEEL AHMED KHAN
Director / CEO

Farid Arshad Masood
Director

(۱٦)پوسٹ میں سرمایہ کاری کی مالیت۔ملازمت کے نفع کردہ فنڈز:

کمپنی نے اپنے ملازمین کے لئے دست برداری کے بعد کےفوائد کی منصوبہ بندی کو برقرار رکھا ہے۔31دسمبر، 2019 تک کی پراویڈنٹ اورگریجویٹی فنڈز میں سرمایہ کاری کی تفصیلات آڈٹ کردہ مالیاتی بیانات کے مطابق مندرجہ ذیل ہے۔

	روپے(000)
پراویڈنٹ فنڈز	33,032
گریجویٹی	84,823

(۱۷) بیرونی آڈیٹرز:

آڈیٹر میسرگرانٹ تھورنٹن کے چارٹرڈاکاؤنٹنٹ انجم رحمان، آئندہ سالانہ جنرل میٹنگ کے اختتام پر دست بردار ہو جائیں گے،اہل ہونے کی صورت میں وہ خودکو دوبارہ تعیناتی کے لئے پیش کرسکتے ہیں۔

بورڈ نے آڈٹ کمیٹی کی سفارش پر میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائی (EY) فورڈ روس چارٹرڈ اکاؤنٹنٹس کو سال 2020 کیلئے کمپنی کے مشترکہ آڈیٹر کے طور پر تقرری کا مشورہ دیا ہے۔اگلا AGM11 اگست، 2020 کو شیئر ہولڈرز کی منظوری کے بعد منعقد ہو گا۔

(۱۸) حصص کی تقسیم کا طریقہ کار:

31دسمبر، 2019 تک حصص کی تقسیم کا طریقہ کار رپورٹ کے صفحہ 30 پر دیا گیا ہے۔

(۱۹) اعتراف:

بورڈ اپنے تمام ملازمین کی لگن، وابستگی اور محنت کا اعتراف کرتا ہے اور حصص یافتگان، صارفین، مالیاتی اداروں اور سرکاری حکام کی طرف سے کمپنی میں ان کی مسلسل حمایت اور اعتماد کیلئے ان کا شکریہ ادا کرتا ہیں۔

(۲۰) مستقبل کا نقطہ نظر:

مستقبل کے امکانات کی نشان دہی چیئرمین کی طرف سے جائزہ کے صفحہ نمبر 12 پر بیان کیا گیا ہے۔

ہم آپ کے شکرگزار ہیں
بورڈ کی جانب سے

عقیل احمد خان
ڈائریکٹر/CEO

فرید ارشد مسعود
ڈائریکٹر

*جناب عقیل احمد خان 30 اکتوبر 2019 کو جناب لیاقت علی کی جگہ ڈائریکٹر مقرر ہوئے۔

* جناب عاطف اسلم باجوہ 16 دسمبر 2019 کو جناب عقیل احمد خان کی جگہ ڈائریکٹر مقرر ہوئے۔

(۱۲)سال 2019 کے دوران بورڈ کمیٹی کے منعقد ہونے والے اجلاس:

سال کے دوران آڈٹ کمیٹی نے چھ (6) اجلاس منعقد کیے، جن میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب نجم الثاقب حمید (چیئرمین)	۲
۲	جناب لیاقت علی (رکن)	۵
۳	جناب فرید ارشد مسعود (رکن)	۵
۴	جناب عاطف اسلم باجوہ (رکن)	_

*جناب لیاقت علی نے 30 اکتوبر 2019 کو استعفیٰ دے دیا۔

سال کے دوران انسانی وسائل کی کمیٹی کے تین (3) اجلاس منعقد ہوئے، جس میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب نجم الثاقب حمید (چیئرمین)	۳
۲	جناب ممتاز حسن خان (رکن)	۳
۳	جناب فرید ارشد مسعود (رکن)	۳
۴	جناب سلیم بٹ (رکن)	۲

(۱۳)بورڈ کی کارکردگی کی تشخیص:

بورڈ کی اپنی کارکردگی، بورڈ کے ممبران اور کمیٹیوں کے سالانہ تشخیص کیلئے ایک باضابطہ اور موثر طریقہ کار موجود ہے۔

(۱٤)ڈائریکٹرز کا معاوضہ:

کمپنی کے آرٹیکلز آف ایسوسی ایشن اور کمپنیز ایکٹ 2017 کے مطابق ہدایت کاروں کے معاوضوں کیلئے کمپنی کا باقاعدہ اور شفاف طریقہ کار ہے۔ غیر ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ میٹنگ میں شرکت کیلئے 100,000 دیئے جاتے ہیں جسکی 28 اپریل 2016 کو منعقدہ کمپنی کی سالانہ جنرل میٹنگ میں حصص یافتگان کے ذریعہ کمپنی کے اجلاس کی منظوری دی گئی تھی۔

(۱۵)ڈائریکٹرز ٹریننگ پروگرام:

حالیہ، تین ڈائریکٹرز جناب فاروق رحمت اللہ خان، جناب نجم الثاقب حمید اور جناب اسلم ماجوہ نے پاکستان انسٹی ٹیوٹ آف کارپوریشن گورننس (PICG) کے ڈائریکٹرز ٹریننگ پروگرام کے تحت تجویز کردہ سرٹیفیکیشن حاصل کی ہیں۔

(۱۰) سال 2019 کے دوران بورڈ آف ڈائریکٹرز کی تشکیل:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی تعداد سات (7) ہیں۔

☆ مرد: 7

☆ عورت: کوئی نہیں

بورڈ کی تشکیل مندرجہ ذیل ہیں:

(ا)	آزاد ڈائریکٹرز:	جناب نجمس ساقب حمید جناب عاطف اسلم باجوہ
(ب)	غیر ایگزیکٹو ڈائریکٹرز:	جناب ممتاز حسن خان جناب فاروق رحمت اللہ خان جناب عبدالعزیز خالد جناب فرید ارشاد مسعود
(ج)	ایگزیکٹو ڈائریکٹرز:	جناب سلیم بٹ
(د)	خواتین ڈائریکٹرز:	کوئی نہیں

☆ جناب عاطف اسلم باجوہ 16 دسمبر، 2019 کو جناب عقیل احمد خان کی جگہ ڈائریکٹر مقرر ہوئے۔ اور جناب نعمان کے ڈار 31 مارچ، 2020 کو جناب عاطف باجوہ w.e.f. کی جگہ ڈائریکٹر مقرر ہوئے۔

☆☆ جناب ممتاز حسن 31 مارچ، 2020 کو w.e.f. جناب ایلن ڈنکن کی جگہ پر چیئرمین مقرر ہوئے۔

☆☆☆ جناب وحید احمد شیخ 4 ستمبر، 2020 کو جناب سلیم بٹ کی جگہ CEO مقرر ہوئے۔ اور جناب عقیل احمد خان 2 اپریل، 2020 کو وحید احمد شیخ w.e.f. کی جگہ CEO مقرر ہوئے۔

(۱۱) بورڈ آف ڈائریکٹرز اور سال 2019 کے دوران منعقد ہونے والے بورڈ کے اجلاس:

سال کے دوران بورڈ آف ڈائریکٹرز کے نو (9) اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل دی گئی ہے۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب ممتاز حسن خان (چیئرمین)	۹
۲	جناب سلیم بٹ (چیف ایگزیکٹو آفیسر)	۷
۳	جناب فاروق رحمت اللہ خان	۹
۴	جناب نجم الثاقب حمید	۸
۵	جناب لیاقت علی	۲
۶	جناب عبدل عزیز خالد	۸
۷	جناب فرید ارشد مسعود	۹
۸	جناب عقیل احمد خان	-
۹	جناب عاطف اسلم باجوہ	۱

(۵)انسانی وسائل:

تربیت اور ترقی کمپنی کے HR پالیسی کا لازمی جزو ہے او عملے کو نئی مہارت سے آراستہ کرتی ہے۔ان کی پیداوار اور استعداد کار میں اضافہ کرتی ہے اور ان کی قائدانہ صلاحیتوں کو بہتر بناتی ہے۔کمپنی نے سال کے دوران تربیتی پروگراموں کو جاری رکھا۔مقامی اور غیر ملکی اداروں کے ذہین طلبا کو انٹرنشپ کی پیش کش کی جارہی ہے اور انجینئرز، کاروبار اور اکاؤنٹنگ گریجویٹس کیلئے کامیاب ٹرینی پروگرام جاری ہے۔

مانگ میں نمایاں کمی اور مارکیٹ کی بدلی ہوئی صورتحال کے پیش نظر اس تنظیم نے اپنے آپ کو نظر ثانی شدہ اہداف اور کاروباری حکمت عملی سے ہم آہنگ کرنے کیلئے ایک رائٹ سائزنگ کی مشق کی۔اس کے نتیجے میں نہ صرف قابل قدر لاگت کی بچت ہوئی بلکہ زیادہ مرکوز اور موثر تنظیم بھی ہوئی۔آج کمپنی کے دفاتر متعدد دفاتر میں پھیلے ہوئے ہیں لیکن وہ 2020 میں کسی ایک مقام پر منتقل ہو جائے گا۔

کمپنی نے ملازمین کی ملاقاتوں کے اقدامات کو جاری رکھا جس میں متعدد پروگراموں کا اہتمام کیا گیا جس میں خواتینوں کا دن، کھیل، عالمی خوشی کا دن وغیرہ شامل ہیں۔

(٦) اجتماعی سماجی ذمہ داری(CSR):

ہمارے کارپوریٹ سماجی ذمہ داری کے اقدام کے ایک حصے کے طور پر ہیسکول نے مختلف تعلیمی اداروں، اسپتالوں اور رفاہی تنظیموں کیلئے 3.54 ملین روپے کی امداد کی۔

ہیسکول اب یونائیٹڈ نیشنز گلوبل کومپیکٹ (UNG) کا کارکن ہے اور اس نے اپنی فرسٹ کمیونیکیشن آن پروگرس کی رپورٹ یو این جی سی کو پیش کی ہے۔یہ رپورٹ یو این جی سی کے 2 اصولوں کے مطابق ہمارے عزم کی تصدیق کرتی ہے اور ان اعمال کا ذکر کرتی ہے جو ہیسکول نے نافذ کرنے کا عزم اٹھایا ہے۔

(٧)کارپوریٹ گورننس:

کمپنی کارپوریٹ گورننس کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے فہرست شدہ قوانین کے بہترین طریقوں کے مطابق اپنے کاروبار کو بڑھانے کے لئے پرعزم ہے۔تفصیلات درج کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضابطوں 2017 کے مطابق تعمیل کے بیان میں خاص طور پر ذکر کی گئی ہیں۔

(٨)کلیدی عمل اور مالیاتی اعدادوشمار:

گزشتہ چھ سالوں کے لئے کلیدی عمل اور مالیاتی اعدادوشمار کا خلاصہ رپورٹ کے صفحہ نمبر 32 پر درج ہے۔

(٩) قومی خزانے اور معیشت میں شراکت:

سال کے دوران آپ کی کمپنی نے اپنے ذمہ واجب لاادا ٹیکسوں، جنرل ٹیکس، انکم ٹیکس اور دیگر سرکاری ٹیکسوں کی مد میں قومی خزانے میں 48.47 ارب روپے جمع کرائے۔

(۲)نقد اور اسٹاک کے ڈیویڈنٹز:

چونکہ 31 دسمبر 2019 کو ختم ہونے والے سال میں ٹیکس کے بعد کمپنی کو خسارے کا سامنا کرنا پڑا ہے۔ لہذا ڈائریکٹرز نے یہ فیصلہ کیا ہے کہ اس سال کیلئے کوئی منافع مختص نہیں کیا جائے گا۔

(۳)کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

ہیسکول پٹرولیم لمیٹڈ کی انتظامیہ اچھی کارپوریٹ گورننس اور تعمیل کے بہترین طریقوں کی انجام دہی میں مصروف ہے۔ بورڈ مندرجہ ذیل بیان پیش کرنے پر خوش ہے جیسا کہ کارپوریٹ گورننس کے قوانین کے تحت ضروری ہے۔

(الف) کمپنی کی انتظامیہ کے تیار کردہ مالیاتی بیانات کمپنی کے معاملات، عمل کے نتائج، کیش فلوز اور ایکوئٹی کی تبدیلی کو منصفانہ طور پر پیش کرتی ہے۔

(ب) کمپنی کے حساب وکتاب کے لئے کمپنیز ایکٹ، 2017 کے تحت باقاعدہ طور پر رجسٹر تیار کیے گئے ہے۔

(ج) مالیاتی بیانات کی تیاری کے لئے کمپنی نے مستقل مزاجی اور مناسب اکاؤنٹنگ کی پالیسیوں کا تعاقب کیا ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں مالیاتی بیانات میں واضح طور پر ظاہر کی گئی ہیں جبکہ اکاونٹنگ کا تخمینہ معقول اور مناسب فیصلوں کی بنیاد پر ہے۔

(د) مالی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے جو کہ پاکستان میں بھی عمل پیرا ہیں، اور کسی بھی قسم کے تضاد کا انکشاف اور اس کی وضاحت کردی گئی ہے۔

(ہ) کمپنی اندرونی کنٹرول کے موثر طریقوں کے نفاد اور عمدہ نظام کو برقرار رکھے ہوئے ہے جن کا باقاعدگی سے جائزہ اور نگرانی کی جاتی ہے۔

(ز) کارپوریٹ گورننس کے کوڈ پر عمل پیرا ہونے میں کمپنی میں کسی قسم کا تضاد نہیں پایا جاتا۔

(٤)صحت، حفاظت اور ماحولیات (HSSE):

ٓاایچ ایس ای (HSE) کمپنی کے انتظامی حکمت اور اقدار کا ایک لازمی حصہ ہے۔ ہیسکول پٹرولیم لمیٹڈ کاروباری برتری کو حاصل کرنے اور انسان، ماحولیات، اثاثوں اور شہرت کی حفاظت کے لئے کوشاں ہیں۔ ایک مربوط ایچ ایس ای کا انتظامی کتابچہ عمل میں لایا گیا اور اسے کمپنی کی جانب سے نافذ کیا گیا جو کہ تمام آپریشنل ایریاز کو کور کرتا ہے اور مکمل ضابطہ اور بہترین صنعتی طریقوں پر کام کرتا ہے۔ کمپنی نے زیرو ایل ٹی آئی (LTI) کے ساتھ تیسرا سال بھی قلم بند کر وایا اور 4.4 ملین کی محفوظ مزدوری ساعت کو حاصل کیا۔ ہیسکول کے ملازمین اور ٹھیکیداروں کیلئے قابل ریکارڈ واقعہ کی شراح (TRIR) بالترتیب 0.43 اور 2.92 رہی۔ روڈ ایکسیڈینٹ ریٹ (RAR) ہیسکول اور کنٹریکٹر فلیٹ دونوں کیلئے 0.01 رہا۔ 346 ٹریننگ سیشنوں میں مجموعی طور پر 5,817 ٹریننگ مین آور کیے گئے۔ مجموعی طور پر 693 HSSE معائنہ عمل میں لایا گیا۔

تمام نقصانات اور واقعات کمپنی کے انسیڈنٹ رپورٹنگ اینڈ انوسٹیگیشن سسٹم (IRIS) کے تحت بیان کئے جاتے ہیں اور تحقیقات کے بعد موثر اقدامات لئے جاتے ہیں۔ ایک ایمرجنسی رسپونس پلان (ERP) اپنے ہنگامی مراحل پر ہے اور میوچول ایڈ ایمرجنسی رسپونس پلان (MAERP) بھی عمل میں لایا جا تا رہا ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ کے ساتھ ساتھ آڈٹ اسٹینڈ الون، یکجا مالیاتی بیانات اور آڈیٹرز رپورٹ آپ کے سامنے پیش کرنے پر خوشی کا اظہار کرتے ہیں۔

(۱) مالیاتی نتائج:

انتظامیہ، مارکیٹنگ، تقسیمی اخراجات، مالیاتی اور دیگر اخراجات کی ادائیگی کے بعد 31 دسمبر، 2019 کو ختم ہونے والے سال کا منافع / نقصان:

	000' روپوں میں
ٹیکس کی ادائیگی سے پہلے کا منافع / (نقصان)	(25,056,218)
ٹیکس کی ادائیگی	(817,611)
سال کا منافع / (نقصان)	(25,873,829)
	روپوں میں
فی حصص آمدنی / (نقصان)	(129.94)

ذخائر کے حصص اور تبدیلی کے بارے میں تفصیلات اور ایکوئٹی میں تبدیلیوں کا اندراج سالانہ رپورٹ کے صفحہ 59 پر بیان کیا گیا ہے۔

سال کے دوران کمپنی 2 5,873,829,000 روپے (2018 ٹیکس کے بعد 2 14,978,000 روپے) کا ٹیکس وصول کرنے کے بعد اسٹینڈ لون LPS کو نقصان پہنچا ہے۔مجموعی خسارہ 1,851,038,000 روپے (2018 مجموعی منافع 10,706,805,000 روپے) 117 فیصد تک کمی کی نمائندگی کرتا ہے۔

سال کے لئے اسٹینڈ لون LPS (129.94 روپے) رہا جو کہ 2018 کے میں 1.08 روپے تھا۔

ایک مستحکم بنیاد پر کمپنی نے (25,877,150,000) ٹیکس (2018 ٹیکس کے بعد منافع 218,000,000) کے بعد نقصان اٹھایا جس کے نتیجے میں 2018 میں (1.10) کے LPS کے مقابلے میں (129.94) LPS ہوا۔

مجموعی طور پر صنعت اور خاص طور پر کمپنی کو 2019 میں نمایاں چیلنجز کا سامنا کرنا پڑا جن میں پاکستانی روپیہ کی قدر میں کمی، سود کی شرحوں میں غیر معمولی اضافہ اور اتار چڑھاؤ بین الاقوامی منڈی کے اثرات جس میں تنظیمی مشق کے ایک حصے کے طور پر ورکنگ کیپیٹل کی قلت اور نقصانات میں مدد ملی، بورڈ نے 10 روپے کے ہر 1 موجودہ عام حصص کیلئے 4.0177 حصص کے تناسب میں رائٹ شیئرز جاری کیے تھے جبکہ مالی سہولیات کی بھی تنظیم نو کی جا رہی ہے۔

کمپنی 40 نئی سائٹس کھولنے کے ساتھ ساتھ ایک جدید ترین لبریکنٹ پلانٹ سمیت مستقبل کی ترقی کیلئے اپنے بنیادی ڈھانچے کو بہتر بنانے کے لئے کام کر رہی ہے۔

PATTERN OF SHAREHOLDING

As of December 31, 2019

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors and their spouse(s) and minor children			
NAJMUS SAQIB HAMEED	2	87,918	0.04
NAZIA MALIK	2	1,852,014	0.93
SALEEM BUTT	2	439,568	0.22
MUMTAZ HASAN KHAN	2	35,521,223	17.84
FAROOQ RAHMATULLAH KHAN	1	452,801	0.23
Associated Companies, undertakings and related parties			
VITOL DUBAI LIMITED	1	54,676,551	27.46
FOSSIL ENERGY (PRIVATE) LIMITED	2	21,217,589	10.66
Executives	20	388,531	0.20
Public Sector Companies and Corporations	1	210,622	0.11
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	12	11,117,53	0.56
Mutual Funds			
CDC - TRUSTEE JS LARGE CAP. FUND	1	129	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	541,643	0.27
CDC - TRUSTEE FAYSAL STOCK FUND	1	50,000	0.03
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	2,240	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	15,455	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,029,811	0.52
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,316,778	1.67
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	20,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	4,488	0.00
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	3,853	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	1,270	0.00
CDC - TRUSTEE ABL STOCK FUND	1	4,735	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	2	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	2,125	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	187	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	1,367	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	19,381	0.01
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	500	0.00
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	1	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	1	0.00
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	13,500	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	774,000	0.39
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	101,175	0.05
CDC - TRUSTEE MEEZAN ENERGY FUND	1	2,152	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	3,575	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	160,730	0.08
General Public			
a. Local	11,917	51,039,553	25.63
b. Foreign	9	278,701	0.14
Foreign Companies	9	11,415,319	5.73
OTHERS	100	14,359,439	7.21
Total	12,106	14,359,439	100.00

SHAREHOLDERS HOLDING 5% OR MORE	SHARES HELD	PERCENTAGE
FOSSIL ENERGY (PRIVATE) LIMITED	21,217,589	10.66
MUMTAZ HASAN KHAN	35,521,223	17.84
VITOL DUBAI LIMITED	54,676,551	27.46

PATTERN OF SHAREHOLDING

As of December 31, 2019

# OF SHAREHOLDERS	SHAREHOLDINGS'SLAB			TOTAL SHARES HELD
1.431	1	to	100	50,862
2.354	101	to	500	777,494
2.431	501	to	1,000	2,127,722
4.206	1,001	to	5,000	9,686,787
804	5,001	to	10,000	6,177,330
272	10,001	to	15,000	3,390,450
174	15,001	to	20,000	3,161,339
112	20,001	to	25,000	2,577,501
72	25,001	to	30,000	2,048,163
34	30,001	to	35,000	1,117,697
33	35,001	to	40,000	1,272,414
21	40,001	to	45,000	890,324
27	45,001	to	50,000	1,329,802
6	50,001	to	55,000	314,416
9	55,001	to	60,000	522,075
5	60,001	to	65,000	309,852
8	65,001	to	70,000	551,821
4	70,001	to	75,000	289,180
11	75,001	to	80,000	851,945
2	80,001	to	85,000	169,058
2	85,001	to	90,000	177,837
4	90,001	to	95,000	372,999
7	95,001	to	100,000	695,965
1	100,001	to	105,000	101,175
1	105,001	to	110,000	109,890
3	110,001	to	115,000	333,432
1	115,001	to	120,000	120,000
3	120,001	to	125,000	371,750
3	130,001	to	135,000	397,125
4	145,001	to	150,000	591,500
1	150,001	to	155,000	151,548
1	155,001	to	160,000	158,001
2	160,001	to	165,000	325,730
2	170,001	to	175,000	343,047
2	180,001	to	185,000	367,416
2	190,001	to	195,000	386,500
2	195,001	to	200,000	400,000
1	200,001	to	205,000	201,000
2	205,001	to	210,000	414,750
3	210,001	to	215,000	633,619
2	215,001	to	220,000	438,866
3	220,001	to	225,000	668,153
1	225,001	to	230,000	225,823
2	230,001	to	235,000	468,130
1	235,001	to	240,000	240,000
1	255,001	to	260,000	259,050
1	260,001	to	265,000	265,000
1	265,001	to	270,000	268,000
1	270,001	to	275,000	274,664
1	310,001	to	315,000	315,000
1	325,001	to	330,000	326,700
1	355,001	to	360,000	358,187
2	360,001	to	365,000	724,132
1	410,001	to	415,000	412,500
1	415,001	to	420,000	417,010
1	435,001	to	440,000	439,560
1	450,001	to	455,000	452,801
1	495,001	to	500,000	496,787
1	515,001	to	520,000	519,500
1	540,001	to	545,000	541,643
1	690,001	to	695,000	692,000
1	695,001	to	700,000	700,000
1	700,001	to	705,000	700,324
1	770,001	to	775,000	774,000
1	1,025,001	to	1,030,000	1,029,811
1	1,305,001	to	1,310,000	1,308,795
1	1,735,001	to	1,740,000	1,740,000
1	1,850,001	to	1,855,000	1,850,180
1	2,025,001	to	2,030,000	2,026,192
1	2,400,001	to	2,405,000	2,405,000
1	2,730,001	to	2,735,000	2,731,558
1	3,315,001	to	3,320,000	3,316,778
1	8,355,001	to	8,360,000	8,357,377
1	9,715,001	to	9,720,000	9,718,472
1	10,395,001	to	10,400,000	10,400,000
1	19,190,001	to	19,195,000	19,191,397
1	25,120,001	to	25,125,000	25,121,223
1	54,675,001	to	54,680,000	54,676,551
12,106				199,120,680

KEY OPERATIONAL AND FINANCIAL DATA

SIX YEARS SUMMARY

CATEGORIES OF SHAREHOLDERS	2019	2018	2017	2016	2015	2014
PROFIT AND LOSS ACCOUNT						**Rs Million**
Revenue (gross)	179,923	274,167	215,662	128,759	94,065	99,061
Revenue (net)	154,060	232,408	173,739	99,508	76,774	84,856
Cost of product sold	156,726	222,538	166,851	94,586	74,018	82,877
Gross profit	(1,851)	10,707	7,389	5,130	2,839	2,037
Operating profit	(15,028)	5,718	4,528	3,078	1,630	1,237
Profit before tax	(24,887)	186	2,659	1,968	1,197	865
Profit after tax	(25,753)	(123)	1,401	1,216	1,133	640
Earnings before interest, taxes, depreciation and amortisation	(16,027)	2,479	3,751	2,811	1,788	1,264
BALANCE SHEET						
Share Capital	1,991	1,810	1,448	1,207	1,207	906
Property, plant and equipment	33,871	22,563	13,680	8,689	6,278	3,291
Inventory	19,220	22,615	18,557	16,478	8,470	3,474
Current assets	48,757	49,441	42,292	33,719	17,916	10,975
Current liabilities	92,161	58,510	44,947	34,630	20,235	12,059
Non current assets	38,717	24,492	15,911	10,940	8,703	4,642
Non current liabilities	4,228	4,088	3,719	3,924	598	459
Surplus on revaluation of fixed assets	4,033	4,389	1,026	1,143	1,257	321
SUMMARY OF CASH FLOW STATEMENTS						
Cash flows from operating activities	(3,817)	(7,819)	1,276	2,408	4,364	722
Cash flows from investing activities	(15,388)	(5,517)	(5,825)	(2,920)	(2,290)	(1,793)
Cash flows from financing activities	3,413	1,518	4,748	1,785	104	1,367
Net cash flows during the year	(15,792)	(11,818)	199	1,273	2,178	296
INVESTOR INFORMATION						%
Profitability Ratios						
Gross profit ratio	(1.20)	4.61	4.25	5.16	3.70	2.40
Net profit ratio	(16.72)	(0.05)	0.81	1.22	1.48	0.75
EBITDA margin	(10.40)	1.07	2.16	2.82	2.33	1.49
Cost / Income ratio	1.02	0.96	0.96	0.95	0.96	0.98
Return on equity	-	(0.01)	0.15	0.24	0.25	0.23
Liquidity Ratios						Ratios
Current ratio	0.53 : 1	0.85 : 1	0.94 : 1	0.97 : 1	0.89 : 1	0.91 : 1
Quick ratio	0.32 : 1	0.46 : 1	0.53 : 1	0.5 : 1	0.47 : 1	0.62 : 1
						%
Cash flows from operations to sales	(2.48)	(3.36)	0.73	2.42	5.68	0.85
Cash to current liabilities	14.7	15.0	21.7	22.6	20.1	14.6
INVESTMENT / MARKET RATIOS						Rs
Earnings per share	(129.94)	(1.08)	10.70	9.41	9.39	5.89
Breakup value per share	(44.77)	62.61	65.86	50.59	47.94	34.21

NOTICE OF EIGHTEENTH 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth (18th) Annual General Meeting of Hascol Petroleum Limited will be held on 11th August 2020 at 11:00 a.m. at the corporate office of the Company; however, due to the current situation caused by the COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video link facility managed from the Company's head office at The Forum, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 23rd September 2019.

2. To receive, consider and adopt the audited accounts of the Company for the year ended 31st December 2019, together with the directors' and auditors' reports thereon.

3. To appoint auditors and fix their remuneration for the financial year 2020.

4. To transact any other business with the permission of the Chair.

By Order of the Board

21st July 2020
Karachi

Zeeshan Ul Haq
Company Secretary

NOTES:

PARTICIPATION OF SHAREHOLDERS THROUGH ONLINE FACILITY

- In pursuance of SECP's Circular No. 5 dated March 17, 2020, and Circular No. 10 dated April 1, 2020, respectively pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector (194), the shareholders shall be entitled to attend the proceedings of the AGM through online means using a video link facility, webinar or other electronic means for the safety and well-being of the valued shareholders and the general public.

- Shareholders interested in attending the AGM through electronic means, are requested to register themselves by submitting their following particulars at the Company's designated email address company.secretary@hascol.com before the close of business hours on 7th August 2020. The link to the webinar will be sent to the shareholders on the email address provided in the below table:

SHAREHOLDER'S NAME	CNIC NO.	FOLIO NO.	MOBILE NO.	EMAIL ADDRESS

- Shareholders can also provide their comments / suggestions on company.secretary@hascol.com for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

- The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

CLOSURE OF SHARE TRANSFER BOOKS

- The Share Transfer Books of the Company shall remain closed from 5th August 2020 to 11th August 2020 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, Messrs CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on 4th August 2020 will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

PARTICIPATION IN THE MEETING

- Only those persons, whose names appear in the register of members of the Company as on 4th August 2020, are entitled to attend, participate in, and vote at the Annual General Meeting.

- A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed. A form of proxy is attached herewith in the Annual Report.

Circulation /Transmission of Annual Financial Statements in Electronic Form

- The Company's annual financial statements for the year ended 31st December 2019 is also being circulated to the shareholders through CD/DVD in compliance of section 223(6) of the Companies Act, 2017. The annual financial statements has also been uploaded on the Company's website and is readily accessible to the shareholders (http://www.hascol.com).

NOTICE TO MEMBERS WHO HAVE NOT PROVIDED CNIC

- SECP vide Notification S.R.O. 19(1)/2014 dated 10th January 2014 read with Notification S.R.O 831(1)/2012 dated 5th July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, in case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the directives of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.

CHANGE OF ADDRESS

- Members are requested to immediately notify the Company's Share Registrar, Messrs CDC Share Registrar Services Limited of any change in their registered address.

SUBMISSION OF VALID CNIC (MANDATORY):

- As per SECP directives the dividend of shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400 without any further delay.

UNCLAIMED DIVIDEND / SHARES:

- As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017, as prescribed.

GUIDELINES FOR CDC ACCOUNT HOLDERS

- CDC account holders are required to comply with the following guidelines as laid down in Circular No. 1 of 2000 dated 26th January 2000 issued by SECP:

A. FOR ATTENDING THE MEETING

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per CDC regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting; and

(ii) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirement;

(ii) The proxy form shall be witnessed by two (2) persons whose names, addresses, and CNIC numbers shall be mentioned on the form;

(iii) Attested copies of CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form;

(iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

(v) In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

سی ڈی سی کھاتہ داروں کے لئے راہنما اصول:

☆ سی ڈی سی کھاتہ داروں کے لئے ضروری ہے کہ وہ 2000 کا سرکلر نمبر 1 ایس ای سی پی کا جاری کردہ، مورخہ 26 جنوری 2000 کے جاری شدہ مندرجہ ذیل راہنما اصولوں پر عمل کریں۔

اے۔ اجلاس میں شرکت کے لئے

(الف) انفرادی اشخاص کی صورت میں سی ڈی سی کے قواعد کے مطابق اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات اپ لوڈ کردی گئی ہیں، وہ اپنی شناخت کی تصدیق اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ ظاہر کر کے کریں گے؛ اور

(ب) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائیریکٹرز کی قرارداد/ پاور آف اٹارنی بشمول نامزد شخص کے نمونہ دستخط کے ساتھ اجلاس کے وقت فراہم کرنا ہوں گے۔

پراکسیز مقرر کرنے کے لئے

(الف) انفرادی اشخاص کی صورت میں سی ڈی سی کے قواعد کے مطابق اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات اپ لوڈ کردی ہیں، وہ پراکسی فارم مذکورہ بالا ضرورت کے مطابق جمع کرائیں گے؛

(ب) پراکسی فارم پر دو اشخاص کی گواہی ہوگی، جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج کئے جائیں گے؛

(ج) پراکسی فارم کے ساتھ نفع کنندہ اور پراکسی کی سی این آئی سی یا پاسپورٹ کی مصدقہ نقول جمع کرائی جائیں؛

(د) پراکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرے گا؛ اور

(ہ) کارپوریٹ اداروں کی صورت میں کمپنی کے پاس پراکسی فارم کے ساتھ بورڈ آف ڈائیریکٹر کی قرارداد/ پاور آف اٹارنی مع کارپوریٹ ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کے لیے نامزد شخص کے نمونہ دستخط جمع کرائے جائیں گے (جب تک وہ پہلے سے جمع شدہ نہ ہو)۔

حصص کی منتقلی کی کتابوں کا اختتام:

☆ کمپنی کی شیئر ٹرانسفر بکس 05 اگست 2020 سے 11 اگست 2020 (بشمول دونوں ایام) بند رہے گی۔ منتقلی طبعی تبادلہ کی صورت میں ہوگی، سی ڈی ایس کی لین دین کی آئی ڈیز جو کہ کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ۔ سی ڈی سی ہاؤس، B-99، بلاک B، S.M.C.H.S.، مین شاہرع فیصل، کراچی 74400 پر 4 اگست 2020 کو کاروبار کے اختتام تک موصول ہوں ان کو اجلاس میں شرکت کرنے، ووٹ دینے اور اوپر دیئے منتقلی کے استحقاق کی انجام دہی کے لئے خاطر میں لایا جائے گا۔

اجلاس میں شرکت:

☆ صرف وہ اشخاص جن کے نام 4 اگست 2020 کو کمپنی کے اراکین کے رجسڑ میں موجود ہوں، وہ سالانہ اجلاسِ عام میں حاضر ہونے، شرکت کرنے اور ووٹ دینے کے اہل ہونگے۔

☆ سالانہ اجلاسِ عام میں شرکت کرنے اور ووٹ دینے کا اہل کمپنی کا رکن اپنی جگہ دوسرے کسی شخص کو بطور اپنے پراکسی اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے مقرر کر سکتا/سکتی ہے۔ پراکسی کے مؤثر ہونے کے لئے، پراکسی کی تفصیل کا کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل باقاعدہ طور پر مہر، دستخط اور تصدیق کے ساتھ موصول ہونا ضروری ہے۔ سالانہ رپورٹ کے اندر پراکسی فارم منسلک کر دیا گیا ہے۔

ای میل کے ذریعے سالانہ مالیاتی بیانات کی ترسیل / گردش:

☆ کمپنی ایکٹ 2017 کے سیکشن (6)223 کے مطابق 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ مالی بیانات CD/DVD کے ذریعے حصص یافتگان تک پہنچائے جا رہے ہیں۔ اور سالانہ مالی بیانات کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں تاکہ حصص یافتگان تک آسانی سے قابل رسائی ممکن ہو سکے۔

نوٹس ان ممبران کے لئے جنھوں نے اپنا سی این آئی سی فراہم نہیں کیا:

☆ ایس ای سی پی کی نوٹیفیکیشن ایس۔آر۔او 2014/(1)19 مورخہ 10 جنوری 2014 کے ساتھ نوٹیفیکیشن ایس۔آر۔او 2012/(1)831 مورخہ 5 جولائی 2012 کا تقاضا ہے کہ رجسٹرڈ رکن یا مجاز شخص کے ڈیویڈنٹ وارنٹس کے ساتھ سی این آئی سی نمبر کا ہونا ضروری ہے۔ اقلیت اور کارپوریٹ ممبران کے معاملات کے سوا۔ چنانچہ غیر موصول شدہ سی این آئی سی کی صورت میں کمپنی ایس ای سی پی کی ہدایات کے مطابق عمل کرنے میں ناکام ہوگی اور نتیجتاً مورخہ 13 جولائی 2015 کے ایس ای سی پی کے حکم کے تحت ان حصص داران کے ڈیویڈنٹ وارنٹس کے ارسال کو روکنے کی پابند ہوگی۔ سی این آئی سی کو بھیجتے وقت حصص داران کو اپنا متعلقہ فولیو نمبر اور کمپنی کا نام درج کرنا لازمی ہے۔

پتے کی تبدیلی:

☆ اراکین سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو ان کے رجسٹرڈ پتے پر مطلع کریں۔

درست CNIC کی پیشکش (لازمی):

☆ SECP کی ہدایت اور حصص یافتگان کے منافع کے مطابق جن کے درست CNIC شیئر رجسٹر کے ساتھ دستیاب نہیں ہیں انہیں روکا جا سکتا ہے۔ لہذا حصص رکھنے والے تمام حصص یافتگان کو فوری طور پر اپنے درست CNICs کی فوٹو کاپی پیش کرنے کا مشورہ دیا گیا ہے۔ اگر CNIC پہلے سے ہی فراہم نہیں کیا گیا ہے تو شیئر رجسٹرار۔ سی ڈی سی شیئر رجسٹرار سروس لمیٹڈ۔ سی ڈی سی ہاؤس، B-99، بلاک B، S.M.C.H.S.، مین شاہرع فیصل، کراچی 74400 کو بغیر کسی تاخیر کے ارسال کریں۔

غیر دعویدار ڈیویڈنٹ / شیئرز:

☆ کمپنیز ایکٹ 2017 کی دفعہ 244 کے مطابق، جاری کردہ شیئرز یا ڈیویڈنٹ جو کہ اس کی تاریخ سے جس پر یہ واجب الادا تھا، تین سال کی مدت تک غیر دعویدار / بغیر معاوضہ رہے ان کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی پاس جمع کرانے کی ضرورت ہے تاکہ وفاقی حکومت کے کریڈٹ کے لئے حصص یافتگان کو اپنا دعوی دائر کرنے کے نوٹسز جاری ہو سکے۔ حصص یافتگان سے گزارش ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے غیر دعویدار ڈیویڈنٹ اور شیئرز کو فوری طور پر درج کیے جائیں، اگر کوئی دعوی درج نہیں کیا گیا تو کمپنی کمپنیز ایکٹ 2017، کے سیکشن (2)244 کے تحت وفاقی حکومت کے ساتھ غیر دعویدار / غیر معاوضہ رقم اور حصص کو جمع کروائے گی۔

اطلاع برائے اٹھارواں 18th سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ ہیسکول پٹرولیم لمیٹڈ کا اٹھارواں سالانہ اجلاسِ عام منگل 11 اگست 2020 کو صبح 11:00 بجے کمپنی کے کارپوریٹ آفس میں ہوگا تاہم وبائی امراض COVID-19 کی وجہ سے موجودہ صورتحال کو مدنظر رکھتے ہوئے حصص یافتگان مندرجہ ذیل کاروبار سے نمٹنے کیلئے دی فورم کلفٹن کراچی میں کمپنی کے ہیڈ آفس سے حاصل کردہ ویڈیو لنک کی سہولت کے ذریع اجلاس میں شرکت کرنے کے حقدار ہونگے۔

عمومی امور:

1۔ 23 ستمبر، 2019 کو منعقدشدہ کمپنی کی معمولی اجلاسِ عام کی کارروائی کی توثیق۔

2۔ 31 دسمبر، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ اکاونٹس کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو موصول کرنے کے ساتھ ساتھ اس پر غور کیا جائے گا اور اسے اپنایا جائے گا۔

3۔ آڈیٹرز کو نصب کرنے اور مالی سال 2020 کے لئے ان کے معاوضے کو مقرر کیا جائے گا۔

4۔ چیئرمین کی اجازت سے اجلاس کے روبرو پیش ہونے والے کسی دیگر امور پر غور۔

بحکم بورڈ

ذیشان الحق
کمپنی سیکریٹری

کراچی 21 جولائی، 2020

نوٹس:

آن لائن سہولت کے ذریعہ حصص یافتگان کی شرکت:

☆ کاپوریٹ سیکٹر (194) کے لئے کورونا وائرس (COVID-19) کے اثر کو کم کرنے کے لئے ریگولیٹری ریلیف کے حوالے سے بالترتیب 17 مارچ، 2020 کو ایس ای سی پی (SECP) سرکلر نمبر 5 اور 1 اپریل، 2020 کے سرکلر نمبر 10 کے تعاقب میں حصص یافتگان کی حفاظت اور خوشحالی کیلئے ویڈیو لنک WEBINAR یا دیگر الیکٹرانک ذرائع کے ذریعہ AGM کی کاروائی میں شریک ہونے کے حقدار ہوں گے۔

☆ الیکٹرانک ذرائع کے ذریعہ AGM میں شرکت کرنے میں دلچسپی رکھنے والے حصص یافتگان سے درخواست ہے کہ وہ 7 اگست 2020 کو کاروباری اوقات کے اختتام سے قبل کمپنی کی ای میل ایڈریس (company.secretary@hascol.com) پر اپنی مندرجہ ذیل تفصلات جمع کرواکر اپنا اندراج کریں۔ ذیل میں دیئے گئے ٹیبل میں فراہم کردہ ای میل اڈریس پر شیئر ہولڈرز کو WEBINAR کا لنک بھیجا جائے۔

حصص یافتگان کا نام	CNIC نمبر	فولیو نمبر	موبائل نمبر	ای میل اڈریس

☆ جس طرح سے AGM زیر بحث لایا جارہا ہے اسی طرح حصص یافتگان اجنسی آئٹمز کیلئے (company.secretary@hascol.com) پر اپنے تبصرے/ تجاویز بھی پیش کرسکتے ہیں۔

☆ مذکورہ انتظامات کا مقصد AGM میں حصص یافتگان کی زیادہ سے زیادہ آن لائن شرکت کو یقینی بنانا ہے۔ حصص یافتگان سے بھی درخواست کی جاتی ہے کہ اپنی موجودگی کو پراکسی کے ذریعہ مستحکم کریں تاکہ کورم کی ضرورت بھی پوری ہوسکے۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

HASCOL PETROLEUM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2019

HASCOL PETROLEUM LIMITED
(hereinafter referred to as 'the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. THE TOTAL NUMBER OF DIRECTORS ARE SEVEN (7) AS PER THE FOLLOWING:

(a) Male: 7
(b) Female: Nil

2. THE COMPOSITION OF BOARD IS AS FOLLOWS:

(a)	Independent Directors:	Mr. Najmus Saquib Hameed Mr. Nauman K Dar*
(b)	Non-executive Directors:	Sir Alan Duncan* Mr. Farooq Rahmatullah Khan Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c)	Executive Directors:	Mr. Aqeel Ahmed Khan*
(d)	Female Directors:	Nil

* Sir Alan Duncan appointed as director w.e.f. 10th March 2020 in place of Mr. Saleem Butt
* Sir Alan Duncan appointed as Chairman in place of Mr. Mumtaz Hasan w.e.f. 31st March 2020
* Mr. Nauman K Dar appointed as director in place of Mr. Atif Bajwa w.e.f. 31st March 2020
* Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Waheed Ahmed Shaikh w.e.f 2nd April 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Presently, three (03) directors of the Company have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG). Following directors have attended the Directors' Training Program:

- Mr. Farooq Rahmatullah Khan
- Mr. Najmus Saquib Hameed
- Mr. Atif Aslam Bajwa

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

(a) Audit Committee:

Mr. Najmus Saquib Hameed	Chairman
Mr. Nauman K Dar	Independent Director
Mr. Farid Arshad Masood	Non-Executive Director

(b) Human Resource and Remuneration Committee:

Mr. Najmus Saquib Hameed	Chairman
Mr. Mr. Alan Duncan	Non-Executive Director
Mr. Farid Arshad Masood	Non-Executive Director

(c) Risk Committee:

Mr. Nauman K Dar	Independent Director
Mr. Abdul Aziz Khalid	Non-Executive Director
Mr. Aqeel Ahmed Khan	Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committees were as per following:

a)	Audit Committee	Quarterly
b)	HR and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with. With regard to Regulation 27(2)(i) we explain as follows:

The meeting of the Audit Committee in the first quarter of 2019 could not be held because the annual audited accounts for the year ended 31st December 2018 were delayed due to audit procedures and as such the Audit Committee meeting was held on 2nd April 2019.

Aqeel Ahmed Khan
Chief Executive Officer

Sir Alan Duncan
Chairman

Karachi: 17th July, 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hascol Petroleum Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Hascol Petroleum Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

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Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note/paragraph reference where it is stated in the Statement of Compliance:

S. No.	Statement of Compliance Reference	Description
1.	27(2)(i)	There has been no audit committee meeting in the first quarter of 2019

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Place: Karachi
Date: 22 JUL 2020

Statement of Compliance with the Sukuk (Privately Placed) Regulations, 2017 and Issue of Sukuk Regulations, 2015

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended December 31, 2019.

Hascol Petroleum Limited (the Company) entered into an arrangement for issue of Sukuk amounting to Rs. 2,000 Million inclusive of Green Shoe Option of Rs. 500 Million, on December 31, 2015 for a period of 6 years including a grace period of 1 year. We state that the Company is in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations.

We specifically confirm that:

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shari'ah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shari'ah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company's compliance with the Sukuk Features and Shari'ah Requirements are properly trained and systems are properly updated.

The Sukuk Features and Shari'ah Requirements in accordance with issue of the Regulations comprises of the following:

a. Requirements of Shariah Structure and Transaction Documents as stated in the Information Memorandum, with respect to issuance of Sukuk:

- Trust Deed
- Musharka Agreements
- Payment Agreements
- Purchase Undertaking
- Asset Purchase Agreement
- Investment Agency Agreement
- Security Documents

b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;

c Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and

d. Other compliances specified in the Regulations as issued by the SECP.

The above Statement has been duly endorsed by the Board of Directors of the Company.

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Independent Assurance Report to the Board of Directors of Hascol Petroleum Limited on Shari'ah Compliance of privately placed Sukuk

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Introduction

We were engaged by the Board of Directors ("the Board") of Hascol Petroleum Limited ("the Company") to express an opinion on the annexed Statement of Compliance ("Statement") prepared by the management for the year ended December 31, 2019,with Sukuk Features and Shari'ah Requirements about whether the annexed Statement presents fairly the status of Compliance with Sukuk Features and Sharia'ah Requirements as required under under Issue of Sukuk Regulations, 2015 (repealed) and Sukuk (privately placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprises of the provisions of the Regulations and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor.

Company's Responsibilities for Shari'ah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements; contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shari'ah Requirements as specified above. The Company's Board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management systems as the management determines is necessary to mitigate the risk of non-compliance of the Sukuk Features and Shari'ah Requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk features and Shari'ah requirements are properly trained and systems are properly updated.

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Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

The procedures selected depend on our professional judgment including the assessment of the risk of the Company's non-compliance with Sukuk Features and Shari'ah Requirements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to ensure compliance with Sukuk Features and Shari'ah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Features and Shari'ah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk features and Shari'ah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shari'ah Requirement will be met.

The procedures performed included:

- Evaluation of the systems, procedures and practices in place with respect to Sukuk related transactions against the Features and Shari'ah Requirements;
- Verification that payments were made on time and there was no delay;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

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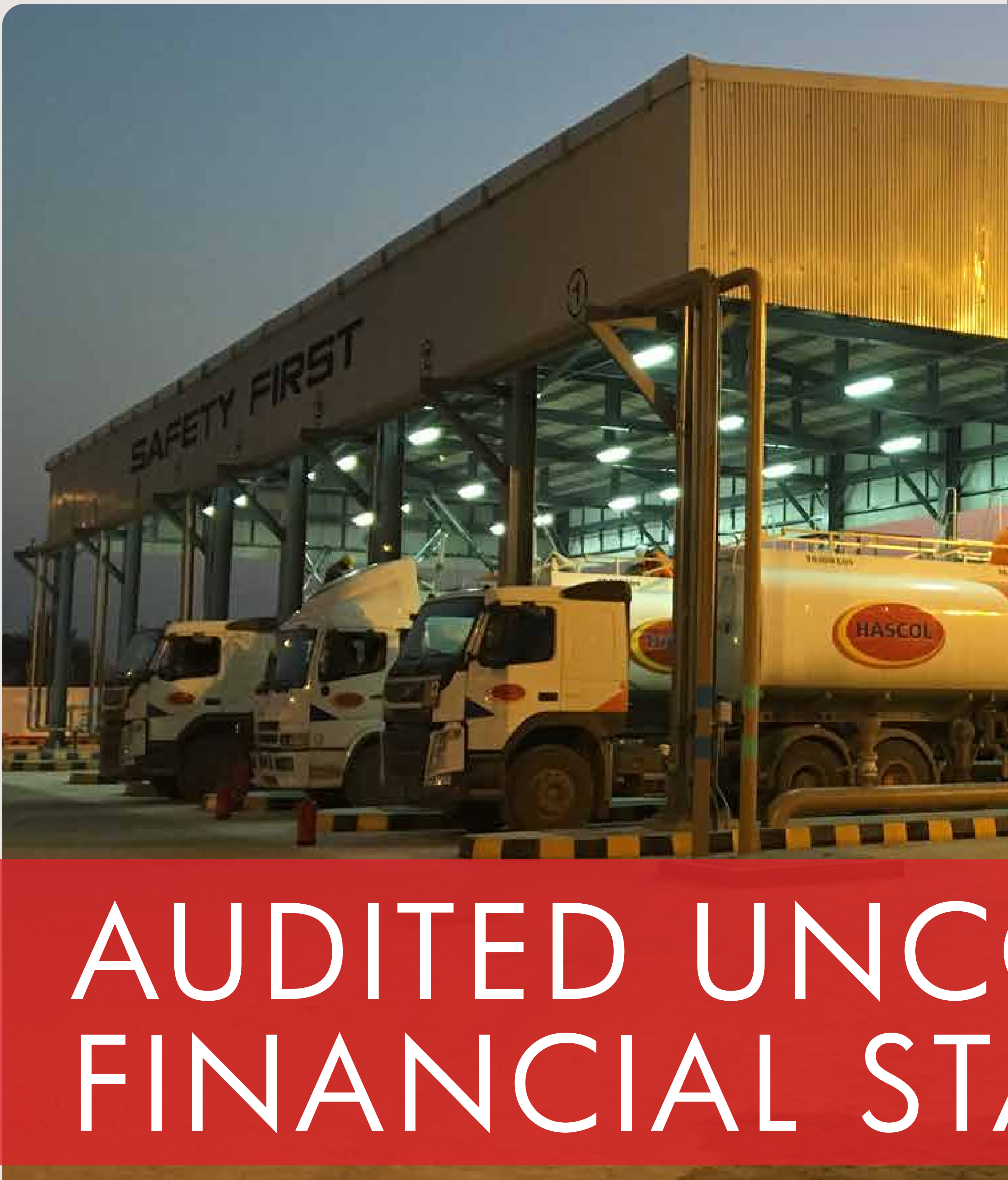
Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended December 31, 2019, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

Date: 28 JUL 2020
Karachi

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement partner



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INDEPENDENT AUDITOR'S REPORT

To the members of Hascol Petroleum Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Hascol Petroleum Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2019, and the unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Relating to Going Concern

We draw attention to the note 1.2 of the unconsolidated financial statements which states that the Company has incurred a net loss of Rs. 25,874 (2018: Rs. 215) million, resulting in accumulated (losses)/ profit of Rs. (25,189) (2018: Rs. 585) million as of the financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 43,403 (2018: Rs. 9,069) million. As stated in note referred above, these conditions, along with other matters, indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters;

Key audit matters	How the matter was addressed in our audit
Adoption of IFRS 9 'Financial Instruments' Refer notes 3.5.3, 3.5.5 & 12 to the unconsolidated financial statements. IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable	Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's unconsolidated financial statements; • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses; and • We reviewed and assessed the impact and disclosures made in the unconsolidated financial statements with regard to the effect of adoption of IFRS 9.

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information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant judgments made by management regarding the matter.	
Adoption of IFRS 16 'Leases' (Refer note 3.5.6 to the unconsolidated financial statements) 'IFRS 16 – Leases' becomes effective for annual reporting beginning on or after 1 January 2019. The application of the new standard gives rise to a right of use asset and a corresponding increase in lease liabilities. The Company has chosen to apply the provisions of IFRS 16 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The assessment of the impact of the new standard is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy elections, the implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Therefore, we have considered this to be a key audit matter.	Our audit procedures, amongst others, included: • Evaluated management's implementation process and reviewed the updated accounting policy and policy election. • For a sample of leases, computed the right-of-use assets and corresponding lease liabilities independently and compared the results to that of the management. • Considered the completeness of leases identified by testing the reconciliation to the Company's operating lease commitments (as disclosed in prior year financial statements) and by going through key service contracts to assess whether they contained a lease under IFRS 16. • Assessed the reasonableness of management's assumptions used especially in respect of determination of discount rates for a portfolio of leases and the assessment of renewal and termination options contained in the lease agreements. • Checked the accuracy of the underlying lease data on test basis by agreeing each lease to the original contract or other supporting information. • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

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Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended December 31, 2019, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss account, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: 22 JUL 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	2019	Restated 2018	Restated 2017
		-------------Rupees in '000-------------		
ASSETS				
Non-current assets				
Property, plant and equipment	6	33,870,864	22,563,232	13,680,349
Intangible asset	7	3,134	2,565	-
Long-term investments	8	4,272,165	1,378,199	1,899,518
Deferred taxation - net	9	-	-	-
Long-term deposits	10	571,065	547,772	331,537
Total non-current assets		38,717,228	24,491,768	15,911,404
Current assets				
Stock-in-trade	11	19,219,871	22,615,303	18,557,106
Trade debts	12	11,040,583	13,552,235	11,518,218
Advances	13	120,630	65,104	181,365
Deposits and prepayments	14	165,756	199,829	80,633
Other receivables	15	3,840,342	2,845,526	2,161,031
Accrued mark-up and profit	16	114,159	92,718	57,398
Taxation - net	17	566,012	1,270,808	-
Short term investments	18	103,688	-	-
Cash and bank balances	19	13,586,382	8,799,447	9,735,983
Total current assets		48,757,423	49,440,970	42,291,734
TOTAL ASSETS		87,474,651	73,932,738	58,203,138
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	20	1,991,207	1,810,188	1,448,150
Reserves	21	(20,690,431)	5,134,964	7,063,536
Revaluation surplus on property, plant and equipment - net of tax		4,033,053	4,389,156	1,025,789
Share deposit money	22	5,752,443	-	-
Total shareholders' (deficit)/equity		(8,913,728)	11,334,308	9,537,475
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	23	1,590,538	2,625,850	2,240,163
Liabilities against assets subject to finance lease	24	2,379,875	1,015,993	377,603
Deferred liabilities	25	257,282	446,645	1,100,882
Total non-current liabilities		4,227,695	4,088,488	3,718,648
Current liabilities				
Trade and other payables	26	50,225,203	36,166,484	35,362,174
Unclaimed dividend	27	356,597	362,674	107,926
Accrued mark-up and profit	28	1,549,403	311,976	117,258
Short-term borrowings	29	37,017,653	18,877,466	6,944,699
Current portion of non-current liabilities	30	3,011,828	2,791,342	1,642,892
Taxation - net	17	-	-	772,066
Total current liabilities		92,160,684	58,509,942	44,947,015
TOTAL LIABILITIES		96,388,379	62,598,430	48,665,663
TOTAL EQUITY AND LIABILITIES		87,474,651	73,932,738	58,203,138
CONTINGENCIES AND COMMITMENTS	31			

The annexed notes from 1 to 57 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
Sales - net	32	179,922,956	274,166,545
Less: sales tax		(25,862,729)	(41,758,864)
Net sales		154,060,227	232,407,681
Other revenue	33	814,628	836,711
Net revenue		154,874,855	233,244,392
Cost of sales	34	(156,725,893)	(222,537,587)
Gross (loss) / profit		(1,851,038)	10,706,805
Distribution and marketing expenses	35	(4,078,493)	(3,538,845)
Administrative expenses	36	(817,685)	(882,969)
Operating expenses		(4,896,178)	(4,421,814)
Other expenses	37	(8,790,967)	(1,093,918)
Other income	38	510,657	527,342
Operating (loss) / profit		(15,027,526)	5,718,415
Finance cost	39	(7,466,587)	(1,324,262)
Exchange loss - net		(2,393,039)	(4,208,370)
		(9,859,626)	(5,532,632)
(Loss) / profit before taxation from continuing operations		(24,887,152)	185,783
Taxation	40.1	(865,502)	(308,613)
Loss after tax from continuing operations		(25,752,654)	(122,830)
Loss before taxation from discontinued operations	41.3	(169,066)	(128,437)
Taxation	40.1	47,891	36,289
Loss after tax from discontinued operations		(121,175)	(92,148)
Loss for the year		(25,873,829)	(214,978)
Loss per share - basic and diluted	42	(129.94)	(1.08)

The annexed notes from 1 to 57 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
Loss for the year		**(25,873,829)**	(214,978)
Items that will not be reclassified to unconsolidated profit or loss account subsequently			
Remeasurement of actuarial gain/ (losses) on defined benefit obligation - net of tax	25.1.5	**41,518**	(20,915)
Revaluation surplus on property, plant and equipment - net of tax		**-**	3,585,979
Items that may be reclassified subsequently to unconsolidated profit or loss account			
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax		**(51,034)**	(539,547)
Total comprehensive (loss) / income for the year		**(25,883,345)**	2,810,539

The annexed notes from 1 to 57 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Share Capital	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' equity
		Share premium	Unrealized gain/ (loss) on remeasurement of FVTOCI investments	Unappropri-ated profit/ (loss)			
	Rupees in '000						
Balance as at January 01, 2018 as previously reported	1,448,150	4,766,854	322,589	2,702,654	1,025,789	-	10,266,036
Effect of restatement as referred in note (37.4)	-	-	-	(728,561)	-	-	(728,561)
Balance as at January 01, 2018 (Restated)	1,448,150	4,766,854	322,589	1,974,093	1,025,789	-	9,537,475
Total comprehensive income for the year							
Loss for the year	-	-	-	(214,978)	-	-	(214,978)
Other comprehensive income							
Remeasurement of actuarial losses on defined benefit obligation - net of tax	-	-	-	(20,915)	-	-	(20,915)
Revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	3,585,979	-	3,585,979
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(539,547)	-	-	-	(539,547)
Total comprehensive income for the year	-	-	(539,547)	(235,893)	3,585,979	-	2,810,539
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	222,612	(222,612)	-	-
	-	-	(539,547)	(13,281)	3,363,367	-	2,810,539
Transactions with owners							
Bonus issue 25% per shares - September 2018	362,038	-	-	(362,038)	-	-	-
	362,038	-	-	(362,038)	-	-	-
Final dividend at Rs. 3.50 per share - December 2017	-	-	-	(506,853)	-	-	(506,853)
Interim dividend at Rs. 3.50 per share - June 2018	-	-	-	(506,853)	-	-	(506,853)
	-	-	-	(1,013,706)	-	-	(1,013,706)
Total transactions with owners	362,038	-	-	(1,375,744)	-	-	(1,013,706)
Balance as at December 31, 2018 (Restated)	1,810,188	4,766,854	(216,958)	585,068	4,389,156	-	11,334,308
Balance as at January 01, 2019	1,810,188	4,766,854	(216,958)	585,068	4,389,156	-	11,334,308
Effect of change in accounting policy as referred in note (3.5.5)	-	-	-	(117,134)	-	-	(117,134)
Adjusted balance as at January 01, 2019	1,810,188	4,766,854	(216,958)	467,934	4,389,156	-	11,217,174
Total comprehensive loss for the year							
Loss for the year	-	-	-	(25,873,829)	-	-	(25,873,829)
Other comprehensive loss							
Remeasurement of actuarial gain on defined benefit bligation - net of tax	-	-	-	41,518	-	-	41,518
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(51,034)	-	-	-	(51,034)
Total comprehensive loss for the year	-	-	(51,034)	(25,832,311)	-	-	(25,883,345)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	356,103	(356,103)	-	
Transactions with owners	-	-	(51,034)	(25,476,208)	(356,103)	-	
Bonus issue 10% per share - December 2018	181,019	-	-	(181,019)	-	-	-
Share deposit money received	-	-	-	-	-	5,752,443	5,752,443
Total transactions with owners	181,019	-	-	(181,019)	-	5,752,443	5,752,443
Balance as at December 31, 2019	1,991,207	4,766,854	(267,992)	(25,189,293)	4,033,053	5,752,443	(8,913,728)

The annexed notes from 1 to 57 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	45	**2,357,852**	(3,727,319)
Finance cost paid		**(6,285,691)**	(1,114,401)
Profit/mark up received on bank deposits and TFC's		**439,302**	383,267
Taxes paid		**(308,866)**	(3,344,269)
Gratuity paid	25.1.2	**(19,657)**	(16,698)
Net cash used in operating activities		**(3,817,060)**	(7,819,420)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(12,873,357)**	(6,068,659)
Proceeds from disposal of property, plant and equipment		**557,489**	768,247
Investment made during the year		**(3,048,688)**	-
Long-term deposits repaid - net		**(23,293)**	(216,235)
Net cash used in investing activities		**(15,387,849)**	(5,516,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained - net		**1,491,054**	802,226
Redemption of commercial papers	29.4	**(6,500,000)**	(1,500,000)
Dividend paid		**(6,077)**	(758,958)
Share deposit money received	22	**5,752,443**	-
Proceeds from issuance of commercial papers	29.4	**3,770,753**	2,399,714
Long-term finance (repaid) / obtained - net		**(1,094,881)**	575,056
Net cash generated from financing activities		**3,413,292**	1,518,038
Net decrease in cash and cash equivalents		**(15,791,617)**	(11,818,029)
Cash and cash equivalents at beginning of the year		**(7,639,654)**	4,178,375
Cash and cash equivalents at end of the year	46	**(23,431,271)**	(7,639,654)

The annexed notes from 1 to 57 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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 licensed company in the year 2018.

1.2 During the current year, the Company incurred a net loss of Rs. 25,874 (2018: Rs. 215) million, resulting in accumulated (losses)/ profit of Rs. (25,189) (2018: Rs. 585) million as of the unconsolidated financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 43,403 (2018: Rs. 9,069) million. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following;

a) Subsequent to year end, the Company has issued a further capital amounting to Rs. 8 billion.

b) The Company has subsequently renewed existing banking facilities with the relevant banks in relation to secured loans and short term financing facilities aggregating to Rs. 13.4 billion is in process of being re-profiled to long term financing.

c) Vitol Dubai Limited (VDL) would continue to provide support of open credit limit facility amounting to 12 million USD and Stock availability at Hascol Terminal Limited Port Qasim terminal amounting to 15 million USD.

d) The directors have carried out a detailed review of the working capital forecast of the Company for the twelve months from the date of approval of these unconsolidated financial statements, which took into account the projected future working capital of the Company. Further, State Bank of Pakistan has taken various measures in order to relax its policy regarding financing arrangement and interest rate. The directors believe that the Company will have sufficient cash resources to continue its operations for the next twelve months from the date of approval of these unconsolidated financial statements.

Considering equity injection, support from financial institution and continued support of VDL, the Company, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these unconsolidated financial statements on going concern basis.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Company include the following:

Business unit	Geographical location
Head Office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan and Northern areas. Total number of sites in south and north regions are 221 and 403 respectively, the detail of these sites is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule of the Companies Act, 2017.

1.4 CAPACITY AND PRODUCTION

Considering the nature of the Company's business, the information regarding production has no relevance whereas product storage capacities at company's facilities during the current year is detailed below:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Storage capacity metric tons	
Description	**HSD**	**PMG**
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Increase in authorized share capital for issue of right shares

During the year the Company increased its authorized share capital from Rs. 2.5 billion to Rs. 10 billion.

2.2 Issuance of right shares

During the year the Company announced right shares in the ratio of 4 right shares for every 1 existing ordinary share of PKR 10/- each (i.e. 400%).

2.3 Exchange loss - net

Due to devaluation of Pakistani Rupee during the year ended December 31, 2019, the Company suffered exchange loss amounting to Rs. 2.2 billion for liabilities denominated in US Dollar.

2.4 Other expense

During the year Company has incurred loss amounting to Rs.6,324 million caused by an unfavorable fluctuation in the international oil prices, market volatility in the backdrop of uncertain global and / or local economic conditions coupled with significant devaluation of Pakistani Rupee. The difference in regulated eventual selling prices verses the product cost resulted in the reported loss.

2.5 First time adoption of IFRS - 9, IFRS - 15, IFRS - 16

During the year Company adopted IFRS - 15 'Revenue', IFRS - 9 'Financial instruments' and IFRS - 16 'Leases'. For detail impact refer note 3.5.2, 3.5.5 and 3.5.6 respectively.

2.6 Transfer of assets to Hascol Lubricants (Private) Limited

During the year, Hascol Lubricants (Private) Limited (HLPL) initiated its operations and Company has transferred its assets amounting to Rs. 2,945 million to Hascol Lubricants (Private) Limited. For detailed information refer note 41.

3 BASIS OF PREPARATION

3.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and associate is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions and directives issued under the Companies Act 2017 differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

3.3 Accounting convention

These unconsolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment at fair value through other comprehensive income	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Monetary liabilities	Spot exchange rates
Lease liability	Present value lease payments

3.3.1 In these unconsolidated financial statements, except for the unconsolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

3.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3.5 Standards, Amendments and Interpretations to Published and Approved Accounting Standards

3.5.1 Standards, amendments and interpretations to the published and approved accounting standards that are relevant to the Company and adopted in the current year

Standards, interpretations and amendments to published approved accounting standards that became effective during the year. The following accounting standards became effective during the period as applicable in Pakistan for the first time for the period ended December 31, 2019 and are relevant to the Company.

3.5.2 IFRS 15 - Revenue from Contracts with Customers

Effective July 1, 2019, the Company has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is engaged in the procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils. The Company has assessed that significant performance obligations in contracts with customers is based on transfer of control of related goods and is discharged at that point of time. The transfer of goods takes place upon delivery of goods to customers. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15. The adoption of IFRS-15 does not have any material impact on the Company's unconsolidated financial statement.

3.5.3 IFRS 9 - 'Financial instruments'

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. "Financial instruments: Recognition and measurement" IFRS 9 introduces new requirements for:

i) the classification and measurement of financial assets and financial liabilities;
ii) Impairment of financial assets; and
iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of January 1, 2019 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's unconsolidated financial statements are described below:

3.5.4 Classification and measurement of financial assets and financial liabilities

This new standard requires the Company to assess the classification of financial assets in its unconsolidated statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets. IFRS 9 has different requirements for debt and equity financial assets
Debt instrument should be classified and measured at either:

- amortised cost, where the effective interest rate method will apply
- fair value through other comprehensive income (FVTOCI), with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).
  Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:
- fair value through other comprehensive income (FVTOCI), with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).
  Application of IFRS 9 had no impact on financial assets and financial liabilities of the Company except long term investment in Pakistan Refinery Company Limited classified as FVTOCI.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3.5.5 Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at January 1, 2019 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs '000	New Rs '000	Difference Rs '000
Current financial assets					
Trade debts	Amortised cost	Amortised cost	13,552,235	13,435,101	117,134
Deposits and other receivables	Amortised cost	Amortised cost	2,822,308	2,822,308	-
Accrued mark-up and profit	Amortised cost	Amortised cost	92,718	92,718	-
Cash and bank balances	Amortised cost	Amortised cost	8,799,447	8,799,447	-
Non-current financial assets					
Long-term deposits	Amortised cost	Amortised cost	547,772	547,772	-
Long term investments equity shares	Available for sale	FVTOCI	1,330,814	1,330,814	-
Current financial liabilities					
Long-term financing	Amortised cost	Amortised cost	3,822,698	3,822,698	-
Trade and other payables	Amortised cost	Amortised cost	31,888,118	31,888,118	-
Unclaimed dividend	Amortised cost	Amortised cost	362,674	362,674	-
Other liabilities	Amortised cost	Amortised cost	1,320,120	1,320,120	-
Accrued mark-up and profit	Amortised cost	Amortised cost	305,191	305,191	-
Short-term borrowings	Amortised cost	Amortised cost	18,877,466	18,877,466	-

3.5.6 IFRS 16 - Leases

During the year, IFRS 16 'Leases' became applicable to the Company. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentive', and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

On adoption of IFRS 16, the Company has recognised liabilities in respect of all Company owned and operated pump sites being operated by the Company, which was previously being recorded as rent expense in profit or loss account. The Company has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

The Company has recognised lease liabilities and related 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on pump sites lease agreements and discounted using the reference rate of six month's KIBOR. The lease liability will be subsequently measured at amortised cost using the effective interest rate method and adjusted with the impact of rent prepayments.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The effect of recognition of IFRS 16 on the unconsolidated financial statements as at January 01, 2019 is as follows:

	Note	January 1, 2019 Rupees '000
Impact on statement of financial position		
Increase in fixed assets - right-of-use assets	6.3	1,305,636
Increase in total assets		1,305,636
Increase in other liabilities - lease liability against right-of-use assets		1,309,883
Decrease in rent payable		(4,247)
Increase in total liabilities		1,305,636
Decrease in net assets		-

3.5.7 IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

This IFRIC addresses foreign currency transaction or parts of transaction where there is consideration that is dominated or prices in a foreign currency. The interpretation provides guidance for when a single payment/receipts is made on as well as for situations where multiple payments/ receipts are made. The guidance aims to reference diversity in practice. The Company's accounting treatment is already in line with this interpretation.

3.5.8 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.5.9 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

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Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendments to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Revise Conceptual Framework for Financial Reporting	January 1, 2020
IAS 8 - Accounting policies, changes in accounting estimates and errors	January 1, 2020

The management is in the process of assessing the impacts of above amendments on the unconsolidated financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these unconsolidated financial statements.

3.5.10 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

4 CRITICAL ASSUMPTIONS, ESTIMATES AND MEASUREMENT UNCERTAININTY

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies in respect of judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the Company's unconsolidated financial statements, estimates and assumptions with significant risk of material adjustments in the future period are included in the following notes:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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		Note
a)	Depreciation method, rates and useful life of property, plant and equipment	5.1
b)	Revaluation of property, plant and equipment	5.1
c)	Classification measurement and impairment of financial asset	5.3
d)	Net realizable value of stock-in-trade	5.16
e)	Recoverable amount and impairment of non-financial assets	5.17
f)	Provisions and contingencies	5.20
g)	Provision for taxation	5.24
h)	Provision for gratuity	5.26
i)	Incremental borrowing rate of finance lease under IFRS-16	3.5.6

5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

5.1.1 *Initial recognition*

a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labor and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

A revaluation surplus is recorded in unconsolidated statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss account to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the unconsolidated statement of profit or loss account, however, decrease is recorded in unconsolidated statement of comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit/loss.

The Company accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liabilities. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased assets and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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b) Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction/installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

c) Right of use asset

The Company recognizes 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Company. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

5.1.2 Measurement subsequent to initial recognition

(a) Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment;
- Furniture, office equipment and other assets; and
- Computer auxiliaries.

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

(b) Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation on operating fixed assets is charged to unconsolidated profit or loss account by applying the straight-line method whereby the cost/revalued amount of operating fixed assets is charged off over its remaining useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 6.1.

Depreciation method, useful lives, and residual values are reviewed at each reporting year and adjusted, if applicable. Capital work-in-progress is not depreciated.

Maintenance and normal repairs are charged to the unconsolidated statement of profit or loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of operating fixed assets is included in the unconsolidated statement of profit or loss account in the year of disposal.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Borrowing

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the unconsolidated statement of financial position date.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in the unconsolidated statement of profit or loss account in the period in which they are incurred.

5.2 Intangible asset - computer software

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible asset having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets is charged in proportion to the period of use. The useful life and amortization method is reviewed and adjusted, if appropriate, at the statement of financial position date. Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

5.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)

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In the periods presented the corporation does not have any financial assets categorised as FVTOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss account are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in listed equity securities at fair value through other comprehensive income (FVTOCI). The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss account. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in unconsolidated statement of comprehensive income will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the

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new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

Evidence of impairment may include indication that the debtor or a group of debtor experiencing significant financing difficulties, default or delinquency in interest or principal payments the probability that they will enter bankruptcy or other financial recognition and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as change in currency or economic condition that correlate with defaults.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 50.1.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss account (other than derivative financial instruments that are designated and effective as hedging instruments).
All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss account are included within finance costs or finance income.

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5.4 Financial instruments - Policy effective before 1 January 2019

5.4.1 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit and loss account, held to maturity and available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit and loss where transaction costs are charged to profit and loss account when incurred.

5.4.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The loan and receivables includes trade debts, advances, deposits, markup or profit accrued, other receivables and cash and bank balances.

5.4.3 Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in unconsolidated profit and loss account.

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When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit and loss account in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through unconsolidated profit or loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in unconsolidated profit and loss account are not reversed through unconsolidated profit or loss account. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income . In respect of AFS debt securities, impairment losses are subsequently reversed through unconsolidated profit or loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

5.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the unconsolidated statement of financial position if the Company has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.6 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

5.7 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

5.8 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

5.9 Dividend distribution

Final dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated financial statement in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

5.10 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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5.11 Investment in subsidiary

A subsidiary is an entity controlled by the entity. The Company control an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect the return through its power over the investee. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

Investment in subsidiary company is initially stated at cost. At subsequent reporting date recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly.

5.12 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but also neither has control nor joint control over those policies. Investment in associated company is measured at cost less impairment if any.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS-36 to the extent that the recoverable amount of the investment subsequently increases.
When the Company transacts with an associate profit and losses resulting from the transactions with the associate are recognized in the Company's unconsolidated financial statements only to the extent of interests in the associate that are not related to the Company.

5.13 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities with corresponding impact to unconsolidated profit or loss account.

5.14 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired. The amount of provision is charged to unconsolidated profit or loss account. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables with corresponding impact in the unconsolidated profit or loss account.

5.15 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

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5.16 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost comprises invoice value, charges like custom duties and similar levies and other direct costs but excludes borrowing cost. Cost for bonded stock of finished goods comprises invoice value and costs incurred to date.

Cost is determined as follows:

- Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.
- The cost of stock in trade is determined on moving weighted average basis.

Provision is made for obsolete/slow moving stocks where necessary and recognized in the unconsolidated profit or loss account. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

5.17 Impairment of non financial assets

The carrying amounts of non financial assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the unconsolidated profit or loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

5.18 Short term investments

This represent placement in TFCs with financial institution. These are measured at fair value through unconsolidated profit or loss account and any gain or loss on this instrument subsequently measured is recognised in the unconsolidated statement of profit or loss account and presented in finance income/cost in the period in which it arises.

5.19 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated financial statement at cost. For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

5.20 Provisions and contingent liabilities

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each financial position date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the unconsolidated statement of financial position.

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5.21 Commitment

Commitments are disclosed in the unconsolidated financial statements at committed amount which is presented in Pakistani Rupees.

5.22 Leases

Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 5.1.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to unconsolidated profit or loss account over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Payments made under operating leases (net of any incentives received from the lessor) are charged to the unconsolidated profit or loss account on a straight-line basis over the period of lease. In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis except where another systematic basis except where another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's unconsolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the unconsolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

5.23 Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the unconsolidated financial statement date. Transactions denominated in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to the unconsolidated profit or loss account. At the end of each reporting period, monetary amount denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.24 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the unconsolidated profit or loss account except to the extent that it relates to items recognized outside unconsolidated profit or loss account (whether in unconsolidated other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside unconsolidated profit or loss account.

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- **Current**
  Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the unconsolidated statement of financial position date, and any adjustments to tax payable in respect of prior years.

- **Deferred**
  Deferred tax is provided for using the financial position method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial position date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Company takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the unconsolidated profit or loss account, except in the case of items credited or charged to equity or unconsolidated statement of comprehensive income, in which case it is included in equity or unconsolidated statement of comprehensive income as the case may be.

5.25 Revenue recognition

The Company recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation.

Other revenue
- Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.
- Handling, storage and other services income is recognized when the services have been rendered.

Other income
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Return on bank deposits is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.
- Rental income from operating leases is recognized on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amounts of the leased assets and recognized on a straight line basis over the leased term.

5.26 Retirement and other service benefits

Unfunded gratuity scheme

The Company operates an unapproved and unfunded gratuity scheme covering of all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contribution therein are made in the accordance with actuarial recommendations.

The valuation in this regard is carried using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement of the defined benefit liability, which comprises of actuarial gain and losses are recognized in the statement of unconsolidated comprehensive income based on actuarial gain and losses.

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The Company determine the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset) taking into account and change in the net defined benefit liability / (asset) during the year as result of contribution and benefit payments. Net interest expense, current service cost and past service cost related to defined benefit plans are recognized in the unconsolidated profit or loss account.

Contributory provident fund

The Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Company as well as the employees at the rate of 5.72% percent of the basic salary.

5.27 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors view the Company's operations as one reportable segment.

5.28 Related party transactions

All transactions with related parties are carried out by the Company at arm's length price using the comparable uncontrolled valuation method.

5.29 Operating expenses

Operating expenses are recognised in profit or loss account upon utilization of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is typically when the related goods are sold.

5.30 Profit or loss from discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, transfer or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal constituting the discontinued operation (see also Note 41).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		------------Rupees in '000------------	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	28,402,075	18,115,431
Capital work-in-progress	6.2	4,213,205	4,447,801
Right of use asset	6.3	1,255,584	-
		33,870,864	22,563,232

6.1 Operating fixed assets

	Owned assets											Leased assets							
		Building on lease hold land							Vehicles								Vehicles		
	Land lease hold	Office and depots building	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Tank lorries	Motor cars	Total operating fixed assets
	Rupees in '000																		
At January 1, 2019																			
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Year ended December 31, 2019																			
Opening net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Addition / transfer from CWIP	-	2,168,204	1,418,957	2,691,158	533,395	1,655,368	3,091,006	115,081	80,018	7,551	16,773	-	-	-	-	-	481,879	-	12,259,390
Disposals																			
Cost	(126,000)	(83,041)	(1,237)	(217,258)	-	(50,312)	(102,619)	(15,530)	(162,267)	(20,252)	(8,659)	-	-	-	-	-	-	(825)	(788,000)
Accumulated depreciation	-	11,936	97	23,524	-	7,615	25,380	7,755	32,632	8,964	6,248	-	-	-	-	-	-	825	124,976
	(126,000)	(71,105)	(1,140)	(193,734)	-	(42,697)	(77,239)	(7,775)	(129,635)	(11,288)	(2,411)	-	-	-	-	-	-	-	(663,024)
Depreciation charge for the year	-	(202,989)	(205,910)	(191,730)	(143,357)	(31,445)	(232,869)	(53,695)	(61,801)	(25,966)	(32,497)	-	-	-	(6,250)	-	(115,057)	(6,156)	(1,309,722)
Closing net book value	2,365,091	6,010,280	4,064,379	5,838,127	1,441,567	1,962,312	4,522,934	244,102	125,445	46,939	57,626	-	-	-	103,125	-	1,597,393	22,755	28,402,075
At December 31, 2019																			
Cost / revalued amount	2,365,091	6,650,687	4,650,364	6,325,526	2,008,022	2,057,217	5,069,356	419,174	163,036	127,177	151,172	-	-	-	125,000	-	1,844,107	38,869	31,994,798
Accumulated depreciation	-	(640,407)	(585,985)	(487,399)	(566,455)	(94,905)	(546,422)	(175,072)	(37,591)	(80,238)	(93,546)	-	-	-	(21,875)	-	(246,714)	(16,114)	(3,592,723)
Net book value	2,365,091	6,010,280	4,064,379	5,838,127	1,441,567	1,962,312	4,522,934	244,102	125,445	46,939	57,626	-	-	-	103,125	-	1,597,393	22,755	28,402,075
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	
At January 1, 2018																			
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Year ended December 31, 2018																			
Opening net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Addition / transfer from CWIP	344,054	661,880	1,032,170	725,686	189,197	102,689	452,676	103,592	795,201	69,044	65,476	-	-	-	-	2,512	885,397	-	5,429,574
Revaluation	1,257,960	876,666	613,343	740,549	119,013	54,708	401,827	50,092	-	-	7,822	82,713	53,865	152,231	54,832	10,592	-	-	4,476,213
Transfer																			
Cost	-	368,112	-	262,461	787,347	135,154	77,951	-	(46,333)	28,253	-	(368,112)	(262,461)	(787,347)	(135,154)	(77,951)	46,333	(28,253)	-
Accumulated depreciation	-	(94,382)	-	(61,328)	(230,494)	(31,920)	(10,307)	-	7,316	(28,253)	-	94,382	61,328	230,494	31,920	10,307	(7,316)	28,253	-
	-	273,730	-	201,133	556,853	103,234	67,644	-	(39,017)	-	-	(273,730)	(201,133)	(556,853)	(103,234)	(67,644)	39,017	-	-
Disposals																			
Cost	-	-	-	-	-	-	-	-	(702,175)	(13,795)	-	-	-	-	-	-	-	-	(715,970)
Accumulated depreciation	-	-	-	-	-	-	-	-	33,912	17	-	-	-	-	-	-	-	-	33,929
	-	-	-	-	-	-	-	-	(668,263)	(13,778)	-	-	-	-	-	-		-	(682,041)
Depreciation charge for the year	-	160,928	154,338	148,916	115,404	25,315	161,155	45,137	41,294	16,431	23,269	-	-	-	-	-	72,805	12,350	977,342
Closing net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
At December 31, 2018																			
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	

	Note	2019	2018
6.2 Capital work-in-progress		------------Rupees in '000------------	
Office building		1,360,721	1,413,796
Tanks and pipelines		1,016,818	807,801
Pump building		305,159	316,206
Electrical, mechanical and fire fighting equipment		699,202	456,270
Tank lorries		-	80,018
Advances to contractors		-	61,834
Dispensing pumps		102,845	156,146
Furniture, office equipment and other assets		194,080	239,304
Plant and machinery		360,740	650,910
Borrowing cost capitalized	6.4	167,702	249,984
Computer auxiliaries		5,938	15,532
		4,213,205	4,447,801

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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6.2.1 Movement in capital work-in-progress during the year is as follows:

	2019	2018
	Rupees in '000	
Balance at beginning of the year	4,447,801	3,811,322
Additions during the year	13,520,888	6,066,053
Transfers during the year	(11,769,960)	(5,429,574)
Transfer to Hascol Lubricants (Private) Limited	(1,985,524)	-
	4,213,205	4,447,801

6.3 Right of use assets

The right of use asset for property leases for Company owned and operated pump site were measured on a retrospective basis as if the new rules had always been applied.

	2019
	Rupees in '000
Balance as at initial application i.e. January 01, 2019	1,305,636
Additions during the year	43,464
Depreciation charged for the year	(93,516)
Right of use assets (ROUA) - as of December 31, 2019	1,255,584

6.4 During the year, additions amounting to Rs. 13,520.9 million (2018:Rs. 6,066.1 million) have been made in capital work-in-progress. This also includes borrowing cost capitalized during the year at rates ranging from 10.41% - 16.58% (2018: 7.51% - 13.22%).

6.5 Due to large number of dealers, it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Company are tanks and pipelines dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipments. These assets are not in possession of the Company as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Company's products.

6.6 In 2012, the Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,172 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million. In the year 2015, the Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 4,154 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018, the Company carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 14,009 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,586 million.

6.7 Had there been no revaluation, the written down value of the following assets in the unconsolidated statement of financial position would have been as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Cost	Accumulated depreciation	Written down value 2019	2018
	------------------------Rupees in '000----------------------			
Owned assets				
Building on lease hold land:				
- Land	1,816,507	-	1,816,507	1,233,131
- Office building	3,922,418	469,635	3,452,783	2,977,212
- Pump building	3,310,179	495,357	2,814,822	1,720,312
Tanks and pipelines	4,318,433	428,585	3,889,848	992,063
Dispensing units	1,309,487	448,590	860,897	265,969
Plant and machinery	1,211,027	91,243	1,119,784	144,426
Electrical mechanical and fire fighting equipment	3,301,610	468,311	2,833,299	572,668
Furniture, office equipment and other assets	381,712	172,807	208,905	175,177
Computers auxiliaries	146,674	92,507	54,167	80,296
Total owned assets	19,718,047	2,667,035	17,051,012	8,161,254

6.8 Forced sale values of asset class:

	2018
	-Rupees in '000-
Class of assets	1,938,050
Land	3,951,700
Building	3,637,000
Dispensing pumps	1,201,450
Plant and machinery	1,896,100
Storage tanks & pipelines	8,550
Office equipments	5,000
Furniture and fixtures	27,500
Motors cars / Vehicles	12,665,350

6.9 The level of hierarchy for the fair value disclosed fall in level 3 i.e., inputs other than quoted prices included within level 3 that are unobservable either directly or indirectly.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.10 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Address	Total area of land in square yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Others		
LPG terminal	North Western Industrial Zone, Port Qasim Authority	34,848
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386

6.11 **The depreciation charged for the year has been allocated as follows:**

	Note	2019	2018
		--------Rupees in '000--------	
Distribution and marketing expenses	35	1,266,100	937,855
Administrative expenses	36	33,428	30,916
Discontinued operations		10,194	8,571
		1,309,722	977,342

6.12 During the year written down value of property plant and equipment that have been disposed-off amount to Rs. 496 million (2018: Rs. 682.04 million). Details of property plant and equipment disposed off with WDV above Rs. 500,000 are given below:

Type	No of items	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
		----------Rupees in '000----------						
Motor cars	9	16,377	5,745	10,632	14,094	3,462	Various	Outright Sale
Tank lorries	15	131,470	17,325	114,145	111,750	(2,395)	Habib Metropolitan Bank Limited	Outright Sale
Other equipments	14	86,139	21,761	64,378	79,772	15,394	Total Parco Pakistan Limited	Outright Sale
Office building	9	79,570	10,789	68,781	70,099	1,318	Total Parco Pakistan Limited	Outright Sale
Plant & machinery	4	45,209	6,070	39,139	39,559	420	Total Parco Pakistan Limited	Outright Sale
Pump building	1	991	65	926	988	62	Total Parco Pakistan Limited	Outright Sale
Tanks and pipelines	15	215,847	23,369	192,478	204,293	11,815	Total Parco Pakistan Limited	Outright Sale
2019	**67**	**575,603**	**85,124**	**490,479**	**520,555**	**30,076**		
2018	72	444,208	15,658	428,550	479,568	51,018		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.13 During the year written down value of property plant and equipment that have been disposed-off to Hascol Lubricant (Private) Limited (HLPL) amount to Rs. 167 million (2018: Rs. nil). Details are given below:

Type	No of items	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of transferor	Mode of disposal
	----------	----------	----------Rupees in '000'	----------	----------	----------		
Freehold land	1	126,000	-	126,000	126,000	-	HLPL	Transfer
Motor cars	1	3,448	3,044	403	403	-	HLPL	Transfer
Tank lorries	1	30,797	15,306	15,491	15,491	-	HLPL	Transfer
Other equipments	3	12,864	2,572	10,292	10,292	-	HLPL	Transfer
Furniture and fixture	1	15,530	7,755	7,775	7,775	-	HLPL	Transfer
Office building	1	3,470	1,147	2,323	2,323	-	HLPL	Transfer
Pump building	1	246	31	215	215	-	HLPL	Transfer
Plant & machinery	1	3,814	1,352	2,462	2,462	-	HLPL	Transfer
PCs	1	8,659	6,248	2,411	2,411	-	HLPL	Transfer
2019	**11**	**204,828**	**37,455**	**167,372**	**167,372**	**-**		
2018	-	-	-	-	-	-		

7 INTANGIBLE ASSET

	2019	2018
	--------Rupees in '000	--------
Computer software	**3,134**	2,565
Net carrying value		
Net book value at beginning of the year	**2,565**	-
Addition	**1,103**	2,608
Amortization charge for the year	**(534)**	(43)
Net book value at the end of the year	**3,134**	2,565
Net book value		
Gross carrying value		
Cost	**12,010**	10,907
Accumulated amortization	**(8,876)**	(8,342)
Net book value	**3,134**	2,565
Rate of amortization - %	**33.33**	33.33

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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			2019	2018
8	**LONG-TERM INVESTMENTS**	**Note**	**--------Rupees in '000--------**	
	Investment in subsidiary company - at cost			
	Hascombe Lubricant (Private) Limited - unquoted	8.1	-	-
	Investment in associated companies - at cost			
	VAS LNG (Private) Limited - unquoted	8.2	3,000	3,000
	Investment at fair value through other comprehensive income			
	Pakistan Refinery Limited - quoted	8.3	904,780	955,814
	Hascol Terminal Limited - unquoted	8.4	375,000	375,000
			1,282,780	1,333,814
	Advance against purchase of shares - with related parties			
	Hascol Terminals Limited		40,000	40,000
	VAS LNG (Private) Limited		1,023	1,023
	Hascol Lubricants (Private) Limited	8.5	2,948,362	3,362
			2,989,385	44,385
			4,272,165	1,378,199
8.1	**Investment at cost**			
	Movement in provision for impairment			
	Balance at the beginning of the year		(30,604)	(30,604)
	Provision made during the year		-	-
	Balance at the end of the year		(30,604)	(30,604)
	Net book value	8.1.1	-	-

8.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (2018: 9.78 million) of Rs. 10 per share.

8.2 Investment in VAS LNG (Private) Limited amounts to Rs. 3 million (2018: Rs. 3 million) representing 30% (2018: 30%) equity stake. The Company holds 0.3 million ordinary shares (2018: 0.3 million) of Rs. 10 per share.

				loss	
8.3	**Pakistan Refinery Limited December 31, 2019**		**---------------Rupees in '000---------------**		
		8.3.1	1,172,772	(267,992)	904,780
	December 31, 2018		1,172,772	(216,958)	955,814

8.3.1 Investment in Pakistan Refinery Limited represents 43.25 million fully paid ordinary shares of Rs. 10 each representing 14.71% (2018: 14.71%) of its share capital.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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8.4 Investment in Hascol Terminals Limited represent 37.5 million shares (2018 : 37.5 million) fully paid ordinary shares of Rs. 10 per share. The Company is engaged in providing storage facilities for imported and locally procured petroleum and related products. The management has carried out valuation of this investment, based on future expected cash flows, capacity multiple and EBITDA multiple for the future years and terminal values. Based on this analysis and considering the wide range of possible fair value measurement, the cost of this investment represents the best estimate of fair value within that range.

8.5 This includes advance against equity in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 294.5 million ordinary shares (2018: Nil) of Rs. 10 per share.

8.6 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act.

8.7 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 2,989 million (2018: Rs. 44).

9 DEFERRED TAXATION - NET

	2019	2018
	--------Rupees in '000--------	
Taxable temporary difference arising in respect of :		
Accelerated depreciation	**(1,771,448)**	(673,552)
Assets under finance lease	**(235,275)**	(106,526)
Revaluation of operating fixed assets	**(1,454,359)**	(1,555,453)
Deductible temporary difference arising in respect of :		
Liabilities against assets subject to finance lease	**412,193**	356,942
Exchange loss	**(23,216)**	102,939
Provision for :		
- investments in subsidiary	**8,875**	8,569
- other liabilities	**420,186**	290,383
- retirement benefit	**81,247**	69,417
- doubtful debts	**658,789**	24,728
- franchise income	**26,915**	26,100
Unused tax losses	**1,876,093**	1,260,401
	-	(196,052)

9.1 Deferred tax asset of Rs. 6,376 million has not been recognised in these unconsolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future five years. However, in the future years and based on the availability of taxable profits, unutilized deferred tax asset will be recognized.

As at the year end, the Company's tax losses amounted to Rupees 25,078 million (2018 : Nil).

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

	-Rupees in '000-
Loss for the year	(19,497,808)
Shareholders' equity	(2,537,707)
Total non-current assets	45,093,249
Loss per share would have been	(97.92)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

		Note	2019	2018
10	**LONG-TERM DEPOSITS**		--------Rupees in '000--------	
	Lease deposits		360,988	352,331
	Less: current portion of lease deposits	14	(1,414)	(762)
			359,574	351,569
	Deposits against:			
	- depots		107,144	126,267
	- retail outlets		70,814	54,270
	- others		33,533	15,666
			211,491	196,203
			571,065	547,772
11	**STOCK-IN-TRADE**			
	Raw and packing materials		-	54,577
	Finished goods			
	- fuels	11.1	10,230,173	21,227,881
	- lubricants		-	464,802
	- Petrochemicals		248,133	827,819
			10,478,306	22,520,502
	Stock in transit			
	- fuels		8,811,107	-
	- lubricants		-	40,224
			8,811,107	40,224
	Provision against slow moving stock		(69,542)	-
			19,219,871	22,615,303

11.1 Fuels include Rs. 4,913.13 million (2018: Rs. 6,114.41 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

		Note	2019	2018
12	**TRADE DEBTS**		--------Rupees in '000--------	
	Considered good			
	- Secured	12.1	7,890,370	9,173,127
	- Unsecured		3,150,213	4,379,108
			11,040,583	13,552,235
	Considered doubtful	12.2	2,309,451	92,873
			13,350,034	13,645,108
	Provision for impairment	12.4	(2,309,451)	(92,873)
			11,040,583	13,552,235

12.1 These debts are secured by way of bank guarantees, letter of credits, security deposits and post dated cheques.

12.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.12 million (2018: Rs. 7.12 million).

12.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 7.12 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

12.4 The Company recognises the expected credit losses for trade debts using the simplified approach as explained in the note 3.5.5. As per the simplified approach, the loss allowance as at December 31, 2019 and January 1, 2019 (on adoption of IFRS 9) is as follows:

	Note	2019	2018
		--------Rupees in '000--------	
Movement of provision for impairment			
Balance at the beginning of the year		**92,873**	7,973
Impact of IFRS-9 adoption on initial recognition	3.5.5	**117,134**	-
Provisions made during the year	37	**2,099,444**	84,900
Balance at the end of the year		**2,309,451**	92,873

13 ADVANCES

	Note	2019	2018
Advances - considered good, unsecured			
To employees			
- against expenses		**28,264**	28,169
- against salaries	13.1	**33,290**	20,071
Suppliers	13.2	**59,076**	16,864
		120,630	65,104

13.1 This represents loans granted to employees according to Company's policy. These loans are interest free and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

13.2 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Company has 11 suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, aviation fuels, fleet card operations, monitoring fee, consultancy and storages facilities.

14 DEPOSITS AND PREPAYMENTS

	Note	2019	2018
		--------Rupees in '000--------	
Deposits			
Current portion of lease deposits	10	**1,414**	762
Other deposits		**8,996**	6,636
		10,410	7,398
Prepayments			
Insurance and others		**42,055**	63,946
Rent		**113,291**	128,485
		155,346	192,431
		165,756	199,829

15 OTHER RECEIVABLES

	Note	2019	2018
Inland freight equalization margin receivable		**3,646,078**	2,792,259
Receivable against services rendered	15.1	**20,863**	22,069
Receivable against regulatory duty		**25,533**	25,533
Receivable from Hascol Lubricants (Private) Limited	15.2	**142,785**	-
Price differential claims	15.3	**5,083**	5,083
Others		**-**	582
Franchise income receivable - net	15.4	**-**	-
		3,840,342	2,845,526

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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15.1 This represents amount receivable from Hascol Terminals Limited (an associated Company) against services rendered by the Company on account of business support services.

15.2 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 143 million.

15.3 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 pursuing 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.

15.4 Franchise income receivable - net	**Note**	**2019**	2018
		--------Rupees in '000--------	
Movement in gross receivables			
Balance at the beginning of the year		-	97,201
Earned during the year		-	-
Received during the year		-	(2,848)
Balance at the end of the year		-	94,353
Movement of provision			
Balance at the beginning of the year		-	(62,559)
Charged during the year	37	-	(31,794)
Balance at the end of the year		-	(94,353)
	15.4.1	-	-

15.4.1 This represents amount receivable from CNG dealers.

16 ACCRUED MARK-UP AND PROFIT	**Note**	**2019**	2018
		--------Rupees in '000--------	
From conventional banks		**113,162**	86,904
From Islamic banks		**997**	5,814
		114,159	92,718

17 TAXATION			
Sales tax refundable		**87,091**	1,133,647
Income tax refundable		**478,921**	137,161
		566,012	1,270,808

18 SHORT TERM INVESTMENT			
Term Finance Certificate	18.1	**103,688**	-

18.1 The Company placed investment in fully paid-up, rated, privately placed , perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible debt instrument from Habib Bank Limited in the nature of Term Finance Certificates ("TFCs"). These carry mark-up at the rate of 3 month KIBOR+1.6%.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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19 CASH AND BANK BALANCES

	Note	2019	2018
		--------Rupees in '000--------	
Balances with banks:			
in current accounts:			
- Conventional banks		**538,620**	829,318
- Dividend account		**356,597**	362,674
- Islamic banks		**9,337**	-
		904,554	1,191,992
in saving accounts:			
- Conventional banks		**11,558,117**	5,640,352
- Islamic banks		**1,117,251**	1,897,519
	19.1	**12,675,368**	7,537,871
Cash in hand		**6,460**	9,584
		13,586,382	8,739,447
Term deposit receipts	19.2 & 23.1.1	**-**	60,000
		13,586,382	8,799,447

19.1 These carry mark-up/profit ranging from 7.75% to 9.5% per annum (2018: 3.75% to 5.5% per annum).

19.2 This carried mark-up/profit at the rate of 5% per annum.

20 SHARECAPITAL

20.1 Authorized share capital

2019	2018		Note	2019	2018
Number of shares				-------Rupees in '000-------	
1,000,000,000	250,000,000	Ordinary shares of Rs. 10 each	20.2	**10,000,000**	2,500,000

20.2 Issued, subscribed and paid-up share capital

2019	2018		Note	2019	2018
Number of shares					
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		**895,400**	895,400
		Ordinary shares of Rs. 10 each for			
1,060,000	1,060,000	consideration other than	20.3	**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
18,101,880	-	Bonus issue @ 10% Dec 2018		**181,019**	-
199,120,680	181,018,800			**1,991,207**	1,810,188

20.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

20.4 Vitol Dubai Limited an associated Company held 54,676,551 (2018: 49,705,956) shares which represents 27.46% (2018 : 27.46%) of the equity stake of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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20.5 Fossil Energy (Private) Limited held 21,217,589 (2018: 19,288,718) shares which represents 10.66% (2018 : 10.66%) of the equity stake of the Company.

20.6 Marshal Gas (Private) Limited held 9,718,472 (2018: 11,653,157) shares which represents 4.88% (2018 : 6.44%) of the equity stake of the Company.

20.7 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

21 RESERVES	Note	2019	2018
		--------Rupees in '000--------	
Capital			
Share premium	21.1	4,766,854	4,766,854
Unrealized loss on remeasurement of FVTOCI investment		(267,992)	(216,958)
		4,498,862	4,549,896
Revenue		(25,189,293)	585,068
Unappropriated (loss)/profit		(20,690,431)	5,134,964

21.1 The reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

22 SHARE DEPOSIT MONEY

This represents the amount received in respect of right shares subscription as at December 31, 2019 amounting to Rs. 5,821 million net of transaction cost amounting to Rs. 68.3 million for the year ended December 31, 2019 (2018: nil).

23 LONG TERM FINANCING - secured	Note	2019	2018
		--------Rupees in '000--------	
Borrowings from conventional banks	23.1	1,554,250	1,910,500
Borrowings from Non Banking Financial Institutions	23.2	283,113	631,290
Sukuk certificates	23.3	890,454	1,280,908
		2,727,817	3,822,698
Current portion of long term financing			
Borrowings from conventional banks		(537,500)	(444,938)
Borrowings from Non Banking Financial Institutions		(199,779)	(351,910)
Sukuk certificates		(400,000)	(400,000)
		(1,137,279)	(1,196,848)
Non - current portion of long term financing		1,590,538	2,625,850

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2019	2018
								Rupees in'000	
23.1	**Borrowings from conventional banks**								
	First Women Bank Limited Under DF scheme	23.1.1	36 monthly March-16	Nil	March 28, 2019	six month Kibor + 1.3% payable monthly	8,333	-	25,000
	National Bank of Pakistan Loan-1 Under LTF scheme	23.1.2	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	187,500	312,500
	National Bank of Pakistan Loan-2 Under LTF scheme	23.1.3	16 quarterly May-16	1 year	March 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	903,750	1,035,000
	National Bank of Pakistan Loan-3 Under LTF scheme	23.1.4	16 quarterly May-16	1 year	March 29, 2023	three month Kibor + 1.5% payable quarterly	33,625	463,000	538,000
23.2	**Borrowings from Non Banking Financial Institutions**								
	Pak China Investment Company Limited Under LTF scheme	23.2.1	12 quarterly February-17	Nil	February 29, 2020	three month Kibor + 2.25% payable quarterly	41,667	45,399	208,333
	Pak Oman Investment Company Limited Loan 2 Under LTF scheme	23.2.2	42 monthly March-15	6 months	February 3, 2019	six month Kibor + 3% payable monthly	1,431	-	2,862
	Pak Oman Investment Company Limited Loan 3 Under LTF scheme	23.2.2	42 monthly June-15	6 months	May 19, 2019	six month Kibor + 3% payable monthly	2,190	-	10,952
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	23.2.3	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	5,143	20,571
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	23.2.3	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	8,762	21,905
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	23.2.4	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	42,857	71,429
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	23.2.5	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	180,952	295,238
23.3	**Sukuk certificates**	23.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	890,454	1,280,908
								2,727,817	3,822,698

23.1.1 This represents demand finance facility from First Women Bank Limited for construction of retail outlets which was secured against pledge of TDR of Rs. 60 million, Pledge of Pakistan Refinery Limited shares at 40% margin and personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

23.1.2 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge /mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), post-dated cheques covering facility amount and corporate guarantee of M/s Fossil Energy (Private) Limited and M/s Marshal Gas (Private) Limited.

23.1.3 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 350 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

23.1.4 This represents term finance facility from National Bank of Pakistan (Kolta Jam) for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kolta Jam site with 25% margin amounting to Rs. 200 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

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23.2.1 This represents term finance facility from Pak China Investment Company Limited for the future expansion plans and working capital requirements of the Company which was secured against first pari passu charge over the Company's current assets with 25% margin amounting to Rs. 666.67 million, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman) and promissory note covering the charge amount to be obtained from the Company.

23.2.2 This represents two term finance facilities from Pak Oman Investment Company Limited for establishment of Daulatpur bulk oil depot. The facility limit were utilized in multiple tranches out of which one of the facility with limit of Rs. 100 million was availed in two tranches, that is Rs. 39.9 million and Rs. 60.1 million. The other facility with a limit of Rs. 100 million was availed in a single trench amounting to Rs. 92 million. The finance facilities were secured against first pari passu charge on land, building, plant and machinery and equipment situated in Deh Kandah Nandho with 25% margin.

23.2.3 This represents term finance facility from Pak Oman Investment Company Limited for expansion of Daulatpur bulk oil depot. The facility limit of Rs. 100 million was utilized in multiple tranches that is Rs. 54 million and Rs. 46 million and facility was secured against first pari passu charge on the land, building, plant and machinery and equipment locate at the Daulatpur Bulk Storage depot with 25% margin.

23.2.4 This represents term finance facility from Pak Oman Investment Company Limited for the expansion of Daulatpur depot. The facility was secured against first pari passu charge on land, building, plant, machinery and equipment of the Company situated at Daulatpur bulk oil depot with 25% margin maintained all times.

23.2.5 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin maintained all times.

23.3 Sukuk certificates - gross amount	**Note**	**2019**	2018
		--------Rupees in '000--------	
Issuance cost	23.3.1	**900,000**	1,300,000
Balance at the beginning of the year		**(19,092)**	(28,627)
Charged to profit or loss		**9,546**	9,535
Balance at the end of the year		**(9,546)**	(19,092)
Sukuk certificates - net amount		**890,454**	1,280,908

23.3.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Company. Summit Bank Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility is secured against first pari-passu charge over specific depots and retail outlets of the Company inclusive of 25% margin.

24 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	**Note**	**2019**	2018
		--------Rupees in '000--------	
Present value of future minimum lease payments	24.2	**2,781,421**	1,290,367
Less: current portion		**(401,546)**	(274,374)
Non current portion	24.3	**2,379,875**	1,015,993

24.1 The Company has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from 6 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2018 : 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

24.2 This amount includes an amount of Rs. 1,336 million (2018: nil) recognized as present value of minimum lease payments relating to Right of use assets.

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24.3 The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:

	Note	2019	2018
		--------Rupees in '000--------	
Not later than one year		729,676	382,749
Later than one year but not later than five years		2,057,950	1,171,912
Later than five years		2,090,544	-
Total future minimum lease payments		4,878,170	1,554,661
Finance charge allocated to future years		(2,096,749)	(264,294)
Present value of future minimum lease payments		2,781,421	1,290,367
Not later than one year		(401,546)	(274,374)
Later than one year but not later than five years		2,379,875	1,015,993

25 DEFERRED LIABILITIES

	Note	2019	2018
Deferred taxation - net	9	-	196,052
Deferred liability - gratuity	25.1	257,282	250,593
		257,282	446,645

25.1 Deferred liability - gratuity

The Company operates an unfunded gratuity scheme for employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in scheme are 271 (2018: 390).

	Note	2019	2018
		--------Rupees in '000--------	
Deferred liability - gratuity	25.1.1	257,282	250,593

25.1.1 Movement in liability recognized in unconsolidated statement of financial position

	Note	2019	2018
Present value of defined benefit obligation as at the end of the year	25.1.2	257,282	250,593
Fair value of plan assets		-	-
statement of financial position liability		257,282	250,593

25.1.2 Movement in liability recognized in unconsolidated statement of financial position

	Note	2019	2018
Balance at the beginning of the year		250,593	188,825
Add: charge for the year	25.1.4	84,823	49,418
Less: paid/payable to outgoing employees		(19,657)	(16,698)
Remeasurements charged to other comprehensive income	25.1.3	(58,477)	29,048
Balance at the end of the year		257,282	250,593

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25.1.3 Movement in present value of the defined benefit obligation	Note	2019	2018
		--------Rupees in '000--------	
Opening balance		250,593	188,825
Current service cost		50,945	34,275
Interest cost	25.1.4	33,878	15,143
Benefits paid during the year		(19,657)	(16,698)
		315,759	221,545
(Gain)/ loss on remeasurement of defined benefit obligation		(58,477)	29,048
Present value of defined benefit obligation at the end of the year		257,282	250,593

25.1.4 Expense recognized in the unconsolidated profit or loss account

Current service cost		50,945	34,275
Net interest cost		33,878	15,143
		84,823	49,418

25.1.5 Remeasurement recognized in unconsolidated statement of comprehensive income

(Gain)/ loss on remeasurement of defined benefit obligation		(58,477)	29,048
Impact of deferred tax		16,959	(8,133)
		(41,518)	20,915

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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25.1.6 Analysis of present value of defined benefit obligation	2019	2018
	--------Rupees in '000--------	
Split by vested / non-vested		
(i) Vested benefits	199,775	186,052
(ii) Non-vested benefits	57,506	63,335
Split by benefits earned to date		
(i) Present value of guaranteed benefits	110,894	95,407
(ii) Present value of benefits attributable to future salary increase	146,387	153,980
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	9,959	19,138
Within second years from the end of financial year	34,832	25,320
Within third years from the end of financial year	18,366	27,357
Within fourth years from the end of financial year	17,228	22,897
Within five years from the end of financial year	147,197	32,031
Within six to ten years from the end of financial year	204,403	413,320
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	236,125	228,839
Discount rate -1%	281,906	273,277
Expected rate of salary increase +1%	282,933	274,255
Expected rate of salary increase -1%	234,885	227,657
Maturity profile of present value of defined benefit obligation		
Weighted average duration of the present value of defined benefit obligation (time in years)	8.85	8.86
Key statistics		
Average age (time in years)	43.07	42.59
Average service (time in years)	6.43	4.85
Average entry age (time in years)	36.64	37.74
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

25.1.7 Historical information of staff retirement benefits

	2019	2018	2017	2016	2015
Present value of gratuity	257,282	250,593	188,825	135,791	99,090

25.1.8 The expected gratuity expense for the year ending December 31, 2020 works out to be Rs. 71.010 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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25.1.9 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2019	2018
	% per annum	
- Expected long-term rate of increase in salary level	**11.25**	13.25
- Discount rate	**11.25**	13.25

26 TRADE AND OTHER PAYABLES

	Note	2019	Restated 2018
		----------Rupees in '000----------	
Trade creditors	26.1	**45,406,336**	26,686,559
Payable to cartage contractors		**2,031,042**	3,348,014
Advance from customers - unsecured		**409,490**	4,278,366
Dealers' and customers' security deposits	26.2	**421,407**	309,905
Accrued liabilities		**6,518**	13,838
Other liabilities	26.3	**1,950,410**	1,529,802
		50,225,203	36,166,484

26.1 This includes Rs. 29,621 million (2018: 14,713 million) amount payable to M/s Vitol Bahrain E.C which is a related party.

26.2 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Company can utilize these funds as per terms of the agreements.

26.3 This includes an amount of Rs. 18.5 million (2018: Rs. 8.8 million) payable to FUCHs Oil Middle East Limited incorporated under the laws of the British Virgin Islands and located in Sharjah, United Arab Emirates. This party is unrelated to the Company.

27 UNCLAIMED DIVIDEND

	2019	2018
	----------Rupees in '000----------	
Balance at beginning of the year	**362,674**	107,926
Add: dividend for the year	**-**	1,013,706
Less: payments during the year	**(6,077)**	(758,958)
Balance at end of the year	**356,597**	362,674

27.1 This includes Rs. 338.319 million (2018: 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

28 ACCRUED MARK-UP AND PROFIT

	2019	2018
	----------Rupees in '000----------	
Long-term financing	**41,201**	41,975
Short-term borrowings	**1,500,628**	263,216
Liabilities against assets subject to finance lease	**7,574**	6,785
	1,549,403	311,976

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29 SHORT-TERM BORROWINGS	Note	2019	2018
		----------Rupees in '000----------	
Borrowings from conventional banks - secured			
National Bank of Pakistan		-	3,999,990
Habib Bank Limited		3,979,397	2,332,298
United Bank Limited		-	891,716
Askari Bank Limited		825,456	-
National Bank of Pakistan		14,511,059	1,491,001
Industrial and Commercial Bank of China		166,667	500,000
Bank of Punjab		1,702,032	499,729
Bank of Khyber		484,388	484,388
Samba Bank Limited		1,022,357	397,675
Sindh Bank Limited		2,343,392	395,623
First Women Bank Limited		91,996	349,841
Summit Bank Limited		499,963	334,272
Habib Bank Limited		135,185	146,134
Habib Metropolitan Bank Limited		985,427	-
MCB Bank Limited		481,440	-
Faysal Bank Limited	29.1	2,100,000	-
United Bank Limited		79,358	56,434
Balance carried forward	29.2	29,408,117	11,879,101
Balance brought forward		29,408,117	11,879,101
Borrowings from Islamic bank - secured			
Meezan Bank Limited		3,156,700	3,500,000
BankIslami Pakistan Limited		947,000	-
Al Baraka Bank (Pakistan)		1,205,000	-
Dubai Islamic Bank Pakistan Limited		1,400,000	-
Bank Alfalah Limited		890,000	500,000
	29.2	7,598,700	4,000,000
Borrowings from Non Banking Financial Institutions - secured			
PAIR Investment Company Limited	29.3	10,836	500,000
Commercial paper - unsecured	29.4	-	2,498,365
		37,017,653	18,877,466

29.1 This facility was arranged from Faysal Bank Limited, the principal amount was repayable with the expiry of Stand by Letter of Credit and carried mark-up at 3 month KIBOR + 1.25% payable quarterly in arrears and was secured against Standby Letters of Credit (SBLC) amounting to USD 15 million, issued in favour of Faysal Bank Limited by the Mashreqbank PSC Dubai, United Arab Emirates on behalf of Vitol Dubai Limited.

29.2 These facilities were availed from various commercial banks aggregating to Rs. 35,100 million (2018: Rs. 16,500 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1% to 6 month KIBOR plus 7% (2018: 3 months KIBOR plus 1.25% to 6 months KIBOR plus 2.25%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with minimum 25% margin, and pledge of Pakistan Refinery Limited shares, with minimum 40% margin.

29.3 These loans have been obtained aggregating to Rs. 500 million (2018: Rs. 800 million). The rate of mark-up is 3 months KIBOR plus 1.1% (2018: 1 month KIBOR plus 1.8%). These are secured against hypothecation charge over the Company's present and future current assets.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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29.4 Movement in commercial paper	Note	2019	2018
		----------Rupees in '000----------	
Opening amortized cost		**2,498,365**	1,447,091
Obtained during the year		**3,770,753**	2,399,714
Unwinding of discount		**230,882**	151,560
Repayment during the year		**(6,500,000)**	(1,500,000)
Amortized cost	29.5	**-**	2,498,365

29.5 This represents rated, privately placed, Shari'ah compliant, Commercial Paper amounting to Rs. 4,000 million (2018: Rs. 2,500 million) issued to meet the working capital requirements of the Company. Bank Islami Pakistan Limited was the lead financial advisors and arrangers. However, during the year the Company has settled both commercial papers amounting to Rs. 6,500 million (2018: Rs. 1,500 million).

30 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2019	2018
		----------Rupees in '000----------	
Current portion of long term financing	23	**1,137,279**	1,196,848
Current portion of deferred and other liabilities	30.1	**1,473,003**	1,320,120
Current portion of liabilities subject to finance lease	24	**401,546**	274,374
		3,011,828	2,791,342

30.1 This amount pertains to provision recorded against claim of MENA Energy DMCC against out of court settlement of an ongoing litigation dispute in the English Commercial Court, London between MENA Energy DMCC and the Company, based on advice and recommendation of the Solicitors and Senior Counsel representing the Company in the litigation. The settlement involves the Company agreeing, subject to State Bank of Pakistan's (SBP) approval, to pay the settlement amount over a period of 18 (eighteen) months in four equal installments of USD 2,375,000 each on 19th May 2018, 19th July 2018, 19th January 2019 and 19th July 2019. However, the approval from SBP is still pending.

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

As per the deliberations of the main committee of the Oil Companies Advisory Committee (OCAC) held in their meeting number MCM-168 dated September 20, 2007, the financial costs on outstanding Price Differential Claims (PDCs) should be worked and billed to the Government of Pakistan (GOP) through OCAC by the Oil Marketing Companies (OMCs) on a regular basis. Although the Company had billed Rs 65.97 million (2018: Rs 65.97 million) to the GOP/ OCAC, the management had not accounted for its impact in these unconsolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

31.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2019 amounted to Rs 60,710 million (2018: Rs 68,250 million) of which the amount remaining unutilized as at that date was Rs 3,261 million (2018: Rs 6,433 million).

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Company, amounting to Rs. 3,898 million. (2018: Rs. 19,680 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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			2019	2018
			Rupees in '000	
(iii)	Bank guarantees		**337,026**	350,268
(iv)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:			
	Property, plant and equipment		**1,325,836**	1,029,427
(v)	Commitments for rentals of assets under operating lease/ Ijarah :			
	Not later than one year		**479,820**	479,942
	Later than one year and not later than five years		**1,474,449**	1,719,780
	Later than five years		**2,259,004**	2,795,313
			4,213,273	4,995,035
32	**SALES - NET**			
	Gross sales inclusive of sales tax		**180,247,080**	274,638,559
	Less: sales discount		**(324,124)**	(472,014)
			179,922,956	274,166,545
33	**OTHER REVENUE**			
	Owned tank lorries		**654,589**	663,248
	Franchise fee		**84,510**	98,816
	Joining fee for petrol pump operators		**32,500**	49,350
	Non fuel retail and lubricants		**43,029**	25,297
			814,628	836,711
34	**COST OF SALES**			
	Opening stock - fuel		**22,055,700**	18,134,720
	Fuel purchased	34.1	**123,880,944**	196,038,014
	Storage and handling charges		**3,032,138**	728,634
	Duties and levies	34.2	**26,976,982**	29,691,919
	Less: closing stock - fuel and petrochemical	11 & 34.3	**(19,219,871)**	(22,055,700)
			156,725,893	222,537,587

34.1 This includes fuel purchased from local refineries and imports.

34.2 Duties and levies

	2019	2018
	Rupees in '000	
Petroleum development levy	**22,254,608**	21,184,584
Inland freight equalization margin	**3,465,101**	6,015,598
Freight	**1,257,273**	2,491,737
	26,976,982	29,691,919

34.3 The amount of Rs. 559.60 million from 2018 has been reclassified to cost of sales of discontinued operations.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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35 DISTRIBUTION AND MARKETING EXPENSES

	Note	2019	2018
		----------Rupees in '000----------	
Salaries, wages and other benefits	36.1	793,346	780,914
Depreciation on property, plant and equipment	6.11	1,266,100	937,855
Depreciation on right-of-use asset	6.3	93,516	-
Rent, rates and taxes		343,608	338,145
Fuel and power	35.1	422,443	323,394
Traveling and conveyance		177,709	284,563
Repairs and maintenance		237,708	262,180
Insurance		380,425	235,780
Commission		25,856	157,467
Advertising and publicity		32,434	46,066
Ujrah payments		256,774	118,370
Printing, communication and stationery		22,219	36,821
Fees and subscription		15,443	13,244
Legal and professional charges		10,912	4,046
		4,078,493	3,538,845

35.1 Total expense of fuel and power includes fuel expense of owned tank lorries Rs. 274.06 million (2018: Rs. 229.63 million).

36 ADMINISTRATIVE EXPENSES

	Note	2019	2018
		----------Rupees in '000----------	
Salaries, allowances and other benefits	36.1	459,033	462,650
Fee and subscription		52,162	93,499
Legal and professional charges		72,555	69,474
Traveling and conveyance		40,955	44,163
Insurance		19,508	38,613
Repairs and maintenance		34,595	39,596
Depreciation	6.11	33,428	30,916
Rent, rates and taxes		30,625	27,958
Printing, communication and stationery		27,066	25,024
Advertising and publicity		6,803	21,814
Fuel and power		32,183	13,164
Donation	36.2	3,546	11,790
Auditor's remuneration	36.3	4,692	4,265
Amortization	7	534	43
		817,685	882,969

36.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2019	2018
- Gratuity	25.1.4	50,945	34,275
- Contribution to provident fund		33,032	29,834

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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36.2 Donation includes amount of Rs. 1 million (2018: Rs. 1 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed, director of the Company, who is also Chief Executive Officer of LRBT. Further, names of donees to whom donation amount is equivalent or exceeds Rupees 1 million are as follows:

	2019	2018
	----------Rupees in '000----------	
Tehzib ul Akhlaq Trust	-	1,500
Layton Rahmatulla Benevolent Trust	1,000	1,000
Karwan-e-Hayat	1,000	1,000
Mangla golf club	1,000	-
SOS Children's Villages Pakistan	-	2,500
One to many	-	2,040
Pakistan Association of the Blind	-	2,500

36.3 Auditor's remuneration

	2019	2018
Statutory audit	1,825	1,630
Certifications	753	672
Shari'ah audit fee	700	700
Half yearly review	606	541
Out of pocket expenses	476	425
Consolidation	332	297
	4,692	4,265

37 OTHER EXPENSES

	Note	2019	2018
Unfavorable losses on imports	37.1	6,324,049	-
Provision against franchise income	15.4	-	31,794
Provision against doubtful debts	37.2	2,099,444	84,900
Penalty	37.3	48,351	-
Shipping cost	37.4	319,123	977,224
		8,790,967	1,093,918

37.1 This represents loss incurred amounting to Rs. 6,324 million caused by an unfavorable fluctuation in the international oil prices, market volatility in the backdrop of uncertain global and / or local economic conditions coupled with significant devaluation of Pakistani Rupee. The difference in regulated eventual selling prices verses the product cost resulted in the reported loss during the year.

37.2 This represents provisions for Expected Credit Losses - ECL amounting to Rs 2,099 million (2018 Rs: nil). This provision was made under the requirements of IFRS 9 as disclosed in note 12.4.

37.3 This represents penalty paid to Oil and Gas Regulatory Authority (OGRA).

37.4 This represents unaccounted liability related to shipping cost on import contracts of the Company. These transactions pertain to M/s Vitol Bahrain E.C which is a related party.

During internal management review of the liabilities of the Company, it was identified that in the previous years' the effect of shipping cost related to import transactions have not been accounted for.

However, during the year the required correction has been made and the effect of import components related to import transactions have been accounted for retrospectively in accordance with the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of retrospective restatement is tabulated below.

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	December 31, 2019	December 31, 2018	January 01, 2018
	------Rupees in '000------		
Impact on statement of financial position			
Increase in trade and other payables	25,519	594,536	1,040,801
(Increase) / decrease in deferred tax asset	545,678	(172,415)	(312,240)
Impact on statement of changes in equity			
Decrease in retained earnings	-	-	(728,561)
Impact on profit or loss account			
Decrease in cost of sales	477,709	688,017	-
Increase in other expenses	(319,123)	(977,224)	-
Increase in exchange loss	(184,104)	(305,329)	-
(Increase) / decrease in tax expense	(545,678)	172,415	-
Decrease in earnings per share	(2.87)	(2.12)	(4.45)

38 OTHER INCOME

	2019	2018
	------Rupees in '000------	
Income from financial assets		
Markup/profit on		
- deposit with conventional banks	377,300	357,131
- TFCs	6,749	-
- deposit with Islamic banks	76,694	61,456
	460,743	418,587
Income from non-financial assets		
Gain on disposal of operating fixed assets	31,775	86,207
Sundries	2,883	10,347
Promotional marketing fee	7,541	8,458
Scrap sales	3,987	2,168
Rental income	3,728	1,575
	49,914	108,755
	510,657	527,342

39 FINANCE COST

	2019	2018
Conventional		
Short term borrowings	5,540,172	475,177
Letter of credit	164,187	219,792
Long term borrowings	18,869	17,807
Interest cost on lease liability on right of use asset	165,682	-
Bank charges	49,299	23,703
Interest cost of gratuity scheme	33,878	15,143
Balance carried forward	5,972,087	751,622
Balance brought forward	5,972,087	751,622
Islamic		
Short term borrowings	1,160,970	321,226
Letter of credit	52,705	94,907
Long term borrowings	70,627	71,607
Assets obtained under finance lease	194,373	77,708
Bank charges	15,825	7,192
	1,494,500	572,640
	7,466,587	1,324,262

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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		Note	2019	Restated 2018
40	**TAXATION**		----------Rupees in '000----------	
	Current		1,030,621	1,081,640
	Prior period		-	237,761
	Deferred		(213,010)	(1,047,077)
		40.1	817,611	272,324
40.1	**It relates to:**			
	Continuing operations		865,502	308,613
	Discontinued operations		(47,891)	(36,289)
			817,611	272,324

40.2 During the year, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these unconsolidated financial statements.

41 LOSS FROM DISCONTINUED OPERATIONS

The Board of Directors of the Company in their meeting held on August 29, 2019 has approved the transfer of its lubricant business operations to its wholly owned subsidiary Company, Hascol Lubricants (Private) Limited with effect from October 21, 2019. These operations are now part of the subsidiary and are taken as disposed in these unconsolidated financial statements.

		Note	2019 -Rupees in '000-
41.1	**Summary of gain/(loss) on transfer:**		
	Sale proceed on disposal		2,945,000
	Less : Net assets of the subsidiary	41.2	(2,945,000)
			-

41.2 An analysis of assets and liabilities attributable to discontinued operations as at the time of disposal is as follows:

	2019 -Rupees in '000-
Assets attributable to discontinued operations:	
- Property, plant and equipment	2,130,000
- Stock-in-trade	515,000
- Trade debts	300,000
	2,945,000

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41.3 Losses from discontinued operations of lubricants business unit are disclosed hereunder:

	2019	2018
	----------Rupees in '000----------	
Gross sales inclusive of sales tax	1,554,181	1,468,798
Less: sales discount	(5,143)	(31,229)
Sales - net	1,549,038	1,437,569
Less: sales tax	(246,765)	(237,830)
Net sales of discontinued operations	1,302,273	1,199,739
Cost of products sold	(1,101,348)	(941,878)
Gross profit from discontinued operations	200,924	257,861
Operating expenses	(369,990)	(386,298)
Operating loss from discontinued operations	(169,066)	(128,437)

41.4 Items presented in these unconsolidated financial statement as at December 31, 2018 have been reclassified to confirm to current year's presentation.

	Before classification/ restatement	Reclassification	After classification
	---------Rupees in '000---------		
Gross sales inclusive of sales tax	276,107,357	1,468,798	274,638,559
Less: sales discount	(503,243)	(31,229)	(472,014)
Sales - net	275,604,114	1,437,569	274,166,545
Less: sales tax	(41,996,694)	(237,830)	(41,758,864)
Net sales of discontinued operations	233,607,420	1,199,739	232,407,681
Cost of products sold	(223,479,465)	(941,878)	(222,537,587)
Gross profit from discontinued operations	10,127,955	257,861	9,870,094
Operating expenses	(4,808,112)	(386,298)	(4,421,814)
Operating loss from discontinued operations	5,319,843	(128,437)	5,448,280

42 LOSS PER SHARE - basic and diluted

	2019	Restated 2018
	--------Rupees in '000--------	
Loss for the year from continued operation	(25,752,654)	(122,830)
Loss for the year from discontinued operation	(121,175)	(92,148)
Loss for the year	(25,873,829)	(214,978)
	2019	2018
Weighted average number of ordinary shares (in thousand)	199,121	199,121
Loss per share from continued operations - basic (Rupees)	(129.33)	(0.62)
Loss per share from discontinued operations - basic (Rupees)	(0.61)	(0.46)
Basic and diluted loss per share (Rupees)	(129.94)	(1.08)

A diluted earnings per share has not been presented as it had anti-dilutive effect on the earnings per share.

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43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rs in '000					
Director's fee	-	19,800	-	-	20,100	-
Managerial remuneration	65,983	-	441,997	63,311	-	425,618
Cost of living allowance	6,798	-	49,111	5,943	-	47,291
Reimbursement of medical expenses	67	8,504	35,378	58	4,323	30,634
Bonus	12,000	-	30,392	-	-	-
Retirement benefits	3,500	-	22,851	3,286	-	20,986
	88,348	28,304	579,729	72,598	24,423	524,529
Number of person(s)	1	9	161	1	8	172

43.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

44 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.

Significant transactions with related parties, other than those disclosed elsewhere in this unconsolidated statement of financial position, are as follows:

44.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2019	Restated 2018
			Rupees in '000	
Shareholding in the Company				
Fossil Energy (Private) Limited	Rendering of services	10.66%	19,907	-
Marshal Gas	Assets procurement	4.88%	-	183,288
Shareholding by the Company				
Hascol Terminals Limited	Rendering of services	15%	1,954,403	-
Hascol Terminals Limited	Business support service	15%	40,739	22,069
Hascol Lubricants (Private) Limited	Advance against issue of shares	100%	3,087,785	-
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	84,883,613	126,057,794
Clover Pakistan Limited	Procurement	N/A	230,142	122,667
Hascombe Business Solutions	Procurement	N/A	-	408,522
Faysal Bank Limited	Rendering of services	N/A	2,006,111	-
Layton Rahmatulla Benevolent Trust	Donation	N/A	1,000	-
Gas & Oil Pakistan Limited	Duty	N/A	205,000	-
VOS Petroleum Limited	Rendering of services	N/A	151,482	-

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44.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2019	Restated 2018
			--------Rupees in '000--------	
Shareholding in the Company				
Fossil Energy (Private) Limited	Rendering of services	10.66%	3,475	-
Shareholding by the Company				
Hascol Terminals Limited	Advance against issue of shares	15%	40,000	40,000
Hascol Terminals Limited	Investments	15%	375,000	375,000
Hascol Terminals Limited	Business support service	15%	20,863	-
Hascol Terminals Limited	Rendering of services	N/A	853,643	-
Hascol Lubricants (Private) Limited	Advance against issue of shares	100%	2,948,362	3,362
Hascol Lubricants (Private) Limited	Business support service	100%	142,785	-
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	3,000	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	29,620,793	14,713,447
Clover Pakistan Limited	Procurement	N/A	31,610	-
VOS Petroleum Limited	Rendering of services	N/A	46,918	-
Faysal Bank Limited	Rendering of services	N/A	1,853,063	-
Gas & Oil Pakistan Limited	Duty	N/A	205,000	-

44.3 Following are the associated companies with whom the Company had entered into transactions or have agreement:

S.no	Company Name	Basis of Association	Country of Incorporation
1	Vitol Dubai Limited	Associated Company	Dubai, UAE.
2	Hascol Terminal Limited	Common Directorship	Pakistan
3	Clover Pakistan Limited	Common Directorship	Pakistan
4	Fossil Energy (Private) Limited	Associated Company	Pakistan
5	VOS Petroleum Limited	Common Directorship	Pakistan

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		Note	2019	Restated 2018
			--------Rupees in '000--------	
45	**CASH GENEREATED FROM/ (USED IN) OPERATIONS**			
	(Loss) / profit before taxation		(25,056,218)	57,346
	Adjustment for:			
	Depreciation on property plant and equipment	6.11	1,309,722	977,342
	Depreciation on right-of-use asset	6.3	93,516	-
	Amortization	7	534	43
	Provision for franchise income	15.4	-	31,794
	Provision for gratuity	25.1.3	50,945	34,275
	Provision for doubtful debts	12.4	2,099,444	84,900
	Provision against slow moving stock	11	69,542	-
	Markup/profit on bank deposits	38	(460,743)	(418,587)
	Exchange loss - unrealized		70,167	372,133
	Gain on disposal of operating fixed assets	38	(31,775)	(86,207)
	Finance cost	39	7,466,587	1,324,262
	Working capital changes	45.1	16,746,131	(6,104,620)
	Cash generated from / (used in) operations		2,357,852	(3,727,319)
45.1	**Changes in working capital Decrease / (increase) in current assets**			
	Stock-in-trade		3,325,891	(4,058,197)
	Trade debts		295,074	(2,118,917)
	Advances		(55,526)	71,876
	Deposits, prepayments and other receivables		34,073	(119,196)
	Other receivables		(994,816)	(684,495)
			2,604,696	(6,908,929)
	Increase in current liabilities			
	Trade and other payables		14,141,435	804,309
			16,746,131	(6,104,620)
46	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	19	13,586,382	8,799,447
	Less: Term deposit receipts		-	(60,000)
			13,586,382	8,739,447
	Short-term borrowings	29	(37,017,653)	(18,877,466)
	Add: Commercial paper		-	2,498,365
			(37,017,653)	(16,379,101)
			(23,431,271)	(7,639,654)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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47 OPERATING SEGMENTS

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

- Sales from petroleum products represents 99.14 % (2018: 99.13 %) of total revenues of the Company.
- Out of total sales of the Company 98.7 % (2018: 98.9 %) related to customers in Pakistan.
- All non-current assets of the Company as at 31 December, 2019 are located in Pakistan.

The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the Company are around 34.31% during the year ended December 31, 2019 (2018: 43.09%).

48 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
		--------Rupees in '000--------	
Financial assets as per statement of financial position			
Fair value through other comprehensive income			
Long term investments	8	1,319,780	1,370,814
At cost			
Long term investments	8	2,952,385	7,385
At amortized cost			
Deposits	14& 10	581,475	555,170
Trade debts	12	11,040,583	13,552,235
Other receivables		3,809,726	2,814,910
Accrued mark-up and profit	16	114,159	92,718
Short term investments	18	103,688	-
Cash and bank balances	19	13,586,382	8,799,447
		29,236,013	25,814,480
Total financial assets		33,508,178	27,192,679
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	23	2,727,817	3,822,698
Unclaimed dividend	27	356,597	362,674
Other liabilities	30	1,473,003	1,320,120
Trade and other payables		49,815,713	31,888,118
Accrued mark-up and profit	28	1,541,829	305,191
Short-term borrowings	29	37,017,653	18,877,466
Total financial liabilities		92,932,612	56,576,267

49 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated balance sheet are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees in '000-----			
Financial assets				
Long term investments	1,319,780	1,319,780	1,370,814	1,370,814
Deposits	581,475	581,475	555,170	555,170
Trade debts	11,040,583	11,040,583	13,552,235	13,552,235
Other receivables	3,809,726	3,809,726	2,814,910	2,814,910
Accrued mark-up and profit	114,159	114,159	92,718	92,718
Short term investments	103,688	103,688	-	-
Cash and bank balances	13,586,382	13,586,382	8,799,447	8,799,447
	30,555,793	30,555,793	27,185,294	27,185,294
Financial liabilities				
Long-term financing	2,727,817	2,727,817	3,822,698	3,822,698
Unclaimed dividend	356,597	356,597	362,674	362,674
Other liabilities	1,473,003	1,473,003	1,320,120	1,320,120
Trade and other payables	49,815,713	49,815,713	31,888,118	31,888,118
Accrued mark-up and profit	1,541,829	1,541,829	305,191	305,191
Short-term borrowings	37,017,653	37,017,653	18,877,466	18,877,466
	92,932,612	92,932,612	56,576,267	56,576,267

b) Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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c) Financial assets

	Carrying value	Level 1	Level 2	Level 3	Total
	---Rupees in '000---				
2019					
Short term investments	**103,688**	**103,688**	**-**	**-**	**103,688**
Long term investments - FVOCI	**1,319,780**	**904,780**	**-**	**415,000**	**1,319,780**
Long term investments at cost	**2,952,385**	**-**	**-**	**2,952,385**	**2,952,385**
Total	**4,375,853**	**1,008,468**	**-**	**3,367,385**	**4,375,853**
2018					
Long term investments - FVOCI	1,370,814	955,814	-	415,000	1,370,814
Long term investments at cost	7,385	-	-	7,385	7,385
Total	1,378,199	955,814	-	422,385	1,378,199

d) Non-financial assets

	Carrying value	Level 1	Level 2	Level 3	Total
	---Rupees in '000---				
2019					
Building on lease hold land					
- Office and depots building	**6,010,280**	**-**	**-**	**6,010,280**	**6,010,280**
- Pump building	**4,064,379**	**-**	**-**	**4,064,379**	**4,064,379**
Tanks and pipelines	**5,838,127**	**-**	**-**	**5,838,127**	**5,838,127**
Dispensing pumps	**1,441,567**	**-**	**-**	**1,441,567**	**1,441,567**
Plant and machinery	**2,065,437**	**-**	**-**	**2,065,437**	**2,065,437**
Electrical, mechanical and fire fighting equipment	**4,522,934**	**-**	**-**	**4,522,934**	**4,522,934**
Furniture, office equipment and other assets	**244,102**	**-**	**-**	**244,102**	**244,102**
Computer auxiliaries	**57,626**	**-**	**-**	**57,626**	**57,626**
	24,244,452	**-**	**-**	**24,244,452**	**24,244,452**
2018					
Building on lease hold land					
- Office and depots building	4,116,170	-	-	4,116,170	4,116,170
- Pump building	2,852,472	-	-	2,852,472	2,852,472
Tanks and pipelines	3,532,433	-	-	3,532,433	3,532,433
Dispensing pumps	1,051,529	-	-	1,051,529	1,051,529
Plant and machinery	490,461	-	-	490,461	490,461
Electrical, mechanical and fire fighting equipment	1,742,036	-	-	1,742,036	1,742,036
Furniture, office equipment and other assets	190,491	-	-	190,491	190,491
Computer auxiliaries	75,761	-	-	75,761	75,761
	14,051,353	-	-	14,051,353	14,051,353

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50 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:	**Note**
- Market risk	50.1.1
- Credit risk and concentration of credit risk	50.1.2
- Liquidity risk	50.1.3

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

50.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

50.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 200.56 million (2018: USD 102 million) having PKR equivalent amount of Rs. 31,097.43 million (2018: Rs. 14,188.63 million). The average rates applied during the year is Rs. 146.87 per USD (2018: Rs. 121.91 per USD) and the spot rate as at December 31, 2019 is Rs. 155.0529 per USD (2018: Rs. 138.69 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 2,208.935 million (2018: Rs. 3,903.04 million) during the year.

Sensitivity analysis

As at December 31, 2019, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,554.871 million (2018: Rs. 98.583 million).

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(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees in '000			
(Expense) / income				
As at December 31, 2019	**(76,343)**	**76,343**	**(54,203)**	**54,203**
As at December 31, 2018	(15,742)	15,742	(11,177)	11,177

2019	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk: Maturity up to one year	Exposed to yield/interest/profit risk: Maturity after one year	Exposed to yield/interest/profit risk: Sub-Total	Non-interest/profit bearing: Maturity up to one year	Non-interest/profit bearing: Maturity after one year	Non-interest/profit bearing: Sub-Total	Total
	Rupees. in '000							
Financial assets (a)								
Long term investments	-	-	-	-	-	1,319,780	1,319,780	1,319,780
Deposits	-	-	-	-	10,410	571,065	581,475	581,475
Trade debts	-	-	-	-	11,040,583	-	11,040,583	11,040,583
Other receivables	-	-	-	-	3,809,726	-	3,809,726	3,809,726
Accrued mark-up and profit	-	-	-	-	114,159	-	114,159	114,159
Short term investments	14.29-15.15	103,688	-	103,688	-	-	-	103,688
Cash and bank balances	7.75-9.5	12,675,368	-	12,675,368	911,014	-	911,014	13,586,382
		12,779,056	-	12,779,056	15,885,892	1,890,845	17,776,737	30,555,793
Financial liabilities (b)								
Long term finances	7.95-10.15	2,727,817	-	2,727,817	-	-	-	2,727,817
Unclaimed dividend	-	-	-	-	356,597	-	356,597	356,597
Other liabilities	-	-	-	-	1,473,003	-	1,473,003	1,473,003
Trade and other payables	-	-	-	-	49,815,713	-	49,815,713	49,815,713
Accrued mark-up and profit	-	-	-	-	1,541,829	-	1,541,829	1,541,829
Short-term borrowings	7.39-9.12	37,017,653	-	37,017,653	-	-	-	37,017,653
		39,745,470	-	39,745,470	53,187,142	-	53,187,142	92,932,612
On financial position gap (a)-(b)		(26,966,414)	-	(26,966,414)	(37,301,250)	1,890,845	(35,410,405)	(62,376,819)

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2018		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
			Rupees. in '000						
Financial assets	**(a)**								
Long term investments		-	-	-	-	-	1,330,814	1,330,814	1,330,814
Deposits		-	-	-	-	7,398	547,772	555,170	555,170
Trade debts		-	-	-	-	13,552,235	-	13,552,235	13,552,235
Other receivables		-	-	-	-	2,845,526	-	2,845,526	2,845,526
Accrued mark-up and profit		-	-	-	-	92,718	-	92,718	92,718
Cash and bank balances		3.75-5.5	7,537,871	60,000	7,597,871	1,201,576	-	1,201,576	8,799,447
			7,537,871	60,000	7,597,871	17,699,453	1,878,586	19,578,039	27,175,910
Financial liabilities	**(b)**								
Long term finances		7.95-10.15	3,822,698	-	3,822,698	-	-	-	3,822,698
Unclaimed dividend		-	-	-	-	362,674	-	362,674	362,674
Other liabilities		-	-	-	-	-	1,320,120	1,320,120	1,320,120
Trade and other payables		-	-	-	-	34,517,309	-	34,517,309	34,517,309
Accrued mark-up and profit		-	-	-	-	311,976	-	311,976	311,976
Short-term borrowings		7.39-9.12	18,877,466	-	18,877,466	-	-	-	18,877,466
			22,700,164	-	22,700,164	35,191,959	1,320,120	36,512,079	59,212,243
On financial position gap	**(a) - (b)**		(15,162,293)	60,000	(15,102,293)	(17,492,506)	558,466	(16,934,040)	(32,036,333)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 904.78 million (2018: Rs. 955.81 million) at the unconsolidated statement of financial position date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2019 and 2018 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

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	Fair value	Hypothetical price change at 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss)
	---Rupees in '000---				
2019	**1,319,780**	**Increase**	**1,715,714**	**395,934**	**395,934**
		Decrease	**923,846**	**(395,934)**	**(395,934)**
2018	1,370,814	Increase	1,782,058	411,244	411,244
		Decrease	959,570	(411,244)	(411,244)

50.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2019	2018
	--------Rupees in '000--------	
Long term investments	**1,282,780**	1,333,814
Deposits	**581,475**	555,170
Trade debts - unsecured	**3,150,213**	4,379,108
Other receivables	**3,809,726**	2,814,910
Accrued mark-up and profit	**114,159**	92,718
Short term investments	**103,688**	-
Bank balances	**13,586,382**	8,799,447
	22,628,423	17,975,167

Aging analysis of trade debts:

	2019		2018	
	Gross	Impaired	Gross	Impaired
	---Rupees in '000---			
Past due 1-30 days	**7,914,985**	**4,635**	12,141,217	-
Past due 31-90 days	**3,805,551**	**1,502,094**	1,383,451	-
Past due 91-180 days	**303,267**	**9,155**	5,084	-
Past due 181-365 days	**885,010**	**352,347**	1,070	-
Over 1 year	**433,248**	**433,248**	106,313	84,900
Over 5 years	**7,973**	**7,973**	7,973	7,973
	13,350,034	**2,309,451**	13,645,108	92,873

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Rating agency	Short term	Long term	2019	2018
				---- Rupees in '000 ----	
Islamic Banks					
Al Baraka Bank Pakistan Limited	PACRA	A1	A	77,804	173,620
Bank Islami Pakistan Limited	PACRA	A1	A+	184,188	982,385
Meezan Bank Limited	JCR- VIS	A-1+	AA+	113,541	309,177
MCB Islamic Bank Limited	PACRA	A1	A	96	96
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA	248,588	288,499
Faysal Bank Limited	PACRA	A-1+	AA	225,000	-
Summit Bank Limited	JCR- VIS	Suspended		183,439	-
Habib Metropolitan Bank Limited	PACRA	A-1+	AA	2,732	-
Balance carried forward				1,035,387	1,753,777
Balance brough forward				1,035,387	1,753,777
Conventional banks					
Industrial and Commercial Bank of China	Moody's	P-1	A1	4,175	251,475
Askari Bank Limited	PACRA	A-1+	AA+	2,397,111	429,265
Bank Al Falah Limited	PACRA	A-1+	AA+	1,578,139	1,471,112
Bank of Khyber	PACRA	A-1	A	134,372	201,885
Bank of Punjab	PACRA	A-1+	AA	142,176	440,323
First Women Bank Limited	PACRA	A-2	A-	73,291	72,213
MCB Bank Limited	PACRA	A-1+	AAA	436,743	281,058
National Bank of Pakistan	PACRA	A-1+	AAA	1,842,873	1,764,285
Habib Bank Limited	JCR- VIS	A-1+	AAA	1,308,500	398,428
SAMBA Bank Limited	JCR- VIS	A-1	AA	342,703	112,538
Citi Bank	Moody's	P-1	Aa3	9,405	-
NIB Bank Limited		A-1+	AAA	383	-
Silk Bank Limited		A-2	A-	73	5,273
Sind Bank Limied		A-1	A+	247,424	232,074
United Bank Limited		A-1+	AAA	75,025	108,580
Faysal Bank Limited	PACRA	A-1+	AA	21,937	340,827
Al Baraka Bank Pakistan Limited		A-1	A	9,337	-
Bank Islami Pakistan Limited		A-1	A	84,594	-
Summit Bank Limited		Suspended		519,617	257,510
Habib Metropolitan Bank Limited	PACRA	A-1+	AA	3,316,657	609,240
Total				13,579,922	8,729,863

50.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

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	Within one year	Over one year	Total
	--------------Rupees in '000---------------		
2019			
Long term finances	**1,137,279**	**1,590,538**	**2,727,817**
Other liabilities	**1,473,003**	**-**	**1,473,003**
Trade and other payable	**49,815,713**	**-**	**49,815,713**
Unclaimed dividend	**356,597**	**-**	**356,597**
Mark-up accrued	**1,541,829**	**-**	**1,541,829**
Short-term borrowings	**37,017,653**	**-**	**37,017,653**
	91,342,074	**1,590,538**	**92,932,612**
2018			
Long term finances	1,196,848	2,625,850	3,822,698
Other liabilities	-	1,320,120	1,320,120
Trade and other payables	34,517,309	-	34,517,309
Accrued mark-up and profit	311,976	-	311,976
Unclaimed dividend	362,674	-	362,674
Short-term borrowings	18,877,466	-	18,877,466
	55,266,273	3,945,970	59,212,243

50.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

The Company's operational cash flows and financial conditions could also be negatively affected by the following:

a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.
b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

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However the Company manages above risks with well-defined Disaster Recovery and Business Continuity Plan. The staff is sufficiently trained and aware of their job responsibilities in case of any calamity which may prevent employees to use office of the Company or any other joint working space. The BCP also provides remote access to the resources for employees to fulfil their job responsibilities and service clients while ensuring utmost security of the Company's information system.

51 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	Note	2019	2018
		--------Rupees in '000--------	
Total interest bearing debt		**42,526,891**	23,990,531
Trade and other payables		**49,815,713**	34,531,147
Accrued mark-up and profit	28	**1,549,403**	311,976
Less: cash and bank balances	19	**(13,586,382)**	(8,799,447)
Deficit of net cash over debt/ net debt		**80,305,625**	50,034,207
Total shareholders' (deficit)/ equity		**(8,913,728)**	11,334,308
Net equity		**71,391,897**	61,368,515
Gearing ratio		**112.49%**	81.53%

52 EMPLOYEES PROVIDENT FUND

The Company operates approved provident fund for its eligible employees as of 31 December, 2019. Details of assets and investments of the fund is as follows:

	Note	2019 Unaudited	2018 Audited
Size of fund - total assets (Rupees in '000)		**165,051**	122,179
Number of members		**294**	352
Cost of investments made (Rupees in '000)		**165,564**	121,826
Percentage of investments made		**100%**	100%
Fair value of investments (Rupees in '000)	52.1	**159,945**	121,576

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

52.1 The break-up of fair value of investments is as follows:

	2019 Unaudited		2018 Audited	
	Investments (Rs in '000)	Percentage of investment made	Investments (Rs in '000)	Percentage of investment made
Saving bank accounts	35,564	22	88,365	73
Regular income certificates	15,000	9	19,365	16
Term finance certificate	95,000	60	-	-
Mutual fund	14,381	9	13,846	11
	159,945	100	121,576	100

52.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

53 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in Note 23 and 29.
(ii)	Deposits	Non-interest bearing as disclosed in Note 10 and 14.
(iii)	Segment revenue	Disclosed in note 47.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 19.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 38.
(vi)	Gain/(loss) on disposal of investment held at fair value through other comprehensive income	Not applicable during the year.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 32, 33 and 38.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 39.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

54 COMPARATIVE FIGUERS

Items presented in these unconsolidated statement of financial position as at December 31, 2018 have been reclassified to confirm to current year's presentation.

	Note	Before classification	Reclassificati-on	After classification
		--------------Rupees in '000---------------		
Advances				
Advance against purchase of shares - with related parties	13	109,489	(44,385)	65,104
Long-term investments				
Advance against purchase of shares - with related parties	8	1,333,814	44,385	1,378,199
		1,443,303	-	1,443,303

54.1 These unconsolidated financial statements includes reclassification of comparative figures with respect to discontinued operations and for details refer note 41.4.

55 SUBSEQUENT EVENTS

1) The Board of Directors of the Company, in their meeting held on 30th October 2019 has approved the increase in the ordinary paid up share capital of the Company by issue of a further 800,000,000 ordinary shares, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act 2017, at a price of Rs. 10/- each per share, in the ratio of 4 right shares for every 1 existing ordinary share of PKR 10/- each (i.e. 400%). The BOD in its meeting declared that right shares are allotted to subscribers on 23 January 2020.

   The funds of right issue will be utilized for working capital requirements, the same is expected to enable the Company to improve its performance in terms of profitability, there by resulting in better returns to the shareholder.

2) Vitol Dubai Limited being a major share holder of the Company holding 54,676,551 shares of the Company. On January 31, 2020 Vitol further acquired 401,697,229 shares which increases its total shareholding in the Company i.e. 401,697,229 shares which represent 40.21% of the total issued voting shares of the Company.

3) The existence of novel corona virus (COVID 19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the Company's unconsolidated financial statements, if any, will be considered in the next unconsolidated financial statements.

56 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at year end	617	988
Average number of employees during the year	803	872

57 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on _________, 2020 by the Board of Directors of the Company.

Chief Executive Officer	Chief Financial Officer	Director


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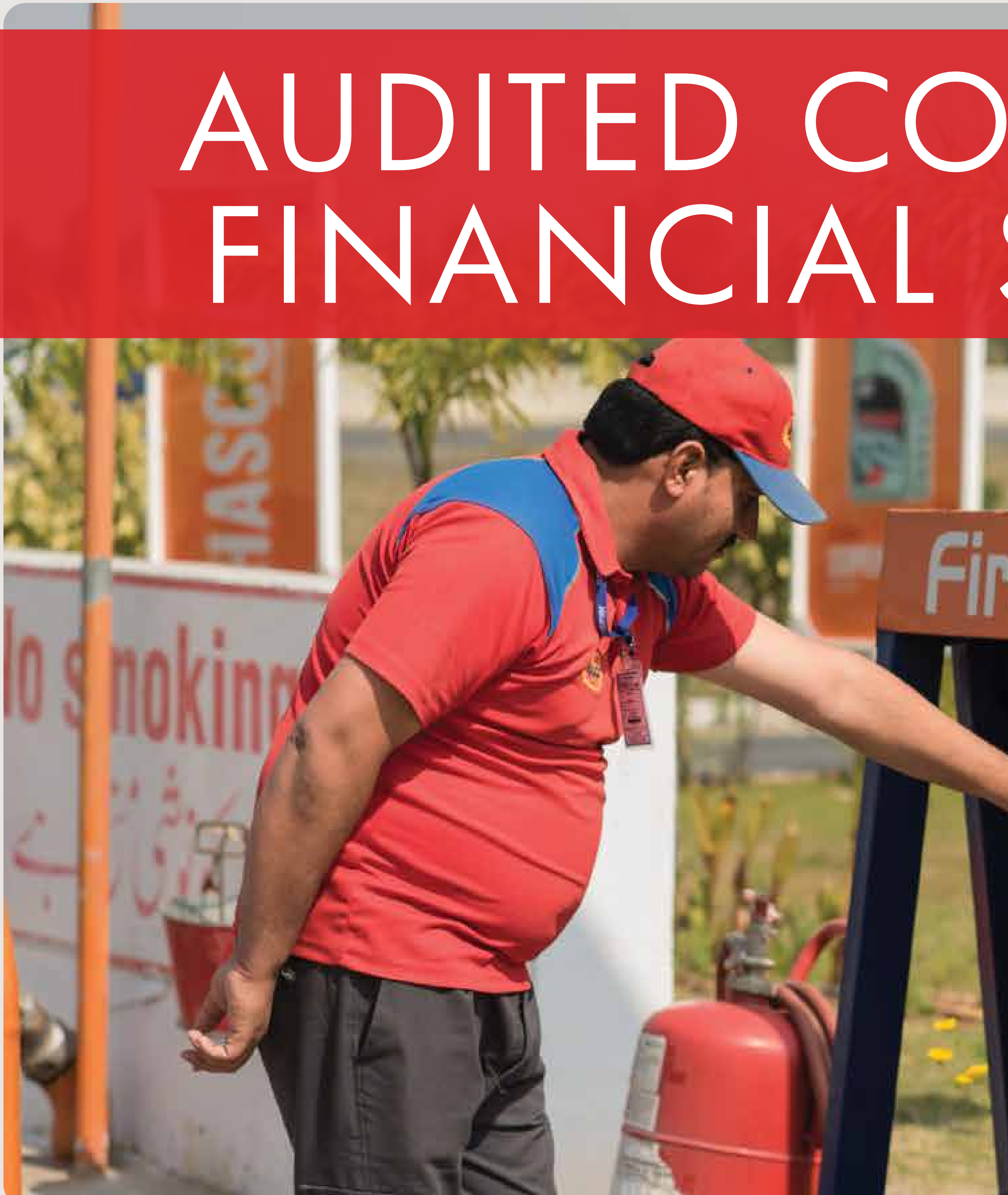

NSOLIDATED
STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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To the members of Hascol Petroleum Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Hascol Petroleum Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to the note 1.2 of the consolidated financial statements which states that the Group has incurred a net loss of Rs. 25,877 (2018: Rs. 218) million, resulting in accumulated (losses)/ profit of Rs. (25,198) (2018: Rs. 579) million as of the financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 42,608 (2018: Rs. 9,070) million. As stated in note referred above, these conditions, along with other matters, indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters;

Key audit matters	How the matter was addressed in our audit
Adoption of IFRS 9 'Financial Instruments' Refer notes 4.4.3, 4.4.5 & 13 to the consolidated financial statements. IFRS 9 'Financial Instruments' is effective for the Group for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant judgments made by management regarding the matter.	Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's consolidated financial statements; • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses; and • We reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.

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Adoption of IFRS 16 'Leases'	Our audit procedures, amongst others, included:
(Refer note 4.4.6 to the consolidated financial statements) 'IFRS 16 – Leases' becomes effective for annual reporting beginning on or after 1 January 2019. The application of the new standard gives rise to a right of use asset and a corresponding increase in lease liabilities. The Group has chosen to apply the provisions of IFRS 16 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The assessment of the impact of the new standard is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy elections, the implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Therefore, we have considered this to be a key audit matter.	• Evaluated management's implementation process and reviewed the updated accounting policy and policy election. • For a sample of leases, computed the right-of-use assets and corresponding lease liabilities independently and compared the results to that of the management. • Considered the completeness of leases identified by testing the reconciliation to the Group's operating lease commitments (as disclosed in prior year financial statements) and by going through key service contracts to assess whether they contained a lease under IFRS 16. • Assessed the reasonableness of management's assumptions used especially in respect of determination of discount rates for a portfolio of leases and the assessment of renewal and termination options contained in the lease agreements. • Checked the accuracy of the underlying lease data on test basis by agreeing each lease to the original contract or other supporting information. • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: 22 JUL 2020


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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS	Note	2019	Restated 2018	Restated 2017
		-------------Rupees in '000-------------		
Non-current assets				
Property, plant and equipment	7	36,030,176	22,563,232	13,680,349
Intangible asset	8	5,232	2,565	-
Long-term investments	9	1,322,305	1,373,388	1,898,263
Deferred taxation - net	10	-	-	-
Long-term deposits	11	585,066	547,772	331,537
Total non-current assets		37,942,779	24,486,957	15,910,149
Current assets				
Stock-in-trade	12	19,724,092	22,615,303	18,557,106
Trade debts	13	11,156,299	13,552,235	11,518,218
Advances	14	153,757	65,104	181,365
Deposits and prepayments	15	165,767	199,829	80,633
Other receivables	16	3,697,557	2,844,944	2,161,031
Accrued mark-up and profit	17	114,159	92,718	57,398
Taxation - net	18	648,474	1,270,808	-
Short term investments	19	103,688	-	-
Cash and bank balances	20	13,847,510	8,799,447	9,736,439
Total current assets		49,611,303	49,440,388	42,292,190
TOTAL ASSETS		87,554,082	73,927,345	58,202,339
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	21	1,991,207	1,810,188	1,448,150
Reserves	22	(20,699,096)	5,129,231	7,061,062
Revaluation surplus on property, plant and equipment - net of tax		4,033,053	4,389,156	1,025,789
Share deposit money	23	5,752,443	-	-
Total shareholders' (deficit)/equity		(8,922,393)	11,328,575	9,535,001
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	24	1,590,538	2,625,850	2,240,163
Liabilities against assets subject to finance lease	25	2,379,875	1,015,993	377,603
Deferred liabilities	26	286,844	446,645	1,100,882
Total non-current liabilities		4,257,257	4,088,488	3,718,648
Current liabilities				
Trade and other payables	27	50,283,737	36,166,824	35,363,849
Unclaimed dividend	28	356,597	362,674	107,926
Accrued mark-up and profit	29	1,549,403	311,976	117,258
Short-term borrowings	30	37,017,653	18,877,466	6,944,699
Current portion of non-current liabilities	31	3,011,828	2,791,342	1,642,892
Taxation - net	18	-	-	772,066
Total current liabilities		92,219,218	58,510,282	44,948,690
TOTAL LIABILITIES		96,476,475	62,598,770	48,667,338
TOTAL EQUITY AND LIABILITIES		87,554,082	73,927,345	58,202,339
CONTINGENCIES AND COMMITMENTS	32			

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
Sales - net	33	181,658,808	275,604,114
Less: sales tax		(26,139,174)	(41,996,694)
Net sales		155,519,634	233,607,420
Other revenue	34	814,953	836,711
Net revenue		156,334,587	234,444,131
Cost of sales	35	(157,956,356)	(223,479,465)
Gross (loss) / profit		(1,621,769)	10,964,666
Distribution and marketing expenses	36	(4,470,211)	(3,927,590)
Administrative expenses	37	(830,231)	(883,587)
Operating expenses		(5,300,442)	(4,811,177)
Other expenses	38	(8,790,967)	(1,093,918)
Other income	39	513,703	527,342
Operating (loss) / profit		(15,199,475)	5,586,913
Finance cost	40	(7,466,587)	(1,324,262)
Exchange loss - net		(2,393,039)	(4,208,370)
Share of profit / (loss) on associates		(49)	(194)
		(9,859,675)	(5,532,826)
(Loss) / profit before taxation		(25,059,150)	54,087
Taxation	41	(817,611)	(272,324)
Loss for the year		(25,876,761)	(218,237)
Loss per share - basic and diluted	42	(129.96)	(1.10)

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
Loss for the year		**(25,876,761)**	(218,237)
Items that will not be reclassified to consolidated profit or loss account subsequently			
Remeasurement of actuarial gain/ (losses) on defined benefit obligation - net of tax	26.1.3	**41,518**	(20,915)
Revaluation surplus on property, plant and equipment - net of tax		**-**	3,585,979
Items that may be reclassified subsequently to consolidated profit or loss account			
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax		**(51,034)**	(539,547)
Total comprehensive (loss) / income for the year		**(25,886,277)**	2,807,280

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Share Capital	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' equity
		Share premium	Unrealized gain/ (loss) on remeasurement of FVTOCI investments	Unappropri-ated profit			
				Rupees in '000			
Balance as at January 01, 2018 as previously reported	1,448,150	4,766,854	322,589	2,700,180	1,025,789	-	10,263,562
Effect of restatement as referred in note (38.4)	-	-	-	(728,561)	-	-	(728,561)
Balance as at January 01, 2018 (Restated)	1,448,150	4,766,854	322,589	1,971,619	1,025,789	-	9,535,001
Total comprehensive income for the year							
Loss for the year	-	-	-	(218,237)	-	-	(218,237)
Other comprehensive income							
Remeasurement of actuarial losses on defined benefit obligation - net of tax	-	-	-	(20,915)	-	-	(20,915)
Revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	3,585,979	-	3,585,979
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(539,547)	-	-	-	(539,547)
Total comprehensive income for the year	-	-	(539,547)	(239,152)	3,585,979	-	2,807,280
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	222,612	(222,612)	-	-
	-	-	(539,547)	(16,540)	3,363,367	-	2,807,280
Transactions with owners							
Bonus issue 25% per shares - September 2018	362,038	-	-	(362,038)	-	-	-
	362,038	-	-	(362,038)	-	-	-
Final dividend at Rs. 3.50 per share - December 2017	-	-	-	(506,853)	-	-	(506,853)
Interim dividend at Rs. 3.50 per share - June 2018	-	-	-	(506,853)	-	-	(506,853)
	-	-	-	(1,013,706)	-	-	(1,013,706)
Total transactions with owners	362,038	-	-	(1,375,744)	-	-	(1,013,706)
Balance as at December 31, 2018 (Restated)	1,810,188	4,766,854	(216,958)	579,335	4,389,156	-	11,328,575
Balance as at January 01, 2019	1,810,188	4,766,854	(216,958)	579,335	4,389,156	-	11,328,575
Effect of change in accounting policy as referred in note (4.4.5)	-	-	-	(117,134)	-	-	(117,134)
Adjusted balance as at January 01, 2019	1,810,188	4,766,854	(216,958)	462,201	4,389,156	-	11,211,441
Total comprehensive loss for the year							
Loss for the year	-	-	-	(25,876,761)	-	-	(25,876,761)
Other comprehensive loss							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	-	-	-	41,518	-	-	41,518
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(51,034)	-	-	-	(51,034)
Total comprehensive loss for the year	-	-	(51,034)	(25,835,243)	-	-	(25,886,277)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	356,103	(356,103)	-	-
	-	-	(51,034)	(25,479,140)	(356,103)		(25,886,277)
Transactions with owners							
Bonus issue 10% per share - December 2018	181,019	-	-	(181,019)	-	-	-
Share deposit money received	-	-	-	-	-	5,752,443	5,752,443
Total transactions with owners	181,019	-	-	(181,019)	-	5,752,443	5,752,443
Balance as at December 31, 2019	1,991,207	4,766,854	(267,992)	(25,197,958)	4,033,053	5,752,443	(8,922,393)

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	Restated 2018
		------Rupees in '000------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	45	1,931,853	(3,727,775)
Finance cost paid		(6,285,691)	(1,114,401)
Profit/mark up received on bank deposits and TFC's		439,302	383,267
Taxes paid		(391,329)	(3,344,269)
Gratuity paid	26.1.2	(19,657)	(16,698)
Net cash used in operating activities		(4,325,522)	(7,819,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(15,034,766)	(6,068,659)
Proceeds from disposal of property, plant and equipment		557,489	768,247
Investment made during the year		(103,688)	-
Long-term deposits repaid - net		(37,294)	(216,235)
Net cash used in investing activities		(14,618,259)	(5,516,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained - net		1,491,054	802,226
Payment of commercial paper	30.4	(6,500,000)	(1,500,000)
Dividend paid		(6,077)	(758,958)
Share deposit money received	23	5,752,443	-
Proceeds from issue of commercial paper	30.4	3,770,753	2,399,714
Long-term finance (repaid) / obtained - net		(1,094,881)	575,056
Net cash generated from financing activities		3,413,292	1,518,038
Net decrease in cash and cash equivalents		(15,530,489)	(11,818,485)
Cash and cash equivalents at beginning of the year		(7,639,654)	4,178,831
Cash and cash equivalents at end of the year	46	(23,170,143)	(7,639,654)

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

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

1.1 Group Companies

1.1.1 Holding Company

Hascol Petroleum Limited

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

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

1.1.2 Subsidiaries

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 company is a wholly owned subsidiary of Hascol Petroleum Limited.

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company 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 has not been prepared on a going concern basis.

1.2 During the current year, the Group incurred a net loss of Rs. 25,877 (2018: Rs. 218) million, resulting in accumulated (losses)/ profit of Rs. (25,198) (2018: Rs. 579) million as of the consolidated financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 42,608 (2018: Rs. 9,070) million. These conditions may cast significant doubt on the Group's ability to continue as a going concern. However, in order to ensure the Group's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

a) Subsequent to year end, the Group has issued a further capital amounting to Rs. 8 billion.

b) The Group has subsequently renewed existing banking facilities with the relevant banks in relation to secured loans and short term financing facilities aggregating to Rs. 13.4 billion is in process of being re-profiled to long term financing.

c) Vitol Dubai Limited (VDL) would continue to provide support of open credit limit facility amounting to 12 million USD and Stock availability at Hascol Terminal Limited Port Qasim terminal amounting to 15 million USD

d) The directors have carried out a detailed review of the working capital forecast of the Group for the twelve months from the date of approval of these consolidated financial statements, which took into account the projected future working capital of the Group. Further, State Bank of Pakistan has taken various measures in order to relax its policy regarding financing arrangement and interest rate. The directors believe that the Group will have sufficient cash resources to continue its operations for the next twelve months from the date of approval of these consolidated financial statements.

Considering equity injection, support from financial institution and continued support of VDL, the Group, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these consolidated financial statements on going concern basis.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Holding Company include the following:

Business unit	Geographical location
Head Office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Group owns retail operation sites and sites operated through dealers across Pakistan and Northern areas. Total number of sites in south and north regions are 221 and 403 respectively, the detail of these sites is impracticable to disclose in these consolidated financial statements as required under the 4th Schedule of the Companies Act, 2017.

1.4 CAPACITY AND PRODUCTION

Considering the nature of the Group's business, the information regarding production has no relevance whereas product storage capacities at group's facilities during the current year is detailed below:

	Storage capacity metric tons	
Description	**HSD**	**PMG**
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Increase in authorized share capital for issue of right shares

During the year Holding Company increased its authorized share capital from Rs. 2.5 billion to Rs. 10 billion.

2.2 Issuance of right shares

During the year Holding Company announced right shares in the ratio of 4 right shares for every 1 existing ordinary share of PKR 10/- each (i.e. 400%).

2.3 Exchange loss - net

Due to devaluation of Pakistani Rupee during the year ended December 31, 2019, the Group suffered exchange loss amounting to Rs. 2.2 billion for liabilities denominated in US Dollar.

2.4 Other expense

During the year group has incurred loss amounting to Rs. 6,324 million caused by an unfavorable fluctuation in the international oil prices, market volatility in the backdrop of uncertain global and / or local economic conditions coupled with significant devaluation of Pakistani Rupee. The difference in regulated eventual selling prices verses the product cost resulted in the reported loss.

2.5 First time adoption of IFRS - 9, IFRS - 15, IFRS - 16

During the year the Group adopted IFRS - 9 'Financial instruments', IFRS - 15 'Revenue' and IFRS - 16 'Leases'. For detail impact refer note 4.4.2, 4.4.5 and 4.4.6 respectively.

3 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statement of the Holding Company and its subsidiaries, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss account and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary. These consolidated financial statements include Hascol Petroleum Limited and all companies in which it directly or indirectly controls, beneficially owns of holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiary).

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The financial statements of subsidiary are prepared for the same reporting period as the Holding company, using accounting policies that are generally consistent with these of the Holding company.

3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

3.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). If the Group retained any investment retained in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for an equity-accounted investee or as an investment at fair value through other comprehensive income depending on the level of influence retained.

3.3 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss account as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss account on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4 BASIS OF PREPARATION

4.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions and directives issued under the Companies Act 2017 differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

4.2 Accounting convention

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment at fair value through other comprehensive income	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Monetary liabilities	Spot exchange rates
Lease liability	Present value lease payments

4.2.1 In these consolidated financial statements, except for the consolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

4.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

4.4 Standards, Amendments and Interpretations to Published and Approved Accounting Standards

4.4.1 Standards, amendments and interpretations to the published and approved accounting standards that are relevant to the Group and adopted in the current year

Standards, interpretations and amendments to published approved accounting standards that became effective during the year. The following accounting standards became effective during the period as applicable in Pakistan for the first time for the period ended December 31, 2019 and are relevant to the Group.

4.4.2 IFRS 15 - Revenue from Contracts with Customers

Effective July 1, 2019, the Group has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is engaged in the procurement, storage and marketing of petroleum, lubricating oils and related products. It also blends and markets various kinds of lubricating oils. The Group has assessed that significant performance obligations in contracts with customers is based on transfer of control of related goods and is discharged at that point of time. The transfer of goods takes place upon delivery of goods to customers. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the above, the Group considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15. The adoption of IFRS 15 does not have any material impact on the Group's consolidated financial statement.

4.4.3 IFRS 9 - 'Financial instruments'

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39 "Financial instruments: Recognition and measurement" IFRS 9 introduces new requirements for:

i). the classification and measurement of financial assets and financial liabilities;
ii). Impairment of financial assets; and
iii). hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of January 1, 2019 and comparatives are not restated. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below:

4.4.4 Classification and measurement of financial assets and financial liabilities

This new standard requires the Group to assess the classification of financial assets in its consolidated statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Group has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets. IFRS 9 has different requirements for debt and equity financial assets.

Debt instrument should be classified and measured at either:
- amortised cost, where the effective interest rate method will apply;
- fair value through other comprehensive income (FVTOCI), with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).
  Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:
- fair value through other comprehensive income (FVTOCI), with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Application of IFRS 9 had no impact on financial assets and financial liabilities of the Group except long term investment in Pakistan Refinery Company Limited classified as FVTOCI.

4.4.5 Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective of whether a loss event has occurred.

For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at January 1, 2019 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs '000	New Rs '000	Difference Rs '000
Current financial assets					
Trade debts	Amortised cost	Amortised cost	13,552,235	13,435,101	117,134
Deposits and other receivables	Amortised cost	Amortised cost	2,821,726	2,821,726	-
Accrued mark-up and profit	Amortised cost	Amortised cost	92,718	92,718	-
Cash and bank balances	Amortised cost	Amortised cost	8,799,447	8,799,447	-
Non-current financial assets					
Long-term deposits	Amortised cost	Amortised cost	547,772	547,772	-
Long term investments equity shares	Available for sale	FVTOCI	1,330,814	1,330,814	-
Current financial liabilities					
Long-term financing	Amortised cost	Amortised cost	3,822,698	3,822,698	-
Trade and other payables	Amortised cost	Amortised cost	31,888,458	31,888,458	-
Unclaimed dividend	Amortised cost	Amortised cost	362,674	362,674	-
Other liabilities	Amortised cost	Amortised cost	1,320,120	1,320,120	-
Accrued mark-up and profit	Amortised cost	Amortised cost	305,191	305,191	-
Short-term borrowings	Amortised cost	Amortised cost	18,877,466	18,877,466	-

4.4.6 IFRS 16 - Leases

During the year, IFRS 16 'Leases' became applicable to the Group. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentive', and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

On adoption of IFRS 16, the Group has recognised liabilities in respect of all group's owned and operated pump sites being operated by the Group, which was previously being recorded as rent expense in profit or loss account. The Group has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

The Group has recognised lease liabilities and related 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on pump sites lease agreements and discounted using the reference rate of six month's KIBOR. The lease liability will be subsequently measured at amortised cost using the effective interest rate method and adjusted with the impact of rent prepayments.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The effect of recognition of IFRS 16 on the consolidated financial statements as at January 01, 2019 is as follows:

	Note	January 1, 2019 Rupees'000
Impact on statement of financial position		
Increase in fixed assets - right-of-use assets	7.3	1,305,636
Increase in deferred tax asset		-
Increase in total assets		1,305,636
Increase in other liabilities - lease liability against right-of-use assets		1,309,883
Decrease in rent payable		(4,247)
Increase in total liabilities		1,305,636
Decrease in net assets		-

4.4.7 IFRIC 22 'Foreign Currency Transactions and Advance Consideration

This IFRIC addresses foreign currency transaction or parts of transaction where there is consideration that is dominated or prices in a foreign currency. The interpretation provides guidance for when a single payment/receipts is made on as well as for situations where multiple payments / receipts are made. The guidance aims to reference diversity in practice. The Group's accounting treatment is already in line with this interpretation.

4.4.8 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2019 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

4.4.9 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

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Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendments to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Revise Conceptual Framework for Financial Reporting	January 1, 2020
IAS 8 - Accounting policies, changes in accounting estimates and errors	January 1, 2020

The management of the Group is in the process of assessing the impacts of above amendments on the consolidated financial statements of the Group.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not stated in these consolidated financial statements.

4.4.10 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

5 CRITICAL ASSUMPTIONS, ESTIMATES AND MEASUREMENT UNCERTAINITY

The preparation of these consolidated financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies in respect of judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the Group's consolidated financial statements, estimates and assumptions with significant risk of material adjustments in the future period are included in the following notes:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

		Note
a)	Depreciation method, rates and useful life of property, plant and equipment	6.1
b)	Revaluation of property, plant and equipment	6.1
c)	Classification measurement and impairment of financial asset	6.3
d)	Net realizable value of stock-in-trade	6.14
e)	Recoverable amount and impairment of non-financial assets	6.15
f)	Provisions and contingencies	6.18
g)	Provision for taxation	6.22
h)	Provision for gratuity	6.24
i)	Incremental borrowing rate of finance lease under IFRS 16	4.4.6

6 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Property, plant and equipment

6.1.1 *Initial recognition*

a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labor and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

A revaluation surplus is recorded in consolidated statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss account to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the consolidated statement of profit or loss account, however, decrease is recorded in consolidated statement of comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit/loss.

The Group accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liabilities. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased assets and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

b) Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction/installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

c) Right of use asset

The Group recognizes 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Group. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

6.1.2 *Measurement subsequent to initial recognition*

(a) Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment;
- Furniture, office equipment and other assets; and
- Computer auxiliaries.

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

(b) Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation on operating fixed assets is charged to consolidated profit or loss account by applying the straight-line method whereby the cost/revalued amount of operating fixed assets is charged off over its remaining useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 7.1.

Depreciation method, useful lives, and residual values are reviewed at each reporting year and adjusted, if applicable. Capital work-in-progress is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Maintenance and normal repairs are charged to the consolidated profit or loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of operating fixed assets is included in the consolidated profit or loss account in the year of disposal.

Borrowing

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss account in the period in which they are incurred.

6.2 Intangible asset - computer software

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible asset having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets is charged in proportion to the period of use. The useful life and amortization method is reviewed and adjusted, if appropriate, at the statement of financial position date. Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

6.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)

In the periods presented the corporation does not have any financial assets categorised as FVTOCI.

The classification is determined by both:

- the Group's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in listed equity securities at fair value through other comprehensive income (FVTOCI). The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Any gains or losses recognised in consolidated statement of comprehensive income will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date

Evidence of impairment may include indication that the debtor or a group of debtor experiencing significant financing difficulties, default or delinquency in interest or principal payments the probability that they will enter bankruptcy or other financial recognition and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as change in currency or economic condition that correlate with defaults.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 50.1.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

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Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss account (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss account are included within finance costs or finance income.

6.4 Financial instruments - Policy effective before 1 January 2019

6.4.1 Investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, held to maturity and available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss where transaction costs are charged to profit or loss account when incurred.

6.4.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The loan and receivables includes trade debts, advances, deposits, markup or profit accrued, other receivables and cash and bank balances.

6.4.3 Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated statement of profit or loss account.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss account in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss account are not reversed through profit or loss account. Any increase in fair value subsequent to an impairment loss is recognized in comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through consolidated profit or loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

6.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.6 Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

6.7 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

6.8 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

6.9 Dividend distribution

Final dividend distribution to the Group's shareholders is recognized as a liability in the consolidated statement of financial position in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

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6.10 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

6.11 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities with corresponding impact to consolidated profit or loss account.

6.12 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired. The amount of provision is charged to profit or loss account. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables with corresponding impact in the profit or loss account.

6.13 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

6.14 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost comprises invoice value, charges like custom duties and similar levies and other direct costs but excludes borrowing cost. Cost for bonded stock of finished goods comprises invoice value and costs incurred to date.

Cost is determined as follows:

- Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.
- The cost of stock in trade is determined on moving weighted average basis.

Provision is made for obsolete / slow moving stocks where necessary and recognized in the consolidated profit or loss account. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

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6.15 Impairment of non financial assets

The carrying amounts of non financial assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the consolidated profit or loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

6.16 Short term investments

This represent placement in TFCs with financial institution. These are measured at fair value through profit or loss and any gain or loss on this instrument subsequently measured is recognised in the consolidated statement of profit or loss account and presented in finance income / cost in the period in which it arises.

6.17 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated financial statement at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

6.18 Provisions and contingent liabilities

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the consolidated statement of financial position.

6.19 Commitment

Commitments are disclosed in the consolidated financial statements at committed amount which is presented in Pakistani Rupees.

6.20 Leases

Finance leases

Leases in terms of which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 6.1.

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The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit or loss account over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit or loss account on a straight-line basis over the period of lease. In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis except where another systematic basis except where another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Group's consolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the consolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

6.21 Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the consolidated financial statement date. Transactions denominated in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to the consolidated profit or loss account. At the end of each reporting period, monetary amount denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

6.22 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated profit or loss account except to the extent that it relates to items recognized outside consolidated profit or loss account (whether in consolidated other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside consolidated profit or loss account.

- **Current**

  Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustments to tax payable in respect of prior years.

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- **Deferred**

Deferred tax is provided for using the statement of financial position method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the statement of financial position date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Group takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the consolidated profit or loss account, except in the case of items credited or charged to equity or consolidated statement of comprehensive income, in which case it is included in equity or consolidated statement of comprehensive income as the case may be.

6.23 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Group at customer premises.

The Group generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation.

Other revenue

- Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.
- Handling, storage and other services income is recognized when the services have been rendered.

Other income

- Dividend income is recognized when the Group's right to receive the dividend is established.
- Return on bank deposits is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.
- Rental income from operating leases is recognized on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amounts of the leased assets and recognized on a straight line basis over the leased term.

6.24 Retirement and other service benefits

Unfunded gratuity scheme

The Group operates an unapproved and unfunded gratuity scheme covering of all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contribution therein are made in the accordance with actuarial recommendations.

The valuation in this regard is carried using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement of the defined benefit liability, which comprises of actuarial gain and losses are recognized in the consolidated statement of comprehensive income based on actuarial gain and losses.

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The Group determines the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as result of contribution and benefit payments. Net interest expense, current service cost and past service cost related to defined benefit plans are recognized in the consolidated profit or loss account.

Contributory provident fund

The Group operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Group as well as the employees at the rate of 5.72% percent of the basic salary.

6.25 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions. The management has determined that the Group has a single reportable segment as the Board of Directors view the Group's operations as one reportable segment.

6.26 Related party transactions

All transactions with related parties are carried out by the Group at arm's length price using the comparable uncontrolled valuation method.

6.27 Operating expenses

Operating expenses are recognised in profit or loss account upon utilization of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

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		Note	2019	2018
			------------Rupees in '000------------	
7	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	7.1	28,593,449	18,115,431
	Capital work-in-progress	7.2	6,181,144	4,447,801
	Right of use asset	7.3	1,255,584	-
			36,030,176	22,563,232

7.1 Operating fixed assets

	Owned assets											Leased assets							
	Land lease hold	Building on lease hold land		Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles		Computer auxiliaries	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Vehicles		Total operating fixed assets
		Office and depots building	Pump building						Tank lorries	Motor cars							Tank lorries	Motor cars	
	------------									Rupees in '000									------------
At January 1, 2019																			
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Year ended December 31, 2019																			
Opening net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Addition / transfer from CWIP	24,000	2,168,204	1,418,957	2,691,158	533,395	1,655,368	3,091,006	115,081	80,018	7,551	16,773	-	-	-	-	-	481,879	-	12,283,391
Disposals																			
Cost	-	(79,571)	(991)	(217,258)	-	(46,498)	(89,755)	-	(131,470)	(16,804)	-	-	-	-	-	-	-	(825)	(583,172)
Accumulated depreciation	-	10,789	66	23,524	-	6,263	22,808	-	17,326	5,920	-	-	-	-	-	-	-	825	87,521
	-	(68,782)	(925)	(193,734)	-	(40,235)	(66,947)	-	(114,144)	(10,884)	-	-	-	-	-	-	-	-	(495,651)
Depreciation charge for the year	-	(202,989)	(205,910)	(191,730)	(143,357)	(31,445)	(232,869)	(53,695)	(61,801)	(25,966)	(32,497)	-	-	-	(6,250)	-	(115,057)	(6,156)	(1,309,722)
Closing net book value	2,515,091	6,012,603	4,064,594	5,838,127	1,441,567	1,964,774	4,533,226	251,877	140,936	47,343	60,037	-	-	-	103,125	-	1,597,393	22,755	28,593,449
At December 31, 2019																			
Cost / revalued amount	2,515,091	6,654,157	4,650,610	6,325,526	2,008,022	2,061,031	5,082,220	434,704	193,833	130,625	159,831	-	-	-	125,000	-	1,844,107	38,869	32,223,627
Accumulated depreciation	-	(641,554)	(586,016)	(487,399)	(566,455)	(96,257)	(548,994)	(182,827)	(52,897)	(83,282)	(99,794)	-	-	-	(21,875)	-	(246,714)	(16,114)	(3,630,178)
Net book value	2,515,091	6,012,603	4,064,594	5,838,127	1,441,567	1,964,774	4,533,226	251,877	140,936	47,343	60,037	-	-	-	103,125	-	1,597,393	22,755	28,593,449
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	
At January 1, 2018																			
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Year ended December 31, 2018																			
Opening net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Addition / transfer from CWIP	344,054	661,880	1,032,170	725,686	189,197	102,689	452,676	103,592	795,201	69,044	65,476	-	-	-	-	2,512	885,397	-	5,429,574
Revaluation	1,257,960	876,666	613,343	740,549	119,013	54,708	401,827	50,092	-	-	7,822	82,713	53,865	152,231	54,832	10,592	-	-	4,476,213
Transfer																			
Cost	-	368,112	-	262,461	787,347	135,154	77,951	-	(46,333)	28,253	-	(368,112)	(262,461)	(787,347)	(135,154)	(77,951)	46,333	(28,253)	-
Accumulated depreciation	-	(94,382)	-	(61,328)	(230,494)	(31,920)	(10,307)	-	7,316	(28,253)	-	94,382	61,328	230,494	31,920	10,307	(7,316)	28,253	-
	-	273,730	-	201,133	556,853	103,234	67,644	-	(39,017)	-	-	(273,730)	(201,133)	(556,853)	(103,234)	(67,644)	39,017	-	-
Disposals																			
Cost	-	-	-	-	-	-	-	-	(702,175)	(13,795)	-	-	-	-	-	-	-	-	(715,970)
Accumulated depreciation	-	-	-	-	-	-	-	-	33,912	17	-	-	-	-	-	-	-	-	33,929
	-	-	-	-	-	-	-	-	(668,263)	(13,778)	-	-	-	-	-	-	-	-	(682,041)
Depreciation charge for the year	-	(160,928)	(154,338)	(148,916)	(115,404)	(25,315)	(161,155)	(45,137)	(41,294)	(16,431)	(23,269)	-	-	-	-	-	(72,805)	(12,350)	(977,342)
Closing net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
At December 31, 2018																			
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	

		Note	2019	2018
7.2	**Capital work-in-progress**		------------Rupees in '000------------	
	Office building		1,850,581	1,413,796
	Tanks and pipelines		1,370,414	807,801
	Pump building		305,159	316,206
	Electrical, mechanical and fire fighting equipment		1,118,780	456,270
	Tank lorries		36,000	80,018
	Advances to contractors		-	61,834
	Dispensing pumps		102,845	156,146
	Furniture, office equipment and other assets		222,501	239,304
	Plant and machinery		996,125	650,910
	Borrowing cost capitalized	7.4	167,702	249,984
	Computer auxiliaries		11,037	15,532
			6,181,144	4,447,801

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7.2.1 Movement in capital work-in-progress during the year is as follows:

	2019	2018
	Rupees in '000	
Balance at beginning of the year	4,447,801	3,811,322
Additions during the year	13,544,675	6,066,053
Transfers during the year	(11,811,332)	(5,429,574)
Balance at end of the year	6,181,144	4,447,801

7.3 Right of use assets

The right of use asset for property leases for the Group owned and operated pump site were measured on a retrospective basis as if the new rules had always been applied.

	2019
	-Rupees in '000-
Balance as at initial application i.e. January 01, 2019	1,305,636
Additions during the year	43,464
Depreciation charged for the year	(93,516)
Right of use assets (ROUA) - as of December 31, 2019	1,255,584

7.4 During the year, additions amounting to Rs. 13,544.7 million (2018:Rs. 6,066.1 million) have been made in capital work-in-progress. This also includes borrowing cost capitalized during the year at rates ranging from 10.41% - 16.58% (2018: 7.51% - 13.22%).

7.5 Due to large number of dealers, it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Group are tanks and pipelines, dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipments. These assets are not in possession of the Group as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Group's products.

7.6 In 2012, the Group carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,172 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million. In the year 2015, the Group carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 4,154 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018, the Group carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 14,009 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,586 million.

7.7 Had there been no revaluation, the written down value of the following assets in the consolidated statement of financial position would have been as follows:

	Cost	Accumulated depreciation	Written down value 2019	Written down value 2018
	Rupees in '000			
Owned assets				
Building on lease hold land:				
- Land	1,816,507	-	1,816,507	1,233,131
- Office building	3,922,418	469,635	3,452,783	2,977,212
- Pump building	3,310,179	495,357	2,814,822	1,720,312
Tanks and pipelines	4,318,433	428,585	3,889,848	992,063
Dispensing units	1,309,487	448,590	860,897	265,969
Plant and machinery	1,211,027	91,243	1,119,784	144,426
Electrical mechanical and fire fighting equipment	3,301,610	468,311	2,833,299	572,668
Furniture, office equipment and other assets	381,712	172,807	208,905	175,177
Computers auxiliaries	146,674	92,507	54,167	80,296
Total owned assets	19,718,047	2,667,035	17,051,012	8,161,254

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7.8 Forced sale values of asset class:

Class of assets	2018 -Rupees in '000-
	1,938,050
Land	3,951,700
Building	3,637,000
Dispensing pumps	1,201,450
Plant and machinery	1,896,100
Storage tanks & pipelines	8,550
Office equipments	5,000
Furniture and fixtures	27,500
Motors cars / Vehicles	12,665,350

7.9 The level of hierarchy for the fair value disclosed fall in level 3 i.e., inputs other than quoted prices included within level 3 that are unobservable either directly or indirectly.

7.10 The details of immovable fixed assets (i.e. land and buildings) of the Group are as follows:

Description of location	Address	Total area of land in square yards
Holding Company		
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar	14,520
Subsidiary Company		
Lubricant oil blending plant	Chemical Area, Eastern Industrial Zone, Port Qasim Authority, Karachi.	29,040
Others		
LPG terminal	North Western Industrial Zone, Port Qasim Authority, Karachi.	34,848
Metropolitan Corp Lahore	Shakeel Naseem, Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386

7.11 The depreciation charged for the year has been allocated as follows:

	Note	2019	2018
		--------Rupees in '000--------	
Distribution and marketing expenses	36	**1,276,294**	946,426
Administrative expenses	37	**33,428**	30,916
		1,309,722	977,342

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FOR THE YEAR ENDED DECEMBER 31, 2019

7.12 During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. 496 million (2018: Rs. 682.04 million). Details of property, plant and equipment disposed off with WDV above Rs. 500,000 are given below:

Type	No of items	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
		-----------------------------------Rupees in '000'-----------------------------------						
Motor cars	9	16,377	5,745	10,632	14,094	3,462	Various	Outright Sale
Tank Lorries	15	131,470	17,325	114,145	111,750	(2,395)	Habib Metropolitan Bank Limited	Sale and Leasebac
Other Equipments	14	86,139	21,761	64,378	79,772	15,394	Total Parco Pakistan Limited	Outright Sale
Office Building	9	79,570	10,789	68,781	70,099	1,318	Total Parco Pakistan Limited	Outright Sale
Plant & Machinery	4	45,209	6,070	39,139	39,559	420	Total Parco Pakistan Limited	Outright Sale
Pump Building	1	991	65	926	988	62	Total Parco Pakistan Limited	Outright Sale
Tanks And Pipelines	15	215,847	23,369	192,478	204,293	11,815	Total Parco Pakistan Limited	Outright Sale
2019	**67**	**575,603**	**85,124**	**490,479**	**520,555**	**30,076**		
2018	72	444,208	15,658	428,550	479,568	51,018		

8 INTANGIBLE ASSET

	Note	2019	2018
		--------Rupees in '000--------	
Computer software		**5,232**	2,565
Net carrying value			
Net book value at beginning of the year		**2,565**	-
Addition		**3,201**	2,608
Amortization charge for the year		**(534)**	(43)
Net book value at the end of the year		**5,232**	2,565
Net book value			
Gross carrying value			
Cost		**14,108**	10,907
Accumulated amortization		**(8,876)**	(8,342)
Net book value		**5,232**	2,565
Rate of amortization - %		**33.33**	33.33

9 LONG-TERM INVESTMENTS

	Note	2019	2018
Investment in associated company - unquoted			
VAS LNG (Private) Limited	9.1.2	**1,502**	1,551
Investment at fair value through other comprehensive income			
Hascol Terminal Limited (unquoted)	9.2	**375,000**	375,000
Pakistan Refinery Limited (quoted)	9.3	**904,780**	955,814
		1,281,282	1,332,365
Advance against purchase of shares - with related parties			
Hascol Terminals Limited		**40,000**	40,000
VAS LNG (Private) Limited		**1,023**	1,023
		41,023	41,023
		1,322,305	1,373,388

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9.1 Investment in associated company

2019	2018		2019	2018
Number of shares		Unquoted	--------Rupees in '000--------	
300,002	300,002	VAS LNG (Private) Limited	**1,502**	1,551

9.1.1 The investment has been accounted for using equity method.

9.1.2 The Holding Company holds 0.3 million ordinary share (2018: 0.3 million) of Rs. 10 per share, representing 30% (2018: 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:

	(Unaudited) 2019	2018
	-------Rupees in '000-------	
Balance at the beginning of the year	**1,551**	1,745
Share of loss for the year	**(49)**	(194)
Balance at the end of the year	**1,502**	1,551

9.1.3 Summarized aggregated financial information of the Company's share in VAS LNG (Private) Limited is as follows:

	(Unaudited) 2019	2018
	-------Rupees in '000-------	
Total accumulated losses	**4,991**	4,829
Total assets	**6,317**	6,317
Total liabilities	**(286)**	(122)
Advance against issue of shares	**(1,023)**	(1,023)
	5,008	5,172
% share in net assets	**30%**	30%
Total amount of net assets	**1,502**	1,551

9.2 Investment in Hascol Terminals Limited represent 37.5 million shares (2018 : 37.5 million) fully paid ordinary shares of Rs. 10 per share. The Company is engaged in providing storage facilities for imported and locally procured petroleum and related products.

The management has carried out valuation of this investment, based on future expected cash flows, capacity multiple and EBITDA multiple for the future years and terminal values. Based on this analysis and considering the wide range of possible fair value measurement, the cost of this investment represents the best estimate of fair value within that range.

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9.3	**Pakistan Refinery Limited**	**Note**	**Cost**	**Unrealized loss**	**Carrying value**
			--------------Rupees in '000--------------		
	December 31, 2019	9.3.1	**1,172,772**	**(267,992)**	**904,780**
	December 31, 2018		1,172,772	(216,958)	955,814

9.3.1 Investment in Pakistan Refinery Limited represents 43.25 million fully paid ordinary shares of Rs. 10 each representing 14.71% (2018: 14.71%) of its share capital.

9.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act.

10	**DEFERRED TAXATION - NET**	**2019**	Restated 2018
		--------Rupees in '000--------	
	Taxable temporary difference arising in respect of :		
	Accelerated depreciation	**(1,771,448)**	(673,552)
	Assets under finance lease	**(235,275)**	(106,526)
	Revaluation of operating fixed assets	**(1,454,359)**	(1,555,453)
	Deductible temporary difference arising in respect of :		
	Liabilities against assets subject to finance lease	**412,193**	356,942
	Exchange loss	**(23,216)**	102,939
	Provision for :		
	- investments in subsidiary	**8,875**	8,569
	- other liabilities	**420,186**	290,383
	- retirement benefit	**81,247**	69,417
	- doubtful debts	**658,789**	24,728
	- franchise income	**26,915**	26,100
	Unused tax losses	**1,876,093**	1,260,401
		-	(196,052)

10.1 Deferred tax asset of Rs. 6,376 million has not been recognised in these consolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future five years. However, in the future years and based on the availability of taxable profits, unutilized deferred tax asset will be recognized.

As at the year end, the Group's tax losses amounted to Rupees 25,078 million (2018 : Nil).

10.2 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 year	**(19,500,740)**
Shareholders' equity	**(2,546,372)**
Total non-current assets	**44,318,800**
Loss per share would have been	**(97.93)**

11 LONG-TERM DEPOSITS

	Note	2019	2018
		--------Rupees in '000--------	
Lease deposits		**360,988**	352,331
Less: current portion of lease deposits	15	**(1,414)**	(762)
		359,574	351,569
Deposits against:			
- depots		**107,144**	126,267
- retail outlets		**70,814**	54,270
- others		**47,534**	15,666
		225,492	196,203
		585,066	547,772

12 STOCK-IN-TRADE

	Note	2019	2018
Raw and packing materials		**-**	54,577
Finished goods			
- fuels	12.1	**10,230,173**	21,227,881
- lubricants		**503,925**	464,802
- Petrochemicals		**248,133**	827,819
		10,982,231	22,520,502
Stock in transit			
- fuels		**8,811,107**	-
- lubricants		**296**	40,224
		8,811,403	40,224
Provision against slow moving stock		**(69,542)**	-
		19,724,092	22,615,303

12.1 Fuels include Rs. 4,913.13 million (2018: Rs. 6,114.41 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 TRADE DEBTS

	Note	2019	2018
		--------Rupees in '000--------	
Considered good			
- Secured	13.1	8,006,086	9,173,127
- Unsecured		3,143,090	4,371,985
		11,149,176	13,545,112
Considered doubtful		2,309,451	92,873
		13,458,627	13,637,985
Provision for impairment	13.2	(2,302,328)	(85,750)
		11,156,299	13,552,235

13.1 These debts are secured by way of bank guarantees, letter of credits, security deposits and post dated cheques.

13.2 The Group recognises the expected credit losses for trade debts using the simplified approach as explained in the note 4.4.5. As per the simplified approach, the loss allowance as at December 31, 2019 and January 1, 2019 (on adoption of IFRS 9) is as follows:

	Note	2019	2018
		--------Rupees in '000--------	
Movement of provision for impairment			
Balance at the beginning of the year		85,750	850
Impact of IFRS 9 adoption	4.4.5	117,134	-
Provisions made during the year	38	2,099,444	84,900
Balance at the end of the year		2,302,328	85,750

14 ADVANCES

	Note	2019	2018
Advances - considered good, unsecured			
To employees			
- against expenses		28,264	28,169
- against salaries	14.1	33,304	20,071
Suppliers	14.2	92,189	16,864
		153,757	65,104

14.1 This represents loans granted to employees according to Company's policy. These loans are interest free and are secured to the extent of the provident fund balance and retirement benefits, if vested, of the respective employees.

14.2 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Company has 11 suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, aviation fuels, fleet card operations, monitoring fee, consultancy and storages facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 DEPOSITS AND PREPAYMENTS

	Note	2019	2018
		--------Rupees in '000--------	
Deposits			
Current portion of lease deposits	11	1,414	762
Other deposits		8,996	6,636
		10,410	7,398
Prepayments			
Insurance and others		42,055	63,946
Rent		113,302	128,485
		155,357	192,431
		165,767	199,829

16 OTHER RECEIVABLES

	Note	2019	2018
Inland freight equalization margin receivable		3,646,078	2,792,259
Receivable against services rendered		20,863	22,069
Receivable against regulatory duty		25,533	25,533
Price differential claims	16.1	5,083	5,083
Franchise income receivable - net	16.2	-	-
		3,697,557	2,844,944

16.1 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 Holding Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Holding Company considers that the balance amount will be reimbursed by GoP in due course of time.

16.2 Franchise income receivable - net

	Note	2019	2018
		--------Rupees in '000--------	
Movement in gross receivables			
Balance at the beginning of the year		-	97,201
Earned during the year		-	-
Received during the year		-	(2,848)
Balance at the end of the year		-	94,353
Movement of provision			
Balance at the beginning of the year		-	(62,559)
Charged during the year	38	-	(31,794)
Balance at the end of the year		-	(94,353)
	16.2.1	-	-

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16.3.1 This represents amount receivable from CNG dealers.

		Note	2019	2018
			--------Rupees in '000--------	
17	**ACCRUED MARK-UP AND PROFIT**			
	From conventional banks		**113,162**	86,904
	From Islamic banks		**997**	5,814
			114,159	92,718
18	**TAXATION**			
	Sales tax refundable		**169,248**	1,133,647
	Income tax refundable		**479,226**	137,161
			648,474	1,270,808
19	**SHORT TERM INVESTMENT**			
	Term Finance Certificate	19.1	**103,688**	-

19.1 The Group placed investment in fully paid-up, rated, privately placed , perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible debt instrument from Habib Bank Limited in the nature of Term Finance Certificates (TFCs). These carry mark-up at the rate of 3 month KIBOR+1.6%.

		Note	2019	2018
			--------Rupees in '000--------	
20	**CASH AND BANK BALANCES**			
	Balances with banks:			
	in current accounts:			
	- Conventional banks		**654,079**	829,318
	- Dividend account		**356,597**	362,674
	- Islamic banks		**9,337**	-
			1,020,013	1,191,992
	in saving accounts:			
	- Conventional banks		**11,703,409**	5,640,352
	- Islamic banks		**1,117,251**	1,897,519
		20.1	**12,820,660**	7,537,871
	Cash in hand		**6,837**	9,584
			13,847,510	8,739,447
	Term deposit receipts	20.2 & 24.1.1	**-**	60,000
			13,847,510	8,799,447

20.1 These carry mark-up / profit ranging from 7.5% to 9.5% per annum (2018: 3.75% to 5.5% per annum).

20.2 This carried mark-up / profit at the rate of 5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 SHARECAPITAL

21.1 Authorized share capital

2019	2018		Note	2019	2018
Number of shares				-------Rupees in '000-------	
1,000,000,000	250,000,000	Ordinary shares of Rs. 10 each	21.2	10,000,000	2,500,000

20.2 *Issued, subscribed and paid-up share capital*

2019	2018		Note	2019	2018
Number of shares					
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	21.3	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
18,101,880	-	Bonus issue @ 10% Dec 2018		181,019	-
199,120,680	181,018,800			1,991,207	1,810,188

21.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

21.4 Vitol Dubai Limited an associated Company held 54,676,551 (2018: 49,705,956) shares which represents 27.46% (2018 : 27.46%) of the equity stake of the Holding Company.

21.5 Fossil Energy (Private) Limited held 21,217,589 (2018: 19,288,718) shares which represents 10.66% (2018 : 10.66%) of the equity stake of the Holding Company.

21.6 Marshal Gas (Private) Limited held 9,718,472 (2018: 11,653,157) shares which represents 4.88% (2018 : 6.44%) of the equity stake of the Company.

21.7 The Holding Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

22 RESERVES

	Note	2019	2018
		--------Rupees in '000--------	
Capital			
Share premium	22.1	4,766,854	4,766,854
Unrealized loss on remeasurement of FVTOCI investment		(267,992)	(216,958)
		4,498,862	4,549,896
Revenue			
Unappropriated (loss) / profit		(25,197,958)	579,335
		(20,699,096)	5,129,231

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22.1 The reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

23 SHARE DEPOSIT MONEY

This represents the amount received in respect of right shares subscription as at December 31, 2019 amounting to Rs. 5,821 million net of transaction cost amounting to Rs. 68.3 million for the year ended December 31, 2019 (2018: nil).

24 LONG TERM FINANCING - secured

	Note	2019	2018
		--------Rupees in '000--------	
Borrowings from conventional banks	24.1	1,554,250	1,910,500
Borrowings from Non Banking Financial Institutions	24.2	283,113	631,290
Sukuk certificates	24.3	890,454	1,280,908
		2,727,817	3,822,698
Current portion of long term financing			
Borrowings from conventional banks		(537,500)	(444,938)
Borrowings from Non Banking Financial Institutions		(199,779)	(351,910)
Sukuk certificates		(400,000)	(400,000)
		(1,137,279)	(1,196,848)
Non - current portion of long term financing		1,590,538	2,625,850

Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2019	2018
							--------------------Rupees in '000--------------------		
24.1	Borrowings from conventional banks								
	First Women Bank Limited Under DF scheme	24.1.1	36 monthly March-16	Nil	March 28, 2019	six month Kibor + 1.3% payable monthly	8,333	-	25,000
	National Bank of Pakistan Loan-1 Under LTF scheme	24.1.2	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	187,500	312,500
	National Bank of Pakistan Loan-2 Under LTF scheme	24.1.3	16 quarterly May-16	1 year	March 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	903,750	1,035,000
	National Bank of Pakistan Loan-3 Under LTF scheme	24.1.4	16 quarterly May-16	1 year	March 29, 2023	three month Kibor + 1.5% payable quarterly	33,625	463,000	538,000
24.2	Borrowings from Non Banking Financial Institutions								
	Pak China Investment Company Limited Under LTF scheme	24.2.1	12 quarterly February-17	Nil	February 29, 2020	three month Kibor + 2.25% payable quarterly	41,667	45,399	208,333
	Pak Oman Investment Company Limited Loan 2 Under LTF scheme	24.2.2	42 monthly March-15	6 months	February 3, 2019	six month Kibor + 3% payable monthly	1,431	-	2,862
	Pak Oman Investment Company Limited Loan 3 Under LTF scheme	24.2.2	42 monthly June-15	6 months	May 19, 2019	six month Kibor + 3% payable monthly	2,190	-	10,952
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	24.2.3	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	5,143	20,571
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	24.2.3	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	8,762	21,905
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	24.2.4	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	42,857	71,429
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	24.2.5	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	180,952	295,238
24.3	Sukuk certificates	24.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	890,454	1,280,908
								2,727,817	3,822,698

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24.1.1 This represents demand finance facility from First Women Bank Limited for construction of retail outlets which is secured against pledge of TDR of Rs. 60 million, Pledge of Pakistan Refinery Limited shares at 40% margin and personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

24.1.2 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge / mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), post-dated cheques covering facility amount and corporate guarantee of M/s Fossil Energy (Private) Limited and M/s Marshal Gas (Private) Limited.

24.1.3 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Holding Company which is secured against first pari passu charge over the Holding Company's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 350 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Holding Company.

24.1.4 This represents term finance facility from National Bank of Pakistan (Kolta Jam) for the future expansion plans and working capital requirements of the Holding Company which is secured against first pari passu charge over the Holding Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kolta Jam site with 25% margin amounting to Rs. 200 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Holding Company.

24.2.1 This represents term finance facility from Pak China Investment Company Limited for the future expansion plans and working capital requirements of the Holding Company which was secured against first pari passu charge over the Holding Company's current assets with 25% margin amounting to Rs. 666.67 million, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman) and promissory note covering the charge amount to be obtained from the Holding Company.

24.2.2 This represents two term finance facilities from Pak Oman Investment Company Limited for establishment of Daulatpur bulk oil depot. The facility limit were utilized in multiple tranches out of which one of the facility with limit of Rs. 100 million was availed in two tranches, that is Rs. 39.9 million and Rs. 60.1 million. The other facility with a limit of Rs. 100 million was availed in a single trench amounting to Rs. 92 million. The finance facilities were secured against first pari passu charge on land, building, plant and machinery and equipment situated in Deh Kandah Nandho with 25% margin.

24.2.3 This represents term finance facility from Pak Oman Investment Company Limited for expansion of Daulatpur bulk oil depot. The facility limit of Rs. 100 million was utilized in multiple tranches that is Rs. 54 million and Rs. 46 million and facility was secured against first pari passu charge on the land, building, plant and machinery and equipment locate at the Daulatpur Bulk Storage depot with 25% margin.

24.2.4 This represents term finance facility from Pak Oman Investment Company Limited for the expansion of Daulatpur depot. The facility was secured against first pari passu charge on land, building, plant, machinery and equipment of the Holding Company situated at Daulatpur bulk oil depot with 25% margin maintained all times.

24.2.5 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Holding Company situated at Sahiwal depot with 25% margin maintained all times.

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24.3 Sukuk certificates - gross amount

	Note	2019	2018
		--------Rupees in '000--------	
Issuance cost	24.3.1	**900,000**	1,300,000
Balance at the beginning of the year		**(19,092)**	(28,627)
Charged to profit or loss		**9,546**	9,535
Balance at the end of the year		**(9,546)**	(19,092)
Sukuk certificates - net amount		**890,454**	1,280,908

24.3.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Holding Company. Summit Bank Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility is secured against first pari-passu charge over specific depots and retail outlets of the Holding Company inclusive of 25% margin.

25 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2019	2018
		--------Rupees in '000--------	
		900,000	1,300,000
Present value of future minimum lease payments	25.2	**2,781,421**	1,290,367
Less: current portion		**(401,546)**	(274,374)
Non current portion	25.3	**2,379,875**	1,015,993

25.1 The Group has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from 6 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2018 : 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Holding Company upon payment of entire lease obligations.

25.2 This amount includes an amount of Rs. 1,336 million (2018: nil) recognized as present value of minimum lease payments relating to Right of use assets.

25.3 The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:

	2019	2018
	--------Rupees in '000--------	
Not later than one year	**729,676**	382,749
Later than one year but not later than five years	**2,057,950**	1,171,912
Later than five years	**2,090,544**	-
Total future minimum lease payments	**4,878,170**	1,554,661
Finance charge allocated to future years	**(2,096,749)**	(264,294)
Present value of future minimum lease payments	**2,781,421**	1,290,367
Not later than one year	**(401,546)**	(274,374)
Later than one year but not later than five years	**2,379,875**	1,015,993

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26 DEFERRED LIABILITIES	Note	2019	Restated 2018
		--------Rupees in '000--------	
Deferred taxation - net	10	-	196,052
Deferred liability - gratuity	26.1	286,844	250,593
		286,844	446,645

26.1 Deferred liability - gratuity

The Group operates an unfunded gratuity scheme for employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in scheme are 271 (2018: 390).

	Note	2019	2018
		--------Rupees in '000--------	
Deferred liability - gratuity	26.1.1	286,844	250,593

26.1.1 Movement in liability recognized in consolidated statement of financial position

	Note	2019	2018
Present value of defined benefit obligation as at the end of the year	26.1.2	286,844	250,593
Fair value of plan assets		-	-
statement of financial position liability		286,844	250,593

26.1.2 Movement in liability recognized in consolidated statement of financial position

	Note	2019	2018
Balance at the beginning of the year		250,593	188,825
Add: charge for the year	26.1.4	114,385	49,418
Less: paid / payable to outgoing employees		(19,657)	(16,698)
Remeasurements charged to other comprehensive income	26.1.3	(58,477)	29,048
Balance at the end of the year		286,844	250,593

26.1.3 Movement in present value of the defined benefit obligation

	Note	2019	2018
Opening balance		250,593	188,825
Current service cost		80,507	34,275
Interest cost	26.1.4	33,878	15,143
Benefits paid during the year		(19,657)	(16,698)
		345,321	221,545
(Gain) / loss on remeasurement of defined benefit obligation		(58,477)	29,048
Present value of defined benefit obligation at the end of the year		286,844	250,593

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	2019	2018
	--------Rupees in '000--------	
26.1.4 Expense recognized in the consolidated profit or loss account		
Current service cost	80,507	34,275
Net interest cost	33,878	15,143
	114,385	49,418
26.1.5 Remeasurement recognized in consolidated statement of comprehensive income		
(Gain) / loss on remeasurement of defined benefit obligation	(58,477)	29,048
Impact of deferred tax	16,959	(8,133)
	(41,518)	20,915
26.1.6 Analysis of present value of defined benefit obligation		
Split by vested / non - vested		
(i) Vested benefits	217,786	186,052
(ii) Non-vested benefits	69,058	63,335
Split by benefits earned to date		
(i) Present value of guaranteed benefits	123,526	95,407
(ii) Present value of benefits attributable to future salary increase	163,318	153,980
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	10,877	19,138
Within second years from the end of financial year	44,252	25,320
Within third years from the end of financial year	19,958	27,357
Within fourth years from the end of financial year	22,617	22,897
Within five years from the end of financial year	157,447	32,031
Within six to ten years from the end of financial year	251,213	413,320
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	261,899	228,839
Discount rate -1%	312,440	273,277
Expected rate of salary increase +1%	313,533	274,255
Expected rate of salary increase -1%	260,564	227,657

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	2019	2018
	--------Rupees in '000--------	
Maturity profile of present value of defined benefit obligation		
Weighted average duration of the present value of defined benefit obligation (time in years)	8.85	8.86
Key statistics		
Average age (time in years)	43.07	42.59
Average service (time in years)	6.43	4.85
Average entry age (time in years)	36.64	37.74
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

26.1.7 Historical information of staff retirement benefits

	2019	2018	2017	2016	2015
Present value of gratuity	286,844	250,593	188,825	135,791	99,090

26.1.8 The expected gratuity expense for the year ending December 31, 2020 works out to be Rs. 71.010 million.

26.1.9 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the statement of financial position date using the projected unit credit method:

	Note	2019	2018
		% per annum	
- Expected long-term rate of increase in salary level		11.25	13.25
- Discount rate		11.25	13.25

27 TRADE AND OTHER PAYABLES

	Note	2019	Restated 2018
		----------Rupees in '000----------	
Trade creditors	27.1	45,451,669	26,686,559
Payable to cartage contractors		2,032,209	3,348,014
Advance from customers - unsecured		414,969	4,278,366
Dealers' and customers' security deposits	27.2	421,407	309,905
Accrued liabilities		9,434	13,838
Other liabilities	27.3	1,954,049	1,530,142
		50,283,737	36,166,824

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27.1 This includes Rs. 29,621 million (2018: 14,713 million) amount payable to M/s Vitol Bahrain E.C which is a related party.

27.2 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Group can utilize these funds as per terms of the agreements.

27.3 This includes an amount of Rs. 18.5 million (2018: Rs. 8.8 million) payable to FUCHs Oil Middle East Limited incorporated under the laws of the British Virgin Islands and located in Sharjah, United Arab Emirates. This party is unrelated to the Holding Company.

28 UNCLAIMED DIVIDEND

	2019	2018
	----------Rupees in '000-------	
Balance at beginning of the year	**362,674**	107,926
Add: dividend for the year	**-**	1,013,706
Less: payments during the year	**(6,077)**	(758,958)
Balance at end of the year	**356,597**	**362,674**

28.1 This includes Rs. 338.319 million (2018: 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

29 ACCRUED MARK-UP AND PROFIT

	Note	2019	2018
		----------Rupees in '000-------	
Long-term financing		**41,201**	41,975
Short-term borrowings		**1,500,628**	263,216
Liabilities against assets subject to finance lease		**7,574**	6,785
		1,549,403	311,976

30 SHORT-TERM BORROWINGS

	Note	2019	2018
Borrowings from conventional banks - secured			
National Bank of Pakistan		**-**	3,999,990
Habib Bank Limited		**3,979,397**	2,332,298
United Bank Limited		**-**	891,716
Askari Bank Limited		**825,456**	-
National Bank of Pakistan		**14,511,059**	1,491,001
Industrial and Commercial Bank of China		**166,667**	500,000
Bank of Punjab		**1,702,032**	499,729
Bank of Khyber		**484,388**	484,388
Samba Bank Limited		**1,022,357**	397,675
Sindh Bank Limited		**2,343,392**	395,623
First Women Bank Limited		**91,996**	349,841
Summit Bank Limited		**499,963**	334,272
Habib Bank Limited		**135,185**	146,134
Habib Metropolitan Bank Limited		**985,427**	-
MCB Bank Limited		**481,440**	-
Faysal Bank Limited	30.1	**2,100,000**	-
United Bank Limited		**79,358**	56,434
	30.2	**29,408,117**	11,879,101

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	Note	2019	2018
		----------Rupees in '000----------	
Borrowings from Islamic bank - secured			
Meezan Bank Limited		**3,156,700**	3,500,000
BankIslami Pakistan Limited		**947,000**	-
Al Baraka Bank (Pakistan)		**1,205,000**	-
Dubai Islamic Bank Pakistan Limited		**1,400,000**	-
Bank Alfalah Limited		**890,000**	500,000
	30.2	**7,598,700**	4,000,000
Borrowings from Non Banking Financial Institutions - secured			
PAIR Investment Company Limited	30.3	**10,836**	500,000
Commercial paper - unsecured	30.4	**-**	2,498,365
		37,017,653	18,877,466

30.1 This facility was arranged from Faysal Bank Limited, the principal amount was repayable with the expiry of Stand by Letter of Credit and carried mark-up at 3 month KIBOR + 1.25% payable quarterly in arrears and was secured against Standby Letters of Credit (SBLC) amounting to USD 15 million, issued in favour of Faysal Bank Limited by the Mashreqbank PSC Dubai, United Arab Emirates on behalf of Vitol Dubai Limited.

30.2 These facilities were availed from various commercial banks aggregating to Rs. 35,100 million (2018: Rs. 16,500 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1% to 6 month KIBOR plus 7% (2018: 3 months KIBOR plus 1.25% to 6 months KIBOR plus 2.25%). These arrangements are secured against hypothecation charge over the Holding Company's present and future current assets with minimum 25% margin, and pledge of Pakistan Refinery Limited shares, with minimum 40% margin.

30.3 These loans have been obtained aggregating to Rs. 500 million (2018: Rs. 800 million). The rate of mark-up is 3 months KIBOR plus 1.1% (2018: 1 month KIBOR plus 1.8%). These are secured against hypothecation charge over the Holding Company's present and future current assets.

30.4 Movement in commercial paper

	Note	2019	2018
		----------Rupees in '000----------	
Opening amortized cost		**2,498,365**	1,447,091
Discounted value		**3,770,753**	2,399,714
Unwinding of discount		**230,882**	151,560
Repayment		**(6,500,000)**	(1,500,000)
Amortized cost	30.5	**-**	2,498,365

30.5 This represents rated, privately placed, Shari'ah compliant, Commercial Paper amounting to Rs. 4,000 million (2018: Rs. 2,500 million) issued to meet the working capital requirements of the Company. BankIslami Pakistan Limited was the lead financial advisors and arrangers. However, during the year the Holding Company has settled both commercial papers amounting to Rs. 6,500 million (2018: Rs. 1,500 million).

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31 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2019	2018
		----------Rupees in '000----------	
Current portion of long term financing	24	1,137,279	1,196,848
Current portion of deferred and other liabilities	31.1	1,473,003	1,320,120
Current portion of liabilities subject to finance lease	25	401,546	274,374
		3,011,828	2,791,342

31.1 This amount pertains to provision recorded against claim of MENA Energy DMCC against out of court settlement of an ongoing litigation dispute in the English Commercial Court, London between MENA Energy DMCC and the Holding Company, based on advice and recommendation of the Solicitors and Senior Counsel representing the Holding Company in the litigation. The settlement involves the Holding Company agreeing, subject to State Bank of Pakistan's (SBP) approval, to pay the settlement amount over a period of 18 (eighteen) months in four equal installments of USD 2,375,000 each on 19th May 2018, 19th July 2018, 19th January 2019 and 19th July 2019. However, the approval from SBP is still pending.

32 CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

As per the deliberations of the main committee of the Oil Companies Advisory Committee (OCAC) held in their meeting number MCM-168 dated September 20, 2007, the financial costs on outstanding Price Differential Claims (PDCs) should be worked and billed to the Government of Pakistan (GOP) through OCAC by the Oil Marketing Companies (OMCs) on a regular basis. Although the Holding Company had billed Rs 65.97 million (2018: Rs 65.97 million) to the GOP/ OCAC, the management had not accounted for its impact in these consolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

32.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2019 amounted to Rs 60,710 million (2018: Rs 68,250 million) of which the amount remaining unutilized as at that date was Rs 3,261 million (2018: Rs 6,433 million).

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Holding Company, amounting to Rs. 3,898 million. (2018: Rs. 19,680 million).

		2019	2018
		----------Rupees in '000----------	
(iii)	Bank guarantees	337,026	350,268
(iv)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
	Property, plant and equipment	1,325,836	1,029,427
(v)	Commitments for rentals of assets under operating lease/ ijarah :		
	Not later than one year	479,820	479,942
	Later than one year and not later than five years	1,474,449	1,719,780
	Later than five years	2,259,004	2,795,313
		4,213,273	4,995,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		Note	2019	2018
			----------Rupees in '000----------	
33	**SALES - NET**			
	Gross sales inclusive of sales tax		181,988,075	276,107,357
	Less: sales discount		(329,267)	(503,243)
			181,658,808	275,604,114
34	**OTHER REVENUE**			
	Owned tank lorries		654,589	663,248
	Franchise fee		84,510	98,816
	Joining fee for petrol pump operators		32,500	49,350
	Non fuel retail and lubricants		43,354	25,297
			814,953	836,711
35	**COST OF SALES**			
	Opening stock of lubricants, raw and packing materials		559,603	422,386
	Raw and packing materials purchased		1,148,794	1,041,273
	Less: closing stock of lubricants, raw and packing materials		(504,221)	(559,603)
	Lubricants, raw and packing materials consumed		1,204,176	904,056
	Opening stock - fuel		22,055,700	18,134,720
	Fuel purchased	35.1	123,880,944	196,038,014
	Storage and handling charges		3,032,138	728,634
	Duties and levies	35.2	27,003,269	29,729,741
	Less: closing stock - fuel	12	(19,219,871)	(22,055,700)
			156,752,180	222,575,409
			157,956,356	223,479,465

35.1 This includes fuel purchased from local refineries and imports.

		2019	2018
		----------Rupees in '000----------	
35.2	**Duties and levies**		
	Petroleum development levy	22,254,608	21,184,584
	Inland freight equalization margin	3,465,101	6,015,598
	Freight	1,283,560	2,529,559
		27,003,269	29,729,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36 DISTRIBUTION AND MARKETING EXPENSES

	Note	2019	2018
		Rupees in '000	
Salaries, wages and other benefits	37.1	923,697	953,511
Depreciation on property, plant and equipment	7.11	1,276,294	946,426
Depreciation on right-of-use asset	7.3	93,516	-
Rent, rates and taxes		353,606	359,000
Fuel and power	36.1	424,174	325,431
Traveling and conveyance		202,767	314,801
Repairs and maintenance		239,407	266,371
Insurance		383,102	239,126
Commission		27,131	162,146
Advertising and publicity		187,355	122,656
Ujrah payments		256,774	118,370
Royalty		52,000	47,785
Printing, communication and stationery		23,800	39,094
Fees and subscription		15,624	20,211
Legal and professional charges		10,964	12,662
		4,470,211	3,927,590

36.1 Total expense of fuel and power includes fuel expense of owned tank lorries Rs. 274.06 million (2018: Rs. 229.63 million).

37 ADMINISTRATIVE EXPENSES

	Note	2019	2018
		Rupees in '000	
Salaries, allowances and other benefits	37.1	467,833	462,650
Fee and subscription		52,186	93,499
Legal and professional charges		72,863	69,474
Traveling and conveyance		42,420	44,163
Insurance		20,736	38,613
Repairs and maintenance		34,955	39,596
Depreciation	7.11	33,428	30,916
Rent, rates and taxes		30,705	27,958
Printing, communication and stationery		27,183	25,024
Advertising and publicity		6,803	21,814
Fuel and power		32,183	13,164
Donation	37.2	3,546	11,790
Auditor's remuneration	37.3	4,854	4,427
Amortization	8	534	43
Miscellaneous		2	456
		830,231	883,587

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37.1 Salaries and other benefits relating to distribution and administrative expense include:

	2019	2018
	----------Rupees in '000----------	
- Gratuity	80,507	34,275
- Contribution to provident fund	33,032	29,834

37.2 Donation includes amount of Rs. 1 million (2018: Rs. 1 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed, director of the Company, who is also Chief Executive Officer of LRBT. Further, names of donees to whom donation amount is equivalent or exceeds Rupees 1 million are as follows:

	Note	2019	2018
		----------Rupees in '000----------	
Tehzib ul Akhlaq Trust		-	1,500
Layton Rahmatulla Benevolent Trust		1,000	1,000
Karwan-e-Hayat		1,000	1,000
Mangla golf club		1,000	-
SOS Children's Villages Pakistan		-	2,500
One to many		-	2,040
Pakistan Association of the Blind		-	2,500

37.3 Auditor's remuneration

	2019	2018
Remuneration for the audit of Holding Company		
Statutory audit	1,825	1,630
Certifications	753	672
Shari'ah audit fee	700	700
Half yearly review	606	541
Out of pocket expenses	476	425
Consolidation	332	297
	4,692	4,265
Remuneration for the audit of Subsidiaries		
Statutory audit	137	137
Out of pocket expenses	25	25
	162	162
	4,854	4,427

38 OTHER EXPENSES

	Note	2019	2018
Unfavorable losses on imports	38.1	6,324,049	-
Provision against franchise income	16.2	-	31,794
Provision against doubtful debts	38.2	2,099,444	84,900
Penalty	38.3	48,351	-
Shipping cost	38.4	319,123	977,224
		8,790,967	1,093,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38.1 This represents loss incurred amounting to Rs. 6,324 million caused by an unfavorable fluctuation in the international oil prices, market volatility in the backdrop of uncertain global and / or local economic conditions coupled with significant devaluation of Pakistani Rupee. The difference in regulated eventual selling prices verses the product cost resulted in the reported loss during the year.

38.2 This represents provisions for Expected Credit Losses - ECL amounting to Rs 2,099 million (2018 Rs: nil). This provision was made under the requirements of IFRS 9 as disclosed in note 13.2.

38.3 This represents penalty paid to Oil and Gas Regulatory Authority (OGRA).

38.4 This represents unaccounted liability related to shipping cost on import contracts of the Company. These transactions pertain to Vitol Bahrain E.C which is a related party.

During internal management review of the liabilities of the Holding Company, it was identified that in the previous years' the effect of shipping cost related to import transactions have not been accounted for.

However, during the year the required correction has been made and the effect of import components related to import transactions have been accounted for retrospectively in accordance with the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of retrospective restatement is tabulated below.

	December 31, 2019	December 31, 2018	January 01, 2018
	-----------------	Rupees in '000	-----------------
Impact on statement of financial position			
Increase in trade and other payables	**25,519**	594,536	1,040,801
(Increase) / decrease in deferred tax asset	**545,678**	(172,415)	(312,240)
Impact on statement of changes in equity			
Decrease in retained earnings	**-**	-	(728,561)
Impact on profit or loss account			
Decrease in cost of sales	**477,709**	688,017	-
Increase in other expenses	**(319,123)**	(977,224)	-
Increase in exchange loss	**(184,104)**	(305,329)	-
(Increase) / decrease in tax expense	**(545,678)**	172,415	-
Decrease in earnings per share	**(2.87)**	(2.12)	(4.45)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		2019	2018
		----------Rupees in '000----------	
39	**OTHER INCOME**		
	Income from financial assets		
	Markup/profit on		
	- deposit with conventional banks	380,346	357,131
	- TFCs	6,749	-
	- deposit with Islamic banks	76,694	61,456
		463,789	418,587
	balance carried forward	463,789	418,587
	Income from non-financial assets		
	Gain on disposal of operating fixed assets	31,775	86,207
	Sundries	2,883	10,347
	Promotional marketing fee	7,541	8,458
	Scrap sales	3,987	2,168
	Rental income	3,728	1,575
		49,914	108,755
		513,703	527,342
40	**FINANCE COST**		
	Conventional		
	Short term borrowings	5,540,172	475,177
	Letter of credit	164,187	219,792
	Long term borrowings	18,869	17,807
	Interest cost on lease liability on ROUA	165,682	-
	Bank charges	49,299	23,703
	Interest cost of gratuity scheme	33,878	15,143
		5,972,087	751,622
	Islamic		
	Short term borrowings	1,160,970	321,226
	Letter of credit	52,705	94,907
	Long term borrowings	70,627	71,607
	Assets obtained under finance lease	194,373	77,708
	Bank charges	15,825	7,192
		1,494,500	572,640
		7,466,587	1,324,262
41	**TAXATION**		Restated
	Current	1,030,621	1,081,640
	Prior period	-	237,761
	Deferred	(213,010)	(1,047,077)
		817,611	272,324

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41.1 During the year, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these consolidated financial statements.

42 LOSS PER SHARE - basic and diluted

	2019	Restated 2018
	----------Rupees in '000----------	
Loss for the year (Rupees in thousand)	(25,876,761)	(218,237)
Weighted average number of ordinary shares (in thousand)	199,121	199,121
Basic and diluted loss per share (Rupees)	(129.96)	(1.10)

A diluted earnings per share has not been presented as it had anti-dilutive effect on the earnings per share.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	------------------------Rs in '000------------------------					
Director's fee	-	19,800	-	-	20,100	-
Managerial remuneration	65,983	-	441,997	63,311	-	425,618
Cost of living allowance	6,798	-	49,111	5,943	-	47,291
Reimbursement of medical expenses	67	8,504	35,378	58	4,323	30,634
Bonus	12,000	-	30,392	-	-	-
Retirement benefits	3,500	-	22,851	3,286	-	20,986
	88,348	28,304	579,729	72,598	24,423	524,529
Number of person(s)	1	9	161	1	8	172

43.1 The Chief Executive Officer and certain executives are also provided with free use of Group maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

44 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.

Significant transactions with related parties, other than those disclosed elsewhere in this consolidated statement of financial position, are as follows:

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44.1 Transactions with related parties

Nature of relationship	Nature of transaction	Percentage of shareholding	2019	Restated 2018
			Rupees in '000	
Shareholding in the Holding Company				
Fossil Energy (Private) Limited	Rendering of services	10.66%	19,907	-
Marshal Gas	Assets procurement	4.88%	-	183,288
Shareholding by the Holding Company				
Hascol Terminals Limited	Rendering of services	15%	1,954,403	-
Hascol Terminals Limited	Business support service	15%	40,739	22,069
Vitol Bahrain E.C	Procurement	N/A	84,883,613	125,768,587
Faysal Bank Limited	Rendering of services	N/A	2,006,111	-
Layton Rahmatulla Benevolent Trust	Donation	N/A	1,000	-
Gas & Oil Pakistan Limited	Duty	N/A	205,000	-
VOS Petroleum Limited	Rendering of services	N/A	151,482	-
Hascombe Business Solutions	Procurement	N/A	-	408,522
Clover Pakistan Limited	Procurement	N/A	230,142	122,667

44.2 Balances with related parties

Nature of relationship	Nature of transaction	Percentage of shareholding	2019	Restated 2018
Shareholding in the Holding Company				
Fossil Energy (Private) Limited	Rendering of services	10.66%	3,475	-
Shareholding by the Holding Company				
Hascol Terminals Limited	Advance against issue of shares	15%	40,000	40,000
Hascol Terminals Limited	Investments	15%	375,000	375,000
Hascol Terminals Limited	Business support service	15%	20,863	-
Hascol Terminals Limited	Rendering of services	N/A	853,643	-
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	3,000	3,000
Vitol Bahrain E.C	Procurement	N/A	29,620,793	14,713,447
Clover Pakistan Limited	Procurement	N/A	31,610	-
VOS Petroleum Limited	Rendering of services	N/A	46,918	-
Faysal Bank Limited	Rendering of services	N/A	1,853,063	-
Gas & Oil Pakistan Limited	Duty	N/A	205,000	-

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44.3 Following are the associated companies with whom the Group had entered into transactions or have agreement:

S.no	Company Name	Basis of Association	Country of Incorporation
1	Vitol Dubai Limited	Associated Company	Dubai, UAE.
2	Hascol Terminal Limited	Common Directorship	Pakistan
3	Clover Pakistan Limited	Common Directorship	Pakistan
4	Fossil Energy (Private) Limited	Associated Company	Pakistan
5	VOS Petroleum Limited	Common Directorship	Pakistan

45 CASH GENEREATED FROM / (USED IN) OPERATIONS

	Note	2019	2018
		--------Rupees in '000--------	
(Loss) / profit before taxation		**(25,059,150)**	54,087
Adjustment for:			
Depreciation on property, plant and equipment	7.11	**1,309,722**	977,342
Depreciation on right-of-use asset	36	**93,516**	-
Amortization	37	**534**	43
Provision for franchise income		**-**	31,794
Provision for gratuity	26.1.3	**80,507**	34,275
Provision for doubtful debts	13.2	**2,099,444**	84,900
Provision against slow moving stock	12	**69,542**	
Markup / profit on bank deposits	39	**(460,743)**	(418,587)
Exchange loss - unrealized		**70,167**	372,133
Gain on disposal of operating fixed assets	39	**(31,775)**	(86,207)
Finance cost	40	**7,466,587**	1,324,262
(Profit) / loss on associates	9.1.2	**49**	194
Changes in working capital	45.1	**16,293,453**	(6,102,011)
Cash generated from / (used in) operations		**1,931,853**	(3,727,775)

45.1 Changes in working capital

	2019	2018
Decrease / (increase) in current assets		
Stock-in-trade	**2,821,670**	(4,058,197)
Trade debts	**179,358**	(2,118,917)
Advances	**(88,653)**	71,876
Deposits, prepayments and other receivables	**34,062**	(119,196)
Other receivables	**(852,613)**	(683,913)
	2,093,824	(6,908,347)
Increase in current liabilities		
Trade and other payables	**14,199,629**	806,336
Changes in working capital	**16,293,453**	(6,102,011)

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46 CASH AND CASH EQUIVALENTS

	Note	2019	2018
		--------Rupees in '000--------	
Cash and bank balances	20	13,847,510	8,799,447
Less: Term deposit receipts		-	(60,000)
		13,847,510	8,739,447
Short-term borrowings	30	(37,017,653)	(18,877,466)
Add: Commercial paper		-	2,498,365
		(37,017,653)	(16,379,101)
		(23,170,143)	(7,639,654)

47 OPERATING SEGMENTS

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

- Sales from petroleum products represents 99.14 % (2018: 99.13 %) of total revenues of the group.
- Out of total sales of the group 98.7 % (2018: 98.9 %) related to customers in Pakistan.
- All non-current assets of the group as at 31 December, 2019 are located in Pakistan.

The group sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the group are around 34.31% during the year ended December 31, 2019 (2018: 43.09%).

48 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	Restated 2018
		----------Rupees in '000----------	
Financial assets as per statement of financial position			
Fair value through other comprehensive income			
Long term investments	9	1,319,780	1,370,814
At cost			
Long term investments	9	2,525	2,574
At amortized cost			
Deposits	11&15	595,476	555,170
Trade debts	13	11,149,176	13,545,112
Other receivables		3,666,941	2,814,328
Accrued mark-up and profit	17	114,159	92,718
Short term investments	19	103,688	-
Cash and bank balances	20	13,847,510	8,799,447
		29,476,950	25,806,775
		30,799,255	27,180,163
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	24	2,727,817	3,822,698
Unclaimed dividend	28	356,597	362,674
Other liabilities	31	1,473,003	1,320,120
Trade and other payables		49,868,768	31,888,458
Accrued mark-up and profit	29	1,541,829	305,191
Short-term borrowings	30	37,017,653	18,877,466
Total financial liabilities		92,985,667	56,576,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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49 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial assets				
Long term investments	1,319,780	1,319,780	1,370,814	1,370,814
Deposits	595,476	595,476	555,170	555,170
Trade debts	11,149,176	11,149,176	13,545,112	13,545,112
Other receivables	3,666,941	3,666,941	2,814,910	2,814,910
Accrued mark-up and profit	114,159	114,159	92,718	92,718
Short term investments	103,688	103,688	-	-
Cash and bank balances	13,847,510	13,847,510	8,799,447	8,799,447
	30,796,730	30,796,730	27,177,589	27,177,589
Financial liabilities				
Long-term financing	2,727,814	2,727,814	3,822,698	3,822,698
Unclaimed dividend	356,596	356,596	362,674	362,674
Other liabilities	1,473,003	1,473,003	1,320,120	1,320,120
Trade and other payables	49,868,786	49,868,786	31,888,458	31,888,458
Accrued mark-up and profit	1,541,829	1,541,829	305,191	305,191
Short-term borrowings	37,017,653	37,017,653	18,877,466	18,877,466
	92,985,667	92,985,667	56,576,607	56,576,607

b) Valuation of financial instruments

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the group determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the group include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the statement of financial position date that would have been determined by market participants acting at arm's length.

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Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) **Financial assets 2019**

	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Short term investments	**103,688**	**103,688**	**-**	**-**	**103,688**
Long term investments - FVTOCI	**1,319,780**	**944,780**	**-**	**375,000**	**1,319,780**
2018					
Long term investments - FVTOCI	1,330,814	955,814	-	375,000	1,330,814

d) **Non-financial assets 2019**

	Carrying value	Level 1	Level 2	Level 3	Total
Building on lease hold land					
- Office and depots building	**6,012,603**	**-**	**-**	**6,012,603**	**6,012,603**
- Pump building	**4,064,594**	**-**	**-**	**4,064,594**	**4,064,594**
Tanks and pipelines	**5,838,127**	**-**	**-**	**5,838,127**	**5,838,127**
Dispensing pumps	**1,441,567**	**-**	**-**	**1,441,567**	**1,441,567**
Plant and machinery	**2,067,899**	**-**	**-**	**2,067,899**	**2,067,899**
Electrical, mechanical and	**4,533,226**	**-**	**-**	**4,533,226**	**4,533,226**
fire fighting equipment		**-**	**-**		**-**
Furniture, office equipment	**251,877**	**-**	**-**	**251,877**	**251,877**
and other assets					**-**
Computer auxiliaries	**60,037**	**-**	**-**	**60,037**	**60,037**
	24,269,930	**-**	**-**	**24,269,930**	**24,269,930**
2018					
Building on lease hold land					
- Office and depots building	4,116,170	-	-	4,116,170	4,116,170
- Pump building	2,852,472	-	-	2,852,472	2,852,472
Tanks and pipelines	3,532,433	-	-	3,532,433	6,260,250
Dispensing pumps	1,051,529	-	-	1,051,529	1,051,529
Plant and machinery	490,461	-	-	490,461	490,461
Electrical, mechanical and fire fighting equipment	1,742,036	-	-	1,742,036	1,742,036
Furniture, office equipment and other assets	190,491	-	-	190,491	190,491
Computer auxiliaries	75,761	-	-	75,761	75,761
	14,051,353	-	-	14,051,353	16,779,170

50 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group is exposed to the following risks from its use of financial instruments:	**Note**
- Market risk	50.1.1
- Credit risk and concentration of credit risk	50.1.2
- Liquidity risk	50.1.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring any increase in risk, and the group's management of capital.

50.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the group's risk management framework. The Board is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyze the risks faced by the group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the group's activities. The group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the group's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the group.

50.1.1 Market risk

The group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The group imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 200.56 million (2018: USD 102 million) having PKR equivalent amount of Rs. 31,097.43 million (2018: Rs. 14,188.63 million). The average rates applied during the year is Rs. 146.87 per USD (2018: Rs. 121.91 per USD) and the spot rate as at December 31, 2019 is Rs. 155.0529 per USD (2018: Rs. 138.69 per USD).

The group manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the group cannot hedge its currency risk exposure. Consequently, the group recorded exchange loss amounting to Rs. 2,208.935 million (2018: Rs. 3,903.04 million) during the year.

Sensitivity analysis

As at December 31, 2019, if the Pakistani Rupee had weakened / strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,554.871 million (2018: Rs. 98.583 million).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the group's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

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Cash flow sensitivity of variable rate instruments	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	------------------------Rupees in '000		-----------------------	
(Expense) / income				
As at December 31, 2019	**(76,343)**	**76,343**	**(54,203)**	**54,203**
As at December 31, 2018	(15,742)	15,742	(11,177)	11,177

(b) Interest / profit rate risk (continued)

2019		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
			------------------------Rupees. in '000			------------------------			
Financial assets	(a)								
Long term investments		-	-	-	-	-	1,319,780	1,319,780	1,319,780
Deposits		-	-	-	-	10,410	585,066	595,476	595,476
Trade debts		-	-	-	-	11,149,176	-	11,149,176	11,149,176
Other receivables		-	-	-	-	3,666,941	-	3,666,941	3,666,941
Accrued mark-up and profit		-	-	-	-	114,159	-	114,159	114,159
Short term investments		14.29-15.15	103,688	-	103,688	-	-	-	103,688
Cash and bank balances		7.75-9.5	12,820,660	-	12,820,660	1,026,850	-	1,026,850	13,847,510
			12,924,348	-	12,924,348	15,967,536	1,904,846	17,872,382	30,796,730
Financial liabilities	(b)								
Long term finances		7.95-10.15	2,727,817	-	2,727,817	-	-	-	2,727,817
Unclaimed dividend		-	-	-	-	356,597	-	356,597	356,597
Other liabilities		-	-	-	-	1,473,003	-	1,473,003	1,473,003
Trade and other payables		-	-	-	-	49,868,768	-	49,868,768	49,868,768
Accrued mark-up and profit		-	-	-	-	1,541,829	-	1,541,829	1,541,829
Short-term borrowings		7.39-9.12	37,017,653	-	37,017,653	-	-	-	37,017,653
			39,745,470	-	39,745,470	53,240,197	-	53,240,197	92,985,667
On statement of financial position gap	(a)-(b)		(26,821,122)	-	(26,821,122)	(37,272,661)	1,904,846	(35,367,815)	(62,188,937)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2018		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		---Rupees. in '000---							
Financial assets	**(a)**								
Long term investments		-	-	-	-	-	1,370,814	1,370,814	1,370,814
Deposits		-	-	-	-	7,398	547,772	555,170	555,170
Trade debts		-	-	-	-	13,552,235	-	13,552,235	13,552,235
Other receivables		-	-	-	-	2,814,328	-	2,814,328	2,814,328
Accrued mark-up and profit		-	-	-	-	92,718	-	92,718	92,718
Cash and bank balances		3.75-5.5	7,537,871	60,000	7,597,871	1,201,576	-	1,201,576	8,799,447
			7,537,871	60,000	7,597,871	17,668,255	1,918,586	19,586,841	27,184,712
Financial liabilities	**(b)**								
Long term finances		7.95-10.15	3,822,698	-	3,822,698	-	-	-	3,822,698
Unclaimed dividend		-	-	-	-	362,674	-	362,674	362,674
Other liabilities		-	-	-	-	-	1,320,120	1,320,120	1,320,120
Trade and other payables		-	-	-	-	31,888,458	-	31,888,458	31,888,458
Accrued mark-up and profit		-	-	-	-	305,191	-	305,191	305,191
Short-term borrowings		7.39-9.12	18,877,466	-	18,877,466	-	-	-	18,877,466
			22,700,164	-	22,700,164	32,556,323	1,320,120	33,876,443	56,576,607
On statement of financial position gap	**(a)-(b)**		(15,162,293)	60,000	(15,102,293)	(14,888,068)	598,466	(14,289,602)	(29,391,895)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The group is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 904.78 million (2018: Rs. 955.81 million) at the consolidated statement of financial position date.

The group manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the group's equity price risk as of December 31, 2019 and 2018 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on group's net assets of future movement in the level of PSX 100 index.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Fair value	Hypothetical price change at 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in profit / (loss)
	Rupees in '000				
2019	**1,319,780**	**Increase**	**1,715,714**	**395,934**	**395,934**
		Decrease	**923,846**	**(395,934)**	**(395,934)**
2018	1,370,814	Increase	1,782,058	411,244	411,244
		Decrease	959,570	(411,244)	(411,244)

50.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The group manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2019	2018
	Rupees in '000	
Long term investments	**1,281,282**	1,332,365
Deposits	**595,476**	555,170
Trade debts - unsecured	**3,143,090**	4,371,985
Other receivables	**3,666,941**	2,814,328
Accrued mark-up and profit	**114,159**	92,718
Short term investments	**103,688**	-
Bank balances	**13,840,673**	8,799,447
	22,745,309	17,966,013

Aging analysis of trade debts:

	2019		2018	
	Gross	**Impaired**	Gross	Impaired
	Rupees in '000			
Past due 1-30 days	**8,030,702**	**4,635**	12,141,217	-
Past due 31-90 days	**3,805,551**	**1,502,094**	1,383,451	-
Past due 91-180 days	**303,267**	**9,155**	5,084	-
Past due 181-365 days	**885,009**	**352,347**	1,070	-
Over 1 year	**426,125**	**426,125**	99,190	77,777
Over 5 years	**7,973**	**7,973**	7,973	7,973
	13,458,627	**2,302,328**	13,637,985	85,750

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Rating agency	Short term	Long term	2019	2018
				---- Rupees in '000 ----	
Islamic Banks					
Al Baraka Bank Pakistan Limited	PACRA	A1	A	87,141	173,620
Bank Islami Pakistan Limited	PACRA	A1	A+	268,782	982,385
Meezan Bank Limited	JCR- VIS	A-1+	AA+	113,541	309,177
MCB Islamic Bank Limited	PACRA	A1	A	96	96
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA	248,588	288,499
Faysal Bank Limited	PACRA	A-1+	AA	225,000	-
Summit Bank Limited	JCR- VIS	Suspended		183,439	-
Habib Metropolitan Bank Limited	PACRA	A-1+	AA	2,732	-
Balance carried forward				1,129,319	1,753,777
Balance brough forward					
Conventional banks					
Industrial and Commercial Bank of China	Moody's	P-1	A1	4,175	251,475
Askari Bank Limited	PACRA	A-1+	AA+	2,397,111	429,265
Bank Al Falah Limited	PACRA	A-1+	AA+	1,578,139	1,471,112
Bank of Khyber	PACRA	A-1	A	134,372	201,885
Bank of Punjab	PACRA	A-1+	AA	142,176	440,323
First Women Bank Limited	PACRA	A-2	A-	73,291	72,213
MCB Bank Limited	PACRA	A-1+	AAA	436,743	281,058
National Bank of Pakistan	PACRA	A-1+	AAA	1,842,874	1,764,285
Habib Bank Limited	JCR- VIS	A-1+	AAA	1,453,792	398,428
SAMBA Bank Limited	JCR- VIS	A-1	AA	342,703	112,538
Citi Bank	Moody's	P-1	Aa3	9,405	-
MCB Bank Limited				383	-
Silk Bank Limited	JCR- VIS	A-2	A-	73	5,273
Sind Bank Limied	JCR- VIS	A-1	A+	247,424	232,074
United Bank Limited	JCR- VIS	A-1+	AAA	75,025	108,580
Faysal Bank Limited	JCR- VIS	A-1+	AA	21,937	340,827
Summit Bank Limited		Suspended		519,765	257,510
Habib Metropolitan Bank Limited	PACRA	A-1+	AA	3,431,967	669,240
Total				13,840,674	8,789,863

50.1.3 Liquidity risk

Liquidity risk reflects the Group's inability of raising funds to meet commitments. Management closely monitors the group's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Group's financial liabilities have contractual maturities as summarized below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Within one year	Over one year	Total
	--------------Rupees in '000---------------		
2019			
Long term finances	**2,727,817**	**-**	**2,727,817**
Other liabilities	**1,473,003**	**-**	**1,473,003**
Trade and other payable	**49,868,768**	**-**	**49,868,768**
Unclaimed dividend	**356,597**	**-**	**356,597**
Mark-up accrued	**1,541,829**	**-**	**1,541,829**
Short-term borrowings	**37,017,653**	**-**	**37,017,653**
	92,985,667	**-**	**92,985,667**
2018			
Long term finances	3,822,698	-	3,822,698
Other liabilities	-	1,320,120	1,320,120
Trade and other payables	34,517,309	-	34,517,309
Accrued mark-up and profit	311,976	-	311,976
Unclaimed dividend	362,674	-	362,674
Short-term borrowings	18,877,466	-	18,877,466
	57,892,123	1,320,120	59,212,243

50.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

The Group's operational cash flows and financial conditions could also be negatively affected by the following:

a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

However the Group manages above risks with well-defined Disaster Recovery (DR) and Business Continuity Plan (BCP). The staff is sufficiently trained and aware of their job responsibilities in case of any calamity which may prevent employees to use office of the group or any other joint working space. The BCP also provides remote access to the resources for employees to fulfil their job responsibilities and service clients while ensuring utmost security of the Group's information system.

51 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Group defines as net profit / (loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	Note	2019	2018
		---------Rupees in '000---------	
Total interest bearing debt		**42,526,891**	23,990,531
Trade and other payables		**49,868,768**	34,517,309
Accrued mark-up and profit	29	**1,549,403**	311,976
Less: cash and bank balances	20	**(13,847,510)**	(8,799,447)
Deficit of net cash over debt / net debt		**80,097,552**	50,020,369
Total shareholders' (deficit) / equity		**(8,922,393)**	11,328,575
Net equity		**71,175,159**	61,348,944
Gearing ratio		**112.54%**	81.53%

52 EMPLOYEES PROVIDENT FUND

The group operates approved provident fund for its eligible employees as of 31 December, 2019. Details of assets and investments of the fund is as follows:

	Note	(Unaudited) 2019	(Audited) 2018
Size of fund - total assets (Rupees in '000)		**165,051**	122,179
Number of members		**294**	352
Cost of investments made (Rupees in '000)		**165,564**	121,826
Percentage of investments made		**100%**	100%
Fair value of investments (Rupees in '000)	52.1	**159,945**	121,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

52.1 The break-up of fair value of investments is as follows:

	2019		2018	
	Investments (Rs in '000)	Percentage of investment made	Investments (Rs in '000)	Percentage of investment made
Saving bank accounts	35,564	22	88,365	73
Regular income certificates	15,000	9	19,365	16
Term finance certificate	95,000	60	-	-
Mutual fund	14,381	9	13,846	11
	159,945	100	121,576	100

52.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

53 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in Note 24 and 30.
(ii)	Deposits	Non-interest bearing as disclosed in Note 11 and 15.
(iii)	Segment revenue	Disclosed in note 47.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 20.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 39.
(vi)	Gain / (loss) on disposal of investment held at fair value through other comprehensive income	Not applicable during the year.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 33, 34 and 39.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 40.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	BankIslami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

(xii) Profits earned or interest paid on any conventional loan or advance	Disclosed in note 38 and 39.

54 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transaction.

55 SUBSEQUENT EVENTS

1) The Board of Directors of the Holding Company, in their meeting held on 30th October 2019 has approved the increase in the ordinary paid up share capital of the Holding Company by issue of a further 800,000,000 ordinary shares, to be offered to the shareholders of the Holding Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act 2017, at a price of Rs. 10/- each per share, in the ratio of 4 right shares for every 1 existing ordinary share of PKR 10/- each (i.e. 400%). The BOD in its meeting declared that right shares are allotted to subscribers on 23 January 2020.

   The funds of right issue will be utilized for working capital requirements, the same is expected to enable the Holding Company to improve its performance in terms of profitability, there by resulting in better returns to the shareholder.

2) Vitol Dubai Limited being a major share holder of the group holding 54,676,551 shares of the Holding Company. On January 31, 2020 Vitol further acquired 401,697,229 shares which increases its total shareholding in the Holding Company i.e. 401,697,229 shares which represent 40.21% of the total issued voting shares of the Holding Company.

3) The existence of novel corona virus (COVID 19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The impact of this outbreak on the Group's consolidated financial statements, if any, will be considered in the next consolidated financial statements.

56 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees of the group as at year end	**700**	988
Average number of employees of the group during the year	**886**	872

57 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 17th July, 2020 by the Board of Directors of the Holding Company.

Chief Executive Officer	Chief Financial Officer	Director

FORM OF PROXY

18th Annual General Meeting

The Company Secretary
Hascol Petroleum Limited
The Forum, 1st Floor, Suite No. 105-106,
Khayaban-e-Jami, Clifton
Karachi

I/We _________________________ of________________________________ being member(s) of Hascol Petroleum Limited and holder of ________________________________ ordinary shares as per Share Register Folio No. ___________________ and/or CDC Participant I.D. No. and Sub Account No. / IAS Account No. _____________________ hereby appoint __________________________________ of __________________________________ or failing him / her ____________________________________ of ________________________________ as my / our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on 11th August, 2020 and at any adjournment thereof.

As witness my / our hands / seal this _____________________ day of__________ 2020.

Witness No.1
Name _________________________
Address _________________________
____
CNIC or Passport No. _________________________

Witness No.2
Name _________________________
Address _________________________
____
CNIC or Passport No. _________________________

____
Signature

(Signature should agree with the specimen signature registered with the Company

Important

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at The Forum, 1st Floor, Suite No. 105-106, Khayaban-e-Jami, Clifton, Karachi, not less than 48 hours before the time of holding the Meeting.

2. Members are requested:
   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above; and
   (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities
In addition to the above the following requirements have to be met:

i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shall be stated on the form;

ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

iii) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

پراکسی فارم

اٹھارھواں سالانہ اجلاسِ عام

محترم کمپنی سیکریڑی،

ہیسکول پٹرولیم لمیٹڈ،

دی فورم،1st فلور،سوئٹ نمبر105-106،

خیابانِ جامی،کلفٹن،کراچی۔

میں / ہم ____________ رکن ____________ بحیثیت شیئر ہولڈر ہیسکول پٹرولیم لمیٹڈ ____________

عمومی شیئرز کی تحویل رکھتا ہوں / رکھتے ہیں بحوالہ شیئر رجسٹر فولیو نمبر ____________ اور / یا سی ڈی سی شریک آئی ڈی نمبر ____________

اور اکاؤنٹ / ذیلی اکاؤنٹ نمبر / آئی اے ایس اکاونٹ نمبر ____________ یا بصورت دیگر ____________ شرکت نہ کرنے کی صورت میں

محترم / محترمہ ____________ رکن ____________ کو بطور پراکسی ہولڈر اٹھارھواں سالانہ اجلاسِ عام

اور اس کے کسی التوا تک میری / ہماری جانب سے ووٹ دینے اور اجلاسِ میں شرکت کرنے کا اختیار دیتا ہوں جو کہ 11 اگست، 2020 بروز منگل کو منعقد ہوگا۔

بتاریخ ____________ 2020

پانچ روپے والے ریوینیو اسٹیمپ پر دستخط کریں

گواہ کے طور پر میرا / ہمارا دستخط / مہر

گواہ نمبر ا:

دستخط: ____________

نام: ____________

پتہ: ____________

____

سی این آئی سی / پاسپورٹ نمبر: ____________

گواہ نمبر ۲:

دستخط: ____________

نام: ____________

پتہ: ____________

____

سی این آئی سی / پاسپورٹ نمبر: ____________

نوٹس:

- پراکسی فارم میٹنگ سے 48 گھنٹے قبل مکمل کوائف اور دستخط کے ساتھ کمپنی کے رجسٹرڈ آفس دی فورم،1st فلور،سوئٹ نمبر 105-106،خیابانِ جامی،کلفٹن،کراچی میں جمع ہونگے۔
- ممبران سے گزارش کی جاتی ہے کہ
  - (الف) مذکورہ بالا خانہ برائے ریوینیو اسٹیمپ میں 5 روپے کی رسیدی ٹکٹ ضرور لگائے۔ اور
  - (ب) رسیدی ٹکٹ پر کمپنی کے رجسٹرڈ دستخط کے انداز میں دستخط کریں۔
- سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لیے مذکورہ بالا کے علاوہ، مندرجہ ذیل ضروریات کا پورا کرنا بھی ضروری ہے۔
  - (i) پراکسی فارم پر دو افراد کی جانب سے گواہی ہونی چاہیئے۔ جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہو۔
  - (ii) بینیفیشل اونرز اور پراکسی کے اصل کمپیوٹرائزڈ سی این آئی سی یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراکسی فارم کے ساتھ جمع کرانی ہوگی۔
  - (iii) پراکسی اپنا اصل سی این آئی سی یا پاسپورٹ اجلاس کے وقت پیش کریں گے۔
  - (iv) کارپوریٹ اداروں کے بورڈ آف ڈائریکٹرز پر لازم ہے کہ میٹنگ کے وقت دستخط شدہ آئین یا پاور آف اٹارنی مقرر کردہ شخص کو دیں اگر اسے پہلے سے فراہم نا کیا گیا ہوتو۔

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