ANNUAL REPORT 2020

EMBRACING INNOVATION

We envision becoming the leading energy firm of Pakistan with diverse ideas and advance technology to build excellence that leads us to success in building recognition in hydrocarbon and energy sectors.


HASCOL

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CORPORATE INFORMATION

Chairman
Sir Alan Duncan

CEO & Director
Mr Aqeel Ahmed Khan

Directors
Mr Mustafa Ashraf
Mr Zafar Iqbal Chaudhry
Mr Farid Arshad Masood
Mr Abdul Aziz Khalid
Mr Mohammad Zubair

Chief Financial Officer
Mr Rehan Riaz

Company Secretary
Mr Farhan Ahmad

Audit Committee
Mr Mustafa Ashraf (Chairman)
Mr Farid Arshad Masood (Member)
Mr Mohammad Zubair (Member)
Mr Zafar Iqbal Chaudhry (Member)

Risk Committee
Mr Mustafa Ashraf (Chairman)
Mr Abdul Aziz Khalid (Member)
Mr Mohammad Zubair (Member)

Human Resource & Remuneration Committee
Mr Zafar Iqbal Chaudhry (Chairman)
Sir Alan Duncan (Member)
Mr Mohammad Zubair (Member)

Auditors
Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi.

Bankers

Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
BankAlfalah 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 of the Company

29th Floor, Sky Tower, West Wing
(Tower A), Dolmen City, Abdul Sattar
Edhi Avenue, Block-4, Clifton,
Karachi. Pakistan.

Phone: +92-21-35301343-50
Fax: +92-21-35301351
UAN: 111-757-757
E-mail: info@hascol.com
Website: www.hascol.com

VISION

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

MISSION

To become the leader of Pakistan hydrocarbon and energy industry, 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.

DIRECTOR PROFILES

Mr. Alan Duncan

Sir Alan Duncan was elected Chairman of Hascol's Board of Directors in September 2020. Sir Alan served as a Minister in the United Kingdom from 2010-2019. He began his career in the oil industry with Royal Dutch Shell, and was first elected to the House of Commons in the 1992 general election. Sir Alan was knighted for his services to international development and international relations. He joined Vitol in 2019. Sir Alan studied at St John's College, Oxford, at the same time as Imran Khan and the late Benazir Bhutto. He became president of the Oxford Union in 1979.

Mr. Aqeel Ahmed Khan

Mr. Aqeel Ahmed Khan is a seasoned Oil Industry professional with diverse experience of more than 20 years in areas of Supply chain, Sales, Marketing, Operations, Commercial and Business development.

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

Mr. Abdul Aziz Khalid

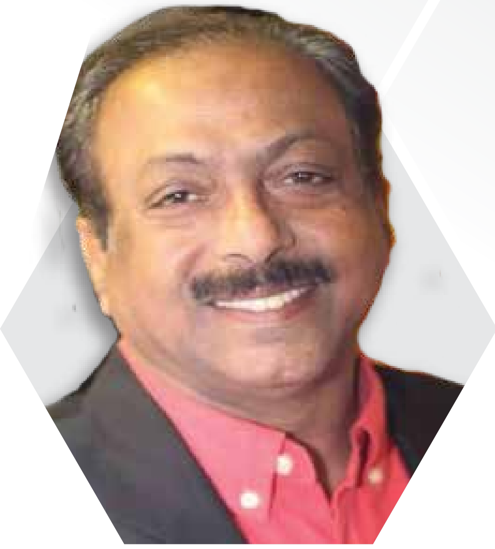
Mr. Abdul Aziz Khalid has joined the Board of the Company as nominee Director of Vitol Dubai Limited. Mr. Aziz is working as Business Development Director in Vitol. He possesses a vast experience as being affiliated with oil industry especially in Middle east and has worked for renowned companies such as Libyan Emirates Oil refining company and AlGhurair. Mr. Aziz holds a CPA from Australia and completed his Bachelors from Griffith University.

Mr. Farid Arshad Masood

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. Mohammad Zubair

Mr. Zubair is a leader of corporate world with a proven track record spreading over decades as Country Representative (CEO), Group CFO and CIA overseeing Country Management, Finance/Internal Audit and Support Services in the national and international Oil & Gas Industry.

He remained associated with several Boards of Directors and Committees in Pakistan & abroad.

He had been associated with one of the largest Energy Companies in the World – CHEVRON (formerly known as Caltex in Pakistan) since 1977 till June 2015. During his career with Chevron, he worked in Pakistan and several years overseas including Caltex Headquarters in Dallas, USA which provided extensive exposure to interact and work with highly diverse manpower and professionals around the globe. He also represented Chevron as a board member in various Chevron Companies and Joint Ventures for a number of years in Pakistan, Egypt and Middle East Countries. After 37.5 years with Chevron/Caltex, joined Total-Parco as Vice President & CFO of their group of companies in July 2015 and held this position till the retirement in March 2018 after continuous service of 40.4 years with top class multinationals in Oil & Gas Industry of the world.

Mr. Zubair is a professional accountant along with a degree in Laws and graduated from Columbia University NY, USA in Advanced Management / Senior Executive Education.

Mr. Zafar Iqbal Chaudhry

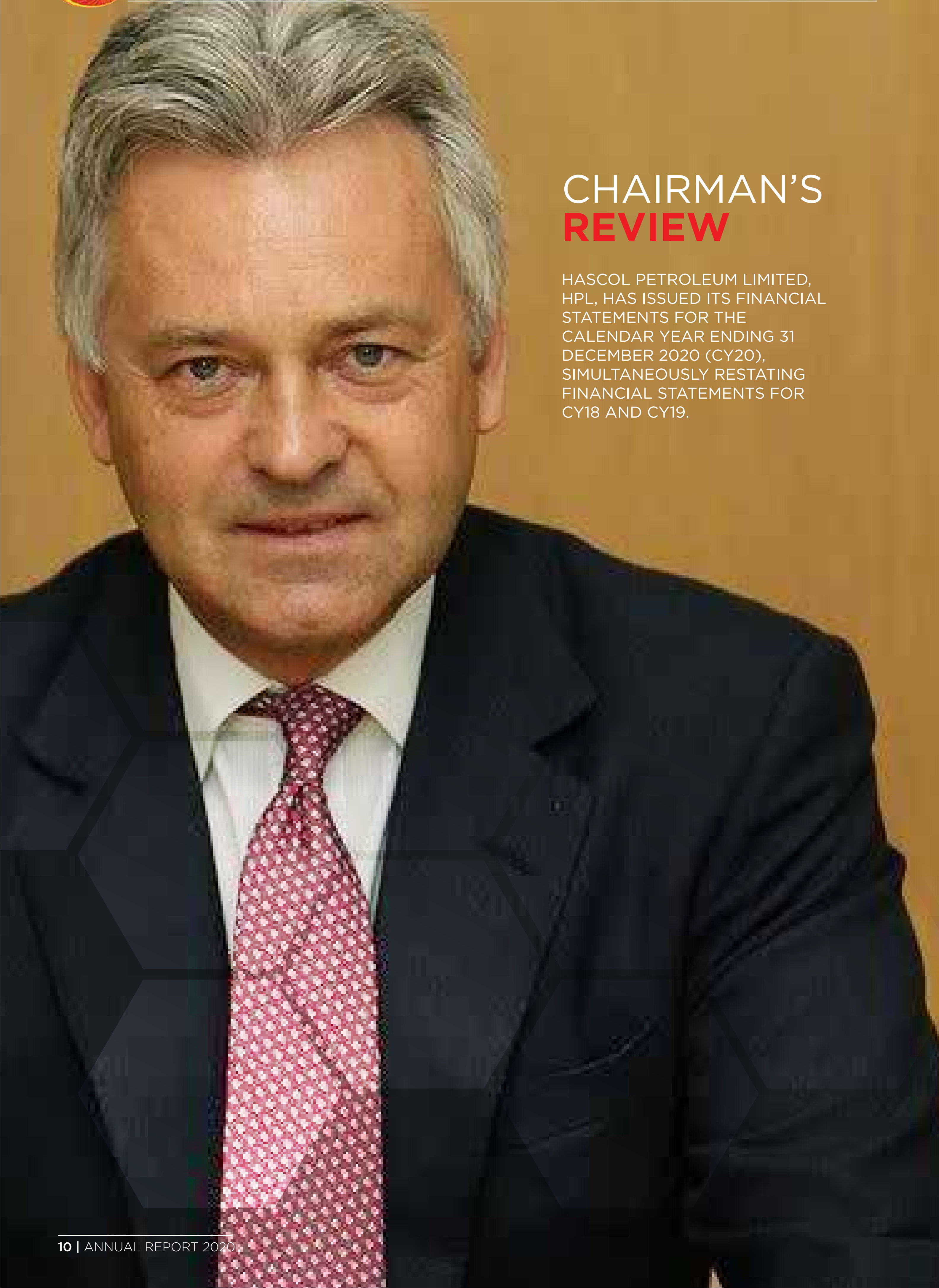
Mr. Zafar Iqbal Chaudhry has over three decades' experience as a successful businessman, politician, and agriculturist. He owns and runs several successful business ventures, and is the President of the Lahore Chamber of Commerce. Mr. Chaudhry is a seasoned politician, having served as an elected representative in the Punjab Assembly, Pakistan's National Assembly, and in the Senate. Mr. Chaudhry has represented Pakistan in the UN General Assembly, and at other international forums of business and politics. He has been a Member of the Senate Standing Committees on Commerce and WAPDA

Mr. Chaudhry is Chairman and CEO of Pak Business Train, and is educated as a lawyer (LLB). He has a Master's degree in journalism.

Mr. Mustafa Ashraf

Mr. Mustafa Ashraf is an advocate of the Punjab High Court and former Member of the Federal Board of Revenue (FBR). He has served as the Chief Commissioner of the Large Taxpayers Unit (LTU), Lahore, and the Regional Tax Office (RTO), Lahore and Multan. Mr. Ashraf was Director General Training and Research at the FBR, and the Director General Pakistan Electric Power Company (PEPCO). Mr. Ashraf led several national delegation internationally, and has both field experience as well as at FBR HQ, in the areas of Federal Tax Planning, Dispute Resolution, Audit, Enforcement, Appeals, Revenue Generation and Federal Budgeting. He has been teaching core taxation issues in the IRS training institute and at the University of the Punjab, Lahore.

Mr. Ashraf is a certified director under the Code of Corporate Governance (CCG). He has trained at the Kennedy School of Government at Harvard University, Strathclyde Business School in Scotland, and Lahore University of Management Sciences (LUMS).



CHAIRMAN'S **REVIEW**

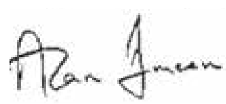
HASCOL PETROLEUM LIMITED, HPL, HAS ISSUED ITS FINANCIAL STATEMENTS FOR THE CALENDAR YEAR ENDING 31 DECEMBER 2020 (CY20), SIMULTANEOUSLY RESTATING FINANCIAL STATEMENTS FOR CY18 AND CY19.

Recent years have been challenging for the global petroleum industry due to extreme volatility in international oil prices and demand shocks. Pakistan's petroleum sector also had to contend with large foreign exchange risk. In 2020, to support the company through this difficult period, Vitol, Hascol's major shareholder, increased its equity stake from 25% to 40%. In an effort to turn Hascol around and get it back on track to profitability, a new Chairman and CEO were appointed in 2020. Much of the management was replaced and the Board was reconstituted.

Hascol's new management has been working tirelessly in coordination with the Board to restore Hascol to profitability. The Board has focused on controlling and reducing the operating costs, managing the oil price risk, managing foreign exchange risk and controlling credit in the market. Rigorous systems and risk management protocols have been adopted to address these concerns and raise the quality of operations and ensure that best practices are adhered to in all of the company's processes.

The collapse in demand caused by COVID-19 hit Hascol very hard. As a result in 2021 the company entered into negotiations with its banks to comprehensively restructure and refinance its liabilities, appointing leading global advisors, Alvarez & Marsal, to advise on the restructuring. The Company has been in detailed discussions with the major banks on the restructuring in close coordination with the Board. We think that we are now in a position where we can soon announce a restructuring agreement which would include the restructuring of bank debt to long-term debt, additional equity being injected and the selling of non-core assets. The aim of this restructuring is to provide the company the required liquidity to reach its potential and ensure that the liabilities are managed and paid down over a reasonable time period, thus restoring investor confidence. Despite this loss and uncertainty, Vitol has continued to support Hascol through this turbulent period, on the understanding that HPL's other significant stakeholders, especially the banks, will restructure the company's liabilities.

The company discovered inaccurate entries in its 2019 accounts and immediately reported these to its national regulators. It is subsequently restating its results from 2018 through 2020; the restated accounts show that Hascol posted a loss of PKR 25.0 billion for CY20, a loss of PKR 35.2 billion for CY19 (restated), and a loss of PKR 3.4 billion for CY18 (restated).
The Company has taken a conservative view in the accounts about provisions, while the verification of certain historic book entries is undertaken. Until a full reconciliation effort is completed, and third party records are proved consistent, appropriate adjustments cannot be made.



Sir Alan Duncan
Chairman

ہیسکول پیٹرول لمیٹڈ (ایچ پی ایل) نے ختم ہونے والے سالانہ کلینڈر کے مطابق 31 دسمبر 2020 (سی وائے 20) کے مالیاتی گوشوارے جاری کر دیئے ہیں، بیک وقت ساتھ ہی (سی وائے 18) اور (سی وائے 19) کے مالی بیانات کو بھی دوبارہ پیش کیا جائے گا۔

حالیہ برس میں تیل کی بین الاقوامی قیمتوں میں اتار چڑھاؤ اور طلب کی شدت کی وجہ سے عالمی پیٹرولیم انڈسٹری کے لیے کافی چیلنجنگ رہے ہیں، جس کے چلتے پاکستان کے پیٹرولیم سیکٹر کو بھی غیر ملکی زرمبادلہ کے بڑے خطرے کا سامنا کرنا پڑا ہے۔ سال 2020ء کے اس مشکل ترین دور میں کمپنی کو سپورٹ دینے کے لیے ہیسکول کے بڑے شیئر ہولڈر بنام Vitol نے اپنی ایکوٹی کا حصہ 25% سے بڑھا کر 40% کر دیا ہے۔ ہیسکول کو تبدیل کرنے اور اسے دوبارہ منافع کے راستے پر لانے کی کوششوں میں سال 2020ء میں ایک نئے چیئرمین اور سی ای او کا تقرر بھی کیا ساتھ ہی زیادہ تر انتظامیہ کو تبدیل کر کے بورڈ کی تشکیل نو بھی کی گئی ہے۔

ہیسکول کی نئی انتظامیہ بورڈ کے ساتھ ہم آہنگی اختیار کرنے میں انتھک محنت کر رہی ہے تا کہ ہیسکول کو پھر سے منافع بخش بنایا جا سکے۔ بورڈ نے آپریٹنگ اخراجات کو کنٹرول اور کم کرنے کے ساتھ ساتھ تیل کی قیمتوں میں ہونے والے خطرات کے انتظامات، غیر ملکی زرمبادلہ کے خطرات اور مارکیٹ کو کنٹرول کرنے پر بھی توجہ مرکوز کی ہے۔ مزید برآں ان خدشات کو دور کرنے ساتھ ساتھ آپریشنز کے معیار کو بڑھانے اور کمپنی کے تمام عملوں میں بہترین طریقوں کی پابندی کو یقینی بنانے کے لیے سخت نظام اور رسک مینجمنٹ پروٹوکول کو اپنایا جائے گا۔

کووِڈ 19 کی وجہ سے مانگ میں ہونے والی کمی نے ہیسکول کو بہت زیادہ متاثر کیا ہے۔ جس کے نتیجے کے طور پر سال 2021ء میں کمپنی نے اپنی ذمہ داریوں کی جامع تنظیم نو اور ری فنانس کے لیے اپنے بینکوں کے ساتھ گفت و شنید کی مزید تنظیم نو پر مشورہ دینے کے لیے عالمی مشیر الواریز اور مارشل کو بھی مقرر کیا گیا۔ مزید برآں کمپنی بورڈ کے ساتھ قریبی تال میل میں تنظیم نو پر بڑے بینکوں کے ساتھ تفصیلی بات چیت بھی کر رہی ہے۔ ہم سوچتے ہیں کہ ہم اب اس پوزیشن پر ہیں جب ہم جلد ہی ایک تنظیم نو کے معاہدے کا اعلان کر سکتے ہیں جن میں بینک قرض ،طویل مدتی قرضوں کی تنظیم نو، اضافی ایکیوٹی انجیکشن اور غیر بنیادی اثاثوں کی فروخت کو بھی شامل کیا جائے گا۔ اس تنظیم نو کا مقصد کمپنی کو اس کی صلاحیت تک پہنچنے کے لیے مطلوبہ لیکویڈیٹی فراہم کرنا ہے اور اس بات کو یقینی بنانا ہے کہ واجبات کا نظم و نسق اور ادائیگی ایک مناسب مدت میں ہوتا کہ اس طرح سرمایہ کاروں کا اعتماد بھی بحال کیا جا سکے۔ اس نقصان اور غیر یقینی صورتحال کے باوجود بھی Vitol نے اس ہنگامہ خیز دور میں بھی ہیسکول کی حمایت میں کوئی کمی نہیں آنے دی اور اپنی اس سمجھ کو برقرار رکھا کہ ہیسکول پیٹرولیم لمیٹڈ کے دیگر اہم اسٹیک ہولڈرز، خاص طور پر بینک کمپنی کی ذمہ داریوں نو میں بڑھ چڑھ کر حصہ لیں گے۔

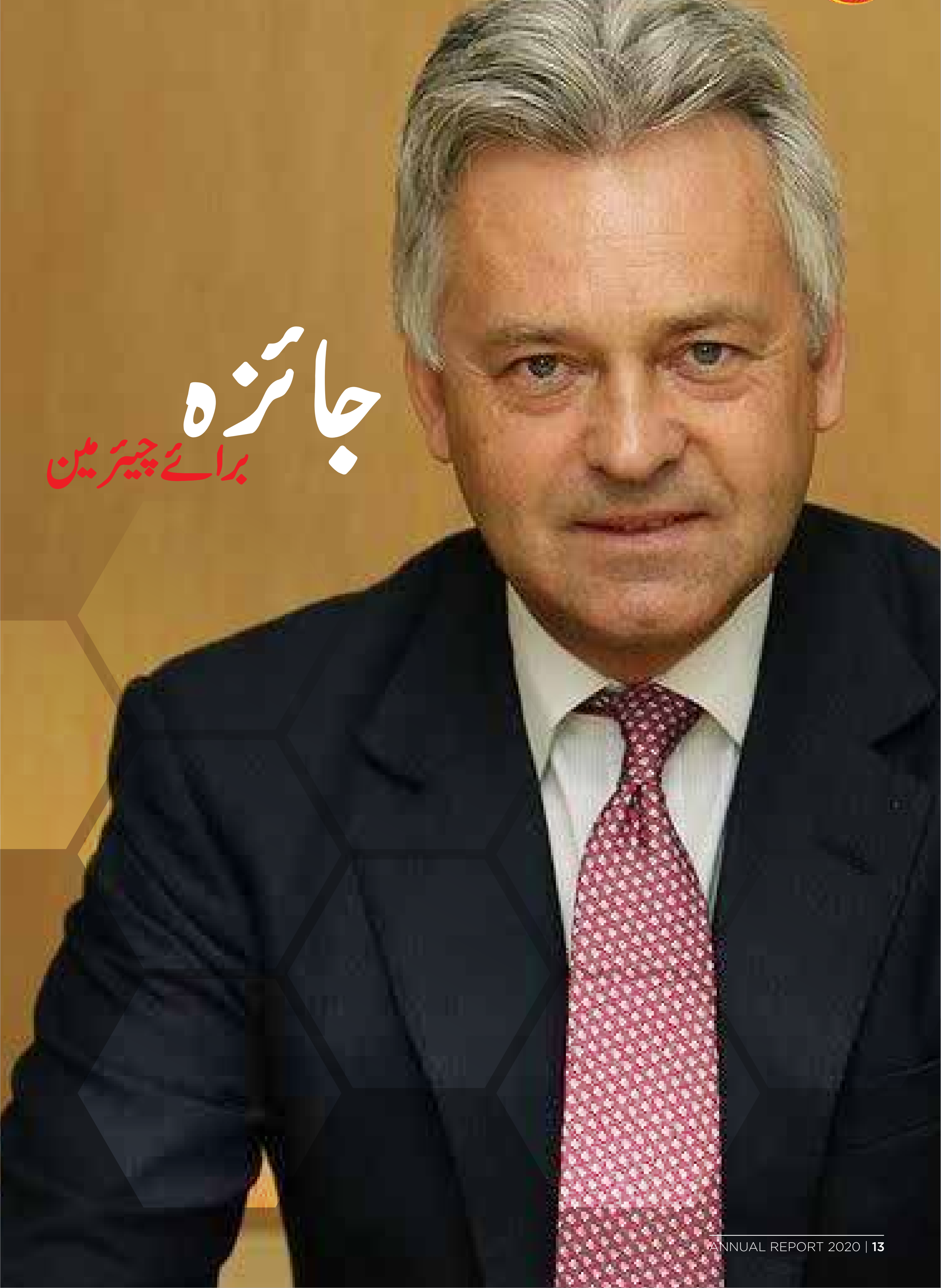
کمپنی نے سال 2019ء میں کمپنی اکاؤنٹس میں ہونے والے غلط اندراجات دریافت کیں اور فوری طور پر اپنے قومی ریگولیٹرز کو اس حوالے سے مطلع بھی کیا، بعد از سال 2018 سے 2020 تک اپنے نتائج کو دوبارہ پیش کرتے ہوئے ری اسٹیٹڈ اکاؤنٹس سے پتہ چلا کہ ہیسکول نے (سی وائے 20) 25 بلین پاکستانی روپے کا نقصان، (سی وائے 19) 35.2 بلین پاکستانی روپے کا نقصان ری اسٹیٹڈ اور (سی وائے 2018) 3.4 بلین پاکستانی روپے کا نقصان کیا گیا ہے۔

کمپنی نے تمام دفعات کے بارے میں کھاتوں میں قدامت پسندانہ نظریہ اپنایا، جبکہ ایسے بعض معاملات میں تاریخی کتابوں کے اندراجات کی تصدیق کی جاتی ہے چونکہ جب تک مفاہمت کی کوشش مکمل نہیں ہوجاتی اور فریق ثالث کے ریکارڈ مستقل طور پر ثابت نہیں ہوجاتے اس وقت تک مناسبت کو مدنظر رکھتے ہوئے ایڈجسٹمنٹ کرنا ممکن نہیں ہے۔

سر ایلن ڈنکن
چیئرمین

جائزہ

برائے چیئرمین



HSE 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

This Policy shall be regularly reviewed to ensure ongoing suitability.
Employees and Contractors have responsibility to comply with this Policy and maintain high level of HSSE standards.

HPL LIVE 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.

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- Complying with Legal Requirements, Internal Standards and adopt Best Practices.

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

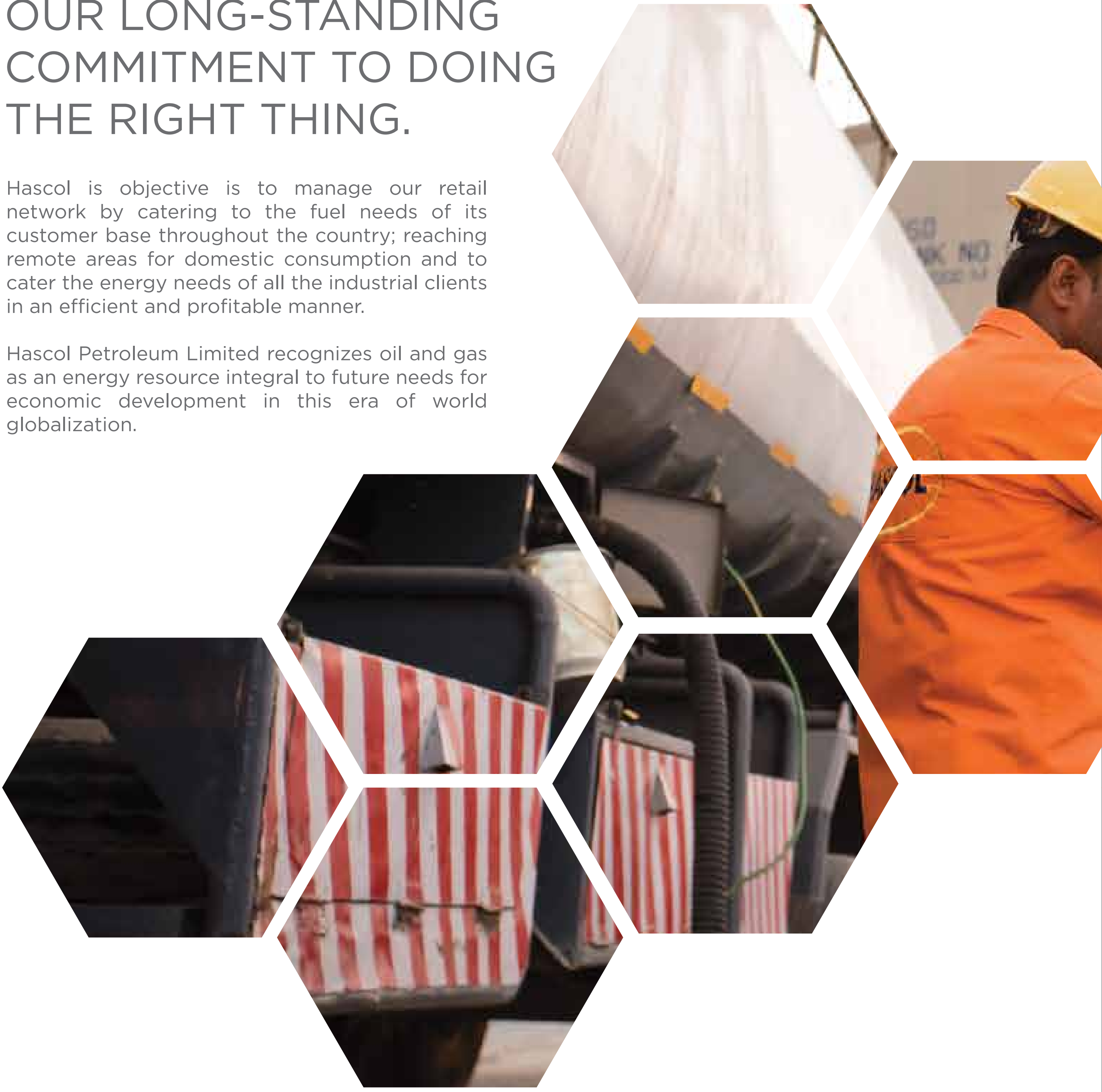
Rule 11: Do not Smoke outside designated Smoking Areas

CORPORATE OBJECTIVES **AND BUSINESS STRATEGY**

HASCOL, FOCUS ON SUSTAINABILITY HEALTHY ETHICS PLAN IS DRIVEN BY OUR LONG-STANDING COMMITMENT TO DOING THE RIGHT THING.

Hascol is objective is to manage our retail network by catering to 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.

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 2020.


HASCOL

1. Financial Results

Financial highlights for 2020:

The loss of the unconsolidated financial statement for the year ended 31st December 2020 after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	(Rupees in '000)	
Particulars	**2020**	2019 (restated)
Loss before taxation	24,172,651	34,237,060
Taxation	850,771	865,502
Loss for the year	25,023,422	35,102,562
	(Rupees)	
Loss per share	25.17	93.30

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

During the year the Company posted a loss after tax of Rs. 25.0 billion (2019 restated: loss after tax Rs. 35.1 billion). The gross loss stood at Rs. 1.4 billion (2019 restated: Rs.12.5 billion). The LPS for the year stood at Rs. (25.17) as compared to LPS of Rs. 93.30 in 2019.

On a consolidated basis, the Company posted a loss after tax of Rs. 24.4 billion (2019 restated: loss after tax Rs. 34.3 billion) resulting in a LPS of (25.39) as compared to LPS of 93.15 in 2019.

The year 2020 witnessed the unprecedented coronavirus (Covid-19) pandemic which impacted life globally; Pakistan also faced the severity of the pandemic. Covid-19 affected the global oil industry in two key ways – by causing drastic reductions in the demand for oil and a sharp decline in product prices. Pakistan's OMC industry ("industry") was also adversely impacted by global oil trends. Additionally, due to local currency devaluation, the industry also had to account for high inventory and exchange losses.

In Q120, shareholders injected PKR 8 billion as additional capital, to bolster the operations and address the liquidity position / working capital gap of the Company, both of which had been adversely affected in FY19. But due to lockdowns imposed by the Government to tackle the Covid-19; not only did sales volumes decrease due to a drop in consumption of oil products, an unprecedented fall in oil prices and devaluation of the Rupee also had a severe dampening effect on the Company's financial performance. Additionally the cost of servicing an over-sized debt, high capacity storage charges and provisioning against doubtful assets contributed to a net loss of PKR 25.0 Billion for the year ended 31 December 2020. As a result, the shareholder's deficit as of 31 December 2020 rose to PKR 46.5 Billion, and the current ratio fell to 0.27 due to high short term debt burden.

Restatement and reclassification in 2019 results:

In 2020, the Management has made following restatements and reclassification in 2019 previously published and reported numbers:

Statement of profit or loss:

PKR 9.3 billion on 2019 reported numbers mainly due to incorrect application of International Financial Reporting Standards. The major restatements are as follows:

- Adjusted cost of goods sold and increased gross loss by PKR 4.3 billion in 2019 due to fake purchase order capitalized in 2019;
- Application of IFRS 16 on pump site, depots and storage facility resulting in an additional charge of PKR 1.0 billion; and

- Adjusted other expenses due to provisioning of advance to suppliers by PKR 3.3 billion (for detail please refer note 14.2).

Statement of financial position:

Following significant restatement and reclassification were made in 2019 statement of financial position:

- Reduce property, plant and equipment by PKR 9.1 billion mainly due to write-off of PKR 7.4 billion (please refer note 6.6) and reclassification of right of use asset by PKR 1.2 billion;

- Restatement of right of use assets and corresponding lease liabilities by PKR 20.0 billion (for detail please refer note 7.3).

- Reclassification from other liabilities to advance to supplier under current asset by PKR 6.0 billion. In 2019 previously reported numbers, the same was netted off with other payable while the same was not done as currently the management is carrying out reconciliation of other payable and advances to suppliers. Moreover, provision was made against advances to suppliers in the amount of PKR 5.4 billion in accordance with the requirement of International Accounting Standards. For detail please refer note 14.2 and 26.4.

- Adjustment in trade payable by PKR 13.0 billion mainly on account of reclassification from trade payable to other payable by PKR 12.0 billion (for detail refer note 26.1) and mark to market of vendor liability by PKR 1.7 billion.

- The Company has taken a conservative view in the accounts about provisions, while the verification of certain historic book entries is undertaken. It is intended to remove such provisions wherever possible in future accounts. Until a full reconciliation effort is completed, and third party records are proved consistent, appropriate adjustments cannot yet be made.

Way forward:

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

The Board and management of the Company are committed to, and are confident of, improving the Company's financial position and its operating and financial performance and are working with major shareholders and various lenders towards an early and successful execution of the Plan.

Disclaimers in audit report:

Following are the explanations and the way forward for the disclaimers stated in the audit report for the unconsolidated financial statement:

- The auditor has noticed differences in opening balance as of 1 Jan 2020 between Management and the predecessor auditor. This is mainly because of the restatements made in the CY19 originally reported numbers, arisen due to errors and the incorrect application of International Financial Reporting Standards. This disclaimer will not appear in subsequent year audit report as current Management has already rectified the known errors with the exception of those already disclosed in unconsolidated financial statement.

- The auditor highlighted that the Company has never tagged its property, plant and equipment. In this regard the current management has already initiated a tagging exercise to tag all items. Once tagging is completed, Management will carry out a valuation exercise as the same is carried out every three years and the last revaluation carried out by Management was in 2018. Post completion of the tagging and valuation exercise the disclaimer will be removed from the audit report. In the year 2020, the banks have carried out an independent valuation exercise of major property, plant and equipment's as the items are mortgaged with banks, and no discrepancies came to their attention.

- In 2020, Management has discovered certain fake purchase orders of PKR 7.4 billion against which a write-off is already made in the financial statement for the year ended 31st December 2020. The above remarks from the External Auditor is not a disclaimer; it's a fact brought it to Management's attention.

- The auditor has expressed its limitation / inability of observing the physical inventory count as of 31 December 2020 since their appointment was made subsequent to the year end. However, the External Auditor hasn't found any discrepancies based on the supporting documents shared by the Management (i.e., quantitative reconciliation of inventory and physical inventory sign off sheet by Management and predecessor auditor).

- Another basis of expressing disclaimer of opinion was numerous accounting entries in the major heads of accounts posted by the previous management. The Management, after reviewing general ledgers have obtained comfort over profit and loss transactions, assets and liabilities balances as of 31 December 2020 with the exception of property, plant and equipment, revaluation surplus, advances to suppliers and certain vendors reflected in other liabilities. On the exceptions stated above, Management is currently investigating the underlying transactions as to come up with the conclusion on the carrying amount reflected in the financial statement for the year ended 31st December 2020 and any adjustment arising thereon will be reflected in a subsequent year's financial statements.

- In 2021, the SECP and FIA are investigating the affairs of the Company pertaining to historical financial statements till 2019, which has already been disclosed in the financial statements. The above remarks from the External Auditor is not a disclaimer; it's a fact brought to Management's attention.

- The Auditor has expressed its inability to comment on the completeness of restatements and reclassification as disclosed in note 4 of the financial statements. This is evident because currently the Management is investigating certain outstanding balances and once the exercise is completed any adjustment arising thereon will be reflected in a subsequent year's financial statements.

- Lastly, the auditor has expressed its disclaimer on the Company's ability to continue as a going concern due to multiple uncertainties which existed as at 31 December 2020. The Board of Directors are aware of those and are currently working on a restructuring plan with lenders so as to revive the Company.

2. Cash and Stock Dividends

As the Company has incurred a loss after tax for the year ending 31 December 2020, 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 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 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 disclosed 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 4th Consecutive Year with Zero LTI and achieved 5.4 Million Safe Man-Hours. Total Recordable Incident Rate (TRIR) for Hascol Employees and Contractors remained 1.23 and 0.44 respectively. Road Accident Rate (RAR) remained 0.05 for both Hascol and Contractor Fleet. A total of 2,138 Training Man-hours were done in 331 Training Sessions. Altogether, 435 HSE 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. The Company continued with 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 continued its Employee Engagement initiatives organizing several events including Women's Day, Sports, World Happiness Day, and others.

6. Corporate Social Responsibility (CSR)

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 47 of the report.

9. Contribution to the National Exchequer and Economy

During the year your Company has made a total contribution of PKR 52.51 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 2020

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. Mustafa Ashraf* Mr. Zafar Iqbal Chaudhry*
(b)	Non-executive Directors:	Mr. Alan Duncan Mr. Mohammad Zubair** Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c)	Executive Directors:	Mr. Aqeel Ahmed Khan ***
(d)	Female Directors:	Nil

* Mr. Mustafa Ashraf & Mr. Zafar Iqbal Chaudhry appointed as director in place of Mr. Hasan Reza Ur Rahim & Mr. Nauman Kramat Dar w.e.f. 5 August 2021.

** Mr. Mohammad Zubair appointed as Nominee Director w.e.f. 20 May 2021.

*** Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Adeeb Ahmad w.e.f 5 August 2021.

11. Board of Directors and Meetings of the Board held during the year 2020

During the year, thirteen (13) 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	Sir. Alan Duncan (Chairman)(a & b)	11
2	Mr. Mumtaz Hasan Khan(Chairman)(c)	3
3	Mr. Adeeb Ahmad (CEO) (d)	3
4	Mr. Aqeel Ahmed Khan (CEO) (e)	9
5	Mr. Waheed Ahmed Shaikh (CEO) (f)	2
6	Mr. Saleem Butt (CEO)(f)	1
7	Mr. Farid Arshad Masood	13
8	Mr. Abdul Aziz Khalid	12
9	Mr. Nauman Kramat Dar (g)	10
10	Mr. Hasan Reza Ur Rahim (h)	5
11	Mr. Farrukh Saeed (h)	5
12	Mr. Farooq Rahmatullah Khan (i)	8
13	Mr. Najmus Saquib Hameed (i)	6
14	Mr. Atif Aslam Bajwa (g)	3

(a) Sir Alan Duncan was appointed as Chairman on 31 March 2020.
(b) Sir Alan Duncan appointed as director in place of Mr. Saleem Butt on 10 March 2020.
(c) Mr. Mumtaz Hasan Khan resigned as Chairman & Director on 18 March 2020.
(d) Mr. Adeeb Ahmad appointed as CEO in place of Mr. Aqeel Ahmed Khan on 22 September 2020.
(e) Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Waheed Ahmed Shaikh on 2 April 2020.
(f) Mr. Waheed Ahmed Shaikh appointed as CEO in place of Mr. Saleem Butt on 4 March 2020.
(g) Mr. Nauman Kramat Dar appointed as director in place of Mr.Atif Aslam Bajwa on 31 March 2020.
(h) Mr. Hasan Reza Ur Rahim and Mr. Farrukh Saeed elected as director on 8 September 2020.
(i) Mr. Farooq Rahmatullah Khan and Mr. Najmus Saquib Hameed were retired on 8 September 2020.

12. Board Committee Meetings held during the year 2020

During the year, the Audit Committee held seven (7) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	2
2	Mr. Hasan Reza Ur Rahim (Chairman)*	4
3	Mr. Nauman Kramat Dar (Member)	6
4	Mr. Farid Arshad Masood (Member)	6

* Mr. Hasan Reza Ur Rahim was elected as Director w.e.f 8 September 2020 and appointed Chairman Audit Committee with effect from 16 September 2020.

During the year, the Human Resource Committee held 4 (four) 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. Farrukh Saeed (Chairman)*	1
3	Mr. Mumtaz Hasan Khan (Member)	3
4	Mr. Farid Arshad Masood (Member)	4
5	Mr. Saleem Butt (Member)	1
6	Sir Alan Duncan (Member)**	1

* Mr. Farrukh Saeed was elected as Director w.e.f 8 September 2020 and appointed Chairman of BHRC with effect from 16 September 2020.

**Sir Alan Duncan was elected as Director w.e.f 8 September 2020 and appointed as member of BHRC with effect from 16 September 2020.

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 (excluding Vitol Nominees directors) 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

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. Mustafa Ashraf
- Mr. Mohammad Zubair
- Mr. Farid Arshad Masood

16. External Auditors

The external auditors Messrs. Baker Tilly Mehmood Idrees Qamar, 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. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as auditors of the Company for the year 2021, subject to Shareholders' approval at the next AGM to be held on 7th December 2021.

17. Pattern of Shareholding

The statement of Pattern of Shareholding as at 31st December 2020 is given on page 43 of the report.

18. 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.

19. Future Outlook

A reasonable indication of future prospects is discussed in the Chairman's Review on page 10.
Thanking you all.

On behalf of the Board

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director

.17 شیئر ہولڈنگ کا نمونہ

31 دسمبر 2020 کو شیئر ہولڈنگ کے نمونے کا بیان رپورٹ کے صفحہ ---- پر دیا گیا ہے۔

.18 اعتراف

بورڈ اپنے تمام ملازمین کی لگن، عزم اور محنت کا اعتراف کرتا ہے اور کمپنی میں مسلسل تعاون اور اعتماد کے لیے حصص یافتگان، صارفین، مالیاتی اداروں اور سرکاری حکام کا شکریہ ادا کرتا ہے۔

.19 مستقبل کے امکانات

مستقبل کے امکانات کا معقول اشارہ صفحہ --- پر چیئرمین کے جائزے میں زیرِ بحث آیا ہے۔

آپ سب کا بے حد شکریہ

منجانب بورڈ

ڈائریکٹر/ سی ای او

ڈائریکٹر

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director

سال کے دوران، انسانی وسائل کمیٹی نے چار (4) اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں حاضری
.1	جناب نجم الثاقب حمید (چیئرمین)	3
.2	جناب فرخ سعید (چیئرمین)*	1
.3	جناب ممتاز حسن خان (ممبر)	3
.4	جناب فرید ارشد مسعود (ممبر)	4
.5	جناب سلیم بٹ (ممبر)	1
.6	عزت مآب ایلن ڈنکن (ممبر)**	1

* جناب فرخ سعید کو 8 ستمبر 2020 کو ڈائریکٹر منتخب کیا گیا اور 16 ستمبر 2020 کو بی ایچ آر سی (BHRC) کا چیئرمین مقرر کیا گیا۔

**عزت مآب ایلن ڈنکن 8 ستمبر 2020 کو بطور ڈائریکٹر منتخب ہوئے اور 16 ستمبر 2020 کو بطور ممبر بی ایچ آر سی (BHRC) مقرر ہوئے۔

.13 بورڈ کی کارکردگی کا جائزہ

بورڈ کی اپنی کارکردگی، بورڈ کے ممبران اور بورڈ کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور مؤثر طریقہ ءکار موجود ہے۔

.14 ڈائریکٹرز کا معاوضہ

کمپنی کے پاس ایسوسی ایشن آف کمپنی او کمپنیز ایکٹ، 2017 کے آرٹیکلز کے مطابق ڈائریکٹرز کے معاوضے کا باقاعدہ اور شفاف طریقہ ءکار موجود ہے۔ ہر ایک نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ اور کمیٹی کے اجلاس میں شرکت کے لیے -/100,000 روپے فیس ادا کی جاتی ہے جیسا کہ 28 اپریل 2016 کو منعقد ہونے والے کمپنی کے سالانہ اجلاسِ عام میں حصص یافتگان کی جانب سے منظور کیا گیا تھا۔

.15 ڈائریکٹرز کا تربیتی پروگرام

حال ہی میں کمپنی کے تین (3) ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) سے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سند حاصل کر لی ہے۔ مندرجہ ذیل ڈائریکٹرز نے ڈائریکٹرز کے تربیتی پروگرام میں شرکت کی:

- جناب مصطفیٰ اشرف
- جناب محمد زبیر
- جناب فرید ارشد مسعود

.16 بیرونی آڈیٹرز

بیرونی آڈیٹرز میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ اجلاسِ عام کے اختتام پر سبکدوش ہو جائیں گے اور اہل ہونے کے بعد خود کو دوبارہ تقرری کے لیے پیش کریں گے۔

بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس کو سال 2020 کے لیے کمپنی کے آڈیٹر کے طور پر تعینات کرنے کا مشورہ دیا ہے، جو کہ ---دسمبر 2021 کو ہونے والے اگلے سالانہ اجلاسِ عام میں حصص یافتگان کی منظوری سے مشروط ہے۔

.11 بورڈ آف ڈائریکٹرز اور سال 2020 کے دوران منعقد ہونے والے بورڈ کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے تیرہ (13) اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں حاضری
.1	عزت مآب ایلن ڈنکن (چیئر مین) (a&b)	11
.2	جناب ممتاز حسن خان (چیئر مین) (c)	3
.3	جناب ادیب احمد (سی ای او) (d)	3
.4	جناب عقیل احمد خان (سی ای او) (e)	9
.5	جناب وحید احمد شیخ (سی ای او) (f)	2
.6	جناب سلیم بٹ (سی ای او) (f)	1
.7	جناب فرید ارشد مسعود	13
.8	جناب عبدالعزیز خالد	12
.9	جناب نعمان کرامت ڈار (g)	10
.10	جناب حسن رضا الرحیم (h)	5
.11	جناب فرخ سعید (h)	5
.12	جناب فاروق رحمت اللہ خان (i)	8
.13	جناب نجم الثاقب حمید (i)	6
.14	جناب عاطف اسلم باجوہ (g)	3

(a عزت مآب ایلن ڈنکن کو 31 مارچ 2020 کو چیئر مین مقرر کیا گیا۔
(b عزت مآب ایلن ڈنکن کو 10 مارچ 2020 کو جناب سلیم بٹ کی جگہ ڈائریکٹر مقرر کیا گیا۔
(c جناب ممتاز حسن خان نے 18 مارچ 2020 کو چیئر مین اور ڈائریکٹر کے عہدے سے استعفٰی دیا۔
(d جناب ادیب احمد کو 22 ستمبر 2020 کو بطور سی ای او جناب عقیل احمد خان کی جگہ مقرر کیا گیا۔
(e جناب عقیل احمد خان کو 2 اپریل 2020 کو بطور سی ای او جناب وحید احمد شیخ کی جگہ مقرر کیا گیا۔
(f جناب وحید احمد شیخ کو 4 مارچ 2020 کو بطور سی ای او جناب سلیم بٹ کی جگہ مقرر کیا گیا۔
(g جناب نعمان کرامت ڈار کو 31 مارچ 2020 کو بطور ڈائریکٹر جناب عاطف اسلم باجوہ کی جگہ مقرر کیا گیا۔
(h جناب حسن رضا الرحیم اور جناب فرخ سعید 8 ستمبر 2020 کو ڈائریکٹر منتخب ہوئے۔
(i جناب فاروق رحمت اللہ خان اور جناب نجم الثاقب حمید 8 ستمبر 2020 کو ریٹائر ہوئے۔

.12 سال 2020 کے دوران بورڈ کمیٹی کے منعقدہ اجلاس

سال کے دوران، آڈٹ کمیٹی نے سات (7) اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں حاضری
.1	جناب نجم الثاقب حمید (چیئر مین)	2
.2	جناب حسن رضا الرحیم (چیئر مین)*	4
.3	جناب نعمان کرامت ڈار (ممبر)	6
.4	جناب فرید ارشد مسعود (ممبر)	6

*جناب حسن رضا الرحیم 8 ستمبر 2020 کو ڈائریکٹر منتخب ہوئے اور 16 ستمبر 2020 کو چیئر مین آڈٹ کمیٹی مقرر ہوئے۔

6. کارپوریٹ سماجی ذمے داری (CSR)

ہیسکول نے اقوامِ متحدہ کے معروف گلوبل کومپیکٹ (UNGC) کے رکن ہونے کے ناطے اپنی دوسری کمیونی کیشن آن پروگریس (COP) کی رپورٹ (UNGC) کو پیش کی۔ یہ رپورٹ (UNGC) کے 10 اصولوں سے ہماری وابستگی کی تصدیق کرتی ہے اوران اقدامات کا تذکرہ کرتی ہے جن پر عمل درآمد کی ہیسکول نے ذمہ داری لی ہے۔

7. کارپوریٹ گورننس

کمپنی اپنے کاروبار کو کارپوریٹ گورننس کے قوانین، کمپنیز ایکٹ، 2017 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی فہرست سازی کے ضوابط کے بہترین طریقوں کے مطابق چلانے کے لیے پُرعزم ہے۔

تفصیلات خاص طور پر درج شدہ کمپنیوں کے ضوابط 2017 کے ساتھ

(کارپوریٹ گورننس کے قوانین) تعمیل کے بیان میں درج ہیں۔

8. کلیدی آپریشنل اور مالیاتی معلومات

رپورٹ کے صفحہ---- پر گزشتہ چھ (6) سالوں کے کلیدی آپریشنل اور مالیاتی معلومات کے خلاصے کا بیان کیا گیا ہے۔

9. قومی خزانے اور معیشت میں شراکت

سال کے دوران آپ کی کمپنی نے درآمدی ڈیوٹی، جنرل سیلز ٹیکس، انکم ٹیکس اور دیگر سرکاری محصولات کی مد میں قومی خزانے میں مجموعی طور پر 52.51 ارب روپے کا حصہ ڈالا ہے۔

10. سال 2020 کے دوران بورڈ آف ڈائریکٹرز کی تشکیل:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کُل تعداد سات (7) ہے:

ا)	مرد	7
ب)	خاتون	کوئی نہیں

بورڈ کی تشکیل حسب ذیل ہے:

ا)	آزاد ڈائریکٹرز:	جناب مصطفیٰ اشرف* جناب ظفر اقبال چوہدری*
ب)	نان ایگزیکٹو ڈائریکٹرز:	جناب ایلن ڈنکن جناب محمد زبیر** جناب عبدالعزیز خالد جناب فرید ارشد مسعود
ج)	ایگزیکٹو ڈائریکٹرز:	جناب عقیل احمد خان***
د)	خواتین ڈائریکٹرز:	کوئی نہیں

*جناب مصطفیٰ اشرف اور جناب ظفر اقبال چوہدری، جناب حسن رضا الرحیم اور جناب نعمان کرامت ڈار کی جگہ 5 اگست 2021 کو ڈائریکٹر مقرر ہوئے۔

**جناب محمد زبیر 20 مئی 2021 کو بطور نامزد ڈائریکٹر مقرر ہوئے۔

***جناب عقیل احمد خان بطور سی ای او (CEO) 5 اگست 2021 سے جناب ادیب احمد کی جگہ مقرر ہوئے۔

. آخر میں، 31 دسمبر 2020 تک موجود متعدد غیر یقینی صورتِ حال کی وجہ سے آڈیٹر نے کمپنی کی تشویش کو جاری رکھنے کی صلاحیت پر دست برداری کا اظہار کیا ہے۔ بورڈ آف ڈائریکٹرز ان سے واقف ہیں اور آج کل کمپنی کو بحال کرنے کے لیے قرض دہندگان کے ساتھ تنظیمِ نو کے منصوبے پر کام کر رہے ہیں۔

2. کیش اور اسٹاک ڈیویڈنڈز

چونکہ کمپنی کو 31 دسمبر 2020 کو ختم ہونے والے سال میں بعد از ٹیکس نقصان ہوا، اس لیے ڈائریکٹرز نے فیصلہ کیا ہے کہ سال کے لیے کوئی ڈیویڈنڈ یعنی منافع مختص نہ کیا جائے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ہیسکول پٹرولیم لمیٹڈ کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین طریقوں کی تعمیل کے لیے پُرعزم ہے۔ جیسا کہ کارپوریٹ گورننس کے قوانین کے تحت ضروری ہے، ڈائریکٹرز مندرجہ ذیل بیان کرنے پر خوش ہیں:

ا) کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، اس کے آپریشنز، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

ب) کمپنیز ایکٹ، 2017 کے تحت کمپنی نے مطلوبہ اکاؤنٹس کی مناسب کتب برقرار رکھی ہیں۔

ج) کمپنی نے مالی گوشواروں کی تیاری میں مسلسل اور مناسب اکاؤنٹنگ پالیسیوں پر عمل کیا ہے۔ اکاؤنٹنگ پالیسیوں میں جہاں بھی تبدیلیاں کی گئی ہیں، انہیں مالی گوشواروں میں مناسب طور پر ظاہر کر دیا گیا ہے۔ اکاؤنٹنگ کے تخمینے دانش مندانہ اور معقول فیصلے کی بنیاد پر ہوتے ہیں۔

د) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتے ہیں، مالیاتی گوشواروں کی تیاری میں ان کی پیروی کی گئی ہے اور اگر کوئی انحراف ہے تو اسے مناسب طور پر ظاہر کر دیا گیا ہے۔

ھ) بورڈ آڈٹ کمیٹی، بیرونی اور اندرونی آڈیٹرز سے اندرونی کنٹرول کے نظام پر رپورٹس کا جائزہ لیتی ہے اور اسے مسلسل طور پر بہتر بنانے کی کوشش کرتی ہے۔

و) جیسا کہ کمپنی کے غیر مستحکم مالیاتی گوشواروں کے نوٹ 1.2 میں انکشاف کیا گیا ہے، جاری تشویش کے طور پر کمپنی کی اہلیت پر کوئی اہم شک نہیں ہے

4. صحت، حفاظت، سیکورٹی اور ماحول (HSSE)

ایچ ایس ای (HSE)، کمپنی کے انتظامی فلسفے اور اقدار کا ایک لازمی جزو ہے۔ ایچ پی ایل (HPL) کا مقصد کاروباری برتری حاصل کرنا ہے اور لوگوں، ماحولیات، اثاثوں اور ساکھ کے تحفظ کے لیے کوشاں ہے۔ ایک مربوط ایچ ایس ای (HSE) انتظامی مینوئل موجود ہے اور اسے کمپنی کی جانب سے نافذ کیا گیا ہے۔ یہ آپریشن کے تمام شعبوں کا احاطہ کرتا ہے اور ریگولیٹری اور بہترین صنعتی طریقوں کو شامل کرتا ہے۔ کمپنی نے اپنا مسلسل چوتھا سال صفر ایل ٹی آئی (LTI) کے ساتھ ریکارڈ کیا اور 5.4 ملین سیف مین آورز حاصل کیے۔ ہیسکول کے ملازمین اور ٹھیکے داروں کے لیے کل قابلِ ریکارڈ واقعات کی شرح (TRIR) بالترتیب 1.23 اور 0.44 رہی۔ ہیسکول اور ٹھیکے دار کے فلیٹ (Fleet) دونوں کے لیے روڈ ایکسیڈنٹ ریٹ (RAR) 0.05 رہا۔ 331 ٹریننگ سیشنز میں کُل 2138 ٹریننگ مین آورز کیے گئے۔ مجموعی طور پر ایچ ایس ای (HSE) کے 435 معائنے کیے گئے۔

کمپنی کے حادثے کی رپورٹنگ اور تفتیشی نظام (IRIS) کے مطابق نزدیکی گمشدگیوں اور حادثات کی اطلاع دی جا رہی ہے اور ان کی چھان بین کی جا رہی ہے اور تدارک کے اقدامات کیے جا رہے ہیں۔ ایک ایمرجنسی ریسپانس پلان (ERP) موجود ہے۔ میوچل ایڈ ایمرجنسی ریسپانس پلانز (MAERP) پر بھی عمل کیا جاتا ہے۔

5. انسانی وسائل

تربیت اور ترقی، کمپنی کی ایچ آر (HR) پالیسی کا ایک لازمی جزو ہے جو عملے کو نئی مہارتوں سے آراستہ کرتی ہے، کام کے حوالے سے ان کی پیداواری صلاحیت اور کارکردگی میں اضافہ کرتی ہے اور ان کی قائدانہ صلاحیتوں کو بہتر بناتی ہے۔ کمپنی نے سال کے دوران تربیتی پروگرامز جاری رکھے۔ ملکی اور غیر ملکی اداروں کے ہونہار طلبہ کو انٹرن شپس کی پیش کش کی جاتی ہے اور انجینئرز، بزنس اور اکاؤنٹنگ گریجویٹس کے لیے ایک کامیاب تربیتی پروگرام پر کام ہو رہا ہے۔

طلب میں نمایاں کمی اور مارکیٹ کے بدلے ہوئے حالات کو مدِ نظر رکھتے ہوئے، ادارے نے خود کو نظر ثانی شدہ اہداف اور کاروباری حکمتِ عملی کے ساتھ ہم آہنگ کرنے کے لیے رائٹ سائزنگ کی مشق کی۔ اس کے نتیجے میں نہ صرف لاگت میں نمایاں بچت ہوئی بلکہ ایک زیادہ توجہ مرکوز اور مؤثر ادارہ بھی وجود پذیر ہوا۔

کمپنی نے مختلف تقریبات کا انعقاد کر کے اپنے ملازمین کی مصروفیت کے اقدامات کو جاری رکھا، ان تقریبات میں یومِ خواتین، کھیل اور خوشی کا عالمی دن وغیرہ شامل ہیں۔

مستقبل کے امکانات

سال کے اختتام کے بعد، کمپنی کو دوبارہ پائیدار بنیادوں پر کھڑا کرنے کے لیے، دوبارہ تشکیل شدہ بورڈ اور نئی انتظامیہ نے کاروبار کی بحالی اور مالیاتی تنظیمِ نو کا منصوبہ ("منصوبہ") تیار کیا۔ منصوبے کے جزو کے طور پر، کئی قلیل سے درمیانی مدت کے اقدامات کیے جا رہے ہیں، یا ان پر عمل درآمد ہو رہا ہے، جس میں آپریٹنگ اخراجات میں نمایاں کمی، فروخت کے حجم کے دوبارہ حصول کے ساتھ ساتھ فروخت کے حجم اور مارکیٹ شیئر کو بڑھانا، غیر مرکزی اثاثوں کو ضائع کرنا، ورکنگ کیپٹل کو کم کرنا اور لیوریج کو کم کرنے اور منفی بُک ایکویٹی سے نمٹنے کے لیے ایڈیشنل ایکویٹی میں اضافہ کرنا شامل ہے لیکن اِن تک محدود نہیں۔ مزید برآں، اور سب سے اہم بات کہ، کمپنی نے بینکوں کے ساتھ اپنے بقایا قرض کو جزوی طور پر ایکویٹی میں تبدیل کرنے اور کمپنی کے بقیہ تمام قرضوں کو طویل مدتی سہولیات میں دوبارہ ترتیب دینے کے لیے بینکوں کے ساتھ بات چیت شروع کی اور اس پر مناسب پیش رفت کر رہی ہے تاکہ بھاری قرض کے حوالے سے سروس کی ذمہ داریوں کو کم کیا جا سکے۔

کمپنی کا بورڈ اور انتظامیہ، کمپنی کی مالی حالت اور اس کی آپریٹنگ اور مالیاتی کارکردگی کو بہتر بنانے کے لیے پُرعزم اور پُراعتماد ہیں اور بڑے حصص یافتگان، مختلف قرض دہندگان اور ممکنہ اسٹریٹجک شراکت داروں کے ساتھ منصوبے کی جلد اور کامیاب تکمیل کے لیے کام کر رہے ہیں۔

آڈٹ رپورٹ میں دست برداری:

غیر مستحکم مالیاتی گوشوارے کے لیے آڈٹ رپورٹ میں بیان کردہ دست برداریوں کے لیے وضاحتیں اور آگے کا راستہ حسبِ ذیل ہے:

- آڈیٹر نے انتظامیہ اور سابقہ آڈیٹر کے درمیان یکم جنوری 2020 تک اوپننگ بیلنس میں فرق دیکھا ہے۔ بنیادی طور پر یہ فرق 2019 میں کیے گئے بیانِ مکرّر کی وجہ سے ہے جو اصل رپورٹ کیے گئے نمبروں کی غلطیوں اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی غلطیوں اور غلط اطلاق کی وجہ سے پیدا ہوتے ہیں۔ یہ دست برداری اگلے سال کی آڈٹ رپورٹ میں ظاہر نہیں ہوگی کیوں کہ موجودہ انتظامیہ نے پہلے ہی غیر مستحکم مالی گوشوارے میں ظاہر ہونے والی غلطیوں کو چھوڑ کر معلوم غلطیوں کو درست کر دیا ہے۔

- آڈیٹر نے توجہ دلائی ہے کہ کمپنی نے کبھی بھی اپنی جائیداد، پلانٹ اور آلات کو ٹیگ نہیں کیا۔ اس سلسلے میں موجودہ انتظامیہ نے پہلے ہی تمام اشیاء کو ٹیگ کرنے کے لیے ٹیگنگ کی مشق شروع کر دی ہے۔ ٹیگنگ مکمل ہونے کے بعد انتظامیہ ویلیویشن ایکسرسائز کرے گی جیسا کہ ہر تین سال بعد کیا جاتا ہے اور انتظامیہ کی جانب سے آخری ری ویلیویشن 2018 میں کی گئی تھی۔ ویلیویشن کی مشق کو ٹیگ کرنے کی تکمیل کے بعد دست برداری کو آڈٹ رپورٹ سے ہٹا دیا جائے گا۔ یہ بات اجاگر کرنے کے قابل ہے کہ سال 2020 میں، بینکوں نے بڑی جائیدادوں، پلانٹ اور آلات کی آزادانہ ویلیویشن کی مشق کی ہے کیوں کہ اشیاء بینکوں کے پاس رہن ہیں اور ایسا کوئی تضاد ان کی نظر میں نہیں آیا۔

- 2020 میں، انتظامیہ نے 7.4 ارب روپے کے کچھ جعلی پرچیز آرڈرز دریافت کیے ہیں جن کے عوض 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے مالیاتی گوشوارے میں پہلے سے ہی رائٹ آف (Write-off) کیا جا چکا ہے۔ بیرونی آڈیٹر کی جانب سے دی گئی مندرجہ بالا تصریحات کی کوئی تردید نہیں ہے دراصل یہ ایک حقیقت ہے جس پر انہوں نے کمپنی کے اراکین کی توجہ مبذول کرائی۔

- آڈیٹر نے 31 دسمبر 2020 تک فزیکل انوینٹری کی گنتی کا مشاہدہ کرنے میں اپنی محدودیت/نااہلی کا اظہار کیا ہے کیوں کہ ان کی تقرری سال ختم ہونے کے بعد کی گئی تھی۔ تاہم، بیرونی آڈیٹر کو انتظامیہ کی جانب سے اشتراک شدہ معاون دستاویزات کی بنیاد پر کوئی فرق نہیں ملا (یعنی انتظامیہ اور سابقہ آڈیٹر کے ذریعے انوینٹری اور فزیکل انوینٹری سائن آف شیٹ کی مقداری مفاہمت)

- رائے سے دست برداری کے اظہار کی ایک اور بنیاد گزشتہ انتظامیہ کی جانب سے پوسٹ کردہ اکاؤنٹس کے بڑے کھاتوں میں کئی اکاؤنٹنگ اندراجات تھی۔ جنرل لیجرز کا جائزہ لینے والی انتظامیہ کی پوسٹ نے 31 دسمبر 2020 تک نفع اور نقصان ٹرانزیکشنز، اثاثوں اور واجبات کے بیلنس پر اطمینان حاصل کیا ہے سوائے جائیداد، پلانٹ اور آلات ری ویلیویشن سرپلس، سپلائرز کو دیے جانے والے ایڈوانس اور بعض وینڈرز کے دیگر واجبات میں۔ مذکورہ بالا مستثنیات پر، انتظامیہ فی الحال 31 دسمبر 2020 کو ختم ہونے والے مالیاتی گوشوارے میں ظاہر ہونے والی رقم کے بارے میں نتیجہ اخذ کرنے کے لیے بنیادی ٹرانزیکشنز کی چھان بین کر رہی ہے اور اس پر پیدا ہونے والی کوئی بھی ایڈجسٹمنٹ اگلے سال کے مالی گوشوارے میں ظاہر ہوگی۔

- 2021 میں، ایس ای سی پی (SECP) اور ایف آئی اے (FIA) 2019 تک کے تاریخی مالیاتی گوشواروں سے متعلق کمپنی کے معاملات کی چھان بین کر رہے ہیں جو مالیاتی گوشواروں میں پہلے ہی ظاہر ہو چکے ہیں۔ بیرونی آڈیٹر کی جانب سے دی گئی مذکورہ بالا تصریحات کی کوئی تردید نہیں ہے دراصل یہ ایک حقیقت ہے جس پر انہوں نے کمپنی کے اراکین کی توجہ مبذول کرائی۔

- آڈیٹر نے مالیاتی گوشوارے کے نوٹ 4 میں ظاہر کیے گئے دوبارہ بیانات اور دوبارہ درجہ بندی کے مکمل ہونے پر تبصرہ کرنے سے اپنی نااہلی کا اظہار کیا ہے۔ یہ واضح ہے کیوں کہ فی الحال انتظامیہ کچھ بقایا بیلنس کی چھان بین کر رہی ہے اور ایک بار مشق مکمل ہو جانے کے بعد اس پر پیدا ہونے والی کوئی بھی ایڈجسٹمنٹ اگلے سال کے مالی گوشوارے میں ظاہر ہوگی۔

1. مالیاتی نتائج

2020 کی مالیاتی جھلکیاں:

انتظامی، مارکیٹنگ اور تقسیم کے اخراجات، مالیاتی اور دیگر چارجز کی فراہمی کے بعد 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے غیر مستحکم مالیاتی گوشوارے کے نقصان کی رقم:

تفصیلات	2020	2019 (دوبارہ بیان شدہ)
	(روپے،000 میں)	
نقصان قبل از ٹیکس	24,172,651	35,052,683
ٹیکس	850,771	865,502
نقصان برائے سال	25,023,422	36,039,359
	(روپے)	
نقصان فی حصص	25.17	95.47

ذخائر میں تخصیص اور حرکت کا انکشاف سالانہ رپورٹ کی ایکویٹی میں تبدیلیوں کے گوشوارے کے اندر کیا گیا ہے۔

سال کے دوران کمپنی نے بعد از ٹیکس 25.0 ارب روپے کا اعلان کیا (2019 دوبارہ بیان شدہ: منافع بعد از ٹیکس 36.0 ارب روپے)۔ مجموعی نقصان 1.4 ارب روپے رہا۔ (2019 دوبارہ بیان شدہ: 12.5 ارب روپے)۔ 2019 میں 95.47 روپے کے (HPS) ایچ پی ایس کے مقابلے میں سال کے لیے (LPS) ایل پی ایس (25.17) روپے رہا۔

مستحکم بنیادوں پر، کمپنی کو بعد از ٹیکس 24.4 ارب روپے کا نقصان ہوا (2019 دوبارہ بیان شدہ: منافع بعد از ٹیکس 35.2 ارب روپے) جس کے نتیجے میں 2019 میں 95.31 روپے کے (LPS) ایل پی ایس کے مقابلے میں (LPS) ایل پی ایس (25.39) روپے رہا۔

سال 2020 میں COVID-19 کی وبائی بیماری جس کی کوئی مثال نہیں ملتی، نے عالمی سطح پر زندگی کو متاثر کیا۔ پاکستان کو بھی اس وبائی مرض کی شدت کا سامنا کرنا پڑا۔ C-19 نے تیل کی عالمی صنعت کو دُہرا متاثر کیا۔ تیل کی طلب میں زبردست کمی اور مصنوعات کی قیمتوں میں تیزی سے ہونے والی کمی۔ مقامی او ایم سی (OMC) صنعت ("صنعت") بھی تیل کے عالمی رجحانات سے بری طرح متاثر ہوئی۔ مزید برآں، مقامی کرنسی کی قدر میں کمی کی وجہ سے، صنعت کو زیادہ انوینٹری اور زرِ مبادلہ کے نقصانات کا بھی حساب دینا پڑا۔

2020 Q1 میں حصص یافتگان نے آپریشنز میں بہتری کرنے اور کمپنی کی لیکویڈیٹی پوزیشن کو حل کرنے کے لیے 8 ارب روپے اضافی لگائے، مالی سال 2019 میں یہ دونوں بری طرح متاثر ہوئے تھے۔ لیکن حکومت کی جانب سے C-19 کی صورتِ حال سے نمٹنے کے لیے لگائے گئے لاک ڈاؤن کی وجہ سے؛ تیل کی مصنوعات کی کھپت میں کمی کی وجہ سے نہ صرف فروخت کا حجم کم ہوا، بلکہ تیل کی قیمتوں میں غیر معمولی کمی اور کرنسی کی قدر میں کمی نے بھی کمپنی کی مالیاتی کارکردگی پر گہرا اثر ڈالا۔ مندرجہ بالا کے علاوہ، زیادہ بڑے قرض کی سروسنگ کی لاگت، اسٹوریج کے انتظامات کے اعلیٰ صلاحیت کے چارجز، کچھ مشکوک اثاثوں کے خلاف پیش بینی اور گزشتہ سال کے کھاتوں کی بحالی نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے 25.0 ارب روپے کے خالص نقصان میں حصہ ڈالا۔ نتیجے کے طور پر، 31 دسمبر 2020 تک حصص یافتگان کا خسارہ بڑھ کر 47.3 ارب روپے ہوگیا، اور قلیل مدتی قرضوں کے زیادہ بوجھ کی وجہ سے موجودہ تناسب 0.26 تک گر گیا۔

2019 کے نتائج میں بیانِ مکرّر:

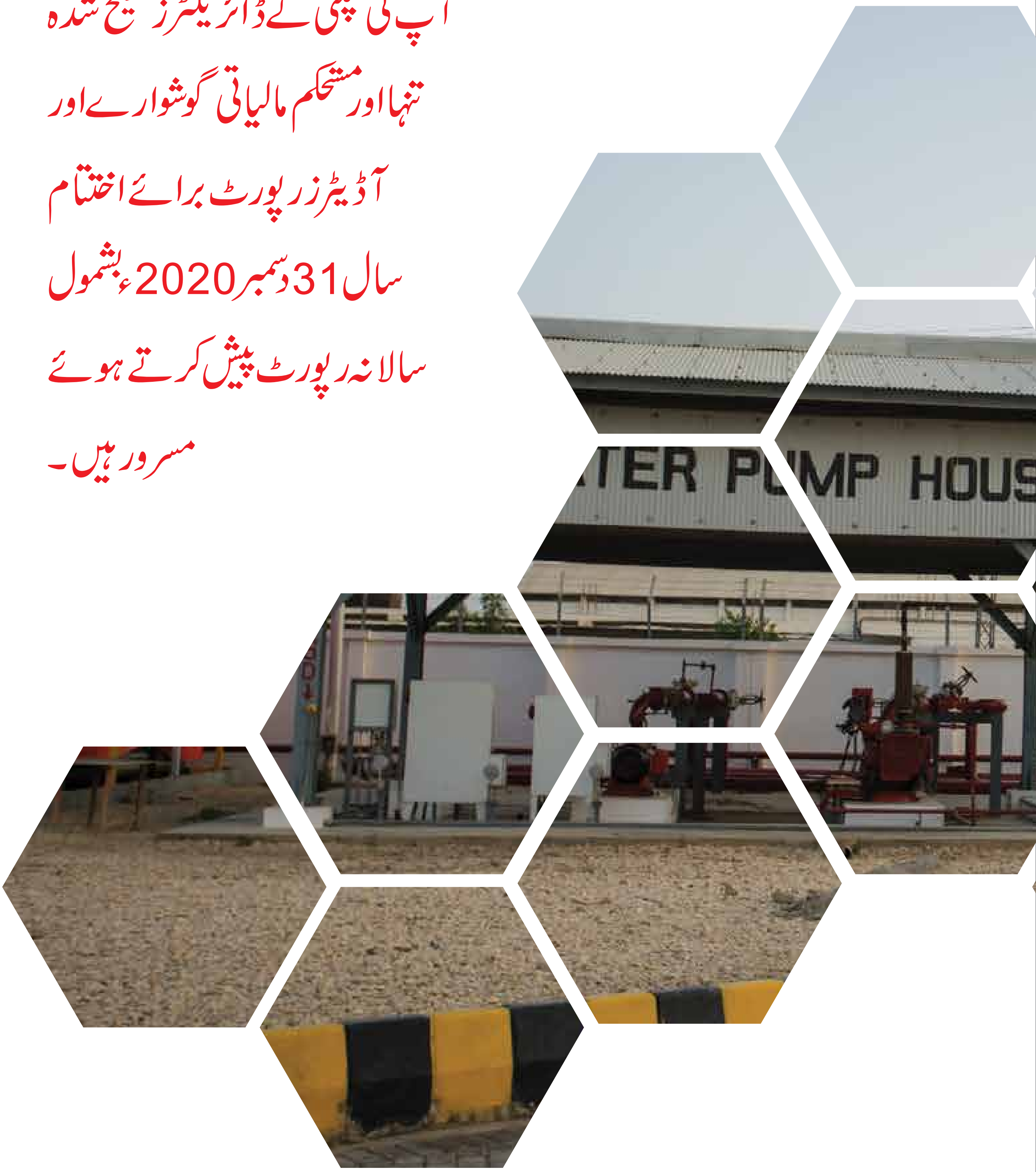
2020 میں، انتظامیہ نے 2019 کے رپورٹ کردہ نمبروں پر 10.1 ارب روپے کا دوبارہ بیان کیا ہے جس کی بنیادی وجہ بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی غلطیاں اور غلط اطلاق ہے۔

اہم بیاناتِ مکرّر حسبِ ذیل ہیں:

- جعلی پرچیز آرڈر کی وجہ سے 2019 میں سرمایہ بندی کے سبب 2019 میں فروخت شدہ سامان کی ایڈجسٹ لاگت اور مجموعی نقصان میں 4.3 ارب روپے کا اضافہ ہوا۔
- پمپ سائٹ، ڈپو اور اسٹوریج کی سہولت پر IFRS 16 کے اطلاق کے نتیجے میں 1 ارب روپے کا اضافی چارج؛ اور
- سپلائرز کو پیشگی فراہمی کی وجہ سے دوسرے اخراجات کو ایڈجسٹ کیا گیا اور بالترتیب 3.3 ارب روپے اور 0.8 ارب روپے سے جاری سرمائے کے کام کو رائٹ آف کیا گیا۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز تنقیح شدہ تنہا اور مستحکم مالیاتی گوشوارے اور آڈیٹرز رپورٹ برائے اختتام سال 31 دسمبر 2020ء بشمول سالانہ رپورٹ پیش کرتے ہوئے مسرور ہیں۔




HASCOL
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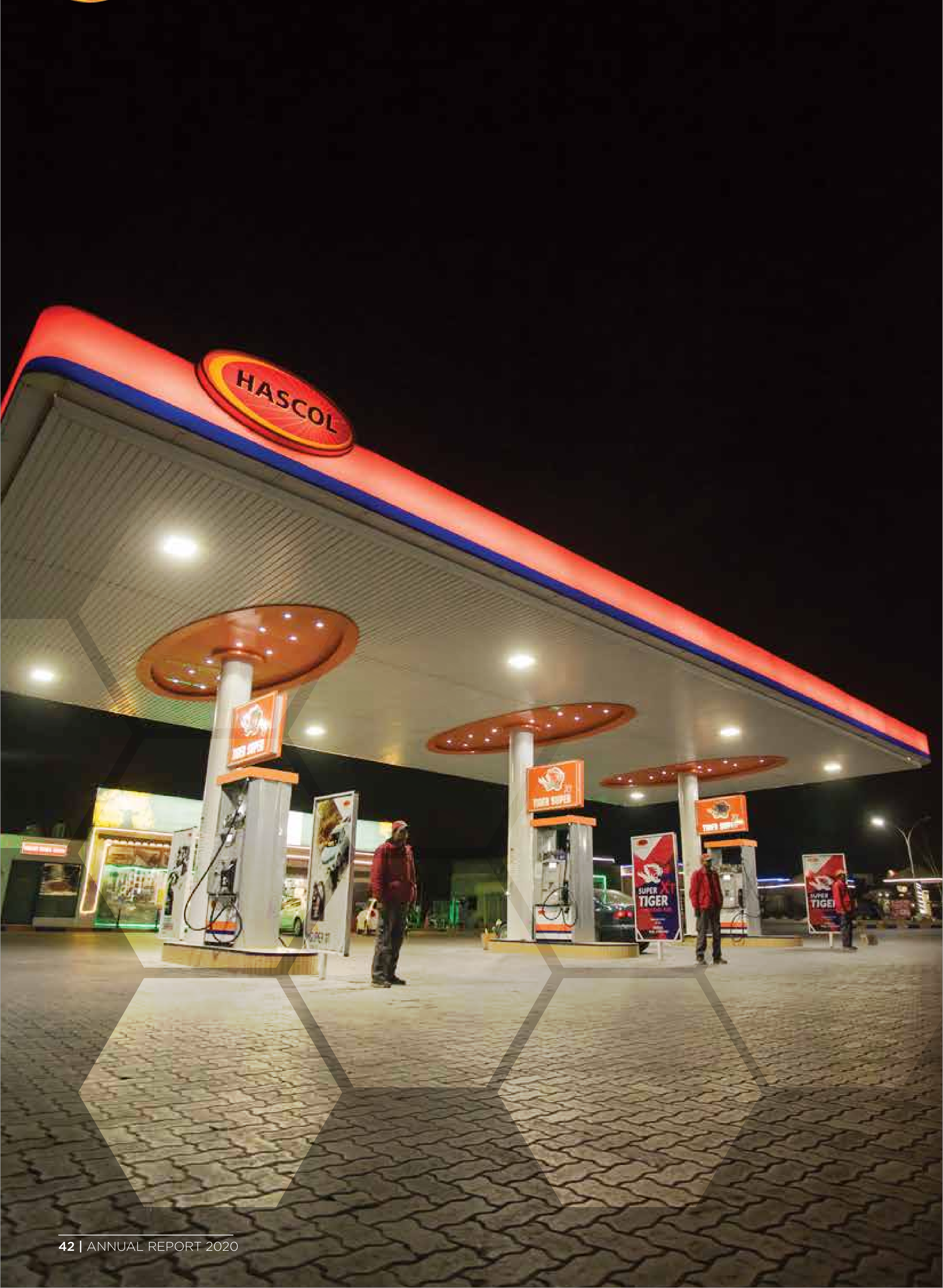
TANK NO 04
CAP 180 M. TONS


HASCOL
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TIGER

PATTERN OF SHAREHOLDING

as at December 31, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. NAUMAN KRAMAT DAR	1	500	0.00
MR. FARRUKH SAEED	1	500	0.00
HASANREZA-UR RAHIM	1	500	0.00
AQEEL AHMED KHAN	1	701	0.00
Associated Companies, undertakings and related parties			
VITOL DUBAI LIMITED	2	401,697,229	40.21
Executives	7	198,505	0.02
Public Sector Companies and Corporations	1	1,056,830	0.11
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	19	16,588,170	1.66
Mutual Funds			
CDC - TRUSTEE PAKISTAN INCOME FUND	1	1,016,000	0.10
CDC - TRUSTEE PICIC INVESTMENT FUND	1	200,000	0.02
CDC - TRUSTEE PICIC GROWTH FUND	1	280,000	0.03
CDC - TRUSTEE MCB DCF INCOME FUND	1	1,124,500	0.11
CDC - TRUSTEE HBL - STOCK FUND	1	350,000	0.04
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	25,000	0.00
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	1	1,439,000	0.14
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	369,000	0.04
CDC - TRUSTEE NIT INCOME FUND - MT	1	2,532,008	0.25
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	142,000	0.01
CDC-TRUSTEE AWT ISLAMIC INCOME FUND	1	490,000	0.05
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	18,000	0.00
CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	1	76,950	0.01
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1	276,577	0.03
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	5,739	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	141,047	0.01
CDC - TRUSTEE HBL ENERGY FUND	1	985,500	0.10
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,851,669	0.19
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	9,019	0.00
MC FSL TRUSTEE JS - INCOME FUND	1	651,000	0.07
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	9,833	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	9,372	0.00
CDC - TRUSTEE ABL STOCK FUND	1	23,758	0.00
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	1,832,138	0.18
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	1	57,030	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	124,747	0.01
CDC - TRUSTEE AWT INCOME FUND	1	1,409,000	0.14
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	1	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	1	0.00
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	1	784,241	0.08
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	463,836	0.05
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	6,602,704	0.66
CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1	525,000	0.05
CDC - TRUSTEE MEEZAN ENERGY FUND	1	174,011	0.02
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	230,078	0.02
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	3,938	0.00
General Public			
a. Local	25,596	487,176,773	48.76
b. Foreign	99	1,186,276	0.12
Foreign Companies	3	12,136,559	1.21
OTHERS	134	54,845,440	5.49
Totals	25,901	999,120,680	100.00

Share holders holding 10% or more	Shares Held	Percentage
VITOL DUBAI LIMITED	401,697,229	40.21

PATTERN OF SHAREHOLDING

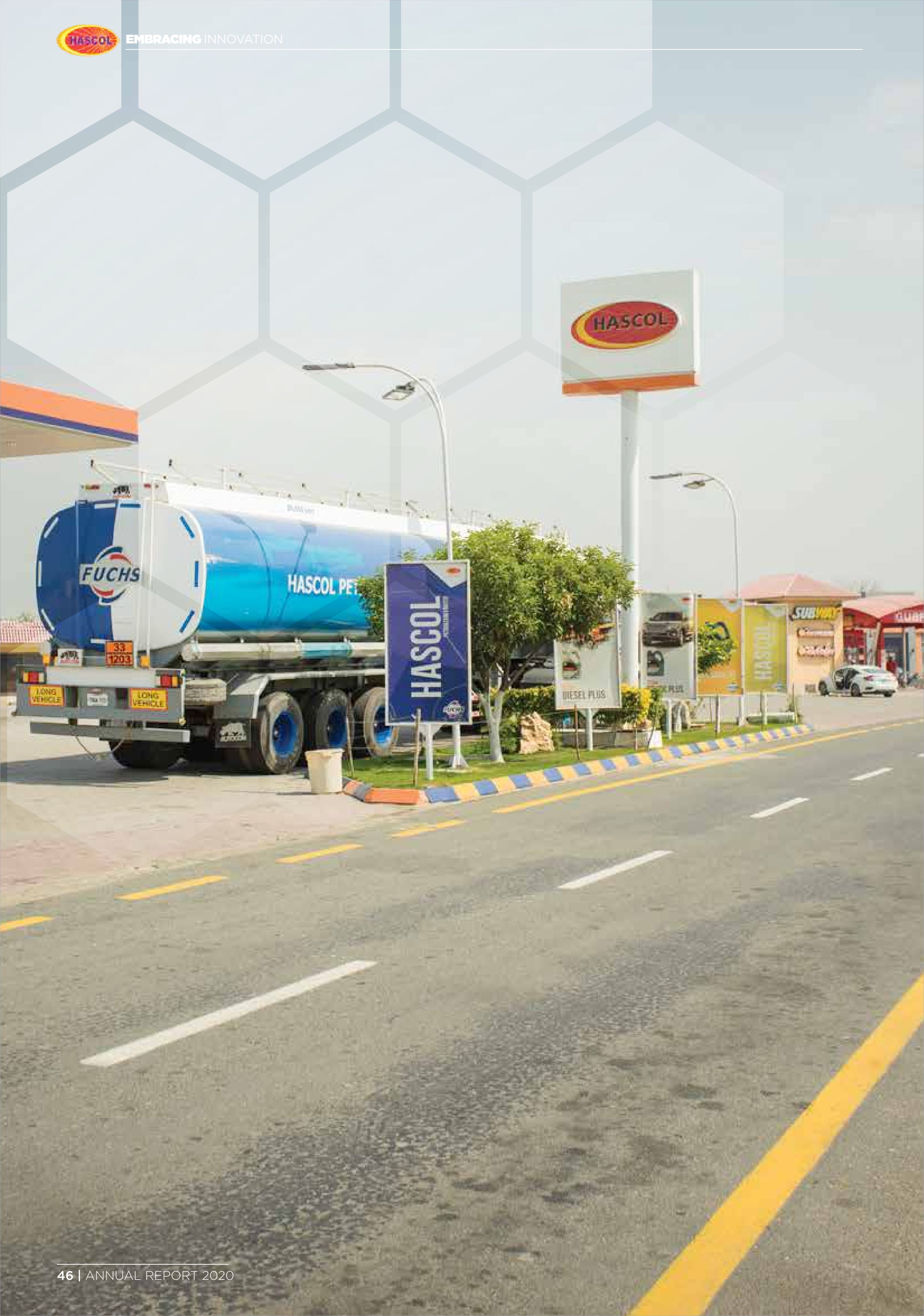
as at December 31, 2020

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1339	1	to	100	48,241
2604	101	to	500	1,027,890
3328	501	to	1,000	3,062,603
8326	1,001	to	5,000	24,124,949
3898	5,001	to	10,000	29,469,703
1518	10,001	to	15,000	19,136,377
1074	15,001	to	20,000	19,536,607
623	20,001	to	25,000	14,377,341
474	25,001	to	30,000	13,379,676
315	30,001	to	35,000	10,375,814
242	35,001	to	40,000	9,280,878
186	40,001	to	45,000	8,002,214
312	45,001	to	50,000	15,323,862
141	50,001	to	55,000	7,408,971
119	55,001	to	60,000	6,960,838
81	60,001	to	65,000	5,089,881
80	65,001	to	70,000	5,483,148
84	70,001	to	75,000	6,162,417
76	75,001	to	80,000	5,941,689
50	80,001	to	85,000	4,152,350
41	85,001	to	90,000	3,625,437
34	90,001	to	95,000	3,138,456
152	95,001	to	100,000	15,133,512
47	100,001	to	105,000	4,809,279
47	105,001	to	110,000	5,085,596
27	110,001	to	115,000	3,036,923
31	115,001	to	120,000	3,667,845
36	120,001	to	125,000	4,437,520
17	125,001	to	130,000	2,172,998
20	130,001	to	135,000	2,656,789
22	135,001	to	140,000	3,040,240
16	140,001	to	145,000	2,282,951
40	145,001	to	150,000	5,982,395
14	150,001	to	155,000	2,135,853
12	155,001	to	160,000	1,906,556
11	160,001	to	165,000	1,795,416
10	165,001	to	170,000	1,679,252
7	170,001	to	175,000	1,212,019
8	175,001	to	180,000	1,430,805
11	180,001	to	185,000	2,012,654
7	185,001	to	190,000	1,320,024
9	190,001	to	195,000	1,728,890
45	195,001	to	200,000	8,989,366
15	200,001	to	205,000	3,031,473
13	205,001	to	210,000	2,699,029
9	210,001	to	215,000	1,917,818
5	215,001	to	220,000	1,094,500
12	220,001	to	225,000	2,679,610
6	225,001	to	230,000	1,369,353
5	230,001	to	235,000	1,159,739
6	235,001	to	240,000	1,433,589
3	240,001	to	245,000	725,472
16	245,001	to	250,000	3,992,072
9	250,001	to	255,000	2,277,204
1	255,001	to	260,000	260,000
4	260,001	to	265,000	1,052,238
3	265,001	to	270,000	804,000
3	270,001	to	275,000	819,883
2	275,001	to	280,000	556,577
3	280,001	to	285,000	847,500
1	285,001	to	290,000	290,000
4	290,001	to	295,000	1,174,666
18	295,001	to	300,000	5,397,900
5	300,001	to	305,000	1,514,416
3	305,001	to	310,000	927,756
3	310,001	to	315,000	932,880
3	315,001	to	320,000	954,223
2	320,001	to	325,000	645,391
2	325,001	to	330,000	653,553
4	330,001	to	335,000	1,336,612
3	335,001	to	340,000	1,009,500
1	340,001	to	345,000	342,500
6	345,001	to	350,000	2,088,946
7	350,001	to	355,000	2,470,747
1	355,001	to	360,000	360,000
4	360,001	to	365,000	1,456,000
1	365,001	to	370,000	369,000
3	370,001	to	375,000	1,120,879
7	375,001	to	380,000	2,642,408
2	380,001	to	385,000	768,800
5	385,001	to	390,000	1,935,910
1	390,001	to	395,000	393,690
9	395,001	to	400,000	3,596,283
2	405,001	to	410,000	814,500
3	410,001	to	415,000	1,243,000
1	415,001	to	420,000	419,000
2	425,001	to	430,000	856,148
1	430,001	to	435,000	430,038
1	440,001	to	445,000	440,500
2	445,001	to	450,000	900,000
1	450,001	to	455,000	455,000
3	455,001	to	460,000	1,372,432
1	460,001	to	465,000	463,836
1	465,001	to	470,000	470,000
1	470,001	to	475,000	474,000
2	485,001	to	490,000	978,518
12	495,001	to	500,000	5,991,000

PATTERN OF SHAREHOLDING

as at December 31, 2020

# Of Shareholders	Shareholdings'Slab			Total Shares Held
3	500,001	to	505,000	1,503,813
1	505,001	to	510,000	510,000
1	510,001	to	515,000	514,479
3	520,001	to	525,000	1,570,452
2	545,001	to	550,000	1,100,000
2	550,001	to	555,000	1,100,733
2	560,001	to	565,000	1,124,738
1	575,001	to	580,000	576,500
1	590,001	to	595,000	591,000
6	595,001	to	600,000	3,596,000
4	600,001	to	605,000	2,405,951
4	610,001	to	615,000	2,454,161
2	620,001	to	625,000	1,250,000
1	645,001	to	650,000	648,971
2	650,001	to	655,000	1,302,000
1	660,001	to	665,000	660,151
2	670,001	to	675,000	1,346,000
3	680,001	to	685,000	2,046,000
4	695,001	to	700,000	2,800,000
1	700,001	to	705,000	700,353
1	715,001	to	720,000	718,000
1	720,001	to	725,000	723,500
1	780,001	to	785,000	784,241
3	795,001	to	800,000	2,400,000
1	810,001	to	815,000	815,000
1	820,001	to	825,000	822,125
1	845,001	to	850,000	850,000
1	870,001	to	875,000	875,000
1	875,001	to	880,000	875,030
1	890,001	to	895,000	891,564
2	895,001	to	900,000	1,800,000
1	925,001	to	930,000	928,267
1	935,001	to	940,000	936,638
1	945,001	to	950,000	950,000
1	965,001	to	970,000	970,000
1	970,001	to	975,000	975,000
1	985,001	to	990,000	985,500
1	990,001	to	995,000	991,510
2	995,001	to	1,000,000	2,000,000
1	1,000,001	to	1,005,000	1,004,500
2	1,015,001	to	1,020,000	2,036,000
1	1,055,001	to	1,060,000	1,056,830
2	1,095,001	to	1,100,000	2,200,000
1	1,110,001	to	1,115,000	1,110,243
1	1,120,001	to	1,125,000	1,124,500
1	1,135,001	to	1,140,000	1,140,000
1	1,155,001	to	1,160,000	1,159,500
1	1,195,001	to	1,200,000	1,200,000
1	1,245,001	to	1,250,000	1,250,000
1	1,250,001	to	1,255,000	1,251,500
1	1,290,001	to	1,295,000	1,293,506
1	1,295,001	to	1,300,000	1,299,825
1	1,340,001	to	1,345,000	1,343,000
1	1,345,001	to	1,350,000	1,345,262
1	1,395,001	to	1,400,000	1,400,000
1	1,405,001	to	1,410,000	1,409,000
1	1,435,001	to	1,440,000	1,439,000
1	1,455,001	to	1,460,000	1,460,000
1	1,460,001	to	1,465,000	1,461,445
1	1,495,001	to	1,500,000	1,500,000
1	1,635,001	to	1,640,000	1,639,270
1	1,750,001	to	1,755,000	1,752,500
1	1,770,001	to	1,775,000	1,771,000
1	1,795,001	to	1,800,000	1,800,000
1	1,830,001	to	1,835,000	1,832,138
1	1,850,001	to	1,855,000	1,851,669
1	1,925,001	to	1,930,000	1,926,709
1	1,995,001	to	2,000,000	1,997,262
1	2,090,001	to	2,095,000	2,095,000
2	2,095,001	to	2,100,000	4,200,000
1	2,110,001	to	2,115,000	2,112,046
1	2,150,001	to	2,155,000	2,155,000
1	2,215,001	to	2,220,000	2,217,027
1	2,220,001	to	2,225,000	2,222,003
1	2,295,001	to	2,300,000	2,297,486
1	2,330,001	to	2,335,000	2,335,000
1	2,490,001	to	2,495,000	2,492,710
1	2,530,001	to	2,535,000	2,532,008
1	2,695,001	to	2,700,000	2,700,000
1	2,760,001	to	2,765,000	2,763,976
1	3,000,001	to	3,005,000	3,000,500
1	4,060,001	to	4,065,000	4,062,126
1	6,600,001	to	6,605,000	6,602,704
1	6,750,001	to	6,755,000	6,753,494
1	9,635,001	to	9,640,000	9,639,685
1	11,195,001	to	11,200,000	11,199,510
1	13,705,001	to	13,710,000	13,706,040
1	19,540,001	to	19,545,000	19,540,717
1	35,610,001	to	35,615,000	35,612,769
1	118,680,001	to	118,685,000	118,684,892
1	283,010,001	to	283,015,000	283,012,337
25,901				**999,120,680**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KEY OPERATIONAL AND FINANCIAL DATA Six Years Summary

	2020	2019	2018	2017	2016	2015
Profit and Loss Account						
RRevenue (Gross)	132,903,803	179,922,956	274,166,545	215,662,302	128,759,275	94,065,297
Revenue (Net)	113,070,621	154,060,227	232,407,681	173,739,173	99,508,194	76,773,937
Cost of product sold	115,296,600	166,744,513	222,694,022	166,850,657	94,585,669	74,017,815
Gross profit	(1,378,967)	(12,524,247)	10,550,370	7,388,976	5,130,112	2,838,953
Operating profit	(14,476,535)	(21,933,039)	707,436	4,528,352	3,078,081	1,629,782
Profit before tax	(24,172,651)	(34,237,060)	(4,825,196)	2,658,699	1,967,975	1,196,721
Profit after tax	(25,023,422)	(35,102,562)	(5,133,809)	1,401,248	1,215,626	1,133,237
Earnings before interest, taxes, depreciation and amortization	(13,054,950)	(23,412,978)	(2,148,086)	3,751,047	2,810,802	1,788,000
Balance Sheet						
Share Capital	9,991,207	1,991,207	1,810,188	1,448,150	1,206,792	1,206,792
Property, plant and equipment	23,272,207	24,680,591	22,179,198	13,680,349	8,688,947	6,277,928
Inventory	11,435,266	19,012,237	22,279,280	18,557,106	16,477,668	8,470,018
Current assets	20,842,735	47,782,118	50,669,367	42,291,734	33,718,944	17,915,595
Current Labilities	78,375,448	97,584,560	64,701,307	44,947,015	34,629,671	20,235,279
Non current assets	40,576,657	50,487,435	24,107,734	15,911,404	10,939,806	8,703,487
Non current liabilities	29,569,316	24,295,629	4,088,488	3,718,648	3,924,061	598,171
Surplus on revaluation of fixed assets	3,962,410	4,221,873	4,481,336	1,025,789	1,142,880	1,256,529
Summary of Cash flow statement						
Cash flows from operating activities	(17,264,420)	(9,197,065)	(7,819,420)	1,276,063	2,407,628	4,364,000
Cash flows from investing activities	536,477	(5,988,504)	(5,516,647)	(5,824,726)	(2,920,005)	(2,290,000)
Cash flows from financing activities	10,122,121	(544,809)	1,518,038	4,747,671	1,785,326	104,000
Net cash flows during the year	(6,605,822)	(15,730,378)	(11,818,029)	199,008	1,272,949	2,178,000
Investor Information						
Profitability ratios						
Gross profit ratio	-1.22%	-8.13%	4.54%	4.25%	5.16%	3.70%
Net profit ratio	-22.13%	-22.78%	-2.21%	0.81%	1.22%	1.48%
EBITDA margin	-11.55%	-15.20%	-0.92%	2.16%	2.82%	2.33%
Cost / Income ratio	1.02	1.08	0.96	0.96	0.95	0.96
Return on equity	-	-	(0.86)	0.15	0.20	0.20
Liquidity Ratios						
Current ratio	0.27 : 1	0.49 : 1	0.78 : 1	0.94 : 1	0.97 : 1	0.89 : 1
Quick ratio	0.12 : 1	0.29 : 1	0.44 : 1	0.53 : 1	0.5 : 1	0.47 : 1
Cash flows from operations to sales	-15.27%	-5.97%	-3.36%	0.73%	2.42%	5.68%
Cash to current liabilities	3.9%	14.0%	13.6%	21.7%	22.6%	20.1%
Investment / Market ratios						
Earning / (loss) per share	(25.17)	(93.30)	(1.08)	10.70	9.41	9.39
Breakup value per share without surplus on revaluation of fixed assets	(50.53)	(139.78)	8.32	58.78	41.12	37.53
Breakup value per share with surplus on revaluation of fixed assets	(46.57)	(118.57)	33.08	65.86	50.59	47.94

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH (19TH) ANNUAL GENERAL MEETING OF HASCOL PETROLEUM LIMITED WILL BE HELD ON TUESDAY 7 DECEMBER 2021 AT 12:00 NOON THROUGH VIDEO LINK FACILITY VIA ZOOM MANAGED FROM THE COMPANY'S HEAD OFFICE AT KARACHI, TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 23rd February 2021.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31st December 2020, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.

3. To appoint Auditors and to fix their remuneration for the financial year 2021.

Other Business

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

By Order of the Board

15 November 2021
Karachi

Farhan Ahmad
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, Circular No.33 dated November 05, 2020, Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 04, 2021 respectively pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.

- Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company intends to convene its AGM virtually via video link facilities managed from the Registered Office of the Company, situated on 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi for the safety and well-being of the shareholders of the Company.

- In order to participate in the AGM proceedings via video link, the shareholders are required to send their Name, Folio Number, Cell No. and Number of Shares held in their name with subject "Registration for Hascol Petroleum Limited AGM" along with valid copy of CNIC (both sides) at the Company's Share Registrar, Messrs CDC Share Registrar Services Limited. Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on 03 December 2021.

- Shareholders can also send 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 01 December 2021 to 07 December 2021 (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 30 November 2021 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 03 December 2021, 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.

Circulation / Transmission of Annual Financial Statements in Electronic Form

- The SECP, through notification No. SRO 787(I)/2014 dated 8 September 2014 in continuation with the SRO 470(I)/2016 dated 31 May 2016 has allowed companies to circulate Annual Financial Statements along with notice of Annual General Meeting through CD/DVD/USB, instead of sending the same through post. The members who desire to opt to receive Annual Report / Annual Financial Statements and notice of Annual General Meeting in hard copy are requested to provide their written consent on Standard Request Form available at Company's website www.hascol.com. The annual financial statements have also been uploaded on the Company's website and are readily accessible to the shareholders.

Conversion of Physical Shares Into Book-Entry Form

- The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of the Company having physical folios / share certificates are requested to convert their physical shares in Book Entry Form at the earliest. For this purpose, shareholders may either open an Investor Account with Central Depository Company of Pakistan Limited or a CDC sub-account with any duly recognized brokerage firm. Shareholders may also contact Company's Share Registrar, Messrs. CDC Share Registrar Services Limited in case they need any further assistance or guidance in this regard.

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.

Unclaimed Dividend / Shares:

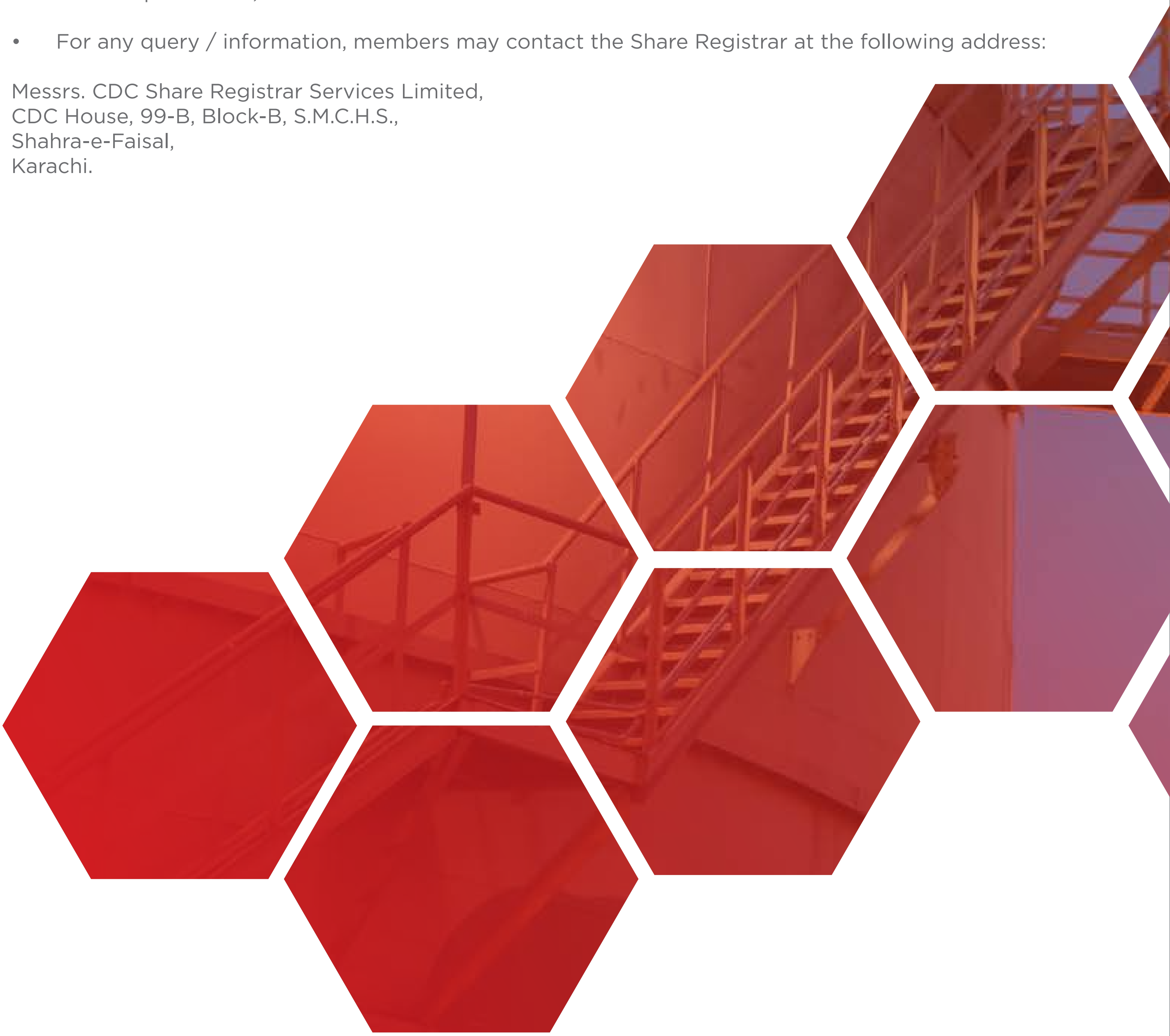
- As per provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of 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.

Miscellaneous:

- This notice has been sent to all members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.

- For any query / information, members may contact the Share Registrar at the following address:

Messrs. CDC Share Registrar Services Limited,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Shahra-e-Faisal,
Karachi.



شیئر ٹرانسفر بک کے حوالے سے بندشیں

☆ کمپنی کی شیئر ٹرانسفر بکس 1 دسمبر 2021 سے 7 دسمبر 2021 تک (دونوں دن بشمول) بند رہیں گی۔ ٹرانسفر بذریعہ فزیکل منتقلی/سی ڈی ایس ٹرانسیکشن آئی ڈیز کمپنی شیئرز رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99 بلاک 8، ایس ایم سی ایچ ایس شاہراہ فیصل کراچی میں 30 نومبر 2021 تک وصول کی جائے گی، جنہیں میٹنگ میں ہونے والے ووٹز اور مندرجہ بالا منتقلی استحقاق کے مقصد کے لیے بروقت غور کیا جائے گا۔

اجلاس میں شرکت

☆صرف وہی افراد جن کے نام کمپنی کے ممبران ان رجسٹر میں 3 دسمبر 2021 تک درج ہوں گے، وہی افراد سالانہ جنرل میٹنگ میں شامل ہر ووٹ ڈالنے کے حقدار ہوں گے۔

☆ سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کے حقدار کمپنی کے رکن کسی دوسرے شخص کو اپنے بجائے شرکت کرنے اور ووٹ کے لیے پراکسی مقرر کر سکتے ہیں ،مؤثر ہونے کے لیے پراکسی کمپنی کے رجسٹرڈ آفس میں میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہونی چاہیے جس پر مقرر کردہ کے دستخط اور گواہان کی رضامندی کا ظاہر ہونا لازمی ہوگا۔

الیکٹرانک فارم میں سالانہ مالیاتی بیانات کی گردش/ترسیل

☆ایس ای سی پی نے نوٹیفکیشن نمبر ایس آر او 2014/(1)787 مورخہ 8 ستمبر 2014 کے ذریعے ایس آر او 2016/(1)470 مورخہ 31 مئی 2016 کو جاری رکھتے ہوئے کمپنیوں کو سالانہ مالی اجلاس کے نوٹس کے ساتھ سالانہ مالیاتی بیانات جاری کرنے کی اجازت بھی دی ہے جسے پوسٹ کے ذریعے بھیجنے کے بجائے بذریعہ (سی ڈی، ڈی وی ڈی، یو ایس بی) فراہم کیا گیا ہے۔ جو ممبران سالانہ رپورٹ/سالانہ مالیاتی بیانات اور سالانہ جنرل میٹنگ کا نوٹس ہارڈ کاپی میں وصول کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ www.hascol.com پر دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔ سالانہ مالیاتی بیانات کمپنی کی ویب سائیٹ پر بھی اپ لوڈ کیے گئے ہیں اور شیئر ہولڈرز کے لیے آسانی سے قابل رسائی ہیں۔

فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا

☆ایس ای سی پی نے اپنے خط نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام فہرست شدہ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ 2014 کے سیکشن 72 (ایکٹ کی دفعات پر عمل کریں) جس کے تحت تمام کمپنیاں ایکٹ کے اجراء کے چار سال کے اندر جاری کردہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کا تقاضا کر سکتے ہیں۔ اس کے مطابق ، کمپنی کے تمام شیئر ہولڈرز جن کے پاس فزیکل فولیوز/شیئر ہولڈرز جن کے پاس فزیکل فولیوز/شیئر سرٹیفکیٹ ہیں ان سے درخواست کی جاتی ہے کہ وہ جلد از جلد بک انٹری فارم میں اپنے فزیکل شیئرز کو تبدیل کریں۔ اس مقصدر کے لے شیئر ہولڈرز یا تو سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے ستھ انویسٹر اکاؤنٹیا کسی مناسب طور پر تسلیم شدہ بروکریج فرم کے ساتھ سی ڈی سی ذیلی اکاؤنٹ کھول سکتے ہیں۔ شیئر ہولڈرز کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ سے بھی مزید مدد یا رہنمائی کی ضرورت پڑنے پر محدود صورتحال میں رابطہ کر سکتے ہیں۔

ایڈریس کی تبدیلی

☆ممبران سے درخواست کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو اپنے رجسٹرڈ ایڈریس میں کسی بھی قسم کی تبدیلی کے بارے میں فوری طور پر اطلاع کریں۔

غیر دعویٰ کردہ منافع/شیئرز

☆کمپنیز ایکٹ 2017 کے سیکشن 244 کی دفعات کے مطابق کمپنی کی طرف سے اعلان کردہ کوئی بھی شیئرز یا منافع جو کہ اس تاریخ سے تین سال کی مدت تک غیر دعویدار/غیر ادا شدہ رہے ہیں، اس دن سے واجب الادا اور قابل ادائیگی کو مدنظر رکھتے ہوئے شیئر ہولڈرز کو اپنا دعویٰ دائر کرنے کے لیے نوٹس جاری ہونے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس جمع کروانا لازمی ہوگا۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویٰ کردہ منافع اور شیئرز کے لیے ان کے دعوے فوری درج کیے جائیں اگر کوئی دعویٰ درج نہیں کیا جاتا ہے تو کمپنی کمپنیز ایکٹ 2017 کے سیکشن (2)244 کی شق کے مطابق وفاقی حکومت کے پاس غیر دعویدار/بلا معاوضہ رقم اور شیئرز جمع کروانے کی پابند ہوگی۔

متفرق مجموعہ

☆ یہ نوٹس کمپنی کے تمام ممبران کو کمپنیز ایکٹ 2017 کے سیکشن (a)(1(134 کو مدنظر رکھتے ہوئے بھیجا جا رہا ہے۔

☆کسی بھی قسم کی معلومات حاصل کرنے کے لیے ممبرز شیئر رجسٹرار سے درج ذیل پتہ پر رابطہ کر سکتے ہیں۔

میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس

شاہراہ فیصل کراچی

نوٹس برائے انیسویں سالانہ جنرل میٹنگ

بذریعہ نوٹس ہر خاص و عام کو مطلع کیا جاتا ہے کہ ہیسکول پیٹرولیم لمیٹڈ کی انیسویں سالانہ جنرل میٹنگ بروز منگل مورخہ 7 دسمبر 2021 بوقت 12:00 بجے دن کمپنی کے ہیڈ آفس کراچی میں منعقد کی جائے گی بذریعہ ویڈیو لنک (زوم) جو کہ کمپنی کے ہیڈ آفس کی طرف سے تشکیل دیا گیا ہے اس میٹنگ میں شامل ہو کر کاروباری لین دین کے حوالے سے اپنی قیمتی رائے پیش کریں۔

عام کاروبار

۱۔ مورخہ 23 فروری 2021ء کو کمپنی کی ہونے والے غیر معمولی جنرل میٹنگز کے منٹس کی تصدیق کرنا۔

۲۔ مورخہ 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ کردہ رپورٹ کو مدنظر رکھتے ہوئے کمپنی کے سالانہ آڈیٹ شدہ مالیاتی بیانات پر غور و فکر کر کے تشکیل دیا جائے گا۔

۳۔ آڈیٹرز کی تقرری اور مالی سال 2021ء کے لیے ان کا معاوضہ طے کیا جائے گا۔

دیگر کاروبار:

۴۔ کسی بھی دوسرے کاروباری لین دین کی اجازت صرف اور صرف چیئرمین کی جانب سے ہی دی جائے گی۔

بورڈ کے حکم سے

فرحان احمد

کمپنی سیکریٹری

15 نومبر 2021ء

کراچی

نوٹس:

آن لائن سہولت کے ذریعے شیئر ہولڈرز کی شرکت

☆ ایس ای سی پی کے سرکلر نمبر 5 مورخہ 17 مارچ 2020، اور سرکلر نمبر 10 مورخہ 1 اپریل 2020، سرکلر نمبر 33 مورخہ 5 نومبر 2020، 2021 کے سرکلر نمبر 4 مورخہ 15 فروری 2020 اور سرکلر نمبر 6 کے مطابق کارپوریٹ سیکٹر کے لیے کورونا وائرس (کوویڈ 19) کے اثرات کو کم کرنے کے لیے بالترتیب ریگولیٹری ریلیف سے متعلق کمپنیوں کو مشورہ دیا گیا ہے کہ وہ شیئر ہولڈرز کی فلاح و بہبود کے لیے سالانہ عام اجلاسوں کے لے اپنی معمول کی منصوبہ بندی میں ترمیم کریں۔ ویڈیو لنک سہولیات کی فراہمی کے ذریعے بڑے اجتماعات سے گریز کی جائے۔

☆ عوامی اجتماعات اور ایس ای سی پی کی ہدایات پر حکومت کی طرف سے عائد کردہ پابندی پر غور و عمل کرتے ہوئے کمپنی عملی طور پر بذریعہ ویڈیو لنک اپنی AGM کو بلانے کا ارادہ رکھتی ہے اپنے شیئر ہولڈرز کے لیے اس سہولت کا انتظام کمپنی کے رجسٹرڈ آفس 29 فلور، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈولمین سٹی، عبدالستار ایدھی ایونیو، بلاک 4 کلفٹن کراچی سے کیا گیا ہے

☆ ویڈیو لنک کے ذریعے اے جی ایم کی کاروائی میں حصہ لے کر شامل ہونے کے لیے شیئر ہولڈرز کو اپنے نام، فولیو نمبر، سیل نمبر اور ان کے نام پر رکھے گئے شیئرز کی تعداد "رجسٹریشن برائے ہیسکول پیٹرولیم لمیٹڈ اے جی ایم" کے ساتھ بھیجنا ضروری ہے، اس کے ساتھ ہی اپنے قومی شناختی کارڈ کی درست کاپی (دونو اطراف) منسلک کرنا بھی لازمی ہوگا۔ کمپنی کے شیئر رجسٹرار میں، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ویڈیو لنک اور لاگ ان اسناد صرف ان شیئر ہولڈرز کے ساتھ شیئر کیے جائیں گے جن کی ای میلز تمام مطلوبہ تفصیلات پر مشتمل ہوں گی جو کہ 3 دسمبر 2021 تک آفس میں وصول کی جائیں گی۔

☆ شیئر ہولڈرز اپنے تبصرے/تجاویز company.secretary@hascol.com پر بھی دے کر اپنی رائے کا اظہار کر سکتے ہیں، ای جی ایم کے آئیٹمز کے حوالے سے اسی طرح سے اے جی ایم میں منعقد کرنے کی تجویز دی گئی ہے جیسا کہ اس پر ای جی ایم میں تشکیل دیا گیا ہے اور بعد میں اسے میٹنگ کے منٹس کا حصہ بھی بنایا جائے گا۔

☆ مذکورہ بالا انتظامات کا مقصد آن لائن سہولت کے ذریعے ای جی ایم میں شیئر یافتگان کی زیادہ سے زیادہ شرکت کو یقینی بنانا ہے، شیئر یافتگان سے بھی درخواست کی جاتی ہے کہ وہ پراکسیز کے ذریعے اپنی حاضری کو مستحکم کریں، تا کہ کورم کی ضرورت کو بھی پورا کیا جا سکے۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES **(CODE OF CORPORATE GOVERNANCE)** REGULATIONS, 2020

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 as at 31 December 2020 is as follows:

(a) Independent Directors:	Mr. Hasan Reza Ur Rahim Mr. Nauman Kramat Dar Mr. Farrukh Saeed
(b) Non-executive Directors: Sir Alan Duncan	Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c) Executive Directors:	Mr. Adeeb Ahmad (Deemed Director) Mr. Aqeel Ahmed Khan
(d) Female Directors:	Nil

*Mr. Waheed Ahmed Shaikh appointed as CEO in place of Mr. Saleem Butt on 04.03.2020
*Mr. Alan Duncan appointed as director in place of Mr. Saleem Butt on 10.03.2020
*Mr. Atif Aslam Bajwa resigned as director on 10.03.2020
*Mr. Mumtaz Hasan Khan resigned as Chairman & Director on 18.03.2020
*Mr. Nauman Kramat Dar appointed as director in place of Mr. Atif Aslam Bajwa on 31.03.2020
*Mr. Alan Duncan appointed as Chairman in place of Mr. Mumtaz Hasan Khan on 31.03.2020
*Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Waheed Ahmed Shaikh on 02.04.2020
*Mr. Aqeel Ahmed Khan appointed as director in place of Mr. Mumtaz Hasan Khan on 17.07.2020
*Mr. Hasan Reza Ur Rahim and Mr. Farrukh Saeed appointed as directors in place of Mr. Farooq Rahmatullah Khan and Mr. Najmus Saquib Hameed on 08.09.2020.
*Sir Alan Duncan appointed as Chairman and Mr. Aqeel Ahmed Khan appointed as CEO on 17.09.2020
*Mr. Adeeb Ahmad appointed as CEO in place of Mr. Aqeel Ahmed Khan on 22.09.2020

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, four (04) 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. Hasan Reza Ur Rahim
- Mr. Nauman Kramat Dar
- Mr. Farrukh Saeed
- Mr. Farid Arshad Masood

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 three committees comprising of members given below:

(a) Audit Committee:

Mr. Hasan Reza Ur Rahim	Chairman / Independent Director
Mr. Nauman Kramat Dar	Independent Director
Mr. Farid Arshad Masood	Non-Executive Director

(b) Human Resource and Remuneration Committee:

Mr. Farrukh Saeed	Chairman / Independent Director
Sir Alan Duncan	Non-Executive Director
Mr. Farid Arshad Masood	Non-Executive Director

(c) Risk Committee:

Mr. Mr. Nauman Kramat Dar	Chairman / Independent Director
Mr. Farrukh Saeed	Independent Director
Mr. Abdul Aziz Khalid	Non-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	Half Yearly
c)	Risk Committee	Half 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.

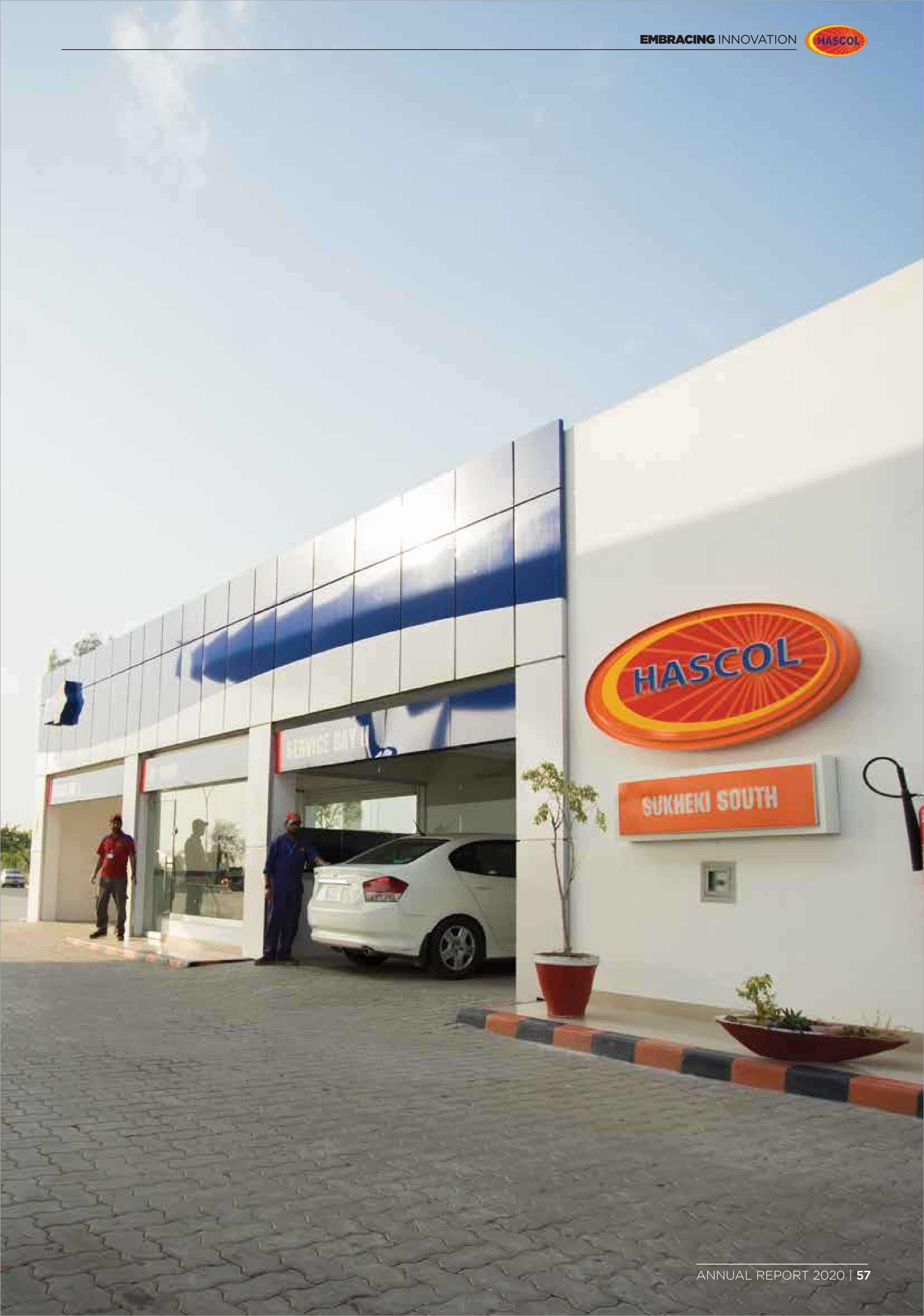
18. We confirm that all requirements of Regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With regard to Regulation 7 we explain as follows:

    The election of directors were held during the year on 8 September 2020, during which no application was received from female candidate. However, currently the Board of the Company has a functioning board comprising of seven directors and the Company is making its utmost efforts searching for female director.

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director

Karachi: 15 November, 2021


HASCOL
SUKHEKI SOUTH
SERVICE BAY

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TO THE MEMBERS OF HASCOL PETROLEUM LIMITED
REVIEW REPORT ON 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, 2020 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 unconsolidated 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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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, 2020.

Further, we draw attention to instances of non-compliance in para no. 18 to the annexed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Baker Tilly Mehmood Idrees Qamar

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: 15 NOV 2021

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, 2020.

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 was in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations up till December 31, 2020. However, the Company has defaulted in subsequent payment of Sukuk Installment which was due in early 2021.

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:

i. Trust Deed
ii. Musharka Agreements
iii. Payment Agreements
iv. Purchase Undertaking
v. Asset Purchase Agreement
vi. Investment Agency Agreement
vii. 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

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 management for the year ended December 31, 2020, with Sukuk Features and Shariah Requirements about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required 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 extend 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 if 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 firm applies 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 maintains 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 then Audits or Review 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 Requirement 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 elected 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 Feature 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 Shahri'ah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shahri'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 tranactions 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.

Conclusion

a) As stated in second para to the annexed statement of compliance, the Company has defaulted in payments of principal and profit (for the quarter ended December 31, 2020) due on January 07, 2021. Further, subsequently, no payments were made by the Company till the date of this report.

b) The VIS Credit Rating Company assigned long term credit rating to the Issue (Sukuk) and the Issuer (the Company) as Triple B Minus (BBB-) and Double B Plus (BB+ with negative outlook) respectively on April 17, 2020.

   On March 30, 2021, the VIS Credit Rating Company assigned long term credit rating to the Issue and the Issuer as Default (D) and Double C (CC with negative outlook) respectively. However, these ratings have subsequently been withdrawn on September 14, 2021 due to non-availability of information.

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.

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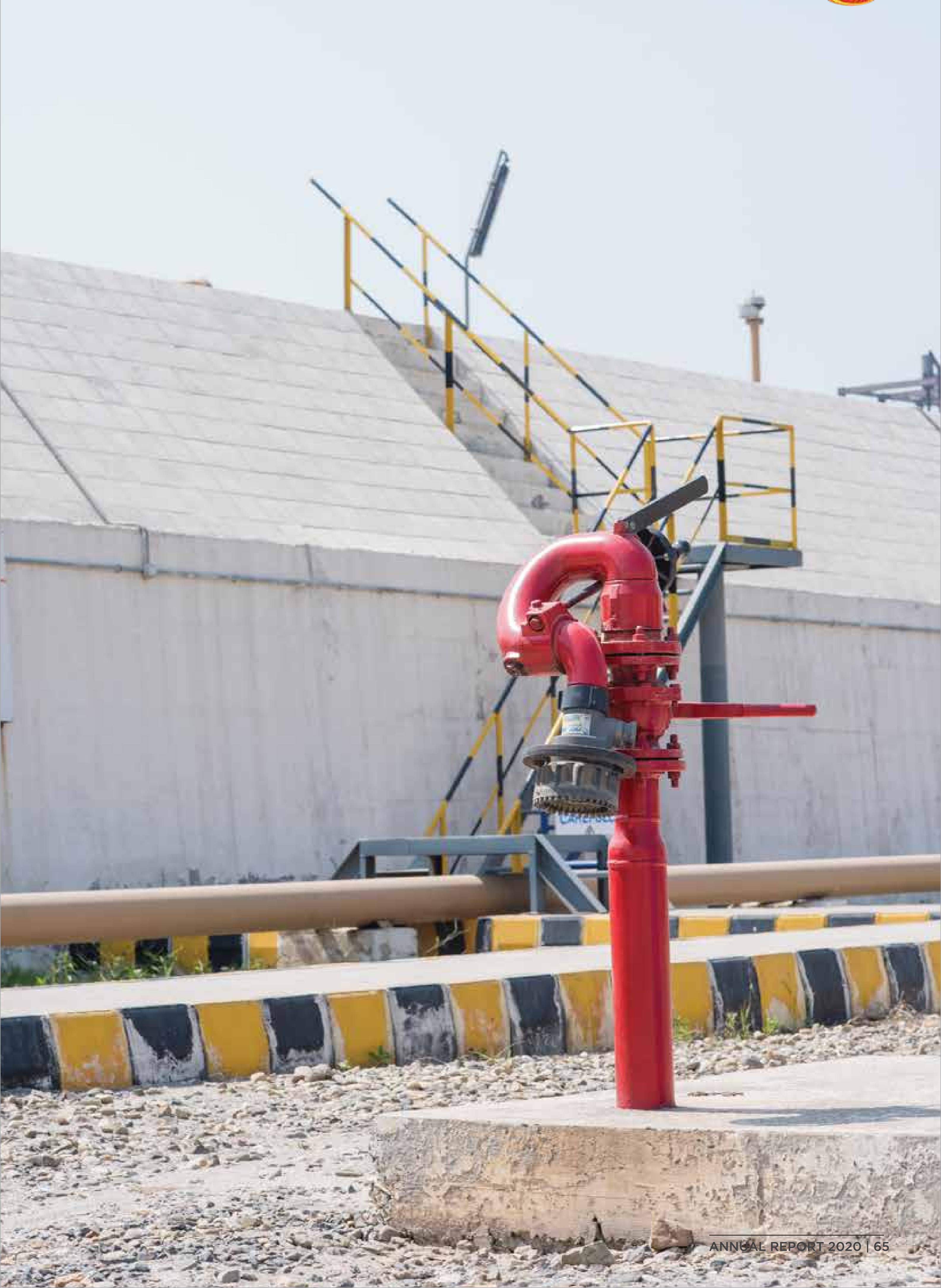
In our opinion, except for the effects of the matters stated in para (a) and (b) above, the annexed statement prepared by management, for the year ended December 31, 2020, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah 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.

Engagement Partner: Mehmood A. Razzak

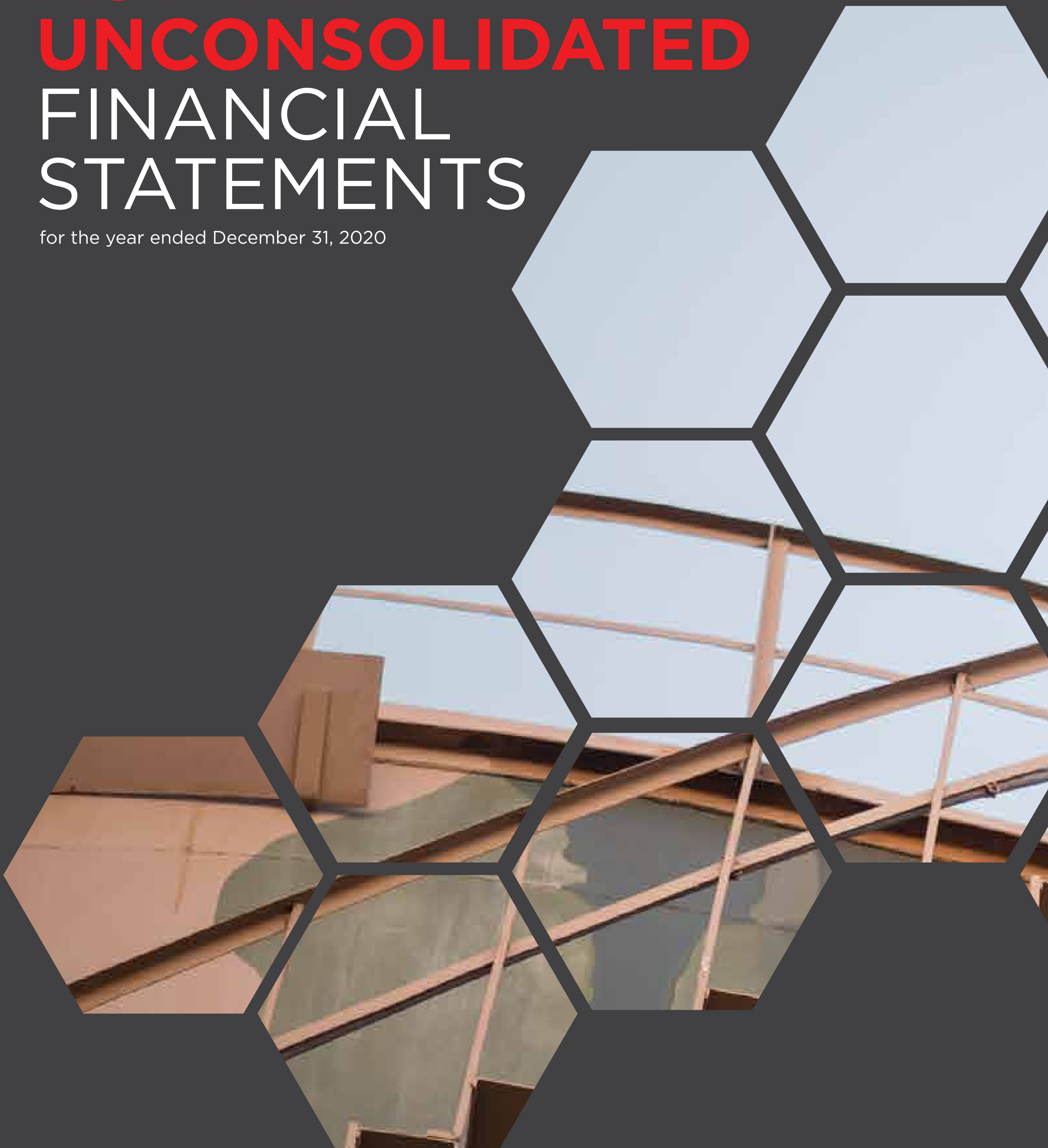
Karachi.

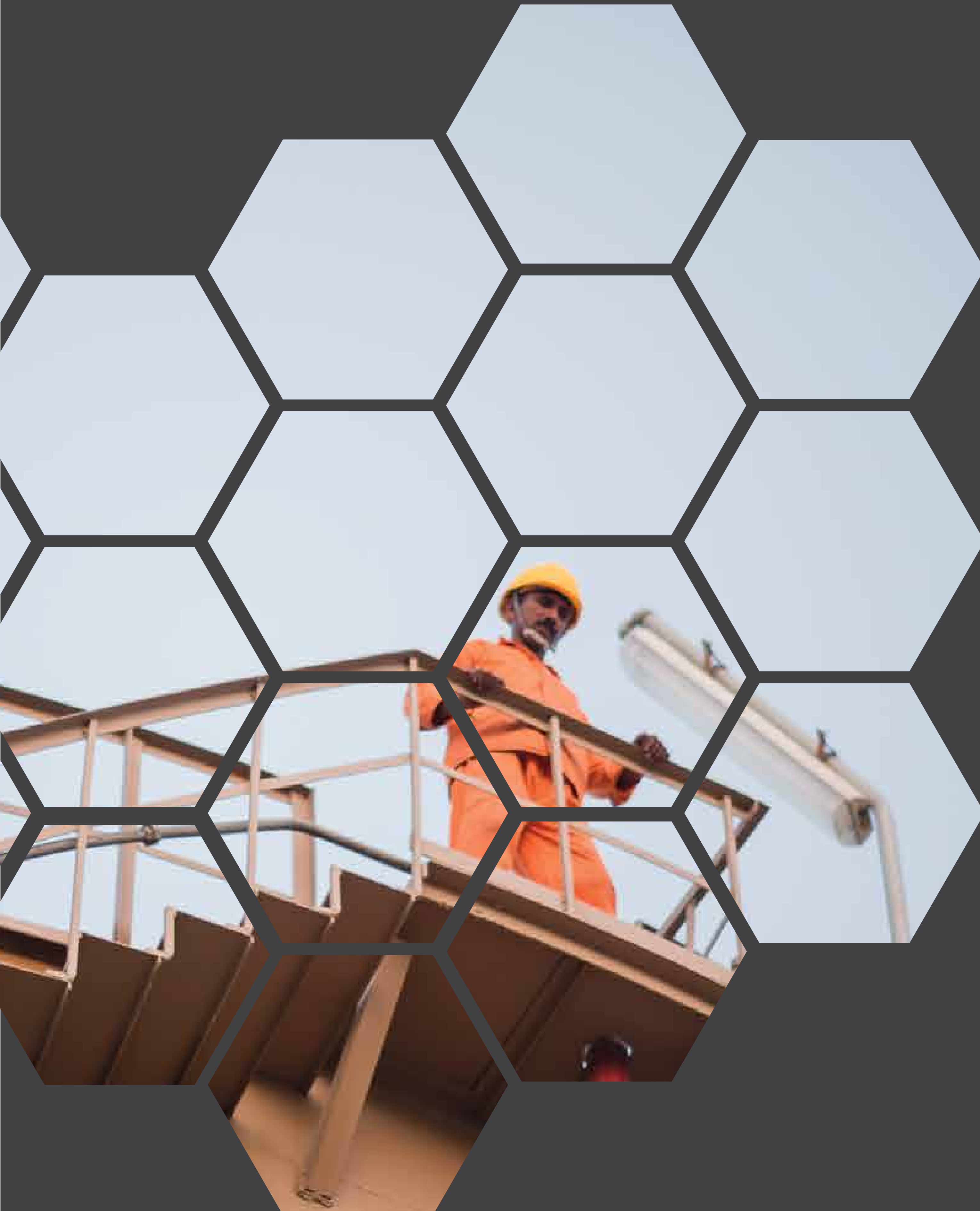
Date: 15 NOV 2021



AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020





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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the annexed unconsolidated financial statements of **Hascol Petroleum Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at December 31, 2020 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and 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.

We do not express an opinion on the annexed unconsolidated financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these unconsolidated financial statements.

Basis for Disclaimer of Opinion

a) Since the unconsolidated financial statements of the Company for the year ended December 31, 2019 and half year ended June 30, 2020 were respectively audited and reviewed by another firm of chartered accountants, ISA 510 – "Initial Audit Engagements - Opening Balances" required us to obtain sufficient appropriate audit evidence as to, whether opening balances are free of material misstatements. However, we found significant differences between the information and records provided to us by the predecessor auditor and the information and records provided by the management for the year ended December 31, 2019. Furthermore, the management has made significant restatements during the year as disclosed in note no. 4 to these unconsolidated financial statements. As a result, we were unable to determine whether the opening balances reflected in audited financial statements as at December 31, 2019 were free from material misstatements.

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b) The Company does not have any documented policy to conduct physical verification of property, plant and equipment; hence, the items of property, plant and equipment were neither counted nor tagged and matched with the Fixed Asset Register (FAR).

c) As disclosed in note 6.6 to the unconsolidated financial statements, subsequent to year end, the management of the Company discovered that in 2019, some fake entries were posted in different head of accounts including fixed assets, other liabilities and cost of goods sold amounting to Rs. 7,493 million.

d) We were appointed as auditors of the Company after December 31, 2020, and thus did not observe the counting of physical inventories at the end of the year. Due to significant lapse of time from year end and not placing reliance on Company's internal controls, we were unable to apply any alternate procedure.

e) In addition to the above stated observations, while reviewing General Ledgers including ledgers of prior years, we found that numerous entries were posted frequently and reversals were made in major head of accounts without any supporting evidence / reasonable justifications.

f) As disclosed in note 56, the Securities and Exchange Commission of Pakistan (SECP) and Federal Investigation Authority (FIA) are also investigating the affairs of the Company.

g) As disclosed in note no. 4 to the unconsolidated financial statements, management has made certain restatements and reclassifications in comparative figures. Due to limitation of scope as mentioned in para (a) to (f) to this report, we were unable to determine whether all necessary restatements/reclassification have been made in the unconsolidated financial statements with regard to balances of prior period presented.

h) We also found multiple uncertainties related to Company's going concern assumption, which are as follows:

   i) As fully disclosed in note no. 1.2 to the accompanying unconsolidated financial statements:

      - The Company has incurred a net loss of Rs. 25,023 million (2019: Rs. 35,224 million Restated) during the year ended December 31, 2020, which has resulted in accumulated losses of Rs. 65,119 million (2019: Rs. 40,075 million Restated) and eroded the equity to Rs. 46,525 million (2019: Rs. 23,611 million Restated).

      - Subsequent to year end, the Company had defaulted towards its significant financing arrangements from Banks/financial institutions.

   ii) Potential effects of the matters mentioned in para (a) to (g).

Due to above mentioned uncertainties, we were unable to conclude whether the use of the going concern assumption in these unconsolidated financial statements is appropriate.

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As a result of the matters mentioned from para (a) to (h) to this report, we were unable to determine whether any adjustment(s) might have been found necessary in respective assets and liabilities and the elements making up unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Accounting and Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters relating 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 Responsibility for the Audit of the Unconsolidated Financial Statements

Our responsibility is to conduct an audit of the Company's unconsolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on these unconsolidated financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the unconsolidated financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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Report On Other Legal and Regulatory Requirements

Because of the significance of the matters mentioned in "Basis of Disclaimer of Opinion" Section, we were unable to form an audit opinion on whether:

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

b) The unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated cash flow statement and unconsolidated statement of changes in equity 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 and are further in accordance with the accounting policies consistently applied;

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

d) Zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

Other matter

The unconsolidated financial statements of the Company for the year ended December 31, 2019 and six months' period ended June 30, 2020 were respectively audited and reviewed by another firm of chartered accountants. The predecessor auditor had issued unmodified audit opinion with Material uncertainty related to Going concern for the year ended December 31, 2019 dated July 22, 2020 and disclaimed its conclusion for the review for the six months' period ended June 30, 2020 via report dated March 10, 2021 in respect of the matter related to its inability to obtain sufficient appropriate audit evidence to support their conclusion in respect of proposed restructuring.

The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak***.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi
Date: 15 NOV 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020	Restated 2019	Restated 2018
ASSETS		---------------- Rupees in '000	--------------------	
Non-current assets				
Property, plant and equipment	6	23,272,207	24,680,591	22,179,198
Right-of-use assets	7	13,245,320	20,960,480	-
Intangible asset	8	1,477	3,134	2,565
Long-term investments	9	3,565,000	4,272,165	1,378,199
Deferred taxation - net	10	-	-	-
Long-term deposits	11	492,653	571,065	547,772
Total non-current assets		40,576,657	50,487,435	24,107,734
Current assets				
Stock-in-trade	12	11,435,266	19,012,237	22,279,280
Trade debts	13	1,571,051	11,040,583	13,552,235
Advances	14	1,013,786	676,728	2,688,589
Deposits and prepayments	15	167,699	137,585	199,829
Other receivables	16	3,463,509	2,569,381	2,918,893
Accrued mark-up and profit	17	13,118	114,159	92,718
Taxation - net		-	478,921	137,161
Short term investments	18	98,700	103,688	-
Cash and bank balances	19	3,079,606	13,648,836	8,800,662
Total current assets		20,842,735	47,782,118	50,669,367
TOTAL ASSETS		61,419,392	98,269,553	74,777,101
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	20	9,991,207	1,991,207	1,810,188
Reserves	21	(60,478,989)	(35,576,159)	(304,218)
Revaluation surplus on property, plant and equipment - net of tax		3,962,410	4,221,873	4,481,336
Share deposit money	22	-	5,752,443	-
Total shareholders' (deficit) / equity		(46,525,372)	(23,610,636)	5,987,306
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	23	12,314,364	1,590,538	2,625,850
Lease liabilities	24	17,124,906	22,447,809	1,015,993
Deferred liabilities	25	130,046	257,282	446,645
Total non-current liabilities		29,569,316	24,295,629	4,088,488
Current liabilities				
Trade and other payables	26	40,466,205	56,947,357	43,676,754
Unclaimed dividend	27	357,249	357,791	363,889
Taxation - net		70,192	-	-
Accrued mark-up and profit	28	2,538,666	1,450,611	311,976
Short-term borrowings	29	33,054,245	37,017,653	18,877,466
Current portion of non-current liabilities	30	1,888,891	1,811,148	1,471,222
Total current liabilities		78,375,448	97,584,560	64,701,307
TOTAL LIABILITIES		107,944,764	121,880,189	68,789,795
TOTAL EQUITY AND LIABILITIES		61,419,392	98,269,553	74,777,101
CONTINGENCIES AND COMMITMENTS	31			

The annexed notes from 1 to 58 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Sales - net	32	132,903,803	179,922,956
Less: sales tax		(19,833,182)	(25,862,729)
Net sales		113,070,621	154,060,227
Other revenue	33	847,012	160,039
Net revenue		113,917,633	154,220,266
Cost of sales	34	(115,296,600)	(166,744,513)
Gross loss		(1,378,967)	(12,524,247)
Distribution and marketing expenses	35	(2,881,388)	(3,242,637)
Administrative expenses	36	(731,950)	(962,138)
Operating expenses		(3,613,338)	(4,204,775)
Impairment losses on financial assets	37	(7,349,594)	(2,099,444)
Other expenses	38	(2,841,284)	(3,615,230)
Other income	39	706,648	510,657
Operating loss		(14,476,535)	(21,933,039)
Finance cost	40	(8,646,947)	(9,558,278)
Exchange loss - net		(1,049,169)	(2,745,743)
		(9,696,116)	(12,304,021)
Loss before taxation		(24,172,651)	(34,237,060)
Taxation	41	(850,771)	(865,502)
Loss for the year		(25,023,422)	(35,102,562)
Loss before taxation from discontinued operations		-	(169,065)
Taxation	42	-	47,891
Loss after tax from discontinued operations		-	(121,174)
Loss for the year		(25,023,422)	(35,223,736)
Loss per share - basic and diluted	43	(25.17)	(93.30)

The annexed notes from 1 to 58 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, 2020

	2020	Restated 2019
	------- Rupees in '000 -------	
Loss for the year	**(25,023,422)**	(35,223,736)
Items that will not be reclassified subsequently to unconsolidated profit or loss account		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**48,257**	41,519
Realized / unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**(60,009)**	(51,034)
Total comprehensive loss for the year	**(25,035,174)**	(35,233,251)

The annexed notes from 1 to 58 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, 2020

		Capital reserves		Revenue reserve			
	Share Capital	Share premium	Unrealized gain/ (loss) on remeasurement of FVTOCI investments	Unappropriated profit / (loss)	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' equity
	---- Rupees in '000 ----						
Balance as at January 01, 2019 as previously reported	1,810,188	4,766,854	(216,958)	585,068	4,389,156	-	11,334,308
Effect of restatement as referred in note (4)	-	-	-	(5,439,182)	92,180	-	(5,347,002)
	1,810,188	4,766,854	(216,958)	(4,854,114)	4,481,336	-	5,987,306
Effect of change in accounting policy - note 13.4	-	-	-	(117,134)	-	-	(117,134)
Balance as at January 01, 2019 (Restated)	1,810,188	4,766,854	(216,958)	(4,971,248)	4,481,336	-	5,870,172
Total comprehensive loss for the year							
Loss for the year - restated	-	-	-	(35,223,736)	-	-	(35,223,736)
Other comprehensive income							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	-	-	-	41,519	-	-	41,519
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 - restated	-	-	(51,034)	(35,182,217)	-	-	(35,233,251)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	259,463	(259,463)	-	-
	-	-	(51,034)	(34,922,754)	(259,463)	-	(35,233,251)
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 (Restated)	1,991,207	4,766,854	(267,992)	(40,075,021)	4,221,873	5,752,443	(23,610,636)
Balance as at January 01, 2020	**1,991,207**	**4,766,854**	**(267,992)**	**(40,075,021)**	**4,221,873**	**5,752,443**	**(23,610,636)**
Total comprehensive loss for the year							
Loss for the year	-	-	-	**(25,023,422)**	-	-	**(25,023,422)**
Other comprehensive loss							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	-	-	-	**48,257**	-	-	**48,257**
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	**(60,009)**	-	-	-	**(60,009)**
Transfer of unrealized loss on remeasurement of FVTOCI investments	-	-	**328,001**	**(328,001)**	-	-	-
Total comprehensive loss for the year	-	-	**267,992**	**(25,303,166)**	-	-	**(25,035,174)**
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	**259,463**	**(259,463)**	-	-
	-	-	**267,992**	**(25,043,703)**	**(259,463)**	-	**(25,035,174)**
Transactions with owners							
Right issue - 401% - January 2020	**8,000,000**	-	-	-	-	-	**8,000,000**
Share deposit money	-	-	-	-	-	**(5,752,443)**	**(5,752,443)**
Transaction cost	-	**(127,119)**	-	-	-	-	**(127,119)**
Total transactions with owners	**8,000,000**	**(127,119)**	-	-	-	**(5,752,443)**	**2,120,438**
Balance as at December 31, 2020	**9,991,207**	**4,639,735**	-	**(65,118,724)**	**3,962,410**	-	**(46,525,372)**

The annexed notes from 1 to 58 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, 2020

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	46	(12,074,636)	(2,015,731)
Finance cost paid		(5,267,014)	(6,210,980)
Profit/mark up received on bank deposits and TFC's		473,758	439,302
Taxes paid		(296,859)	(1,389,999)
Contributions to gratuity fund	53.1.4	(99,669)	(19,657)
Net cash used in operating activities		(17,264,420)	(9,197,065)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(371,128)	(3,523,734)
Proceeds from disposal of property, plant and equipment		210,618	557,489
Investment redeemed / (made) during the year		618,622	(2,893,966)
Short term investment made		-	(105,000)
Long-term deposits repaid - net		78,365	(23,293)
Net cash generated from / (used in) investing activities		536,477	(5,988,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(3,017,630)	(2,467,026)
Redemption of commercial papers	29.4	-	(6,500,000)
Dividend paid		(542)	(6,098)
Share deposit money received	22	2,120,438	5,752,443
Proceeds from issuance of commercial papers		-	3,770,753
Long-term finance (repaid) / obtained - net		11,019,855	(1,094,881)
Net cash generated from / (used in) financing activities		10,122,121	(544,809)
Net decrease in cash and cash equivalents		(6,605,822)	(15,730,378)
Cash and cash equivalents at beginning of the year		(23,368,817)	(7,638,439)
Cash and cash equivalents at end of the year	47	(29,974,639)	(23,368,817)

The annexed notes from 1 to 58 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, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, 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. 25,023 million (2019-Restated: Rs. 36,039 million), resulting in net shareholders deficit of Rs. 47,341 million (2019-Restated: Rs. 24,426 million) as of the unconsolidated statement of financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 57,533 million (2019-Restated: Rs. 49,802 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) The Company is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Company improve its future operating and financial performance. Further, the Company has stopped payment of markup cost from last quarter of 2020.

b) The Company is also taking measures to reduce its storage costs through revision of existing agreements as disclosed in note 26.1.2

c) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Company for the twelve months from the date of approval of these unconsolidated financial statements, which took into account the projected future working capital of the Company. The board believes that subject to the approval of restructuring plan with major banks the Company will have sufficient cash resources to continue its operations.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Company include the following:

Business unit	Geographical location
Head Office	29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, 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.

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 owned 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 UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. BASIS OF PREPARATION

2.1 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.

2.2 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.

2.3 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
Foreign currency monetary liabilities/assets	Spot exchange rates
Lease liability	Present value lease payments

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

2.4 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.

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

2.5.1 New and amended IFRS Standards with no material effect on the unconsolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these unconsolidated financial statements.

Amendments to References to Conceptual Frameworkin IFRS Standards

The revised Framework is more comprehensive than the old one – its aim is to provide the International Accounting Standards Board (the Board) with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures.

However, most of the concepts are not new – the revised Framework codifies the Board's thinking adopted in recent standards.

Definition of Material (Amendments to IAS 1 and IAS 8)

The Board has recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

The key amendments to IAS 1 include:

I requiring companies to disclose their material accounting policies rather than their significant accounting policies;

II clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

III clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements

Definition of a Business (Amendments to IFRS 3)

The IASB has issued amendments to IFRS 3 Business Combinations that seek to provide more guidance on the definition of a business.

Optional concentration test

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

Assessment focuses on substantive process

If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

Narrower definition, potential complexity

The effect of these changes is that the new definition of a business is narrower – this could result in fewer business combinations being recognised. The amendments may require a complex assessment to decide whether a transaction is a business combination or an asset acquisition.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

2.5.2 The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.6 New and revised IFRS in issue but not yet effective and not early adopted

2.6.1 The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	June 1, 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Many companies use benchmark interest rates – e.g. in their loan instruments, lease contracts and in hedge accounting. The replacement of some of these rates with alternative benchmark rates is expected to be mostly complete by the end of 2021. To ensure that financial statements best reflect the economic effects of IBOR reform, the Board has issued amendments1 that focus on the accounting once a new benchmark rate is in place.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Companies currently applying the 'incremental cost' approach will need to recognise bigger and potentially more provisions for onerous contracts. This follows recent amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.

The amendments clarify that the 'costs of fulfilling a contract' comprise both:

I the incremental costs – e.g. direct labour and materials; and

II an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020 for the following accounting standards:

I IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

II IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

III IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IV IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Companies will therefore need to distinguish between:

I costs associated with producing and selling items before the item of PPE is available for use; and

II costs associated with making the item of PPE available for its intended use.

Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

The new insurance contracts standard, IFRS 17, aims to increase transparency and to reduce diversity in the accounting for insurance contracts.

First published in May 2017, it has since been amended in eight key areas and its effective date has been deferred to 1 January 2023.

2.6.2 Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's unconsolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the unconsolidated financial statements of the Company in the year of initial application.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unconsolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

3.1 CRITICAL JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Control over investments in subsidiaries

Management assesses whether or not the Company has control over its investment in subsidiaries based on whether the Company has the power to direct the relevant activities of the investees unilaterally.

Management consider the Company's absolute size of holding in subsidiaries and relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors, concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of subsidiaries and therefore Company has control over investment in subsidiaries.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Equity accounting investees

Management assesses whether or not the Company has significant influence over an investee. Management consider the Company's representation on the board of directors or equivalent governing body of the investee, participation in policy making processes, including participation in decisions about dividends or other distributions, material transactions between the investor and the investee, interchange of managerial personnel and provision of essential technical information.

3.2 ESTIMATES

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

Management performs impairment reviews on the Company's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets. Assumptions reflect that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate grouping of assets into cash generating units.

Useful life of intangible assets

Amortisation is charged so as to write off the cost of the intangible assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as:

I Expected usage of the assets by the Company;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Useful lives of property, plant and equipment and right of use assets

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. In case of ROU assets, depreciation is charged over lower of useful lives and lease term. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Impairment loss on investments in associates

The Company reviews its investments in associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Company determines the need for impairment loss on investments in associates.

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the creditworthiness of the counterparty, timing and value of anticipated future payments and actions that can be taken to mitigate the risk of non-payment.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Company incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease by inquiring it from local banks. Alternatively the Company estimates IBR by using weighted average cost of short term borrowings at the end of each quarter.

Revaluation of Property, Plant and Equipment

The Company applies revaluation model and revalued its property, plant and equipment every three years. Management has applied judgement and estimates in assessing the fair value of the property, plant and equipment.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Net realizable value of stock in trade

The Company values inventory at lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Management while estimating the net realisable value take into account the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Provision and contingencies

The Company recognizes provision when Management is in a position to make reliable estimate of the expenditure required to settle the present obligation and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation. If the said criteria are not met, then Management reflect the same as contingent liability.

Provision for gratuity

The Company operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 53.1.

4. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

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

Impact on statement of financial position
As at December 31, 2018

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Reserves		5,134,964	(5,439,182)	-	(304,218)
Property, plant and equipment	4.1	22,563,232	(384,034)	-	22,179,198
Stock in trade	4.2	22,615,303	(336,023)	-	22,279,280
Advances	4.11	65,104	(2,168,580)	4,792,065	2,688,589
Other receivables	4.3 & 4.14	2,845,526	(1,060,280)	1,133,647	2,918,893
Cash and bank balances	4.9	8,799,447	1,215	-	8,800,662
Revaluation surplus on property, plant and equipment - net of tax	4.4	4,389,156	92,180	-	4,481,336
Trade and Other Payable	4.5, 4.6 and 4.11	(36,166,484)	(1,398,085)	(6,112,185)	(43,676,754)
Unclaimed dividend	4.9	(362,674)	(1,215)	-	(363,889)
Current portion of non-current liabilities	4.12	(2,791,342)	-	1,320,120	(1,471,222)
Taxation - net	4.14	1,270,808	-	(1,133,647)	137,161

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Impact on statement of financial position
As at December 31, 2019

	Note	As previously reported (after restatement / reclassifications)	Restatements	Reclassification	As restated
		---------------------------- Rupees in '000 ----------------------------			
Property, plant and equipment					
Operating fixed assets	4.1	28,018,041	(7,504,624)	-	20,513,417
Capital work-in-progress	4.13	4,213,205	-	(46,032)	4,167,174
Right-of-use assets	4.7	1,255,584	19,704,896	-	20,960,480
Stock in trade					
Finished goods - fuels	4.2	10,230,173	(201,741)	-	10,028,432
Finished goods - petrochemical	4.2	248,133	(5,893)	-	242,240
Advances					
Suppliers & Service provider	4.11 & 4.13	59,076	-	5,993,785	6,052,861
Provision for Advances		(2,168,580)	(3,269,107)	-	(5,437,687)
Deposits and prepayments					
Prepayments - Rent	4.8	113,291	(28,171)	-	85,120
Other receivables					
Provisioning of IFEM, RD and PDC	4.3	(1,060,280)	(297,773)	-	(1,358,052)
Sales tax refundable	4.14	-	-	87,091	87,091
Cash and bank balances					
in savings account, conventional banks	4.10	11,558,117	61,259	-	11,619,376
in current accounts, dividend account	4.9	356,597	1,195	-	357,792
Revaluation surplus on property, plant and equipment - net of tax	4.4	4,125,233	96,640	-	4,221,873
Lease liabilities					
Lease liability of right of use asset	4.7	(2,781,421)	(20,340,257)	-	(23,121,678)
Trade and Other Payable					
Trade creditors	4.11 & 4.12	(46,804,421)	2,451,988	11,893,892	(32,458,541)
Payable to cartage contractors	4.11	(2,031,042)	-	(1,505,465)	(3,536,507)
Other liabilities	4.5,4.6 & 4.11	(1,950,410)	(256,509)	(17,907,975)	(20,114,894)
Unclaimed dividend	4.9	(356,597)	(1,195)	-	(357,791)
Accrued mark-up and profit					
Short-term borrowings	4.12	(1,500,628)	-	98,792	(1,401,836)
Current portion of non-current liabilities					
Current portion of deferred and other liabilities	4.12	(1,473,003)	-	1,473,003	-
Taxation - net	4.14	566,012	-	(87,091)	478,921

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4.1 This includes restatement of depreciation expense amounting to Rs. 12 million (2018: Rs. 384 million) for the year ended December 31, 2019. This also includes impact of remeasurement and doubtful capitalization in operating fixed assets as explained in note 6.6.

4.2 This represents restatement in respect of change in accounting policy from weighted average to first in first out basis as disclosed in note 12.2

4.3 This represents restatement of provisioning made against other receivable as disclosed in note 16.4.

4.4 This represents restatement in respect of error made in recording of revaluation surplus.

4.5 This represents restatement of liability in respect of Lenkor Energy Trading Company and its arbitration cost, demurrages liability as explained in note 26.1 and fake purchase orders adjustment as explained in note 6.6.

4.6 This represents amount charged in respect of additional petroleum development levy which was overlooked previously as explained in note 34.2.1 and adjustment impact of lease liability pertaining to right of use assets.

4.7 As explained in note 7 to these unconsolidated financial statements, the Company has not recognized certain right of use assets including operated pumpsites, depots and offices and its corresponding lease liability.

4.8 This represents restatement of prepaid rent in respect of right of use assets recognized during the year ended December 31, 2019.

4.9 This represents restatement in respect of dividend account which was previously overlooked at the time of restatement for the year ended December 31, 2018 as before that the Company used to keep these dividend accounts off the statement of financial position.

4.10 This represents correction of error made in margin accounts maintained by the bank for retaining margin annexed at the time of opening of letter of credit. Previously the net amount withheld was treated as a finance cost rather than a deposit.

4.11 This includes amount netted off previously with trade and other payables, which have been corrected for the year ended December 31, 2020 and the comparative periods.

4.12 This represents liability of a foreign supplier which has been reclassified to trade creditors alongwith its financing impact which was previously disclosed in accrued markup.

4.13 This represents correction of error of advance to a supplier which was previously disclosed in capital work in progress. However, during the year it was identified that the amount is not in the nature of capital expenditure.

4.14 This represents the amount of sales tax refundable being reclassified from taxation-net to other receivables.

Impact on statement of comprehensive income For the year ended December 31, 2019	**Note**	**As previously reported**	**Restatements**	**Reclassification**	**As restated**
		Rupees in '000			
Other revenue	4.15	814,628	-	(654,589)	160,039
Cost of sales	4.16	(156,725,893)	(3,375,448)	(6,643,172)	(166,744,513)
Distribution and marketing	4.17	(4,078,493)	215,145	620,711	(3,242,637)
Administrative expenses	4.18	(817,685)	(144,453)	-	(962,138)
Impairment losses on financial assets	4.19	-	-	(2,099,444)	(2,099,444)
Other expenses	4.20	(8,790,967)	(3,566,879)	8,742,616	(3,516,230)
Finance cost	4.21	(7,466,587)	(2,125,570)	33,879	(9,558,278)
Exchange loss - net	4.22	(2,393,039)	(352,704)	-	(2,745,743)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4.15 This represents netting off of tank lorries expenses with other revenue. Previously the expenses were accumulated with other line items of distribution and marketing expenses.

4.16 This represents restatement effect of change in accounting policy of stock-in-trade, adjustement of fake purchase orders, short recording of demurrage charge, additional petroleum development levy charge and depreciaiton charge and reversal of storage charges of storage facilities on account of right of use asset recognized during the year ended December 31, 2019. In addition, it also includes reclassification of demurrage charge and unfavourable loss on import from other expenses.

4.17 This represents restatement effect of depreciation charge and reversal of rent expense of retail pumpsites on account of right of use asset recognized during the year ended December 31, 2019.

4.18 This represents restatement effect of recognition of litigation liability on account of arbitration charges on lenkor energy trading company as disclosed in note 4.5 . Further, it also includes restatement effect of depreciaiton charge and reversal of rent expense of offices on account of right of use asset recognized during the year ended December 31, 2019.

4.19 This represent reclassification of expected credit loss shown under other expenses as a separate line item in the statement of profit or loss account.

4.20 This represent restatement of provisioning of other receivable made during the year ended December 31, 2019. In addition it also includes reclassificaiton impact as disclosed in note 4.16 and note 4.19

4.21 This represent restatement in respect of markup charges on Lenkor energy trading companys' foreign exchange liability, restatement of letter of credit annexed by bank as disclosed in note 4.10 and corresponding impact of lease liability of right of use asset recognized during the year ended December 31, 2019 as disclosed in note 4.7.

4.22 This represents restatement effect of exchange loss of foreign exchange liability of lenkor energy trading company as disclosed in note 4.10.

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*

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 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 is 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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.

5.1.2 Measurement subsequent to initial recognition

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 sheet date.

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

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 7.1.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Company. However, if payment for the item is deferred, the consideration receivable is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost. Useful lives and residual values are reviewed at each reporting date.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

5.2 Leases

Company as a lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

I fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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The right-of-use of assets are presented as a separate line in the statement of financial position. The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

5.3 Intangible asset - computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

5.4 Financial instruments

In the normal course of business the Company uses financial instruments, principally investments, trade and other receivables, cash and cash equivalents, term deposits, loans and borrowings and trade and other payables.

Classification

Financial assets

The Company classifies its financial assets as follows:

I Financial assets at amortised cost

II Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

III Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership and has not retained control. If the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Financial assets at amortised cost

A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and receivables and other assets are classified as financial assets at amortised cost.

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Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to statement of profit and loss.

For an equity instrument; upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial liabilities

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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 data for its ordinary shares. Basic earnings per share 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, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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 are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

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 associate are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

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.

These are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. If not, they are presented as non-current liabilities.

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.

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5.14 Trade and other receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance. 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.

5.16 Stock-in-trade

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling. The cost of the inventory is determined using FIFO method.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon. 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 Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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Impairment of financial assets

Company recognizes ECL for cash and bank balances, due from related parties, and other assets using the general approach and uses the simplified approach for trade receivables as allowed by IFRS 9.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Company applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default.

The Company derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

I when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Company incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

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.

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5.20 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

5.21 Commitment

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

5.22 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 transactions

Transactions in foreign currencies are translated into Pakistani Rupees at exchange rates ruling at the value dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies (including monetary assets and liabilities considered as a net investment in foreign operation) are translated into Pakistani Rupees at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Pakistani Rupees at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Pakistani Rupees at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

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.

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.

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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

Revenue from sale of oil

The process for applying the requirements of standard is separated into five steps:

I Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Company recognises revenue over time if any one of the following criteria is met:

I The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or .

II The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or .

III The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Company's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be measured reliably and is stated net of sales taxes and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

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 revenue

Dividend income is recognized when the Company's right to receive the dividend is established.

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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

Approved defined benefit funded gratuity plan

Approved defined benefit funded gratuity plan for employees who have completed five years of service. The amount arising as a result of remeasurements of employee retirement benefits are recognised immediately in other comprehensive income. Past service cost and curtailments are recognised in the statement of profit or loss, in the period in which a change takes place.

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 54 to the unconsolidated financial statements. Latest valuation was conducted as at December 31, 2020.

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 Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by the Company Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Chief Executive Officer (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Company's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Maker.

5.28 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods.

Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

I In the principal market for the asset or liability, or

II In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

I Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

5.29 Finance income and expenses

Finance income comprises foreign exchange gains and interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

5.30 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.

5.31 Investment income

Investment income comprises dividend income, impairment losses on investments, gains and losses on sale of investments and fair value changes on investments held at fair value through profit and loss and held for trading. Dividend income is recognised when the right to receive the dividend is established.

5.32 Events after the reporting date

The Company financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the financial statements when material.

5.33 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.

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5.34 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 42).

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		------- Rupees in '000 -------	
Operating fixed assets	6.1	19,412,342	20,513,417
Capital work-in-progress	6.2	3,859,865	4,167,174
		23,272,207	24,680,591

6.1 Operating fixed assets

	Owned assets												Leased Assets		
		Building on lease hold land							Vehicles				Vehicles		
	Leasehold Land	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	Plant and machinery	Tank lorries	Motor cars	Total operating fixed assets
At January 1, 2020															
Cost / revalued amount	2,119,732	5,043,030	4,415,520	4,621,230	1,659,484	470,862	2,928,152	434,543	269,332	318,142	165,979	125,000	1,891,919	38,869	24,501,793
Accumulated depreciation	-	(619,786)	(766,622)	(580,177)	(611,685)	(110,328)	(594,158)	(162,746)	(2,245)	(109,090)	(95,147)	(21,875)	(298,405)	(16,114)	(3,988,376)
Net book value	2,119,732	4,423,244	3,648,898	4,041,053	1,047,799	360,534	2,333,994	271,797	267,087	209,052	70,832	103,125	1,593,514	22,755	20,513,417
Year ended December 31, 2020															
Opening net book value	2,119,732	4,423,244	3,648,898	4,041,053	1,047,799	360,534	2,333,994	271,797	267,087	209,052	70,832	103,125	1,593,514	22,755	20,513,417
Addition / transfer from CWIP	-	6,945	186,552	7,275	248,465	37,667	148,089	3,308	-	32,161	7,890	-	-	-	678,352
Disposals															
Cost	(118,852)	-	-	-	-	-	-	-	-	(89,069)	(385)	-	-	-	(208,306)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	34,289	385	-	-	-	34,675
	(118,852)	-	-	-	-	-	-	-	-	(54,780)	-	-	-	-	(173,631)
Depreciation charge for the year	-	(252,769)	(238,896)	(236,608)	(156,802)	(19,102)	(302,770)	(78,519)	(26,933)	(39,283)	(38,734)	(15,483)	(196,966)	(2,932)	(1,605,796)
Closing net book value	2,000,880	4,177,421	3,596,554	3,811,720	1,139,463	379,098	2,179,313	196,586	240,154	147,150	39,988	87,642	1,396,548	19,823	19,412,342
At December 31, 2020															
Cost / revalued amount	2,000,880	5,049,975	4,602,072	4,628,505	1,907,949	508,529	3,076,241	437,851	269,332	261,234	173,484	125,000	1,891,919	38,869	24,971,839
Accumulated depreciation	-	(872,555)	(1,005,518)	(816,785)	(768,487)	(129,430)	(896,928)	(241,265)	(29,178)	(114,084)	(133,495)	(37,358)	(495,371)	(19,046)	(5,559,497)
Net book value	2,000,880	4,177,421	3,596,554	3,811,720	1,139,463	379,098	2,179,313	196,586	240,154	147,150	39,988	87,642	1,396,548	19,823	19,412,342
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	10	20	
At January 1, 2019 (restated)															
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	-	(419,407)	(566,380)	(406,111)	(473,759)	(92,217)	(402,194)	(113,018)	(24,904)	(80,535)	(66,046)	(15,625)	(121,034)	(10,783)	(2,792,011)
Net book value	2,491,091	4,146,117	2,666,264	3,445,515	1,000,868	359,944	1,678,775	206,605	220,381	59,343	77,012	109,375	1,241,194	28,911	17,731,397
Year ended December 31, 2019 (restated)															
Opening net book value	2,491,091	4,146,117	2,666,264	3,445,515	1,000,868	359,944	1,678,775	206,605	220,381	59,343	77,012	109,375	1,241,194	28,911	17,731,397
Addition / transfer from CWIP	-	907,677	819,079	925,242	153,335	50,557	907,014	145,059	269,332	19,603	33,674	-	535,814	-	4,766,386
Other Adjustment	(245,359)	(347,130)	365,034	61,620	31,522	18,456	42,788	(14,609)	(83,018)	178,913	(2,094)	-	(6,123)	-	-
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	-	(212,315)	(200,339)	(197,590)	(137,926)	(25,726)	(217,344)	(57,483)	(9,973)	(37,519)	(35,349)	(6,250)	(177,371)	(6,156)	(1,321,341)
Closing net book value	2,119,732	4,423,244	3,648,898	4,041,053	1,047,799	360,534	2,333,994	271,797	267,087	209,052	70,832	103,125	1,593,514	22,755	20,513,417
At December 31, 2019 (restated)															
Cost / revalued amount	2,119,732	5,043,030	4,415,520	4,621,230	1,659,484	470,862	2,928,152	434,543	269,332	318,142	165,979	125,000	1,891,919	38,869	24,501,793
Accumulated depreciation	-	(619,786)	(766,622)	(580,177)	(611,685)	(110,328)	(594,158)	(162,746)	(2,245)	(109,090)	(95,147)	(21,875)	(298,405)	(16,114)	(3,988,376)
Net book value	2,119,732	4,423,244	3,648,898	4,041,053	1,047,799	360,534	2,333,994	271,797	267,087	209,052	70,832	103,125	1,593,514	22,755	20,513,417
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

6.2 Capital work-in-progress

	2020	2019
	------- Rupees in '000 -------	
Office building	1,426,164	1,360,721
Tanks and pipelines	932,015	1,016,818
Pump building	-	259,127
Electrical, mechanical and fire fighting equipment	716,009	705,141
Dispensing pumps	80,571	102,845
Furniture, office equipment and other assets	176,664	194,080
Plant and machinery	360,740	360,740
Borrowing cost capitalized	167,702	167,702
	3,859,865	4,167,174

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

	2020	2019
	------- Rupees in '000 -------	
Balance at beginning of the year	4,167,174	4,447,801
Additions during the year	371,043	5,981,857
Transfers during the year	(678,352)	(4,276,960)
Transfer to Hascol Lubricants (Private) Limited	-	(1,985,524)
Balance at end of the year	3,859,865	4,167,174

6.3 In 2012, the Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,310 million, resulting in surplus (net of deferred tax) amount to Rs. 438 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. 4,733 million, resulting in surplus (net of deferred tax) amounting to Rs. 576 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. 13,838 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,245 million.

6.4 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:

	Cost	Accumulated depreciation	Written down value 2020	Written down value 2019 (Restated)
	-------------------------- Rupees in '000 --------------------------			
Owned assets				
Leasehold land	869,642	-	869,642	869,642
Building on lease hold land:				
- Office building	5,003,074	865,421	4,137,653	4,130,911
- Pump building	3,695,040	675,989	3,019,051	2,833,531
Tanks and pipelines	4,371,365	717,395	3,653,970	3,646,738
Dispensing units	1,168,991	313,134	855,857	616,896
Plant and machinery	458,520	98,396	360,124	323,555
Electrical mechanical and fire fighting equipment	3,027,900	877,764	2,150,136	2,009,903
Furniture, office equipment and other assets	430,407	235,263	195,144	192,050
Computers auxiliaries	171,635	131,687	39,948	33,473
Total owned assets	19,196,574	3,915,049	15,281,525	14,656,699

6.5 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	36,300
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	130,388
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,706
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	28,435
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Others		
LPG terminal	North Western Industrial Zone, Port Qasim Authority	90,508
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	427
Lahore office	office No. 5-1 5th Floor constructed over plot no 19 khayaban-e- Aiwan -e- iqbal, Lahore.	668

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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6.6 During the year, the management has identified that certain fake purchase orders amounting to Rs. 7,493 million were posted for the year ended December 31, 2019. The Company has retrospectively adjusted this amount and reduced the fixed assets of 2019 accordingly.

6.7 There was no tagging exercise carried out on the entire property, plant and equipment. Due to this and what mentioned in note 6.6 above, the management decided to conduct a physical verification, tagging and valuation exercise of its fixed assets using the services of an independent professional firm / valuers. Once this exercise is done, the property, plant and equipment will be entered in accounting system and any adjustment arising will be reflected in subsequent year's financial statements.

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

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Distribution and marketing expenses	35	1,569,240	1,277,719
Administrative expenses	36	36,556	33,428
Discontinued operations		-	10,194
		1,605,796	1,321,341

6.9 During the year written down value of property plant and equipment that have been disposed-off amount to Rs. 160 million (2019: Rs. 496 million). Details of property plant and equipment disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	---------- Rupees in '000 ----------						
Land	118,852	-	118,852	124,846	5,994	Attock Petroleum Limited	Outright Sale
Motor Cars	75,610	22,238	53,372	72,126	18,754	Various	Outright Sale
2020	194,462	22,238	172,224	196,972	24,748		
2019	575,603	85,124	490,479	520,555	30,076		

7. RIGHT-OF-USE ASSETS

The Company's leases mainly comprise of storage facilities, Company owned and operated pump sites and offices. Information about leases for which the Company is a lessee is presented below.

	Storage facility	Pumpsites	Offices	Total
	---------- Rupees in '000 ----------			
Initial application(Restated)	117,386	2,419,086	34,357	2,570,829
Additions during the year	19,077,563	250,899	-	19,328,462
Disposals/terminations	-	-	-	-
Depreciaiton charge for the year	(807,570)	(119,997)	(11,244)	(938,811)
Balance as at December 31, 2019 (restated)	18,387,379	2,549,988	23,113	20,960,480
Balance as at January 01, 2020	18,387,379	2,549,988	23,113	20,960,480
Additions during the year	-	223,007	-	223,007
Effect of modification	(6,982,016)	-	-	(6,982,016)
Disposals / terminations	(92,935)	-	-	(92,935)
Depreciaiton charge for the year	(707,428)	(144,544)	(11,244)	(863,216)
Balance as at December 31, 2020	10,605,000	2,628,451	11,869	13,245,320

7.1 The right-of-use assets are depreciated on straight line basis on lower of remaining lease term and useful life.

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7.2 Amounts recognized in statement of profit or loss

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Depreciation			
Cost of sales	34	707,428	807,570
Distribution and marketing expenses	35	144,544	119,997
Administrative expenses	36	11,244	11,244
Depreciation on right of use assets		863,216	938,811
Interest on lease liabilities	40	2,291,878	2,208,663
Amounts recognized in statement of cashflows			
Total cash outflow for leases		2,548,412	2,399,046

7.3 In 2019, the application of IFRS-16 was overlooked previously on certain storage facilities, pumpsite and offices which resulted in restatement of 2019 published and audited numbers. For details please refer note no. 4.

	Note	2020	2019
		------- Rupees in '000 -------	
8. INTANGIBLE ASSET			
Computer software		1,477	3,134
Net carrying value			
Net book value at beginning of the year		3,134	2,565
Addition		85	1,103
Amortization charge for the year		(1,742)	(534)
Net book value at the end of the year		1,477	3,134
Net book value			
Gross carrying value			
Cost		12,095	12,010
Accumulated amortization		(10,618)	(8,876)
Net book value		1,477	3,134
Rate of amortization - %		33.33	33.33

8.1 Intangible assets mainly comprise of operational softwares.

	Note	2020	2019
9. LONG-TERM INVESTMENTS			
Investment in subsidiary company - at cost			
Hascombe Lubricant (Private) Limited - unquoted	9.1	-	-
Hascol Lubricant (Private) Limited - unquoted	9.2	3,150,000	1,497
Investment in associated companies - at cost			
VAS LNG (Private) Limited - unquoted	9.3	-	3,000
Hascol Terminal Limited - unquoted	9.4	412,500	375,000
Investment at fair value through other comprehensive income			
Pakistan Refinery Limited - quoted	9.5	-	904,780
		3,562,500	1,284,277
Advance against purchase of shares - with related parties			
Hascol Terminals Limited		2,500	40,000
VAS LNG (Private) Limited	9.3	-	1,023
Hascol Lubricants (Private) Limited	9.6	-	2,946,865
		2,500	2,987,888
		3,565,000	4,272,165

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		Note	2020	Restated 2019
			------- Rupees in '000 -------	
9.1	**Investment at cost**		**30,604**	30,604
	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	9.1.1	**-**	-

9.1.1 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 (2019: 9.78 million) of Rs. 10 per share.

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

		Note	2020	Restated 2019
			------- Rupees in '000 -------	
9.3	**Investment at cost**		**3,000**	3,000
	Advance against purchase of shares		**1,023**	1,023
	Movement in provision for impairment			
	Balance at the beginning of the year		**-**	-
	Provision made during the year		**(4,023)**	-
	Balance at the end of the year		**(4,023)**	-
	Net book value	9.3.1	**-**	4,023

9.3.1 Investment in VAS LNG (Private) Limited (VL) amounts to Rs. 3 million (2019: Rs. 3 million) representing 30% (2019: 30%) equity stake and Advance against issue of shares to VAS LNG (Private) Limited which amounts to Rs. 1.02 (2019: Rs. 1.02) million . The Company holds 0.3 million ordinary shares (2019: 0.3 million) of Rs. 10 per share which have been provided during the year as VL has already file liquidation in the month of October 2020 and the Company is not expecting recoverability of its investment.

9.4 Investment in Hascol Terminals Limited represent 41.3 million shares (2019 : 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.

		Note	Cost	Sale / unrealized Loss	Carrying Value
			------- Rupees in '000 -------		
9.5	**Pakistan Refinery Limited**				
	December 31, 2020	9.5.1	**1,172,772**	**(1,172,772)**	**-**
	December 31, 2019		1,172,772	(267,992)	904,780

9.5.1 Investment in Pakistan Refinery Limited (PRL) represents Nil (2019: 43.25 million fully paid) ordinary shares of Rs. 10 each representing Nil (2019: 14.71%) of its share capital. In 2020, entire investment in PRL has been disposed off and the sale proceed amounts to Rs. 844.77 million.

9.6 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.

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

9.8 The maximum aggregated amount due from the related party at the end of any month during the year outstanding was Rs. 126 million (2019: Rs. 2,989 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

10. DEFERRED TAXATION - NET

	2020	Restated 2019
	------- Rupees in '000 -------	
Taxable temporary difference arising in respect of :		
Accelerated depreciation	(5,095,411)	(7,015,932)
Deductible temporary difference arising in respect of :		
Long term investment	-	75,626
Liabilities against assets subject to finance lease	4,522,450	6,751,768
Exchange loss	58,822	119,332
Provision for :		
- other liabilities	934	2,137
- retirement benefit	37,223	72,604
- doubtful debts	2,760,845	2,752,836
- short term investments - TFCs	1,801	370
Normal tax loss	15,283,743	7,916,465
	17,570,407	10,675,206
Unrecognized deferred tax asset	(17,570,407)	(10,675,206)
	-	-

10.1 Deferred tax asset of Rs. 17,570 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 years. However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Company's tax losses amounted to Rs. 49,812 million (2019 : 24,776 million).

11. LONG-TERM DEPOSITS

	Note	2020	2019
		------- Rupees in '000 -------	
Lease deposits		353,788	360,988
Less: current portion of lease deposits	15	(71,579)	(1,414)
		282,209	359,574
Deposits against:			
- depots		107,144	107,144
- retail outlets		70,814	70,814
- others		32,533	33,533
		210,491	211,491
		492,700	571,065
Provision for ECL on Long Term Deposits	11.1	(47)	-
		492,653	571,065

11.1 Provision for ECL on Long Term Deposits

	2020	2019
Balance at the beginning of the year	-	-
Provisions made during the year	47	-
Balance at the end of the year	47	-

12. STOCK-IN-TRADE

	Note	2020	2019
Finished goods			
- fuels	12.1	9,051,624	10,028,432
- Petrochemicals		58,525	242,240
		9,110,149	10,270,672
Stock in transit			
- fuels		2,394,375	8,811,107
- lubricants		-	-
		2,394,375	8,811,107
Provision against slow moving stock	12.3	(69,258)	(69,542)
		11,435,266	19,012,237

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

12.1 Fuels include Rs. 4,989 million (2019: Rs. 4,913 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

12.2 During the year, the management decided with the approval of Board of Directors (BOD) to change the accounting policy from Weighted Average (AVCO) to First In First Out (FIFO) to align it with the business practices.

		Note	2020	2019
			------- Rupees in '000 -------	
12.3	**Movement of provision for slow moving stock**			
	Balance at the beginning of the year		69,542	-
	Provisions made during the year		-	69,542
	Reversal of Provisions during the year		(284)	-
	Balance at the end of the year		69,258	69,542
13.	**TRADE DEBTS**			
	Considered good			
	- Secured	13.1	-	7,890,370
	- Unsecured		1,571,051	3,150,213
			1,571,051	11,040,583
	Considered doubtful	13.2	9,654,976	2,309,451
			11,226,027	13,350,034
	Provision for impairment	13.4	(9,654,976)	(2,309,451)
			1,571,051	11,040,583

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

13.2 This included receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. Nil (2019: Rs. 7.12 million).

13.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 0.09 million.

13.4 The Company recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2020 and 2019 as per IFRS 9 is as follows:

	Note	2020	2019
		------- Rupees in '000 -------	
Movement of provision for impairment			
Balance at the beginning of the year		2,309,451	92,873
Impact of IFRS-9 adoption on initial recognition		-	117,134
Provisions made during the year	37	7,345,524	2,099,444
Balance at the end of the year		9,654,975	2,309,451

13.4.1 The Board of Directors of the company approved provision of Rs. 9,654 million (2019: Rs. 2,309 million) against doubtful receivables in the financial statements for the year ended 31 December 2020.

In 2021, the management undertook certain special steps to recover these amounts and in pursuance of the same, company's legal counsel served the defaulting customers with Legal Notices for recovery of the same. The company has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed company under the laws of Pakistan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

14. ADVANCES	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Advances - considered good, unsecured			
To employees			
- against expenses		9,321	28,264
- against salaries		24,950	33,290
Supplier & Service provider	14.1 , 14.2 , 14.3 & 14.4	7,229,387	6,052,861
Provision for Supplier & Services Advance	14.5	(6,249,872)	(5,437,687)
		1,013,786	676,728

14.1 Advance to suppliers and service providers mainly relates to cartage contractors and for the construction, maintenance and ancillary services to the Company's retail sites and depots. In 2019, reclassification from other liabilities to advance to suppliers and service providers of Rs. 5,948 million were made which were previously netted off with other liabilities. Please refer note 4.11.

14.2 Balance of Advances to Suppliers is the resultant figure of various adjustments of significant amounts including certain numerous entries with no reference to any invoices or purchase orders in the system.

A provision has been made on prudence basis for an amount of Rs. 812 million (2019 Restated: Rs. 3,269 million) was provided during the year resulting in cumulative provision of Rs. 6,250 million as at December 31, 2020 in accordance with the requirement of IFRS 9. This is in respect of not carrying out offsetting of liabilities against receivable balances from the same vendors and has been entered on the grounds of caution while verifying figures are sought from the suppliers. There is a corresponding liability entry for Rs. 4,034 million (2019 Restated: Rs. 3,985 million), which may be offset against the advance of Rs. 4,555 million (2019 Restated: Rs. 4,412 million).

We will therefore reconcile these accounts and accordingly adjust the provision balance in accounts for June 2021.

14.3 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Company has 239 (2019: 186) 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.

14.4 This includes amount netted off previously with trade and other payables, which have been corrected during the year with retrospective impact.

14.5 Movement of provision for Suppliers and Service provider	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Balance at the beginning of the year		5,437,687	2,168,580
Provisions made during the year	38	812,185	3,269,107
Balance at the end of the year		6,249,872	5,437,687

15. DEPOSITS AND PREPAYMENTS	Note	2020	2019
		------- Rupees in '000 -------	
Deposits			
Current portion of long term lease deposits	10	71,579	1,414
Other deposits		10,145	8,996
		81,724	10,410
Prepayments			
Insurance and others		12,596	42,055
Rent		73,379	85,120
		85,975	127,175
		167,699	137,585

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

16. OTHER RECEIVABLES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Inland freight equalization margin ("IFEM") receivable		4,360,699	3,646,078
Receivable against services rendered	16.1	-	20,863
Receivable against regulatory duty ("RD")		25,533	25,533
Sales tax refundable		-	87,091
Receivable from Hascol Lubricants (Private) Limited	16.2	121,977	142,785
Price differential claims ("PDC")	16.3	5,083	5,083
Provisioning of IFEM, RD and PDC	16.4	(1,049,783)	(1,358,052)
		3,463,509	2,569,381

16.1 This represented amount receivable from Hascol Terminals Limited (an associated Company) against business support amounting to Nil (2019: Rs. 20.9 million).

16.2 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 152 million.

16.3 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 perusing the matter with the concerned authorities for the early settlement of above claim.

16.4 Movement of provision for impairment

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Balance at the beginning of the year		1,358,052	1,060,280
(Reversal of) / Provisions made during the year		(308,269)	297,772
Balance at the end of the year	16.4.1	1,049,783	1,358,052

16.4.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM).

17. ACCRUED MARK-UP AND PROFIT

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
From conventional banks		13,118	113,162
From Islamic banks		-	997
		13,118	114,159

18. SHORT TERM INVESTMENT

	Note	2020	Restated 2019
Term Finance Certificate	18.1	98,700	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% payable quarterly.

19. CASH AND BANK BALANCES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Balances with banks:			
in current accounts:			
- Conventional banks		332,894	538,620
- Dividend account		357,249	357,792
- Islamic banks		1,569	9,337
		691,712	905,749
in saving accounts:			
- Conventional banks		2,034,482	11,619,376
- Islamic banks		352,590	1,117,251
	19.1	2,387,072	12,736,627
Cash in hand		822	6,460
		3,079,606	13,648,836

19.1 These carry mark-up/profit ranging from 2.83% to 11.5% per annum (2019: 7.75% to 9.5% per annum).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

20. SHARE CAPITAL

20.1 Authorized share capital

2020	2019		Note	2020	2019
Number of shares				------- Rupees in '000 -------	
1,000,000,000	250,000,000			10,000,000	2,500,000

20.2 Issued, subscribed and paid-up share capital

2020	2019		Note	2020	2019
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	20.3	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014		99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		201,132	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		241,358	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		362,038	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		181,019	181,019
800,000,000	-	Right issue @ 401.77% January 2020	20.4	8,000,000	-
999,120,680	199,120,680			9,991,207	1,991,207

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

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

20.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2019: 54,676,551 shares) which represents 40.21% (2019 : 27.46%) of the equity stake in the Company.

20.6 Fossil Energy (Private) Limited held 9,639,685 shares (2019: 21,217,589 shares) which represents 0.96% (2019 : 10.66%) of the equity stake in the Company.

20.7 Marshal Gas (Private) Limited held 396 shares (2019: 9,718,472 shares) which represents 0.00% (2019 : 4.88%) of the equity stake in the Company.

20.8 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.

20.9 Mr. Mumtaz Hasan Khan (former chairman) and Mr. Saleem Butt (Ex-CEO) held 3 and nil shares (2019: 35,521,223 and 439,568 shares) respectively.

21. RESERVES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Capital			
Share premium	21.1	4,639,735	4,766,854
Unrealized loss on remeasurement of FVTOCI investment		-	(267,992)
		4,639,735	4,498,862
Revenue			
Accumulated losses		(65,118,724)	(40,075,021)
		(60,478,989)	(35,576,159)

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. The underlying shares have been issued during the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

23. LONG TERM FINANCING - secured

	Note	2020	2019
		------- Rupees in '000 -------	
Borrowings from conventional banks	23.1	13,147,683	1,554,250
Borrowings from Non Banking Financial Institutions	23.2	104,762	283,113
Sukuk certificates	23.3	495,227	890,454
		13,747,672	2,727,817
Current portion of long term financing			
Borrowings from conventional banks		(833,319)	(537,500)
Borrowings from Non Banking Financial Institutions		(104,762)	(199,779)
Sukuk certificates		(495,227)	(400,000)
		(1,433,308)	(1,137,279)
Non - current portion of long term financing		12,314,364	1,590,538

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	2020	2019
							------- Rupees in '000 -------		
23.1	**Borrowings from conventional banks**								
	National Bank of Pakistan Loan-1 Under LTF scheme	23.1.1	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	93,750	187,500
	National Bank of Pakistan Loan-2 Under LTF scheme	23.1.2	16 quarterly July-18	1 year	June 26, 2023	three month Kibor + 1.5% payable quarterly	64,688	772,500	903,750
	National Bank of Pakistan Loan-3 Under LTF scheme	23.1.3	16 quarterly July-18	1 year	June 28, 2023	three month Kibor + 1.5% payable quarterly	33,625	388,000	463,000
	Syndicated Loan from multiple banks Conversion of Short term financing	23.1.4	28 quarterly September-20	Nil	June 11, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	11,893,433	-
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
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	23.2.2	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	-	5,143
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	23.2.2	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	-	8,762
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	23.2.3	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	19,048	42,857
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	23.2.4	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	85,714	180,952
23.3	**Sukuk certificates**	23.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	495,227	890,454
								13,747,672	2,727,817

23.1.1 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.

23.1.2 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. 1,400 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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23.1.3 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. 800 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 syndicated term finance facility from syndicate lenders and National Bank of Pakistan acts as Security Trustee for the lenders. This facility is secured against:

(i) First pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal and (d) Machike, in favor of Security Trustee, with 15% margin.

(ii) First pari passu charge over the Company's Plant & Equipment, installations and equipment of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Daulatpur, (e) Thaliyan and (f) Shikarpur, in favor of Security Trustee, with 15% margin.

(iii) First pari passu charge over the Company's Plant & Equipment, installations and equipment situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

(iv) First equitable mortgage over the Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

(iv) Lien on bank accounts maintained with National Bank of Pakistan.

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 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.

23.2.3 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was initially secured against first pari passu charge of Rs 533 million on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin. The above first pari passu charge now stands reduced to Rs. 277 million.

23.2.4 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.

		Note	2020	2019
			------- Rupees in '000 -------	
23.3	**Sukuk certificates - gross amount**	**23.3.1**	**500,000**	900,000
	Issuance cost			
	Balance at the beginning of the year		**(9,546)**	(19,092)
	Charged to profit or loss		**4,773**	9,546
	Balance at the end of the year		**(4,773)**	(9,546)
	Sukuk certificates - net amount		**495,227**	890,454

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 was initially secured against first pari-passu charge of Rs. 2,667 million over specific depots and retail outlets of the Company inclusive of 25% margin. The above first pari passu charge now stands reduced to Rs. 1,066 million.

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		Note	2020	Restated 2019
24.	**LEASE LIABILITIES**		------- Rupees in '000 -------	
	Finance lease liability	24.1	731,547	1,085,042
	Lease liability against right of use asset	24.2	16,393,359	21,362,767
			17,124,906	22,447,809

24.1 Finance lease liability

	2020	Restated 2019
Present value of future minimum lease payments	1,086,334	1,444,981
Less: current portion	(354,787)	(359,939)
Non current portion	731,547	1,085,042

24.1.1 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 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2019 : 3 month KIBOR plus 1.4% 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.

24.1.2 The expected maturity of undiscounted lease payments is as follows:

	2020	Restated 2019
	------- Rupees in '000 -------	
Not later than one year	416,812	490,703
Later than one year but not later than five years	553,921	965,046
Later than five years	-	-
	970,733	1,455,749

24.2 Lease liability of right of use asset

	2020	Restated 2019
Present value of future minimum lease payments	16,494,155	21,676,697
Less: current portion	(100,796)	(313,930)
Non current portion	16,393,359	21,362,767

24.2.1 Movement during the year

	2020	Restated 2019
Balance as at January 01	21,676,698	-
Impact of initial application of IFRS 16	-	2,551,819
Additions during the year	223,007	19,315,262
Accretion of interest	2,291,878	2,208,663
Lease contracts modified during the year	(5,038,445)	-
Less: Disposals / terminations	(110,571)	-
Less: Lease rentals paid	(2,548,412)	(2,399,046)
	16,494,155	21,676,698
Less: current portion shown under current liability	(100,796)	(313,930)
Balance as at December 31	16,393,359	21,362,768

24.2.2 The expected maturity of undiscounted lease payments is as follows:

	2020	Restated 2019
Not later than one year	3,270,766	3,556,145
Later than one year but not later than five years	12,726,627	13,672,682
Later than five years	9,208,332	16,056,880
	25,205,725	33,285,707

		Note	2020	Restated 2019
25.	**DEFERRED LIABILITIES**			
	HPL gratuity fund	53.1	130,046	257,282

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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26. TRADE AND OTHER PAYABLES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Trade creditors	26.1	20,576,578	32,458,541
Payable to cartage contractors		4,169,103	3,536,507
Advance from customers - unsecured		1,429,004	409,490
Dealers' and customers' security deposits	26.2	475,503	421,407
Sales tax (Payable) / refundable		338,360	-
Accrued liabilities		8,213	6,518
Other liabilities	26.1, 26.3 & 26.4	13,469,444	20,114,894
		40,466,205	56,947,357

26.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies. In 2019, reclassification from trade creditors to other liabilities of Rs. 11,960 million were made since these do not pertain to the Company's core trading activities.

26.1.1 This includes Rs. 12,712 million (2019: Rs. 29,621 million) amount payable to M/s Vitol Bahrain E.C which is a related party.

This also includes demurrage amounting to Rs. 1,486 million (2019: Rs. 1,660 million) which will be cleared upon SBP approval.

26.1.2 The Company and Hascol Terminals Limited ("HTL") entered into a Term Storage Agreement on May 22, 2018 ("TSA") for storing and handling of various products by HTL. Summary terms were as follows:

a) "On Take or Pay Contractual Capacity" basis, HPL to use the total storage capacity of HTL
b) Tenor 20 years
c) Throughput rate to be charged in USD.
d) Annual take or pay liability under the TSA.

As at December 31, 2019, the Company's capacity payment obligations under the TSA was Rs. 599 million.
HPL and HTL re-negotiated the TSA through an amendment agreement dated June 22, 2020 ("Revised Agreement 2020") The key points being as follows:

a) Usage of full storage and handling capacity, but
b) Throughput rate changed per month
c) Agreement tenor reduced from twenty (20) to seven (7) years
d) Annual take or pay liability (no forex exposure)

Currently, the Management and Board of Directors are in the process of revising the agreement to through put basis as to save the huge fixed cost on full capacity utilization.

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. 2.80 million (2019: Rs. 18.50 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.

26.4 In Other Payables certain main vendors including related parties had outstanding balances aggregating to significant amount that comprised of adjustments of material amounts with no reference to any invoices or purchase orders in the system which needs further reconciliation as to ascertain the accuracy of carrying amount. Any adjustment arising as a result of this will be reflected in subsequent years' financial statements. Refer note 14.1.

Further, Other Payables comprise of significant balances outstanding with various vendors against which outstanding balances are appearing under Advances to Suppliers account (refer note 14). Offsetting of advances against liabilities have not been done in the financial statement for the year ended 31 December 2020 till the time reconciliation is completed.

27. UNCLAIMED DIVIDEND

	2020	Restated 2019
	------- Rupees in '000 -------	
Balance at beginning of the year	357,791	363,889
Add: dividend for the year	-	-
Less: payments during the year	(543)	(6,098)
Balance at end of the year	357,249	357,791

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27.1 This includes Rs. 338.319 million (2019: 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

28. ACCRUED MARK-UP AND PROFIT

	2020	2019
	------- Rupees in '000 -------	
Long-term financing	389,964	41,201
Short-term borrowings	2,145,438	1,401,836
Liabilities against assets subject to finance lease	3,264	7,574
	2,538,666	1,450,611

29. SHORT-TERM BORROWINGS

	Note	2020	2019
		------- Rupees in '000 -------	
Borrowings from conventional banks - secured			
Habib Bank Limited		2,718,551	4,114,582
Askari Bank Limited		1,148,268	825,456
National Bank of Pakistan		9,907,422	14,511,059
Industrial and Commercial Bank of China		-	166,667
Bank of Punjab		1,999,729	1,702,032
Bank of Khyber		1,826,563	484,388
Samba Bank Limited		977,014	1,022,357
Sindh Bank Limited		395,000	2,343,392
First Women Bank Limited		-	91,996
Summit Bank Limited		492,593	499,963
Habib Metropolitan Bank Limited		3,694,785	985,427
MCB Bank Limited		409,000	481,440
Faysal Bank Limited		2,047,906	2,100,000
United Bank Limited		750,000	79,358
	29.1	26,366,830	29,408,117
Borrowings from Islamic bank - secured			
Meezan Bank Limited		2,286,000	3,156,700
BankIslami Pakistan Limited		840,026	947,000
Al Baraka Bank (Pakistan)		1,781,500	1,205,000
Dubai Islamic Bank Pakistan Limited		778,701	1,400,000
Bank Alfalah Limited		1,001,187	890,000
	29.1	6,687,415	7,598,700
Borrowings from Non Banking Financial Institutions - secured	29.2	-	10,836
		33,054,245	37,017,653

29.1 These facilities were availed from various commercial banks aggregating to Rs. 33,054 million (2019: Rs. 37,007 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1.50% to 20% (2019: 1 months KIBOR plus 1% to 6 months KIBOR plus 7%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with 25% margin.

This also includes a facility arranged from Faysal Bank Limited in 2019, 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 loans had been obtained amounted to Nil (2019: Rs. 11 million). The rate of mark-up is 3 months KIBOR plus 1.1% (2019: 3 month KIBOR plus 1.1%). These are secured against hypothecation charge over the Company's present and future current assets.

30. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2020	2019
		------- Rupees in '000 -------	
Current portion of long term financing	23	1,433,308	1,137,279
Current portion of liabilities subject to finance lease	24.1	354,787	359,939
Current portion of lease liability of right of use assets	24.2	100,796	313,930
		1,888,891	1,811,148

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31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The legal counsel is hopeful about success of this petition.

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application.Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entereing or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Company on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay has been granted to the Company on November 26, 2019 and to be fixed with other cases. The legal counsel is of the view that the Company has a strong defense against tax authorities.

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Company reveals that the Company has under declared sales quantity of MS and HSD, resulting in short payment of Sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Company to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Company submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing Company's case, Honorable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Company on the basis of impugned Show Cause Notice. The matter is still pending adjudication and in the view of the advisor, the Company has a good arguable case on merits with a chance of favorable outcome.There is no immediate financial liability against the Company.

31.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2020 amounted to Rs 42,486 (2019: Rs 60,710) million of which the amount remaining unutilized as at that date was Rs 3,581 (2019: Rs 3,261) million.

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Company, amounting to Rs. 289 million. (2019: Rs. 3,898 million).

		2020	Restated 2019
		------- Rupees in '000	-------
(iii)	Bank guarantees	**894,081**	337,026
(iv)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
	Property, plant and equipment	**4,787,592**	4501,506
(v)	Commitments for rentals of assets under operating lease/ Ijarah :		
	Not later than one year	**249,813**	259,405
	Later than one year and not later than five years	**349,067**	616,044
	Later than five years	**-**	-
		598,880	875,449

32. SALES - NET

	2020	2019
Sale of petroleum products inclusive of sales tax	**134,253,934**	180,247,080
Less: sales discount	**(1,350,131)**	(324,124)
	132,903,803	179,922,956

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FOR THE YEAR ENDED DECEMBER 31, 2020

33. OTHER REVENUE

	Note	2020	Restated 2019
		------- Rupees in '000	-------
Owned tank lorries - net		507,257	-
Franchise fee		135,034	84,510
Joining fee for petrol pump operators		590	32,500
Non fuel retail and lubricants		204,131	43,029
		847,012	160,039

34. COST OF SALES

	Note	2020	Restated 2019
Opening stock - fuel		19,012,237	21,719,677
Fuel purchased	34.1	71,932,563	134,922,761
Duties, levies and depreciation	34.2	35,787,066	29,114,312
Less: closing stock - fuel and petrochemical	12	(11,435,266)	(19,012,237)
		115,296,600	166,744,513

34.1 This includes fuel purchased from local refineries and imports. This also includes loss incurred amounting to Nil (2019: 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.

34.1.1 This also includes shipping cost charged by supplier amounting to Rs. 249.23 (2019: Rs. 408.24) million.

34.2 Duties, levies and depreciation

	Note	2020	Restated 2019
		------- Rupees in '000	-------
Petroleum development levy	34.2.1	31,126,996	22,364,557
Inland freight equalization margin		3,192,908	3,465,101
Storage and handling charges	34.2.2	271,612	1,219,811
Depreciation on right-of-use asset (Storage & handling)	34.2.2	707,428	807,570
Freight		488,122	1,257,273
		35,787,066	29,114,312

34.2.1 This includes additional petroleum development levy on direct sales. Expense was overlooked previously resulting in restatements of 2019 published and audited numbers.

34.2.2 Storage charges in the amount of Rs. 2,136 million (2019: Rs. 3,032 million) were reflected in cost of sales prior to application of IFRS-16. Post application of IFRS-16 on depots, depreciation in the amount of Rs. 707 million (2019: Rs. 808 million) is reflected in cost of sales and financing cost in the amount of Rs. 1,963 million (2019: Rs. 1,915 million) is reflected in finance cost.

35. DISTRIBUTION AND MARKETING EXPENSES

	Note	2020	Restated 2019
		------- Rupees in '000	-------
Salaries, wages and other benefits	36.1	401,909	620,591
Depreciation on property, plant and equipment	6.8	1,569,240	1,277,719
Depreciation on right-of-use asset	7.2	144,544	119,997
Rent, rates and taxes		94,415	76,835
Fuel and power		83,067	148,387
Traveling and conveyance		59,142	146,240
Repairs and maintenance		227,361	204,390
Insurance		177,798	282,177
Commission		43,460	25,856
Advertising and publicity		1,692	32,434
Ujrah payments		27,455	33,075
Printing, communication and stationery		20,196	22,219
Fees and subscription		15,097	15,443
Owned tank lorries - net		-	226,362
Legal and professional charges		16,012	10,912
		2,881,388	3,242,637

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FOR THE YEAR ENDED DECEMBER 31, 2020

36. ADMINISTRATIVE EXPENSES	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Salaries, allowances and other benefits	36.1	435,562	459,033
Fee and subscription		29,874	52,162
Legal and professional charges		97,858	218,377
Traveling and conveyance		30,020	40,955
Insurance		10,748	19,508
Repairs and maintenance		35,598	34,595
Depreciation on right of use assets	7.2	11,244	11,244
Depreciation	6.8	36,556	33,428
Rent, rates and taxes		13,330	18,012
Printing, communication and stationery		15,344	27,066
Advertising and publicity		923	6,803
Fuel and power		6,576	32,183
Donation	36.2	-	3,546
Auditor's remuneration	36.3	6,575	4,692
Amortization	8	1,742	534
		731,950	962,138

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

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
- Gratuity	53.1.4	71,011	68,153
- Contribution to provident fund		20,242	33,032

36.2 Names of donees to whom donation amount is equivalent or exceeds Rupees 1 million are as follows:

	2020	2019
	------- Rupees in '000 -------	
Layton Rahmatulla Benevolent Trust	-	1,000
Karwan-e-Hayat	-	1,000
Mangla golf club	-	1,000

36.3 Auditor's remuneration

	2020	2019
Statutory audit	3,510	1,825
Certifications	810	753
Shari'ah audit fee	756	700
Half yearly review	624	606
Out of pocket expenses	519	476
Consolidation	356	332
	6,575	4,692

37. IMPAIRMENT LOSSES ON FINANCIAL ASSETS	2020	2019
	------- Rupees in '000 -------	
Provision against doubtful debts	7,345,524	2,099,444
Provision against Long Term investment	4,023	-
Provision against Long Term Deposit	47	-
	7,349,594	2,099,444

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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			2020	Restated 2019
38.	**OTHER EXPENSES**	**Note**	------- Rupees in '000 -------	
	IFEM provisioning		-	297,772
	Losses on modification of lease liability		1,943,572	-
	Writeoff of CWIP		-	-
	Provisioning of Advance to supplier		812,185	3,269,107
	Fairvalue change of HBL-TFC		4,988	-
	Penalty	38.1	80,539	48,351
			2,841,284	3,615,230

38.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

			2020	2019
39.	**OTHER INCOME**	**Note**	------- Rupees in '000 -------	
	Income from financial assets			
	Markup/profit on			
	- deposit with conventional banks		201,459	377,300
	- TFCs		10,382	6,749
	- Income from sale of letter of right		71,453	-
	- deposit with Islamic banks		17,970	76,694
			301,264	460,743
	Income from non-financial assets			
	Gain on disposal of operating fixed assets		36,987	31,775
	Gain on disposal of ROU assets		17,636	-
	Sundries		75	2,883
	Reversal of slow moving provision		284	-
	Reversal of IFEM provision	16.4	308,269	-
	Promotional marketing fee		1,241	7,541
	Scrap sales		3,504	3,987
	Rental income		37,388	3,728
			405,384	49,914
			706,648	510,657

			2020	Restated 2019
40.	**FINANCE COST**		------- Rupees in '000 -------	
	Conventional			
	Short term borrowings		3,949,894	5,684,020
	Letter of credit		244,327	118,243
	Long term borrowings		486,371	18,869
	Interest cost on lease liability on right of use asset	24.2.1	2,291,878	2,208,663
	Discounting charges		292,240	-
	Bank charges		57,559	49,299
			7,322,270	8,079,094
	Islamic			
	Short term borrowings		992,447	1,160,970
	Letter of credit		81,442	37,390
	Long term borrowings		104,349	70,627
	Assets obtained under finance lease		127,253	194,373
	Bank charges		19,186	15,825
			1,324,678	1,479,185
			8,646,947	9,558,278

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41. TAXATION	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Current		616,299	1,030,621
Prior period		234,472	-
Deferred		-	(213,010)
	41.1	850,771	817,611

41.1 It relates to:

	2020	Restated 2019
Continuing operations	850,771	865,502
Discontinued operations	-	(47,891)
	850,771	817,611

41.2 During the year ended December 31, 2019 and 2020, 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.

42. 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.

42.1 Summary of gain/(loss) on transfer:	Note	2019 Rupees in '000'
Sale proceed on disposal		2,945,000
Less : Net assets of the subsidiary	42.2	(2,945,000)
		-

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

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

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

	2019 Rupees in '000'
Gross sales inclusive of sales tax	1,554,181
Less: sales discount	(5,143)
Sales - net	1,549,038
Less: sales tax	(246,765)
Net sales of discontinued operations	1,302,273
Cost of products sold	(1,101,348)
Gross profit from discontinued operations	200,925
Operating expenses	(369,990)
Operating loss from discontinued operations	(169,065)
Taxation	47,891
Profit after tax	(121,174)

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43. LOSS PER SHARE - basic and diluted

	2020	Restated 2019
	------- Rupees in '000 -------	
Loss for the year from continued operation	(25,023,422)	(35,918,185)
Loss for the year from discontinued operation	-	(121,174)
Loss for the year	(25,023,422)	(36,039,359)
Weighted average number of ordinary shares (in thousand)	994,026	377,513
Loss per share from continued operations - basic (Rupees)	(25.17)	(95.14)
Loss per share from discontinued operations - basic (Rupees)	-	(0.32)
Basic and diluted loss per share (Rupees)	(25.17)	(95.47)

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	---- Rupees in '000 ----					
Director's fee	-	8,493	-	-	19,800	-
Managerial remuneration	37,465	-	220,626	65,983	-	441,997
Cost of living allowance	4,163	-	24,514	6,798	-	49,111
Reimbursement of medical expenses	554	-	5,873	67	8,504	35,378
Bonus	-	-	-	12,000	-	30,392
Retirement benefits	5,354	-	25,695	3,500	-	22,851
	47,536	8,493	276,708	88,348	28,304	579,729
Number of person(s)	1	9	76	1	9	161

44.1 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.

45. 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:

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45.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2020	Restated 2019
			------- Rupees in '000	-------
Shareholding in the Company				
Fossil Energy (Private) Limited - note 45.3	Rendering of services	10.66%	-	19,907
Shareholding by the Company				
Hascol Terminals Limited	Rendering of services	15%	2,002,743	1,954,403
Hascol Terminals Limited	Business support service	15%	16,495	40,739
Hascol Lubricants (Private) Limited	Advance against issue of shares	100%	-	3,087,785
Hascol Lubricants (Private) Limited	Sale of product	100%	52,712	-
Hascol Lubricants (Private) Limited	Procurement	100%	27,441	-
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	60,379,475	84,883,613
Clover Pakistan Limited - note 45.3	Procurement	N/A	233,715	230,142
Faysal Bank Limited - note 45.3	Rendering of services	N/A	1,624,605	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	16,115	151,482

45.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2020	Restated 2019
			------- Rupees in '000	-------
Shareholding in the Company				
Fossil Energy (Private) Limited - note 45.3	Rendering of services	10.66%	-	3,475
Shareholding by the Company				
Hascol Terminals Limited	Advance against issue of shares	15%	2,500	40,000
Hascol Terminals Limited	Investments	15%	412,500	375,000
Hascol Terminals Limited	Business support service	15%	-	20,863
Hascol Terminals Limited	Rendering of services	N/A	1,543,003	853,643
Hascol Lubricants (Private) Limited	Advance against issue of shares	100%	-	2,948,362
Hascol Lubricants (Private) Limited	Business support service	100%	121,977	142,785
VAS LNG (Private) Limited	Advance against issue of shares	30%	-	1,023
VAS LNG (Private) Limited	Investments	30%	-	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	12,707,630	29,620,793
Clover Pakistan Limited - note 45.3	Procurement	N/A	115,887	31,610
VOS Petroleum Limited	Rendering of services	N/A	45,862	46,918
Faysal Bank Limited - note 45.3	Rendering of services	N/A	-	1,853,063
Gas & Oil Pakistan Limited	Duty	N/A	61,000	205,000

In addition the above, the Fossil Energy (Pvt) Ltd and Marshal Gas (Pvt) Ltd have issued corporate guarantees in favour of the Company amounting to Rs. 3,714 million each. Refer notes 23.1.1 - 23.1.3.

45.3 Fossil Energy (Pvt) Limited, Clover Pakistan Limited and Faysal Bank Limited ceased to be the related party as at December 31, 2020.

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46. CASH GENEREATED FROM/ (USED IN) OPERATIONS

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
(Loss) / profit before taxation		(24,172,651)	(35,221,748)
Adjustment for:			
Depreciation on property plant and equipment	6.8	1,605,796	1,311,147
Depreciation on right-of-use asset	7.2	863,216	938,811
Amortization	8	1,742	534
(Reversal) / Provision for IFEM	16	(308,269)	297,772
(Reversal)/Provision against slow moving stock	12	(284)	69,542
M2M of short term investment	18	4,988	1,312
ROUA liability reversal	24	1,943,572	-
Provision for long term investment	9	4,023	-
Provision against Long Term Deposit	11.1	47	-
Provision for doubtful debts	12.4	7,345,524	2,099,444
Exchange loss - unrealized		129,670	70,167
Provision for gratuity	53.1.4	40,400	84,823
Gain on disposal of operating fixed assets	39	(36,987)	(31,775)
Gain on termination of lease	39	(17,636)	-
Markup/profit on bank deposits	39	(372,717)	(460,743)
Markup charged on lease liability	40	2,291,878	2,208,663
Finance cost	40	6,355,069	7,349,615
Changes in working capital	46.1	(7,752,017)	19,266,705
Cash generated from/ (used in) operations		(12,074,636)	(2,015,731)

46.1 Changes in working capital

	2020	Restated 2019
Decrease / (increase) in current assets		
Stock-in-trade	7,577,255	3,197,501
Trade debts	2,124,008	412,208
Advances	(337,058)	2,011,861
Deposits, prepayments and other receivables	(30,114)	62,244
Other receivables	(585,859)	51,740
	8,748,232	5,735,554
Increase in current liabilities		
Trade and other payables	(16,500,249)	13,531,151
Changes in working capital	(7,752,017)	19,266,705

47. CASH AND CASH EQUIVALENTS

	Note	2020	Restated 2019
Cash and bank balances	19	3,079,606	13,648,836
Less: Term deposit receipts		-	-
		3,079,606	13,648,836
Short-term borrowings	29	(33,054,245)	(37,017,653)
Add: Commercial paper		-	-
		(33,054,245)	(37,017,653)
		(29,974,639)	(23,368,817)

48. OPERATING SEGMENTS

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

- Sales from petroleum products represents 99.14 % (2019: 99.14 %) of total revenues of the Company.
- Out of total sales of the Company 99.54 % (2019: 98.7 %) related to customers in Pakistan.
- All non-current assets of the Company as at 31 December, 2020 are located in Pakistan.

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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 18.95% during the year ended December 31, 2020 (2019: 34.31%).

49. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Financial assets as per statement of financial position			
Fair value through other comprehensive income			
Long term investments	9	-	904,780
Fair value through profit or loss			
Short term investments	18	98,700	103,688
At cost			
Long term investments	9	3,565,000	3,367,385
At amortized cost			
Deposits	15 & 11	574,424	581,475
Trade debts	13	1,571,051	11,040,583
Other receivables	16	4,482,676	3,809,726
Accrued mark-up and profit	17	13,118	114,159
Cash and bank balances	19	3,079,606	13,648,836
		9,720,875	29,194,779
Total financial assets		13,384,575	33,570,632
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing		13,747,672	2,727,817
Unclaimed dividend		357,249	357,791
Trade and other payables		39,037,201	56,537,867
Accrued mark-up and profit		2,538,666	1,450,611
Short-term borrowings		33,054,245	37,017,653
Total financial liabilities		88,735,033	98,091,739

50. 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 unconsolidated statement of financial position are as follows:

	2020		2019 (Restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
	------------------------ Rupees in '000 ------------------------			
Financial assets				
Long term investments	3,565,000	3,565,000	4,272,165	4,272,165
Deposits	574,424	574,424	581,475	581,475
Trade debts	1,571,051	1,571,051	11,040,583	11,040,583
Other receivables	4,482,676	4,482,676	3,809,726	3,809,726
Short term investment	98,700	98,700	103,688	103,688
Accrued mark-up and profit	13,118	13,118	114,159	114,159
Cash and bank balances	3,079,606	3,079,606	13,648,836	13,648,836
	13,384,575	13,384,575	33,570,632	33,570,632
Financial liabilities				
Long-term financing	13,747,672	13,747,672	2,727,817	2,727,817
Unclaimed dividend	357,249	357,249	357,791	357,791
Trade and other payables	39,037,201	39,037,201	56,537,867	56,537,867
Accrued mark-up and profit	2,538,666	2,538,666	1,450,611	1,450,611
Short-term borrowings	33,054,245	33,054,245	37,017,653	37,017,653
	88,735,033	88,735,033	98,091,739	98,091,739

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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.

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

	2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Long term investments-FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,565,000	-	-	3,565,000	3,565,000
Total	**3,663,700**	**98,700**	**-**	**3,565,000**	**3,663,700**
Long term investments - FVTOCI	904,780	904,780	-	-	904,780
Short term investments	103,688	103,688	-	-	103,688
Long term investments at cost	3,367,385	-	-	3,367,385	3,367,385
Total	4,375,853	1,008,468	-	3,367,385	4,375,853

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d) Non-financial assets

	2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------				
Building on lease hold land					
- Office and depots building	4,177,421	-	-	4,177,421	4,177,421
- Pump building	3,596,554	-	-	3,596,554	3,596,554
Tanks and pipelines	3,811,720	-	-	3,811,720	3,811,720
Dispensing pumps	1,139,463	-	-	1,139,463	1,139,463
Plant and machinery	379,098	-	-	379,098	379,098
Electrical, mechanical and fire fighting equipment	2,179,313	-	-	2,179,313	2,179,313
Furniture, office equipment and other assets	196,586	-	-	196,586	196,586
Computer auxiliaries	39,988	-	-	39,988	39,988
	15,520,143	-	-	15,520,143	15,520,143

	2019 (Restated)				
	Carrying value	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------				
Building on lease hold land					
- Office and depots building	4,423,244	-	-	4,423,244	4,423,244
- Pump building	3,648,898	-	-	3,648,898	3,648,898
Tanks and pipelines	4,041,053	-	-	4,041,053	4,041,053
Dispensing pumps	1,047,799	-	-	1,047,799	1,047,799
Plant and machinery	360,534	-	-	360,534	360,534
Electrical, mechanical and fire fighting equipment	2,333,994	-	-	2,333,994	2,333,994
Furniture, office equipment and other assets	271,797	-	-	271,797	271,797
Computer auxiliaries	70,832	-	-	70,832	70,832
	16,198,151	-	-	16,198,151	16,198,151

51. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:	Note
- Market risk	51.1.1
- Credit risk and concentration of credit risk	51.1.2
- Liquidity risk	51.1.3

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.

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51.1 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.

51.1.1 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 129.038 million (2019: USD 224.043 million) having PKR equivalent amount of Rs. 20,616.89 million (2019: Rs. 34,738.52 million). The average rates applied during the year is Rs. 157.4132 per USD (2019: Rs. 146.87 per USD) and the spot rate as at December 31, 2020 is Rs. 159.7734 per USD (2019: Rs. 155.0529 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. 1,443.59 million (2019: Rs. 2,208.94 million) during the year.

Sensitivity analysis

As at December 31, 2020, 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. 1,030.85 million (2019: Rs. 1,736.93 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 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, 2020	**(63,551)**	**63,551**	**(45,121)**	**45,121**
As at December 31, 2019 (Restated)	(75,173)	75,173	(53,373)	53,373

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b) Interest / profit rate risk (continued)

	2020							
	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								
Long term investments	-	-	-	-	3,565,000	-	3,565,000	3,565,000
Deposits	-	-	-	-	81,724	492,700	574,424	574,424
Trade debts	-	-	-	-	1,571,051	-	1,571,051	1,571,051
Other receivables	-	-	-	-	4,482,676	-	4,482,676	4,482,676
Accrued mark-up and profit	-	-	-	-	13,118	-	13,118	13,118
Short term investments	8.85-15.15	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	2.83-11.5	2,387,072	-	2,387,072	692,534	-	692,534	3,079,606
		2,485,772	-	2,485,772	10,406,103	492,700	10,898,803	13,384,575
Financial liabilities								
Long term finances	14.06-16.06	1,433,308	12,314,364	13,747,672	-	-	-	13,747,672
Unclaimed dividend	-	-	-	-	357,249	-	357,249	357,249
Trade and other payables	-	-	-	-	39,037,201	-	39,037,201	39,037,201
Accrued mark-up and profit	-	-	-	-	2,538,666	-	2,538,666	2,538,666
Short-term borrowings	14.16-20.0	33,054,245	-	33,054,245	-	-	-	33,054,245
		34,487,553	12,314,364	46,801,917	41,933,116	-	41,933,116	88,735,033
On financial position gap		(32,001,781)	(12,314,364)	(44,316,145)	(31,527,013)	492,700	(31,034,313)	(75,350,458)

	2019 (Restated)							
	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								
Long term investments	-	-	-	-	4,272,165	-	4,272,165	4,272,165
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	7.39-9.12	12,736,627	-	12,736,627	912,209	-	912,209	13,648,836
		12,840,315	-	12,840,315	20,159,252	571,065	20,730,317	33,570,632
Financial liabilities								
Long term finances	7.95-10.15	1,137,279	1,590,538	2,727,817	-	-	-	2,727,817
Unclaimed dividend	-	-	-	-	357,791	-	357,791	357,791
Trade and other payables	-	-	-	-	56,537,867	-	56,537,867	56,537,867
Accrued mark-up and profit	-	-	-	-	1,450,611	-	1,450,611	1,450,611
Short-term borrowings	7.39-9.12	37,017,653	-	37,017,653	-	-	-	37,017,653
		38,154,932	1,590,538	39,745,470	58,346,269	-	58,346,269	98,091,739
On financial position gap		(25,314,617)	(1,590,538)	(26,905,155)	(38,187,017)	571,065	(37,615,952)	(64,521,107)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(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 Nil (2019: Rs. 904.78 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, 2020 and 2019 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.

	Fair value	Hypothetical price change at 30%	Estimated fair value hypo-thetical after change in price	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss)
	---------------------- Rupees in '000 ----------------------				
2020	-	Increase	-	-	-
	-	Decrease	-	-	-
2019	904,780	Increase	1,176,214	271,434	271,434
	-	Decrease	633,346	(271,434)	(271,434)

51.1.2 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.

	2020	(Restated) 2019
	------- Rupees in '000 -------	
The carrying values of financial assets which are neither past due nor impaired are as under:		
Long term investments	3,562,500	1,284,277
Deposits	574,424	581,475
Trade debts - unsecured	1,571,051	3,150,213
Other receivables	3,432,893	2,451,674
Accrued mark-up and profit	13,118	114,159
Short term investments	98,700	103,688
Bank balances	3,079,606	13,648,836
	12,332,292	21,334,322

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	2020		2019 - Restated	
	Gross	Impaired	Gross	Impaired
	---------------------- Rupees in '000 ----------------------			
Aging analysis of trade debts:				
Past due 1-30 days	1,173,098	863	7,914,985	4,635
Past due 31-90 days	257,234	64,974	3,805,551	1,502,094
Past due 91-180 days	875,843	817,171	303,267	9,155
Past due 181-365 days	8,164,580	8,158,404	885,010	352,347
Over 1 year	1,004,140	613,565	441,221	441,221
	11,474,895	9,654,977	13,350,034	2,309,452

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:

Islamic Banks	Rating agency	Short term	Long term
Al Baraka Bank Pakistan Limited	PACRA	A1	A
Bank Islami Pakistan Limited	PACRA	A+	A1
Meezan Bank Limited	JCR- VIS	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A1+	AA

Conventional banks	Rating agency	Short term	Long term
Industrial and Commercial Bank of China	Moody's		
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	PACRA	A1	A
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1	A
National Bank of Pakistan	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A1+	AA
SAMBA Bank Limited	JCR- VIS	A1	AA
Silk Bank Limited	JCR- VIS	A2	A-
Sindh Bank Limited	JCR- VIS	A+	A1
Summit Bank Limited	JCR- VIS		Suspended
			United
Bank Limited	JCR- VIS	A1+	AAA
Pak China Investment Company Limited	JCR- VIS	A1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

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51.1.3 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:

	2020		
	Within one year	Over one year	Total
	------- Rupees in '000 -------		
Long term finances	**12,314,364**	**1,433,308**	**13,747,672**
Trade and other payable	**39,037,201**	**-**	**39,037,201**
Unclaimed dividend	**357,249**	**-**	**357,249**
Mark-up accrued	**2,538,666**	**-**	**2,538,666**
Short-term borrowings	**33,054,245**	**-**	**33,054,245**
	87,301,725	**1,433,308**	**88,735,033**

	2019 (Restated)		
	Within one year	Over one year	Total
	------- Rupees in '000 -------		
Long term finances	1,590,538	1,137,279	2,727,817
Trade and other payables	56,537,867	-	56,537,867
Accrued mark-up and profit	1,450,611	-	1,450,611
Unclaimed dividend	357,791	-	357,791
Short-term borrowings	37,017,653	-	37,017,653
	96,954,460	1,137,279	98,091,739

51.1.4 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.

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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.

The COVID-19 pandemic produced substantial and unprecedented economic and social disruptions starting March 2020. This circumstance caused numerous business and financial issues in Pakistan. The lockdown, however, excluded companies involved in the purchase, storage, and selling of petroleum and related products from operating in strict accordance with mandatory Standard Operating Procedures (SOPs). The Company's sales, storage and business offices have thus continued to operate. However, COVID-19 has predominantly harmed the Company due to extraordinary global oil price instability, massive inventory write-downs to NRV, and a dramatic fall in sales demand.

52. 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	2020	Restated 2019
		------- Rupees in '000 -------	
Total interest bearing debt		47,533,464	40,830,512
Trade and other payables		39,037,201	56,537,867
Accrued mark-up and profit	28	2,538,666	1,450,611
Less: cash and bank balances	19	(3,079,606)	(13,648,836)
Deficit of net cash over debt/ net debt		86,029,725	85,170,154
Total shareholders' deficit		(47,340,995)	(24,426,259)
Net equity		38,688,730	60,743,895
Gearing ratio		222.36%	140.21%

53. STAFF RETIREMENT BENEFITS

	Note	2020	2019
HPL gratuity fund	53.1	130,046	257,282
HPL provident fund	53.2	-	-

53.1 The Company operates an approved gratuity fund for its 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 fund are 222 (2019: 271).

53.1.1 Movement in liability recognized in unconsolidated statement of financial position

	2020	2019
	------- Rupees in '000 -------	
Present value of defined benefit obligations	130,610	257,281
Fair value of plan assets	(564)	-
Statement of financial position liability	130,046	257,281

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

53.1.2 Movement in liability recognized in unconsolidated statement of financial position

	Note	2020	2019
		------- Rupees in '000 -------	
Net liability as at Jan. 01		257,281	249,386
Expense recognized in statement of profit or loss	53.1.4	71,011	86,030
Contributions made during the year		(129,807)	(19,658)
Remeasurement loss recognized in statement of other comprehensive income	53.1.5	(67,876)	(58,477)
Net liability as at Dec. 31		130,610	257,281

53.1.3 Movement in present value of the defined benefit obligation

	2020	2019
Present value of defined obligation as at January 01	257,281	250,593
Current service cost	40,400	50,945
Interest cost	30,611	33,878
Benefits paid	(129,807)	(19,658)
	198,486	315,758
Remeasurement gain	(67,876)	(58,477)
Present value of defined obligation as at Dec. 31	130,610	257,281

53.1.4 Movement in fair value of plan assets

	2020	2019
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Contributions made by the company	73,193	-
Benefits paid during the year	(31,023)	-
Benefits payable from the fund during the year	(41,697)	-
Remearsurements: Actuarial Gain	91	-
Fair value of plan assets at end of the year	564	-

53.1.4 Expense recognized in the unconsolidated statement of profit or loss account

	2020	2019
Current service cost	40,400	50,945
Interest cost	30,611	33,878
	71,011	84,823

53.1.5 Remeasurement recognized in unconsolidated statement of comprehensive income

	2020	2019
Gain on remeasurement of defined benefit obligation	(67,967)	(58,477)
Impact of deferred tax	19,710	16,958
	(48,257)	(41,519)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

53.1.6 Analysis of present value of defined benefit obligation

	2020	2019
	------- Rupees in '000 -------	
Split by vested / non - vested		
(i) Vested benefits	94,334	199,775
(ii) Non-vested benefits	36,276	57,506
Split by benefits earned to date		
(i) Present value of guaranteed benefits	49,498	110,894
(ii) Present value of benefits attributable to future salary increase	81,111	146,387
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	5,965	9,959
Within second years from the end of financial year	7,399	34,832
Within third years from the end of financial year	9,645	18,366
Within fourth years from the end of financial year	10,143	17,228
Within fifth years from the end of financial year	43,571	147,197
Within sixth to ten years from the end of financial year	148,570	204,403
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	117,581	236,125
Discount rate -1%	145,942	281,906
Expected rate of salary increase +1%	146,452	282,933
Expected rate of salary increase -1%	116,937	234,885
Maturity profile of present value of defined benefit obligation	2020	2019
	------- Percentage -------	
Weighted average duration of the present value of defined benefit obligation (time in years)	10.79	8.85
Key statistics		
Average age (time in years)	38.90	43.07
Average service (time in years)	4.56	6.43
Average entry age (time in years)	34.34	36.64
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).

53.1.7 Historical information of staff retirement benefits

	2020	2019	2018	2017	2016
Present value of gratuity	130,046	257,281	250,593	188,825	135,791

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

53.1.9 Actuarial assumptions

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

	2020	2019
	--------- % per annum ----------	
- Expected long-term rate of increase in salary level	10.25	11.25
- Discount rate	10.25	11.25

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

53.2 The Company operates approved provident fund for its eligible employees as of 31 December, 2020. Details of assets and investments of the fund is as follows:

	Note	2020 Unaudited	2019 Unaudited
Size of fund - total net assets (Rupees in '000)		148,447	161,206
Number of members		201	294
Cost of investments made (Rupees in '000)		155,109	165,564
Percentage of investments made		100%	100%
Fair value of investments (Rupees in '000)	52.1	150,797	163,474

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

	2020 Unaudited		2019 Unaudited	
	Investments (Rs in '000)	Percentage of investment	Investments (Rs in '000)	Percentage of investment
Saving bank accounts	25,109	17	35,564	23
Regular income certificates	20,836	14	19,716	9
Term finance certificate	89,300	59	93,813	59
Mutual fund	15,552	10	14,381	9
	150,797	100	163,474	100

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

54. 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 11 and 16.
(iii)	Segment revenue	Disclosed in note 48.
(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 39.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Disclosed in statement of other comprehensive income.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 32, 33 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	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, 2020

55. COMPARATIVE FIGUERS

Items presented in these unconsolidated statement of financial position as at December 31, 2019 have been reclassified to confirm to current year's presentation and for detail refer note 4.

55.1 These unconsolidated financial statements includes reclassification of comparative figures with respect to discontinued operations and for details refer note 42.3

56. SUBSEQUENT EVENTS

56.1 On February 23, 2021, the members of the Company have approved the increase in authorized share capital from 1 billion ordinary shares to 5 billion ordinary shares.

56.2 The Commission under its powers referred to in section 257 of the Companies Act, 2017 has appointed an inspector for inspection of the Companys books of account.

56.3 Post public notice regarding fake purchase orders (PO's), Federal Investigation Agency (FIA) has started an inquiry in this regards.

57. NUMBER OF EMPLOYEES

	2020	2019
Total number of employees as at year end	342	617
Average number of employees during the year	473	803

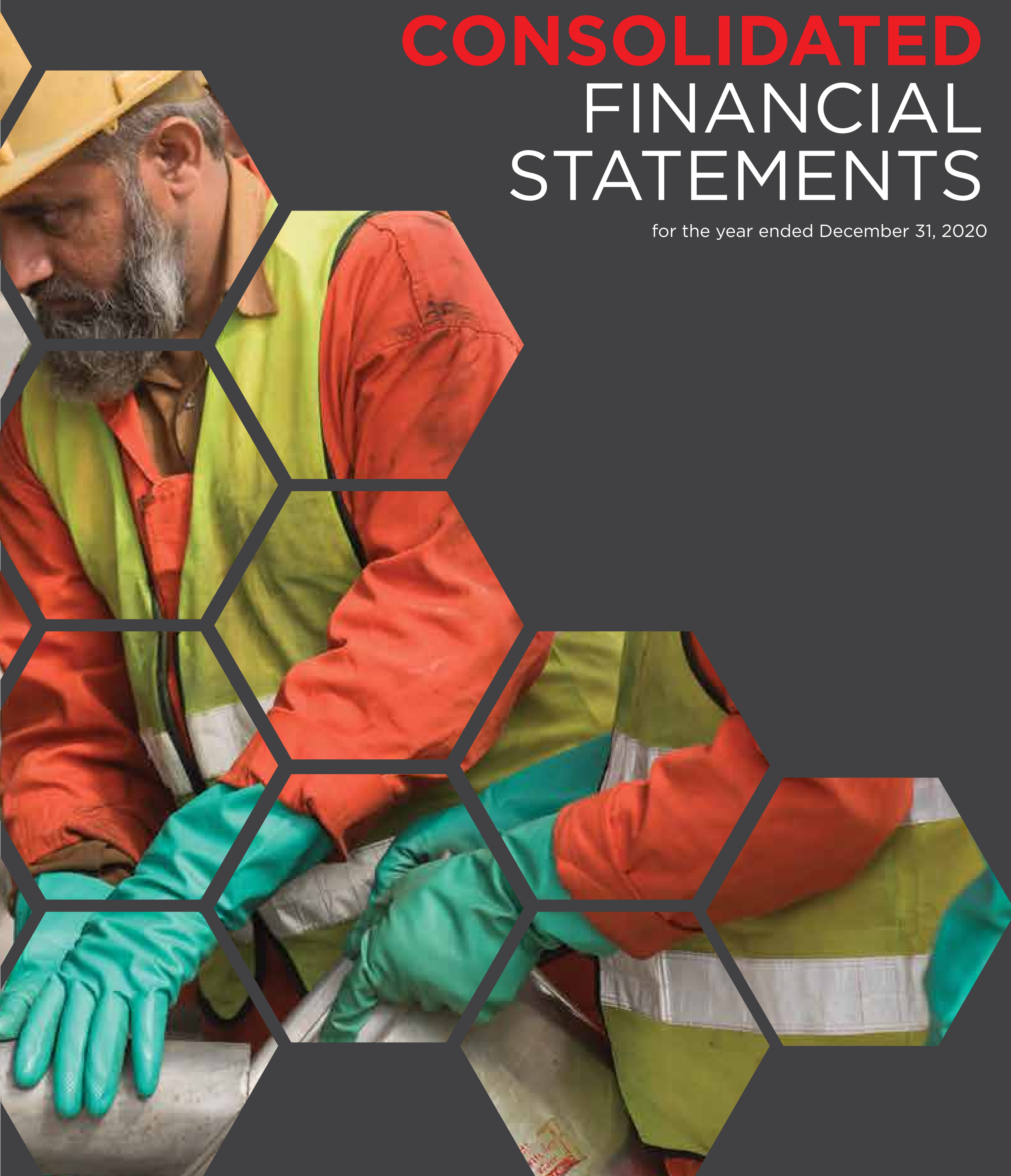
58. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on 15 November 2021 by the Board of Directors of the Company.

Chief Executive Officer | Chief Financial Officer | Director

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the annexed consolidated financial statements of **Hascol Petroleum Limited** ("the Parent) and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the annexed consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

a) Since the consolidated financial statements of the Group for the year ended December 31, 2019 and half year ended June 30, 2020 of the Parent were respectively audited and reviewed by another firm of chartered accountants, ISA 510 – "Initial Audit Engagements - Opening Balances" required us to obtain sufficient appropriate audit evidence as to, whether opening balances are free of material misstatements. However, during verification of balances of the Parent, we found significant differences between the information and records provided to us by the predecessor auditor and the information and records provided by the management for the year ended December 31, 2019. Furthermore, the management of the Parent has made significant restatements during the year as disclosed in note 5 to these consolidated financial statements. As a result, we were unable to determine whether the opening balances reflected in audited consolidated financial statements as at December 31, 2019 were free from material misstatements.

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b) The Parent does not have any documented policy to conduct physical verification of property, plant and equipment; hence, the items of property, plant and equipment were neither counted nor tagged and matched with the Fixed Asset Register (FAR).

c) As disclosed in note 7.6 to the consolidated financial statements, subsequent to year end, the management of the Parent discovered that in 2019, some fake entries were posted in different head of accounts including fixed assets, other liabilities and cost of goods sold amounting to Rs. 7,493 million.

d) We were appointed as auditors of the Group after December 31, 2020, and thus did not observe the counting of physical inventories at the end of the year. Due to significant lapse of time from year end and not placing reliance on Parent internal controls, we were unable to apply any alternate procedure.

e) In addition to the above stated observations, while reviewing General Ledgers of the Parent including ledgers of prior years, we found that numerous entries were posted frequently and reversals were made in major head of accounts without any supporting evidence / reasonable justifications.

f) As disclosed in note 56, the Securities and Exchange Commission of Pakistan (SECP) and Federal Investigation Authority (FIA) are also investigating the affairs of the Parent.

g) As disclosed in note no. 5 to the consolidated financial statements, management of the Parent has made certain restatements and reclassifications in comparative figures. Due to limitation of scope as mentioned in para (a) to (f) to this report, we were unable to determine whether all necessary restatements/reclassification have been made in the consolidated financial statements with regard to balances of prior period presented.

h) We also found multiple uncertainties related to Group's going concern assumption, which are as follows:

   i) As fully disclosed in note no. 1.2 to the accompanying consolidated financial statements:

      - The Group has incurred a net loss of Rs. 25,241 million (2019: Rs. 35,166 million Restated) during the year ended December 31, 2020, which has resulted in accumulated losses of Rs. 65,326 million (2019: Rs. 40,074 million Restated) and eroded the equity to Rs. 46,727 million (2019: Rs. 23,610 million Restated).

      - Subsequent to year end, the Group had defaulted towards its significant financing arrangements from Banks/financial institutions.

   ii) Potential effects of the matters mentioned in para (a) to (g).

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Due to above mentioned uncertainties, we are unable to conclude whether the use of the going concern assumption in these consolidated financial statements is appropriate.

As a result of the matters mentioned from para (a) to (h) to this report, we were unable to determine whether any adjustment(s) might have been found necessary in respective assets and liabilities and the elements making up consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Accounting and Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017, and for such internal control as the management determine 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 going concern, disclosing, as applicable, matters relating 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.

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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Report On Other Legal and Regulatory Requirements

Because of the significance of the matters mentioned in "Basis of Disclaimer of Opinion" Section, we were unable to form an audit opinion on whether:

a) Proper books of accounts have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);

b) The consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity 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;

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

d) Zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

Other Matters

- The consolidated financial statements of the Group for the year ended December 31, 2019 were audited by another firm of chartered accountants. The predecessor auditor had issued unmodified audit opinion with Material uncertainty related to Going concern for the year ended December 31, 2019 dated July 22, 2020. Review of consolidated financial statements for the six months' ended June 30, 2020 was not performed.

  However, the predecessor auditor disclaimed its conclusion on review of unconsolidated financial statements of the Parent for the six months' period ended June 30, 2020 via report dated March 10, 2021 in respect of the matter related to its inability to obtain sufficient appropriate audit evidence to support their conclusion in respect of proposed restructuring.

- We did not audit the financial statements of Hascol Lubricants (Private) Limited, a wholly owned subsidiary of Hascol Petroleum Limited whose financial statements reflect total assets of Rs. 3,204.714 million and net assets of Rs. 2,958.708 million as at December 31, 2020, net loss of Rs. 199.064 million and net cash outflows amounting to Rs. 38.873 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report to the aforesaid subsidiary is based solely on such unaudited financial statements. According to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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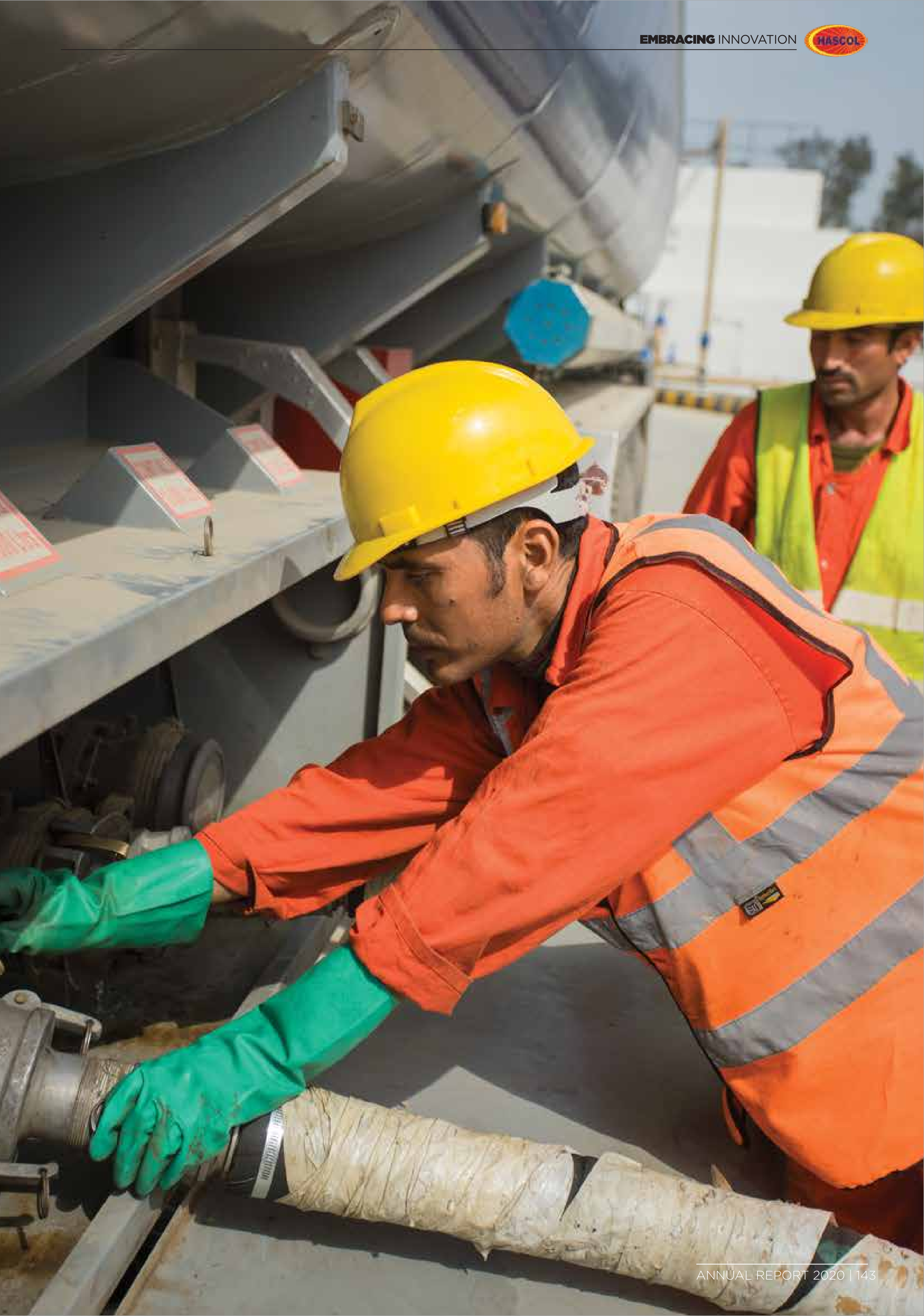
The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak***.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi
Date: 15 NOV 2021



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020	Restated 2019	Restated 2018
ASSETS		---------------- Rupees in '000	--------------------	
Non-current assets				
Property, plant and equipment	7	25,344,689	26,839,903	22,179,198
Right-of-use assets	8	13,257,222	20,960,480	-
Intangible asset	9	3,007	5,232	2,565
Long-term investments	10	404,881	1,331,781	1,321,754
Deferred taxation - net	11	-	-	-
Long-term deposits	12	492,653	585,066	547,772
Total non-current assets		39,502,452	49,722,462	24,051,289
Current assets				
Stock-in-trade	13	11,917,055	19,516,458	22,279,280
Trade debts	14	1,826,859	11,156,299	13,552,235
Advances	15	1,068,705	709,855	2,688,589
Deposits and prepayments	16	176,540	137,596	199,829
Other receivables	17	3,342,328	2,508,753	2,918,311
Accrued mark-up and profit	18	13,118	114,159	92,718
Taxation - net		-	479,226	137,161
Short term investments	19	98,700	103,688	-
Cash and bank balances	20	3,301,861	13,909,964	8,800,662
Total current assets		21,745,166	48,635,998	50,668,785
TOTAL ASSETS		61,247,618	98,358,460	74,720,074
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	21	9,991,207	1,991,207	1,810,188
Reserves	22	(60,680,407)	(35,575,354)	(361,586)
Revaluation surplus on property, plant and equipment - net of tax		3,962,410	4,221,873	4,481,336
Share deposit money	23	-	5,752,443	-
Total shareholders' (deficit) / equity		(46,726,790)	(23,609,831)	5,929,938
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	24	12,314,364	1,590,538	2,625,850
Lease liabilities	25	17,134,454	22,447,809	1,015,993
Deferred liabilities	26	162,594	286,844	446,645
Total non-current liabilities		29,611,412	24,325,191	4,088,488
Current liabilities				
Trade and other payables	27	40,468,990	57,005,896	43,677,095
Unclaimed dividend	28	357,249	357,792	363,889
Taxation - net		51,649	-	-
Accrued mark-up and profit	29	2,538,666	1,450,611	311,976
Short-term borrowings	30	33,054,245	37,017,653	18,877,466
Current portion of non-current liabilities	31	1,892,197	1,811,148	1,471,222
Total current liabilities		78,362,996	97,643,100	64,701,648
TOTAL LIABILITIES		107,974,408	121,968,291	68,790,136
TOTAL EQUITY AND LIABILITIES		61,247,618	98,358,460	74,720,074
CONTINGENCIES AND COMMITMENTS	32			

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Sales - net	33	134,030,080	181,658,808
Less: sales tax		(20,008,964)	(26,139,174)
Net sales		114,021,116	155,519,634
Other revenue	34	877,129	160,364
Net revenue		114,898,245	155,679,998
Cost of sales	35	(116,148,147)	(167,974,976)
Gross loss		(1,249,902)	(12,294,978)
Distribution and marketing expenses	36	(2,971,604)	(3,634,359)
Administrative expenses	37	(966,737)	(974,683)
Operating expenses		(3,938,341)	(4,609,042)
Impairment losses on financial assets	38	(7,371,571)	(2,099,444)
Other expenses	39	(2,841,284)	(3,615,230)
Other income	40	731,178	513,703
Operating loss		(14,669,920)	(22,104,991)
Finance cost	41	(8,648,810)	(9,558,279)
Exchange loss - net		(1,048,965)	(2,745,743)
Share of profit / (loss) on associates		(22,121)	61,062
		(9,719,896)	(12,242,960)
Loss before taxation		(24,389,816)	(34,347,951)
Taxation	42	(850,771)	(817,611)
Loss for the year		(25,240,587)	(35,165,562)
Loss per share - basic and diluted	43	(25.39)	(93.15)

The annexed notes from 1 to 58 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, 2020

	2020	Restated 2019
	------- Rupees in '000 -------	
Loss for the year	**(25,240,587)**	(35,165,562)
Items that will not be reclassified subsequently to consolidated profit or loss account		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**57,381**	41,518
Realized / unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**(54,192)**	(51,034)
Total comprehensive loss for the year	**(25,237,398)**	(35,175,078)

The annexed notes from 1 to 58 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, 2020

		Capital reserves		Revenue reserve			
	Share Capital	Share premium	Unrealized gain/ (loss) on remeasurement of FVTOCI investments	Unappropriated profit / (loss)	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' equity
	Rupees in '000						
Balance as at January 01, 2019 as previously reported	1,810,188	4,766,854	(216,958)	579,335	4,389,156	-	11,328,575
Effect of restatement as referred in note (5)	-	-	-	(5,490,817)	92,180	-	(5,398,637)
	1,810,188	4,766,854	(216,958)	(4,911,482)	4,481,336	-	5,929,938
Effect of change in accounting policy - note 14.4	-	-	-	(117,134)	-	-	(117,134)
Balance as at January 01, 2019 (Restated)	1,810,188	4,766,854	(216,958)	(5,028,616)	4,481,336	-	5,812,804
Total comprehensive loss for the year							
Loss for the year - restated	-	-	-	(35,165,562)	-	-	(35,165,562)
Other comprehensive income							
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 - restated	-	-	(51,034)	(35,124,044)	-	-	(35,175,078)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	259,463	(259,463)	-	-
	-	-	(51,034)	(34,864,581)	(259,463)	-	(35,175,078)
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 (Restated)	1,991,207	4,766,854	(267,992)	(40,074,216)	4,221,873	5,752,443	(23,609,831)
Balance as at January 01, 2020	**1,991,207**	**4,766,854**	**(267,992)**	**(40,074,216)**	**4,221,873**	**5,752,443**	**(23,609,831)**
Total comprehensive loss for the year							
Loss for the year	**-**	**-**	**-**	**(25,240,587)**	**-**	**-**	**(25,240,587)**
Other comprehensive loss							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**-**	**-**	**-**	**57,381**	**-**	**-**	**57,381**
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**-**	**-**	**(54,192)**	**-**	**-**	**-**	**(54,192)**
Transfer of unrealized loss on remeasurement of FVTOCI investments	**-**	**-**	**328,001**	**(328,001)**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**273,809**	**(25,511,206)**	**-**	**-**	**(25,237,398)**
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	**-**	**-**	**-**	**259,463**	**(259,463)**	**-**	**-**
	-	**-**	**273,809**	**(25,251,743)**	**(259,463)**	**-**	**(25,237,398)**
Transactions with owners							
Right issue - 401% - January 2020	**8,000,000**	**-**	**-**	**-**	**-**	**-**	**8,000,000**
Share deposit money	**-**	**-**	**-**	**-**	**-**	**(5,752,443)**	**(5,752,443)**
Transaction cost	**-**	**(127,119)**	**-**	**-**	**-**	**-**	**(127,119)**
Total transactions with owners	**8,000,000**	**(127,119)**	**-**	**-**	**-**	**(5,752,443)**	**2,120,438**
Balance as at December 31, 2020	**9,991,207**	**4,639,735**	**5,817**	**(65,325,959)**	**3,962,410**	**-**	**(46,726,791)**

The annexed notes from 1 to 58 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, 2020

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	46	(12,331,913)	(1,635,792)
Finance cost paid		(5,267,723)	(6,210,981)
Profit/mark up received on bank deposits and TFC's		425,935	439,302
Taxes paid		(321,198)	(1,390,307)
Contributions to gratuity fund	53.1.4	(131,078)	(19,657)
Net cash used in operating activities		(17,625,977)	(8,817,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(311,451)	(6,510,960)
Proceeds from disposal of property, plant and equipment		230,667	557,489
Investment redeemed / (made) during the year		850,573	(10,027)
Short term investment made		-	(105,000)
Long-term deposits repaid - net		92,366	(37,294)
Net cash generated from / (used in) investing activities		862,155	(6,105,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(3,020,623)	(2,467,026)
Redemption of commercial papers	29.4	-	(6,500,000)
Dividend paid		(543)	(6,097)
Share deposit money received	23	2,120,438	5,752,443
Proceeds from issuance of commercial papers		-	3,770,753
Long-term finance (repaid) / obtained - net		11,019,855	(1,094,881)
Net cash generated from / (used in) financing activities		10,119,127	(544,808)
Net decrease in cash and cash equivalents		(6,644,695)	(15,468,035)
Cash and cash equivalents at beginning of the year		(23,107,689)	(7,639,654)
Cash and cash equivalents at end of the year	47	(29,752,384)	(23,107,689)

The annexed notes from 1 to 58 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, 2020

1. STATUS AND NATURE OF BUSINESS

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

1.11 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 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, 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.

1.12 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 Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi. The 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. 25,241 million (2019-Restated: Rs. 35,166 million), resulting in net shareholders deficit of Rs. 46,727 million (2019-Restated: Rs. 23,610 million) as of the consolidated statement of financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 56,618 million (2019-Restated: Rs. 49,007 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:

a) The Group is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Group improve its future operating and financial performance. Further, the Company has stopped payment of markup cost from last quarter of 2020.

b) The Group is also taking measures to reduce its storage costs through revision of existing agreements as disclosed in note 27.1.2

c) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Group for the twelve months from the date of approval of these consolidated financial statements, which took into account the projected future working capital of the Group. The board believes that the Group subject to the approval of restructuring plan with major banks will have sufficient cash resources to continue its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Group include the following:

Business unit	Geographical location
Head Office	29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, 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.

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

2. BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statement of 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 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 Limuited 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 Subsidary).

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

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 Holding Company, using accounting policies that are generally consistent with those of the holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2.1 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.

2.2 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 previous supsidiary, then such intrest 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 icome depending on the level of influence retained.

2.3 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 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. 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 on disposal.

3. BASIS OF PREPARATION

3.1 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.

3.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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
Foreign currency monetary liabilities/assets	Spot exchange rates
Lease liability	Present value lease payments

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

3.3 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.

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

3.4.1 New and amended IFRS Standards with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements.

Amendments to References to Conceptual Frameworkin IFRS Standards

The revised Framework is more comprehensive than the old one – its aim is to provide the International Accounting Standards Board (the Board) with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures.

However, most of the concepts are not new – the revised Framework codifies the Board's thinking adopted in recent standards.

Definition of Material (Amendments to IAS 1 and IAS 8)

The Board has recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

I requiring companies to disclose their material accounting policies rather than their significant accounting policies;

II clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

III clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Definition of a Business (Amendments to IFRS 3)

The IASB has issued amendments to IFRS 3 Business Combinations that seek to provide more guidance on the definition of a business.

Optional concentration test

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

Assessment focuses on substantive process

If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Narrower definition, potential complexity

The effect of these changes is that the new definition of a business is narrower – this could result in fewer business combinations being recognised. The amendments may require a complex assessment to decide whether a transaction is a business combination or an asset acquisition.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

3.4.2 The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

3.5 New and revised IFRS in issue but not yet effective and not early adopted

3.5.1 The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	June 1, 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Many companies use benchmark interest rates – e.g. in their loan instruments, lease contracts and in hedge accounting. The replacement of some of these rates with alternative benchmark rates is expected to be mostly complete by the end of 2021. To ensure that financial statements best reflect the economic effects of IBOR reform, the Board has issued amendments1 that focus on the accounting once a new benchmark rate is in place.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Companies currently applying the 'incremental cost' approach will need to recognise bigger and potentially more provisions for onerous contracts. This follows recent amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.

The amendments clarify that the 'costs of fulfilling a contract' comprise both:

I the incremental costs – e.g. direct labour and materials; and

II an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Annual Improvements to IFRS Standards 2018–2020

The IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020 for the following accounting standards:

I *IFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

II *IFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

III *IFRS 16 Leases, Illustrative Example 13*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IV *IAS 41 Agriculture*

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

I costs associated with producing and selling items before the item of PPE is available for use; and

II costs associated with making the item of PPE available for its intended use.

Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

The new insurance contracts standard, IFRS 17, aims to increase transparency and to reduce diversity in the accounting for insurance contracts.

First published in May 2017, it has since been amended in eight key areas and its effective date has been deferred to 1 January 2023.

3.5.2 Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the year of initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

4.1 CRITICAL JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Control over investments in subsidiaries

Management assesses whether or not the Holding Company has control over its investment in subsidiaries based on whether the Holding Company has the power to direct the relevant activities of the investees unilaterally.

Management consider the Holding Company's absolute size of holding in subsidiaries and relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors, concluded that the Holding Company has a sufficiently dominant voting interest to direct the relevant activities of subsidiaries and therefore The Holding Company has control over investment in subsidiaries.

Equity accounting investees

Management assesses whether or not the Holding Company has significant influence over an investee. Management consider the Holding Company's representation on the board of directors or equivalent governing body of the investee, participation in policy making processes, including participation in decisions about dividends or other distributions, material transactions between the investor and the investee, interchange of managerial personnel and provision of essential technical information.

4.2 ESTIMATES

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

Management performs impairment reviews on the Group's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets. Assumptions reflect that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate grouping of assets into cash generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Useful life of intangible assets

Amortisation is charged so as to write off the cost of the intangible assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as:

I Expected usage of the assets by the Company;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Useful lives of property, plant and equipment and right of use assets

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. In case of ROU assets, depreciation is charged over lower of useful lives and lease term. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Impairment loss on investments in associates

The Group reviews its investments in associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Group determines the need for impairment loss on investments in associates.

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Group. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the creditworthiness of the counterparty, timing and value of anticipated future payments and actions that can be taken to mitigate the risk of non-payment.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Group incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease by inquiring it from local banks. Alternatively the Group estimates IBR by using weighted average cost of short term borrowings at the end of each quarter.

Revaluation of Property, Plant and Equipment

The Group applies revaluation model and revalued its property, plant and equipment every three years. Management has applied judgement and estimates in assessing the fair value of the property, plant and equipment.

Net realizable value of stock in trade

The Group values inventory at lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Management while estimating the net realisable value take into account the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Provision and contingencies

The Group recognizes provision when Management is in a position to make reliable estimate of the expenditure required to settle the present obligation and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation. If the said criteria are not met, then Management reflect the same as contingent liability.

Provision for gratuity

The Group operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 53.1.

5. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Impact on statement of financial position
As at December 31, 2018

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Reserves		5,129,231	(5,490,817)	-	(361,586)
Property, plant and equipment	5.1	22,563,232	(384,034)	-	22,179,198
Long term investment		1,373,388	(51,634)	-	1,321,754
Stock in trade	5.2	22,615,303	(336,023)	-	22,279,280
Advances	5.11	65,104	(2,168,580)	4,792,065	2,688,589
Other receivables	5.3	2,844,944	(1,060,280)	1,133,647	2,918,311
Cash and bank balances	5.9	8,799,447	1,215	-	8,800,662
Revaluation surplus on property, plant and equipment - net of tax	5.4	4,389,156	92,180	-	4,481,336
Trade and Other Payable	5.5, 5.6 and 5.11	(36,166,824)	(1,398,086)	(6,112,185)	(43,677,095)
Unclaimed dividend	5.9	(362,674)	(1,215)	-	(363,889)
Current portion of non-current liabilities	5.12	(2,791,342)	-	1,320,120	(1,471,222)
Taxation - net	5.14	1,270,808	-	(1,133,647)	137,161

Impact on statement of financial position
As at December 31, 2019

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Property, plant and equipment					
Operating fixed assets	5.1	28,209,414	(7,504,624)	-	20,704,790
Capital work-in-progress	5.13	6,181,144	-	(46,031)	6,135,113
Right-of-use assets	5.7	1,255,584	19,704,896	-	20,960,480
Long-term investments					
Hascol Terminal Limited - unquoted		323,366	61,110	-	384,476
Stock in trade					
Finished goods - fuels	5.2	10,230,173	(201,741)	-	10,028,432
Finished goods - petrochemical	5.2	248,133	(5,893)	-	242,240
Advances					
Suppliers & Service provider	5.11 & 5.13	92,189	-	5,993,785	6,085,974
Provision for Advances		(2,168,580)	(3,269,107)	-	(5,437,687)
Deposits and prepayments					
Prepayments - Rent	5.8	113,302	(28,171)	-	85,131
Other receivables					
Provisioning of IFEM, RD and PDC	5.3	(1,060,280)	(297,772)	-	(1,358,052)
Sales tax refundable	5.14	-	-	169,248	169,248
Cash and bank balances					
in savings account, conventional banks	5.10	11,703,409	61,259	-	11,764,668
in current accounts, dividend account	5.9	356,597	1,195	-	357,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Revaluation surplus on property, plant and equipment - net of tax	5.4	4,125,233	96,640	-	4,221,873
Lease liabilities					
Lease liability of right of use asset	5.7	(2,781,421)	(20,340,257)	-	(23,121,678)
Trade and Other Payable					
Trade creditors	5.5, 5.11 & 5.12	(46,849,755)	2,451,984	11,893,892	(32,503,879)
Payable to cartage contractors	5.11	(2,032,209)	-	(1,505,465)	(3,537,674)
Other liabilities	5.6 & 5.11	(1,954,049)	(256,509)	(17,907,975)	(20,118,533)
Unclaimed dividend	5.9	(356,597)	(1,195)	-	(357,792)
Accrued mark-up and profit					
Short-term borrowings	5.12	(1,500,628)	-	98,792	(1,401,836)
Current portion of non-current liabilities					
Current portion of deferred and other liabilities	5.12	(1,473,003)	-	1,473,003	-
Taxation - net	5.14	648,474	-	(169,248)	479,226

5.1 This includes restatement of depreciation expense amounting to Rs. 12 million (2018: Rs. 384 million) for the year ended December 31, 2019. This also includes impact of remeasurement and doubtful capitalization in operating fixed assets as explained in note 7.6.

5.2 This represents restatement in respect of change in accounting policy from weighted average to first in first out basis as disclosed in note 13.2

5.3 This represents restatement of provisioning made against other receivable as disclosed in note 17.4.

5.4 This represents restatement in respect of error made in recording of revaluation surplus.

5.5 This represents restatement of liability in respect of Lenkor Energy Trading Company and its arbitration cost, demurrages liability as explained in note 27.1 and fake purchase orders adjustment as explained in note 7.6.

5.6 This represents amount charged in respect of additional petroleum development levy which was overlooked previously as explained in note 35.2.1 and adjustment impact of lease liability pertaining to right of use assets.

5.7 As explained in note 8 to these consolidated financial statements, the Group has not recognized certain right of use assets including operated pumpsites, depots and offices and its corresponding lease liability.

5.8 This represents restatement of prepaid rent in respect of right of use assets recognized during the year ended December 31, 2019.

5.9 This represents restatement in respect of dividend account which was previously overlooked at the time of restatement for the year ended December 31, 2018 as before that the Holding Company used to keep these dividend accounts off the statement of financial position.

5.10 This represents correction of error made in margin accounts maintained by the bank for retaining margin annexed at the time of opening of letter of credit. Previously the net amount withheld was treated as a finance cost rather than a deposit.

5.11 This includes amount netted off previously with trade and other payables, which have been corrected for the year ended December 31, 2020 and the comparative periods.

5.12 This represents liability of a foreign supplier which has been reclassified to trade creditors alongwith its financing impact which was previously disclosed in accrued markup.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5.13 This represents correction of error of advance to a supplier which was previously disclosed in capital work in progress. However, during the year it was identified that the amount is not in the nature of capital expenditure.

5.14 This represents the amount of sales tax refundable being reclassified from taxation-net to other receivables.

Impact on statement of comprehensive income
For the year ended December 31, 2019

	Note	As previously reported	Restatements	Reclassification	As restated
		---- Rupees in '000 ----			
Other Revenue	5.15	814,628	-	(654,264)	160,364
Cost of sales	5.16	(157,956,356)	(3,375,448)	(6,643,172)	(167,974,976)
Distribution and marketing	5.17	(4,470,211)	215,142	620,710	(3,634,359)
Administrative expenses	5.18	(830,231)	(144,452)	-	(974,683)
Impairment losses on financial assets	5.19	-	-	(2,099,444)	(2,099,444)
Other expenses	5.20	(8,790,967)	(3,566,879)	8,742,616	(3,615,230)
Finance cost	5.21	(7,466,587)	(2,125,571)	33,879	(9,558,279)
Exchange loss - net	5.22	(2,393,039)	(352,704)	-	(2,745,743)
Share of profit / (loss) on associates		(49)	61,111	-	61,062

5.15 This represents netting off of tank lorries expenses with other revenue. Previously the expenses were accumulated with other line items of distribution and marketing expenses.

5.16 This represents restatement effect of change in accounting policy of stock-in-trade, fake purchase orders adjustement, short recording of demurrage charge, additional petroleum development levy charge and depreciaiton charge and reversal of storage charges of storage facilities on account of right of use asset recognized during the year ended December 31, 2019. In addition, it also includes reclassification of demurrage charge and unfavourable loss on import from other expenses.

5.17 This represents restatement effect of depreciation charge and reversal of rent expense of retail pumpsites on account of right of use asset recognized during the year ended December 31, 2019.

5.18 This represents restatement effect of recognition of litigation liability on account of arbitration charges on lenkor energy trading company as disclosed in note 5.5 . Further, it also includes restatement effect of depreciaiton charge and reversal of rent expense of offices on account of right of use asset recognized during the year ended December 31, 2019.

5.19 This represent reclassification of expected credit loss shown under other expenses as a separate line item in the statement of profit or loss account.

5.20 This represent restatement of provisioning of other receivable made during the year ended December 31, 2019. In addition it also includes reclassificaiton impact as disclosed in note 5.16 and note 5.19

5.21 This represent restatement in respect of markup charges on Lenkor energy trading companys' foreign exchange liability, restatement of letter of credit annexed by bank as disclosed in note 5.10 and corresponding impact of lease liability of right of use asset recognized during the year ended December 31, 2019 as disclosed in note 5.7.

5.22 This represents restatement effect of exchange loss of foreign exchange liability of lenkor energy trading company as disclosed in note 5.10.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.1 Property, plant and equipment

6.1.1 Initial recognition

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 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 is 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.

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.

6.1.2 Measurement subsequent to initial recognition

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 sheet date.

Carried using cost model

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Depreciation

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 7.1.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration receivable is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost. Useful lives and residual values are reviewed at each reporting date.

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

6.2 Leases

Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

I fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position. The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

6.3 Intangible asset - computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.4 Financial instruments

In the normal course of business the Group uses financial instruments, principally investments, trade and other receivables, cash and cash equivalents, term deposits, loans and borrowings and trade and other payables

Classification

Financial assets

The Group classifies its financial assets as follows:

I Financial assets at amortised cost

II Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

III Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as “at fair value through profit or loss”.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and receivables and other assets are classified as financial assets at amortised cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to statement of profit and loss.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial liabilities

Financial liabilities “other than at fair value through profit or loss” are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 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 consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

6.10 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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.

These are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. If not, they are presented as non-current liabilities.

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 and other receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance. 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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6.14 Stock-in-trade

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling. The cost of the inventory is determined using FIFO method.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon. 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.

6.15 Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired

Impairment of financial assets

Group recognizes ECL for cash and bank balances, due from related parties, and other assets using the general approach and uses the simplified approach for trade receivables as allowed by IFRS 9.

General approach

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Simplified approach

The Group applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default.

The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

I when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

6.16 Short term investments

This represent placement in TFCs with financial institution. These are measured at fair value through consolidated profit or loss account 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

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.19 Commitment

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

6.20 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 transactions

Transactions in foreign currencies are translated into Pakistani Rupees at exchange rates ruling at the value dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies (including monetary assets and liabilities considered as a net investment in foreign operation) are translated into Pakistani Rupees at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Pakistani Rupees at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Pakistani Rupees at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6.23 Revenue recognition

Revenue from sale of oil

The process for applying the requirements of standard is separated into five steps:

I Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue over time if any one of the following criteria is met:

I The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or .

II The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or .

III The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

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 revenue

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.24 Retirement and other service benefits

Approved defined benefit funded gratuity plan

Approved defined benefit funded gratuity plan for employees who have completed five years of service. The amount arising as a result of remeasurements of employee retirement benefits are recognised immediately in other comprehensive income. Past service cost and curtailments are recognised in the statement of profit or loss, in the period in which a change takes place.

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 54 to the consolidated financial statements. Latest valuation was conducted as at December 31, 2020.

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 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by the Holding Company Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Chief Executive Officer (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Group's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Maker.

6.26 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods.

Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

I In the principal market for the asset or liability, or

II In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

I Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

6.27 Finance income and expenses

Finance income comprises foreign exchange gains and interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

6.28 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.

6.29 Investment income

Investment income comprises dividend income, impairment losses on investments, gains and losses on sale of investments and fair value changes on investments held at fair value through profit and loss and held for trading. Dividend income is recognised when the right to receive the dividend is established.

6.30 Events after the reporting date

The Group financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the financial statements when material.

6.31 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.

6.32 Profit or loss from discontinued operations

A discontinued operation is a component of the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2020	Restated 2019
		------- Rupees in '000 -------	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	21,345,667	20,704,790
Capital work-in-progress	7.2	3,999,022	6,135,113
		25,344,689	26,839,903

7.1 Operating fixed assets

	Owned assets: Leasehold Land	Owned assets: Building on lease hold land: Office and depots building	Owned assets: Building on lease hold land: Pump building	Owned assets: Tanks and pipelines	Owned assets: Dispensing pumps	Owned assets: Plant and machinery	Owned assets: Electrical, mechanical and fire fighting equipment	Owned assets: Furniture, office equipment and other assets	Owned assets: Vehicles: Tank lorries	Owned assets: Vehicles: Motor cars	Owned assets: Computer auxiliaries	Owned assets: Plant and machinery	Leased Assets: Vehicles: Tank lorries	Leased Assets: Vehicles: Motor cars	Total operating fixed assets
At January 1, 2020															
Cost / revalued amount	2,269,732	5,046,500	4,415,766	4,621,230	1,659,484	474,676	2,941,016	450,073	300,129	321,590	174,638	125,000	1,891,919	38,869	24,730,621
Accumulated depreciation	-	(620,933)	(766,653)	(580,177)	(611,685)	(111,680)	(596,730)	(170,501)	(17,551)	(112,134)	(101,395)	(21,875)	(298,405)	(16,114)	(4,025,831)
Net book value	2,269,732	4,425,567	3,649,113	4,041,053	1,047,799	362,996	2,344,286	279,572	282,578	209,456	73,243	103,125	1,593,514	22,755	20,704,790
Year ended December 31, 2020															
Opening net book value	2,269,732	4,425,567	3,649,113	4,041,053	1,047,799	362,996	2,344,286	279,572	282,578	209,456	73,243	103,125	1,593,514	22,755	20,704,790
Addition / transfer from CWIP	-	484,037	226,460	364,924	248,465	739,932	395,233	21,388	1,069	32,161	3,650	-	-	-	2,517,319
Disposals															
Cost	(138,901)	-	-	-	-	-	-	-	-	(89,069)	(385)	-	-	-	(228,355)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	34,289	385	-	-	-	34,675
	(138,901)	-	-	-	-	-	-	-	-	(54,780)	-	-	-	-	(193,680)
Depreciation charge for the year	-	(272,916)	(240,762)	(253,371)	(156,802)	(56,333)	(324,513)	(74,009)	(15,471)	(39,687)	(33,518)	(15,483)	(196,966)	(2,932)	(1,682,762)
Closing net book value	2,130,831	4,636,689	3,634,811	4,152,606	1,139,463	1,046,594	2,415,006	226,951	268,176	147,150	43,375	87,642	1,396,548	19,823	21,345,667
At December 31, 2020															
Cost / revalued amount	2,130,831	5,530,537	4,642,226	4,986,154	1,907,949	1,214,608	3,336,249	471,461	301,198	264,682	177,903	125,000	1,891,919	38,869	27,019,585
Accumulated depreciation	-	(893,849)	(1,007,415)	(833,548)	(768,487)	(168,013)	(921,243)	(244,510)	(33,022)	(117,532)	(134,527)	(37,358)	(495,371)	(19,046)	(5,673,918)
Net book value	2,130,831	4,636,689	3,634,811	4,152,606	1,139,463	1,046,594	2,415,006	226,951	268,176	147,150	43,375	87,642	1,396,548	19,823	21,345,667
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	10	20	
At January 1, 2019 (restated)															
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	-	(419,407)	(566,380)	(406,111)	(473,759)	(92,217)	(402,194)	(113,018)	(24,904)	(80,535)	(66,046)	(15,625)	(121,034)	(10,783)	(2,792,011)
Net book value	2,491,091	4,146,117	2,666,264	3,445,515	1,000,868	359,944	1,678,775	206,605	220,381	59,343	77,012	109,375	1,241,194	28,911	17,731,397
Year ended December 31, 2019 (restated)															
Opening net book value	2,491,091	4,146,117	2,666,264	3,445,515	1,000,868	359,944	1,678,775	206,605	220,381	59,343	77,012	109,375	1,241,194	28,911	17,731,397
Addition / transfer from CWIP	24,000	907,677	819,079	925,242	153,335	50,557	907,014	145,059	269,332	19,603	33,674	-	535,814	-	4,790,386
Other Adjustment	(245,359)	(347,130)	365,034	61,620	31,522	18,456	42,788	(14,609)	(83,018)	178,913	(2,094)	-	(6,123)	-	-
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	-	(212,315)	(200,339)	(197,590)	(137,926)	(25,726)	(217,344)	(57,483)	(9,973)	(37,519)	(35,349)	(6,250)	(177,371)	(6,156)	(1,321,341)
Closing net book value	2,269,732	4,425,567	3,649,113	4,041,053	1,047,799	362,996	2,344,286	279,572	282,578	209,456	73,243	103,125	1,593,514	22,755	20,704,790
At December 31, 2019 (restated)															
Cost / revalued amount	2,269,732	5,046,500	4,415,766	4,621,230	1,659,484	474,676	2,941,016	450,073	300,129	321,590	174,638	125,000	1,891,919	38,869	24,730,621
Accumulated depreciation	-	(620,933)	(766,653)	(580,177)	(611,685)	(111,680)	(596,730)	(170,501)	(17,551)	(112,134)	(101,395)	(21,875)	(298,405)	(16,114)	(4,025,831)
Net book value	2,269,732	4,425,567	3,649,113	4,041,053	1,047,799	362,996	2,344,286	279,572	282,578	209,456	73,243	103,125	1,593,514	22,755	20,704,790
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

7.2 Capital work-in-progress

	2020	2019
	------- Rupees in '000 -------	
Office building	1,426,164	1,850,581
Tanks and pipelines	932,015	1,370,414
Pump building	-	259,127
Electrical, mechanical and fire fighting equipment	855,166	1,118,781
Tank lorries	-	36,000
Dispensing pumps	80,571	102,845
Furniture, office equipment and other assets	176,664	222,501
Plant and machinery	360,740	996,125
Borrowing cost capitalized	167,702	167,702
Computer auxiliaries	-	11,037
	3,999,022	6,135,113

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

	2020	Restated 2019
	------- Rupees in '000 -------	
Balance at beginning of the year	6,135,113	4,447,801
Additions during the year	381,228	6,005,643
Transfers during the year	(2,517,319)	(4,318,331)
Balance at end of the year	3,999,022	6,135,113

7.3 In 2012, the Holding Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,310 million, resulting in surplus (net of deferred tax) amount to Rs. 438 million. In the year 2015, the holding Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 4,733 million, resulting in surplus (net of deferred tax) amounting to Rs. 576 million. Further, during 2018, the Holding 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. 13,838 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,245 million.

7.4 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 2020	Written down value 2019 (Restated)
	-------------------------- Rupees in '000 --------------------------			
Owned assets				
Leasehold land	999,594	-	999,594	1,019,642
Building on lease hold land:				
- Office building	5,483,637	844,127	4,639,510	4,133,234
- Pump building	3,735,194	674,092	3,061,101	2,833,746
Tanks and pipelines	4,729,014	700,632	4,028,382	3,646,738
Dispensing units	1,168,991	313,134	855,857	616,896
Plant and machinery	1,164,598	59,814	1,104,785	326,017
Electrical mechanical and fire fighting equipment	3,287,908	853,449	2,434,459	2,020,195
Furniture, office equipment and other assets	464,017	232,018	231,999	199,825
Computers auxiliaries	176,053	130,655	45,398	35,884
Total owned assets	21,209,006	3,807,922	17,401,084	14,832,180

7.5 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
Holding Company		
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	36,300
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	130,388
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,706
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	28,435
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	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	90,508
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	427
Lahore office	office No. 5-1 5th Floor constructed over plot no 19 khayaban-e- Aiwan -e- iqbal, Lahore.	668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7.6 During the year, the management of the Holding Company has identified that certain fake purchase orders amounting to Rs. 7,493 million were posted for the year ended December 31, 2019. The Holding Company has retrospectively adjusted this amount and reduced the fixed assets of 2019 accordingly.

7.7 There was no tagging exercise carried out on the entire property, plant and equipment. Due to this and what mentioned in note 7.6 above, the management decided to conduct a physical verification, tagging and valuation exercise of its fixed assets using the services of an independent professional firm / valuers. Once this exercise is done, the property, plant and equipment will be entered in accounting system and any adjustment arising will be reflected in subsequent year's financial statements.

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
7.8 The depreciation charged for the year has been allocated as follows:			
Cost of sales	35	67,404	-
Distribution and marketing expenses	36	1,569,240	1,287,913
Administrative expenses	37	43,327	33,428
		1,679,971	1,321,341

7.9 During the year written down value of property plant and equipment that have been disposed-off amount to Rs. 160 million (2019: Rs. 496 million). Details of property plant and equipment disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	------- Rupees in '000 -------						
Land	118,852	-	118,852	124,846	5,994	Attock Petroleum Limited	Outright Sale
Motor Cars	75,610	22,238	53,372	72,126	18,754	Various	Outright Sale
2020	194,462	22,238	172,224	196,972	24,748		
2019	575,603	85,124	490,479	520,555	30,076		

8. RIGHT-OF-USE ASSETS

The Group's leases mainly comprise of storage facilities, Group's owned and operated pump sites and offices. Information about leases for which the Group is a lessee is presented below.

	Storage facility	Pumpsites	Offices	Total
	------- Rupees in '000 -------			
Initial application(Restated)	117,386	2,419,086	34,357	2,570,829
Additions during the year	19,077,563	250,899	-	19,328,462
Disposals/terminations	-	-	-	-
Depreciaiton charge for the year	(807,570)	(119,997)	(11,244)	(938,811)
Balance as at December 31, 2019 (restated)	18,387,379	2,549,988	23,113	20,960,480
Balance as at January 01, 2020	**18,387,379**	**2,549,988**	**23,113**	**20,960,480**
Additions during the year	**14,693**	**223,007**	**-**	**237,700**
Effect of modification	**(6,982,016)**	**-**	**-**	**(6,982,016)**
Disposals / terminations	**(92,935)**	**-**	**-**	**(92,935)**
Depreciaiton charge for the year	**(707,428)**	**(144,544)**	**(14,035)**	**(866,007)**
Balance as at December 31, 2020	**10,619,693**	**2,628,451**	**9,078**	**13,257,222**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8.1 The right-of-use assets are depreciated on straight line basis on lower of remaining lease term and useful life.

		Note	2020	Restated 2019
8.2	**Amounts recognized in statement of profit or loss**		------- Rupees in '000 -------	
	Depreciation			
	Cost of sales	35	707,428	807,570
	Distribution and marketing expenses	36	144,544	119,997
	Administrative expenses	37	14,035	11,244
	Depreciation on right of use assets		866,007	938,811
	Interest on lease liabilities	41	2,293,032	2,208,663
	Amounts recognized in statement of cashflows			
	Total cash outflow for leases		2,551,405	2,399,046

8.3 In 2019, the application of IFRS-16 was overlooked previously on certain storage facilities, pumpsite and offices which resulted in restatement of 2019 published and audited numbers. For details please refer note no. 4.

		Note	2020	2019
9.	**INTANGIBLE ASSET**		------- Rupees in '000 -------	
	Computer software		3,007	5,232
	Net carrying value			
	Net book value at beginning of the year		5,232	2,565
	Addition		410	3,201
	Amortization charge for the year		(2,635)	(534)
	Net book value at the end of the year		3,007	5,232
	Net book value			
	Gross carrying value			
	Cost		14,518	14,108
	Accumulated amortization		(11,511)	(8,876)
	Net book value		3,007	5,232
	Rate of amortization - %		33.33	33.33

9.1 Intangible assets mainly comprise of operational softwares.

		Note	2020	2019
10.	**LONG-TERM INVESTMENTS**			
	Investment in associated companies - unquoted			
	VAS LNG (Private) Limited	10.1	1,468	1,502
	Hascol Terminal Limited	10.2	399,890	384,476
	Investment at fair value through other comprehensive income			
	Pakistan Refinery Limited - quoted	10.3	-	904,780
			401,358	1,290,758
	Advance against purchase of shares - with related parties			
	Hascol Terminals Limited		2,500	40,000
	VAS LNG (Private) Limited		1,023	1,023
			3,523	41,023
			404,881	1,331,781

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	(Unaudited) 2020	2019
10.1 Details of the investment is as follows:	------- Rupees in '000 -------	
Balance at the beginning of the year	1,502	1,551
Share of loss for the year	(34)	(49)
Balance at the end of the year	1,468	1,502

10.1.1 Summarized aggregated financial information of the Holding Company's share in VAS LNG (Private) Limited is as follows:

	(Unaudited) 2020	2019
	------- Rupees in '000 -------	
Total accumulated losses	5,107	4,991
Total assets	6,317	6,317
Total liabilities	(402)	(286)
Advance against issue of shares	(1,023)	(1,023)
	4,892	5,008
% share in net assets	30%	30%
Total amount of net assets	1,468	1,502

10.2 Investment in Hascol Terminals Limited represent 41.3 million shares (2019 : 37.5 million) fully paid ordinary shares of Rs. 10 per share. The Holding Company is engaged in providing storage facilities for imported and locally procured petroleum and related products. Details of the investment is as follows:

	(Audited) 2020	2019
	------- Rupees in '000 -------	
Balance at the beginning of the year	384,435	323,325
Share of loss for the year	(22,045)	61,111
Addition in Investment during the year	37,500	-
Balance at the end of the year	399,890	384,435

10.2.1 Summarized aggregated financial information of the Holding Company's share in Hascol Terminals Limited is as follows:

	(Audited) 2020	2019
	------- Rupees in '000 -------	
Total assets	7,674,239	7,636,984
Total liabilities	(4,982,957)	(4,798,735)
Advance against issue of shares	(25,348)	(275,348)
	2,665,934	2,562,901
% share in net assets	15%	15%
Total amount of net assets	399,890	384,435
Details of the investment is as follows:		
Balance at the beginning of the year	384,476	323,365
Equity injection	37,500	-
Share of loss for the year	(22,086)	61,111
Balance at the end of the year	399,890	384,476

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FOR THE YEAR ENDED DECEMBER 31, 2020

		Note	Cost	Sale / unrealized Loss	Carrying Value
			------- Rupees in '000 -------		
10.3	**Pakistan Refinery Limited**				
	December 31, 2020	**10.3.1**	**1,172,772**	**(1,172,772)**	**-**
	December 31, 2019		1,172,772	(267,992)	904,780

10.3.1 Investment in Pakistan Refinery Limited (PRL) represents Nil (2019: 43.25 million fully paid) ordinary shares of Rs. 10 each representing Nil (2019: 14.71%) of its share capital. In 2020, entire investment in PRL has been disposed off and the sale proceed amounts to Rs. 844.77 million.

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

		2020	Restated 2019
11.	**DEFERRED TAXATION - NET**	------- Rupees in '000 -------	
	Taxable temporary difference arising in respect of :		
	Accelerated depreciation	**(5,095,411)**	(7,015,932)
	Deductible temporary difference arising in respect of :		
	Long term investment	**-**	75,626
	Liabilities against assets subject to finance lease	**4,522,450**	6,751,768
	Exchange loss	**58,822**	119,332
	Provision for :		
	- other liabilities	**934**	2,137
	- retirement benefit	**37,223**	72,604
	- doubtful debts	**2,760,845**	2,752,836
	- short term investments - TFCs	**1,801**	370
	Normal tax loss	**15,283,743**	7,916,465
		17,570,407	10,675,206
	Unrecognized deferred tax asset	**(17,570,407)**	(10,675,206)
		-	-

11.1 Deferred tax asset of Rs. 17,570 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 years. However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Group's tax losses amounted to Rs. 49,812 million (2019 : 24,776 million).

		Note	2020	2019
12.	**LONG-TERM DEPOSITS**		------- Rupees in '000 -------	
	Lease deposits		**353,788**	360,988
	Less: current portion of lease deposits	**16**	**(71,579)**	(1,414)
			282,209	359,574
	Deposits against:			
	- depots		**107,144**	107,144
	- retail outlets		**70,814**	70,814
	- others		**32,533**	47,534
			210,491	225,492
			492,700	585,066
	Provision for ECL on Long Term Deposits	**12.1**	**(47)**	-
			492,653	585,066

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		Note	2020	2019
			------- Rupees in '000 -------	
12.1	**Provision for ECL on Long Term Deposits**			
	Balance at the beginning of the year		-	-
	Provisions made during the year		47	-
	Balance at the end of the year		47	-
13.	**STOCK-IN-TRADE**			
	Raw and packing materials		222,350	-
	Finished goods			
	- fuels	13.1	9,051,624	10,028,432
	- lubricants		259,439	503,925
	- Petrochemicals		58,525	242,240
			9,369,588	10,774,597
	Stock in transit			
	- fuels		2,394,375	8,811,107
	- lubricants		-	296
			2,394,375	8,811,403
	Provision against slow moving stock	13.3	(69,258)	(69,542)
			11,917,055	19,516,458

13.1 Fuels include Rs. 4,989 million (2019: Rs. 4,913 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

13.2 During the year, the management decided with the approval of Board of Directors (BOD) to change the accounting policy from Weighted Average (AVCO) to First In First Out (FIFO) to align it with the business practices.

		Note	2020	2019
			------- Rupees in '000 -------	
13.3	**Movement of provision for slow moving stock**			
	Balance at the beginning of the year		69,542	-
	Provisions made during the year		-	69,542
	Reversal of Provisions during the year		(284)	-
	Balance at the end of the year		69,258	69,542
14.	**TRADE DEBTS**			
	Considered good			
	- Secured	14.1	-	8,006,086
	- Unsecured		1,807,984	3,143,090
			1,807,984	11,149,176
	Considered doubtful	14.2	9,692,727	2,309,451
			11,500,711	13,458,627
	Provision for impairment	14.4	(9,673,852)	(2,302,328)
			1,826,859	11,156,299

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

14.2 This included receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. Nil (2019: Rs. 7.12 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 0.09 million.

14.4 The Holding Company recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2020 and 2019 as per IFRS 9 is as follows:

	Note	2020	2019
		------- Rupees in '000 -------	
Movement of provision for impairment			
Balance at the beginning of the year		2,302,328	85,750
Impact of IFRS-9 adoption on initial recognition		-	117,134
Provisions made during the year	38	7,371,524	2,099,444
Balance at the end of the year		9,673,852	2,302,328

14.4.1 The Board of Directors of the Holding Company approved provision of Rs. 9,654 million (2019: Rs. 2,309 million) against doubtful receivables in the financial statements for the year ended 31 December 2020.

In 2021, the management undertook certain special steps to recover these amounts and in pursuance of the same, Group's legal counsel served the defaulting customers with Legal Notices for recovery of the same. The Group has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed company under the laws of Pakistan.

15. ADVANCES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Advances - considered good, unsecured			
To employees			
- against expenses		9,448	28,264
- against salaries		30,613	33,304
Supplier & Service provider	15.1, 15.2, 15.3 & 15.4	7,278,516	6,085,974
Provision for Supplier & Services Advance		(6,249,872)	(5,437,687)
		1,068,705	709,855

15.1 Advance to suppliers and service providers mainly relates to cartage contractors and for the construction, maintenance and ancillary services to the Company's retail sites and depots. In 2019 reclassification from other liabilities to advance to suppliers and service providers of Rs. 5,948 million were made which were previously netted off with other liabilities. Please refer note 5.11.

15.2 Balance of Advances to Suppliers is the resultant figure of various adjustments of significant amounts including certain numerous entries with no reference to any invoices or purchase orders in the system.

A provision has been made on prudence basis for an amount of Rs. 812 million (2019 Restated: Rs. 3,269 million) was provided during the year resulting in cumulative provision of Rs. 6,250 million as at December 31, 2020 in accordance with the requirement of IFRS 9. This is in respect of not carrying out offsetting of liabilities against receivable balances from the same vendors and has been entered on the grounds of caution while verifying figures are sought from the suppliers. There is a corresponding liability entry for Rs. 4,034 million (2019 Restated: Rs. 3,985 million), which may be offset against the advance of Rs. 4,555 million (2019 Restated: Rs. 4,412 million).

We will therefore reconcile these accounts and accordingly adjust the provision balance in accounts for June 2021.

15.3 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Group has 239 (2019: 186) 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.

15.4 This includes amount netted off previously with trade and other payables, which have been corrected during the year with retrospective impact.

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		Note	2020	Restated 2019
			------- Rupees in '000 -------	
15.5	**Movement of provision for Suppliers and Service provider**			
	Balance at the beginning of the year		5,437,687	2,168,580
	Provisions made during the year	39	812,185	3,269,107
	Balance at the end of the year		6,249,872	5,437,687
16.	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Current portion of long term lease deposits	10	71,579	1,414
	Other deposits		14,271	8,996
			85,850	10,410
	Prepayments			
	Insurance and others		16,756	42,055
	Rent		73,934	85,131
			90,690	127,186
			176,540	137,596

17. OTHER RECEIVABLES

	Note	2020	Restated 2019
Inland freight equalization margin ("IFEM") receivable		4,360,699	3,646,078
Receivable against services rendered	17.1	796	20,863
Receivable against regulatory duty ("RD")		25,533	25,533
Sales tax refundable		-	169,248
Receivable from Hascol Lubricants (Private) Limited	17.2	-	-
Price differential claims ("PDC")	17.3	5,083	5,083
Provisioning of IFEM, RD and PDC	17.4	(1,049,783)	(1,358,052)
		3,342,328	2,508,753

17.1 This represented amount receivable from Hascol Terminals Limited (an associated Company) against business support amounting to Nil (2019: Rs. 20.9 million).

17.2 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 152 million.

17.3 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 Group together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim.

		Note	2020	Restated 2019
17.4	**Movement of provision for impairment**		------- Rupees in '000 -------	
	Balance at the beginning of the year		1,358,052	1,060,280
	(Reversal of) / Provisions made during the year		(308,269)	297,772
	Balance at the end of the year	17.4.1	1,049,783	1,358,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17.4.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM).

18. ACCRUED MARK-UP AND PROFIT

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
From conventional banks		13,118	113,162
From Islamic banks		-	997
		13,118	114,159

19. SHORT TERM INVESTMENT

	Note	2020	2019
		------- Rupees in '000 -------	
Term Finance Certificate	19.1	98,700	103,688

19.1 The Holding 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% payable quarterly.

20. CASH AND BANK BALANCES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Balances with banks:			
in current accounts:			
- Conventional banks		401,647	654,079
- Dividend account		357,249	357,792
- Islamic banks		1,569	9,337
		760,465	1,021,208
in saving accounts:			
- Conventional banks		2,187,747	11,764,668
- Islamic banks		352,590	1,117,251
	20.1	2,540,337	12,881,919
Cash in hand		1,059	6,837
		3,301,861	13,909,964

20.1 These carry mark-up/profit ranging from 2.83% to 11.5% per annum (2019: 7.75% to 9.5% per annum).

21. SHARE CAPITAL

21.1 Authorized share capital

2020	2019	2020	2019
Number of shares		------- Rupees in '000 -------	
1,000,000,000	250,000,000	10,000,000	2,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

21.2 Issued, subscribed and paid-up share capital

2020	2019		Note	2020	2019
Number of shares				------- Rupees in '000 -------	
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% December 2014		99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		201,132	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		241,358	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		362,038	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		181,019	181,019
800,000,000	-	Right issue @ 401.77% January 2020	21.4	8,000,000	-
999,120,680	199,120,680			9,991,207	1,991,207

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

21.4 The right shares were issued for the purpose of meeting the working capital requirements of the Holding Company.

21.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2019: 54,676,551 shares) which represents 40.21% (2019 : 27.46%) of the equity stake in the Holding Company.

21.6 Fossil Energy (Private) Limited held 9,639,685 shares (2019: 21,217,589 shares) which represents 0.96% (2019 : 10.66%) of the equity stake in the Holding Company.

21.7 Marshal Gas (Private) Limited held 396 shares (2019: 9,718,472 shares) which represents 0.00% (2019 : 4.88%) of the equity stake in the Holding Company.

21.8 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.

21.9 Mr. Mumtaz Hasan Khan (former Chairman) and Mr. Saleem Butt (Ex-CEO) held 3 and Nil shares (2019: 35,521,223 and 439,568 shares) respectively.

22. RESERVES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Capital			
Share premium	22.1	4,639,735	4,766,854
Unrealized loss on remeasurement of FVTOCI investment		5,817	(267,992)
		4,645,552	4,498,862
Revenue			
Accumulated losses		(65,325,959)	(40,074,216)
		(60,680,407)	(35,575,354)

22.1 The reserve can be utilized by the Group 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. The underlying shares have been issued during the year.

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		Note	2020	Restated 2019
			------- Rupees in '000 -------	
24.	**LONG TERM FINANCING - secured**			
	Borrowings from conventional banks	24.1	13,147,683	1,554,250
	Borrowings from Non Banking Financial Institutions	24.2	104,762	283,113
	Sukuk certificates	24.3	495,227	890,454
			13,747,672	2,727,817
	Current portion of long term financing			
	Borrowings from conventional banks		(833,319)	(537,500)
	Borrowings from Non Banking Financial Institutions		(104,762)	(199,779)
	Sukuk certificates		(495,227)	(400,000)
			(1,433,308)	(1,137,279)
	Non - current portion of long term financing		12,314,364	1,590,538

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	2020	2019
							------- Rupees in '000 -------		
24.1	**Borrowings from conventional banks**								
	National Bank of Pakistan Loan-1 Under LTF scheme	24.1.1	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	93,750	187,500
	National Bank of Pakistan Loan-2 Under LTF scheme	24.1.2	16 quarterly July-18	1 year	June 26, 2023	hree month Kibor + 1.5% payable quarterly	64,688	772,500	903,750
	National Bank of Pakistan Loan-3 Under LTF scheme	24.1.3	16 quarterly July-18	1 year	June 28, 2023	three month Kibor + 1.5% payable quarterly	33,625	388,000	463,000
	Syndicated Loan from multiple banks Conversion of Short term financing	24.1.4	28 quarterly September-20	Nil	June 11, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	11,893,433	-
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
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	24.2.2	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	-	5,143
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	24.2.2	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	-	8,762
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	24.2.3	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	19,048	42,857
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	24.2.4	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	85,714	180,952
24.3	**Sukuk certificates**	24.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	495,227	890,454
								13,747,672	2,727,817

24.1.1 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.

24.1.2 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. 1,400 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate

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guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Holding Company.

24.1.3 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. 800 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 syndicated term finance facility from syndicate lenders and National Bank of Pakistan acts as Security Trustee for the lenders. This facility is secured against:

(i) First pari passu charge over the Holding Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal and (d) Machike, in favor of Security Trustee, with 15% margin.

(ii) First pari passu charge over the Holding Company's Plant & Equipment, installations and equipment of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Daulatpur, (e) Thaliyan and (f) Shikarpur, in favor of Security Trustee, with 15% margin.

(iii) First pari passu charge over the Holding Company's Plant & Equipment, installations and equipment situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

(iv) First equitable mortgage over the Holding Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

(v) Lien on bank accounts maintained with National Bank of Pakistan.

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 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.

24.2.3 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was initially secured against first pari passu charge of Rs 533 million on land, building, plant, machinery and equipment of the Holding Company situated at Sahiwal depot with 25% margin. The above first pari passu charge now stands reduced to Rs. 277 million.

24.2.4 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.

		Note	2020	Restated 2019
			------- Rupees in '000 -------	
24.3	**Sukuk certificates - gross amount**	**24.3.1**	**500,000**	900,000
	Issuance cost			
	Balance at the beginning of the year		**(9,546)**	(19,092)
	Charged to profit or loss		**4,773**	9,546
	Balance at the end of the year		**(4,773)**	(9,546)
	Sukuk certificates - net amount		**495,227**	890,454

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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 was initially secured against first pari-passu charge of Rs. 2,667 million over specific depots and retail outlets of the Holding Company inclusive of 25% margin. The above first pari passu charge now stands reduced to Rs. 1,066 million.

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
25. LEASE LIABILITIES			
Finance lease liability	25.1	731,547	1,085,042
Lease liability against right of use asset	25.2	16,402,907	21,362,767
		17,134,454	22,447,809
25.1 Finance lease liability			
Present value of future minimum lease payments		1,086,334	1,444,981
Less: current portion		(354,787)	(359,939)
Non current portion		731,547	1,085,042

25.1.1 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 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2019 : 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the group Company upon payment of entire lease obligations.

25.1.2 The expected maturity of undiscounted lease payments is as follows:

	2020	Restated 2019
	------- Rupees in '000 -------	
Not later than one year	416,812	490,703
Later than one year but not later than five years	553,921	965,046
Later than five years	-	-
	970,733	1,455,749
25.2 Lease liability of right of use asset		
Present value of future minimum lease payments	16,507,009	21,676,697
Less: current portion	(104,102)	(313,930)
Non current portion	16,402,907	21,362,767
25.2.1 Movement during the year		
Balance as at January 01	21,676,697	-
Impact of initial application of IFRS 16	-	2,551,819
Additions during the year	237,700	19,315,262
Accretion of interest	2,293,032	2,208,663
Lease contracts modified during the year	(5,038,444)	-
Less: Disposals / terminations	(110,571)	-
Less: Lease rentals paid	(2,551,405)	(2,399,046)
	16,507,009	21,676,697
Less: current portion shown under current liability	(104,102)	(313,930)
Balance as at December 31	16,402,907	21,362,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25.2.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Not later than one year		3,275,310	3,556,145
Later than one year but not later than five years		12,737,470	13,672,682
Later than five years		9,208,332	16,056,880
		25,221,112	33,285,707

26. DEFERRED LIABILITIES

	Note	2020	Restated 2019
HPL gratuity fund	53.1	162,594	286,844

27. TRADE AND OTHER PAYABLES

	Note	2020	Restated 2019
Trade creditors	27.1	20,629,565	32,503,879
Payable to cartage contractors		4,170,668	3,537,674
Advance from customers - unsecured		1,429,004	414,969
Dealers' and customers' security deposits	27.2	475,503	421,407
Sales tax (Payable) / refundable		271,947	-
Accrued liabilities		15,898	9,434
Other liabilities	27.3	13,476,405	20,118,533
		40,468,990	57,005,896

27.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies. In 2019, reclassification from trade creditors to other liabilities of Rs. 11,960 million were made since these do not pertain to the Company's core trading activities.

27.1.1 This includes Rs. 12,712 million (2019: Rs. 29,621 million) amount payable to M/s Vitol Bahrain E.C which is a related party.

This also includes demurrage amounting to Rs. 1,486 million (2019: Rs. 1,660 million) which will be clear upon SBP approval.

27.1.2 The Holding Company and Hascol Terminals Limited (""HTL"") entered into a Term Storage Agreement on May 22, 2018 (""TSA"") for storing and handling of various products by HTL. Summary terms were as follows:

a) On "Take or Pay Contractual Capacity" basis, HPL to use the total storage capacity of HTL
b) Tenor 20 years
c) Throughput rate to be charged in USD.
d) Annual take or pay liability under the TSA.

As at December 31, 2019, the Holding Company's capacity payment obligations under the TSA was Rs. 599 million.

HPL and HTL re-negotiated the TSA through an amendment agreement dated June 22, 2020 ("Revised Agreement 2020") The key points being as follows:

a) Usage of full storage and handling capacity, but
b) Throughput rate changed per month
c) Agreement tenor reduced from twenty (20) to seven (7) years
d) Annual take or pay liability (no forex exposure)

Currently, the Management and Board of Directors of the Holding Company are in the process of revising the agreement to through put basis as to save the huge fixed cost on full capacity utilization.

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. 2.80 million (2019: Rs. 18.50 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 Group.

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27.4 In Other Payables certain main vendors including related parties had outstanding balances aggregating to significant amount that comprised of adjustments of material amounts with no reference to any invoices or purchase orders in the system which needs further reconciliation as to ascertain the accuracy of carrying amount. Any adjustment arising as a result of this will be reflected in subsequent years' financial statements. Refer note 15.1.

Further, Other Payables comprise of significant balances outstanding with various vendors against which outstanding balances are appearing under Advances to Suppliers account (refer note 14). Offsetting of advances against liabilities have not been done in the financial statement for the year ended 31 December 2020 till the time reconciliation is completed.

	2020	Restated 2019
	------- Rupees in '000 -------	
28. UNCLAIMED DIVIDEND		
Balance at beginning of the year	357,792	363,889
Add: dividend for the year	-	-
Less: payments during the year	(530)	(6,097)
Balance at end of the year	357,249	357,792

28.1 This includes Rs. 338.319 million (2019: 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

	Note	2020	2019
		------- Rupees in '000 -------	
29. ACCRUED MARK-UP AND PROFIT			
Long-term financing		389,964	41,201
Short-term borrowings		2,145,438	1,401,836
Liabilities against assets subject to finance lease		3,264	7,574
		2,538,666	1,450,611
30. SHORT-TERM BORROWINGS			
Borrowings from conventional banks - secured			
Habib Bank Limited		2,718,551	4,114,582
Askari Bank Limited		1,148,268	825,456
National Bank of Pakistan		9,907,422	14,511,059
Industrial and Commercial Bank of China		-	166,667
Bank of Punjab		1,999,729	1,702,032
Bank of Khyber		1,826,563	484,388
Samba Bank Limited		977,014	1,022,357
Sindh Bank Limited		395,000	2,343,392
First Women Bank Limited		-	91,996
Summit Bank Limited		492,593	499,963
Habib Metropolitan Bank Limited		3,694,785	985,427
MCB Bank Limited		409,000	481,440
Faysal Bank Limited		2,047,906	2,100,000
United Bank Limited		750,000	79,358
	30.1	26,366,830	29,408,117
Borrowings from Islamic bank - secured			
Meezan Bank Limited		2,286,000	3,156,700
BankIslami Pakistan Limited		840,026	947,000
Al Baraka Bank (Pakistan)		1,781,500	1,205,000
Dubai Islamic Bank Pakistan Limited		778,701	1,400,000
Bank Alfalah Limited		1,001,187	890,000
	30.1	6,687,415	7,598,700
Borrowings from Non Banking Financial Institutions - secured	30.2	-	10,836
		33,054,245	37,017,653

30.1 These facilities were availed from various commercial banks aggregating to Rs. 33,054 million (2019: Rs. 37,007 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1.50% to 20% (2019: 1 months KIBOR plus 1% to 6 months KIBOR plus 7%). These arrangements are secured against hypothecation charge over the Holding Company's present and future current assets with 25% margin.

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This also includes a facility arranged from Faysal Bank Limited in 2019, 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 loans had been obtained amounted to Nil (2019: Rs. 11 million). The rate of mark-up is 3 months KIBOR plus 1.1% (2019: 3 month KIBOR plus 1.1%). These are secured against hypothecation charge over the Holding Company's present and future current assets.

31. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2020	2019
		------- Rupees in '000 -------	
Current portion of long term financing	24	1,433,308	1,137,279
Current portion of liabilities subject to finance lease	25.1	354,787	359,939
Current portion of lease liability of right of use assets	25.2	104,102	313,930
		1,892,197	1,811,148

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Holding Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The legal counsel is hopeful about success of this petition.

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Holding Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application.Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entereing or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Holding Company on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay has been granted to the Holding Company on November 26, 2019 and to be fixed with other cases. The legal counsel is of the view that the Holding Company has a strong defense against tax authorities.

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Holding Company reveals that the Holding Company has under declared sales quantity of MS and HSD, resulting in short payment of Sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Holding Company to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Holding Company submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing the Holding Company's case, Honorable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Holding Company on the basis of impugned Show Cause Notice. The matter is still pending adjudication and in the view of the advisor, the Holding Company has a good arguable case on merits with a chance of favorable outcome.There is no immediate financial liability against the Holding Company.

32.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2020 amounted to Rs 42,486 (2019: Rs 60,710) million of which the amount remaining unutilized as at that date was Rs 3,581 (2019: Rs 3,261) million.

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Holding Company, amounting to Rs. 289 million. (2019: Rs. 3,898 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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			2020	Restated 2019
			------- Rupees in '000 -------	
(iii)	Bank guarantees		894,081	337,026
(iv)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:			
	Property, plant and equipment		4,787,592	4,501,506
(v)	Commitments for rentals of assets under operating lease/ Ijarah :			
	Not later than one year		249,813	259,405
	Later than one year and not later than five years		349,067	616,044
	Later than five years		-	-
			598,879	875,450

33. SALES - NET

		2020	Restated 2019
Sale of petroleum products inclusive of sales tax		135,380,211	181,988,075
Less: sales discount		(1,350,131)	(329,267)
		134,030,080	181,658,808

34. OTHER REVENUE

		2020	Restated 2019
Owned tank lorries - net		530,615	-
Franchise fee		141,793	84,510
Joining fee for petrol pump operators		590	32,500
Non fuel retail and lubricants		204,131	43,354
		877,129	160,364

35. COST OF SALES

		2020	Restated 2019
Opening stock of lubricants, raw and packing materials		504,221	559,603
Raw and packing materials purchased		761,711	1,148,794
Less: closing stock of lubricants, raw and packing materials		(481,789)	(504,221)
Lubricants, raw and packing materials consumed		784,143	1,204,176
Opening stock - fuel		19,012,237	21,719,677
Fuel purchased	35.1	71,932,564	134,949,048
Duties, levies and depreciation	35.2	35,854,470	29,114,312
Less: closing stock - fuel and petrochemical	13	(11,435,267)	(19,012,237)
		115,364,004	166,770,800
		116,148,147	167,974,976

35.1 This includes fuel purchased from local refineries and imports. This also includes loss incurred amounting to Nil (2019: 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.

35.1.1 This also includes shipping cost charged by supplier amounting to Rs. 249.23 (2019: Rs. 408.24) million.

35.2 Duties, levies and depreciation

		2020	Restated 2019
Petroleum development levy	35.2.1	31,126,996	22,364,557
Inland freight equalization margin		3,192,908	3,465,101
Storage and handling charges	35.2.2	271,612	1,219,811
Depreciation on right-of-use asset (Storage & handling)	35.2.2	707,428	807,570
Depreciation on property, plant and equipment		67,404	-
Freight		488,122	1,257,273
		35,854,469	29,114,312

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35.2.1 This includes additional petroleum development levy on direct sales. Expense was overlooked previously resulting in restatements of 2019 published and audited numbers.

35.2.2 Storage charges in the amount of Rs. 2,136 million (2019: Rs. 3,032 million) were reflected in cost of sales prior to application of IFRS-16. Post application of IFRS-16 on depots, depreciation in the amount of Rs. 712 million (2019: Rs. 808 million) is reflected in cost of sales and financing cost in the amount of Rs. 1,967 million (2019: Rs. 1,915 million) is reflected in finance cost.

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
36. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits	37.1	401,909	750,942
Depreciation on property, plant and equipment	7.8	1,569,240	1,287,913
Depreciation on right-of-use asset	8.2	144,544	119,997
Rent, rates and taxes		94,415	86,836
Fuel and power		83,067	150,118
Traveling and conveyance		91,245	171,298
Repairs and maintenance		227,361	206,089
Insurance		177,798	284,854
Commission		59,802	27,131
Advertising and publicity		18,043	187,355
Ujrah payments		27,455	33,075
Royalty		25,420	52,000
Printing, communication and stationery		20,196	23,800
Fees and subscription		15,097	15,624
Owned tank lorries - net		-	226,363
Legal and professional charges		16,012	10,964
		2,971,604	3,634,359
37. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	37.1	612,143	467,833
Fee and subscription		29,874	52,186
Legal and professional charges		98,936	218,685
Traveling and conveyance		35,328	42,420
Insurance		16,144	20,736
Repairs and maintenance		39,625	34,955
Depreciation on right of use assets	8.2	14,035	11,244
Depreciation	7.8	43,327	33,428
Rent, rates and taxes		38,882	18,094
Printing, communication and stationery		18,235	27,183
Advertising and publicity		923	6,803
Fuel and power		9,642	32,183
Donation	37.2	-	3,546
Auditor's remuneration	37.3	7,000	4,854
Amortization	9	2,643	533
Miscellaneous			
		966,737	974,683

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

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
- Gratuity	53.1.4	80,611	80,507
- Contribution to provident fund		20,242	33,032

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37.2 Names of donees to whom donation amount is equivalent or exceeds Rupees 1 million are as follows:

	2020	2019
	------- Rupees in '000 -------	
Layton Rahmatulla Benevolent Trust	-	1,000
Karwan-e-Hayat	-	1,000
Mangla golf club	-	1,000

37.3 Auditor's remuneration

	2020	2019
Statutory audit	3,510	1,825
Certifications	810	753
Shari'ah audit fee	756	700
Half yearly review	624	606
Out of pocket expenses	519	476
Consolidation	356	332
	6,575	4,692
Remuneration for the audit of Subsidiaries		
Statutory audit	400	137
Out of pocket expenses	25	25
	425	162
	7,000	4,854

38. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2020	2019
Provision against doubtful debts	7,371,524	2,099,444
Provision against Long Term investment	-	-
Provision against Long Term Deposit	47	-
	7,371,571	2,099,444

39. OTHER EXPENSES

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
IFEM provisioning		-	297,772
Losses on modification of lease liability		1,943,572	-
Provisioning of Advance to supplier		812,185	3,269,107
Fairvalue change of HBL-TFC		4,988	-
Penalty	39.1	80,539	48,351
		2,841,284	3,615,230

39.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

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40. OTHER INCOME

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Income from financial assets			
Markup/profit on			
- deposit with conventional banks		225,089	380,346
- TFCs		10,382	6,749
- deposit with Islamic banks		17,970	76,694
		253,441	463,789
Income from non-financial assets			
Gain on disposal of operating fixed assets		36,987	31,775
Gain on disposal of ROU assets		17,636	-
Sundries		75	2,883
Income from sale of letter of right		71,453	-
Reversal of slow moving provision		284	-
Reversal of expected credit loss provision	14.4	-	-
Reversal of IFEM provision	17.4	308,269	-
Reversal of lease liability		-	-
Promotional marketing fee		1,241	7,541
Scrap sales		3,504	3,987
Rental income		38,288	3,728
		477,737	49,914
		731,178	513,703

41. FINANCE COST

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Conventional			
Short term borrowings		3,949,894	5,684,020
Letter of credit		244,327	118,243
Long term borrowings		486,371	18,869
Interest cost on lease liability on right of use asset	25.2.1	2,293,032	2,208,663
Discounting charges		292,240	-
Bank charges		58,269	49,299
		7,324,133	8,079,094
Islamic			
Short term borrowings		992,447	1,160,970
Letter of credit		81,442	37,390
Long term borrowings		104,349	70,627
Assets obtained under finance lease		127,253	194,373
Bank charges		19,186	15,825
		1,324,677	1,479,185
		8,648,810	9,558,279

42. TAXATION

	2020	Restated 2019
	------- Rupees in '000 -------	
Current	616,299	1,030,621
Prior period	234,472	-
Deferred	-	(213,010)
	850,771	817,611

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42.1 During the year ended December 31, 2019 and 2020, 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.

43. LOSS PER SHARE - basic and diluted

	2020	Restated 2019
Loss for the year (Rupees in 000)	(25,240,587)	(35,165,562)
Weighted average number of ordinary shares (in thousand)	994,026	377,513
Basic and diluted loss per share (Rupees)	(25.39)	(93.15)

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	---- Rupees in '000 ----					
Director's fee	-	8,493	-	-	19,800	-
Managerial remuneration	37,465	-	220,626	65,983	-	441,997
Cost of living allowance	4,163	-	24,514	6,798	-	49,111
Reimbursement of medical expenses	554	-	5,873	67	8,504	35,378
Bonus	-	-	-	12,000	-	30,392
Retirement benefits	5,354	-	25,695	3,500	-	22,851
	47,535	8,493	276,708	88,348	28,304	579,729
Number of person(s)	1	9	76	1	9	161

44.1 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.

45. 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:

45.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2020	Restated 2019
			------- Rupees in '000 -------	
Shareholding in the Holding Company				
Fossil Energy (Private) Limited - note 45.3	Rendering of services	10.66%	-	19,907
Shareholding by the Holding Company				
Hascol Terminals Limited	Rendering of services	15%	2,002,743	1,954,403
Hascol Terminals Limited	Business support service	15%	16,495	40,739
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	60,379,475	84,883,613
Clover Pakistan Limited - note 45.3	Procurement	N/A	233,715	230,142
Faysal Bank Limited - note 45.3	Rendering of services	N/A	1,624,605	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	16,115	151,482

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45.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2020	Restated 2019
			------- Rupees in '000	-------
Shareholding in the Holding Company				
Fossil Energy (Private) Limited - note 45.3	Rendering of services	10.66%	-	3,475
Shareholding by the Holding Company				
Hascol Terminals Limited	Advance against issue of shares	15%	2,500	40,000
Hascol Terminals Limited	Investments	15%	399,890	384,476
Hascol Terminals Limited	Business support service	15%	-	20,863
Hascol Terminals Limited	Rendering of services	N/A	1,543,003	853,643
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	1,468	1,502
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	12,707,630	29,620,793
Clover Pakistan Limited - note 45.3	Procurement	N/A	115,887	31,610
VOS Petroleum Limited	Rendering of services	N/A	45,862	46,918
Faysal Bank Limited - note 45.3	Rendering of services	N/A	-	1,853,063
Gas & Oil Pakistan Limited	Duty	N/A	61,000	205,000

In addition the above, the Fossil Energy (Pvt) Ltd and Marshal Gas (Pvt) Ltd have issued corporate guarantees in favour of the Holding Company amounting to Rs. 3,714 million each. Refer note 24.1.1 - 24.1.3.

45.3 Fossil Energy (Pvt) Limited, Clover Pakistan Limited and Faysal Bank Limited ceased to be the related party as at December 31, 2020.

46. CASH GENEREATED FROM/ (USED IN) OPERATIONS

	Note	2020	Restated 2019
		------- Rupees in '000	-------
(Loss) / profit before taxation		(24,389,816)	(34,347,951)
Adjustment for:			
Depreciation on property plant and equipment	7.8	1,612,567	1,321,341
Depreciation on right-of-use asset	8.2	866,007	938,811
Amortization	9	2,643	533
(Reversal) / Provision for IFEM	17	(308,269)	297,772
(Reversal)/Provision against slow moving stock	13	(284)	69,542
M2M of short term investment	19	4,988	1,312
ROUA liability reversal	25	1,943,572	-
Provision against Long Term Deposit	12.1	47	-
Provision for doubtful debts	12.4	7,371,524	2,099,444
Exchange loss - unrealized		129,670	70,167
Provision for gratuity	53.1.4	80,611	114,385
Gain on disposal of operating fixed assets	40	(36,987)	(31,775)
Markup/profit on bank deposits	40	(324,894)	(460,743)
Markup charged on lease liability	41	2,293,032	2,208,663
Finance cost	41	6,355,778	7,349,616
Changes in working capital	46.1	(7,932,102)	18,733,092
Cash generated from/ (used in) operations		(12,331,913)	(1,635,792)

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46.1 Changes in working capital

	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Decrease / (increase) in current assets			
Stock-in-trade		7,599,687	2,693,280
Trade debts		1,957,916	296,492
Advances		(358,850)	1,978,734
Deposits, prepayments and other receivables		(38,944)	62,233
Other receivables		(525,306)	111,786
		8,634,503	5,142,525
Increase in current liabilities			
Trade and other payables		(16,566,605)	13,590,567
Changes in working capital		(7,932,102)	18,733,092

47. CASH AND CASH EQUIVALENTS

	Note	2020	Restated 2019
Cash and bank balances	20	3,301,861	13,909,964
Less: Term deposit receipts		-	-
		3,301,861	13,909,964
Short-term borrowings	29	(33,054,245)	(37,017,653)
Add: Commercial paper		-	-
		(33,054,245)	(37,017,653)
		(29,752,384)	(23,107,689)

48. OPERATING SEGMENTS

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

- Sales from petroleum products represents 99.14% (2019: 99.14%) of total revenues of the Group.
- Out of total sales of the Group 99.54% (2019: 98.7%) related to customers in Pakistan.
- All non-current assets of the Group as at 31 December, 2020 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 18.95% during the year ended December 31, 2020 (2019: 34.31%).

49. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	Note	2020	Restated 2019
		------- Rupees in '000 -------	
Fair value through other comprehensive income			
Long term investments	10	-	904,780
Fair value through profit or loss			
Short term investments	19	98,700	103,688
At cost			
Long term investments	10	404,881	427,001
At amortized cost			
Deposits	16 & 12	578,550	595,476
Trade debts	14	1,826,859	11,156,299
Other receivables	17	4,361,495	3,666,941
Accrued mark-up and profit	18	13,118	114,159
Cash and bank balances	20	3,301,861	13,909,964
		10,081,883	29,442,839
Total financial assets		10,486,764	30,774,620

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	2020	Restated 2019
	------- Rupees in '000 -------	
Financial liabilities as per statement of financial position		
At amortized cost		
Long-term financing	13,747,672	2,727,817
Unclaimed dividend	357,249	357,792
Trade and other payables	39,039,986	56,590,927
Accrued mark-up and profit	2,538,666	1,450,611
Short-term borrowings	33,054,245	37,017,653
Total financial liabilities	88,737,818	98,144,800

50. 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:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	------------------------ Rupees in '000 ------------------------			
Financial assets				
Long term investments	404,881	404,881	1,331,781	1,331,781
Deposits	578,550	578,550	595,476	595,476
Trade debts	1,826,859	1,826,859	11,156,299	11,156,299
Other receivables	4,361,495	4,361,495	3,666,941	3,666,941
Short term investment	98,700	98,700	103,688	103,688
Accrued mark-up and profit	13,118	13,118	114,159	114,159
Cash and bank balances	3,301,861	3,301,861	13,909,964	13,909,964
	10,585,464	10,585,464	30,878,308	30,878,308
Financial liabilities				
Long-term financing	13,747,672	13,747,672	2,727,817	2,727,817
Unclaimed dividend	357,249	357,249	357,792	357,792
Trade and other payables	39,039,986	39,039,986	56,590,927	56,590,927
Accrued mark-up and profit	2,538,666	2,538,666	1,450,611	1,450,611
Short-term borrowings	33,054,245	33,054,245	37,017,653	37,017,653
	88,737,818	88,737,818	98,144,800	98,144,800

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.

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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 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.

c) Financial assets

	2020				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees in '000				
Long term investments-FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	404,881	-	-	404,881	404,881
Total	**503,581**	**98,700**	**-**	**404,881**	**503,581**

	2019				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Long term investments - FVTOCI	904,780	904,780	-	-	904,780
Short term investments	103,688	103,688	-	-	103,688
Long term investments at cost	427,001	-	-	427,001	427,001
Total	1,435,469	1,008,468	-	427,001	1,435,469

d) Non-financial assets

	2020				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees in '000				
Building on lease hold land					
- Office and depots building	4,636,689	-	-	4,636,689	4,636,689
- Pump building	3,634,811	-	-	3,634,811	3,634,811
Tanks and pipelines	4,152,606	-	-	4,152,606	4,152,606
Dispensing pumps	1,139,463	-	-	1,139,463	1,139,463
Plant and machinery	1,046,594	-	-	1,046,594	1,046,594
Electrical, mechanical and fire fighting equipment	2,415,006	-	-	2,415,006	2,415,006
Furniture, office equipment and other assets	226,951	-	-	226,951	226,951
Computer auxiliaries	43,375	-	-	43,375	43,375
	17,295,495	**-**	**-**	**17,295,495**	**17,295,495**

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	2019 Restated				
	Carrying value	Level 1	Level 2	Level 3	Total
	----------------------------------	Rupees in '000	----------------------------------		
Building on lease hold land					
- Office and depots building	4,425,567	-	-	4,425,567	4,425,567
- Pump building	3,649,113	-	-	3,649,113	3,649,113
Tanks and pipelines	4,041,053	-	-	4,041,053	4,041,053
Dispensing pumps	1,047,799	-	-	1,047,799	1,047,799
Plant and machinery	362,996	-	-	362,996	362,996
Electrical, mechanical and fire fighting equipment	2,344,286	-	-	2,344,286	2,344,286
Furniture, office equipment and other assets	279,572	-	-	279,572	279,572
Computer auxiliaries	73,243	-	-	73,243	73,243
	16,223,629	-	-	16,223,629	16,223,629

51. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group is exposed to the following risks from its use of financial instruments:	Note
- Market risk	51.1.1
- Credit risk and concentration of credit risk	51.1.2
- Liquidity risk	51.1.3

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 Company's management of capital.

51.1 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 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 Group's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Group.

51.1.1 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 129.038 million (2019: USD 224.043 million) having PKR equivalent amount of Rs. 20,616.89 million (2019: Rs. 34,738.52 million). The average rates applied during the year is Rs. 157.4132 per USD (2019: Rs. 146.87 per USD) and the spot rate as at December 31, 2020 is Rs. 159.7734 per USD (2019: Rs. 155.0529 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. 1,443.59 million (2019: Rs. 2,208.94 million) during the year.

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Sensitivity analysis

As at December 31, 2020, 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. 1,030.85 million (2019: Rs. 1,736.93 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.

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, 2020	**(63,558)**	**63,558**	**(45,126)**	**45,126**
As at December 31, 2019 (Restated)	(75,173)	75,173	(53,373)	53,373

	2020							
	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								
Long term investments	-	-	-	-	404,881	-	404,881	404,881
Deposits	-	-	-	-	85,850	492,700	578,550	578,550
Trade debts	-	-	-	-	1,826,859	-	1,826,859	1,826,859
Other receivables	-	-	-	-	4,361,495	-	4,361,495	4,361,495
Accrued mark-up and profit	-	-	-	-	13,118	-	13,118	13,118
Short term investments	8.85-15.15	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	2.83-11.5	2,540,337	-	2,540,337	761,524	-	761,524	3,301,861
		2,639,037	-	2,639,037	7,453,727	492,700	7,946,427	10,585,464
Financial liabilities								
Long term finances	14.06-16.06	1,433,308	12,314,364	13,747,672	-	-	-	13,747,672
Unclaimed dividend	-	-	-	-	357,249	-	357,249	357,249
Trade and other payables	-	-	-	-	39,039,986	-	39,039,986	39,039,986
Accrued mark-up and profit	-	-	-	-	2,538,666	-	2,538,666	2,538,666
Short-term borrowings	14.16-20.0	33,054,245	-	33,054,245	-	-	-	33,054,245
		34,487,553	12,314,364	46,801,917	41,935,901	-	41,935,901	88,737,818
On financial position gap		(31,848,516)	(12,314,364)	(44,162,880)	(34,482,174)	492,700	(33,989,474)	(78,152,354)

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	2019 (Restated)							
	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								
Long term investments	-	-	-	-	1,331,781	-	1,331,781	1,331,781
Deposits	-	-	-	-	10,410	585,066	595,476	595,476
Trade debts	-	-	-	-	11,156,299	-	11,156,299	11,156,299
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	7.39-9.12	12,881,919	-	12,881,919	1,028,045	-	1,028,045	13,909,964
		12,985,607	-	12,985,607	17,307,635	585,066	17,892,701	30,878,308
Financial liabilities								
Long term finances	7.95-10.15	1,137,279	1,590,538	2,727,817	-	-	-	2,727,817
Unclaimed dividend	-	-	-	-	357,792	-	357,792	357,792
Trade and other payables	-	-	-	-	56,590,927	-	56,590,927	56,590,927
Accrued mark-up and profit	-	-	-	-	1,450,611	-	1,450,611	1,450,611
Short-term borrowings	7.39-9.12	37,017,653	-	37,017,653	-	-	-	37,017,653
		38,154,932	1,590,538	39,745,470	58,399,330	-	58,399,330	98,144,800
On financial position gap		(25,169,325)	(1,590,538)	(26,759,863)	(41,091,695)	585,066	(40,506,629)	(67,266,492)

(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 Nil (2019: Rs. 904.78 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, 2020 and 2019 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.

	Fair value	Hypothetical price change at 30%	Estimated fair value hypo-thetical after change in price	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss)
	Rupees in '000				
2020	-	**Increase**	-	-	-
	-	**Decrease**	-	-	-
2019	904,780	Increase	1,176,214	271,434	271,434
	-	Decrease	633,346	(271,434)	(271,434)

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51.1.2 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:

	2020	Restated 2019
	------- Rupees in '000 -------	
Long term investments	401,358	1,290,758
Deposits	578,550	595,476
Trade debts - unsecured	1,807,984	3,143,090
Other receivables	3,311,712	2,308,889
Accrued mark-up and profit	13,118	114,159
Short term investments	98,700	103,688
Bank balances	3,301,861	13,909,964
	9,513,283	21,466,024

	2020		2019 - Restated	
	Gross	Impaired	Gross	Impaired
Aging analysis of trade debts:	----------------------- Rupees in '000		-----------------------	
Past due 1-30 days	1,175,737	864	7,979,368	4,621
Past due 31-90 days	257,812	65,101	3,836,506	1,497,460
Past due 91-180 days	877,814	818,768	305,734	9,127
Past due 181-365 days	8,182,948	8,174,354	892,209	351,260
Over 1 year	1,006,400	614,765	444,810	439,860
	11,500,711	9,673,852	13,458,627	2,302,328

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:

	Rating agency	Short term	Long term
Islamic Banks			
Al Baraka Bank Pakistan Limited	PACRA	A1	A
Bank Islami Pakistan Limited	PACRA	A+	A1
Meezan Bank Limited	JCR- VIS	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A1+	AA
Conventional banks			
Industrial and Commercial Bank of China	Moody's		
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	PACRA	A1	A
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1	A
National Bank of Pakistan	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A1+	AA
SAMBA Bank Limited	JCR- VIS	A1	AA
Silk Bank Limited	JCR- VIS	A2	A-
Sindh Bank Limited	JCR- VIS	A+	A1
Summit Bank Limited	JCR- VIS		Suspended
United Bank Limited	JCR- VIS	A1+	AAA
Pak China Investment Company Limited	JCR- VIS	A1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

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51.1.3 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 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 Group's financial liabilities have contractual maturities as summarized below:

	2020		
	Within one year	Over one year	Total
	------- Rupees in '000 -------		
Long term finances	12,314,364	1,433,308	13,747,672
Trade and other payable	39,039,986	-	39,039,986
Unclaimed dividend	357,249	-	357,249
Mark-up accrued	2,538,666	-	2,538,666
Short-term borrowings	33,054,245	-	33,054,245
	87,304,510	1,433,308	88,737,818

	2019 (Restated)		
	Within one year	Over one year	Total
	------- Rupees in '000 -------		
Long term finances	1,590,538	1,137,279	2,727,817
Trade and other payables	56,590,927	-	56,590,927
Accrued mark-up and profit	1,450,611	-	1,450,611
Unclaimed dividend	357,792	-	357,792
Short-term borrowings	37,017,653	-	37,017,653
	97,007,521	1,137,279	98,144,800

51.1.4 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 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 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.

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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The COVID-19 pandemic produced substantial and unprecedented economic and social disruptions starting March 2020. This circumstance caused numerous business and financial issues in Pakistan. The lockdown, however, excluded companies involved in the purchase, storage, and selling of petroleum and related products from operating in strict accordance with mandatory Standard Operating Procedures (SOPs). The Group's sales, storage and business offices have thus continued to operate. However, COVID-19 has predominantly harmed the Group due to extraordinary global oil price instability, massive inventory write-downs to NRV, and a dramatic fall in sales demand.

52. 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	2020	Restated 2019
		------- Rupees in '000 -------	
Total interest bearing debt		47,533,464	40,830,512
Trade and other payables		39,039,986	56,590,927
Accrued mark-up and profit	28	2,538,666	1,450,611
Less: cash and bank balances	19	(3,301,861)	(13,909,964)
Deficit of net cash over debt/ net debt		85,810,255	84,962,086
Total shareholders' deficit		(46,726,790)	(23,609,831)
Net equity		39,083,465	61,352,255
Gearing ratio		219.56%	138.48%

53. STAFF RETIREMENT BENEFITS

	Note	2020	2019
HPL gratuity fund	53.1	162,594	286,844
HPL provident fund	53.2	-	-

53.1 The Group operates an approved gratuity fund for its 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 fund are 222 (2019: 271).

53.1.1 Movement in liability recognized in consolidated statement of financial position

	Note	2020	2019
		------- Rupees in '000 -------	
Present value of defined benefit obligations		163,158	286,844
Fair value of plan assets		(564)	-
Statement of financial position liability		162,594	286,844

53.1.2 Movement in liability recognized in consolidated statement of financial position

	Note	2020	2019
Net liability as at Jan. 01		286,844	250,593
Expense recognized in statement of profit or loss	53.1.4	80,611	114,385
Contributions made during the year		(130,605)	(19,657)
Remeasurement loss recognized in statement of other comprehensive income	53.1.5	(73,693)	(58,477)
Net liability as at Dec. 31		163,158	286,844

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		2020	2019
		------- Rupees in '000 -------	
53.1.3	**Movement in present value of the defined benefit obligation**		
	Present value of defined obligation as at January 01	286,844	250,593
	Current service cost	46,898	80,507
	Interest cost	33,714	33,878
	Benefits paid	(130,605)	(19,657)
		236,851	345,321
	Remeasurement gain	(73,693)	(58,477)
	Present value of defined obligation as at Dec. 31	163,158	286,844
53.1.4	**Movement in fair value of plan assets**		
	Fair value of plan assets at beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions made by the Holding company	73,193	-
	Benefits paid during the year	(31,023)	-
	Benefits payable from the fund during the year	(41,697)	-
	Remearsurements: Actuarial Gain	91	-
	Fair value of plan assets at end of the year	564	-
53.1.4	**Expense recognized in the consolidated statement of profit or loss account**		
	Current service cost	46,898	80,507
	Interest cost	33,714	33,878
		80,611	114,385
53.1.5	**Remeasurement recognized in consolidated statement of comprehensive income**		
	Gain on remeasurement of defined benefit obligation	(73,784)	(58,477)
	Impact of deferred tax	21,397	16,959
		(52,386)	(41,518)
53.1.6	**Analysis of present value of defined benefit obligation**		
	Split by vested / non - vested		
	(i) Vested benefits	118,228	217,786
	(ii) Non-vested benefits	45,091	69,058
	Split by benefits earned to date		
	(i) Present value of guaranteed benefits	66,219	123,526
	(ii) Present value of benefits attributable to future salary increase	97,100	163,318
	Expected distribution of timing of benefit payments time in years		
	Within first year from the end of financial year	14,981	10,877
	Within second years from the end of financial year	8,734	44,252
	Within third years from the end of financial year	13,618	19,958
	Within fourth years from the end of financial year	12,016	22,617
	Within five years from the end of financial year	47,060	157,447
	Within six to ten years from the end of financial year	188,274	251,213
	Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
	Discount rate +1%	147,747	261,899
	Discount rate -1%	181,626	312,440
	Expected rate of salary increase +1%	182,269	313,533
	Expected rate of salary increase -1%	146,944	260,564
	Maturity profile of present value of defined benefit obligation		
	Weighted average duration of the present value of defined benefit obligation (time in years)	10.75	8.85
	Key statistics		
	Average age (time in years)	38.90	43.07
	Average service (time in years)	4.56	6.43
	Average entry age (time in years)	34.34	36.64
	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).

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FOR THE YEAR ENDED DECEMBER 31, 2020

53.1.7 Historical information of staff retirement benefits

	2020	2019	2018	2017	2016
Present value of gratuity	162,594	286,844	250,593	188,825	135,791

53.1.8 The expected gratuity expense for the year ending December 31, 2020 works out to be Rs. 80.611 million.

53.1.9 Actuarial assumptions

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

	2020	2019
	--------- Percentage ---------	
- Expected long-term rate of increase in salary level	10.25	11.25
- Discount rate	10.25	11.25

53.2 The Group operates approved provident fund for its eligible employees as of 31 December, 2020. Details of assets and investments of the fund is as follows:

	Note	2020 Unaudited	2019 Unaudited
Size of fund - total net assets (Rupees in '000)		148,447	161,206
Number of members		201	294
Cost of investments made (Rupees in '000)		155,109	165,564
Percentage of investments made		100%	100%
Fair value of investments (Rupees in '000)	52.1	150,796	163,473

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

	2020 Unaudited		2019 Unaudited	
	Investments (Rs in '000)	Percentage of investment	Investments (Rs in '000)	Percentage of investment
Saving bank accounts	25,109	17	35,564	22
Regular income certificates	20,836	14	19,716	9
Term finance certificate	89,300	59	93,813	59
Mutual fund	15,552	10	14,381	9
	150,796	100	163,473	100

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

54. 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 12 and 17.
(iii)	Segment revenue	Disclosed in note 48.
(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 40.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Disclosed in statement of other comprehensive income.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 33, 34 and 40.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 41.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Group 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

55. COMPARATIVE FIGUERS

Items presented in these consolidated statement of financial position as at December 31, 2019 have been reclassified to confirm to current year's presentation and for detail refer note 4.

56. SUBSEQUENT EVENTS

56.1 On February 23, 2021, the members of the Holding Company have approved the increase in authorized share capital from 1 billion ordinary shares to 5 billion ordinary shares.

56.2 The Commission under its powers referred to in section 257 of the Companies Act, 2017 has appointed an inspector for inspection of the Holding Companys books of account.

56.3 Post public notice regarding fake purchase orders (PO's), Federal Investigation Agency (FIA) has started an inquiry in this regards.

57. NUMBER OF EMPLOYEES

	2020	2019
Total number of employees as at year end	393	700
Average number of employees during the year	521	886

58. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 15 November 2021 by the Board of Directors of the Group Company.

Chief Executive Officer	Chief Financial Officer	Director

FORM OF PROXY
19TH ANNUAL GENERAL MEETING

The Company Secretary
Hascol Petroleum Limited
29th Floor, Sky Tower, West Wing (Tower A),
Dolmen City, Abdul Sattar Edhi Avenue, Block-4,
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 Annual General Meeting of the Company to be held on **Tuesday, 7th December 2021,** and at any adjournment thereof.

As witness my / our hands / seal this ________ day of _______________________ 2021.

Affix
Rs. 5/-
Revenue
Stamp

Witness No.1

Name _____________________
Address _____________________
____
CNIC or Passport No. _____________________

Signature

____
(Signature should agree with the specimen signature registered with the Company)

Witness No.2

Name _____________________
Address _____________________
____
CNIC or Passport No. _____________________

Important

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, 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 indicatedabove; 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 foll owing requirements have to be met:

i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shalbe 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 / heroriginal 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

انسویں سالانہ جنرل میٹنگ

کمپنی سیکریٹری

ہیسکول پیٹرولیم لمیٹڈ

29ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)

ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4

کلفٹن کراچی

میں ر ہم ---------------- ------- -------------------- کا ----------------------- ہیسکول پیٹرولیم لمیٹڈ کا ممبر اور اور ہولڈر --عام شیئرز بمطابق شیئر رجسٹر فولیو نمبر--------------اور سی ڈی سی میں شریک آئی ڈی نمبر اور سب اکاؤنٹ نمبر ر آئی اے ایس اکاؤنٹ نمبر--------------کے ذریعے تقرری-------------کا--------------اسے نا کام کرنے والا ر والی-------------------------کا--------------بطور میری ر ہماری غیر موجودگی میں میرے ر ہماری پراکسی کی سالانہ جنرل میٹنگ میں میری/ہماری طرف سے ووٹ دیں جو کہ منگل 7 دسمبر 2021 کو منعقد کی جا رہی ہے۔

بطور گواہ میرے/ہمارے ہاتھ/اس پر مہر لگائیں------دن-----------2021۔

گواہ نمبر (۱)

نام:--------------------------

پتہ:--------------------------

شناختی کارڈ یا پاسپورٹ نمبر-----------

دستخط

دستخط کمپنی کے ساتھ رجسٹرڈ

نمونہ دستخط سے متفق ہونا چاہیے

چسپاں کریں

5 روپے

ریونیو اسٹامپ

گواہ نمبر (۲)

نام:--------------------------

پتہ:--------------------------

شناختی کارڈ یا پاسپورٹ نمبر-----------

ضروری احکامات

۱۔ یہ پراکسی فارم صحیح طریقے سے مکمل ہو کر دستخط کے ساتھ کمپنی کے رجسٹر آفس 29ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4 کلفٹن کراچی میں موصول ہونا چاہے، مزید یہ کہ مندرجہ بالا فارم میٹنگ سے 48 گھنٹے قبل موجود ہونا چاہیے۔

۲۔ ممبران سے درخواست ہے۔

(ا) مندرجہ بالا دیئے گئے خانے میں 5 روپے والا ریونیو اسٹامپ چسپاں کریں۔

(ب) ریونیو اسٹامپ کے ساتھ دی گئی جگہ پر اپنے دستخط کریں، دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز ر کارپوریٹ ادارے

مذکورہ بالا احکامات کے علاوہ درج ذیل تقاضوں کو بھی پورا کرنا لازمی ہوگا

۱۔ پراکسی فارم پر دو گواہان کا ہونا لازمی ہوگا جن کے دستخط، نام، پتہ، شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج کیے جائیں گے۔

۲۔ مالک انتفاعی کی تصدیق شدہ شناختی کارڈ ر پاسپورٹ کی کاپی فارم کے ساتھ منسلک ہونا لازمی ہیں۔

۳۔ میٹنگ کے وقت پراکسی اپنا اصل شناختی کارڈ ر پاسپورٹ پیش کرنے کا پابند ہوگا ر ہوگی۔

۴۔ کارپوریٹ اداروں کو اپنے بورڈ آف ڈائریکٹرز کی میٹنگ کے متعلقہ قرارداد کی تصدیق شدہ کاپی یا پاور آف اٹارنی جس میں امیدار کے دستخط میٹنگ کے وقت کے ساتھ موجود ہوں پیش کرنا لازمی ہوگی۔

Hascol Petroleum Limited
29th Floor, Sky Tower, West Wing (Tower A), Dolmen City,
Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi.