PAKISTAN STATE OIL COMPANY LIMITED
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THE GRAND JOURNEY CONTINUES

ANNUAL REPORT 18'

THE GRAND JOURNEY CONTINUES

As a dynamic company, PSO is always on the move. Whether we talk about trade, industry, agriculture, or any other sector, the purpose of our journey is to keep Pakistan's journey going. And when one is connected to as many lives as we are, the journeys of our customers never stop. And neither do we.

TABLE OF CONTENTS

ABOUT THE REPORT

The Integrated Annual Report 2018 provides a comprehensive overview of financial performance and sustainability of the Company, while highlighting links between the external & internal environment, company strategy, business model, integrated risk management and corporate governance system at Pakistan State Oil Company Limited (PSO). The report explains in detail how PSO is creating value, as we believe that the stakeholders should be well informed about the Company and its developments. The financial statements comply with the International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and provisions of and directives issued under this Act.

To present a more detailed picture about the Company, PSO initiated integrated reporting in 2016, which is continued this year as well. The integrated reporting model is continued since it builds a thorough understanding about the Company, its business, the value created, strategies, opportunities and risks, business model, governance and performance against the strategic objectives in a clear, concise and integrated manner that also gives the stakeholders a holistic view of the Company and its prospects.

This report applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process. This form of reporting improves the quality of information by covering different forms of capitals (Financial Capital, Infrastructure Capital, Human Capital, Natural Capital and Social and Relationship Capital).

The online version of this report is available on PSO's corporate website and may be accessed at the following link:
http://www.psopk.com/en/investors/results-reporting/financial-reports

We wish you a pleasant read.

MD & CEO'S MESSAGE

We are glad to bid adieu to yet another successful fiscal year, of growth, innovation and transformation at Pakistan State Oil (PSO). During the year in review, the Company successfully maintained its leadership position in the oil sector as a National oil marketing Company, and on the top of it set scores of higher benchmarks and precedents for the industry. The Company, while keeping in view the ever changing business environment, continued to embrace an end to end transformation at various departmental levels. The objective of this continued transformation is to drive long term sustainable growth and development of the Company.

PSO's strategic ambition to foster internal strength and efficacy is aimed at enhancing its capability to serve its customers at par with the best standards as well as to make up for their evolving needs vis-à-vis the fast paced transformation in the industry. PSO moved swiftly to strengthen its non-fuel retail operations by revamping and diversifying its flagship convenience stores, besides increasing the number of ATMs and branchless banking outlets at PSO retail stations nationwide. These services create immense value for our valued customers and the society and are set to drive a considerable portion of the country's economy in the near future.

At the core business front, PSO continued its supremacy with 50 percent share in National fuel industry. The Company's supply chain functioned seamlessly to ensure uninterrupted and timely supply of fuel across the country, even in the face of highly challenging circumstances.

PSO introduced revolutionary initiatives in its fuel transportation system to ensure that it keeps up with the nationwide demand. The Company forged alliances with international leading brands to transform its fuel transportation fleet by introducing tank lorries complying with highest quality and safety standards. The move will not only facilitate safe and secure transportation of fuels across the country but also reduce road accidents taking heavy toll on precious life and property. In addition, PSO continues to implement stringent health and safety measures across all retail outlets, depots and other installations to mitigate risk. The staff is trained in emergency handling, first aid and firefighting to ensure safety of employees and customers around PSO premises.

The Company's Retail, Lubricant and Commercial Fuels businesses also posted healthy growth with handsome increase in the numbers of customers and penetration into new segments. The Company maintained its position as the largest importer of LNG in Pakistan, importing six cargoes on monthly basis which cumulate to 600 MMCFD.

Strengthening its high quality fuels portfolio, PSO replaced its RON 95 fuel with RON 97 fuel to exceed customers' expectations in convenient, comfortable and 'knock-free' driving experience.

PSO enhanced its role in Aviation Fuels manifold by launching a state of the art refueling station at the New Islamabad International Airport (NIIAP) in collaboration with another OMC. The new station through its various industry-first-facilities and ground breaking technology extends fueling facilities to all carriers at par with global standards.

Going forward, the Company aims to take its quest for transformation into the new fiscal year in order to remain abreast with the evolving expectations and needs of the industry. We will continue to innovate, optimize and enhance our fuel quality, services and infrastructure to exceed our customers' expectations. PSO will further strengthen its non-fuel retail footprint by extending the auxiliary services to more retail stations. It will not only create value for the customers and the society but also generate a consistent alternative revenue stream for the Company.

We express our sincere gratitude to all our employees, stakeholders and partners for their contributions and incessant support. We also take this opportunity to thank the Government of Pakistan, especially Ministry of Energy, Petroleum Division for their continuous support and guidance.

VISION, MISSION AND VALUES

OUR VISION

To excel in delivering value to customers as an innovative and dynamic energy company that gets to the future first.

OUR MISSION

We are committed to leadership in energy market through competitive advantage in providing the highest quality petroleum products and services to our customers, based on:

- Professionally trained, high quality, motivated workforce, working as a team in an environment which recognizes and rewards performance, innovation and creativity, and provides for personal growth and development.
- Lowest cost operations and assured access to long-term and cost effective supply sources.
- Sustained growth in earnings in real terms.
- Highly ethical, safe, environment friendly and socially responsible business practices.

OUR VALUES

- **Excellence**
  We believe that excellence in our core activities emerges from a passion for satisfying our customers' needs in terms of total quality management. Our foremost goal is to retain our corporate leadership.
- **Cohesiveness**
  We endeavor to achieve higher collective and individual goals through teamwork. This is inculcated in the organization through effective communication.
- **Respect**
  We are an Equal Opportunity Employer attracting and recruiting the finest people from around the country. We value contributions of individuals and teams. Individual contributions are recognized through our reward and recognition program.
- **Integrity**
  We uphold our values and Business Ethics principles in every action and decision. Professional and personal honesty, dedication and commitment are the landmarks of our success. Open and transparent business practices are based on ethical values and respect for employees, communities and the environment.
- **Innovation**
  We are committed to continuous improvement, both in New Product and Processes as well as those existing already. We encourage Creative Ideas from all stakeholders.
- **Corporate Responsibility**
  We promote Health, Safety and Environment culture both internally and externally. We emphasize on Community Development and aspire to make society a better place to live in.

CODE OF CONDUCT

In compliance with the Code of Corporate Governance and to maintain highly ethical, socially responsible and environment friendly business practices, PSO introduced "Business Principles & Ethics Policy" in January 2004.

The Company's strength and reputation depends on its member's individual and collective conscious effort to shun all forms of unacceptable behavior/misconduct including but not limited to:

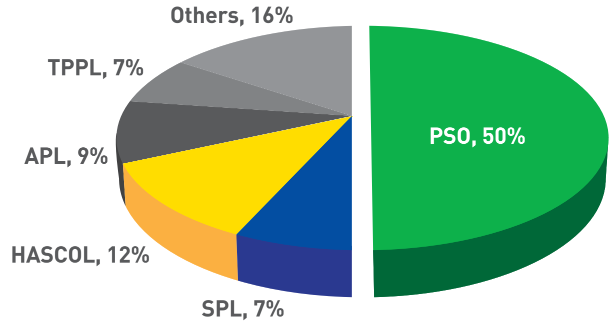
1. Habitual lack of punctuality
2. Unauthorized / Habitual absenteeism
3. Unsatisfactory / negligent performance
4. Smoking at any PSO locations / offices
5. Breaking of safety regulations / HSE Standards / Policies
6. Breach of privacy and / or trust
7. Misusing confidential information / records
8. Falsification of records
9. Offering / Accepting Bribes / Gifts
10. Intentional damage to Company / individual property
11. Reporting on duty drunk, drugged or intoxicated
12. Activities bringing disrepute to Company
13. Use or possession of arms, explosives, alcohol and drugs
14. Negligence causing loss to Company's property(s)
15. Submission of fake / forged testimonial(s) / document(s) at the time or during the course of employment
16. Bullying/intimidation / uncalled for behaviour / mental and gender harassment
17. Giving illegal / unreasonable direction to others / Misuse of Authority
18. Using influence or external pressure in Company Affairs
19. Conduct that violates decency and morality
20. Theft of any of the properties / assets in / from PSO locations / offices
21. Habitual resting / sleeping in office timings
22. Violation of Policies / SOPs
23. Discrimination on basis of caste, creed, religion & gender
24. Undue patronage / Nepotism (Favouritism)
25. Using office timings for personal use
26. Mishandling / misusing Company resources and property
27. Involvement in Criminal activity within PSO locations / offices
28. Inappropriate public comment and / or rumour mongering
29. Insubordination / Failure to obey legitimate instructions
30. Non-disclosure of conflict of interest
31. Misappropriation / misrepresentation of facts, Fraud / Financial embezzlement
32. Causing injury to person(s) / loss of life (a) deliberately and / or (b) due to negligence

COMPANY PROFILE

Since 1976, with a vision of delivering value to the customers, Pakistan State Oil Company Limited (PSO) is serving the nation as an innovative and dynamic company. The Company is primarily engaged in the import, storage, and marketing of petroleum products. As the largest oil marketing company in Pakistan with 50% market share in liquid fuel sales and the largest liquid fuel storage in the country, PSO ensures that the country stays energized.

PSO holds a **strong product / brands** portfolio which includes Motor Gasoline (MoGas) by the brand name of "Altron Premium" and "Altron X 97", High Speed Diesel (HSD) that is widely available on PSO retail outlets by the brand name of "Action +", Furnace Oil (FO), Jet Fuel (JP1), Kerosene, CNG, LPG, Petrochemicals and Lubricants with brands for each segment, "Blaze" for Motorcycle, "Carient" for Motor Cars and "DEO" for Diesel Engine vehicles. In addition, the Company is establishing a strong presence in the non-fuel retail segment with a wide network of convenience stores with the brand name of "Shop Stop" and other associated services.

Liquid Fuel Market Share FY2018



Source: OCAC data of FY18

With 3,514 outlets across Pakistan, PSO has the largest distribution network through which it serves its esteemed Retail and Bulk customers. Out of the total of 3,514 outlets, 1,700+ Retail and 160+ Consumer Business outlets have been upgraded with the state-of-the-art modern-day facilities in accordance with the New Vision Retail Initiative. In addition, 25 Company Owned and Company Operated (Co-Co) sites provide exemplary products and services presenting a customer centric image of the Company. With presence at 9 major airports and over 80% of market share in Jet Fuel market, PSO proves to be the backbone of the aviation industry of Pakistan. The Company possesses country's largest storage capacity which spreads across the country with 9 installations and 23 depots to back the largest Retail network.

INFRASTRUCTURE

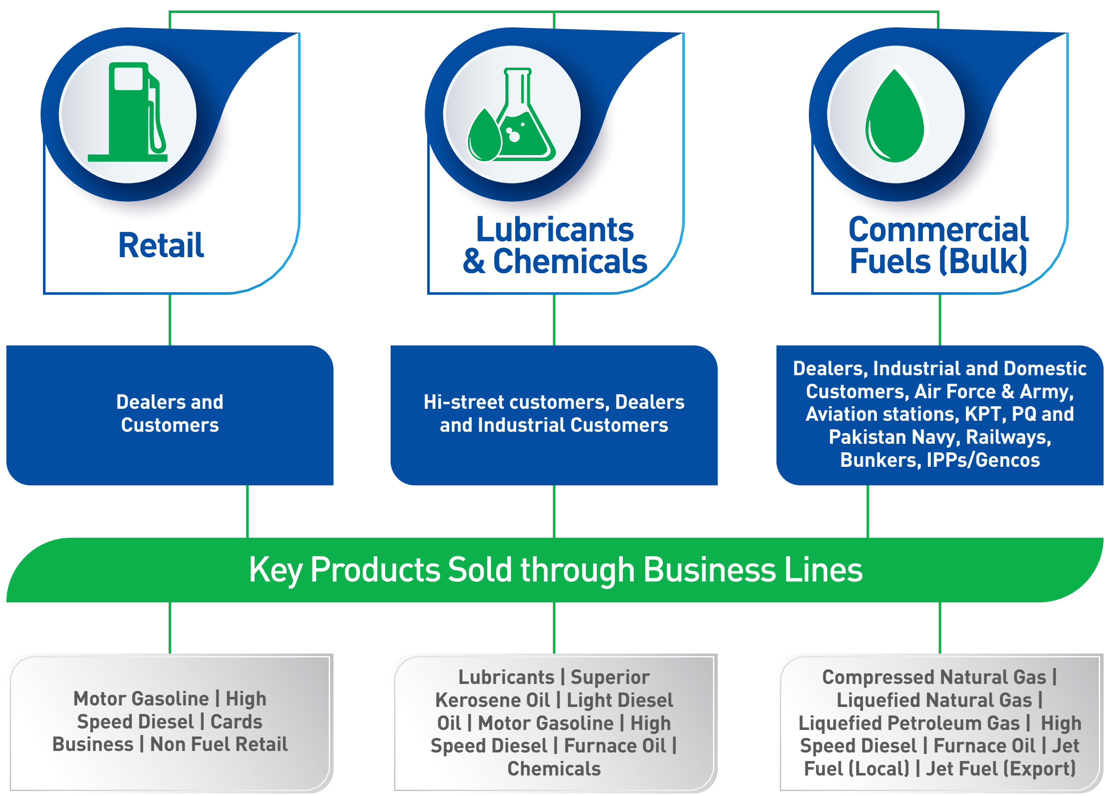
- 3514 retail outlets spread across Pakistan and 25 company operated company owned retail outlets
- Non Fuel related facilities at retail outlets including C-stores, ATMs, Branchless Banking, Oil Change, Lubricants, Car Wash, Tyre Air Pressure Shops, QSR (Quick Service Restaurants)
- Over 200 Shop Stops at retail outlets with 13 upgraded to state of the art design and facility along with Shop in Shop
- 2 Lubricant Manufacturing Facilities with Blending Capacity of 70 KMTs / single shift operation per annum
- Around 51% of the nation's total working storage capacity (around 794 KMTs)
- 450 Cartage contractors with a fleet of 7,940 tank lorries out of which 190 are NHA / OGRA compliant.
- Network of 262 CNG facilities in more than 34 cities
- Nationwide acceptability of chip based secure cards over 1200 retail outlets
- ISO certified Mobile Quality Testing Units to ensure high quality standard fuel to customers

Health and safety of internal as well as external stakeholders are taken as core corporate objective. A healthy and safe working environment is thus reinforced at all levels in the Company. It's the Company's policy to perform work in the safest possible manner, contest with the best industry practices while adhering to the requirements of health and safety codes and practices. The Company's Health, Safety and Environment (HSE) Steering Committee monitors ongoing HSE compliance with complete participation from all departments.

To ensure round the clock customer satisfaction, Customer Service Centre efficiently handles all queries and suggestions of the customers and dealers. To keep stakeholders abreast, PSO has a comprehensive website (www.psopk.com) that provide Company news and information.

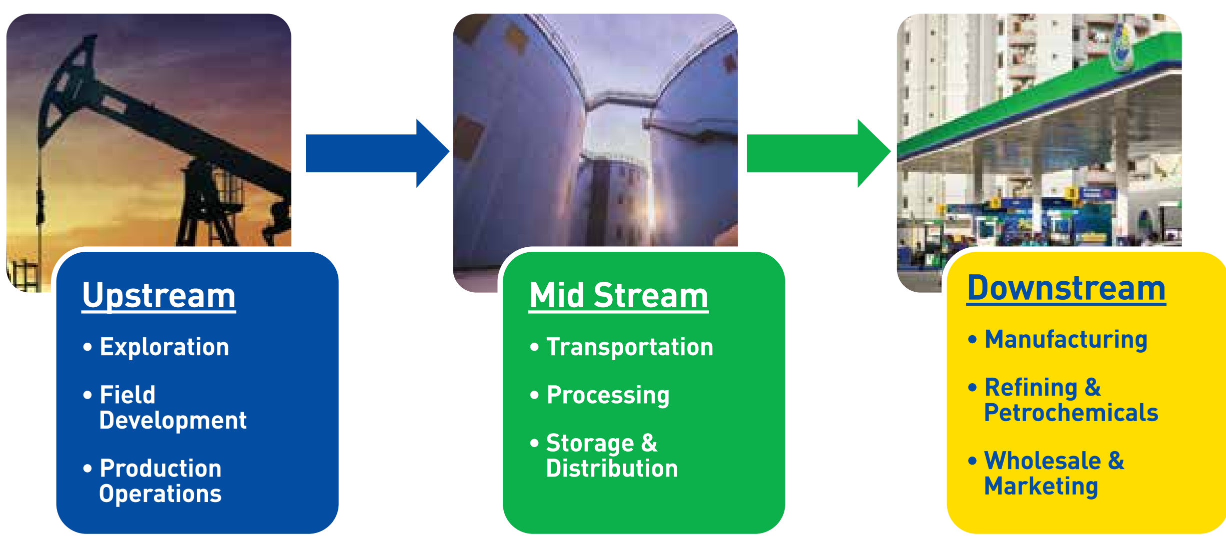
BUSINESS LINES

PSO's organizational structure serves a wide range of customers throughout Pakistan.



VALUE CHAIN

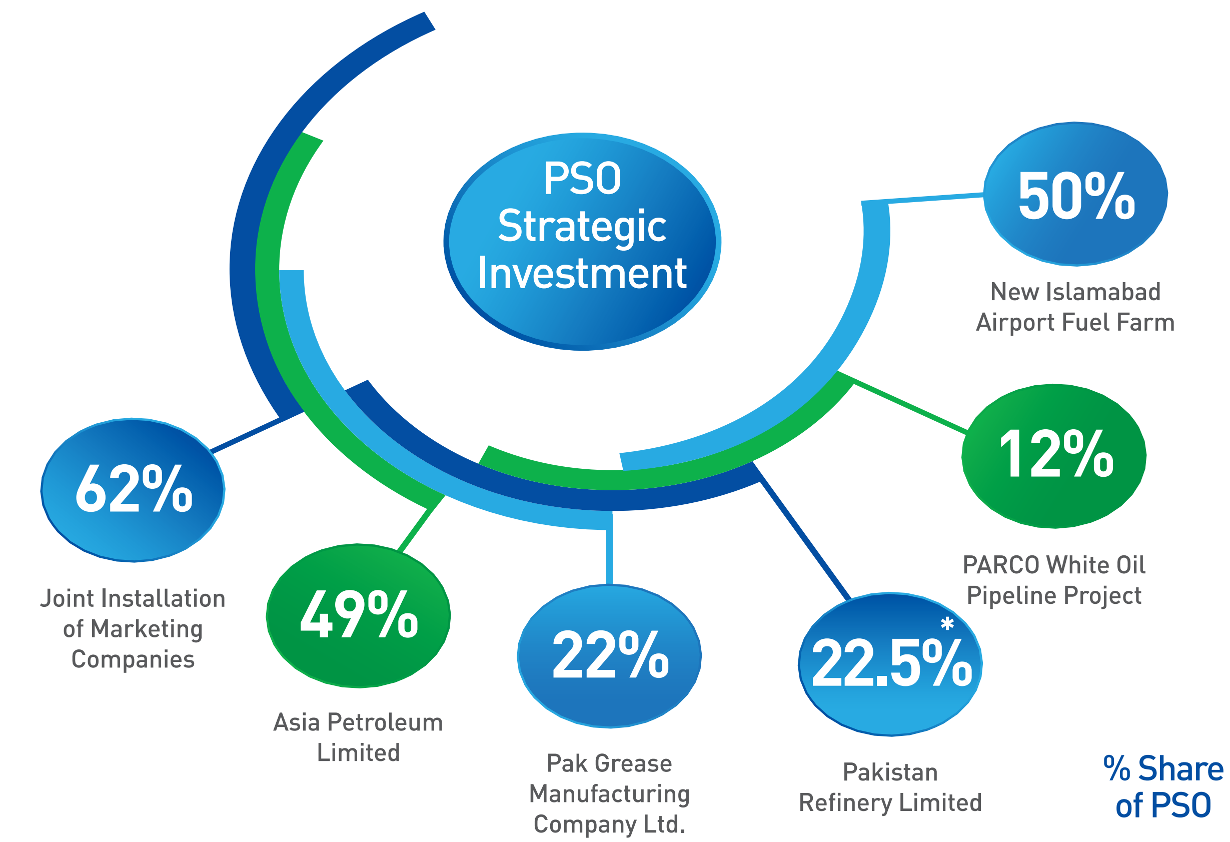
PSO holds an important position in Oil & Gas Value Chain. The Company imports various POL products and Petrochemicals and has the largest storage base spread across Pakistan. PSO also distributes and markets these products to end consumers across various industries including Defense, Aviation, and Railways etc. as well as to millions of retail customers through a strong network of retail outlets across the country.



HR STRENGTH

	2018	2017
Total number of Employees as of reporting date	1953	1828
Average number of employees during the year	1823	1883
Total number of Employees at lube manufacturing terminal as of reporting date	73	75
Average number of employees at lube manufacturing terminal during the year	74	42

STRATEGIC INVESTMENT



- Joint Installation of Marketing Companies (JIMCO) - Others include SPL (25%) & TPML (13%), Managed by PSO
- Asia Petroleum Limited (APL) - Others include Industrial Petro. Group (12.5%), Veco Int'l (12.5%), Infravest (26%)
- Pakistan Refinery Limited (PRL) – have 2 types of shares, "A" and "B" category shares. "A" category shares are listed on stock exchange whereas "B" category shares are not listed which are 60% of total shares. The breakup of "B" category shares are; PSO (22.5%), SPL (30%), CGEI (7.5%).
- Pak Grease Manufacturing Company Ltd (Pak. Grease) – Others include private investors
- Pak Arab Pipeline Company (Private) Limited (PAPCO)- Others include PARCO (51%), Shell (26%), Chevron/TPML (11%)
- New Islamabad Airport Fuel Farm - Attock Petroleum Limited (APL) (50%)

*Effective holding is 24.11% (Refer Note 7.1 to the Financial Statements)

GEOGRAPHICAL PRESENCE

PSO TERMINALS

PSO DEPOTS

DIVISIONAL OFFICES

HEAD OFFICE

For details about Head Office, Manufacturing Plants and Sales Offices kindly refer to para 1.2 of the Notes to the Financial Statements.

REGULATORY FRAMEWORK

Pakistan State Oil Company Limited (PSO) is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange and is governed by the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 (the 1974 "Act").

The Company is regulated by the SECP and also has to fulfil the listing requirements of the Stock Exchange. PSO is primarily regulated under the provisions of the 1974 Act which takes precedence over the provisions contained in the Companies Act, 2017 in case of any conflict.

Public Procurement Regulatory Authority

PSO is required to ensure regulatory compliance to the provisions of PPRA Rules 2004 in all aspects of the procurement processes including procurement planning, advertisements, pre-qualifications, methods of procurement, tender opening, evaluation & rejection of bids, acceptance of bids, award of procurement contracts and redressal of grievances.

Oil and Gas Regulatory Authority

PSO operates under the regulatory framework of OGRA Ordinance 2002 with effect from 15-03-2006, empowering the authority to regulate mid and downstream oil sectors. This was under the Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971.

In exercise of the powers conferred by section 41 of the OGRA ordinance 2002, OGRA notified new Oil Rules on February 03, 2016.The local Oil industry, however, proposed amendments in the same to OGRA and the Rules have been amended in June 2018, which will govern mid and downstream oil sectors.

Regarding pricing, domestic oil prices of petroleum products are fixed under Petroleum Products (Petroleum Levy) Ordinance, 1961, Petroleum Products (petroleum Levy) Rules, 1967, and in accordance with OGRA's Ordinance 2002. Therefore the prices of regulated and controlled deregulated petroleum products are worked out and monitored monthly by OGRA based on PSO's cumulative landed import cost. The margins are regulated and the Federal Government notifies these on a time to time basis.

OGRA also computes and notifies Inland Freight Equalization Margin (IFEM) for Hi Speed Diesel, Motor Gasoline, Kerosene Oil and Light Diesel Oil on every price change. IFEM is an integral component of the final selling price that covers primary transportation cost currently applicable at 22 depots. The purpose is to ensure uniform selling prices of these products across the country.

MAJOR EVENTS

June 27 2018

PSO recognized as leading Fuel Brand among motorcar and motorbike users across Pakistan: PAKWHEELS report 2017

May 28 2018

PSO launches environment friendly RON 97 fuel to deliver superior engine performance

April 26 2018

PSO signs agreement with PORT QASIM AUTHORITY to supply their entire fuel requirements

April 12 2018

Country's largest Fuel Farm Facility jointly setup by PSO and APL inaugurated at the New Islamabad International Airport

April 05 2018

PSO and FAW Motors China working to modernize PSO fleet to support CPEC Infrastructure

March 29 2018

PSO partners with LXY GLOBAL for Retail Leadership Conference 2018

March 21 2018

PSO partners with AMAN TECH to transform youth for employability

January 18 2018

MEMBER OIL – OGRA inaugurated Regulatory compliant modern fleet of PSO

January 05 2018

PSO donated fund for deserving child patients to receive treatment at the AGA KHAN University Hospital

December 21 2017

PSO and SHAHID AFRIDI FOUNDATION joined hands to educate future generations of Pakistan

December 04 2017

PSO adopts TCF Schools to ensure continued provision of education for underprivileged students

November 13 2017

PSO Fuel Cards Program Honoured with the PMI Award

November 07 2017

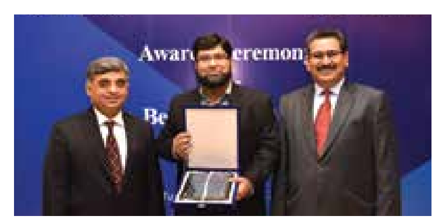
Team PSO sweeps Gomal Zam Dam Jeep Race - Pakistan Motor Rally

October 4 2017

PSO agreement with Oil & Gas Development Company Limited (OGDCL) for Supply of High Speed Diesel (HSD)

September 15 2017

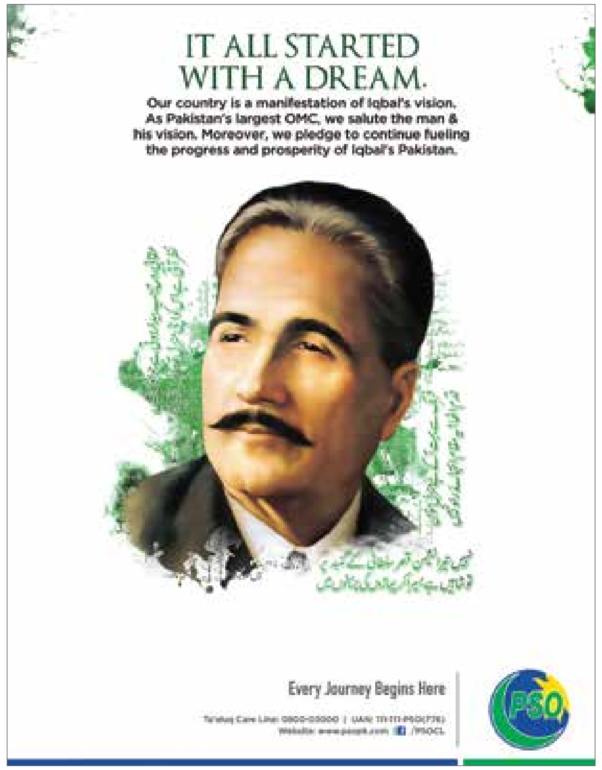
PSO Quality Assurance Laboratories received international recognition

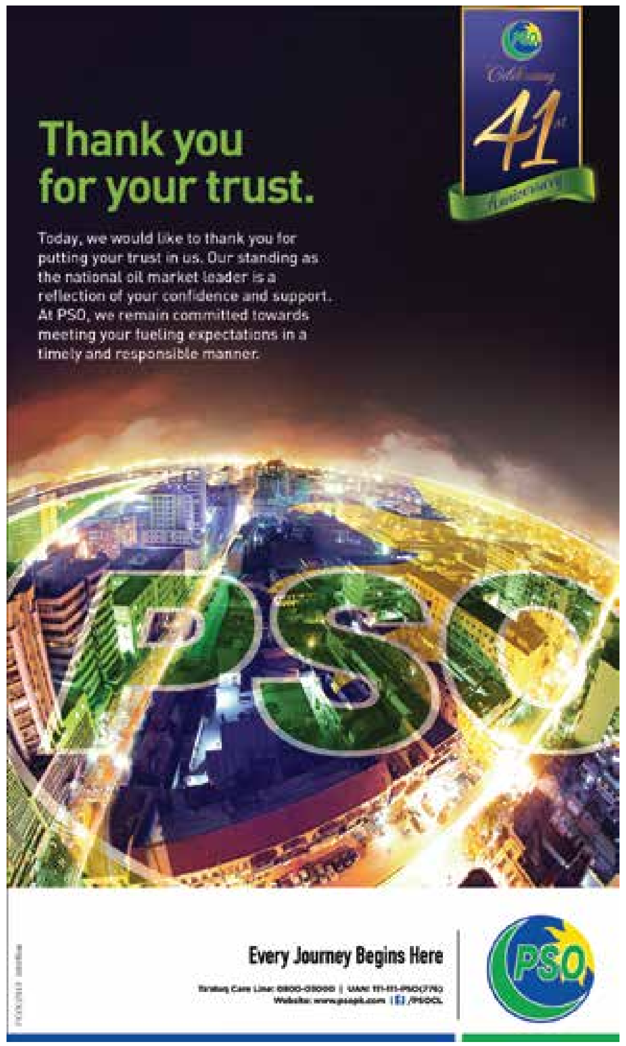


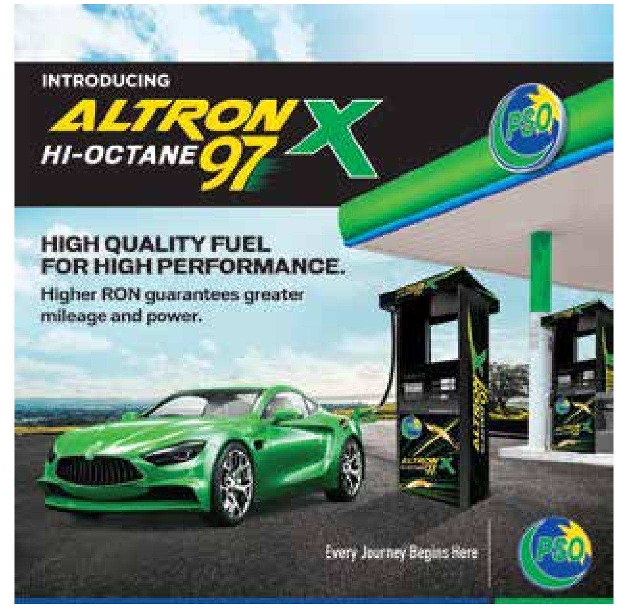
August 25 2017

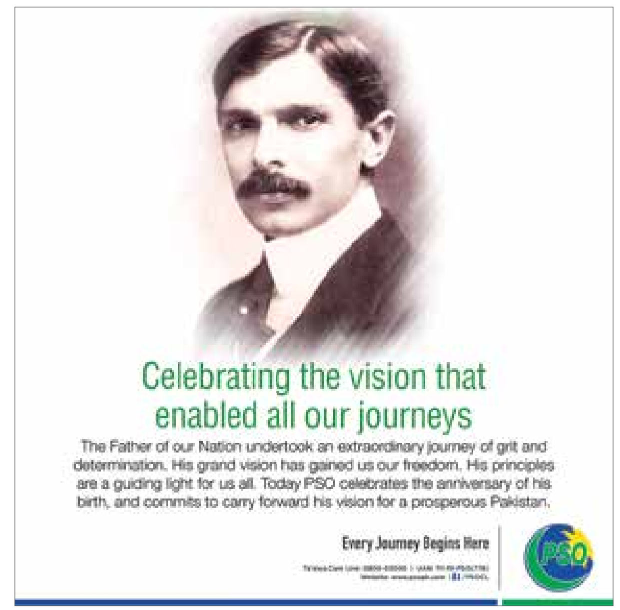
PSO secured third position in Best Corporate Report Awards jointly held by ICAP & ICMAP

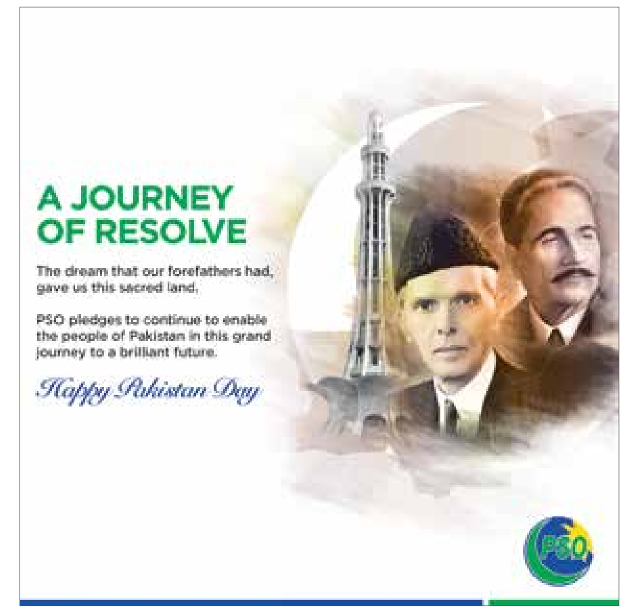
MARKETING INITIATIVES

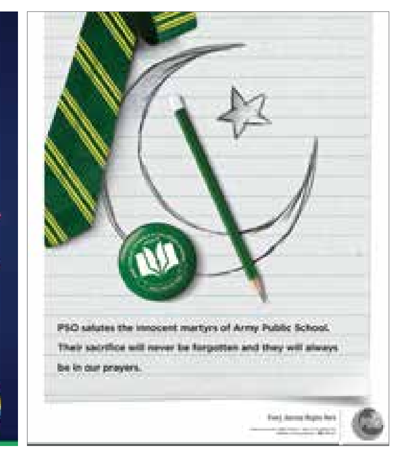












A JOURNEY ON WINDING PATHS

As the lights keep changing, so too does PSO keep driving on. Whether we take to the roads to deliver our products to our customers across Pakistan, or whether we enable trade and travel on the roads for our customers, we are always there to drive their journeys forward.

INTEGRATED BUSINESS MODEL

INPUTS

Intellectual Capital
- 41 years' experience and knowledge base
- Technology
- Procedures and protocols
- Cards Business
- Licenses & copyrights

Human Capital
- HR Management Policies improvement
- Career Development and Succession Planning
- Merit based hiring and promotion
- Employees reassignment

Social & Relationship Capital
- Strong relationship with stakeholders
- Shared values and norms
- Sustainable Corporate Social Responsibility
- High quality assurance

Natural Capital
- Focus on Health, Safety and Environment
- Investment on environment conservation

Financial Capital
- Largest corporate treasury of Pakistan
- Appropriate mix of debt and equity funding
- Operating cashflow
- Funding from banks

Infrastructure Capital
- Geographic presence across the country from Karachi to Sost
- Largest retail network
- Strong supply chain
- Well established distribution network
- Largest storage capacity in Pakistan

01
- Disaster Recovery
- Continued value creation
- Investment in research and development / new product development
- Regular Business Practices Review
- Security and vigilance
- B2C cards soft-launched

02
- Job rotations
- Transfers
- Recruitment for vacant positions
- 16 training hours per employee
- Performance based evaluation

03
- Focus on society & environment under CSR Trust
- NPS Program and metrics introduced to measure and improve customer experience
- Measures taken to ensure quality and quantity
- Vendor grievance redressal
- Customer protection measures

04
- Launch of environment friendly Altron X 97 Hi-Octane
- Focusing & exploring renewable energy options
- Environmental Protection System
- Energy conservation
- HSE audits
- Process Safety Management Drive

05
- Timely payments to suppliers
- Recovery of outstanding dues
- Managing collections and payments of over Rs. 2.0 trillion per annum
- Bank borrowing at competitive rates
- Credit account management of over 8,000 customers

06
- Development of 78 new outlets
- Storage rehabilitation of 102 KMTs
- Strategic partnerships
- Product procurement agreements
- Fleet upgradation
- Shop Stops revamped
- MoU for establishing a refinery in Pakistan

OUTPUT

Intellectual Capital
- Improved shareholder wealth
- Adherence to Corporate Governance best practices
- Institutionalizing reforms and transformation process
- State-of-the-art information system

Human Capital
- Organizational development and growing competence
- Lower attrition rate
- Exceptional performance
- Ethical leadership

Social & Relationship Capital
- Amelioration of healthcare, education and community development
- Enablement of underserved communities and socioeconomic wellbeing
- Quality enforcement
- Improved customer satisfaction

Natural Capital
- Environment, water, electricity, fuel, waste and carbon footprint considerations
- HSE culture reinforcement

Financial Capital
- Ensuring smooth business operations amid mounting circular debt, currency devaluation and rising international oil prices
- Awards and recognition for compliance with financial report standards
- Increase in Gross Sales Revenue by 19%
- Contribution to national exchequer

Infrastructure Capital
- Round the clock operations
- Uninterrupted product supply
- Increasing reliance on local refinery upliftment

MANAGEMENT REVIEW & REPRESENTATIONS

STRATEGIC OBJECTIVES AND STRATEGIES

S.No.	Strategic Focus	Objective
1	Build Image of Quality, Innovation & Proactive Organization	• Maintain Market Leadership by enriching customer experience • Build sustainable trust with the society • Explore new business opportunities
2	Improve Supply Chain Infrastructure	• Improve utilization of product transportation modes • Bring about efficiencies in product sourcing
3	Prepare for operating in a deregulated industry	• Human resource development • Continue to inculcate ethical values and strengthen organizational culture
4	Process improvement	• Improve operational efficiencies • Process improvements and transparent monitoring systems • Risk management best practices
5	Best HSE practices	• Build on steps to improve HSE Culture in the organization • Build on Road Safety measures developed
6	Financial Management	• Control costs and ensure financial flexibility • Availability of financing based on business needs

MANAGEMENT RESOURCE ALLOCATION PLANS

The Company aims to further improve the organizational image and build an identity of quality, innovative and proactive organization. PSO intends to invest in supply chain infrastructure and digital transformation for enhanced productivity and seamless business processes. In this regard, the Company intends to ensure availability of funds and expertise for successful operations and other strategic initiatives.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM THE PREVIOUS YEAR

The strategies and objectives of the Company have been aligned with its vision, mission and values, however, keeping in view the changes in external environment and business needs, after comprehensive business review and as per requirement, the Company continuously works on improving its strategies in order to avoid any strategic drift. Accordingly, as compared to the previous year, PSO has further increased its focus on improving customer experience and improving brand equity of the Company. The Company is also taking measures to improve the HSE systems and invest in the infrastructure.

CRITICAL PERFORMANCE INDICATORS

PSO, being the major source to keep the wheels of the nation running, has identified key focus areas with targeted key performance indicators along with its milestones. To ensure continued customer satisfaction and shareholders' wealth maximization, the Company has established a robust performance monitoring system with regular business reviews in line with the strategic plans and objectives.

PSO has established a performance review mechanism whereby the corporate performance is measured against the set goals and objectives. This mechanism helps in identifying critical areas, in order to manage risk and make improvements.

The Company has developed and implemented a Balanced Scorecard system to measure and monitor progress towards strategic objectives, that is regularly reviewed by the Board of Management (BoM) of the Company. The performance review mechanism primarily focuses around five areas which are crucial for successful achievement of strategic objectives. The five focus areas are as follows:

S.No.	Focus	CPIs Monitored
1	Market Leadership and Profitable Growth	• Market Share, Gross Profit and Net Profit Ratio • EBITDA • Cash flow from Operations
2	Operational Efficiency	• Product sourcing • Pricing • No. of days in inventory • Efficiency ratio • Product gain/loss • Working capital management
3	Safe Operations	• Near miss reporting • Total Recordable Incident Rate (TRIR) • Safety Observation & Recommendations (SORs)
4	Building Reforms	• Policies and procedures revamping • Integration of system and functions
5	Customer Convenience	• Initiatives in Non Fuel Retail business • Automation of processes • Improvement in infrastructure

SIGNIFICANT PLANS AND DECISIONS

The Company is in process of organizational transformation to become a customer centric entity, while contributing to the nation's prosperity. A number of initiatives have been taken and planned in this regard. The Company aims to diversify its businesses further in the mid-stream oil industry. PSO presently maintains significant integration into refining business through stakes in PRL. In addition, MoU was also signed with Power China for construction of deep conversion oil refinery to ensure uninterrupted supply of petroleum products.

MANAGEMENT REVIEW & REPRESENTATIONS

Furthermore, the Company is in the process of improving the appearance of its retail outlets, while also upgrading the forecourt services and the overall customer experience. PSO has launched a number of programs to gauge, monitor and improve the customer service and the overall quality of its products and services around the country.

As an environmentally responsible entity understanding the need for cleaner fuels, PSO introduced environment-friendly Altron X 97 Hi-Octane fuel and adaptation of 500 ppm environment friendly low-sulphur Action+ Euro II diesel, which is in line with the objective of being a responsible corporate entity. The Company is also engaged in exploring opportunities in alternate environment friendly substitutes of petro-diesel fuel.

Moreover, revamping of PSO Shop Stops is also a major step towards uplifting the overall customer experience at PSO's forecourts by offering modern-day retailing services. In addition to a number of other upgrades, the 'shop-in-shop' concept was implemented in the Shop Stop convenience stores, offering services like quick service restaurants, cafes, banking solutions etc. This has resulted in a significant increase in the footfall of customers on PSO's forecourts.

In addition, a number of initiatives have been taken for the alignment of Organizational Structure of the Company in line with business objectives to improve productivity. This includes recruitment and placement of valuable human resource at different hierarchical levels, prioritization of succession planning, behaviour based programs etc., while ensuring transparency and merit.

INFORMATION TECHNOLOGY GOVERNANCE

Information Systems Governance Policy

In the era of digital economy, a new corporate governance model has emerged which places greater emphasis and reliance on Information Technology. Consequently, IT governance has become a critical success factor in the achievement of corporate success, by deploying effective information systems and technology solutions to achieve business objectives.

IT Governance consists of the leadership, organizational structures and processes that ensure that an organization's IT sustains and extends its strategies and objectives. In line with the above guidelines, ICT Department has laid down the IT Governance Policy using principals from well reputed frameworks. The governance policy provides directives and formulates an overarching framework to ensure alignment with the mission, vision, values, objectives and strategies of the organization.

Implementation of IT Governance initiatives:

Following policies, procedures and tools support the implementation of IT Governance initiatives at PSO:

1. IT Score Card
2. ICT Architecture Governance
3. Risk Management
4. Business continuity and disaster recovery
5. Information System (IS) Steering Committee
6. Capability Maturity & Assessment
7. Information Security Governance
8. IT Asset Management
9. Employee Performance Measurement
10. Success Factors

BUSINESS CONTINUITY AND DISASTER RECOVERY

ICT Department is certified with ISO 27001:2013 Information Security Management Systems (ISMS), which provides risk management approach to ensure confidentiality, integrity and availability (CIA) of the Company's Information Systems. Therefore, in order to manage the risk of systems unavailability, ICT Department has developed a Business Continuity & Disaster Recovery Plan (BCP/DRP) with clearly defined Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) which provide recovery strategies for risk mitigation. These recovery strategies provide assurance that the business is able to continue to function from alternate site, within a specific time period, should any unforeseen event occur at the primary site.

The Business Continuity Plan is reviewed, updated and tested periodically to ensure its completeness and accuracy in order to prepare for any unexpected event that may affect business as usual. The plan includes identifying business processes of strategic importance and their dependencies in order to survive a disastrous interruption. A latest copy of BCP is available to all business functions who are responsible for continuing business functions to provide sufficient level of services immediately after disruption and while recovery is taking place at Primary site.

A full scale Disaster Recovery Drill is conducted annually to rehearse for any unforeseen event and mobilize resources to DRP Site to continue business from alternate site. In the event of any unforeseen event, the Disaster Recovery Plan (DRP) is triggered following a disaster as declared by management. All key resources and the steps to recover the critical services are identified in the DRP. Participation from every stakeholder in the Annual DRP Drill ensures smooth execution of the drill and effectively and efficiently mitigate risk related to undesired system interruptions.

SIGNIFICANT CHANGES FROM LAST YEAR

The following were the significant changes in the organizational overview and external environment:

- PSO achieved yet another milestone by developing and commissioning a state-of-the-art refueling facility at the New International Islamabad Airport in collaboration with Attock Petroleum Limited.
- PSO introduced an upgraded, RON-97 version of Altron X 97 Hi-Octane at around 190 retail outlets across Pakistan.
- Demand of FO by power sector has reduced considerably due to more availability of LNG in the country.
- 13 Shop Stops re-vamped at PSO retail outlets.
- 19 Vending machines installed at PSO retail outlets to facilitate the customers.
- Inaugration of OGRA Compliant Tank Lorries (114 on road).

EXTERNAL ENVIRONMENT AND COMPANY'S RESPONSE

Keeping in view the quantum of business and the lives that PSO touches each day, the rapidly changing external environment has a significant impact on the Company. The factors in the external environment range from government policies, politico-legal developments, economic performance, technological changes, growing competition and changing energy mix. In addition to the local environment, the Company's performance is significantly affected by the global factors, particularly, advances in technology, supply and demand of energy, volatility in commodity prices and other economic indicators. Moreover, with changing customer needs and increasing competition, the customers are getting greater awareness and hence the decision making by them is much more informed. This requires the Oil Marketing Companies to also improve their quality level and get at par.

PSO is cognizant of the changes taking place in the external environment and is actively exploring opportunities to not just diversify but also develop new products for its existing market and meet customer's future requirements. Revamping of Shop Stops including the various value added services provided at the retail outlet, launch of premium fuel brand; Altron X 97 Hi-Octane, OGRA / NHA compliant tank lorries for safe transportation of fuel and cards based innovations demonstrate that PSO is looking ahead and is fully geared up to take hold of the opportunities that the new business environment offers.

RISK AND OPPORTUNITY REPORT

PSO, being the country's leading oil marketer and a Public Sector Entity (PSE), is a risk averse Company. It has an overall low risk appetite, i.e., it is unwilling to take unwanted and unnecessary big risks while achieving its strategic objectives.

The discipline and core-competence of the Company demonstrates that the risk management has always been an integral part to its strategic direction and the way of doing business. The said approach of the Company has been continuously adding value to all of its stakeholders, especially its customers, employees and shareholders.

PSO's well-established **risk governance structure,** under the supervision of the Board of Management (BOM), ensures the existence of and the accountability for an effective and timely management of risks across the Company. Under the authority delegated by the BOM, the Board Audit Committee and the Board Finance and Risk Management Committee are responsible for ensuring the compliance and efficacy of the risk management framework and establishment of a sound internal control environment and activities supported by the Company's Executive Management team.

The Company's Board **approved risk management policy** is commensurate with international best practices and its business strategy. The policy requires the identification, analysis and assessment, measurement, treatment, monitoring and reporting of all major risks to the Company's objectives, and entails a sound risk management culture and environment across the Company.

With the passage of time, the risk profile of the Company is changing with the changes in the underlying risk factors, mainly due to operational expansions, ageing of assets and market-driven forces, which are well addressed and effectively managed under the Company's comprehensive risk management framework and business planning process.

The risks, stated below, in the Company's corporate risk radar, are divided into four risk types: a. Strategic risks, related to customers, competitors, and investors; b. Commercial risks, arising from company-specific business activities affecting its revenue and cost of doing business; c. Operational risks, arising from the Company's processes, systems, people and overall value chain of the business; d. Financial risks, stemming from volatility in markets, real economy and liquidity.

*Risk levels are derived on Impact & Likelihood assessments

Risk Description	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Strategic Risks			
Inability to meet customer demand for petroleum products	• Inaccurate demand forecast • Inefficient supply planning and execution • Capacity constraint in the ports of Karachi • Unavailability of transmission and distribution system	Low	PSO's commitment to its customers is the primary element of its core competence. Its stringent supply planning process, reliable and diversified sourcing, adequate inventory reserves and a reliable transmission and distribution infrastructure are successfully contributing towards meeting customer demand in every POL product at all times.
Changing regulatory and legislative environment affecting business strategy and plans	• Government directives • Changes in regulations • Inconsistent legislative policies	Medium	The Company's Management, under the supervision and direction of the BOM, is pro-actively engaged with the respective legislative authorities at different levels and forums in securing the interest of all the stakeholders. The effect of potential changes is measured and reflected in the Company's business strategies and plans.
Increasing competition affecting the Company's market share in petroleum products	• Low entry barrier • Delay in expansion, rehabilitation and upgradation • Dealer relationship management • Regulator's role	High	Growing local demand and low entry barrier have raised the challenges for PSO to address the competition in its business strategy. The Board and the Management have embraced the competition as an opportunity for enhancing the Company's financial and operational efficiencies through rehabilitation, innovation, integration, strengthening business relationships and protecting its intellectual property.
Commercial Risks			
Swelled trade receivables from GENCOs, HUBCO, KAPCO, PIA and SNGPL significantly increasing the liquidity risk and cost of doing business	• Onus of being a PSE • Inefficiencies in power sector (accumulating financial gap due to difference between power cost and actual receipts)	High	It is the most daunting area of the Company which is growing aggressively with the passage of time. The Management is actively following up with the respective legislative authorities for the settlement of dues. The Company is managing its working capital requirement through running finance facilities provided by the financial institutions.
Increasing cost of supply due to port capacity limitations	• Drastic increase in the number of OMCs • Lack of oil jetties in the ports of Karachi (capacity constraint causing congestion)	Medium	Insufficient number of oil jetties in the ports of Karachi and drastic addition of a number of new OMCs in the past couple of years have significantly increased the demurrage cost of the Company. The Management is keenly finding avenues and strategic solutions to lower down the cost of supply. One of the strategic initiatives taken is to increase the storage capacity (esp. for MOGAS) to avoid crisis situation. Whereas, other plausible strategic options are under evaluation.
Complete dependency on contract carriages for the transmission of MOGAS	• Monopolistic approach of cartage contractors in MOGAS distribution business • Lack of reliable and cost effective alternatives	High	A single strike call of cartage contractors can halt the movement of MOGAS for days which can cause dry-out in rest of the country. PSO and respective government authorities always strive to reduce the impact of such calls through table-talks and negotiations with the concerned parties for quick resolution of their concerns. However, PSO and government authorities understand the severity of this risk and are working towards long-term risk-mitigation plans, mainly pipelines and railways.

RISK AND OPPORTUNITY REPORT

Risk Description	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Ageing assets increasing the reliability risk and cost of the business	• Inability to timely isolate assets for rehabilitation and maintenance due to full capacity utilization at most of the times • Delay in new projects	Medium	Asset condition assessment is performed periodically for all the critical assets such as tanks and pipelines, and solutions are developed and implemented in accordance with the study findings. However, the delays in isolating assets for the purpose will be reduced after commissioning of new tanks. The delay in new projects is a serious concern, however, the projects team is doing considerable efforts to mitigate the cause of delays. Whereas, the maintenance plan of the Company's assets and facilities is effectively contributing in increasing the reliability and availability of the assets to meet customer demand.
Operational Risks			
Fire and explosion due to technical failures or human error	• Lack of training and awareness • Lack of periodic asset condition assessment process	Low	PSO is highly committed to maintain HSE standards in all of its operating environment. The Board and the Management have always kept HSE at top priority to its business strategy and objectives. The Company's HSE control environment has significantly improved over the years and its compliance is strictly monitored at every facility and premise.
Disruption to business and operations from natural and unnatural disaster events	• Natural disasters including earthquake, hurricane, lightening and flood. • Unnatural disasters including strikes, vandalism, terrorist attack and war.	Low	The Company has an effective disaster recovery plan in place for its critical operations which is tested on periodic basis. In addition, adequate and comprehensive insurance coverage exists for the Company's assets (including inventory) against such crisis events. Also, coordinated security measures are in place and periodic mock drills are conducted to test the adequacy of the Company's security protocol, especially for its highly sensitive facilities.
Sale of off-specification products may damage our reputation and may lead to regulatory fines and legal liabilities	• Insufficient testing resources to timely cover the entire supply chain effectively • Equipment failure • Human error	Low	PSO's state-of-the-art petroleum laboratory network and mobile quality testing units are ensuring the product quality, as per the GoP specifications, across Pakistan. The Quality Assurance team assure the quality of all PSO supplied products at every stage of the Company's supply chain. In addition, the accuracy of product dispensing units installed at the Company's fueling stations are regularly tested to ensure right quantity is delivered to its valued customers.

Risk Description	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Financial Risks			
Foreign exchange rate fluctuations impacting the Company's profitability	• Lack of cost effective and allowed exposure coverage or risk transfer options • Government interventions in working capital financing strategies	Medium	Significant portion of oil purchases are from international suppliers in USD which are exposed to foreign exchange risk until settled, generally 30 days from Bill of Lading date. However, recent foreign purchases have been settled through FE-25 loans which has increased the foreign exchange exposure of the Company. Whereas, the GoP has committed to defray any extra costs and risks on such extended duration arrangements.
Interest rate movements affecting the Company's profitability	• Negligible receipts of late payment surcharge on the receivables from GENCOs, HUBCO, KAPCO, PIA and SNGPL • Increasing market yield	High	Excessive borrowings from FIs to meet working capital requirements, due to mounting trade receivables in circular debt, is raising the interest rate risk on the Company's interest rate sensitive exposures at every revaluation date. Whereas, due to rising pressure on economic indicators, the investors' required rate of return on similar credit rated instruments is likely to be increased, resulting in costly funds. The treasury is periodically monitoring the interest rate gap in the Company's balance sheet and negotiating the lowest possible rates with FIs, thus keeping the spread to minimum. On the other hand, the Management is consistently striving hard to lower down the Company's cost of fund via the receipt of Late Payment Surcharges, on the long awaited trade receivables from GENCOs, HUBCO, KAPCO and PIA, to the extent possible.
International oil price fluctuations affecting the Company's profitability	• Inaccurate demand forecast • Significant unhedged inventory exposure	High	The Company is managing the risk through effective supply planning and inventory management. Expected increase in storage capacity will further help the Management maneuver it better.

RISK AND OPPORTUNITY REPORT

A STATEMENT FROM THE BOARD OF MANAGEMENT

The Board of Management has an overall oversight on all the high priority corporate risk matters and activities, mainly including credit risk from GENCOs, HUBCO, KAPCO, SNGPL and PIA leading to severe liquidity concerns and lower profitability, foreign exchange risk from FE loans and consistent declining market share in the white oil business. All these risks are a serious threat to the Company's profitability and solvency, and therefore continuous emphasis and every possible effort are made to reduce their impact on the Company.

DEBT REPAYMENTS

No default on debt repayments has been experienced during the year due to effective treasury management and maintenance of adequate credit lines. However, usual short payments by GENCOs, HUBCO, KAPCO, SNGPL and PIA on POL supplies will continue the pressure on the liquidity position of the Company. Several options to overcome the liquidity stress have been submitted to the concerned Ministries for timely resolution of the circular debt issue.

ADEQUACY OF CAPITAL STRUCTURE

The Company's capital structure is adequate enough to absorb the unexpected losses from its risky assets, which is monitored on periodic basis. The paid up capital was increased in FY18 via the issuance of bonus shares, which will be further increased in FY19.

MATERIALITY APPROACH ADOPTED BY THE MANAGEMENT

Materiality is a concept that includes both qualitative and quantitative aspects. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

Every transaction is approved from Management team / Board of Management (BoM) as per the limits approved in the Limits of Authority Manual (LAM). Powers included in LAM are in line with the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, the Marketing of Petroleum Products (Federal Control) Act, 1974, guidelines and frameworks issued by professional bodies and best practices.

NOTICE OF MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Company will be held at Beach Luxury Hotel, Karachi on Tuesday, October 16, 2018 at 10:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 41st Annual General Meeting held on October 20, 2017.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Report to the Shareholders and Auditors' Report thereon.

3. To lay information before the members of the Company for the appointment of Messrs A. F. Ferguson & Co., Chartered Accountants and Messrs EY Ford Rhodes, Chartered Accountants, as joint auditors of the Company for the year ending June 30, 2019.

4. To approve payment of final cash dividend of Rs. 5/- per share i.e., 50% in addition to the interim cash dividend of Rs. 10/- per share i.e., 100% already paid, thereby making a total cash dividend of Rs. 15/- per share i.e., 150%.

SPECIAL BUSINESS:

5. To approve the issuance of bonus shares in the proportion of 1 share for every 5 shares held i.e., 20% and if considered appropriate, to pass with or without amendment/modification, the following resolution as an ordinary resolution:

"RESOLVED THAT

(a) a sum of Rs. 652,046,250 out of the free reserves of the Company be capitalized and applied towards the issue of 65,204,625 ordinary shares of Rs. 10/- each and allotted as fully paid bonus shares to the Members in the proportion of 1 (one) bonus share for every 5 (five) existing ordinary shares held by the Members whose names appear on the Members Register on October 09, 2018;

(b) these bonus shares shall rank pari passu in all respects with the existing shares of the Company but shall not be eligible for the dividend declared for the year ended June 30, 2018;

(c) in the event of any member holding fraction of a share, the Company Secretary be and is hereby authorized to consolidate such fractional entitlement and sell in the stock market and the proceeds of sale (less expenses) when realized, be donated to a Charitable Trust named "PSO Corporate Social Responsibility Trust".

(d) For the purpose of giving effect to the foregoing, the Managing Director and CEO and / or the Company Secretary be and are hereby singly or jointly authorized to do all acts, deeds and things and take any and all necessary steps to fulfill the legal, corporate and procedural formalities and to file all documents/returns as deemed necessary, expedient and desirable to give effect to this resolution."

OTHER BUSINESS

6. To transact any other Ordinary Business of the Company with the permission of the Chair.

By Order of the Board

August 11, 2018
Karachi

Rashid Umer Siddiqui
Company Secretary

NOTES:

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. A proxy form is enclosed.

NOTICE OF MEETING

2. The Share Transfer books of the Company will remain closed from October 09, 2018 to October 16, 2018 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi up to the close of business on October 08, 2018 will be considered in time to be eligible and entitled to final dividend and bonus shares.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the meeting.

4. Members are requested to notify changes immediately, if any, in their registered addresses to our Share Registrar, M/s THK Associates (Pvt.) Limited.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING:

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

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

B. FOR APPOINTING PROXIES:

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

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

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

iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. SUBMISSION OF COPY OF CNIC/ NTN (MANDATORY):

According to Securities and Exchange Commission of Pakistan's (SECP) SRO 831(I)/2012 and other relevant rules, the electronic dividend should also bear Computerized National Identity Card (CNIC) number of the registered shareholder or the authorized person, except in the case of minor(s) and corporate shareholders.

As per Regulation no. 6 of the Companies (Distribution of Dividend) Regulations, 2017 and Section 243 of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to shareholders, in case of non-availability of identification number of the shareholder or authorized person (CNIC or NTN).

Accordingly, the individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar, THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Regulation no. 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in "E-Dividend Mandate Form" available on Company's website (http://www.psopk.com) and send it duly signed along with a copy of CNIC to the Company's Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, in case of physical shares.

In case shares are held in CDC then "E-Dividend Mandate Form" must be submitted directly to shareholder's broker/participant/CDC account services.

Please note that as per Section 243 of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by the shareholders.

8. WITHHOLDING TAX ON DIVIDEND INCOME:

The rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

a) For filer of income tax returns 15%
b) For non-filer of income tax returns 20%

According to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint Shareholder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with Joint Shareholder(s) are requested to provide shareholding proportions of Principal Shareholder and Joint Shareholder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Note: The required information must reach the Company's Share Registrar by October 08, 2018; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Shareholder(s).

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 20%, shareholders are requested to please check and ensure Filer status from Active Taxpayers List ("ATL") available at FBR website http://www.fbr.gov.pk/ as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate entities (non-individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

Withholding tax exemption from dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by October 08, 2018.

9. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS ON THE COMPANY'S WEBSITE

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2018, are available on the Company's website (http://www.psopk.com).

NOTICE OF MEETING

10. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD

SECP, through its SRO 470(I)/2016 dated May 31, 2016 has allowed companies to circulate the annual audited financial statements to their members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 41st Annual General Meeting held on October 20, 2017 in this regard. Accordingly, the Annual Report of PSO for the year ended June 30, 2018 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2018 may send a request using a "Standard Request Form" placed on the Company's website (http://www.psopk.com).

11. TRANSMISSION OF FINANCIAL STATEMENTS TO THE MEMBERS THROUGH E-MAIL

SECP, through its SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive annual audited financial statements along with notice of annual general meeting electronically through email. Members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website (http://www.psopk.com) to the Company's Share Registrar.

12. CONSENT FOR VIDEO LINK FACILITY:

Members may participate in the meeting via video-link facility. If the Company receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video link at least 7 days prior to the date of meeting, the Company will arrange video link facility in that city.

In this regard, Members who wish to participate through video-link facility, should send a duly signed request as per the following format to the Registered Address of the Company.

I/We,____________________________________

of ____________________________________,

being a member of Pakistan State Oil Company Limited, holder of ________________________ ordinary share(s) as per Registered Folio /CDC Account No. ________________________ hereby opt for video link facility at ________________________

____

Signature of Member

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 16, 2018.

ITEM 5 OF THE AGENDA

ISSUE OF BONUS SHARES

The Board of Management recommends that taking into account the financial position of the Company, the issued capital be increased by capitalization of free reserves amounting to Rs. 652,046,250 by way of issuance of bonus shares in the ratio of 1 : 5 i.e., one share for every five shares held by the Members whose names appear on the Members Register on October 09, 2018. The Members of the Board of Management are interested in the business to the extent of their shareholding in the Company, if any.

CORPORATE GOVERNANCE

COMPANY INFORMATION

BOARD OF MANAGEMENT

Independent Member
Mr. Amjad Nazir

Non-Executive Members
Mr. Zahid Mir
Mr. Yousaf Naseem Khokhar
Mr. Abdul Jabbar Memon
Mr. Muhammad Anwer
Mr. Sajid Mehmood Qazi

Managing Director & Chief Executive Officer
Syed Jehangir Ali Shah

DEPUTY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER
Mr. Yacoob Suttar

COMPANY SECRETARY
Mr. Rashid Umer Siddiqui

AUDITORS
M/s. A. F. Ferguson & Co.
Chartered Accountants

M/s. EY Ford Rhodes
Chartered Accountants

LEGAL ADVISOR
M/s. Orr, Dignam & Co.
Advocates

REGISTERED OFFICE
Pakistan State Oil Company Limited
PSO House
Khayaban-e-Iqbal, Clifton
Karachi – 75600, Pakistan
UAN: +92 21 111 111 PSO (776)
Fax: +92 21 9920 3721
Website: www.psopk.com

SHARE REGISTRAR
THK Associates (Pvt.) Limited
1st Floor, 40-C
Block-6, P.E.C.H.S.
Karachi – 75400
P. O. Box 8533
Tel.: +92 21 111 000 322
Tel.: +92 21 3416 8266-68-70
Fax: +92 21 3416 8271
Email: secretariat@thk.com.pk

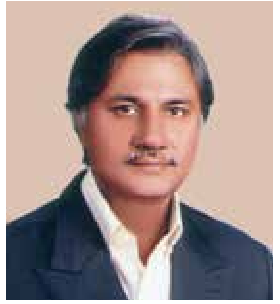
BANKERS
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

A JOURNEY ON RUSHING TIDES

As the waves ebb and flow, so too does PSO keep sailing ahead. Whether we enable shipping and trade over the seas for our customers, or fuel the defence of our nation's coasts, we sail with our customers across their vast ocean journeys.

CORPORATE GOVERNANCE

BOARD OF MANAGEMENT PROFILES



SYED JEHANGIR ALI SHAH | MD & Member, BOM

Mr. Jehangir Ali Shah is a seasoned veteran of the oil industry. He has been appointed as Acting Managing Director of PSO on September 06, 2018. This position was also held by him previously in 2013. He joined PSO in 1984 and had worked in various management positions. His forte however, remained sales and marketing as he has led almost all marketing departments in PSO. Prior to his current elevation to the position of Acting Managing Director, he was serving as Deputy Managing Director – Operations, PSO and was responsible for managing critical supply chain function and extensive infrastructure network of the flagship oil entity of Pakistan.

Mr. Jehangir Ali Shah holds master's degrees from the University of Jamshoro as well as from the McGill University, Canada.

MR. ZAHID MIR | Member

Mr. Zahid Mir is a Petroleum Engineer with 31 years of experience in the oil and gas industry with assignments relating to onshore and offshore operations having been involved at a senior level in all stages of upstream operations. He has strong HSE background, extensive experience as an oil and gas commercial negotiator and business developer, strategy, joint ventures and license management, new ventures, economic evaluations, mergers and acquisitions.

Mr. Zahid Mir had significant exposure to field operations including production, project development, development planning, conceptual engineering and operational support. During the performance of his functions, he closely interacted with oil and gas producers both in Pakistan and United Kingdom like Shell Exploration Pakistan B.V., Premier Exploration Pakistan Limited, Premier-Kufpec Pakistan B.V., Premier Oil Pakistan and Premier Oil U.K.

He has done his B.Sc. in Petroleum Engineering in 1986 from University of Engineering and Technology Lahore and Masters in Business Administration (MBA) from Preston University, Islamabad.

CORPORATE GOVERNANCE

BOARD OF MANAGEMENT PROFILES

MR. ABDUL JABBAR MEMON | Member

Mr. A. J. Memon is a Petroleum Geologist, holding a Master's degree from Sindh University, Jamshoro in 1987. Presently, he holds the position of Director General (Oil), Policy Wing, Ministry of Energy, Islamabad. He joined the then Ministry of Petroleum and Natural Resources in 1992 and has a career in Midstream and Downstream Oil Sector with over 25 years of diversified experience at Policy Wing of Ministry of Petroleum and Natural Resources (now Ministry of Energy). His area of expertise is technical / operational issues of Oil Refineries including country demand / supply of Petroleum Products. In addition, he has vast experience in allocation / prices of local crude / condensate, installation of Oil Refinery and storage projects as well as policy methods pertaining to Downstream Oil Sector. He has obtained various trainings on International Petroleum Management from Canada and USA.

MR. AMJAD NAZIR | Member

Mr. Amjad Nazir is a retired officer of BS-22 from District Management Group now renamed as Pakistan Administrative Service. He started his career as Assistant Commissioner in District Attock in January 1982. He has served as Assistant Commissioner Murree, Deputy Commissioner Kohat, Islamabad, Rawalpindi and Commissioner, Kohat Division. He also served in the Ministries of Culture and Commerce. He remained Additional Secretary, Ministry of Communications. In May 2012, he was promoted to the rank of Federal Secretary (BS-22) and served in the Ministry of Water & Power as Managing Director, National Energy Conversation Centre (ENERCON) and in the Ministry of States & Frontier Regions as Federal Secretary. After retirement in September 2013, he was appointed as Member FPSC and completed his three years tenure in September 2016. He also worked in UNDP as Senior Policy Advisor from January to May 2017. He attended many International Conferences representing Government of Pakistan. He also served as Secretary, Culture Sports and Tourism Government of NWFP (Now KPK) from 2003 to 2006.

CORPORATE GOVERNANCE

BOARD OF MANAGEMENT PROFILES

MR. MUHAMMAD ANWER | Member

Mr. Muhammad Anwer is a senior civil servant, currently posted as Senior Joint Secretary in the Ministry of Finance and dealing with financial matters of water, power, petroleum and gas sectors. Having Master's degree in Finance / Management (with distinction), Executive Education Program in Public Financial Management from John. F. Kennedy School, Harvard University, national / international trainings, he possesses over 25 years of experience in public administration, corporate finance, taxation and economic affairs. Mr. Anwer made significant strides in his area of expertise and successfully finalized a number of key bilateral and multilateral financial and technical assistance agreements on infrastructure development, communications and power generation etc.

Mr. Anwer led several GoP teams and represented the country on various international forums to enhance international economic and technical cooperation with Pakistan.

MR. YOUSAF NASEEM KHOKHAR | Member

Mr. Yousaf Naseem Khokhar is a senior civil servant, currently posted as Secretary Interior, Ministry of Interior. Previously he had held the position of Secretary, Power Division, Ministry of Energy.

Mr. Khokhar holds a Master's degree in Social Policy and Planning in Developing Countries from London School of Economics, United Kingdom.

He has a rich experience in public sector development management of Pakistan spanning over more than thirty years. At mid-career level, he was instrumental in implementation of public policies and rural development. At senior and top management levels he was directly involved in formulating and spearheading public policy for country's overall development portfolio and energy sector initiatives.

In Small and Medium Enterprises Development Authority (SMEDA) he extended strategic direction, technical advice, expertise to develop and expand micro, small, and medium enterprises through innovative financing programs for funding enterprises that have become too large to tap traditional microfinance but are unable to access conventional bank funds.

In support with multi-national lending and non-lending organizations he placed mechanisms for ensuring compliance and safeguards for Prime Minister's Southern Punjab Development Package with financial outlay of USD 1.2 billion Aim of the program was socio-economic uplift of the backward and neglected region of Punjab.

In Energy sector, he was over-seeing power sector management with a portfolio of more than USD 36 billion under China Pakistan Economic Corridor (CPEC) for power generation in private sector, upgradation of transmission and distribution networks, minimization of losses and inefficiencies. He has provided leadership for a paradigm shift for providing net-metering through distributive generation based on solar resource and advancement of automatic metering infrastructure in collaboration with the Asian Development Bank as well as through public-private partnerships.

In his current position, he is coordinating with relevant stakeholders to improve the security situation through policy measures and effective implementation to create a more enabling environment for better economic growth.

CORPORATE GOVERNANCE

BOARD OF MANAGEMENT PROFILES

MR. SAJID MEHMOOD QAZI | Member

Mr. Sajid Mehmood Qazi, Joint Secretary, Ministry of Energy, Petroleum Division joined Office Management Group of the civil service of Pakistan in 1995. He was exposed to the working of Ministries of Economic Affairs, Commerce & Textile and Narcotics Control. As Additional Registrar Supreme Court of Pakistan, he has the rare honour of contributing in the setting up of the HR cell to streamline the implementation of suo moto jurisdiction of the apex court of the country. As a core member of the NAB team, Mr. Qazi contributed in formulating and implementing the national anticorruption strategy during his stint at the premier accountability body from 1999 to 2005. Mr. Qazi performed the duties of a diplomat in Pakistani Consulate Manchester, UK as Counsellor Community Affairs. Before joining the Ministry of Petroleum, he was working as Director General in the Overseas Pakistanis Foundation.

Mr. Qazi has strong interest in Economics, Public Administration and Law. He earned LLM from Warwick University, UK as Chevening Scholar. He is an avid reader of contemporary history and also follows his passion of hiking and landscape photography in his leisure time. Some of his photographic art could be visited at www.sajidqazi.com and Facebook page https://www.facebook.com/sajidqaziphotography.

ENGAGEMENT OF BOARD MEMBERS IN BUSINESS ENTITIES

Sr. No.	Name of Board Member	Date of Joining Board	Other Engagements
1	Syed Jehangir Ali Shah (MD & Member, BOM)	September 06, 2018	None
2	Mr. Zahid Mir (Non – Executive Member)	November 02, 2015	**Managing Director & CEO** 1. Oil & Gas Development Company Limited **Director** 2. Mari Petroleum Company Limited
3	Mr. Abdul Jabbar Memon (Non – Executive Member)	May 02, 2017	**Director** 1. Pakistan Refinery Limited
4	Mr. Muhammad Anwer (Non – Executive Member)	August 04, 2017	**Director** 1. Multan Electricity Company Limited 2. Gujranwala Electricity Company Limited 3. Lahore Electricity Company Limited 4. GENCO Holding Company Limited
5	Mr. Amjad Nazir (Independent Member)	August 11, 2017	None
6	Mr. Yousaf Naseem Khokhar (Non – Executive Member)	October 19, 2017	**Director** 1. Pakistan Electric Power Company Limited 2. Central Power Purchasing Agency (Guarantee) Limited 3. Power Holding (Pvt.) Limited 4. National Engineering Services Pakistan (Private) Limited
7	Mr. Sajid Mehmood Qazi (Non – Executive Member)	March 20, 2018	**Director** 1. Mari Petroleum Company Limited 2. Pakistan Petroleum Limited

CORPORATE GOVERNANCE

BOARD COMMITTEES

BOARD FINANCE AND RISK MANAGEMENT COMMITTEE

Mr. Muhammad Anwer	Chairman
Mr. Amjad Nazir	Member
Mr. Sajid Mehmood Qazi	Member
Company Secretary	Secretary

Terms of Reference

The Board Finance and Risk Management Committee primarily reviews the financial and operating plans of the Company and is responsible for overseeing the risk management activities, approving appropriate risk management procedures and measurement methodologies across the Company.

The Finance and Risk Management Committee's scope of work entails carrying out following activities and duties and recommending their findings to the Board of Management for approval:

1. Reviewing Corporate Strategy, Operational Plans and Long Term Projections of the Company.
2. Reviewing Proposals / Feasibility Studies prepared by the management of all major projects.
3. Review the proposed annual Business Plan and Budget and endorsing the same for approval of Board of Management.
4. Identification and management of strategic business risks of the Company considering the general economic conditions of the country, competitive realities and scenarios and ensuring that risk management processes and cultures are embedded throughout the Company.
5. Providing regular update to the Board of Management on key risk management issues and its proposed mitigating factors.
6. Considering investments and disinvestments of funds outside normal conduct of business and reviewing cash and fund management policies and procedures.
7. Consideration of any other issue or matter as may be assigned by the Board of Management.

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Yousaf Naseem Khokhar	Chairman
Mr. Zahid Mir	Member
Mr. Amjad Nazir	Member
Mr. Abdul Jabbar Memon	Member
Mr. Sajid Mehmood Qazi	Member
Company Secretary	Secretary

Terms of Reference

The Committee will be responsible for making recommendations to the Board for maintaining:

- A sound plan of organization for the Company.
- An effective employees' development programme.
- Sound compensation and benefits plans, policies and practices designed to attract and retain the calibre of personnel needed to manage the business effectively.

The terms of reference of the Committee shall also include the following:

1. Review organization structure periodically to:

   a. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.

   b. Establish plans and procedures that provide an effective basis for management control over Company manpower.

   c. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.

2. Review the employees' development system to ensure that it:

   a. Foresees the Company's senior management requirements.

   b. Provides for early identification, development, and succession of key personnel and leadership positions.

   c. Brings forward specific succession plans for senior management positions.

   d. Training and development plans.

3. Compensation and Benefits:

   a. Review data of competitive compensation practices and review and evaluate policies and programmes through which the Company compensates its employees.

   b. Recommend for approval salary ranges, salaries and other compensation for the CEO and Senior Management/Senior General Managers reporting to the CEO.

BOARD AUDIT AND COMPLIANCE COMMITTEE

Mr. Amjad Nazir	Chairman
Mr. Zahid Mir	Member
Mr. Yousaf Naseem Khokhar	Member
Mr. Muhammad Anwer	Member
Company Secretary	Secretary

Terms of Reference

The Committee shall, among other things, be responsible for recommending to the Board of Management the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Management shall act in accordance with the recommendations of the Board Audit & Compliance Committee in all these matters.

The Committee will also assist the Board in overseeing the Company's compliance program with respect to: (i) compliance with the laws; and (ii) compliance with the Company's Code of Conduct and related policies by employees, officers, directors and other agents and associates of the Company.

The terms of reference of the Audit & Compliance Committee shall also include the following:

Audit

1. Determination of appropriate measures to safeguard the Company's assets.
2. Review of preliminary announcements of results prior to publication.
3. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Management, focusing on:
   - Major judgemental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.
4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
5. Review of management letter issued by external auditors and management's response thereto.
6. Ensuring coordination between the internal and external auditors of the Company.
7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
8. Consideration of major findings of internal investigations and management's response thereto.
9. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
10. Review of the Company's statement on internal control systems prior to endorsement by the Board of Management.
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Management, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
12. Determination of compliance with relevant statutory requirements.

CORPORATE GOVERNANCE

13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

14. Recommending or approving the hiring or removal of the chief internal auditor.

15. Overseeing whistle-blowing policy and protection mechanism; and

16. Consideration of any other issue or matter as may be assigned by the Board of Management.

Compliance

1. Review Code of Conduct and related policies applicable to employees, officers, and directors and other agents and associates of the Company at least annually and make recommendations to the Board as appropriate.

2. Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by Company employees, officers, directors and other agents and associates of the Company law, regulation, Company policy, special conditions imposed on the Company by any licensing authorities, and the Code of Conduct.

3. The Whistle blowing unit will report to the Audit & Compliance Committee.

4. Review and evaluate, at least annually, the performance of the Committee, including compliance by the Committee with this Charter.

5. Review and assess, at least annually, the adequacy of this Charter and submit any proposed changes to the Board for approval.

6. Review resources assigned to the Compliance program to assess their adequacy relative to the program's effectiveness.

7. Receive such reports of relevant conduct, misconduct and other issues as appropriate to the Committee.

8. Perform any other activities consistent with this Charter and the Company's Bylaws and Certificate of Incorporation, as the Committee may deem necessary or appropriate for the fulfilment of its responsibilities under this Charter or as required by applicable law or regulation, or as may be determined by the Board.

9. Do every other act incidental to, arising out of or in connection with, or otherwise related to the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.

10. Notwithstanding any of the foregoing, the legal liability of any of the Committee members shall not be greater than that of other members of the Board.

BOARD PROCUREMENT COMMITTEE

Mr. Zahid Mir	Chairman
Mr. Abdul Jabbar Memon	Member
Mr. Sajid Mehmood Qazi	Member
Company Secretary	Secretary

Terms of Reference

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.

2. Approve procurement awards for capital and revenue expenditure for amounts in excess of Rs. 100 million for local procurement and US$ 5 million for foreign procurement (other than product procurement). Awards requiring urgent approval will be approved through circulation to all members.

3. Provide advice on procurement related matters and approval processes as and when required.

ROLE OF CHAIRMAN AND CEO

Chairman of the Board is responsible to ensure that the Board is working properly and all matters relevant to the governance of the Company are considered in the Board Meetings. The Chairman conducts the Board meeting and has the responsibility to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the Company.

The CEO/Managing Director of the Company is responsible for the management of the Company, in accordance with all statutory obligations and subject to the oversight and directions of the Board. His responsibilities, inter-alia, include implementation of strategies and polices approved by the Board.

CEO'S PERFORMANCE REVIEW BY THE BOARD

The performance of the CEO/Managing Director is to be evaluated by the Board on an annual basis based on the business activities performed during the year in line with the corporate strategy. The Board oversees the activities of the Company including the corporate performance and advises the Management accordingly. A corporate strategy based on a 3 years rolling plan is set out by the Company under the supervision of the CEO/Managing Director which is approved by the Board on annual basis. The performance thereof is monitored during the year.

EVALUATION OF BOARD'S PERFORMANCE

According to the Amended Public Sector Companies (Corporate Governance) Rules 2013, the responsibility for performance evaluation of members of the Board has been entrusted with the Government. Performance evaluation is to be carried out by the Government.

FORMAL ORIENTATION AND TRAINING OF THE BOARD MEMBERS

PSO organizes orientation sessions and training for Board Members. During the year orientation sessions were organized for PSO's Chairman, Mr. M. A. Mannan. Orientation sessions and training programmes will be organized for all Board Members in due course.

COMPANY'S POLICY FOR SAFEGUARDING OF RECORDS

Company has a detailed policy in respect of retention / safeguarding of records. The policy has department wise details which also takes into account the regulatory requirements for safeguarding / retention of such records. Company's records are stored in efficient, secure and easy to retrieve manner. Company's record includes books of accounts, documentations pertaining to taxation, legal, contractual, digital information etc. These records have been kept at secured places with adequate protection measures in place. Further, the Company has a comprehensive Disaster Recovery Plan which entails necessary backup facilities.

CONFLICT OF INTEREST AMONGST BOARD MEMBERS

Any conflict of interest relating to members of the board of management is managed as per provisions of the Company law and rules and regulations of SECP and Pakistan Stock Exchange.

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

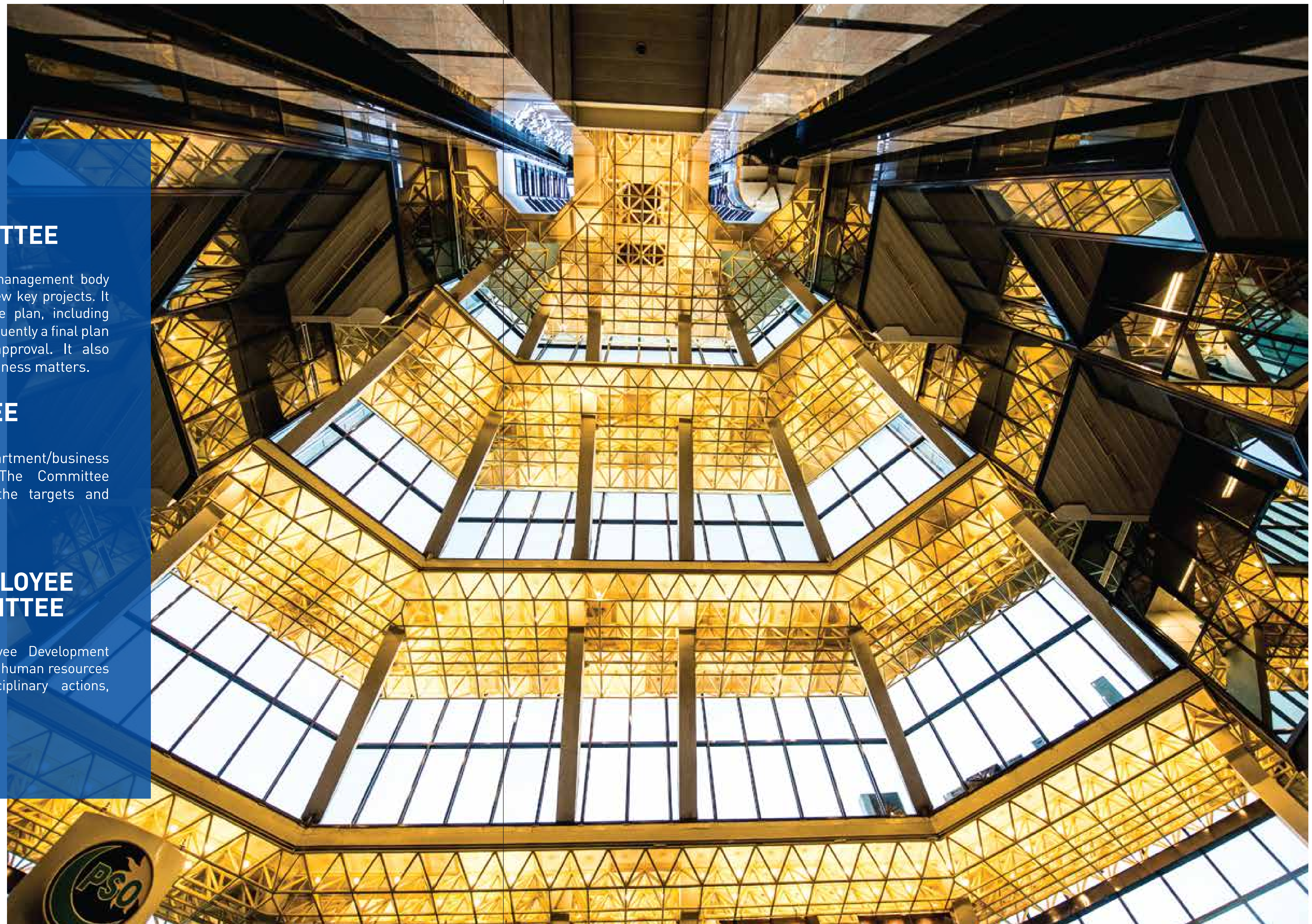
Management Committee is the prime management body which primarily meets to steer and review key projects. It also reviews the elements of corporate plan, including performance targets and budgets. Subsequently a final plan is prepared and sent for Board's approval. It also conducts periodic review of various business matters.

EXECUTIVE COMMITTEE

Executive Committee reviews the department/business performance on quarterly basis. The Committee stewards the performance against the targets and objectives set in the annual plan.

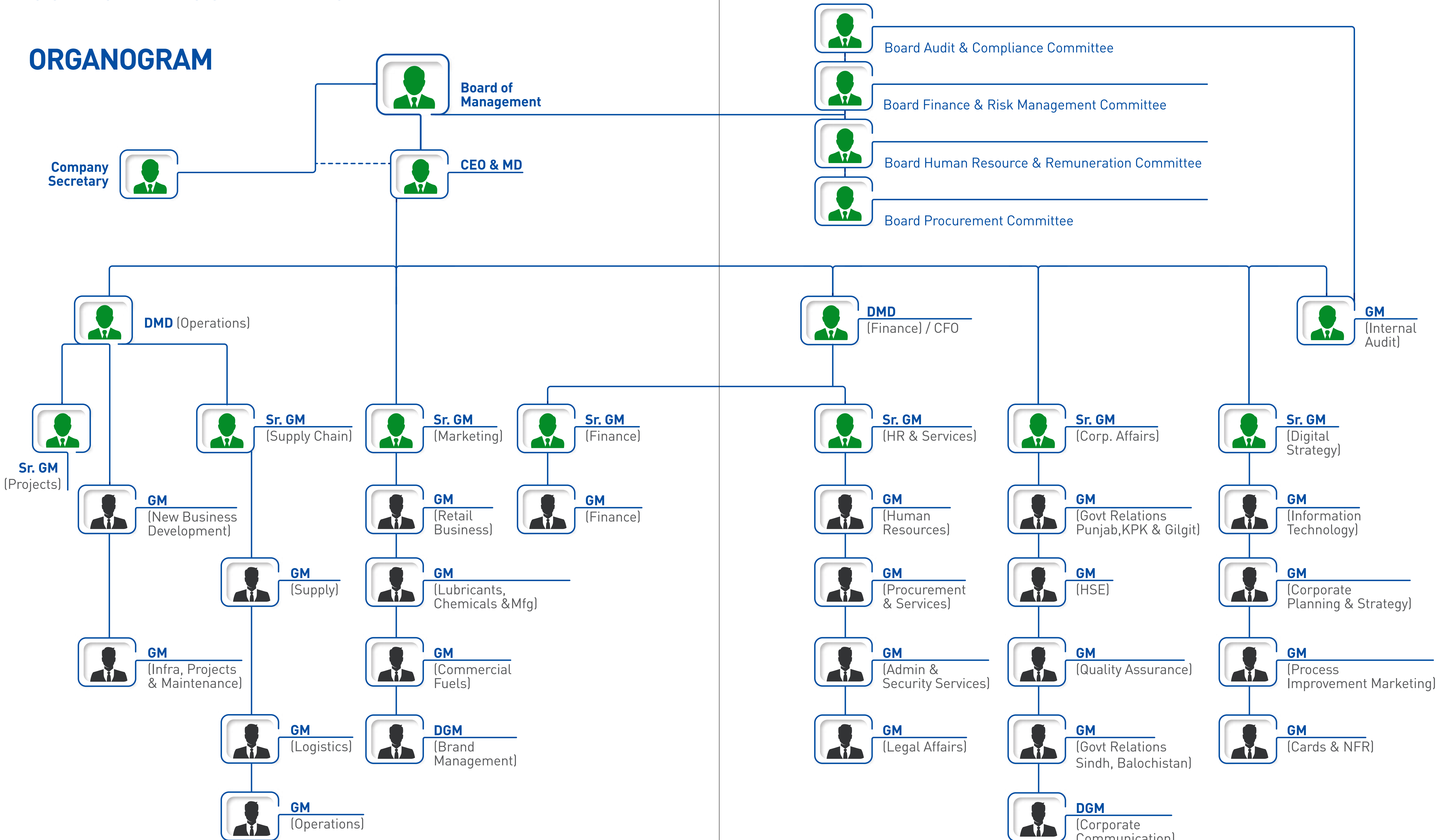
COMPENSATION, ORGANIZATION & EMPLOYEE DEVELOPMENT COMMITTEE

Compensation, Organization & Employee Development Committee reviews matters pertaining to human resources such as recruitment, transfers, disciplinary actions, promotions and employee benefits.



CORPORATE GOVERNANCE

ORGANOGRAM



CORPORATE GOVERNANCE

REPORT OF THE BOARD AUDIT & COMPLIANCE COMMITTEE

COMPOSITION AND MEETINGS:

- The Board Audit & Compliance Committee including its Chairman comprises one independent member and three non-executive members. The Chairman of the Committee is an independent member.
- The Committee met four times during the year ended June 30, 2018 prior to approval of interim and final results of the Company as required by the Code of Corporate Governance (CCG). During the meetings, other matters were also taken up as per the Terms of Reference (TOR) of the Committee.
- Regular attendees at Committee meetings, on the invitation of the Committee, included the Head of Internal Audit, Chief Executive Officer/ MD (CEO) and Chief Financial Officer (CFO).

SUMMARY OF KEY ACTIVITIES:

The key functions performed by the Committee are given below:

1. FINANCIAL REPORTING

- The Committee reviewed and recommended for BOM's approval, the draft annual and interim results of the Company. The Committee discussed with the CFO and the external auditors, the significant accounting policies and significant issues in relation to the financial statements and how these were addressed.
- The Committee also reviews the Management Letter issued by the external auditors wherein control weaknesses are highlighted. Compliance status of previously highlighted observations by the external auditors is also reviewed and corrective measures are discussed to improve overall control environment.

2. ASSESSMENT OF INTERNAL AUDIT FUNCTION

- The Committee has an established process to review the effectiveness of the Internal Control system and the Internal Audit Function. The Head of Internal Audit has direct access to the Committee.
- The Committee reviewed and approved the risk based internal audit plan covering all the business activities.
- The Committee reviewed, on a quarterly basis, the status of planned versus actual audit activities along with major internal audit observations and status of decisions made in the previous Committee meetings.
- The Committee recommends improvements in internal controls and gives directives for corrective actions where required.

3. WHISTLE BLOWING

As per the Whistle Blowing Policy approved by BOM, the Committee is entrusted with the responsibility to monitor the effectiveness of the whistle blowing unit. Quarterly report on the Complaints received vis-à-vis the actions taken was presented in the Committee meetings. For the year June 30, 2018, eight complaints were reviewed by Whistle Blowing Unit and reported to Board Audit & Compliance Committee.

4. REVIEW OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the Company's Compliance with the Code of Corporate Governance. The Committee reviewed the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Code of Corporate Governance, 2012 to be published in the Annual Report.

5. APPOINTMENT OF EXTERNAL AUDITORS

- The statutory auditors of the company, A.F.Ferguson & Co. (Tenure: 4 years) and EY Ford Rhodes (Tenure: 3 years) have completed their audit of the company's financial statements and review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2018.
- The Audit firms have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firms are fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for re-appointment under the Code of Corporate Governance and Terms of Reference approved by BOM, the Committee recommends their reappointment for the financial year ending June 30, 2019 and their remuneration.
- The Committee also met the External Auditors separately in the absence of CEO and CFO to get their feedback on the overall control and governance structure within the Company.

Amjad Nazir
Chairman – Board Audit & Compliance Committee

August 10, 2018
Karachi

A JOURNEY ON DRIVING WINDS

As the winds keep blowing, so too does PSO keep pushing onwards. Whether we are airborne to deliver our products to far-flung destinations, or whether we are enabling our customers to keep their fleets in the air, we work tirelessly to meet the needs of our customers and add wings to their journeys.

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

With the Public Sector Companies (Corporate Governance) Rules, 2013, Code of Corporate Governance, 2012 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2018

Name of the line ministry: Ministry of Energy (Petroleum Division)

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "The Rules"), the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") and Code of Corporate Governance, 2012 ("the Code") issued by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of establishing a framework of good governance, whereby a listed public sector company is managed in compliance with the best practices of the Rules and the Regulations / Code.

Pakistan State Oil Company Limited (the Company/PSO) is primarily regulated under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the 1974 Act") which takes precedence over the provisions contained in the Companies Act, 2017 ("the Act"). The Rules and the Regulations promulgated by the SECP have laid down certain criteria for the election, functioning and responsibilities of the Board of Directors and the election of the Chairman and the appointment of the Managing Director. However, the said criteria of the Rules and the Regulations are not considered applicable to the extent of overriding provisions contained in the 1974 Act and Board of Management Regulations, 1974 of the Company.

The Company is managed by the Board of Management (BOM) appointed by the Federal Government under section 7 of the 1974 Act.

In view of the above, the Company applied the principles contained in the Rules and the Regulations / Code in the following manner:

1. The independent members of the BOM meet the criteria of independence, as defined under the Rules.

2. As at June 30, 2018, the composition of BOM was as follows:

Category	Names	Date of appointment
Independent Members	Mr. M. A. Mannan	February 20, 2018
	Mr. Amjad Nazir	August 11, 2017
Executive Member	Mr. Sheikh Imranul Haque	September 01, 2015
Non-Executive Members	Mr. Zahid Mir	November 02, 2015
	Mr. Abdul Jabbar Memon	May 02, 2017
	Mr. Muhammad Anwer	August 04, 2017
	Mr. Yousaf Naseem Khokhar	October 19, 2017
	Mr. Sajid Mehmood Qazi	March 20, 2018

3. The members of the BOM had confirmed that none of them served as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.

4. A Chairman was appointed by the Government with effect from February 28, 2018 who resigned subsequent to year end. Since then the Government has not appointed a new Chairman. The functions of Chairman remain separate from the functions of the Managing Director.

5. (a) 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, including posting the same on the Company's website. (www.psopk.com).

   (b) The BOM has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.

6. The BOM has established a system of sound internal control to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.

7. The Company has developed and enforced an appropriate conflict of interest policy which lays down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedures for disclosing such interests.

8. The Company has a whistle blowing policy and a policy against bribery and receiving gifts in place as an anticorruption measure to minimize actual or perceived corruption in the Company.

9. The BOM ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.

10. The Company has formed a Compensation Organization and Employee Development Committee whose functions include investigating deviations from the Company's Code of conduct.

11. The BOM ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority (PPRA) Rules.

12. The BOM has developed a vision / mission statement, corporate strategy and significant policies of the Company.

13. During the year, the Company did not deliver any services or sell any goods as a public service obligation, hence, no submissions of requests for compensation were made to the Government.

14. (a) The BOM has met seven times during the year.

    (b) Written notices of the BOM meetings, along with agenda and working papers, were circulated at least seven days before the meetings except in case of emergency meetings.

    (c) Minutes of the meetings were appropriately recorded and circulated.

15. The BOM monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. According to the Public Sector Companies (Corporate Governance) Rules 2013, the responsibility for performance evaluation of members of the Board including the Chairman and the Managing Director has been entrusted with the Government. No such evaluation was carried out by the Government during the year.

16. The BOM reviewed and approved the related party transactions placed before it after recommendations of the Board Audit & Compliance Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.

17. (a) The BOM has approved the statement of profit or loss for, and the statement of financial position as at the end of the first, second and third quarters of the year as well as for the financial year end.

    (b) The Company has prepared half yearly financial information and undertaken limited scope review by the external auditors.

    (c) The BOM has placed the annual financial statements on the Company's website.

18. The Chairman upon his appointment, underwent an Orientation Programme arranged by the Company as required by the Rules. Orientation Programme for other Board Members will also be arranged in future.

19. The Chairman Mr. M. A. Mannan, had the certification under the Directors Training Programme. Certifications for other Board Members will also be obtained, in due course.

20. The BOM has formed the requisite committees, as specified in the Rules. The Committees were provided with written terms of reference defining their duties and authority. The committees were chaired by the following non-executive Board Members:

Committee	No. of Members	Name of Chair
Board Audit & Compliance Committee	4	Mr. Amjad Nazir Mr. Muhammad Anwer* Mr. Zahid Mir*
Board Finance & Risk Management Committee	3	Mr. Zahid Mir
Board Human Resource & Remuneration Committee	4	Mr. Yousaf Naseem Khokhar Mr. Sabino Sikandar Jalal* Mr. Zahid Mir* Dr. Musadik Malik*
Board Procurement Committee	3	Mr. Yousaf Naseem Khokhar Mr. Abdul Jabbar Memon*

*Changed during the year

CORPORATE GOVERNANCE

21. The Board has formed Board Audit & Compliance Committee with defined and written terms of reference, having the following members:

Name	Category	Professional Background
Mr. Amjad Nazir	Independent Chairman	Retired Civil Servant
Mr. Zahid Mir	Non-executive Member	Petroleum Engineer
Mr. Yousaf Naseem Khokhar	Non-executive Member	Civil Servant
Mr. Muhammad Anwer	Non-executive Member	Civil Servant

22. There was no change in the position of the Chief Financial Officer, Company Secretary and the Head of Internal Audit during the year.
23. The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.
24. The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.
25. The Report to the Shareholders for current year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.
26. The members of the BOM, the Managing Director and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.
27. The responsibility for fixing the remuneration packages of the Managing Director and the Chairman of BOM is the function of the Federal Government under the 1974 Act. Accordingly, this function was performed by the Federal Government. The Non-executive BOM members do not have fixed remuneration per se and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the BOM collectively.
28. The financial statements of the Company were duly endorsed by the Managing Director and Chief Financial Officer before approval of the Board Audit & Compliance Committee and BOM.
29. (a) The Chief Financial Officer, the Head of Internal Audit and a representative of external auditor attended all meetings of the Board Audit & Compliance Committee at which issues relating to accounts and audit were discussed.

    (b) The Board Audit & Compliance Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Head of Internal Audit and other executives.

    (c) The Board Audit & Compliance Committee met the Head of Internal Audit and other Members of the Internal Audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.
30. (a) The BOM has set up an effective internal audit function, which has an audit charter, duly approved by the Board Audit & Compliance Committee.

    (b) The Head of Internal Audit has requisite qualification and experience prescribed in the Rules.

    (c) The Internal Audit reports have been provided to the external auditors for their review.
31. The external joint auditors of the Company have confirmed that their firms and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.
32. The external joint auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.

Additional requirements under the Regulations:

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018 issued by the SECP requires that any disclosure required under any other directive, code, regulation or rules shall also be made in the statement of compliance, notwithstanding anything contained in the statement. Accordingly, below are the requirements of the Regulations applicable for listed companies for which parallel provisions do not exist in the Rules.

a) As at June 30, 2018, the total number of Board Members was 8 and all members were male.

b) The BOM has formed Committees comprising of members given below:

Board Human Resource & Remuneration Committee	Mr. Yousaf Naseem Khokhar	Chairman
	Mr. Zahid Mir	Member
	Mr. Amjad Nazir	Member
	Mr. Abdul Jabbar Memon	Member
	Mr. Sajid Mehmood Qazi	Member
Board Procurement Committee	Mr. Zahid Mir	Chairman
	Mr. Abdul Jabbar Memon	Member
	Mr. Sajid Mehmood Qazi	Member
Board Finance & Risk Management Committee	Mr. Muhammad Anwer	Chairman
	Mr. Amjad Nazir	Member
	Mr. Sajid Mehmood Qazi	Member

Details of Board Audit and Compliance Committee are given in paragraph 21

c) The frequency of meetings (yearly) of the Board Committees was as follows:

Board Sub-Committee	Frequency
Board Audit & Compliance Committee	4
Board Human Resource & Remuneration Committee	6
Board Procurement Committee	5
Board Finance & Risk Management Committee	1

d) The external joint auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company.

e) The meetings of the BOM, in the absence of Chairman, were presided over by the member of the BOM unanimously elected by the BOM for this purpose.

f) All the powers of the BOM were duly exercised and decisions on material transactions were taken by the BOM except for appointment and determination of remuneration and terms and conditions of employment of the Managing Director which is the function of the Federal Government under section 6(1) & (3) of the 1974 Act, hence, this matter was referred to the Federal Government for approval.

g) We confirm that all other requirements of the Regulations have been complied with.

Requirements under the Code (Applicable till December 31, 2017):

i. All the members of the BOM are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

ii. All casual vacancies occurring on the BOM were filled up by Government within 90 days.

iii. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Board Members, employees and the Stock Exchange.

iv. Material/price sensitive information, where applicable has been disseminated among all market participants at once through the Stock Exchange.

v. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of person from the said list.

CORPORATE GOVERNANCE

EXPLANATION OF NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material principles enshrined in the Rules have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Sr. No.	Rule/Sub Rule No.	Reason for Non-Compliance	Future Course of Action
1.	11(3) of PSC(CG) Rules	Annual orientation course in respect of responsibilities concerning the use of public resources, to act in good faith and in the best interest of the public sector company for all Board Members was not held during the year other than Chairman.	An orientation course of the Board of Management will be conducted annually.

Sheikh Imranul Haque
Managing Director & CEO

August 31, 2018
Karachi

Zahid Mir
Member-Board of Management

A. F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi

EY Ford Rhodes
Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with the Code of Corporate Governance, 2012, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance 2012, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013 (here-in-after referred to as 'Codes') prepared by the Board of Management – Oil (BOM) of Pakistan State Oil Company Limited (the Company) for the year ended June 30, 2018 to comply with the requirements of Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018.

The responsibility for compliance with the Codes is that of the BOM of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the BOM's 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 Codes require the Company to place before the Board Audit and Compliance Committee, and upon recommendation of the Board Audit and Compliance Committee, place before the BOM for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the BOM upon recommendation of the Board Audit and Compliance Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 require the BOM to ensure compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority (PPRA) Rules. We have only carried out procedures to check compliance with the above mentioned rules on a test basis as a part of our audit of the financial statements of the Company.

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 best practices contained in the Codes as applicable to the Company for the year ended June 30, 2018 except that certain clauses are considered inapplicable due to overriding provisions of Marketing of Petroleum Products (Federal Control) Act, 1974 applicable to the Company, as explained in the enclosed Statement of Compliance.

We draw attention to the Statement of Compliance, which states that the Company is primarily regulated under the provisions of Marketing of Petroleum Product (Federal Control) Act, 1974 (the 1974 Act) and managed by the BOM appointed by the Federal Government under section 7 of the 1974 Act. Further we draw attention to instance of non-compliance with the requirements of the Codes as reflected in the last section of the Statement of Compliance with the Codes, under the heading 'Explanation of Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013'.

A. F. Ferguson & Co.
Chartered Accountants
Osama Kapadia

EY Ford Rhodes
Chartered Accountants
Shariq Ali Zaidi

Date: September 22, 2018
Place: Karachi

CORPORATE GOVERNANCE

ATTENDANCE AT THE BOARD AND COMMITTEE MEETINGS

For the year ended June 30, 2018

Attendance at Board of Management Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. M. A. Mannan	3	2
Mr. Sheikh Imranul Haque	7	7
Mr. Zahid Mir	7	6
Mr. Yousaf Naseem Khokhar	4	1
Mr. Abdul Jabbar Memon	7	7
Mr. Muhammad Anwer	6	6
Mr. Amjad Nazir	4	3
Mr. Sabino Sikandar Jalal	2	2
Mr. Sajid Mehmood Qazi	2	2
Mr. Ahad Khan Cheema	1	1
Mr. Haque Nawaz	1	1
Dr. Musadik Malik	3	3

Note: No BOM meeting was held outside Pakistan during the year

Attendance at Board Audit and Compliance Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. Amjad Nazir	2	2
Mr. Yousaf Naseem Khokar	2	1
Mr. Zahid Mir	4	4
Mr. Abdul Jabbar Memon	2	2
Mr. Muhammad Anwer	4	4

Attendance at Board Human Resource and Remuneration Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. Yousaf Naseem Khokhar	3	3
Mr. Zahid Mir	6	5
Mr. Abdul Jabbar Memon	6	5
Mr. Amjad Nazir	3	3
Mr. Sajid Mehmood Qazi	-	-
Mr. Sabino Sikandar Jalal	1	1
Mr. Ahad Khan Cheema	1	1
Dr. Musadik Malik	1	1

Attendance at Board Finance and Risk Management Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. Zahid Mir	1	1
Dr. Musadik Malik	1	1
Mr. Haque Nawaz	1	1

Attendance at Board Procurement Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. Zahid Mir	2	2
Mr. Abdul Jabbar Memon	5	5
Mr. Sajid Mehmood Qazi	-	-
Mr. Yousaf Naseem Khokhar	3	3
Mr. Ahad Khan Cheema	3	3
Dr. Musadik Malik	1	1
Mr. Haque Nawaz	1	1

* Number of meetings held during the period when the concerned member was on the Committee.

RELATED PARTIES

Names of Related parties with whom the Company has entered into transactions or had agreements and arrangements in place during the financial year along with the basis of relationship are disclosed in note 42 to the financial statements.

Contract or arrangements with related parties were in the ordinary course of business and were at arm's length basis.

MANAGEMENT RESPONSIBILITY TOWARDS FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017)

Management is also responsible to implement such internal controls as it determines as 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 has to make various estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts. The following are areas of significant judgments:

- Valuation of stock in trade
- Valuation / Impairment of Trade debt and other receivables
- Provision for retirement and other service benefits
- Taxation including deferred taxation
- Depreciation /amortization methods and determination of useful lives of items of property, plant and Equipment and Intangibles.

A JOURNEY THROUGH UNDULATING FIELDS

As the sun keeps shining, so too does PSO stay energized. Whether we are planting the seeds to keep our company growing, or whether we are enabling our farmers to feed the nation, we are there to help our customers across all the seasons of their journey.

REPORT TO SHAREHOLDERS

The Board of Management of Pakistan State Oil Company Limited has reviewed the performance of the Company and is pleased to present the financial and operational performance for the year ended June 30, 2018.

With a strategic focus on providing energy solutions, while enriching customer experience, PSO continued its journey of delivering strong business performance in FY 2018. The Company maintained its leading position in the Liquid Fuels market despite the changing energy mix in the country, and aggressive competition from the ever increasing number of Oil Marketing Companies in the industry.

The financial performance of the Company remained strong in FY 2018 with an increase of 20.4% in Sales Revenue over last year to Rs. 1.1 trillion. Profit after tax (PAT) of the Company stood at Rs. 15.5 billion in FY 2018 as compared to Rs. 18.2 billion in FY 2017. Earnings per share (EPS) was Rs. 47.42 in FY 2018 compared to Rs. 55.90 in FY 2017. The decline was witnessed primarily on account of the drop in Black Oil demand, reduction in Deferred Tax asset due to decline in future corporate rates of tax, exchange loss due to rupee devaluation and significant reduction in mark-up/interest received from PIBs due to their maturity in July 2017. The aforesaid decline in PIBs interest was, however, mitigated by decline in Finance Cost by 13.5% due to robust negotiations with banks, maintaining an appropriate borrowing mix, and an increase in the recovery of interest from the Power sector.

The BoM expressed concern over the increasing receivables from the power sector and advised the Management to pursue the recovery thereof through continued follow-up with the customers and the concerned Government departments/Ministries.

PSO closed the year with the leadership position in Liquid Fuels, with a cumulative market share of 50.0%. The White Oil sales volume witnessed a growth of 5.7% which was driven by a growth of 10.1% in MOGAS and 2.4% in HSD sales volume which was the highest in the last three years. There was a significant decline in the demand for black oil due to the availability of RLNG/natural gas in the country and the Government's policy of operating existing power plants on RLNG/natural gas.

FY 2018 also marked the year in which PSO took a leap and reintroduced higher grade RON 97 gasoline. The introduction of the higher grade gasoline fuel is in line with Company's objective of providing the best fuels to consumers, improving the Company's image while also following the GoP's directives of improving the quality of fuels for the general public of Pakistan.

WORLD OIL MARKET REVIEW

The average crude oil price remained around $63.21 per barrel in the global market during 2018. The price of crude remained between $44.23 and $74.15 during the period in review. The OPEC member states have agreed to increase the oil production by one million barrels per day from July 1, 2018. The increased oil output amounting to about 1 percent of global supply may neutralize a further price hike. The Government of Pakistan and regulatory bodies managed the hike in oil prices during June 2018 in order to balance inflation. It is anticipated that the upcoming trends in the global oil market will continue to impact oil prices in Pakistan throughout the fiscal year.

PAKISTAN OIL INDUSTRY - OVERVIEW

Pakistan has reduced its dependency on oil, due to significant change in energy mix. The local prices which are benchmarked with international oil prices, have increased considerably due to periodic depriciation of Pakistani Rupee.

During FY 2018, Pakistan imported more than 10 million metric tons of crude oil while around 3.5 million metric tons of oil was extracted domestically. Domestic crude oil meets only 15% of total requirements, while 85% requirements are met through imports in the shape of crude oil and refined petroleum products.

Total refined petroleum product consumption stood at 24.80 million tons during the period, against 25.73 million tons during same period last year.
(Source: OCAC)

The intensified socio–economic development activities during the year increased the demand for White Oil products (HSD, MOGAS, SKO and JP-1) by 8.2% over SPLY. However, due to the availability of RLNG/natural gas in the country and the startup of alternate energy power plants, the Black Oil demand in the industry suffered significantly, showing a decline of 23%. As a result, overall liquid fuels declined by 3.5% in FY 2018.

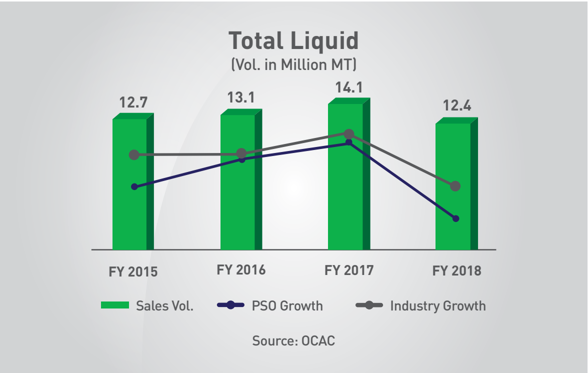
The consumption of MOGAS increased by 11.4% over SPLY mainly due to the increase in population of motor vehicles. Likewise, the demand for HSD also increased by 6.5% over SPLY.

SALES PERFORMANCE & BUSINESS LINES PERFORMANCE

PSO retained its position as the market leader in liquid fuels with an overall market share of 50.0%. PSO witnessed a growth of 5.7% in White Oil sales in FY 2018, as compared to SPLY, due to strong growth of 10.1% in MOGAS, 2.4% in HSD and 9.1% in JP-1 sales volumes, coupled with the Company's strategy to pursue profitable growth. Such exemplary growth was achieved despite the challenges that the Company faced including increased availability of smuggled product, and increasing competition in the liquid fuels market.

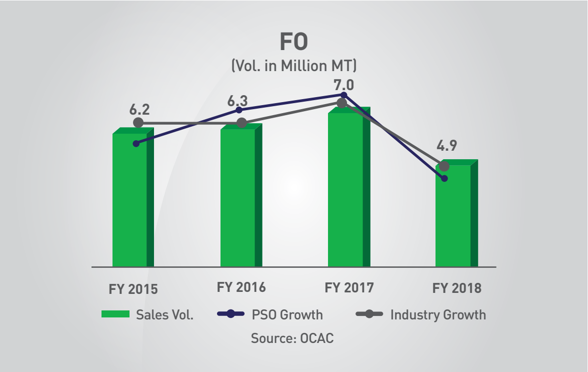
The Company made various efforts to retain its market leadership in the White Oil segment of the market, which included a number of marketing activities like adding new outlets, introduction of RON 97 fuel, revamping of C-stores and initiating various other promotional activities.

However, owing to the supply situation and availability of RLNG / natural gas in the country and the Government's strategy of switching priority (merit order) of existing power plants to RLNG/natural gas, the Black Oil demand decreased significantly. Resultantly, PSO FO sales volume declined by 29.6% in FY 2018 over SPLY.

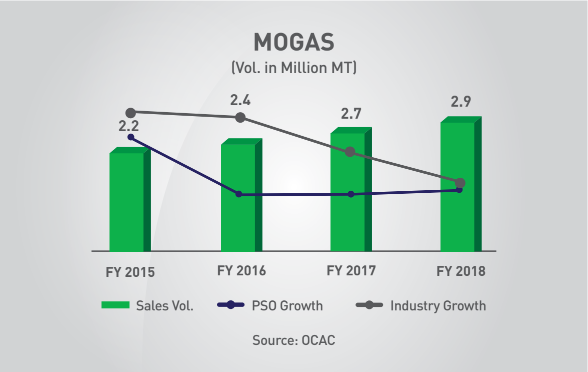


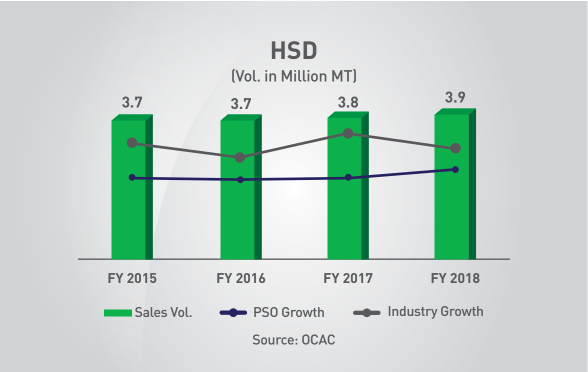
FY 2018 marked a growth of 5.7% in White Oil while Black Oil declined by 29.6% over FY 2017.The market share of White Oil dropped to 42.9% from 43.9% SPLY. Whereas the market share in Black Oil dropped to 66.7% vs 72.9% SPLY. Growth of 10.1% in MOGAS, 2.4% in HSD, 9.1% in JP-1, 4.4% in Lubricants and 26.3% in LPG was witnessed in FY 2018 vs FY 2017.

PSO retained its market leadership position in FO with a market share of 66.7% in FY 2018.

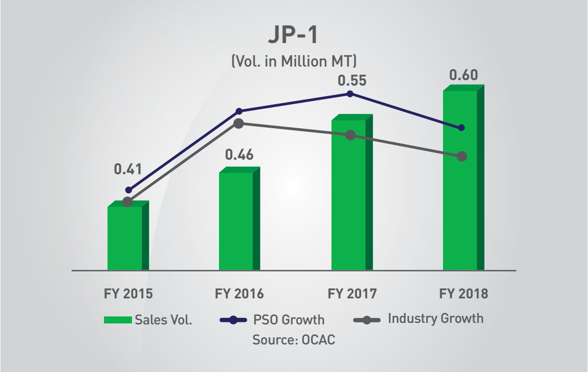


Retail sector faced stiff competition and challenges from new entrants, substantial discounts offered by competitors and the influx of smuggled products. However, the Company effectively delivered a growth of 10.1% in MOGAS sales with a market share of 39.2% and growth of 2.4% in HSD sales with a market share of 42.6% in FY 2018.



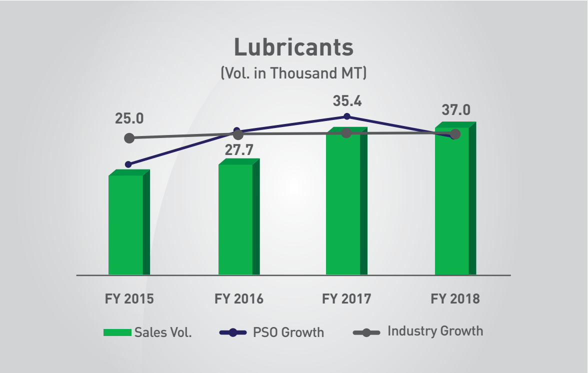


PSO continued to sustain its leadership position in JP-1 by increasing its market share to 79.2% in FY 2018 from 73.5% during SPLY. The growth in volumes and increase in market share is associated with the acquisition of business of both local and foreign scheduled airlines, start of operations at the New Islamabad International Airport and an increase in volumes from Defense customers.

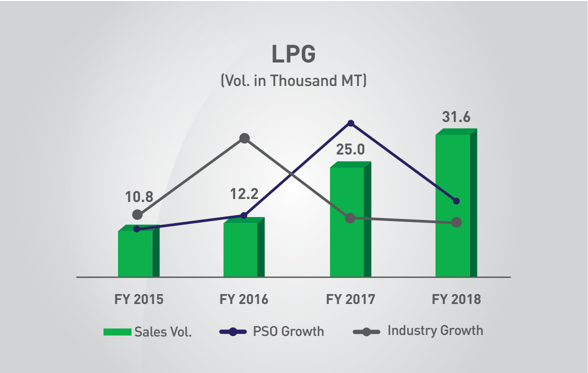


PSO maintained the market share of 100% in JP-8 exports to Afghanistan which came with a volume growth of 135.7%.

The Lubricants business recorded an increase of 4.4% over SPLY with a sales volume of 37.0 KMTs in a highly competitive lubricant industry by achieving market share of 8.9%.



LPG sales grew by 26.3% with a volume of 31.6 KMTs, increasing the market share to 2.7% in FY 2018 against 2.2% during SPLY.



REPORT TO SHAREHOLDERS

Retail Business

PSO's nationwide retail outlet network was expanded with the addition of 78 New Vision Retail Outlets (NVROs) bringing the total number of retail outlets to Rs. 3,514 in FY 2018. The Company extended its Online Ordering Management System (OOMS) to 1,870 outlets nationwide with the objective of providing convenience to dealers and replacing the conventional manual ordering system in order to streamline the sales order process.

Keeping up with international quality standards, Retail department is now ISO 9001:2015 certified. Mobile Quality Testing Unit (MQTU) network was continued to be utilized for carrying out the random quality and quantity product testing at retail outlets to ensure that best quality products reach the millions of loyal PSO customers nationwide. Furthermore, expanding its customer care services, various customer care programs were held at retail outlets to ensure that the Company's valued customers receive superior quality service.

Continuing the fuel revolution that it kick-started in 2016 with the launch of higher RON fuels, PSO introduced an upgraded RON 97 version of Altron X 97 Hi-Octane at 190 retail outlets all across Pakistan.

Customer Service

During the period in review, PSO Customer Services managed more than 680,500 interactions with customers. The Ta'aluq Care Line also assisted in conducting an on-call Mechanics Training Program, facilitated the Lubricants dealers with lubes products availability, periodic stock checks and gauged the effectiveness of the WOW Training for retail outlets staff.

Non Fuel Retail

Being Pakistan's largest and most trusted OMC, PSO has vision of serving all customers' needs under one roof. To that end, PSO has been expanding its nationwide non-fuel retail network where customers find extra value and convenience on each visit.

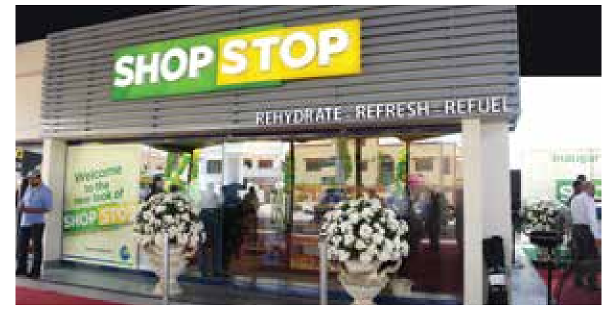
To deliver a more comprehensive retail experience to customers, PSO has been collaborating with strategic retail partners, enriching the retail services portfolio to food, financial services, utility payments and more. During the period under review, many new alliances were forged to further diversify PSO's non-fuel retail business and excel in customer facilitation.

Shop Stop

The revamping of these outlets during the period under review has given a fresh new identity and feel to these convenience stores. The overall ambiance and outlook of the C-stores has been refreshed under the established brand name 'Shop Stop'. The stores provide modern-day retailing services under PSO's 'all-in-one' theme and appropriately cater to the needs of the customers from general to specific items including grocery, personal care, even early morning breakfast and juices at specific locations in a clean, vibrant and friendly environment.

Under the facelift project of 2018, 13 convenience stores have been revamped to meet international standards of quality and service. The remodeling of Shop Stops has sent waves within the industry attracting new customers as potential business partners, which will lead to enhanced revenue streams with more control over the shop operations.

Following the overhaul, the stores are experiencing an increased influx of customers due to the superior services, and availability of top quality products. Moreover, at some shops the Company has partnered with brands like Kitchen Cuisine, Espresso2go, Barasinga, and others to further enrich the customer experience through the shop-in-shop concept.



Branchless Banking and ATM services

PSO has the largest retail footprint in the country which is being leveraged to extend financial services across the remote and underserved areas of the country. Keeping in view the growing use of branchless banking by all segments of the society and the convenience it brings, PSO has added these facilities at its retail outlets and as of June 30, 2018, over 200 PSO stations across Pakistan offer branchless banking services. In collaboration with various mobile banking companies, PSO intends to deliver these services across 1,500 stations by the end of the current fiscal year, thereby making these services available at about 50% of PSO's total network.

Customers can avail financial services such as funds transfer, utility bills payment, mobile top-ups, collection of pensions and BISP stipends, booking railway tickets, and much more in a convenient and secure manner. The services will prove instrumental in promoting digital and financial inclusion across remote and marginalized areas that lack conventional bank branches and bring more people into the formal financial system.

PSO expedited the deployment of ATMs at its retail outlets during FY 2018. Currently available across 135 retail stations and counting, the facility enables customers to perform financial transactions in a safe and secure environment.

Vending Machines

The launch of PSO branded vending machines under the "Refuel" brand is yet another milestone towards making the Company's retail outlets a preferred destination for its customers. PSO has entered into strategic alliances with several companies for the deployment of these vending machines at various locations. The machine will fulfill the demand for a quick snack & beverage at retail outlets where the 'Shop Stop' is not available.

So far 19 vending machines have been successfully deployed at various retail outlets in Karachi, Lahore and Islamabad, and the Company will continue to expand this facility to more retail outlets nationwide.

In addition to the above PSO has embarked upon deployment of automated machines aiming to provide telecom services including SIM replacement, easy load, complaints handling and issuance of new SIM.

Cards Business

During FY 2018, PSO Cards Division continued its thrust on innovation to ensure that it not only maintains its market leadership in terms of sales and number of cards issued but also provide the best value to customers in terms of security, convenience, acceptability and high availability.
Various initiatives were taken including:

1. **Fuelink:**
   Launch of an online and completely automated fuel management solution for customers "Fuelink" (www.psofuelink.com), which allows customers to not only get all account and card information on their fingertips round the clock, but also manage the complete activities of an account online including getting various customized reports, analytics, access to previous and recent bills, apply for new and replacement cards, revise existing card limits, products, update card status, etc.

2. **Enhanced security & efficient processes:**
   PSO does not only offer the most secure EMV compliant chip card but also boasts to be the only Card in Pakistan to have an optional PIN feature i.e. it is upto the customer to avail chip card with PIN code or not. Smart options of PIN generation via SMS and IVR were introduced to facilitate customers.

   Automation of complete Card operations with the introduction of online workflow applications resulted in drastic reduction of Turn Around Time (TATs) for processing customer applications. In addition to fast processing, the online workflow applications enabled tracking of applications at all stages of application processing.

3. **New Prepaid products:**
   Launch of prepaid Re-loadable Cards for Cartage Contractors and other businesses. This provides opportunity for various medium and small organizations to effectively manage their fuel expenses without any need of Collateral submission.

   As a result of afore-mentioned initiatives, Cards Division recorded a sale of Rs. 48.3 Billion, which was over 24% as compared to previous year. Overall over 750 new customers accounts were brought on board and approx. 42,000 new cards were created in FY 2018.

REPORT TO SHAREHOLDERS

Commercial Fuels

Aviation, Marine & Exports

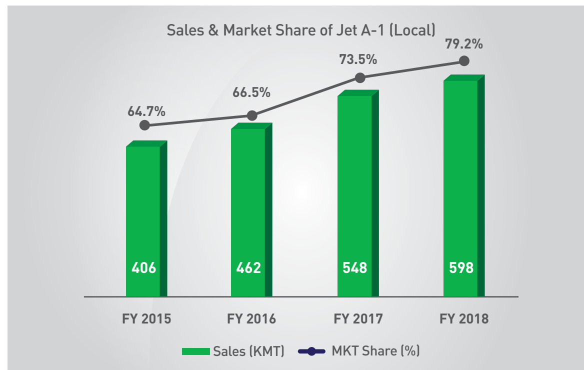
Pakistan State Oil has been marketing high quality Aviation Fuel for the last 40-years, complying with the most stringent safety and environmental standards. PSO continues to strengthen its position as the dominant player in Aviation Fuels industry in the country by providing top quality products coupled with unmatched services to its customers through a professional and well trained workforce and state of the art refueling equipment supported by strong infrastructure. PSO is also a licensee of Air Total International, which provides PSO its technical support, and worldwide experience in handling Aviation Fuels.

PSO achieved yet another milestone by developing and commissioning a state-of-the-art refueling facility at the New Islamabad International Airport in collaboration with the Attock Petroleum Limited. At present, this is fully functional with smooth operations through an efficient supply chain management and quality systems in place to satisfy customers and other stakeholders. This achievement has resulted in acquiring additional volume of around 7,000 MT per month at Islamabad Airport. The Company's experienced workforce made history by fueling the first A-380 that landed at New Islamabad International Airport.

The Company's Aviation, Marine & Export business achieved the highest ever sales of 598 KMTs of Jet A-1 (local) in FY 2018 and increased its dominance in the Aviation business with a 5.7% increase in market share vs FY 2017, closing the year at 79.2%.

PSO managed to increase overall sales to foreign carriers in FY 2018 by 26.4%, and volumes from local airlines increased by 9.1%. During Hajj operations, PSO refueled 801 flights this year compared to 489 flights in last year witnessing an increase of 63.8%.

PSO also achieved market share of 100% in JP-8 exports to Afghanistan which came with a volume growth of 135.7% and placed PSO as one of the top 25 exporters of the country. PSO managed to secure future orders through competitive price, high-quality product, better customer services, timely imports and logistics arrangements for product transportation, and additive dosing in conformance with the customer's requirements.



Power Sector

The increasing import of LNG and the availability of RLNG along with other substitutes of FO in power generation sector has resulted in a sharp decline in the demand for FO. These include the commissioning of Coal based power plants, and the addition of RLNG based Power Plants. This resulted in a 29.6% decline in the demand of FO in FY 2018 vs FY 2017. This decline in FO sales volume has however been compensated with the increasing volumes of LNG that PSO is supplying to the country, and thus leading the change in switching to cleaner fuel-mix in the country.

The sales volume of FO thus declined to 4.9 million MT in FY 2018 from 7.0 million MT in FY 2017. However, PSO has retained its leadership position in the sector with a 66.7% market share.

Despite significant challenges of high receivables, inconsistent demand of FO, and increase in FO prices in FY 2018, PSO diligently managed to maintain uninterrupted supplies to the Power sector as per demand to help reduce load-shedding in the country, and fulfilled its responsibilities as a responsible National Company.

LNG

PSO has played a lead role in bridging the national demand and supply gap of Natural Gas through import of 72 LNG vessels with total 233,585,797 MMBTUs in FY 2018, despite very thin regulated margin and significant delays in receipts against LNG supplies.

On an average, 600 MMCFD of RLNG was supplied to SNGPL during FY 2018 through meticulous planning and implementation in coordination with all stakeholders including SSGC, SNGPL, Engro Elengy, PLL, Government authorities and the suppliers.

The Company is in engagement with relevant authorities on implementation of upward revision in LNG margin as approved by the Economic Coordination Committee of the Cabinet vide reference ECC-62/12/2018 dated May 30, 2018.

LPG

PSO LPG Business (Pak Gas) delivered another strong performance with a sales volume of 31.6 KMTs FY 2018 vs 25.0 KMTs in FY 2017, which is a growth of 26.3% against industry growth of 5.1%. Pak Gas has further strengthened its presence in the market with increased penetration in sub-urban and rural areas and is now amongst the top 6 LPG Marketing Companies in the industry.

Pak Gas strengthened its distributors' network by adding 35 new distributors, taking the total active number of distributors to 181 across the country. Pak Gas also entered the untapped industrial segment and successfully started selling to industrial customers. The Company commissioned the first industrial customer facility with Pak Gas provided storage tanks on a long-term sales purchase agreement.

In FY 2018, PSO also commissioned 4 more Auto Gas facilities with the brand name 'Smart Gas' at PSO's Petrol Pumps. This makes PSO the leader in the Auto Gas sector with 6 operational Auto Gas stations out of total 17 operational Auto Gas stations across the country.

Additional product allocation of local LPG has been a challenge in the industry. To overcome product shortfalls, PSO secured additional supplies of surplus product from different fields of OGDCL under an MOU, which supported the marketing team to tap growth opportunities.

CNG

In terms of market participation of CNG facilities under the PSO Franchise model, PSO has maintained its position in the industry. Improvement in availability of RLNG at CNG stations in Punjab contributed to the sustainability of this industry, which is expected to further improve going forward.

Lubricants & Chemicals

PSO Lubricants business provided a positive contribution with a growth of 4.4% in sales volume vs SPLY by focusing on the Industrial, Retail and High Street segments with major growth coming from Retail and Industrial channels which recorded a sales growth of 5.7% and 18.9% respectively. The Company blended more than 46,000 MTs through its production facility.

The brand awareness and product penetration was improved through brand focused campaigns, and trade marketing initiatives in the High Street and Retail Channels. Various localized retail forecourt campaigns were also launched in various region across the country to promote sales and increase brand awareness.

REPORT TO SHAREHOLDERS

PSO focused on providing an improved service experience to customers at retail outlets and rolled out new Oil Change facilities at 45 retail outlets across major urban cities of Pakistan.

PSO strengthened its relations with channel partners and end consumers with initiatives like Mechanics Dost Program, and the Oil Advisor Program.

PSO's High Street team has rigorously worked on its distribution network through incorporating additional vans by the distributors. The team is focused on increasing penetration and sales in this lucrative and high potential marketing channel.

Industrial Consumers

During FY 2018, PSO continued to lead HSD market in Industrial Consumer (IC) Segment where HSD sales increased by 18.5% vs FY 2017.

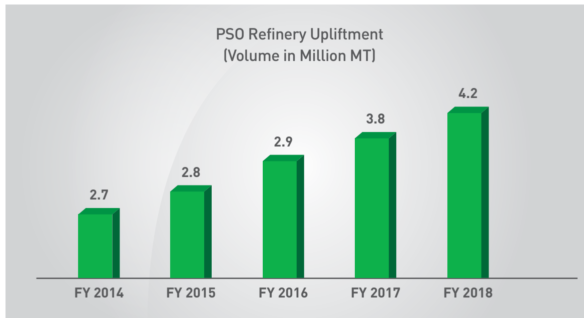
Major breakthroughs were achieved by the Company by winning long term fuel contracts of M/s Oil & Gas Development Company Limited (OGDCL) and Port Qasim Authority (PQA). PSO also won significant Pakistan Army tenders of lubricants and fuels supplies. The Company takes pride in being the preferred POL supplier of major national accounts such as Pakistan Army, Pakistan Air force, Pakistan Navy, Pakistan Railways, National Logistics Cell (NLC), OGDCL, POF, and Agriculture Departments etc.

PSO collaborated with the Pakistan Society of Sugar Technologists (PSST) to organize their 51st annual convention. Strong focus on sugar segment has resulted in a growth of 15% vs SPLY in this segment.

Infrastructure Capital

Supply

Compared to 14.1 million MTs SPLY, PSO sourced a volume of 12.5 million MTs through local refineries and imports during FY 2018. While upliftment from refinery contributed 4.2 million MTs vs 3.8 million MTs, sourcing through imports constituted 8.3 million MTs vs 10.3 million MTs SPLY. The decline in imports was mainly due to reduced imports of Furnace Oil (3.9 million MTs this year vs 5.9 million MTs SPLY owing to a decline in the demand of the Power Sector). PSO recorded the highest refinery upliftment in the last 5 years.



While maintaining a smooth supply chain of higher quality MOGAS 92 RON and Euro-II HSD (500 ppm), PSO is committed to sourcing better quality and environmental friendly fuels in the country at competitive prices. During the year, PSO imported MOGAS 97 RON which is being marketed under the Altron X 97 Hi-Octane brand name.

To further enhance and strengthen the supply chain and increase competitiveness, PSO is pursuing long-term procurement agreements with leading international suppliers under Government to Government (G2G) arrangements, in addition to securing additional local product in the years ahead. The delivery period of product imports under spot tendering has been reduced from 30 days to 10-15 days to bring sourcing flexibility in line with demand fluctuations.

Logistics

MOUs with NLC & NATCO

In view of changing business dynamics, PSO has been continuously seeking business opportunities to secure its supply chain operations for uninterrupted product deliveries.

The National Logistics Cell (NLC) & Northern Area Transport Company (NATCO) are both Government owned, large, reputable, and professionally & financially sound logistics companies. In view of repeated strikes / shutdown by unionized transporters, there was a very strong need for having non-unionized and efficient transporters for offering fleet management services to PSO across Pakistan for ensuring uninterrupted supply chain operations.

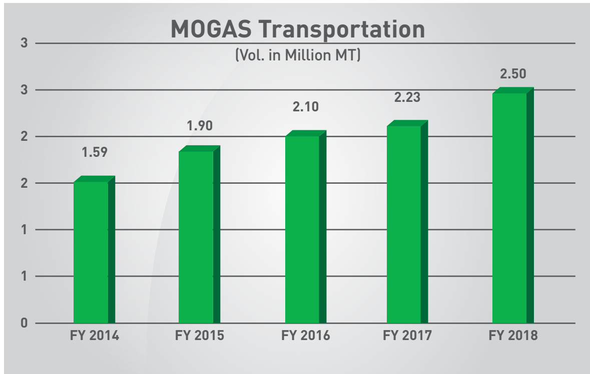
Fleet Upgradation

To ensure safe and secure POL transportation through road, PSO, in line with OGRA regulatory requirements and with the consent of all its stakeholders including our business partners i.e. our Cartage Contractors, has launched its fully compliant fleet. The fleet consists of state of the art modern tank lorries which are in full compliance with OGRA & NHA requirements equipped with best in class gauges, and roll over prevention mechanism to minimize the chances of accidents.

MOGAS Movement

In view of the increased demand, 2.5 Million MTs of MOGAS was transported in FY 2018 with an aggregate growth of over 50% in the last five years.

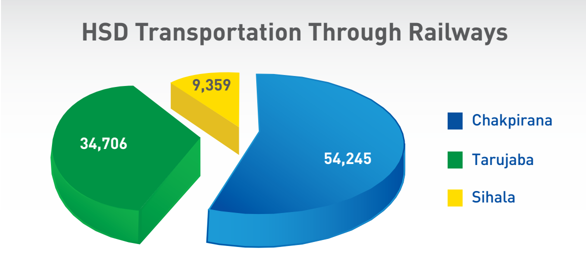
The focus remained on improving the turnaround time of tank lorries with Just-in-Time (JIT) inventory management system which has resulted in successful management of increased demand without inducting any additional resources.



HSD Transportation Through Railways

HSD movement to three sectors namely Chakpirana, Tarujaba & Sihala through Railways re-commenced in FY 2018. The objective is to reduce dependence on road transportation while maximizing transportation through the most cost effective modes. The cost benefit is directly passed on to the general public through reduced transportation cost.

The Railways is an integral part of PSO's future transportation mix with increased HSD transportation volumes through this sector in coming years, as well as commissioning of new rail head sectors which includes Machike & Faisalabad.



Drivers Training Programs

Considering the need for ensuring safe & secure movement of POL products, PSO plans to certify all its tank lorries drivers through the National Highways and Motorways Police. As part of this initiative, more than 1,200 drivers were trained by the National Highways and Motorways Police through certified sessions conducted across the Country.

REPORT TO SHAREHOLDERS

Infrastructure Projects & Maintenance

Construction of New Vision Retail Outlets

During the FY 2018, Retail Construction & Facilities Department of PSO developed and commissioned 78 new Retail Outlets in line with its New Vision Retail Development Program to further enhance sales network and reinforce PSO's market dominance.

Operations

Despite several infrastructure and manpower constraints at Keamari Port, PSO efficiently handled MOGAS import cargoes and maintained uninterrupted supplies from Karachi to the rest of the Country. The Company ensured seamless fuel supply even during weekends and public holidays to keep the wheels of the economy moving.

Operations supported the smooth launch of the upgraded PSO fuel Altron X 97 Hi-Octane in the market without any additional investment and downtime. To cater to the emergent requirement of the power sector, PSO efficiently managed both grades of Furnace oil (HSFO & LSFO) at Zulfiqarabad Oil Terminal (ZOT) with the existing infrastructure & resources. To meet business needs, improved depot infrastructure and product handling system, including decantation system, was developed on a fast track basis at ZOT to accommodate surplus Furnace Oil requirements.

Project CPEC

PSO has entered into a Memorandum of Understanding (MoU) with China Overseas Port Holding Company Ltd. (COPHCL) on January 28, 2018 for jointly evaluating the various business opportunities in connection with CPEC Gwadar Project. Project CPEC will be a game changer for the Company as well as for the country.

Financial Capital

During FY 2018, the Finance department continued its strategic business partnering role by delivering round the clock support to the business and other functions. The function kept itself abreast with the best practices and evolving economic, legal and reporting requirements applicable to the Company.

PSO's Treasury Function is the largest corporate treasury in the country, managing collections and payments of over Rs. 2.0 trillion per annum, processing of 50,000 plus vendor bills and having working relationships with 15 top banks of the country. The team ensured smooth business operations throughout the year despite mounting circular debt, currency devaluation, and rising international oil prices. The team's efforts resulted in a decline in finance cost though robust negotiations with the banks and maintenance of an efficient borrowing mix.

During the year, the team through its strong follow up with the concerned authorities recovered Rs. 61.4 bn., in addition to the normal allocations against fuel supply to the power sector. Further, the unceasing efforts also led to the recovery of Rs. 3.2 bn from power sector under the head of late payment surcharge income.

Financial Reporting to the external and internal users was further strengthened and the team ensured timely and accurate reporting of the Company's results to the stakeholders and regulatory authorities in line with the Financial and Corporate reporting framework. The team kept itself abreast of the new accounting standards and reporting requirements especially those that arose due to the promulgation of the New Companies Act, 2017. Quarterly analyst briefing sessions were also conducted by the Company to keep analysts informed about the developments in the overall business. The excellence in financial reporting was again acknowledged at the highest level as PSO continued its tradition of securing one of the top positions in Best Corporate Report Awards in the Oil and Gas Sector, jointly held by ICAP and ICMAP.

This year the Company maintained its third position in competition, as secured last year as well. Further, PSO was the joint second runner up in SAFA best presented Annual Reports Awards held by South Asian Federation of Accountants during FY 2018.

The Finance team handled an annual billing of over one trillion rupees, and credit account management of over 8000 customers. Over 2000 dealers' payments were managed through the industry's first ever online order management system.

Contribution to the National Exchequer

PSO takes pride in being a tax compliant company and has been appreciated by FBR at various forums. During the year a FBR team comprising senior tax officials led by Member FBR visited PSO House and presented a token of appreciation to PSO. The company remained one of the largest tax contributors to the exchequer as follows:

	2017-18	2016-17
	Rs. in Billion	
Sales Tax	227	201
Petroleum Levy	79	71
Other duties & Taxes	39	47
Total	**345**	**319**

Analysis of Liquidity Situation and Cash Flows

At the end of the FY 2018, the receivables from Power Sector stood at Rs. 199.9 bn against Rs. 176.1 bn in FY 2017 reflecting an increase of Rs. 23.8 bn. This very increase in the receivable from Power sector is the result of short payments from Power Sector against product supplied. In the fiscal year 2017-18, PSO supplied furnace oil worth Rs. 186.1 billion, for which a payment of only Rs. 162.3 billion was received, thus a deficit of Rs. 23.8 billion. Various proposals were submitted to GoP for resolution of circular debt, which if implemented, are likely to improve the liquidity situation of the Company.

The company made maximum efforts for managing the liquidity requirements by ensuring availability of adequate credit lines for meeting the working capital requirements and making timely payments to local as well as International suppliers. GoP was regularly apprised regarding the outstanding receivables and the management kept a close liaison with Ministry of Finance and Ministry of Energy. Further, regular interactions were made with WAPDA, HUBCO, KAPCO, PIA and SNGPL for releasing funds to clear outstanding receivable balances.

Financing Arrangements

During the FY 2018, the average borrowing of the Company stood at Rs. 99.3 bn vs. 116.3 bn. in FY 2017. The average borrowing declined as more space was available to the Company owing to the maturity of Pakistan Investment Bonds in the current year. Overall efforts resulted in a decrease in the average finance cost by 17 basis points and it averaged out to be 4.5% vs 4.7% in FY 2017. The decline in average finance cost was consequential to negotiations with the banks and maintenance of an appropriate mix of local and foreign currency borrowings.

Strategy to Overcome Liquidity Challenges and Management of Debts

The Company has proposed a number of short and medium term options to the GoP to resolve the issue of circular debt. The management of the Company remained in constant engagement with the relevant authorities to address the liquidity challenges and expect that the Government will implement a concrete plan for the clearance of outstanding balances from entities including Power Sector, PIA and SNGPL. In the meantime, the Company will continue to manage its liquidity through following measures:

- Close liaison with GoP and Customers from Power Sector, PIA and SNGPL.
- Robust management of financial and working capital.
- Greater focus on cash customers.
- Operational cash flow generation via business growth.
- Availability of adequate credit lines at competitive rates.

Composition of local vs imported material and sensitivity analysis

PSO procured more than 34% of its volumes through local refineries versus 27% last year. The local procurement stood at 4.2 million MTs vs imported procurement of 8.3 million MTs. It is pertinent to mention that over the period of time local refinery upliftment of PSO is witnessing an increasing trend.

PSO is only exposed to foreign currency exchange loss risk in respect of its imported white oil products. The risk arises due to the difference in exchange rate as of pricing date compared to the one prevailing on LC retirement date.

REPORT TO SHAREHOLDERS

Credit Rating

The latest ratings of PSO by Pakistan Credit Rating Agency limited (PACRA) is

Short term	**A1+**
Long term	**AA**
Outlook	**Stable**

Dividend and other Appropriations

Based on the performance of the Company, the Board of Management has declared a final cash dividend of Rs. 5 per share (50%) and stock dividend of 20% which is in addition to the interim cash dividend of Rs. 10 per share. The dividend (including stock dividend) for the financial year 2018 stands at Rs. 17 (170%) per share vs. Rs. 27 (270%) per share in FY 2017 translating into a total payout of Rs. 5.5 billion vs. Rs. 7.3 billion in FY 2017 to the shareholders.

Intellectual Capital

Information Technology

ICT remains committed to its role of a strategic department by delivering robust & high performance application and network services to support corporate strategy. IT pursues agility by implementing innovative technologies for designing effective, efficient and secure solutions for continuous improvement, integration and process optimization. The effort has resulted in achieving the following:

01 Retail Inspection Application – A mobile application based solution was developed and successfully implemented to automate the system of sales team visit for the inspection of retail outlets for providing convenience as well as data centralization.

02 Field Force Tracking system – An online portal based real time solution was successfully implemented for tracking and managing movements of all company field personnel for effective and timely utilization of Sales staff in order to ensure performance and customer satisfaction.

03 Radar Gauges Integration – SAP was successfully integrated with Radar Gauges at 13 out of a total of 15 PSO terminals and Depots, enabling electronic dip readings and centralization of the same in SAP for online monitoring, analysis and management of product inventory levels.

04 Integration with banks for cash collection – Integration with five major banks was successfully developed for introducing Specialized Deposit Slip (SDS), launched in order to automate collection without having to physically visit banks and subsequently depots. In addition to facilitating customer convenience, digitalization of this procedure also ensures minimal human intervention, promoting accuracy.

05 Management Dashboards – Management dashboards were successfully developed and implemented for six main departments for timely provision of business data and analytics as per requirement promoting efficiency and timely decision making while remaining convenient and user friendly.

06 Infrastructure Enhancement – Data Centre core and campus switches have been upgraded to Next Generation Enterprise class along with implementation of Solid State Storage Area Network which vastly improves resilience, performance, security and reliability of the existing network infrastructure. Giga Bit LAN based network infrastructure has also been deployed at 3 Locations enabling enhanced network services.

07 Disaster Recovery (DR) Drill - Disaster Recovery Drill 2018 was conducted successfully at DR site on June 24, 2018 ensuring the availability of SAP System and continuity of business operations at secondary site.

Procurement & Services

During the year PSO focused on realigning of the procurement processes to increase participation of vendors and to find better supply sources through market research. Being a public sector company, compliance to the provisions of PPRA Rules 2004 in all aspects of the procurement processes was ensured for transparent and profitable award of contracts.

The team is working relentlessly to rationalize the procurement cycle through system improvements, institutionalizing reforms and training.

Building Reforms

PSO is in the process of establishing an effective risk management culture in the organization by embedding its comprehensive risk management policy and framework, inspired by the internationally renowned ISO 31000 and COSO ERM frameworks, into all of its areas of operations and decision making activities.

During the year, several corporate risks have been identified, including oil price risk, foreign exchange risk, credit risk, competition risk, supply chain risk, project delays risk, reliability and asset management risk, human resource planning and utilization, and information security risk, which are in the process of being analyzed and treated consecutively.

The newly formed Market Research Department also helped businesses in gaining invaluable information about the economic shifts, demographics, current market trends and the spending traits of the PSO customers vis-à-vis information about the competition and ever evolving petroleum industry trends.

Branding

Brand is the veritable essence of any company. Effective branding can increase the Company's value manifold by providing its team with direction and motivation. Moreover, good branding makes customer acquisition easier and builds an emotional connection with the target audience.

Corporate Branding

PSO celebrated all national days to augment its Pakistani identity and launched media campaigns on special occasions such as the 70th Independence Day of Pakistan, Pakistan Day, Quaid-e-Azam Day, Iqbal Day and the Defense Day of Pakistan. In order to further reinforce the Company's corporate image, the corporate campaign "Every Journey Begins Here" continued to be one corporate brand platform.

PSO highlighted significant milestones via dedicated campaigns such as PSO's 41st anniversary and the inauguration of the state-of-the-art PSO-APL Fuel Farm Facility at New Islamabad International Airport (NIIAP).

The Company also conducted a campaign on Mother's Day, besides paying tribute to the martyrs of Army Public School on Dec 16, 2017.

Product Branding

Altron X 97 Hi-Octane (97 RON) a new fuel brand was launched through a massive 360-degree campaign nationwide.

Retail Culture Transformation Programs and Customer Care Days were carried out throughout Pakistan to motivate the front line staff and showcase PSO's unique customer centric approach.

The company garnered significant visibility through the participation of senior management in various high level conferences such as Abu Dhabi International Exhibition & Conference, Pakistan Oil & Gas Conference, Digital Conference, and Women's Leadership Conference.

PSO participated in various automotive rallies including Pakistan Motor Rally, Shigar Rally, Karachi-Gwadar Rally and Cholistan Rally, in order to promote extreme sports in the country in line with the Company's mainstream businesses.

Quality Assurance of Products

Quality Assurance (QA) is one of the critical forces leading to organizational success and favorable image building. The quality of petroleum products play a pivotal role in inspiring customer satisfaction and brand loyalty.

The QA Department is entirely committed to offering technical services to its customers for the testing of POL & Chemical products through state-of-the-art laboratories and Mobile Quality Testing Vans across the country. It strives to provide product testing services to the customers besides ensuring product quality throughout the supply chain against approved specifications by the GoP.

REPORT TO SHAREHOLDERS

PSO has established 07 stationary laboratories at different locations (KTA, LMT, ZOT, Lalpir, Machike, Faisalabad and Sihala) where quality of product is checked to ensure compliance to statutory and regulatory requirements.

During the year, stationary laboratories tested approx. 70,000 POL samples and developed 1500 lab blends in order to support business functions. The QA Department also imparted training to defense personnel on different testing methods.

PSO has a dedicated fleet of 25 Mobile Quality Testing Vans (24 + 1 CNG Inspection Unit) stationed at 18 locations nationwide for quality testing of petroleum products at retail outlets as well as customers' door steps. The Mobile Quality Testing Vans monitor both the quality and quantity of petroleum products being delivered to Retail / Industrial Customers as well as products stored at depots and installations. MQTUs check the product against the critical test parameters of particular product to ensure quality standards.

During the FY in review, Mobile Quality Testing Vans conducted 19,650 retail outlets visits, 957 PSO facilities (Installations & Depots), 30 CNG Stations, addressed 136 Ta'aluq Complaints and verified assets of 275 Company Financed (CF) sites across the country. MQTUs also carried out 1588 HSE inspections of Retail Outlets against the PSO corporate HSE requirements in order to ensure the quality of services and Health, Safety and Environmental (HSE) standards. QA department also provided Quality Management System (QMS) support to other departments for consolidated ISO 9001:2015 certification.

Natural Capital

Health, Safety and Environment (HSE)

During the year, along with introducing several new initiatives, the Company also focused on streamlining the previous HSE procedures to improve the safety standards at PSO with the intent to close any existing gaps in the system to continue moving towards a safer work place.

HSE Audits

PSO has the largest retail outlets network across Pakistan. In FY 2018, HSE audit of over 3,000 outlets across the country was carried out to identify and minimize safety risks. During these audits, staff working on PSO retail outlets was also trained to enable them to respond in different emergency situations.

Along with the HSE audit of retail outlets, safety inspection of 15% of PSO Tank Lorries fleet was also completed to ensure that PSO fleet on road is equipped with safety features.

Process Safety Management Drive

Management of Change Procedure was revised to streamline the process in a way that even small changes are thoroughly reviewed and all the potential risks are taken into account prior to making any change. Local MOCs committees at facilities were also set up to assist the change processes at facilities. Permit to Work procedure was also revised with the aim to ensure that all the hazards are clearly identified and controls are in place before carrying out the actual job.

Pre Start up Safety Review procedure was launched to ensure that all HSE issues identified during specifications design, Process Hazard Analyses or Management of Change have been satisfactorily resolved and that the process/equipment is safe to take into operation. It also aims to ensure all applicable SOPs, P&ID; Engineering Diagrams have been updated prior to startup.

Moreover, earthing & bonding tests were carried out at all PSO operational facilities and any gaps identified were closed to minimize safety risks due to static charge accumulation.

In addition to this, driveways and walkways were marked at PSO operational facilities across Pakistan. The aim was to provide a safe, dedicated walking space for workers at the facilities and to ensure smooth traffic flow as well.

Environment Protection

This year the Environmental Management System was launched, the first step of which required the facilities to identify environmental gaps. This includes the consumption of fresh water and energy at the facility as well as effluent discharges, soil and ground water monitoring and emissions from vehicles, generators and boilers. The aim is to address the identified environmental gaps in the subsequent years.

Human Capital

Human Capital is the backbone for any company aiming to achieve its strategic goals. Developing human capital to align with business objectives and drive improvement across the Company is PSO's strategy towards achieving excellence.

HR Management Policies

PSO has a comprehensive HR Policy Manual which covers all aspects of developing and managing our employees and providing them market competitive benefits. During the year policies like Club Membership, Leave Management, Promotions, Transfers and Job Rotation, and Long Service Award were updated based on industry practices and Company business needs. The HR Department is committed to provide the employees with the best benefits; therefore, the revision of policies is an ongoing process.

Succession Planning

During FY 2018, the Organizational Structure of the Company was realigned in line with the business objectives to increase efficiency and productivity. Furthermore, Succession Planning is being prioritized through the development of potential assessment criteria that will be a prerequisite of the eligibility criteria for elevated positions. The same is being supported through rotation plans to enhance employee development.

During the current year 367 employees were rotated/transferred to a different assignment/ location. These job rotations will provide fresh challenges to these employees and will enable them to develop varied skill sets with diverse functional experience.

Talent Management

Talent Management is one of the most important functions of the HR Department. During the year in review on average training of 15 hours per employee on soft skills and job related skills was provided.

In pursuance of acquiring the best talent from the market, the HR Department also initiated 13 recruitment cycles to fill a number of senior management, mid-career and trainee positions. During the FY 2018 a "Career Opportunities" portal on PSO intranet was also launched to give a fair chance to internal employees to apply on advertised positions.

PSO participated in job fairs of eight top notch universities to attract new talent. The participants were also informed about the internship and trainee programs of the Company. The Company also commenced the 2nd L.E.A.P internship program to provide exposure to the corporate environment to the graduating students from leading local and foreign universities.

To ensure PSO customers get a wow experience when they visit retail outlets of the Company, WOW training intervention was rolled out across all 14 retail divisions to train approximately 2500 pump attendants and retail staff. Networking sessions were also introduced where more than 100 participants from different organizations interacted with PSO employees to learn about PSO's contribution to the nation.

Engagement Programs

HSE Reward and Recognition System was launched as part of the Behavior Based Safety program of PSO. This system is introduced to engage, motivate and appreciate PSO employees and contractors on HSE Systems implementation and behavior change.

Moreover, as per recognition on incident prevention initiative on the facility or retail outlet, staff who acted proactively to extinguish a fire, or stopped an unsafe action, were identified and rewarded for their vigilance.

Under HSE Reward & Recognition System, Safety Champions from each facility were identified on quarterly basis. These safety champions were engaged with HSE facility coordinator in delivering safety talks, leading departmental self-inspections and closing HSE audit gaps.

Comprehensive Fire Fighting and First aid trainings were also imparted at all facilities to equip employees with the required skills in case of emergencies.

As part of employee engagement initiatives, the Company has re-launched the internal staff magazine with a new and more professional look. A quarterly newsletter, the PSO Times, covers companywide activities and initiatives taken to engage employees and PSO customers.

World Health & Safety Day Celebration

This year World Health & Safety Day was celebrated at all PSO facilities, PSO House and divisional offices. The purpose of this large scale celebration was to motivate the company's priority towards a safe work place for its employees. On this day, the focus was on educating employees on safety precautions and controls for slip and trips, and working at height. Moreover, medical camps which included eye testing and blood sugar monitoring were also set up inside PSO House for the welfare of all employees.

Social & Relationship Capital

Customer Services

Ta'aluq تعلق CARE LINE
0800-03000

PSO, being the largest OMC of the country, leads the Oil and Gas Industry in providing customers with a highly responsive complaints resolution system managed by the Customer Services Department. PSO's Ta'aluq Care Line is a fully functional inbound and outbound call center that supports PSO customers across all business lines of the Company.

During the period in review, more than 680,500 interactions with customers/dealers were managed through the PSO Ta'aluq Care Line through inbound and outbound calls, e-mails, faxes and Automated Lubricant Secure Code Application via SMS Service.

In FY 2018 the Ta'aluq Care Line for the first time, assisted in conducting an on-call Mechanics Training Program, facilitated Lubricants dealers with lubes products stock checks and gauged the effectiveness of the WOW Training for retail outlets staff.

Corporate Social Responsibility & Sustainability

Being the country's foremost and largest oil marketing company and as a responsible corporate citizen, Pakistan State Oil (PSO) gives back to society to help build a sustainable tomorrow. The Company is playing an active role in supporting sustainable community and social development of Pakistan and its people.

PSO believes in the creation of shared economic and social value across the country. In FY 2018, the Company, through its charitable arm, the PSO CSR Trust, has provided financial assistance of over Rs.175.0 million to Pakistan's various charitable organizations working mainly in the healthcare, education, and community development sectors.

Social and Environmental Responsibility Policy

PSO's CSR donations are managed by the PSO CSR Trust. The company contributes 1% of its Profit before Tax for CSR and philanthropic activities. The donations are made in accordance with relevant laws and policies, including the Companies Act 2017 and the Corporate Social Responsibility Voluntary Guidelines 2013 by the Securities & Exchange Commission of Pakistan. PSO CSR Trust has also obtained NPO status from the Federal Board of Revenue. The Trust is also in the process of obtaining a certification from the Pakistan Centre of Philanthropy (PCP).

CSR TRUST
Pakistan State Oil

Cause Donation

Corporate Social Responsibility (CSR) is one of PSO's core values and an integral part of the Company's overall mission. PSO utilizes its size and scale to positively impact the underprivileged people nationwide, especially in those geographical locations where PSO operates. With the integration of the CSR and corporate philanthropy into its business strategy, PSO is helping to drive shared value among stakeholders and enhance its corporate image with the public.

Statement of Charity Account – Performance & Initiatives

Education

Education remained another priority area of support from the PSO CSR Trust with a contribution worth approx. Rs. 66.3 million during the period in review. The Trust extended support to The Citizens Foundation, the Lahore University of Management Sciences (LUMS), the Behbud Association - Karachi, the Kaghan Memorial Trust, the Kashmir Education Foundation and the Shahid Afridi Foundation.

PSO also supported the Centre for Development of Social Services - Sindh, Professional Education Foundation, Pakistan Hindu Council, the Indus Resource Centre, the Habib University, Sunbeams and the Institute of Chartered Accountants of Pakistan (ICAP).

The Trust also joined hands with the Aman Institute for Vocational Training and the Hunar Foundation to support technical education. Support to the Aziz Jehan Begum Trust and the Family Educational Services Foundation ensured the provision of education for differently abled students.

Healthcare

PSO CSR Trust made contributions worth Rs. 84.0 million in the healthcare sector and partnered with various reputable institutions to provide healthcare facilities for the people of Pakistan. The support went in general & child healthcare, eye treatment, cancer care, dialysis, thalassemia treatment, and others.

REPORT TO SHAREHOLDERS

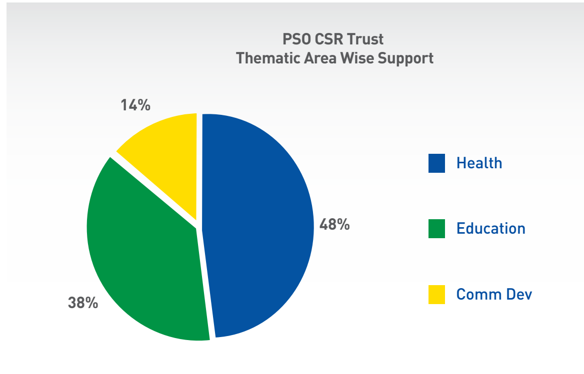
Important institutions which received donations from the PSO CSR Trust included the Shaukat Khanum Memorial Cancer Hospital & Research Centre, the Fatimid Foundation, the Indus Hospital, the Ghurki Trust and Teaching Hospital, the Aman Health Care Services, the Kidney Center and Bait-ul-Sukoon Cancer Hospital. Other beneficiaries who received contributions from the PSO CSR Trust also included the Child Life Foundation, the Afzaal Memorial Thalassemia Foundation, Muhammadi Blood Bank & Thalassemia Center, the Layton Rahmatulla Benevolent Trust (LRBT), Help International, the Cancer Care Hospital and Research Centre, the Patients Aid Foundation - Jinnah Postgraduate Medical Centre, Al-Shifa Trust and the Lady Dufferin Hospital.

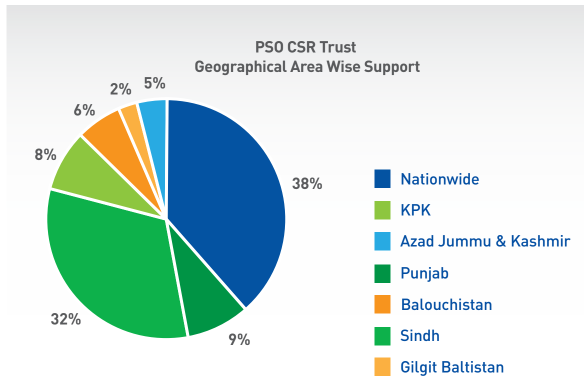
Community Development

With a contribution of around Rs 24.1 million, the PSO CSR Trust focused on providing clean drinking water and construction of infrastructure for deserving children. Donations were made to the SOS Children's Village, HANDS, Dar ul Sukun, and the Karachi Vocational Training Centre for the Intellectually Challenged etc.

CSR Plans

Pakistan State Oil is committed to further leveraging its CSR program to create significant social value for people, especially those living across the remote and underprivileged areas of the country. The program will continue to bridge socioeconomic gaps and deliver value to underserved communities in order to increase prosperity and wellbeing.





Business Ethics and Anti-corruption Measures

PSO has comprehensive policies/procedures for ensuring transparency and enhancing effectiveness which are being fully adhered to:

Whistle Blowing Policy:

Provides PSO employees, Board members, related officers, contractors, service users, customers or any member of the public ("the Whistle Blower") an avenue to highlight any improper conduct or wrong doing.

Business Principles and Ethics Policy:

Aims at guiding the employees to observe the highest ethical standards in the conduct of all their business and professional activities in the interest of the Company, in consonance with its core values and to the exclusion of any consideration of personal gain.

Conflict of Interest Policy:

Outlines specific situations that clash directly with the interests of the Company. An exercise is conducted annually to update records of any possible conflict case.
Risk-based audits of Business functions:
Provides independent and objective appraisal and analysis of the operations, systems and internal controls.

Other Matters

We would like to draw your attention to note 27.1.1 to the financial statements which contain the information and explanations to the matters highlighted by External Auditors in their Audit Report:

Further the following matters were considered as Key audit matters by the External Auditors as these were most significant in the context of their audit of the financial statements for the financial year 2018:

- Receivables from Government of Pakistan (GoP) and Customers (Refer notes 13.2 and 16 to the financial statements).
- Contingent Liabilities (Refer notes 27.1.2 to 27.1.15 to the financial statements).
- Retirement benefits (Refer notes 2.3, 4.11.1 and 21 to the financial statements).
- Companies Act, 2017 (Refer note 3.1 to the financial statements).

Further we draw attention to note 45 to the financial statements which contain the information and explanation regarding the suo moto proceedings of the Honorable Supreme Court of Pakistan in respect of which the management does not expect any financial implications.

Auditors

The Board of Management has endorsed the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants and M/s. EY Ford Rhodes, Chartered Accountants as joint auditors of the Company for the year ending June 30, 2019.

Changes in the Board of Management

During the year following changes were made in the composition of the Board of Management:

- Mr. Muhammad Anwer joined the Board on August 04, 2017 in place of Mr. Haque Nawaz.
- Mr. Sabino Sikandar Jalal and Mr. Amjad Nazir were appointed as new Members of the Board on August 11, 2017.
- Dr. Musadik Malik resigned on October 05, 2017 and Mr. Yousaf Naseem Khokhar and Mr. Ahad Khan Cheema were appointed as new Members of the Board on October 19, 2017. Mr. Cheema held the position of Member of the Board till February 20, 2018.
- Mr. M. A. Mannan joined the Board as Member on February 20, 2018 and was subsequently appointed Chairman of the Board with effect from February 28, 2018. Subsequent to year end, Mr. M. A. Mannan resigned as Member and Chairman of the Board.
- Mr. Sajid Mehmood Qazi joined the Board on March 20, 2018 in place of Mr. Sabino Sikandar Jalal who had resigned on March 16, 2018.

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Haque Nawaz, Dr. Musadik Malik, Mr. Ahad Khan Cheema, Mr. Sabino Sikandar Jalal and Mr. M. A. Mannan and welcomes the new Members.

Associated Companies

Asia Petroleum Limited

Asia Petroleum Limited (APL) was incorporated in Pakistan as an unlisted public limited company on July 17, 1994. The Company has been principally established to transport "Residual Fuel Oil" to the Hub Power Company Limited at Hub, Balochistan. For this purpose, the Company laid an underground oil pipeline starting from Pakistan State Oil Company Limited's Zulfiqarabad terminal at Pipri to HUBCO at Hub. PSO holds a 49% equity stake in APL.

Pak Grease Manufacturing Company (Private) Limited

Pak Grease Manufacturing Company Limited (PGMCL) was incorporated in Pakistan on March 10, 1965 as a private limited company. The principal activity of the Company is to manufacture and sell petroleum grease products. PSO holds a 22% equity stake in PGMCL.

Pakistan Refinery Limited

Pakistan Refinery Limited (PRL) was incorporated in Pakistan as a public limited company in May 1960 and is quoted on the Pakistan Stock Exchange. The Refinery is situated on the coastal belt of Karachi, Pakistan and is designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. PSO holds a 22.5% equity stake in PRL, however, effective holding is 24.1% due to the reasons mentioned in note 7.1 to the financial statements.

REPORT TO SHAREHOLDERS

Corporate and Financial Reporting Framework

PSO's Board is fully cognizant of its responsibility as recognized by the Code of Corporate Governance, 2012, Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by Securities and Exchange Commission of Pakistan.

Following are the comments on acknowledgement of PSO's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance, and the rule that has not been complied with, has been identified along with the period in which such non-compliance is made and reason for such non-compliance.
- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure, if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The non-executive BOM members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the entire BOM collectively.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Code of Corporate Governance, 2012, Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2017.
- Key operating and financial data of last six years in a summarized form is annexed.
- The following is the value of investment of provident and pension funds based on their respective un-audited accounts as on June 30, 2018:

	Rs. in Billion
PSOCL Management Employees' Pension Fund	8,751
PSOCL Workers' Staff Pension Fund	5,096
PSOCL Staff Provident Fund	2,472
PSOCL Employees' Provident Fund	1,346
PSOCL Employees' Gratuity Fund	4,883

- During the year, seven meetings of the Board of Management were held and the attendance by each member is given on Page 64.
- The pattern of shareholding is annexed.

Company's Performance Against Forward Looking Disclosures Made Last Year

The Company's performance against forward looking statement disclosed in the previous year's Annual Report is provided below.

- PSO retained its leadership position in the Oil market by achieving 50.0% market share in liquid fuels, with 42.9% share in White Oil & 66.7% share in Black Oil. The Company further elevated its brand equity with the re-revamping and diversification of its flagship convenience stores, besides increasing the number of ATMs and branchless banking outlets at PSO retail stations nationwide in order to facilitate our consumers. These services are imperative in creating added value for Company's valued customers, and society at large. It is pertinent to mention that based on an independent survey, PSO won the People's Choice Awards for the most trusted Oil Marketing Company in both the motor cars and motorbikes segments.
- The Company is focused on streamlining the oil supply chain which is evident from the improved upliftment from local refineries, which increased by 10.5% vs last year, while reliance on product imports was significantly reduced by around 20.6%. Moreover, various efficiencies executed in the supply chain and fuel operations management resulted in a significant decline in demurrage costs. Furthermore, there was a strong increase in the transport of POL product through Railways and the Company also increased compliant tank lorries for efficient and safe transportation. The Company also made various efforts to expand its Autogas station network around the country.
- During FY 2018, the largest Aviation Fuel Farm of the country at the New Islamabad International Airport of Pakistan was inaugurated as a JV with the Attock Petroleum. Moreover, the Company efficiently handled MOGAS import cargoes and maintained un-interrupted supplies from Karachi to up-country locations to keep the country's economy running smoothly. Furthermore, PSO also efficiently managed both grades of Furnace oil (HSFO & LSFO) at ZOT with the existing infrastructure & available resources.
- The Company is highly focused on HSE practices with the prime objective of ensuring safety for all stakeholders and further ensuring that these HSE practices become part of the organizational culture. The Company ensured adopting risk based approach in its daily operations whereby key HSE focus areas of improvement are 'Incident Investigation & Reporting and Learning', reinforcing 'Emergency Response Plans' (ERPs), drills involving both company & contractor staff, 'Management of Change' (MOC), 'Permit of Work'(PTW), etc.
- Various initiatives were taken for the alignment of organizational structure of the Company in line with its business objectives. The Company periodically updated its policies related to human resources, strictly based on industry best practices and business requirements. The Company also undertook recruitment and placements of valuable human resource at various level while ensuring transparency and merit. In order to improve the customer service levels at PSO's retail outlets across Pakistan, the Company also undertook "WOW trainings" to train attendants across 14 Retail divisions.
- PSO maintains significant integration with the refining business through its ownership stake in PRL. Moreover, an MoU was signed with Power China for the construction of a deep conversion oil refinery. In the downstream segment, the Company entered into alliances with various business partners in order to ensure unsurpassed customer services and improved shareholder equity.

Forward Looking Statement

A number of national and global macro-economic indicators have a major impact on the performance of PSO, including uncertainty in the geopolitical environment, technological development, security situation and concerns about climate. This translates into various opportunities and challenges for PSO in the coming years to prepare for the dynamic environment faced by the country.

The economic outlook of the country remains positive for FY 2019 with a growth of around 5% expected in the real GDP. Furthermore, transport sector, the largest consumer of White Oil products, is also expected to witness a growth of around 10%. However, based on a number of macro-economic factors, it is assumed that the heavy growth, which was witnessed in the previous years, has plateaued and the growth is expected to slow down.

In the retail industry, a transition is taking place, with changing consumer demands and stiff competition in the industry. The scenario poses significant challenges for the Company to prepare itself for various technological changes while providing superior customer experience for sustainable growth. The Management is abreast of the rapid shifts in the fuel industry by addressing changing needs of the customers, offering differentiated products, providing better forecourt experience, introduction of innovative fueling services and provision of the diverse products and services to facilitate customers.

The energy mix of the country is witnessing a major shift particularly in the power sector from FO to alternative energy sources including RLNG, coal and renewables. This remains a major area of concern for PSO and the oil marketing industry. With a decrease in demand from the power sector due to aforementioned reasons, it is expected that the Black Oil industry would witness a significant decline of up to 35%. Furthermore, PSO expects to withstand a significant impact due to the anticipated novation of LNG business in future.

Other noteworthy external factors that may have a significant impact on the Company's performance may include movement in international oil prices, geo-political environment, technology transfer in the electric vehicle segment, regulatory and competitive environment in the oil industry and income / consumption patterns in the country. These factors over the long run may have a significant impact on the overall performance of the country and the demand of liquid fuel. PSO is aware of these changes and uncertainties in the external environment and has set the strategic direction of the Company accordingly.

REPORT TO SHAREHOLDERS

Sources of Information and Assumption

The yearly and strategic corporate plans, projections and forecasts are based on a multi-tiered approach to help build objectives and strategies aligned with the vision and mission of the Company. These projections are based on multiple economic, technological, social, cultural, environmental, legal, regulatory and competitive environmental considerations that may impact Company's business. Moreover, the assumptions are rigorously discussed with internal stakeholders to ensure internal alignment and scrutiny.

A number of international and national publications are used in this entire process to build assumptions for the projections and forecasts. These include use of syndicated / non-syndicated publications relevant to not just the industry but to the entire economy. Furthermore, regular involvement of Company in various conferences, seminars, trainings and other events also helps to build up a knowledge base necessary to make assumptions for projections and forecasts.

Looking Ahead

In view of aforesaid, while understanding the challenges and opportunities faced, PSO aims to:

- Continue fulfilling the fueling needs of the nation while continuing to maximize shareholder returns.
- PSO plans to continue corporate reforms over the coming years and institutionalize its processes to overcome the challenges being faced by the Company.
- Keeping in view the changing external environment, PSO expects to provide energy solutions, while enriching customer experience at its forecourts.
- The Company intends to focus on increasing its interaction with customers, while improving its quality and offering a better product portfolio to the customers.
- Improving shareholder returns, while maintaining its market leadership in the downstream petroleum market. The Company has taken measures to improve its brand equity based on various new product offerings and other marketing and promotional efforts.
- PSO plans to gear-up its infrastructure and resource due to changing industry dynamics.
- The Company expects to further improve and bring efficiencies in its supply chain infrastructure.
- The Company expects to bring about transformation for enhanced productivity and business processes.
- Reinforcing safety and security standards as per industry best practices.
- Invest in upstream and downstream business with strategic partners.
- Achieve volume growth and look for diversification options.

Sheikh Imranul Haque
Managing Director & CEO

Zahid Mir
Member-
Board of Management

August 11, 2018

FINANCIALS

RATIOS AND ANALYSIS
For the year ended June 30, 2018

DUPONT ANALYSIS

	2018	2017	
Tax Burden / Efficiency (Net Income / PBT)	**56.93%**	62.11%	Decreased due to higher effective tax rate in FY 2018 as compared to FY 2017. Effective tax rate has increased in current year due to reversal of deferred tax asset on account of decline in future corporate tax rate and higher tax on LNG.
Interest Burden / Efficiency (PBT/EBIT)	**84.13%**	83.21%	Improved mainly due to reduction in finance cost by 13.5% on account of lower interest rates coupled with effective and efficient treasury management.
Operating Income Margin (EBIT/Sales)	**3.05%**	4.02%	Decline is due to decrease in EBIT by 8.5% whereas sales has increased by 20.4%. The primary reason for decrease in EBIT is lower other income due to maturity of PIBs in July 2017.
Asset Turnover (Sales /Assets)	**2.63**	2.24	Improved primarily due to increase in sales by 20.4% mainly on account of increase in international oil prices.
Leverage Ratio (Assets /Equity))	**3.64**	3.82	Decreased due to increase in total assets by 2.6%, whereas the equity has increased by 7.4%.
Return On Equity (RoE)	**13.98%**	17.78%	Decreased mainly due to decline in net profit after tax by 15.2%.

2018

56.93% Tax Burden / Efficiency X 84.13% Interest Burden / Efficiency X 3.05% Operating Income Margin X 2.63 Asset Turnover X 3.64 Leverage Ratio

13.98% Return On Equity (RoE)

2017

62.11% Tax Burden / Efficiency X 83.21% Interest Burden / Efficiency X 4.02% Operating Income Margin X 2.24 Asset Turnover X 3.82 Leverage Ratio

17.78% Return On Equity (RoE)

MARKET SHARE INFORMATION

The product wise market share of the Company is disclosed in the Sales performance and Business lines Performance section of the Report to the Shareholders. The market share data has been obtained from OCAC that is an independent source.

SHARE PRICE SENSITIVITY ANALYSIS

PSO's shares are traded on Pakistan Stock Exchange. The Company's profitability and performance is exposed to various internal and external factors which can significantly alter the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's share price may respond (but not limited) to the following events and changes in business environment:

a) Sales Volume
Your Company's sales volume is primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Extent of business activity, change in Energy Mix of the Country due to availability of LNG, Novation of LNG and price volatility are important factors that will affect sales volume and will ultimately be reflected in the share price of the Company

b) International Oil Prices
The trend of International Oil Prices impacts the financial performance of your Company and consequently the share price. Increasing trend of oil prices may improve your Company's financial performance and vice versa.

c) Margin revisions
The margins of company on its major products except FO are regulated by Govt. Any decisions in respect of increase / decrease in margins or deregulation of margins can impact the share price of the Company.

d) Circular Debt
Your Company's share price is highly sensitive to any development on the circular debt issue prevailing in the Country. The Government's action with respect to circular debt resolution has previously led to share price increase and on the contrary, circular debt pile up has negatively impacted the share price. Accordingly, the decisions taken by the new government in this respect are expected to impact share price of the Company.

e) Bank Borrowings & Finance Cost
Increase in bank borrowings will lead to higher finance cost and ultimately reduce the bottom line and have a negative impact on the share price of the Company. Further, due to substantial borrowings, PSO's share price is sensitive to any increase or decrease in discount rates announced in the monitory policy statement by the GoP.

f) Rupee devaluation
Your company imports approximately 66% of the total petroleum products imported in the Country, which greatly exposes the Company to currency risk on account of Rupee devaluation. Rupee devaluation has a negative effect on your Company's white oil business performance and consequently its share price.

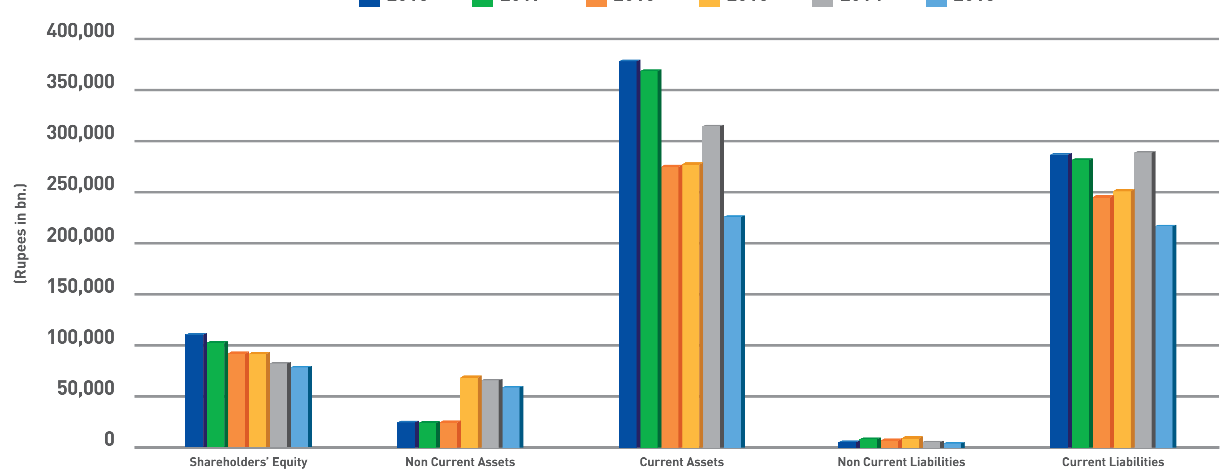
g) Diversification
Any concrete development on diversification into new projects by your Company may lead to a positive impact on its share price.

h) Regulation and Government Policies
Any change in government policies and regulation relating to oil marketing sector may affect the Company's share price, positively or negatively, depending on whether the policy is in favor of or against the industry.

RATIOS AND ANALYSIS
For the year ended June 30, 2018

ANALYSIS OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013
			(Rupees in mn.)			
Shareholders' Equity	**110,452**	102,850	91,581	82,310	78,621	60,643
Non Current Assets	**24,459**	23,883	68,142	65,559	58,637	57,593
Current Assets	**378,104**	368,560	274,174	275,749	313,514	224,356
Non-current liabilities	**5,165**	8,090	6,234	8,321	5,184	4,271
Current liabilities	**286,945**	281,504	244,501	250,676	288,346	217,035



Analysis

As of June 30, 2018, variation as compared to FY 2017 is because of the following:

- Shareholders' equity rose by 7.4% primarily due to profit retained during the year.
- Non-current assets increased by 2.4% mainly due to increase in property, plant and equipment (on account of additions) and long term investments (on account of share of profits booked during the year).
- Current assets increased by 2.6% primarily due to following reasons:
  - Increase in trade debts by Rs. 33 bn. because of rise in receivable from power sector and SNGPL. Moreover, receivable also surged due to higher oil prices as compared to last year.
  - Increase in stock in trade by Rs. 15.2 bn. mainly due to higher oil prices which is partially offset by significant decline in stock levels of furnace oil.
  - Higher other receivables primarily due to exchange loss receivable booked on FE loans amounting to Rs. 9.7 bn.
- Decline in Non-current liabilities by 36.2% is because of significant contributions to retirement benefit funds during the year upon receipt of regulatory approvals.
- Increase in current liabilities by 1.9% is because of rise in liabilities relating to product purchases due to surge in international oil prices. The increase in current liabilities is partially offset by decline in short term borrowings due to settlement of PIBs in July 2017.

ANALYSIS OF FINANCIAL PERFORMANCE

	2018	2017	2016	2015	2014	2013
			(Rupees in mn.)			
Past and Current Performance						
Gross Sales Revenue	**1,305,246**	1,096,543	906,177	1,114,411	1,410,096	1,295,783
Net Sales Revenue	**1,056,901**	878,147	677,940	913,094	1,187,639	1,100,122
Gross Profit	**39,636**	37,136	22,525	22,921	36,824	34,161
Other Income (including share of profit of associates)	**7,911**	11,750	13,411	14,314	20,059	6,510
Marketing & Administrative Expenses	**11,929**	11,238	10,511	10,672	10,480	10,207
Other Expenses	**3,334**	2,378	1,986	3,513	3,890	3,664
Operating Profit	**31,870**	34,662	22,826	22,670	41,972	26,330
Finance Cost	**5,123**	5,923	7,150	11,017	9,544	7,591
Profit before Tax	**27,160**	29,347	16,289	12,034	32,969	19,210
Profit after Tax	**15,461**	18,226	10,273	6,936	21,818	12,638
Earning before Interest, Taxes, Depreciation & Amortization (EBITDA)	**33,357**	36,322	24,464	24,050	43,567	27,961

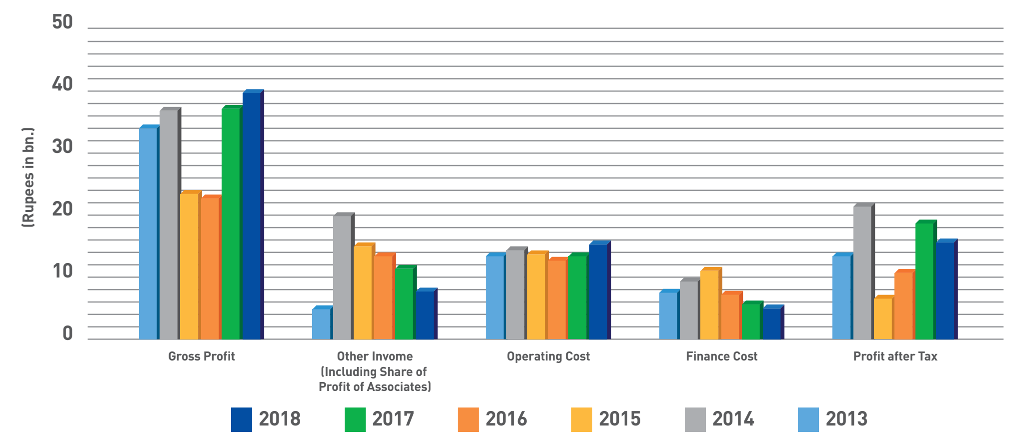
Analysis of Performance Against Prior Year

Company's profit after tax went down by 15.2% primarily on account of following elements:

- One time reversal of deferred tax asset due to decline in future corporate tax rates to 25% by FY 2023 (1% in each tax year).
- Decrease in other income by 32.7% mainly because of maturity of PIBs in July 2017 resulting in lower interest income.
- Increase in other expenses by 40.2% due to higher exchange losses on account of significant PKR devaluation during the year.

The above mentioned decrease was partially offset by increase in follwing elements:

- Increase in gross profits by 6.7% despite major decline in furnace oil sales mainly due to increase in margins of MOGAS & Jet Fuel. Moreover, higher margins were also earned on Furnace Oil and LNG due to increase in international prices.
- Decline in finance cost by 13.5% due to decline in average borrowing levels and effective treasury management.



RATIOS AND ANALYSIS
For the year ended June 30, 2018

Analysis of Performance Against Target

	Actual	Target
	(Rupees in mn.)	
Gross Profit	39,636	40,477
Operating Cost (Including Finance Cost)	20,386	23,160
Profit After Tax	15,461	16,161

- Gross profit remained 2.1% (Rs. 0.8 bn.) below target despite signifcant dip in volumes of furnace oil on account of change in energy mix in the country. The negative variance was minimal as company earned better margins than that projected in targets.
- The company's savings in expenses in FY 18 as compared to target was in double digit i.e. 12 %. This was due to strict monitoring of expenses and lower finance cost.
- Decline in profit after tax vs. target is mainly due to increase in taxes on account of imposition of super tax and reversal of deferred tax asset due to decline in future corporate tax rates.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

PSO's financial statements have been prepared on three reportable segments namely Petroleum products, liquefied Natural Gas and Other products. The total sales revenue is divided into these categories as follows:

Description	FY18	FY17
Petroleum products	**80.20%**	84.94%
Liquefied Natural Gas	**19.58%**	14.83%
Other products	**0.22%**	0.23%
Total	**100.00%**	100.00%

Most of the Company's profit is generated through petroleum products. The detailed segmental review covering item wise details have been covered in note 39 to the financial statements.

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM REPORTS

	Q1	Q2	Q3	Q4	FY 2018
			(Rupees in mn.)		
Gross Sales	**324,756**	324,545	276,264	379,681	1,305,246
Gross Profit	**9,190**	9,540	10,182	10,724	39,636
Other Income	**2,213**	756	2,112	2,416	7,497
Operating Cost	**(3,385)**	(3,665)	(3,089)	(5,124)	(15,263)
Finance Cost	**(756)**	(1,023)	(1,907)	(1,437)	(5,123)
Share of profit of associate - net of tax	**158**	53	56	146	413
Profit Before Taxation	**7,420**	5,661	7,354	6,725	27,160
Taxation	**(2,390)**	(2,168)	(2,651)	(4,490)	(11,699)
Profit After Taxation	**5,030**	3,493	4,703	2,235	15,461

Gross Sales
Gross sales fell significantly in 3rd quarter primarily due to decline in upliftment of FO by power sector during the period.

Gross Profit
It remianed low in 1st and 2nd quarter primarily due to inventory losses on high speed diesel and motor gasoline. However, gross profit grew in 3rd and 4th quarter due to inventory gains on high speed diesel and furnace oil.

Other income
Other income was higher in 1st, 3rd and 4th quarter primarily due to receipt of late payment interest from power sector in these periods.

Operating Cost
Operating cost increased significantly in last quarter due to higher exchange losses in that period on account of rupee devaluation and certain provisions booked against government related claims and in respect of outsourced employees.

Finance Cost
Finance Cost went up in 3rd quarter mainly due to more proportion of local borrowing in that period and furnace oil cargo payments. Further, it was on lower side in 1st quarter primarily due to significant decline in borrowing in that period on account maturity of PIBs in July 2017.

Taxation
Significant increase in taxation in 4th quarter is due to booking of super tax charge and reversal of certain portion of deferred tax asset due to reduction in future corporate tax rates in that period. These arose due to new Finance Act announced in 4th quarter.

RATIOS AND ANALYSIS
For the year ended June 30, 2018

SUMMARY OF CASH FLOW STATEMENT

	2018	2017	2016	2015	2014	2013
			(Rupees in mn.)			
Cash & Cash Equivalents at the beginning of the year	**(41,502)**	(30,274)	(39,584)	9,119	3,523	(18,116)
Net Cash inflow / (outflow) from operating activities	**2,581**	(27,965)	(994)	(29,574)	(62,367)	79,444
Net Cash inflow / (outflow) from investing activities	**45,226**	3,925	4,098	3,489	4,281	(46,107)
Net Cash (outflow) /inflow from financing activities	**(14,229)**	12,812	6,206	(22,619)	63,682	(11,698)
	33,578	(11,228)	9,310	(48,704)	5,596	21,639
Cash & Cash Equivalents at the end of the year	**(7,925)**	(41,502)	(30,274)	(39,584)	9,119	3,523
Free Cashflows	**1,122**	(29,350)	(2,294)	(31,061)	(63,775)	78,584

Analysis
The variation in cash flows as compared to FY 2017 is because of the following:

Operating Activities
In FY 18 Cash flow from Operativing activities is positive as compared to negative cash flow in last year. The cash flows have increased in FY 18 primarily due to increase in trade and other payables.

Investing Activities
Cash flow from investing activities has improved significantly in FY 18 vs last year due to Maturity of PIBs in July 2017.

Financing Activities
Cash flow from Financing activities deteriorated consequential to repayment of Short term borrowings. The Company was able to repay such borrowings as it had available funds due to maturity of PIBs during the year.

DIRECT CASH FLOW STATEMENT
For the year ended June 30, 2018

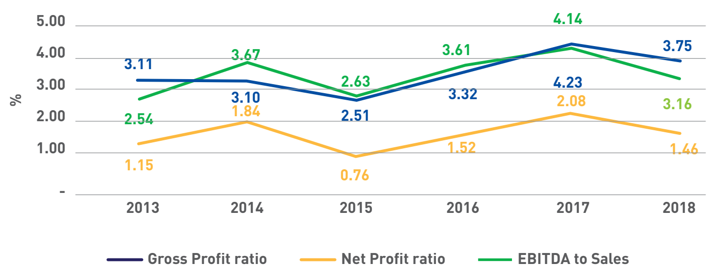
	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**1,272,288,289**	1,062,195,628
Cash paid to supplier, services providers and employees	**(1,246,610,263)**	(1,068,596,159)
Taxes, WPPF and WWF paid	**(12,341,948)**	(15,726,793)
Finance costs paid	**(5,170,222)**	(5,178,816)
Retirement and other service benefits paid	**(5,585,300)**	(658,554)
Net cash generated / (used in) operating activities	**2,580,556**	(27,964,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
-property, plant and equipment	**(1,452,544)**	(1,377,275)
-intangibles	**(6,024)**	(8,038)
Proceeds from disposal of operating assets	**81,602**	29,203
Proceeds from redemption of Pakistan Investment Bonds	**43,836,800**	-
Interest income from Pakistan Investment Bonds	**2,520,616**	5,041,232
Dividends received	**245,163**	239,527
Net cash generated from investing activities	**45,225,613**	3,924,649
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	**(7,580,221)**	15,762,335
Dividends paid	**(6,648,576)**	(2,950,706)
Net cash (used in) / generated from financing activities	**(14,228,797)**	12,811,629
Net increase / (decrease) in cash and cash equivalents	**33,577,372**	(11,228,416)
Cash and cash equivalents at beginning of the year	**(41,502,241)**	(30,273,825)
Cash and cash equivalents at end of the year	**(7,924,869)**	(41,502,241)

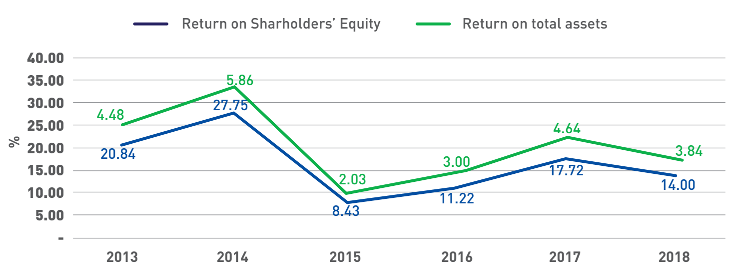
RATIOS AND ANALYSIS
For the year ended June 30, 2018

FINANCIAL RATIOS

Profitability Ratios

		2018	2017	2016	2015	2014	2013
Gross Profit ratio	%	**3.75**	4.23	3.32	2.51	3.10	3.11
Net Profit ratio	%	**1.46**	2.08	1.52	0.76	1.84	1.15
EBITDA to Sales	%	**3.16**	4.14	3.61	2.63	3.67	2.54
Return on Shareholders' Equity	%	**14.00**	17.72	11.22	8.43	27.75	20.84
Return on total assets	%	**3.84**	4.64	3.00	2.03	5.86	4.48
Return on capital employed	%	**27.92**	31.79	23.96	25.43	50.73	41.29
Operating Leverage Ratio	%	**(41.60)**	170.92	(6.54)	198.03	736.93	78.36

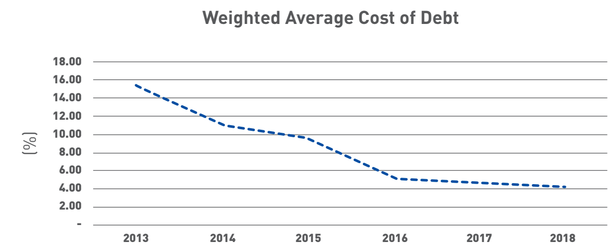


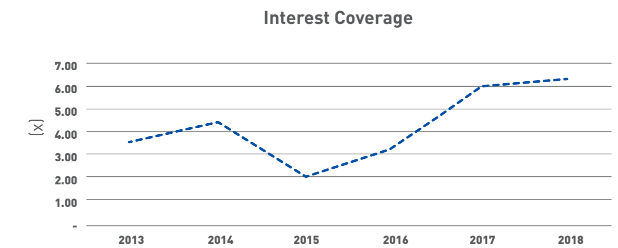


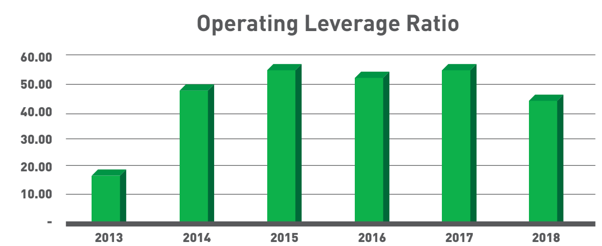
Analysis
The variation in ratios as compared to FY 2017 is because of the following:
- Gross Profit ratio has declined primarily due to increase in net sales by 20.4% due to rise in oil prices whereas gross profit has increased by 6.7%
- Net profit ratio went down by 29.8% primarily due to decline in net profit by 15.2% and increase in net sales by 20.4%.
- EBITDA margin has decreased by 23.7% primarily due to decline in interest income on account of maturity of PIBs in July 2017 and higher exchange losses due to PKR devlauation during the year.
- Decline in return on shareholders' equity, return on total assets and capital employed is due to decline in net profit by 15.2%.
- Negative operating leverage is due to decline of 8.5% in EBIT against an increase of 20.4% in net sales.

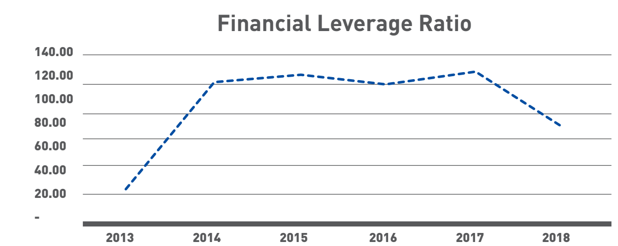
Capital Structure Ratios

		2018	2017	2016	2015	2014	2013
Interest Cover ratio	(x)	**6.30**	5.95	3.28	2.09	4.45	3.53
Operating Gearing ratio	(x)	**43.55**	55.13	52.04	54.79	47.70	16.57
Financial Leverage ratio	(x)	**81.00**	127.00	115.00	124.00	117.00	28.00
Debt to Equity ratio - as per book value	(x)	**81.00**	127.00	115.00	124.00	117.00	28.00
Debt to Equity ratio - as per market value	(x)	**86.58**	124.00	103.04	97.39	87.39	19.84
Weighted Average Cost of Debt	%	**4.10**	4.66	5.02	9.68	11.08	15.34









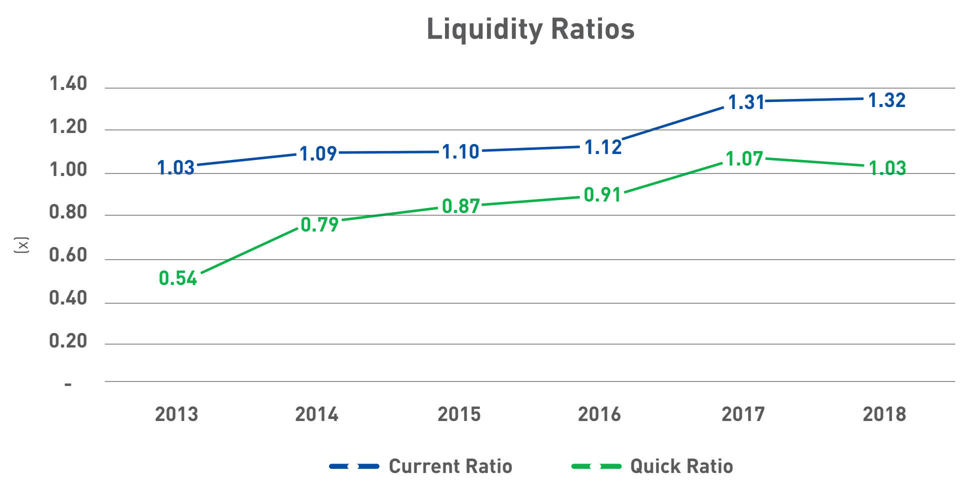
Analysis
The variation in ratios as compared to FY 2017 is because of the following:
- Interest cover has increased primarily due to decline in finance cost by 13.5%.
- Operating gearing ratio and financial leverage ratio has decreased primarily due to decline in short term borrowing by 31.2%.
- Weighted average cost of debt has decreased due to decline in borrowing rates due to robust negotiation with banks and effective borrowing mix.

RATIOS AND ANALYSIS

For the year ended June 30, 2018

Liquidity Ratios

		2018	2017	2016	2015	2014	2013
Cash to Current Liabilities	(x)	**(0.03)**	(0.15)	(0.12)	(0.16)	0.03	0.02
Cash Flow from Operations to Sales	(x)	**0.002**	(0.03)	(0.001)	(0.03)	(0.04)	0.06
Current Ratio	(x)	**1.32**	1.31	1.12	1.10	1.09	1.03
Quick Ratio	(x)	**1.03**	1.07	0.91	0.87	0.79	0.54



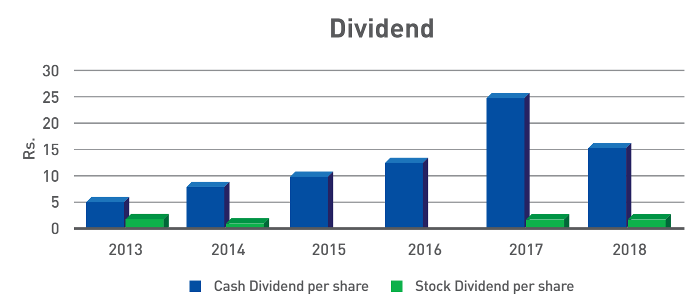
Analysis

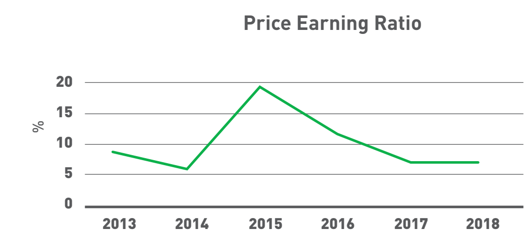
The variation in ratios as compared to FY 2017 is because of the following:

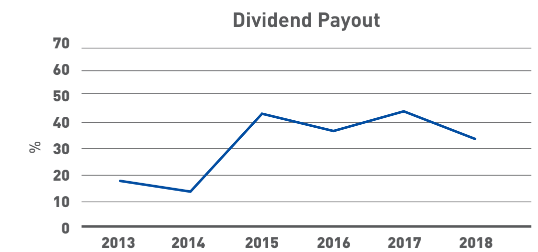
- Cash to current liabilities has improved primarily due to decline in short term borrowings by 31.2%.
- Cash flow from operations to sales has increased primarily due to increase in trade payable.
- Current ratio has increased due to increase in current assets (↑2.6%) vs. increase in current liabilities by (↑1.9%).
- Quick ratio has decreased due to decline in quick assets (current assets excluding stocks) due to maturity of PIBs in July 2017.

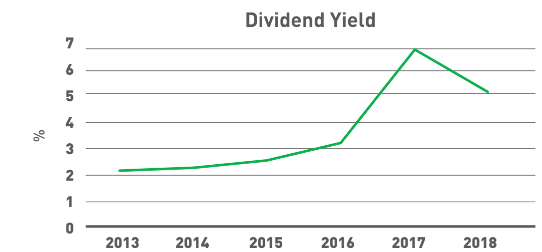
Investment Ratios

		2018	2017	2016	2015	2014	2013
Earning per share	Rs.	**47.4**	55.9	31.5	21.3	66.9	38.8
Earning per share (Diluted)	Rs.	**47.4**	55.9	31.5	21.3	66.3	38.8
Market value per share							
- Year End	Rs.	**318.3**	387.4	375.5	385.8	388.9	320.4
- Highest Price during the year	Rs.	**466.6**	486.1	399.6	408.1	452.4	334.9
- Lowest Price during the year	Rs.	**265.2**	379.9	287.0	325.6	262.1	184.7
Break-up value per share	Rs.	**338.8**	315.5	280.9	252.5	241.2	186.0
Price earning ratio (P/E)	(x)	**6.7**	6.9	11.9	18.1	5.8	8.3
Price to Book Ratio	(x)	**0.9**	1.2	1.3	1.5	1.6	1.7
Cash Dividend per share	Rs.	**15.0**	25.0	12.5	10.0	8.0	5.0
Stock dividend per share	%	**20.0**	20.0	-	-	10.0	20.0
Dividend payout (including bonus)	%	**35.9**	48.3	39.7	47.0	13.5	18.1
Dividend yield (including bonus)	%	**5.3**	7.0	3.3	2.6	2.3	2.2
Dividend cover ratio (including bonus)	(x)	**2.8**	2.5	3.0	2.6	8.9	6.7









Analysis

The variation in ratios as compared to FY 2017 is because of the following:

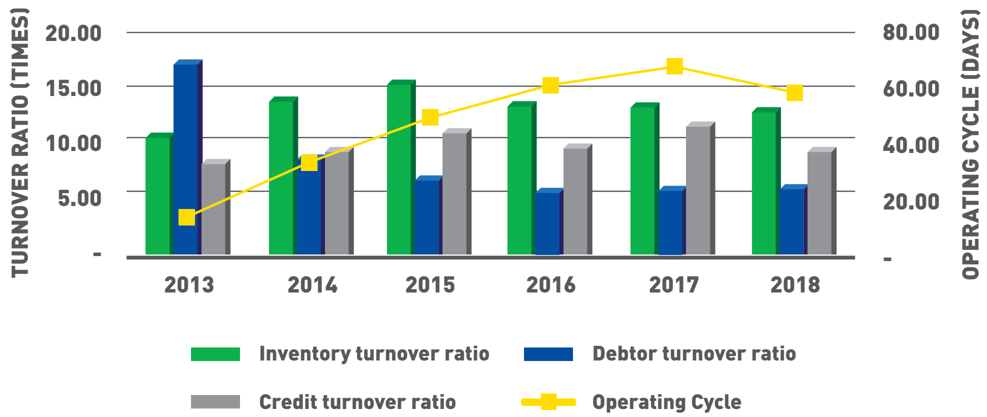
- Price earning ratio has declined slightly due to more decrease in market value per share i.e., by 17.8% in comparison to decrease in EPS i.e., by 15.2%.
- Decline in price to book ratio is primarily due to decline in market value per share.
- Dividend payout and yield has decreased whereas Dividend cover has increased due to decline in cash dividend from Rs. 25 per share to Rs. 15 per share.
- Breakup value per share has increased due to retention of profits.

RATIOS AND ANALYSIS

For the year ended June 30, 2018

Activity / Turnover Ratios

		2018	2017	2016	2015	2014	2013
Inventory turnover ratio	(x)	**12.46**	12.68	12.89	15.22	13.34	10.05
No. of days in Inventory	No	**29.00**	29.00	28.00	24.00	27.00	36.00
Debtor turnover ratio	(x)	**5.24**	5.06	4.96	6.01	7.91	16.31
No. of days in Receivables	No	**70.00**	72.00	74.00	61.00	46.00	22.00
Creditor turnover ratio	(x)	**8.83**	11.19	9.17	10.54	8.80	7.84
No. of days in Creditors	No	**41.00**	33.00	40.00	35.00	41.00	47.00
Total asset turnover ratio	(x)	**3.28**	2.98	2.65	3.12	4.31	4.11
Fixed asset turnover ratio	(x)	**182.28**	160.93	138.97	181.35	246.13	226.77
Operating Cycle	No	**58.00**	68.00	62.00	50.00	32.00	11.00



Note: Inventory, Debtor and Creditor turn over ratios have been calculated using closing values rather than average values.

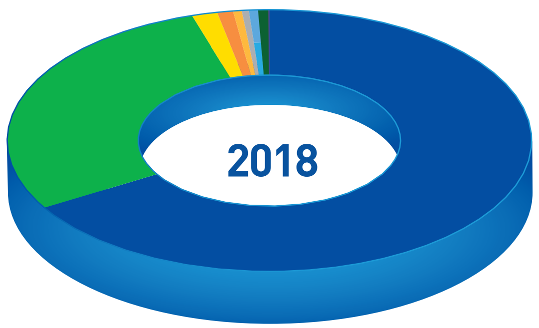
Analysis

The variation in ratios as compared to FY 2017 is as follows:

- Inventory turnover has decreased primarily due to increase in inventory by 23.0% mainly due to increase in international oil prices which was partially offset by 19.0% increase in gross sales revenue.
- Debtors turnover has increased by 3.4% primarily due to increase in gross revenue by 19.0% and trade debts by 16.0% on account of increasing international oil prices and continuous defaults by power sector respectively.
- Creditors turnover has decreased primarily due to increase in trade payable as at reporting date on account of increase in international oil prices which was partially offset by increase in purchases during the year.
- Total Assets and Fixed Asset turnover has increased by 10.0% and 13.3% respectively mainly due to increase in gross sales revenue by 19.0% during the year.
- Operating cycle has decreased by 17.2% primarily due to increase in creditor days on account of increase in trade payables (because of increase in international oil prices).

STATEMENT OF VALUE ADDITIONS

	2018		2017	
	(Rupees in mn.)	%	(Rupees in mn.)	%
Wealth Generated				
Sales (Net of discount / allowances)	**1,304,900**	**99.40**	1,096,470	98.94
Other Income (Including share of profit of associates)	**7,911**	**0.60**	11,751	1.06
	1,312,811	**100.00**	1,108,221	100.00
Distribution of Wealth				
Cost of sales (excluding duties)	**910,083**	**69.32**	736,082	66.43
Government taxes	**348,243**	**26.53**	319,066	28.79
Inland freight equalization margin	**20,512**	**1.56**	17,442	1.57
Retained for future growth	**9,919**	**0.76**	10,890	0.98
Finance costs	**5,123**	**0.39**	5,923	0.53
Distribution, marketing, administrative expenses & other expenses	**6,031**	**0.46**	4,808	0.43
Employees' remuneration	**7,183**	**0.55**	6,571	0.60
Dividend to shareholders	**5,542**	**0.42**	7,336	0.66
Contribution to society	**175**	**0.01**	103	0.01
	1,312,811	**100.00**	1,108,221	100.00



- Cost of sales (excluding duties)
- Government taxes
- Inland freight equalization margin
- Retained for future growth
- Finance costs
- Distribution, marketing, administrative expenses & other expenses
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- Contribution to society

RATIOS AND ANALYSIS
For the year ended June 30, 2018

HORIZONTAL AND VERTICAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013
Vertical Analysis						
Property, plant and equipment	**1.82%**	1.77%	1.93%	1.86%	1.57%	1.96%
Intangibles	**0.00%**	0.01%	0.01%	0.02%	0.01%	0.01%
Long - term investments	**1.19%**	1.12%	14.65%	14.85%	12.30%	17.11%
Long - term loans, advances and other receivables	**0.10%**	0.10%	0.10%	0.09%	0.09%	0.13%
Long - term deposits and prepayments	**0.05%**	0.05%	0.06%	0.05%	0.04%	0.04%
Deferred tax assets - net	**2.91%**	3.04%	3.15%	2.35%	1.74%	1.17%
Total Non- Current assets	**6.08%**	6.09%	19.91%	19.21%	15.76%	20.43%
Stores, spares and loose tools	**0.06%**	0.05%	0.06%	0.06%	0.05%	0.05%
Stock-in-trade	**20.27%**	16.90%	14.85%	17.14%	23.19%	37.63%
Trade debts	**61.00%**	54.18%	52.08%	52.97%	47.13%	27.17%
Loans and advances	**0.48%**	0.48%	0.55%	0.63%	0.13%	0.17%
Short - term deposits and prepayments	**0.83%**	1.47%	0.78%	0.56%	0.67%	0.85%
Current maturity of long - term investments	**0.00%**	11.20%	0.00%	0.00%	0.00%	0.00%
Mark-up / interest receivable on investments	**0.00%**	0.58%	0.66%	0.66%	0.60%	0.80%
Other receivables	**8.20%**	5.84%	7.63%	5.73%	5.67%	9.42%
Taxation - net	**1.93%**	2.16%	1.80%	2.38%	1.26%	1.63%
Cash and bank balances	**1.15%**	1.05%	1.68%	0.68%	5.54%	1.85%
Total Current assets	**93.92%**	93.91%	80.09%	80.79%	84.24%	79.57%
TOTAL ASSETS	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%
EQUITY AND LIABILITIES						
Share capital	**0.81%**	0.69%	0.79%	0.80%	0.73%	0.88%
Reserves	**26.63%**	25.52%	25.96%	23.32%	20.40%	20.63%
Total Share holders' Equity	**27.44%**	**26.21%**	**26.75%**	**24.12%**	**21.13%**	**21.51%**
Retirement and other service benefits	**1.28%**	2.06%	1.82%	2.44%	1.39%	1.51%
Trade and other payables	**47.73%**	37.27%	40.28%	43.08%	52.13%	70.45%
Unclaimed dividend	**0.86%**	0.71%	0.00%	0.00%	0.00%	0.00%
Unpaid dividend	**0.06%**	0.05%	0.00%	0.00%	0.00%	0.00%
Provisions	**0.12%**	0.13%	0.20%	0.20%	0.19%	0.24%
Accrued interest / mark-up	**0.20%**	0.32%	0.24%	0.25%	0.36%	0.15%
Short - term borrowings	**22.32%**	33.25%	30.71%	29.91%	24.81%	6.13%
Total Current liabilities	**71.28%**	71.73%	71.43%	73.45%	77.48%	76.98%
TOTAL EQUITY AND LIABILITIES	**100%**	100.00%	100.00%	100.00%	100.00%	100.00%

	2018	2017	2016	2015	2014	2013
Horizontal Analysis						
Property, plant and equipment	**133%**	126%	120%	115%	106%	100%
Total Non- Current assets	**42%**	41%	118%	114%	102%	100%
Stock-in-trade	**77%**	63%	48%	55%	81%	100%
Trade debts	**321%**	278%	233%	236%	229%	100%
Other receivables	**124%**	86%	98%	74%	79%	100%
Cash and bank balances	**89%**	79%	110%	44%	394%	100%
Share capital	**132%**	110%	110%	110%	110%	100%
Reserves	**184%**	172%	153%	137%	130%	100%
Total Share holders' Equity	**182%**	170%	151%	136%	130%	100%
Retirement and other service benefits	**121%**	189%	146%	195%	121%	100%
Trade and other payables	**97%**	74%	69%	74%	98%	100%
Short - term borrowings	**520%**	756%	609%	591%	535%	100%
Total Current liabilities	**132%**	130%	113%	116%	133%	100%
TOTAL EQUITY AND LIABILITIES	**143%**	139%	121%	121%	132%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Total Non-Current Assets
Total non-current assets have increased slightly vs. FY 2017 as per vertical and horizontal analysis primarily due to increase in long term investments (due to booking of share of profits in FY 18) and property plant and equipments (due to additions in FY 18).

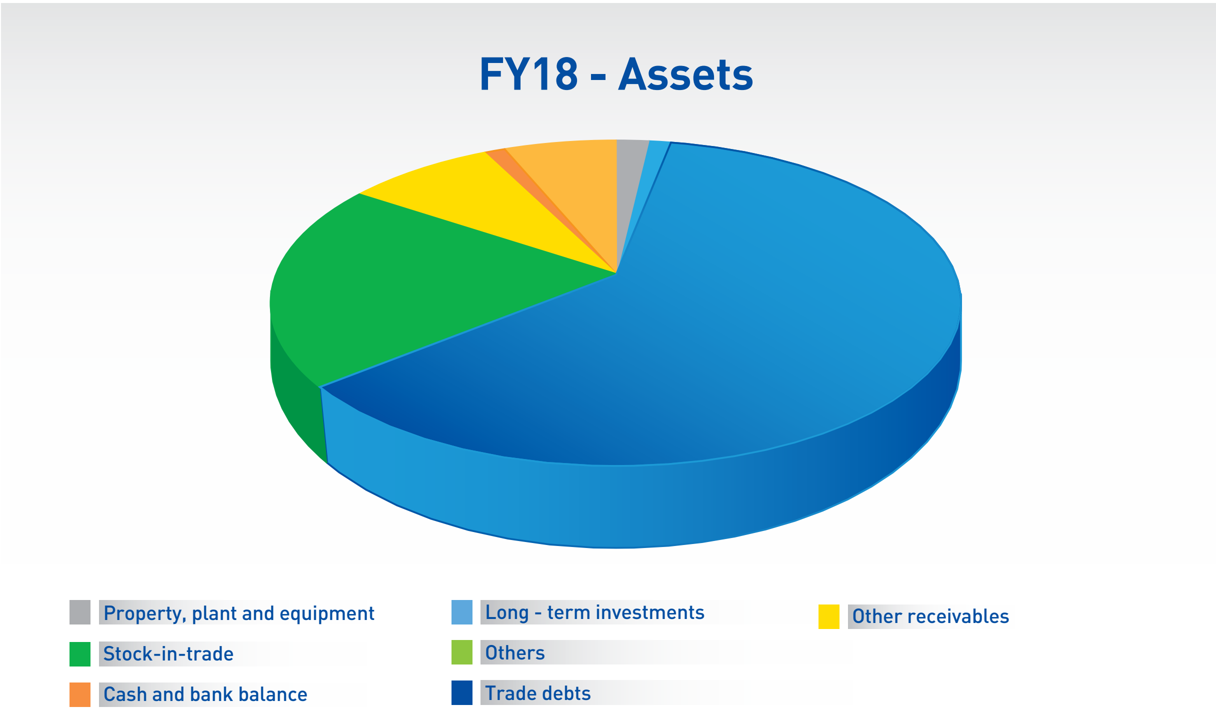
Stock in Trade
Stock in trade balances have increased vs. last year as per vertical and horizontal analysis, mainly due to increase in international oil prices. It was highest in 2013 due to higher stock levels and international oil prices.

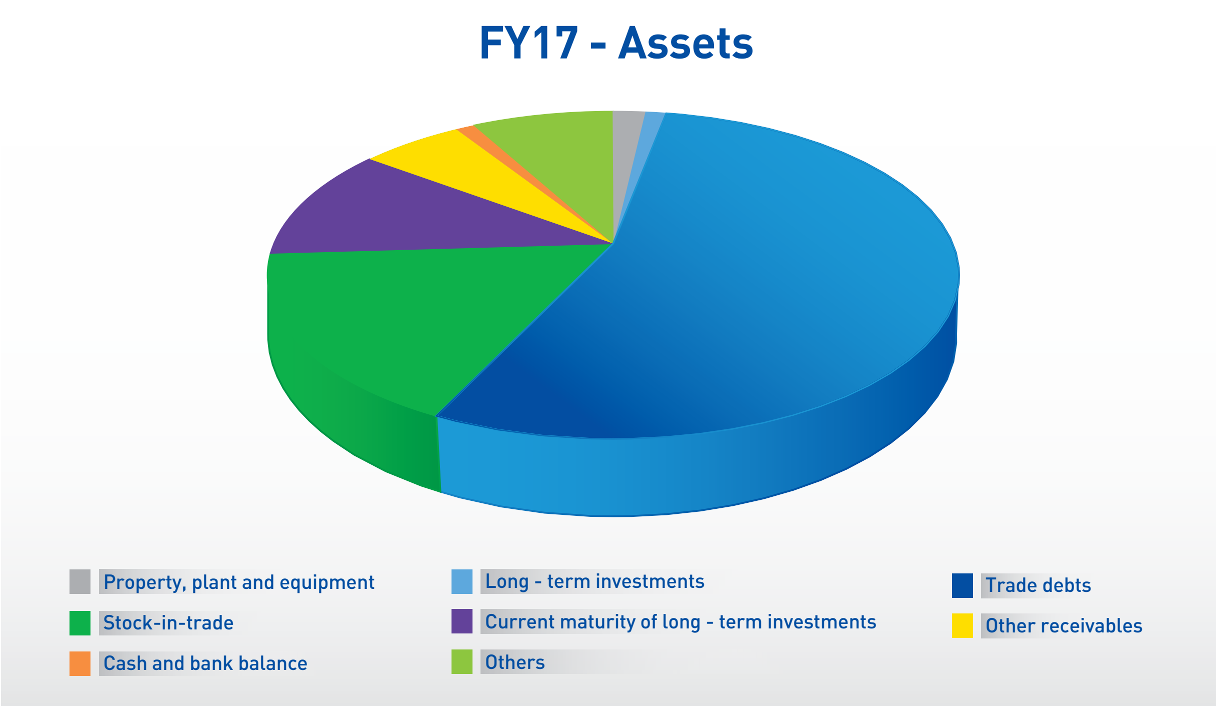
Trade Debts
Trade debts are highest in FY 18 in last 5 years (both as per vertical and horizontal analysis) due to delay in payments by Power Sector and SNGPL and increase in prices of products.

Shareholders' Equity
Total Shareholders' equity has shown an increasing trend as per horizontal and vertical analysis mainly due to retention of profits and issuance of bonus shares.

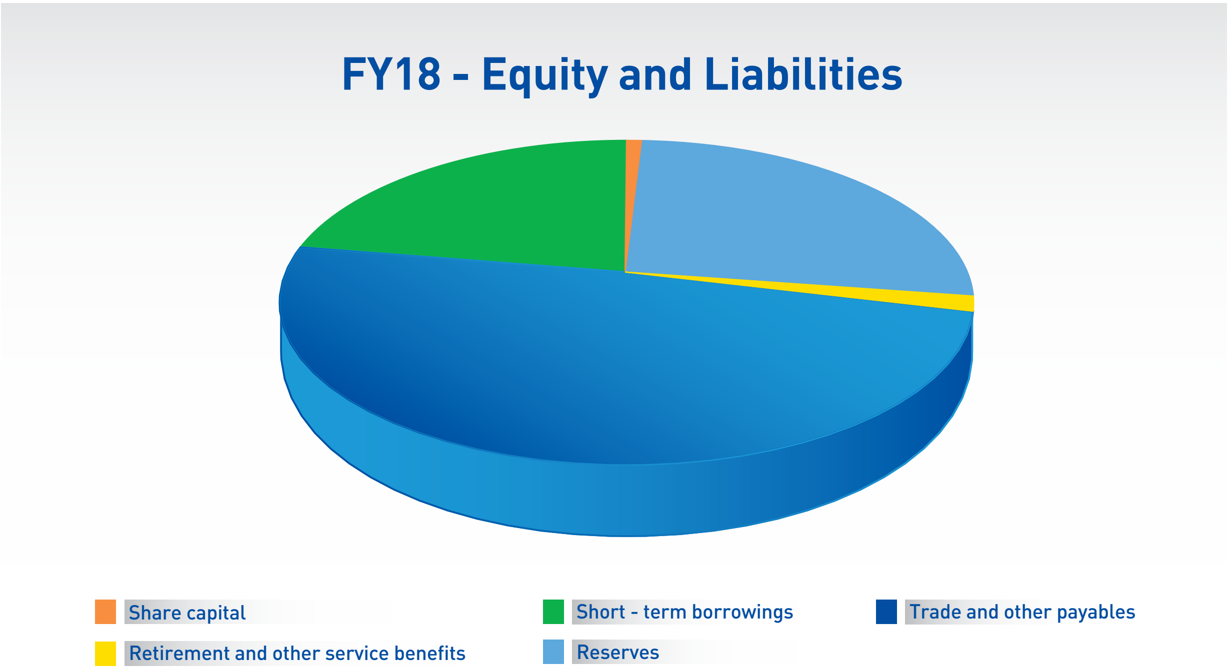
Trade and Other Payables
Trade and other payables have increased as per vertical and horizontal analysis primarily due to increase in trade payables on account of higher oil prices.

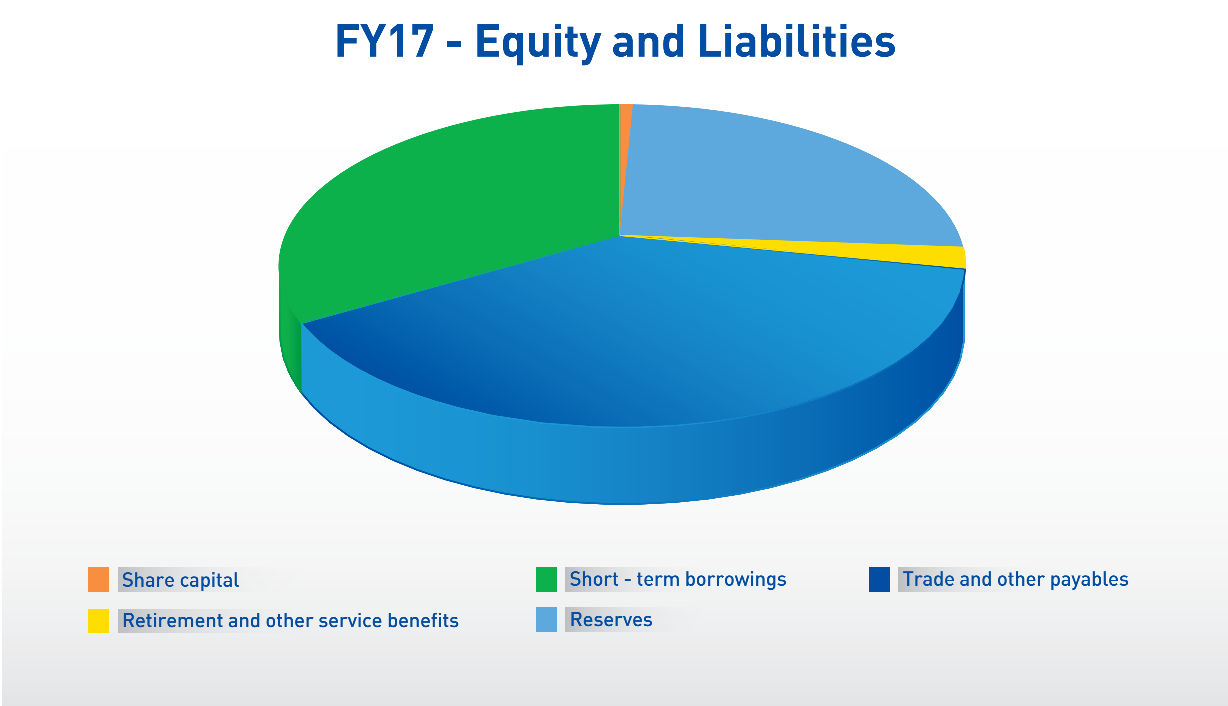
COMPOSTION OF BALANCE SHEET - VERTICAL ANALYSIS





COMPOSTION OF BALANCE SHEET - VERTICAL ANALYSIS





RATIOS AND ANALYSIS

HORIZONTAL AND VERTICAL ANALYSIS - STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2018

Vertical Analysis

	2018	2017	2016	2015	2014	2013
Net Sales	**100%**	100%	100%	100%	100%	100%
Cost of products sold	**-96.25%**	-95.77%	-96.68%	-97.49%	-96.90%	-96.89%
Gross profit	**3.75%**	4.23%	3.32%	2.51%	3.10%	3.11%
Other income (Including share of profit of associates - net of tax)	**0.75%**	1.34%	1.98%	1.57%	1.69%	0.59%
Administrative & Marketing expenses	**-1.13%**	-1.28%	-1.55%	-1.17%	-0.88%	-0.93%
Other expenses	**-0.32%**	-0.27%	-0.29%	-0.38%	-0.33%	-0.33%
Total Operating Costs	**-1.45%**	-1.55%	-1.84%	-1.55%	-1.21%	-1.26%
Profit from operations	**3.05%**	4.02%	3.46%	2.52%	3.58%	2.44%
Finance costs	**-0.48%**	-0.67%	-1.05%	-1.21%	-0.80%	-0.69%
Profit before taxation	**2.57%**	3.35%	2.41%	1.32%	2.78%	1.75%
Taxation	**-1.11%**	-1.27%	-0.89%	-0.56%	-0.94%	-0.60%
Profit after taxation	**1.46%**	2.08%	1.52%	0.76%	1.84%	1.15%

Horizontal Analysis

	2018	2017	2016	2015	2014	2013
Net Sales	**96%**	80%	62%	83%	108%	100%
Cost of products sold	**95%**	79%	61%	84%	108%	100%
Gross profit	**116%**	109%	66%	67%	108%	100%
Other income (Including share of profit of associates - net of tax)	**122%**	181%	206%	220%	308%	100%
Administrative & Marketing expenses	**117%**	110%	103%	105%	103%	100%
Other expenses	**91%**	65%	54%	96%	106%	100%
Total Operating Costs	**110%**	98%	90%	102%	104%	100%
Profit from operations	**120%**	132%	87%	86%	159%	100%
Finance costs	**67%**	78%	94%	145%	126%	100%
Profit before taxation	**141%**	153%	85%	63%	172%	100%
Taxation	**178%**	169%	92%	78%	170%	100%
Profit after taxation	**122%**	144%	81%	55%	173%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Net Sales Revenue

Net sales revenue has increased by 20.4% in FY 2018 vs. FY 2017 primarily on account of increase in international prices. However, it remained highest in FY 2014 due to significant surge in price in that year.

Gross Profit

Gross profit percentage for FY 2018 is lower vs. FY 2017 due to increase in sales price in FY 2018 versus last year and inventory losses on high speed diesel and motor gasoline. However, in absolute terms, it is highest in last five years as per horizontal analysis, primarily due to increase in gross profit on account of higher volumes and margins.

Other Income

Other income has witnessed a siginificant decrease as per vertical and horizontal analysis which is mainly on account of decline in interest income from PIBs due to its maturity in July 2017. Further it was highest in 2014 due to significant amount of interest income on delayed payments received from power sector.

Total Operating Cost

Total operating cost has shown an increasing trend as compared to FY 2017 as per horizontal analysis which is mainly attributable to higher exchange losses in this period on account of rupee devaluation and certain provisions booked against government related claims and in respect of outsourced employees. However, it has declined from 1.55% to 1.45% as per vertical analysis primarily due to increase in sales by 20.4%.

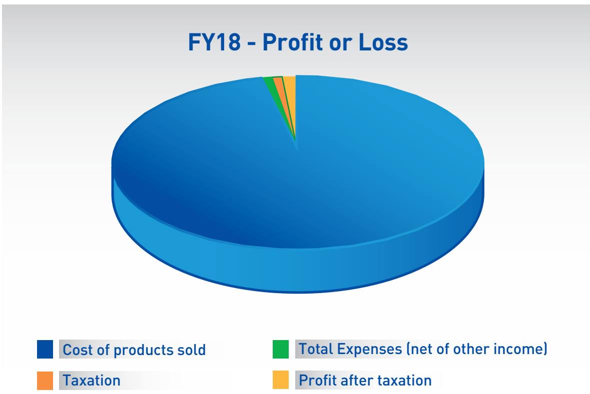
Finance Cost

Finance cost has declined in FY 2018 and it is lowest in last five years as per horizontal and vertical analysis primarily due to lower average borrowings on account of maturity of PIBs , mrore proportion of foreign currency loans in borrowings mix which has lower interest rate and efficient treasury management.

Profit after tax

Profit after tax (PAT) is lower vs. FY 2017 mainly due to decrease in other income on account of maturity of PIBs and higher effective tax rate on the Company (due to reversal of certain portion of deferred tax asset on account of reduction in future corporate tax rate)

STATEMENT OF PROFIT OR LOSS - VERTICAL ANALYSIS



INDICATORS AND PERFORMANCE MEASURES

Indicators and performance measures are used by the management to gauge the performance of the Company. The following are critical indicators:

- Market share
- Earnings per share
- Gross Profit
- Profit after Tax
- Debtors turnover
- Cash flows from Operating activities

METHODS/ASSUMPTIONS USED TO COMPILE THE INDICATORS

Market Share

Market share of Company's liquid fuels are determined on the basis of OCAC data – independent source.

Gross Profit

Gross profit is calculated by the company with and without inventory gains to compare the performance of the company.

Debtors' turnover

This ratio is calculated by the Company on the basis of the closing values at the relevant balance sheet date.

CHANGE IN PERFORMANCE MEASURES OVER TIME

There is no significant change in the performance measures used by the management to evaluate performance of the Company. The values of the following measures have, however, changed substantially over the period:

Market Share

Due to the entry of many new players in the market over the past few years the volumes have been divided. Accordingly, market share of PSO has reduced in last few years.

Gross Profit

Gross profit is showing an increasing trend over the years due to increase in margins and volumes of white oil.

Cash flows from operating activities

Cash flow from operating activities was positive in FY 2018 whereas in prior few years it was negative.

MAJOR CAPITAL EXPENDITURES - RATIONAL

The underlying objective behind the Capital nature expenses undertaken by the Company during the year are based on three main notions:

Build Image of Quality, Innovation & Proactive Organization

Enriching customer experience when it comes to refueling by uplifting Company's image through investment on forecourt ambience, products and services that are being offered at outlets.

Improve Supply Chain Infrastructure/System & Business Process/Productivity

Construction and enhancement of product storage facilities across Pakistan to ensure smooth and uninterrupted product supply to all customer base that includes retail, bulk, defence, aviation, marine and power projects.

Implementation of HSE System

Ensuring compliance of HSE standards at all levels, promising a safe and healthy environment for employees and customers.

The same underlying objective are the catalyst for the major capital expenditures for next year.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi

EY Ford Rhodes
Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Pakistan State Oil Company Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018,** and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 27.1.1 to the financial statements regarding contingent liability in respect of non-accrual of mark-up on delayed payments amounting to Rs. 8,017 million for the reasons given in the aforementioned note. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the key audit matters:

S.No.	Description of key audit matter	How the matter was addressed in our audit
1	**Receivables from Government of Pakistan (GoP) and customers** (Refer notes 13.2 and 16 to the financial statements) The Company has the following receivables as at June 30, 2018: • trade debts of an aggregate amount of Rs. 199,999 million due from power generation companies, namely GENCO Holding Company Limited (formerly Water and Power Development Authority) (GENCO), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO) (together referred to as customers). These include past due debts of Rs. 182,109 million; • price differential claims aggregating to Rs. 9,297 million recoverable from Government of Pakistan (GoP) on account of supply of petroleum products at subsidised rates to various customers. These balances are long outstanding with no recoveries since 2013 despite follow-ups by the Company with relevant ministries; and • a net unfavorable exchange difference of Rs. 9,738 million arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - GoP (MoF-GoP), which are to be settled in accordance with clarifications / instructions from MoF-GoP. The recoverability of these amounts is dependent on the decisions of the GoP including availability of funds due to circular debt issue being faced by the GoP. However, being long outstanding the Company is facing financial/liquidity issues. Certain customers having past due balance arising due to the circular debt issue also pay late payment surcharge to the Company which is recognised on receipt basis. In view of the above matters, significant judgement involved in recognition of late payment surcharge and receivable balances being significant to the financial statements, we considered this a key audit matter.	Our audit procedures amongst others included: - reviewed agreements with customers for agreed terms and conditions and latest financial information of the customers, wherever available; - ensured that receivables arising out of sales are on the prices that are in agreement with respective customers' terms and conditions and government notifications, where applicable; - reviewed related correspondence between the Company and relevant authorities, and held discussions at appropriate level of management to critically assess their views on the recoverability and timing of settlement of relevant receivables; - circularized confirmations to counter parties, reviewed balance confirmations received directly from them and tested reconciliations, where differences were identified. In case of non-receipt of confirmations, we performed alternate procedures; - considered management process for determining the provision for impairment, discussed judgment exercised by them and checked approval of the Board of Management in this regard; - recomputed the net unfavorable exchange difference on foreign currency borrowings recognized by the Company during the year, as recoverable from MoF-GoP; - reviewed minutes of the Board of Management and Board Audit and Compliance Committee and discussed at appropriate level of management, events during the year and steps taken by management for recoverability of these receivables; - checked receipts of late payment surcharge from underlying evidences and ensured that the same is recognised in line with the accounting policy of the Company; and - reviewed related disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

2 Contingent liabilities

(Refer notes 27.1.2 to 27.1.15 to the financial statements)

The Company has contingent liabilities in respect of income tax and sales tax matters, which are pending adjudication before various taxation authorities and Courts of law.

Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income tax and sales tax a key audit matter.

Our audit procedures amongst others, included:

- obtained and reviewed details of the pending tax matters and discussed the same with the Company's management;
- circularized confirmations to the Company's external legal and tax counsels for their views on open tax assessments;
- reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and
- reviewed disclosures made in respect of such contingent liabilities .

3 Retirement benefits

(Refer notes 2.3, 4.11.1 and 21 to the financial statements)

The Company operates a number of defined benefit plans. The Company's obligation in respect of defined benefit plans as at June 30, 2018 amounted to Rs. 4,930 million. During the year, the Honourable Supreme Court of Pakistan passed an order for regularisation of certain contractual employees. Based on the order, the Company regularised 195 contractual employees and also decided to regularise other contractual employees which is in process. This has resulted in recognition of past service cost amounting to Rs. 1,005 million.

In determining the obligation in respect of defined benefit plans, the Company engaged an actuarial expert to perform the actuarial valuation of plan assets and the present value of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of return on plan assets, expected rate of increase in future salaries and medical costs, and mortality rates. Changes in any of these key assumptions can have a material impact on the calculation of these liabilities.

We identified retirement benefit obligation as a key audit matter because of significant management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.

Our audit procedures amongst others, comprised understanding the management valuation process, including the involvement of actuarial expert in performing the actuarial valuation of plan assets and defined benefit obligation. We also reviewed the Supreme Court's order to ensure that retirement benefit obligation of the Company includes its impact.

We assessed the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under IAS 19 'Employee Benefits'.

We engaged our actuarial specialists to assess the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plans.

We tested data provided by the Company to actuaries for the purpose of valuation.

We also reviewed the adequacy of the related disclosures in the financial statements.

4 Companies Act, 2017

(Refer note 3.1 to the financial statements)

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.

As part of transition to the requirements, management performed an analysis to identify differences between the previous and the current Fourth Schedules and as a result certain amendments relating to presentation and disclosures were made in the financial statements.

In view of the various new disclosures prepared and presented in the financial statements, we considered this a key audit matter.

We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following:

- considered the management's process to identify the additional disclosures required in the Company's financial statements;
- obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence; and
- verified on test basis supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and asses the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditors' report are Osama Kapadia and Shariq Ali Zaidi.

A. F. Ferguson & Co.
Chartered Accountants

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants

Karachi
Date: September 24, 2018

A JOURNEY OF SHIFTING ENERGY

As the economy rises, so too does PSO keep evolving. Whether we are working industriously to deliver our products far and wide, or whether we are enabling industry to build a brighter future, we are always there to energize the nation's journey.

STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,327,476	6,944,509
Intangibles	6	19,732	29,409
Long - term investments	7	4,783,585	4,388,257
Long - term loans, advances and other receivables	8	398,525	411,777
Long - term deposits and prepayments	9	220,399	196,816
Deferred tax assets - net	10	11,709,058	11,912,602
		24,458,775	23,883,370
Current assets			
Stores, spares and loose tools	11	239,981	203,542
Stock-in-trade	12	81,615,455	66,333,048
Trade debts	13	245,577,071	212,619,281
Loans and advances	14	1,919,400	1,873,942
Short - term deposits and prepayments	15	3,329,991	5,788,052
Current maturity of long - term investments		-	43,954,641
Mark-up / interest receivable on investments		-	2,258,196
Other receivables	16	33,017,635	22,925,566
Taxation - net		7,767,381	8,472,290
Cash and bank balances	17	4,636,643	4,131,036
		378,103,557	368,559,594
Net assets in Bangladesh	18	-	-
TOTAL ASSETS		402,562,332	392,442,964
EQUITY AND LIABILITIES			
Equity			
Share capital	19	3,260,232	2,716,860
Reserves	20	107,192,243	100,132,742
		110,452,475	102,849,602
Non-current liabilities			
Retirement and other service benefits	21	5,165,024	8,089,633
Current liabilities			
Trade and other payables	22	192,145,744	146,269,601
Unclaimed dividend	23	3,443,218	2,784,318
Unpaid dividend	24	221,587	193,542
Provisions	25	490,972	490,972
Accrued interest / mark-up	26.3	796,795	1,266,793
Short - term borrowings	26	89,846,517	130,498,503
		286,944,833	281,503,729
Contingencies and commitments	27		
TOTAL EQUITY AND LIABILITIES		402,562,332	392,442,964

The annexed notes 1 to 49 form an integral part of these financial statements.

Sheikh Imranul Haque	Zahid Mir	Yacoob Suttar
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Net sales	28	1,056,900,563	878,146,786
Cost of products sold	29	(1,017,264,455)	(841,011,250)
Gross profit		39,636,108	37,135,536
Other income	30	7,497,201	11,142,248
Operating costs			
Distribution and marketing expenses	31	(9,159,330)	(8,758,929)
Administrative expenses	32	(2,769,667)	(2,478,797)
Other expenses	33	(3,334,100)	(2,378,315)
		(15,263,097)	(13,616,041)
Profit from operations		31,870,212	34,661,743
Finance costs	34	(5,123,344)	(5,923,256)
Share of profit of associates - net of tax	7.2.1	413,612	608,380
Profit before taxation		27,160,480	29,346,867
Taxation	35	(11,699,223)	(11,121,242)
Profit for the year		15,461,257	18,225,625
		(Rupees)	
			(Restated)
Earnings per share - basic and diluted	36	47.42	55.90

The annexed notes 1 to 49 form an integral part of these financial statements.

Sheikh Imranul Haque	Zahid Mir	Yacoob Suttar
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Profit for the year		**15,461,257**	18,225,625
Other comprehensive income / (loss):			
Items that will not be reclassified subsequently to profit or loss:			
Share of actuarial losses on remeasurement of staff retirement benefits of associates - net of tax	7.2.1	**(8,374)**	(24,466)
Actuarial losses on remeasurement of retirement and other service benefits	21.1.6	**(558,409)**	(1,312,379)
Less: Taxation thereon		**114,542**	404,116
		(443,867)	(908,263)
Items that may be reclassified subsequently to profit or loss:			
Share of unrealised losses due to change in fair value of available-for-sale investments of associates - net of tax	7.2.1	**(5,449)**	(2,650)
Amortisation of unrealised gain due to reclassification of investment from available-for-sale to held-to-maturity		**(93,104)**	(1,838,255)
Less: Taxation thereon		**27,931**	570,791
		(65,173)	(1,267,464)
Total comprehensive income for the year		**14,938,394**	16,022,782

The annexed notes 1 to 49 form an integral part of these financial statements.

Sheikh Imranul Haque
Managing Director & CEO

Zahid Mir
Member-Board of Management

Yacoob Suttar
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2018

	Share capital	Reserves						Total
		Capital reserves	Revenue reserves				Sub-total	
		Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of available-for-sale investments	Company's share of unrealised gain / (loss) on available-for-sale investment of associates	General reserve	Un-appropriated profit		
	(Rupees in '000)							
Balance as at July 01, 2016	2,716,860	3,373	1,332,637	1,745	25,282,373	62,244,337	88,864,465	91,581,325
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	18,225,625	18,225,625	18,225,625
Other comprehensive income / (loss)								
Amortisation of unrealised gain due to reclassification of investment from available-for-sale to held to maturity - net of tax	-	-	(1,267,464)	-	-	-	(1,267,464)	(1,267,464)
Share of unrealised loss due to change in fair value of available-for-sale investments of associates - net of tax	-	-	-	(2,650)	-	-	(2,650)	(2,650)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	(908,263)	(908,263)	(908,263)
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(24,466)	(24,466)	(24,466)
	-	-	(1,267,464)	(2,650)	-	(932,729)	(2,202,843)	(2,202,843)
	-	-	(1,267,464)	(2,650)	-	17,292,896	16,022,782	16,022,782
Transactions with the owners								
Final dividend for the year ended June 30, 2016 @ Rs. 7.5 per share	-	-	-	-	-	(2,037,645)	(2,037,645)	(2,037,645)
Interim dividend for the year ended June 30, 2017 @ Rs. 10 per share	-	-	-	-	-	(2,716,860)	(2,716,860)	(2,716,860)
	-	-	-	-	-	(4,754,505)	(4,754,505)	(4,754,505)
Balance as at June 30, 2017	**2,716,860**	**3,373**	**65,173**	**(905)**	**25,282,373**	**74,782,728**	**100,132,742**	**102,849,602**
Total comprehensive income for the year								
Profit for the year	**-**	**-**	**-**	**-**	**-**	**15,461,257**	**15,461,257**	**15,461,257**
Other comprehensive income / (loss)								
Amortisation of unrealised gain due to reclassification of investment from available-for-sale to held-to-maturity - net of tax	**-**	**-**	**(65,173)**	**-**	**-**	**-**	**(65,173)**	**(65,173)**
Share of unrealised loss due to change in fair value of available-for-sale investment of associates - net of tax	**-**	**-**	**-**	**(5,449)**	**-**	**-**	**(5,449)**	**(5,449)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**(443,867)**	**(443,867)**	**(443,867)**
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**(8,374)**	**(8,374)**	**(8,374)**
	-	**-**	**(65,173)**	**(5,449)**	**-**	**(452,241)**	**(522,863)**	**(522,863)**
	-	**-**	**(65,173)**	**(5,449)**	**-**	**15,009,016**	**14,938,394**	**14,938,394**
Transactions with the owners								
Final dividend for the year ended June 30, 2017 @ Rs. 15 per share	**-**	**-**	**-**	**-**	**-**	**(4,075,289)**	**(4,075,289)**	**(4,075,289)**
Bonus shares issued for the year ended June 30, 2017 @ 20%	**543,372**	**-**	**-**	**-**	**-**	**(543,372)**	**(543,372)**	**-**
Interim dividend for the year ended June 30, 2018 @ Rs. 10 per share	**-**	**-**	**-**	**-**	**-**	**(3,260,232)**	**(3,260,232)**	**(3,260,232)**
	543,372	**-**	**-**	**-**	**-**	**(7,878,893)**	**(7,878,893)**	**(7,335,521)**
Balance as at June 30, 2018	**3,260,232**	**3,373**	**-**	**(6,354)**	**25,282,373**	**81,912,851**	**107,192,243**	**110,452,475**

The annexed notes 1 to 49 form an integral part of these financial statements.

Sheikh Imranul Haque
Managing Director & CEO

Zahid Mir
Member-Board of Management

Yacoob Suttar
Chief Financial Officer

STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	23,994,706	(8,511,087)
Long-term loans, advances and other receivables		13,252	(65,138)
Long-term deposits and prepayments		(23,583)	22,974
Taxes paid		(10,648,297)	(13,574,073)
Finance costs paid		(5,170,222)	(5,178,816)
Retirement and other service benefits paid		(5,585,300)	(658,554)
Net cash generated from / (used in) operating activities		2,580,556	(27,964,694)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
-property, plant and equipment		(1,452,544)	(1,377,275)
-intangibles		(6,024)	(8,038)
Proceeds from disposal of operating assets		81,602	29,203
Proceeds from redemption of Pakistan Investment Bonds		43,836,800	-
Interest income from Pakistan Investment Bonds		2,520,616	5,041,232
Dividends received		245,163	239,527
Net cash generated from investing activities		45,225,613	3,924,649
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		(7,580,221)	15,762,335
Dividends paid		(6,648,576)	(2,950,706)
Net cash (used in) / generated from financing activities		(14,228,797)	12,811,629
Net increase / (decrease) in cash and cash equivalents		33,577,372	(11,228,416)
Cash and cash equivalents at beginning of the year		(41,502,241)	(30,273,825)
Cash and cash equivalents at end of the year	38	(7,924,869)	(41,502,241)

The annexed notes 1 to 49 form an integral part of these financial statements.

Sheikh Imranul Haque	Zahid Mir	Yacoob Suttar
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2018

(Amounts in Rs. '000)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan State Oil Company Limited ("the Company") is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.2 The business units of the Company include the following:

Business Unit	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, 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, the details of which is impracticable to disclose in these financial statements as required under Paragraph 1 (i) of Part I of the 4th Schedule to the Companies Act, 2017.

1.3 The Board of Management - Oil (BoM) nominated by the Federal Government under section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 (previously Companies Ordinance, 1984) or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Following is the summary of significant transactions and events that have affected the Company's financial position and performance during the year:

2.1 Fuel Farm Facility

Pakistan's largest and most advanced Fuel Farm Facility became operational at the New Islamabad International Airport (NIIAP) on Thursday April 12, 2018. The facility is jointly developed by the Company in collaboration with Attock Petroleum Limited (APL) which resulted in improved profitability.

2.2 PIB maturity

Pakistan Investment Bonds (PIBs) of Rs. 43,836,800 matured on July 19, 2017 which resulted in improved cash flow position and reduced borrowings at year end.

2.3 Regularisation of Contractual Employees

The Honorable Supreme Court of Pakistan (the Court) in its judgment dated December 8, 2017 directed the Company to regularise contractual employees. Based on the said decision, the Company regularised 195 contractual employees. Further, the Company also decided to regularise other contractual employees, who also approached the Court for their regularisation as well, which is currently in process. This has resulted in recognition of past service cost amounting to Rs. 1,004,829 in respect of defined benefit plans.

Sheikh Imranul Haque	Zahid Mir	Yacoob Suttar
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

(Amounts in Rs. '000)

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared on the basis of 'historical cost' convention, unless otherwise specifically stated.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

3.4 Critical accounting estimates, assumptions and judgments

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

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events that are believed to be reasonable under circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.4.1 Property, plant and equipment and intangibles

The Company reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.4.2 Stock-in-trade

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

3.4.3 Provision for impairment of trade debts and other receivables

The Company assesses the recoverability of its trade debts and other receivables if there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debts and other receivables are impaired.

(Amounts in Rs. '000)

3.4.4 Income taxes

Significant judgment is required in determining the provision for income taxes. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

3.4.5 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 21 to these financial statements.

3.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments to published standards and interpretations that became effective during the year

The following amendments to the accounting and reporting standards as applicable in Pakistan are effective for the first time for the year ended June 30, 2018 and are relevant to the Company:

- **Amendments to IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard**

  The amendment clarified that the disclosure requirements of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. The objective of IFRS 12 was to provide information about nature of interests in other entities, risks associated with these interests, and the effect of these interests on financial statements.

- **Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealized losses**

  These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

  The amendments currently does not have any significant impact on the Company's financial statements.

  In addition to the foregoing, the Companies Act, 2017 which is effective on these financial statements has added certain disclosures which have been included.

  The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and interpretations to the accounting and reporting standards are effective for accounting periods, beginning on or after July 1, 2018 and have not been early adopted by the Company:

- **IFRS 9 'Financial Instruments' (effective from accounting period beginning on or after July 1, 2018)**

  This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Company is yet to assess the full impact of the standard.

- **IFRS 15 'Revenue from contracts with customers' (effective from accounting period beginning on or after July 1, 2018)**

  IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

- **IFRS 16 'Leases' (effective for accounting periods beginning on or after January 1, 2019)**

  This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is yet to assess the full impact of the standard.

- **IFRIC 22 'Foreign currency transactions and advance consideration' (effective from accounting period beginning on or after January 1, 2018)**

  This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

- **IFRIC 23 'Uncertainity over income tax treatments' (effective from accounting period beginning on or after January 1, 2019)**

  This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

There are number of other standards and amendments to the published standards that are not relevant to the Company and therefore have not been presented here.

3.6 Share based payments and Benazir Employees Stock Option Scheme

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 1, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual financial statements.

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 7, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, as per the Ministry of Finance's letter dated May 19, 2014, the Scheme is being revamped.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress, which is stated at cost less accumulated impairment losses, if any.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the statement of profit or loss.

4.5 Stores, spares and loose tools

These are valued at moving average cost less impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

4.6 Stock-in-trade

Stock-in-trade is valued at the lower of average cost or cost on first-in-first-out (FIFO) basis, and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in statement of profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

4.7 Trade debts, loans, advances and other receivables

Trade debts, loans, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade debts, loans, advances and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to statement of profit or loss. Trade debts, loans, advances and other receivables are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are added to their respective carrying amounts.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position.

4.9 Impairment

4.9.1 Financial assets

A financial asset is assessed at each reporting date for impairment to determine whether there is any objective evidence which indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

4.9.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

4.10 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

4.11 Retirement and other service benefits

4.11.1 Defined benefit plans

Pension funds

The Company operates approved funded defined benefit pension schemes separately for both management and non-management employees except for those employees who joined the Company after November 16, 2012. However, employees who have been regularised during the year by decision of the Honourable Supreme Court of Pakistan and who were providing services to the Company even before November 16, 2012 have also been included in this scheme (note 2.3). The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Gratuity fund

The Company also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

(Amounts in Rs. '000)

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Depreciation is charged to profit or loss using straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 5.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.2 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any, thereon.

Intangible asset is amortised from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

4.3 Financial instruments

4.3.1 Financial assets

The Company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired:

- **At fair value through profit or loss**

  Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those having maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise of trade debts, loans, advances, deposits, interest accrued, other receivables, cash and bank balances.

(Amounts in Rs. '000)

- **Available-for-sale**

  Available-for-sale financial assets are non-derivatives that are either designated investments in this category or not classified in any of the other categories. They are included in non-current assets unless these mature or the management intends to dispose off the investments within twelve months from the reporting date.

- **Held-to-maturity**

  Financial assets with fixed or determinable payments and fixed maturity, where management has positive intention and ability to hold till maturity are classified as held-to-maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised and derecognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

The Company assesses at each reporting date whether there is an objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in statement of profit or loss and other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss.

4.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

4.4 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in the Company's statement of profit or loss and other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When an available-for-sale investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to unappropriated profit. Gain on transaction between the Company and its associate are eliminated to the extent of the Company's interest in associates.

(Amounts in Rs. '000)

Medical benefits

The Company also provides post retirement medical benefits to its permanent employees except for those management employees who joined the Company after July 1, 2001. Under the unfunded scheme all such employees and their spouses are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in statement of profit or loss and other comprehensive income as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Compensated absences

The Company provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 "Employees Benefits". Actuarial valuation of the scheme is carried out every year.

4.11.2 Defined contribution plan

Provident fund

The Company also operates an approved funded contributory provident fund for its management and non-management employees. Equal monthly contributions are made both by the Company and the employee at the rate of 8.33% per annum of the basic salary. In addition, employees have the option to contribute at the rate of 16.66% per annum, however, the Company's contribution remains at the rate of 8.33% per annum.

4.12 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

4.13 Provisions

Provisions are recognised when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

4.14 Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

(Amounts in Rs. '000)

4.15 Taxation

4.15.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is also recognised in statement of profit or loss and other comprehensive income.

4.15.2 Deferred

Deferred tax is accounted for using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to statement of profit or loss except to the extent it relates to items recognised directly in equity / statement of profit or loss and other comprehensive income in which case it is also recognised in equity / statement of profit or loss and other comprehensive income.

4.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into functional currency (Pakistan Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in profit or loss. Non monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

4.17 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.18 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Sales are recorded when the significant risks and rewards of ownership of the goods have passed to the customers which coincides with the dispatch of goods to the customers.

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.

- Mark-up / interest on debt securities is recognised on time proportion basis using effective interest rate method.

(Amounts in Rs. '000)

- Handling, storage and other services income is recognised when the services have been rendered.
- Mark-up receivable on delayed payment charges is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.

4.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs eligible for capitalisation are determined using effective interest rate method.

4.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG) and other sources.

4.21 Interest in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. The Company currently has joint operations as follows:

- In October 1961, the Company entered into a joint arrangement with Shell Pakistan Limited and Caltex Oil (Pakistan) Limited (now Total Parco Marketing Limited) for ownership and operation of the hydrant fueling facilities known as "Eastern Joint Hydrant System". The Company has a 44% share in this un-incorporated joint arrangement.
- In December 2004, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Caltex Oil (Pakistan) Limited (now Total Parco Marketing Limited), for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 62.1% share in the joint arrangement.
- In March 2015, the Company entered into a joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this un-incorporated joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these financial statements under the appropriate financial statements line items.

4.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

(Amounts in Rs. '000)

4.23 Earnings per share

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

	Note	2018	2017
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	6,640,969	5,804,945
Capital work-in-progress	5.4	686,507	1,139,564
		7,327,476	6,944,509

5.1 Operating assets

(Amounts in Rs. '000)

	Land		Building		Tanks and pipelines	Service and filling stations (note 5.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 5.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
As at July 01, 2016													
Cost	229,919	128,417	790,497	1,307,424	3,921,686	9,884,794	3,927,414	305,156	1,321,091	730,632	53,267	133,709	22,734,006
Accumulated depreciation	-	(33,811)	(558,858)	(704,094)	(3,299,969)	(7,785,893)	(2,868,114)	(238,354)	(1,044,830)	(612,231)	(53,081)	(119,217)	(17,318,452)
Net book value	229,919	94,606	231,639	603,330	621,717	2,098,901	1,059,300	66,802	276,261	118,401	186	14,492	5,415,554
Year ended June 30, 2017													
Opening net book value	229,919	94,606	231,639	603,330	621,717	2,098,901	1,059,300	66,802	276,261	118,401	186	14,492	5,415,554
Additions	9,019	-	125,508	47,294	201,206	440,824	336,460	14,294	96,730	85,423	-	72,795	1,429,553
Disposals (note 5.2)													
Cost	-	-	-	(15)	(6,995)	(54,907)	(58,101)	(3,420)	(39,065)	(14,008)	-	(312)	(176,823)
Accumulated depreciation	-	-	-	15	5,906	52,937	56,720	3,253	29,886	13,970	-	88	162,775
	-	-	-	-	(1,089)	(1,970)	(1,381)	(167)	(9,179)	(38)	-	(224)	(14,048)
Depreciation charge (note 5.1.1)	-	(1,705)	(24,899)	(58,285)	(106,986)	(393,017)	(232,569)	(19,595)	(111,091)	(71,796)	(55)	(6,116)	(1,026,114)
Closing net book value	238,938	92,901	332,248	592,339	714,848	2,144,738	1,161,810	61,334	252,721	131,990	131	80,947	5,804,945
As at June 30, 2017													
Cost	238,938	128,417	916,005	1,354,703	4,115,897	10,270,711	4,205,773	316,030	1,378,756	802,047	53,267	206,192	23,986,736
Accumulated depreciation	-	(35,516)	(583,757)	(762,364)	(3,401,049)	(8,125,973)	(3,043,963)	(254,696)	(1,126,035)	(670,057)	(53,136)	(125,245)	(18,181,791)
Net book value	238,938	92,901	332,248	592,339	714,848	2,144,738	1,161,810	61,334	252,721	131,990	131	80,947	5,804,945
Year ended June 30, 2018													
Opening net book value	**238,938**	**92,901**	**332,248**	**592,339**	**714,848**	**2,144,738**	**1,161,810**	**61,334**	**252,721**	**131,990**	**131**	**80,947**	**5,804,945**
Additions	**-**	**-**	**54,384**	**132,188**	**229,041**	**575,357**	**298,524**	**24,005**	**389,495**	**101,041**	**44,346**	**57,220**	**1,905,601**
Disposals (note 5.2)													
Cost	**(6,289)**	**-**	**(2,030)**	**-**	**(4,325)**	**(47,875)**	**(22,226)**	**(2,352)**	**(54,268)**	**(9,474)**	**-**	**-**	**(148,839)**
Accumulated depreciation	**-**	**-**	**2,030**	**-**	**4,325**	**44,782**	**21,920**	**1,890**	**52,346**	**9,459**	**-**	**-**	**136,752**
	(6,289)	**-**	**-**	**-**	**-**	**(3,093)**	**(306)**	**(462)**	**(1,922)**	**(15)**	**-**	**-**	**(12,087)**
Depreciation charge (note 5.1.1)	**-**	**(1,705)**	**(24,052)**	**(58,317)**	**(119,933)**	**(397,448)**	**(215,876)**	**(20,294)**	**(127,388)**	**(76,780)**	**(3,374)**	**(12,323)**	**(1,057,490)**
Closing net book value	**232,649**	**91,196**	**362,580**	**666,210**	**823,956**	**2,319,554**	**1,244,152**	**64,583**	**512,906**	**156,236**	**41,103**	**125,844**	**6,640,969**
As at June 30, 2018													
Cost	**232,649**	**128,417**	**968,359**	**1,486,891**	**4,340,613**	**10,798,193**	**4,482,071**	**337,683**	**1,713,983**	**893,614**	**97,613**	**263,412**	**25,743,498**
Accumulated depreciation	**-**	**(37,221)**	**(605,779)**	**(820,681)**	**(3,516,657)**	**(8,478,639)**	**(3,237,919)**	**(273,100)**	**(1,201,077)**	**(737,378)**	**(56,510)**	**(137,568)**	**(19,102,529)**
Net book value	**232,649**	**91,196**	**362,580**	**666,210**	**823,956**	**2,319,554**	**1,244,152**	**64,583**	**512,906**	**156,236**	**41,103**	**125,844**	**6,640,969**
Annual rate of depreciation (%)	**-**	**1-7**	**5-10**	**5-20**	**5-20**	**5-33**	**5-33**	**7-33**	**17-20**	**7-33**	**7-10**	**10**	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2018

(Amounts in Rs. '000)

	Note	2018	2017
5.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of products sold	29	**44,460**	72,763
Distribution and marketing expenses	31	**929,449**	876,924
Administrative expenses	32	**83,581**	76,427
		1,057,490	1,026,114

5.1.2 Service and filling stations include cost of Rs. 10,276,823 (2017: Rs. 9,792,023) incurred by the Company on underground storage tanks, dispensing units and other equipment, and construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,019 (2017: 1,947) out of the total 3,514 (2017: 3,489) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the Company considers it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders costing Rs. 263,410 (2017: Rs. 206,190) are not in possession of the Company.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 15,048,346 (2017: Rs. 14,061,342).

5.1.4 Included in operating assets are assets having net book value of Rs. 838,248 (2017: Rs. 251,366) in respect of Company's share in the joint operations. Certain assets relating to joint operations (Eastern Joint Hydrant System and New Islamabad International Airport) are not in the possession or name of the Company aggregating to Rs. 11,159 (2017: Rs. 13,826) and Rs. 400,133 (2017: Nil), respectively.

5.2 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	1,642	739	903	958	55	Company Policy	Mr. Raja Jehanzeb Ullah Ex-employee
Items having book value of less than Rs. 500 each	147,197	136,013	11,184	80,644	69,460		
June 30, 2018	**148,839**	**136,752**	**12,087**	**81,602**	**69,515**		
June 30, 2017	176,823	162,775	14,048	29,203	15,155		

5.3 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
Installations		
Machike Installation	Sargodha Road, Sheikhupura.	164,742
Mehmood Kot Terminal	Railway Station, Mehmood Kot, Multan.	111,048
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi.	14,913
Pipri Installation (ZOT)	National Highway, Pipri.	460,647
Port Muhmaad Bin Qasim	South Western Zone, Port Qasim Authority, Karachi.	116,160
Shikarpur Installation	Deh Ali Murad Kalhoro, Taluka Kanpur, Distt. Shikarpur.	261,965

(Amounts in Rs. '000)

Description of Location	Addresses	Total Area of Land Square Yards
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral.	13,790
Chakpirana Depot	Chakpirana, G.T Road, Lala Moosa.	79,225
Daulatpur Depot	Daulatpur, Distt. Nawabshah.	140,360
Faqirabad Depot	Lawrancepur, Distt. Attock.	112,984
Lalpir Depot	Deh Khuhawar & Gujrat,Tehsil Kot Addu Distt, Muzafargarh.	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt. Kasur.	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar.	48,400
Kohat Depot	13-KM, Kohat/Rawalpindi Road, Kohat.	56,507
Kotlajam Depot	Kotlajam, Distt. Bhakkar.	48,400
New Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad.	64,553
New Hyderabad Depot	Deh Senhwar, Taluka Distt. Hyderabad.	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani.	96,800
Quetta Depot 'C'	Chaman Road,Quetta Cantt.	30,008
Sangi Depot	Deh Mehranpure,Taluka Pano Akil.	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt. Bannu.	48,521
Taru Jabba Depot	G.T Road, Peshawar.	64,523
Aviation Stations		
Pasni Aviation Station	Pasni Airport.	2,500
Karachi Aviation Station	Karachi Airport.	9,012
New Terminal Complex, Lahore	PSO Aviation Station New Terminal complex, Lahore.	29,497
Divisional Office		
Lahore Division	8, Edward Road, Lahore.	10,000
Retail Outlets		
PSO Service Station	Block-A North Nazimabad, Karachi.	1,000
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School Nishter Road, Karachi.	1,056
Chowrangi Service Station	Nazimabad Chowrangi, Karachi.	743
Pak Service Station	Sukkur City Opposite Hira Medical Center, Sukkur.	833
Madani Petroleum Services	College Road, Shikarpur.	1,194
Diamond Fuel Services	Jamrud Road, Peshawar.	1,785
PSO Service Station	3A The Mall, Rawalpindi.	870
PSO Service Station	Diplomatic Enclave, Islamabad.	2,000
Others		
Computer Institute, Badin	PSO Computer Institute, Badin.	4,840
Jamshoro Land	Deh Morho Jabbal,Taluka Kotri Distt. Dadu.	968,000
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi.	195,385
LPG Plant, Lahore	Miles Shakapura Road, Shadra Lahore.	29,040
PSO House	PSO House, Clifton Karachi.	6,535
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi.	484,000

5.4 Capital work-in-progress

	2018	2017
Tanks and pipelines	**194,990**	419,194
Service and filling stations	**36,076**	21,552
Plant and machinery	**11,145**	407,864
Furniture, fittings and equipment	**-**	6,486
Advance to suppliers and contractors for tanks, pipelines and storage development projects	**94,743**	29,373
Capital spares	**349,553**	255,095
	686,507	1,139,564

(Amounts in Rs. '000)

5.4.1 Includes capital work-in-progress amounting to Rs. 53,344 (2017: Rs. 444,625) in respect of Company's share in joint operations.

6. INTANGIBLES

	Note	2018	2017
Net carrying value			
Net book value at beginning of the year		**29,409**	47,329
Additions at cost		**6,024**	8,038
Amortisation charge for the year	6.2 & 32	**(15,701)**	(25,958)
Net book value at end of the year		**19,732**	29,409
Gross carrying value			
Cost		**412,469**	406,445
Accumulated amortisation		**(392,737)**	(377,036)
Net book value		**19,732**	29,409

6.1 Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.

6.2 The cost is being amortised over a period of 3 to 5 years.

7. LONG-TERM INVESTMENTS

	Note	2018	2017
Investment in related parties			
Available-for-sale investment in an unquoted company - at cost			
- Pak-Arab Pipeline Company Limited Equity held 12% (2017: 12%) No. of shares: 8,640,000 (2017: 8,640,000) shares of Rs. 100 each		**864,000**	864,000
		864,000	864,000
Investment in associates			
In a quoted company			
- Pakistan Refinery Limited Equity held 24.11% (2017: 24.11%) No. of shares: 70,875,000 (2017: 70,875,000) shares of Rs. 10 each	7.1 & 7.2	**2,018,551**	1,950,550
In unquoted companies			
- Asia Petroleum Limited, Equity held 49% (2017: 49%) No. of shares: 46,058,570 (2017: 46,058,570) shares of Rs. 10 each	7.2	**1,843,027**	1,505,679
- Pak Grease Manufacturing Company (Private) Limited Equity held 22% (2017: 22%) No. of shares: 686,192 (2017: 686,192) shares of Rs. 10 each	7.2	**58,007**	68,028
		1,901,034	1,573,707
		4,783,585	4,388,257

(Amounts in Rs. '000)

7.1 During the year ended June 30, 2016, Pakistan Refinery Limited (PRL) issued 259 million right shares amounting to Rs. 2,590,000 out of total size of issue of 280 million shares amounting to Rs. 2,800,000. Out of these, 21 million shares have not been issued due to the restraining orders obtained from the Sindh High Court by the Company against Chevron Global Energy Inc. Resultantly, the Company's shareholding in PRL is as follows:

Issued share capital of PRL	2,940,000
Add: Share capital not yet issued	210,000
	3,150,000
Company's Holding	708,750
Company's Holding (%)	22.50%
Company's Effective Holding (%)	24.11%

7.2 Investments in associates

7.2.1 Movement of investment in associates

	2018				2017			
	PRL	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning of the year	**1,950,550**	**1,505,679**	**68,028**	**3,524,257**	1,733,917	1,170,179	69,445	2,973,541
Share of profit / (loss) of associates:								
- current year - unaudited	**86,884**	**340,094**	**(1,105)**	**425,873**	265,179	347,437	8,493	621,109
- adjustment for last year profit based on audited financial statements	**(9,576)**	**(2,746)**	**61**	**(12,261)**	(1,807)	(11,937)	1,015	(12,729)
	77,308	**337,348**	**(1,044)**	**413,612**	263,372	335,500	9,508	608,380
Unrealised loss on associates' investments (available-for-sale) - unaudited	**(1,046)**	**-**	**(4,403)**	**(5,449)**	(635)	-	(2,015)	(2,650)
Share of actuarial loss on remeasurement of staff retirement benefits of associates - unaudited	**(8,261)**	**-**	**(113)**	**(8,374)**	(24,133)	-	(333)	(24,466)
Dividend income	**-**	**-**	**(4,461)**	**(4,461)**	(21,971)	-	(8,577)	(30,548)
Balance at end of the year	**2,018,551**	**1,843,027**	**58,007**	**3,919,585**	1,950,550	1,505,679	68,028	3,524,257

(Amounts in Rs. '000)

7.2.2 The summarised financial information of the associates, based on their financial statements is as follows:

	2018			2017		
	PRL	APL	PGMCL	PRL	APL	PGMCL
	Un-audited			Audited		
Revenue	**92,172,847**	**1,406,319**	**144,531**	69,928,562	1,452,761	138,843
Profit / (loss) for the year	**360,366**	**694,070**	**(5,021)**	1,060,278	703,448	38,883
Other comprehensive income	**(4,062)**	**-**	**(19,221)**	(1,080)	-	(5,107)
Total comprehensive income	**356,304**	**694,070**	**(24,242)**	1,059,198	703,448	33,776
Non-current assets	**9,478,942**	**1,179,053**	**197,112**	8,892,153	1,248,250	251,757
Current assets	**16,871,810**	**2,936,753**	**82,065**	13,535,125	2,080,124	82,471
	26,350,752	**4,115,806**	**279,177**	22,427,278	3,328,374	334,228
Non-current liabilities	**(5,015,835)**	**-**	**(2,194)**	(1,925,297)	-	(1,269)
Current liabilities	**(21,375,259)**	**(354,527)**	**(13,313)**	(20,898,627)	(261,165)	(24,773)
	(26,391,094)	**(354,527)**	**(15,507)**	(22,823,924)	(261,165)	(26,042)
Net (liabilities) / assets	**(40,342)**	**3,761,279**	**263,670**	(396,646)	3,067,209	308,186
Fair value based on quoted share price	**2,460,071**	**N/A**	**N/A**	3,774,803	N/A	N/A

7.2.3 Reconciliation of carrying amount of investment

	2018 PRL	2018 APL	2018 PGMCL	2017 PRL	2017 APL	2017 PGMCL
Net (liabilities) / assets (Note 7.2.2)	**(40,342)**	**3,761,279**	**263,670**	(396,646)	3,067,209	308,186
Company's Holding in % (Note 7.1)	**24.11%**	**49%**	**22%**	24.11%	49%	22%
Company's share of investment in associate	**(9,726)**	**1,843,027**	**58,007**	(95,631)	1,502,933	67,801
Impact of change in holding %	**160,901**	**-**	**-**	160,901	-	-
Impact of fair value reserve	**843,251**	**-**	**-**	843,251	-	-
Unrealised gain on investments	**1,025,061**	**-**	**-**	1,025,061	-	-
Adjustments based on audited financial statements	**-**	**-**	**-**	17,904	2,746	227
Others	**(936)**	**-**	**-**	(936)	-	-
Carrying amount of investment	**2,018,551**	**1,843,027**	**58,007**	1,950,550	1,505,679	68,028

(Amounts in Rs. '000)

8. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2018	2017
Loans - considered good (secured)			
Executives*	8.1 & 8.2	118,642	91,418
Employees	8.2	229,153	206,400
		347,795	297,818
Current portion shown under current assets	14	(91,420)	(70,446)
		256,375	227,372
Advances - considered good (secured)			
Employees	8.3	81,093	89,269
Current portion shown under current assets	14	(33,415)	(33,174)
		47,678	56,095
Other receivables			
- considered good		94,472	128,310
- considered doubtful		8,143	8,143
		102,615	136,453
Provision for impairment		(8,143)	(8,143)
		94,472	128,310
		398,525	411,777

8.1 Reconciliation of carrying amount of loans to executives*:

	2018	2017
Balance at beginning of the year	91,418	30,872
Disbursements	51,793	77,872
Repayments	(24,569)	(17,326)
Balance at end of the year	118,642	91,418

* Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

8.2 These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Company's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured. These loans are recoverable in monthly installments over a period of two to six years.

8.3 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Company's policy. These advances are secured against respective asset and are recovered through monthly deduction of house allowance until complete repayment is made.

9. LONG-TERM DEPOSITS AND PREPAYMENTS - Considered good

	Note	2018	2017
Long-term deposits	9.1	184,480	152,945
Prepaid rentals		159,560	148,866
Less: Current portion shown under current assets	15	(123,641)	(104,995)
		35,919	43,871
		220,399	196,816

9.1 This includes interest free deposits amounting to Rs. 143,369 (2017: Rs. 118,162) paid to related parties.

(Amounts in Rs. '000)

10. DEFERRED TAX ASSETS - NET

	2018	2017
Deductible temporary differences in respect of:		
Provision for:		
- tax amortisation	298	414
- impairment of stores and spares	8,714	9,682
- impairment of stock-in-trade	5,793	6,437
- doubtful trade debts	888,456	1,260,407
- doubtful other receivables	639,582	596,945
- retirement and other service benefits	1,379,290	1,108,815
- excise, taxes and other duties	19,665	21,850
Liabilities offered for taxation	9,415,405	9,494,150
Others	2,200	2,443
	12,359,403	12,501,143
Taxable temporary differences in respect of:		
- accelerated tax depreciation	(395,996)	(367,634)
- investments in associates accounted for under equity method	(254,349)	(192,976)
- unrealised gain due to change in fair value of long-term 'available-for-sale' securities	-	(27,931)
	(650,345)	(588,541)
	11,709,058	11,912,602

The net change of Rs. 203,544 (2017: Rs. 1,124,375) in the deferred tax assets for the year has been recognised as follows:

	Note	2018	2017
- Profit or loss	35	(346,017)	471,931
- Other comprehensive income		142,473	652,444
		(203,544)	1,124,375

11. STORES, SPARES AND LOOSE TOOLS

	2018	2017
Stores	255,920	221,876
Spares and loose tools	16,335	13,940
	272,255	235,816
Provision for impairment	(32,274)	(32,274)
	239,981	203,542

(Amounts in Rs. '000)

	Note	2018	2017
12. STOCK-IN-TRADE			
Petroleum and other products (gross)	12.1	56,396,141	44,747,360
Less: Stock held on behalf of third parties	12.2	(2,805,782)	(1,303,157)
		53,590,359	43,444,203
Provision for slow moving products		(21,456)	(21,456)
Provision for write-down to net realisable value		-	(26,661)
	12.3	53,568,903	43,396,086
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited		21,387,151	16,317,904
		74,956,054	59,713,990
Add: Charges incurred thereon		6,659,401	6,619,058
	29	81,615,455	66,333,048

12.1 Includes stock-in-transit amounting to Rs. 8,646,538 (2017: Rs. 21,651,157) and stocks held by:

	2018	2017
Pakistan Refinery Limited - associated undertaking	107,529	107,529
Shell Pakistan Limited	284,098	171,651
Byco Petroleum Pakistan Limited	3,951	2,745
	395,578	281,925

12.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2017: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs. 54,689 (2017: Rs. 36,418).

12.3 Includes Nil (2017: Rs. 795,129) in respect of stocks carried at net realisable value.

	Note	2018	2017
13. TRADE DEBTS			
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	13.1	111,790	41,792
- Unsecured	13.2	150,169,855	144,216,774
		150,281,645	144,258,566
- Due from other customers			
- Secured	13.1	1,994,024	2,277,525
- Unsecured	13.2	93,301,402	66,083,190
		95,295,426	68,360,715
		245,577,071	212,619,281
Considered doubtful		3,290,578	4,201,355
Trade debts - gross		248,867,649	216,820,636
Provision for impairment	13.2 & 13.3	(3,290,578)	(4,201,355)
Trade debts - net		245,577,071	212,619,281

13.1 These debts are secured by way of security deposits and bank guarantees.

(Amounts in Rs. '000)

13.2 Included in trade debts is an aggregate amount of Rs. 199,999,246 (2017: Rs. 176,119,670) due from GENCO Holding Company Limited (GENCO) [formerly Water and Power Development Authority (WAPDA)], Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO). These include past due debts of Rs.104,251,942 (2017: Rs.105,001,399), Rs.50,789,306 (2017: Rs.38,755,969) and Rs.27,067,694 (2017: Rs.16,899,845) from GENCO, HUBCO and KAPCO, respectively, based on the agreed credit terms. The Company carries a specific provision of Rs.398,962 (2017: Rs.515,080) against these debts and did not consider the remaining aggregate past due balance of Rs.181,709,980 (against which subsequent receipts of Rs.3,350,000 from GENCO (formerly WAPDA) and Rs.1,130,000 from HUBCO have been made) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

	Note	2018	2017
13.3 The movement in provision during the year is as follows:			
Balance at beginning of the year		4,201,355	4,598,671
Provision recognised during the year		66,670	45,972
Reversal due to recoveries during the year		(977,447)	(443,288)
	30	(910,777)	(397,316)
Balance at end of the year		3,290,578	4,201,355

13.3.1 Provision for impairment has been recognised against trade debts as follows:

	2018	2017
Related parties	1,611,927	2,487,680
Other customers	1,678,651	1,713,675
	3,290,578	4,201,355

13.4 As at June 30, 2018, trade debts aggregating to Rs. 42,710,830 (2017: Rs. 32,052,476) are neither past due nor impaired. The remaining debts aggregating to Rs. 202,866,241 (2017: Rs. 180,566,805) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2018	2017
Up to 1 month	19,704,852	16,807,468
1 to 3 months	35,823,744	4,270,428
3 to 6 months	16,856,218	51,249,410
6 to 1 year	94,991,177	75,652,464
Over 1 year	35,490,250	32,587,035
	202,866,241	180,566,805

(Amounts in Rs. '000)

13.5 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2018	Total 2017
Associate					
Asia Petroleum Limited	10,003	-	-	-	2,156
Other Related Parties					
GENCO	118,873,402	16,046,458	88,205,484	104,251,942	105,001,399
Sui Northern Gas Pipeline Limited	22,805,336	11,183,367	-	11,183,367	11,110,681
Pakistan International Airlines Corporation	13,259,189	7,184,975	4,843,302	12,028,277	12,905,190
K-Electric Limited	3,752,569	-	-	-	-
Pakistan Railways	1,185,708	-	-	-	-
Oil & Gas Development Corporation Limited	403,438	201,194	-	201,194	-
Pakistan Petroleum Limited	75,667	2	322	324	2,970
Sui Southern Gas Company Limited	14,085	-	-	-	-
Pakistan Steel Mills Corporation Limited	7,032	-	155	155	-
Civil Aviation Authority	1,838	-	-	-	-
Pakistan National Shipping Corporation	2,021	-	2,021	2,021	2,021
		34,615,996	93,051,284	127,667,280	129,024,417
Provision for impairment (notes 13.5.1 & 13.5.2)				(1,611,927)	(2,487,680)
				126,055,353	126,536,737

	Note	2018	2017
13.5.1 The movement in provision for impairment against due from related parties during the year is as follows:			
Balance at beginning of the year		2,487,680	2,638,555
Provisions during the year		119	-
Reversal due to recoveries		(875,872)	(150,875)
		(875,753)	(150,875)
Balance at end of the year	13.5.2	1,611,927	2,487,680

	2018	2017
13.5.2 The provision for impairment has been recognised in respect of following related parties:		
GENCO	398,962	515,080
Pakistan International Airlines Corporation	1,210,825	1,970,571
Pakistan Railways	-	8
Pakistan Petroleum Limited	81	-
Pakistan Steel Mills Corporation Limited	38	-
Pakistan National Shipping Corporation	2,021	2,021
	1,611,927	2,487,680

13.6 Following are the details of outstanding trade debts in relation to export sales:

Name of Jurisdiction	Category	2018	2017
Export processing zone - trade debts	Contractual	87,685	74,651
- net sales		1,494,966	1,166,783

(Amounts in Rs. '000)

	Note	2018	2017
14. LOANS AND ADVANCES - Considered good (interest free)			
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 49,821 (2017: Rs. 37,574) to executives	8	124,835	103,620
- Short-term loans		92,973	67,588
		217,808	171,208
Advance against shares under Share Purchase Agreement	14.1	1,680,000	1,680,000
Unsecured			
Advance to suppliers		16,102	16,102
Advance for Company-owned filling stations		5,490	6,632
		21,592	22,734
		1,919,400	1,873,942

14.1 This represents advance paid against purchase of 84 million right shares of Pakistan Refinery Limited (PRL) at the rate of Rs. 20 per share from Shell Petroleum Company Limited (Shell). These shares comprise of 26.66% shareholding of PRL and have been agreed to be purchased in accordance with the Share Purchase Agreement (SPA) dated June 16, 2015 entered into between the Company and Shell. In accordance with the SPA, the Company paid Rs. 840,000 to PRL on June 16, 2015 as advance consideration to Shell at the face value of Rs.10 per share and deposited the remaining amount of Rs. 840,000 in the 'Escrow Account' maintained with Standard Chartered Bank (Pakistan) Limited (SCB). Currently, these 84 million shares have also been issued in the name of Shell and placed in Escrow Account with SCB in accordance with the terms of SPA.

The Competition Commission of Pakistan (CCP), vide its order dated March 1, 2016, provided unconditional approval for the acquisition of 63 million shares. However, the acquisition of 21 million shares (out of the 84 million shares) has been made subject to the final decision of Honourable High Court of Sindh.

	Note	2018	2017
15. SHORT - TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		2,828,517	5,150,871
Deposit against court orders		53,006	53,006
		2,881,523	5,203,877
Prepayments			
Rentals and others		324,827	479,180
Current portion of long-term prepaid rentals	9	123,641	104,995
		448,468	584,175
		3,329,991	5,788,052

(Amounts in Rs. '000)

	Note	2018	2017
16. OTHER RECEIVABLES - unsecured			
Due from GoP, a related party, on account of:			
- Price differential claims (PDC)			
- on imports (net of related liabilities) of Motor gasoline	16.1	1,350,961	1,350,961
- on High Speed Diesel (HSD)	16.2	602,603	602,603
- on Ethanol E-10 fuel		27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices	16.3	3,908,581	3,908,581
- GENCO receivables	16.4	3,407,357	3,407,357
		9,297,419	9,297,419
- Unfavourable exchange differences on FE-25 borrowings	16.11	9,737,703	-
- Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty	16.5	662,629	662,882
- Sales tax refundable		5,957,152	7,161,212
		25,654,903	17,121,513
Provision for impairment	16.6	(402,149)	(37,112)
		25,252,754	17,084,401
Handling and hospitality charges		809,460	806,710
Product claims - insurance and other - considered doubtful		90,201	90,201
Provision for impairment	16.6	(90,201)	(90,201)
		-	-
Workers' Profits Participation Fund	16.7	17,144	-
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party) - net of provision		2,145,608	2,564,206
Others			
- Considered good		4,792,669	2,470,249
- Considered doubtful	16.8	1,830,472	1,834,676
		6,623,141	4,304,925
Provision for impairment	16.6	(1,830,472)	(1,834,676)
		4,792,669	2,470,249
	16.10	33,017,635	22,925,566

16.1 Import price differential on motor gasoline

This represents PDC on account of import of motor gasoline by the Company, being the difference between the landed costs and the ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Company alongwith another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost at the time of filing of cargo documents with Customs, as imports were being made on MoP&NR's instruction.

The Company continued to follow up this matter with MoP&NR for an early settlement of these claims and the concerned ministry also confirmed vide its letter No. PL-NP(4) / 2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter No. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Out of total claim of Rs. 6,350,961, the Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter No. PL-7(4) / 2012-13 dated March 1, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation. The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General Pakistan (AGPR).

MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) meeting dated March 2, 2017 wherein the DAC had advised MoP&NR to allow the cost of incidental charges of import cost of the claim, based on actual cost incurred rather than being formula based. Accordingly, the Company appointed an independent firm of Chartered Accountants which undertook the assignment. The firm issued final audit report in April 2018 according to which the claim is lower by Rs. 365,294 based on actual cost of incidentals for which differential was duly provided during the year. Subsequently, the Company wrote a letter dated 02 May, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. The Company is constantly following up with the Ministry for the reimbursement of the amount of the claim and is confident of receiving the same in due course of time.

16.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. These claims have arisen on instructions of MoP&NR for keeping the consumer prices of HSD products stable.

The GoP vide letter No. 2(5)/2008-BR-1/398 dated April 25, 2012 directed the Company to adjust an amount of Rs. 514,600 against dividends payable to GoP. Accordingly, the Company adjusted entire amount of Rs. 514,600 out of dividends paid subsequent to that direction.

The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

MoP&NR through its letter dated March 31, 2017 communicated the directives of DAC meeting dated March 2, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 9, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC.

During the year, MoP&NR informed the Company vide its letter no PL-3 (242)/2017 dated August 4, 2017 that the Company's claim of Rs. 602,604 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Company in response through its letter to MoP&NR has claimed that the outstanding amount of Rs. 602,603 is authentic and verified by M/s Deloitte Yousuf Adil, Chartered Accountants (M/s Deloitte) and has requested MoP&NR to approach Ministry of Finance (MoF) for reimbursement of same. The Company vide its letter no. PSO/HSDPDC/240118 dated January 24, 2018 wrote to M/s Deloitte while copying to Ministry of Energy – Petroleum Division, whereby it requested M/s Deloitte to forward a clarification on exchange rates so the Company's remaining claim may be processed. M/s Deloitte responded that their engagement was with MoF to whom they submitted their report which did not provide any concern or observation on the same. The Company, however, is pursuing the matter as it believes that the claim is based on actual cost incurred.

16.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices

The Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program

(GLMP) for Winter 2009-2010. As per this arrangement the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Company by MoF. The Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs. 5,708,581 out of which Rs. 1,800,000 were received from MoF in June 2010.

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter No. DOM-3(17) / 2013 dated April 19, 2013 has also requested MoF to process the claim of PSO at the earliest. During the year ended June 30, 2013, the Company vide its letter No. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. The Company again requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. In return, the Company furnished the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letter no. DOM-3(17)/2016 dated October 25, 2016 requested MoW&P for budgetary provision of the claim, but it was not included in the budget for FY 2017-18.

During the year, the Company continuously followed up with MoP&NR, MoW&P and MoF through various letters for early settlement of the claim. The Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of GLMP PD claim. Subsequently, MoE (Petroleum Division) vide its letter no.DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company`s claim. On February 15, 2018 Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Company against the claim. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

16.4 GENCO - Price differential between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)

In 1996, through a decision taken at a meeting of the Privatisation Commission and Finance Division - GoP, the Company was advised to supply LSFO to Kot Addu Power Project at the HSFO price and GENCO was advised to absorb the price differential between the two products. However, later on in accordance with the decision of ECC dated November 4, 2003, the Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence the Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Company continued to follow up the matter with MoP&NR. In 2005, the Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with GENCO as per the decision taken in a meeting held on May 19, 2006 under the chairmanship of Additional Finance Secretary (GoP) and the final reconciliation statements were submitted to MoF and GENCO. Subsequently, on February 3, 2007 the Company and GENCO agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter No. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

During the year ended 30 June 2014, MoP&NR vide its letter No. PL-7(4)/2012-13 dated September 23, 2013 requested MoW&P to take up the matter with MoF to settle this long outstanding issue. The Company vide its letter No. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Further, MoP&NR had also issued a letter dated June 20, 2014 to MoW&P on said claim that till date no payment has been received by the Company, hence the said claim may also be recommended to MoF for budgetary provision.

In prior year, the Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter No. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Company vide its letter No. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however the said claim was not included in the Federal Budget 2015-16.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. The Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlment of this claim, however it was not included in the budget for FY 2017-18.

During the year, the Company continuously followed up with MoP&NR, MoW&P and MoF through various letters for early settlement of the claim. The Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of PD claim between LSFO and HSFO. Subsequently MoE (Petroleum Division) vide its letter no.DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company's claim. On February 15, 2018 Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Company against the claim. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned Ministries.

16.5 Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 4, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 1, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty had been rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act 2016 increased custom duty by 1%, resulting in a similar situation whereby the Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

As advised by OGRA, the Company appointed an independent firm of Chartered Accountants for verification of claims, based on which the Company's claim of Rs. 837,057 was finalised in this respect. The audit report was submitted to OGRA on June 13, 2017. In this respect, the Company has recognised Rs. 391,273 (2017: Rs. 391,273) out of the total claim of Rs. 837,057 and the differential will be considered for recognition once the said claims are acknowledged by OGRA.

During the year, the Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty through pricing. The amount approved for the Company is Rs. 356,970 and the ECC has directed that OGRA will allow requisite recovery of net claims in three months effective from July 07, 2018. Subsequently a meeting was held at OGRA on June 25, 2018 wherein the mechanism for adjustment of the Company's regulatory duty claim for May 2015 was decided to be adjusted against Mogas RON penalty through IFEM of refineries' namely Attock Refinery Limited, Pak Arab Refinery Company, Pakistan Refinery Limited and National Refinery Limited. Therefore the claim is expected to be recovered by September 2018 after which the Company will pursue OGRA for recovery of its residual claim for the months of December 2015 and July 2016.

(Amounts in Rs. '000)

16.6 As at June 30, 2018, receivables aggregating to Rs. 2,368,822 (2017: Rs. 2,007,989) were deemed to be impaired and outstanding for more than a year, and hence provision has been made there against as follows:

	Note	2018	2017
Receivable from GoP		402,149	37,112
IFEM receivables		46,000	46,000
Product claims		90,201	90,201
Other receivables		1,830,472	1,834,676
		2,368,822	2,007,989

The movement in provision for impairment is as follows:

	Note	2018	2017
Balance at beginning of the year		2,007,989	1,794,034
Provision recognised during the year	33	458,294	441,000
Reversal due to recoveries during the year		(97,461)	(227,045)
		360,833	213,955
Balance at end of the year		2,368,822	2,007,989

16.7 Workers' Profits Participation Fund

	Note	2018	2017
Balance at beginning of the year	33	(243,651)	(852,720)
Add: Allocation for the year		(1,432,856)	(1,543,651)
		(1,676,507)	(2,396,371)
Less: Payments during the year		1,693,651	2,152,720
Balance at end of the year		17,144	(243,651)

16.8 Includes receivables of Rs. 18,231 (2017: Rs. 23,429) on account of facility charges due from Asia Petroleum Limited (a related party).

16.9 As at June 30, 2018, other receivables other than Excise, Petroleum Development Levy (PDL), custom duty, regulatory duty, sales tax refundable and Workers' Profits Participation Fund aggregating Rs. 12,450,214 (2017: Rs. 72,784) are neither past due nor impaired. The remaining debts aggregating to Rs. 13,967,351 (2017: Rs. 15,065,800) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2018	2017
Up to 3 months	1,184,561	225,817
3 to 6 months	101,456	224,851
More than 6 months	12,681,334	14,615,132
	13,967,351	15,065,800

(Amounts in Rs. '000)

16.10 Includes Rs. 9,988,421 (2017: Rs. 10,000,258) receivable from associates and related parties which is past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2018	Total 2017
Associates					
Pakistan Refinery Limited	317	63	-	63	105
Asia Petroleum Limited	36,959	-	11,634	11,634	23,429
Other related parties					
Government of Pakistan	25,654,903	-	9,960,048	9,960,048	9,960,048
Pak-Arab Refinery Company Limited	16,676	-	16,676	16,676	16,676
	25,708,855	63	9,988,358	9,988,421	10,000,258
Provision for impairment (notes 16.10.1)				(402,149)	(37,112)
Net receivable from related parties				9,586,272	9,963,146

16.10.1 The movement of provision for impairment against due from GoP, related party is as follows:

	2018	2017
Balance at the beginning of the year	37,112	37,112
Provision during the year	365,294	-
Reversal due to recoveries	(257)	-
Balance at the end of the year	402,149	37,112

16.11 This represents unfavourable exchange difference arising on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings.

17. CASH AND BANK BALANCES

	Note	2018	2017
Cash in hand		9,853	9,664
Cash at banks:			
- in current accounts	17.1	2,483,285	1,960,630
- in saving accounts	17.2	2,143,505	2,160,742
		4,626,790	4,121,372
	17.3	4,636,643	4,131,036

17.1 Includes Rs. 1,100,000 (2017: Rs. 1,002,873) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

17.2 These balances carry mark-up ranging from 3.7% to 7.5% (2017: 3.7% to 4%) per annum.

17.3 Includes Rs. Nil (2017: Rs. 49,339) in current account and Rs. Nil (2017: Rs. 1,805,708) in saving account maintained with National Bank of Pakistan - a related party.

(Amounts in Rs. '000)

	2018	2017
18. NET ASSETS IN BANGLADESH		
Property, plant and equipment - at cost	**46,968**	46,968
Accumulated depreciation	**(16,056)**	(16,056)
	30,912	30,912
Capital work-in-progress	**809**	809
Debtors	**869**	869
Long-term loans relating to assets in Bangladesh	**(4,001)**	(4,001)
	28,589	28,589
Provision for impairment	**(28,589)**	(28,589)
	-	-

The Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

19. SHARE CAPITAL

19.1 Authorised capital

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
500,000,000	500,000,000	Ordinary shares of Rs. 10 each		**5,000,000**	5,000,000

19.2 Issued, subscribed and paid-up capital

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
		Ordinary shares of Rs. 10 each			
3,000,000	3,000,000	- Issued for cash		**30,000**	30,000
7,694,469	7,694,469	- Issued against shares of the amalgamated companies		**76,945**	76,945
315,328,658	260,991,470	- Issued as bonus shares		**3,153,287**	2,609,915
326,023,127	271,685,939		19.3	**3,260,232**	2,716,860

19.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:

2018 (Number of shares)	2017 (Number of shares)		2018	2017
		Ordinary shares of Rs. 10 each		
271,685,939	271,685,939	At the beginning of the year	**2,716,860**	2,716,860
54,337,188	-	Issued during the year as fully paid bonus shares	**543,372**	-
326,023,127	271,685,939	At the end of the year	**3,260,232**	2,716,860

19.4 These fully paid ordinary shares carry one vote per share and right to dividend.

(Amounts in Rs. '000)

	Note	2018	2017
20. RESERVES			
Capital reserve			
Surplus on vesting of net assets	20.1	**3,373**	3,373
Revenue reserves			
Unrealised gain on revaluation of available-for-sale investments - net of tax		**-**	65,173
Company's share of unrealised loss on available-for-sale investment of associates		**(6,354)**	(905)
- General reserve		**25,282,373**	25,282,373
- Unappropriated profit		**81,912,851**	74,782,728
		107,188,870	100,129,369
		107,192,243	100,132,742

20.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

	Note	2018	2017
21. RETIREMENT AND OTHER SERVICE BENEFITS			
Gratuity	21.1.1	**512,633**	560,339
Pension	21.1.1	**873,160**	3,833,244
Medical benefits	21.1.1	**3,543,985**	3,371,441
Compensated absences		**235,246**	324,609
		5,165,024	8,089,633

21.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2018 under the Projected Unit Credit Method are as follows:

21.1.1 Financial position reconciliation

		Gratuity fund		Pension funds		Medical benefits	
	Note	2018	2017	2018	2017	2018	2017
Present value of defined benefit obligations	21.1.2	**5,971,943**	5,533,523	**15,933,820**	14,433,857	**3,543,985**	3,371,441
Fair value of plan assets	21.1.3	**(5,459,310)**	(4,973,184)	**(15,060,660)**	(10,600,613)	**-**	-
Net liability at end of the year	21.1.8	**512,633**	560,339	**873,160**	3,833,244	**3,543,985**	3,371,441

21.1.2 Movement in present value of defined benefit obligations

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
Present value of defined benefit obligations at beginning of the year	**5,533,523**	5,150,030	**14,433,857**	12,284,584	**3,371,441**	2,861,692
Current service cost	**226,757**	230,681	**426,340**	389,135	**6,814**	81,275
Past service cost	**379,664**	-	**625,165**	-	**-**	-
Interest cost	**491,764**	443,711	**1,312,236**	1,085,625	**306,648**	253,192
Benefits paid during the year	**(434,305)**	(439,822)	**(495,039)**	(444,197)	**(112,663)**	(96,893)
Remeasurement: Actuarial loss / (gain)	**(225,460)**	148,923	**(368,739)**	1,118,710	**(28,255)**	272,175
Present value of defined benefit obligations at end of the year	**5,971,943**	5,533,523	**15,933,820**	14,433,857	**3,543,985**	3,371,441

(Amounts in Rs. '000)

21.1.3 Movement in fair value of plan assets

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
Fair value of plan assets at beginning of the year	4,973,184	4,857,655	10,600,613	9,586,186	-	-
Expected return on plan assets	478,419	422,477	1,159,784	860,355	-	-
Contributions made by the Company	832,124	112,899	4,586,053	390,815	-	-
Benefits paid during the year	(434,305)	(439,822)	(495,039)	(444,197)	-	-
Remeasurement: Actuarial (loss) / gain	(390,112)	19,975	(790,751)	207,454	-	-
Fair value of plan assets at end of the year	5,459,310	4,973,184	15,060,660	10,600,613	-	-

21.1.4 Expense recognised in statement of profit or loss

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
Current service cost	226,757	230,681	426,340	389,135	6,814	81,275
Past service cost	379,664	-	625,165	-	-	-
Net interest expense	13,345	21,234	152,452	225,269	306,648	253,192
Expense for the year	619,766	251,915	1,203,957	614,404	313,462	334,467

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
21.1.5 Actual return on plan assets	88,307	442,452	369,033	1,067,809	-	-

21.1.6 Remeasurement loss / (gain) recognised in other comprehensive income

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
Actuarial loss / (gain) on defined benefit obligation	(225,460)	148,923	(368,739)	1,118,710	(28,255)	272,175
Actuarial loss / (gain) on fair value of plan assets	390,112	(19,975)	790,751	(207,454)	-	-
Remeasurement loss / (gain)	164,652	128,948	422,012	911,256	(28,255)	272,175

21.1.7 The actuarial (gain) / loss occurred on account of following:

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
- Financial assumptions	-	-	-	1,045,706	-	-
- Experience adjustments	(225,460)	148,923	(368,739)	73,004	(28,255)	272,175
	(225,460)	148,923	(368,739)	1,118,710	(28,255)	272,175

21.1.8 Net recognised liability

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017
Net liability at beginning of the year	560,339	292,375	3,833,244	2,698,398	3,371,441	2,861,692
Expense recognised in statement of profit or loss	619,766	251,915	1,203,957	614,405	313,462	334,467
Contributions during the year	(832,124)	(112,899)	(4,586,053)	(390,815)	(112,663)	(96,893)
Remeasurement loss / (gain) recognised in other comprehensive income	164,652	128,948	422,012	911,256	(28,255)	272,175
Net liability at end of the year	512,633	560,339	873,160	3,833,244	3,543,985	3,371,441

(Amounts in Rs. '000)

21.2 Plan assets comprise of following

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017
Special Saving Certificates	2,464,470	2,422,840	6,562,811	4,938,513
Mutual funds	1,440,296	1,402,707	2,868,303	2,384,982
Pakistan Investment Bonds	478,915	124,356	1,569,278	308,787
Term deposits	-	888,000	-	-
Treasury Bills	461,117	49,968	2,060,686	1,919,640
Quoted shares	-	-	720,778	817,906
Term Finance Certificates	38,624	52,979	77,247	95,937
Accrued income	5,597	5,354	14,351	12,217
Cash and cash equivalents (after adjusting liabilities)	11,292	25,866	85,513	114,423
Other receivables	558,999	1,114	1,101,693	8,208
Fair value of plan assets at end of the year	5,459,310	4,973,184	15,060,660	10,600,613

21.2.1 Plan assets include the Company's ordinary shares with a fair value of Rs. 171,275 (2017: Rs. 173,687).

21.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2018, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund 2018	Gratuity fund 2017	Pension funds 2018	Pension funds 2017	Medical benefits 2018	Medical benefits 2017	Compensated absences 2018	Compensated absences 2017
Discount rate per annum (%)	10.00	9.25	10.00	9.25	10.00	9.25	10.00	9.25
Expected per annum rate of return on plan assets (%)	10.00	9.25	10.00	9.25	-	-	-	-
Expected per annum rate of increase in future salaries (%)	10.00	9.25	10.00	9.25	-	-	10.00	9.25
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	10.00	7.25	-	-
- pensioners	-	-	-	-	10.00	9.25	-	-
Indexation of pension (%)	-	-	5.75	5.00	-	-	-	-
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent

(Amounts in Rs. '000)

21.3.1 The plans expose the Company to the actuarial risks such as:

Salary increase risks
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risks
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks
The risk arises when the actual lifetime of retirees is longer then expectation. The risk is measured at the plan level over the entire retiree population.

21.4 In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2018 consist of Special Saving Certificates, Mutual Funds, Pakistan Investment Bonds and Treasury bills.

21.4.1 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

21.4.2 Expected contributions to gratuity fund and pension funds for the year ending June 30, 2019 are Rs. 149,098 and 357,978 respectively.

21.4.3 Historical information of staff retirement benefits

	2018	2017	2016	2015	2014
Pension Plan Funded					
Present value of defined benefit obligation	**15,933,820**	14,433,857	12,284,584	12,928,359	7,800,697
Fair value of plan assets	**(15,060,660)**	(10,600,613)	(9,586,186)	(8,720,698)	(6,069,623)
Deficit	**873,160**	3,833,244	2,698,398	4,207,661	1,731,074
Gratuity Plans Funded					
Present value of defined benefit obligation	**5,971,943**	5,533,523	5,150,030	5,809,804	3,951,877
Fair value of plan assets	**(5,459,310)**	(4,973,184)	(4,857,655)	(4,550,332)	(2,818,267)
Deficit	**512,633**	560,339	292,375	1,259,472	1,133,610

21.4.4 Defined contribution plans

An amount of Rs.134,509 (2017: Rs.127,594) has been charged during the year in respect of defined contribution plan maintained by the Company.

(Amounts in Rs. '000)

21.5 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Gratuity fund	Pension funds	Medical benefits
Discount rate (1% increase)	5,530,466	13,890,987	2,917,025
Discount rate (1% decrease)	6,477,243	18,486,125	4,222,173
Future salary rate (1% increase)	6,500,957	16,760,483	-
Future salary rate (1% decrease)	5,502,272	15,200,772	-
Future pension rate (1% increase)	-	17,649,880	-
Future pension rate (1% decrease)	-	14,462,279	-
Medical cost trend rate (1% increase)	-	-	7,483,205
Medical cost trend rate (1% decrease)	-	-	6,549,033

If longevity increases by 1 year, obligation increases by Rs. 638,276.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

21.6 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

21.7 The expected maturity analysis of undiscounted retirement benefit plans is:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	629,250	3,552,263	849,637
Between 1-2 years	522,230	4,026,776	1,081,495
Between 2-3 years	413,190	3,123,529	733,085
Between 3-4 years	543,380	4,158,321	1,211,705
Between 4-5 years	645,200	4,784,883	1,233,155
Between 6-10 years	3,211,090	23,827,559	8,300,719
Over 10 years	11,344,950	78,214,618	30,598,736

(Amounts in Rs. '000)

	Note	2018	2017
22. TRADE AND OTHER PAYABLES			
Local creditors	22.1 & 22.2	18,745,967	11,692,854
Foreign creditors	22.1 & 22.3	98,200,307	64,823,987
		116,946,274	76,516,841
Security deposits	22.4	3,637,525	3,126,191
Accrued expenses and other liabilities	22.5,22.6&22.7	60,248,973	56,715,777
Due to OMCs and refineries		289,108	268,318
Advances - unsecured			
- from customers		2,951,898	2,969,715
- against equipments		1,775	1,810
		2,953,673	2,971,525
Taxes and other government dues			
- Excise, taxes and other duties		6,275,641	5,167,677
- Octroi		51,590	51,590
- Income tax deducted at source		75,290	47,843
		6,402,521	5,267,110
Workers' Profits Participation Fund	16.7	-	243,651
Workers' Welfare Fund		1,584,847	1,143,858
Others		82,823	16,330
		192,145,744	146,269,601

22.1 The average credit period on imports is 30 days on White Oil, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Company is availing 13 to 14 days credit. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance. The imports of Oil and LNG are secured against letters of credit.

22.2 This includes amounts payable to the following related parties:

	2018	2017
Pak-Arab Refinery Company Limited	8,709,860	5,287,073
Pakistan Refinery Limited	2,841,872	1,897,731
Pak Grease Manufacturing Company (Private) Limited	2,307	3,146
	11,554,039	7,187,950

22.3 This includes amount of Rs. 11,117,767 (2017: Rs. 7,228,442) in respect of import of LNG.

22.4 Security deposits includes deposits received by the Company under the terms of related agreements and are as follows:

	Note	2018	2017
Dealers	22.4.1.2	799,704	724,801
Equipments	22.4.1.3	321,811	258,729
Cartage contractors	22.4.1.4	664,764	626,343
Card holders	22.4.1.5	1,532,728	1,258,639
Suppliers	22.4.1.5	241,543	185,429
Others	22.4.1.5	76,975	72,250
		3,637,525	3,126,191

(Amounts in Rs. '000)

	Note	2018	2017
22.4.1 Security deposits include:			
Utilisable / utilised in business	22.4.1.1	2,537,525	2,123,318
Others	22.4.1.6	1,100,000	1,002,873
		3,637,525	3,126,191

22.4.1.1 The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Act.

22.4.1.2 These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

22.4.1.3 These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipments and are payable on demand.

22.4.1.4 These represent interest bearing deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

22.4.1.5 These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

22.4.1.6 The amount is kept in separate bank accounts as per terms of agreement.

22.5 Includes Rs. 2,001,654 (2017: Rs. 2,022,271) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges. This also includes infrastructure cess under the Sindh development and maintenance of Infrastructure Cess Act, 2017.

22.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 17,999,721 (2017: Rs. 17,438,912).

22.7 Includes favourable exchange difference of Rs. Nil (2017: Rs. 2,353,884) arising on foreign currency borrowings (FE-25), obtained under the directives of MOF - GoP. These exchange differences are to be settled in accordance with the instructions to be provided by the MoF - GoP, as more fully explained in note 16.11 to these financial statements.

	Note	2018	2017
23. UNCLAIMED DIVIDEND			
Balance at beginning of the year		2,784,318	1,174,061
Add: Dividend for the year		7,335,521	4,754,505
Less: Unpaid dividend	24	(221,587)	(193,542)
		9,898,252	5,735,024
Less: Payments during the year		(6,455,034)	(2,950,706)
Balance at end of the year		3,443,218	2,784,318

24. UNPAID DIVIDEND

The current year balance represents part of interim dividend for the period ended March 31, 2018 which remained unpaid to the Company's foreign shareholders (note 23). The dividend repatriation requires approval from the State Bank of Pakistan which is in process.

(Amounts in Rs. '000)

25. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims will not give rise to any significant loss beyond those provided for.

The movement in provisions during the year is as follows:

	Note	2018	2017
Balance at beginning of the year		490,972	688,512
Reversals during the year		-	(197,540)
Balance at end of the year		490,972	490,972

26. SHORT-TERM BORROWINGS - secured

	Note	2018	2017
Related party - National Bank of Pakistan			
Short-term finances in foreign currency	26.5	15,193,538	16,320,972
Finances under mark-up arrangements	26.1 & 26.4	6,006,554	43,800,000
	26.6	21,200,092	60,120,972
Other than a related party			
Short-term finances			
- local currency	26.1, 26.2 & 26.4	1,100,000	10,702,873
- foreign currency	26.5	60,991,467	57,841,381
		62,091,467	68,544,254
Finances under mark-up arrangements	26.1 & 26.4	6,554,958	1,833,277
	26.3	89,846,517	130,498,503

26.1 The total facility limit of various financing facilities available from banks aggregate to Rs. 86,035,000 (2017: Rs.100,540,000) out of which Rs. 72,373,488 (2017: Rs.44,203,850) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Company's stocks, receivable and trust receipts.

26.2 This includes Rs. Nil (2017: 4,700,000) outstanding against Islamic financing facilities.

26.3 As at June 30, 2018, accrued mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs.796,795 (2017: Rs.1,266,793).

26.4 The rate of mark-up on short-term finance facility is Re. 0.03 (2017: Re.0.03 to 0.17) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.19 to 0.26 (2017: Re. 0.18 to 0.24) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

26.5 The rate of mark-up for this facility ranges from Re. 0.12 to 0.15 (2017: Re. 0.08 to 0.10) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

26.6 These finances have been obtained for working capital requirements.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

The Company has contingent liabilities in respect of legal claims in the ordinary course of business.

(Amounts in Rs. '000)

Claims not acknowledged as debts

27.1.1 Claims against the Company not acknowledged as debts amount to Rs. 12,806,764 (2017: Rs. 16,848,062) other than as mentioned in note 27.1.19 to these financial statements. This includes claim amounting to Rs. 8,016,538 (2017: Rs. 8,400,460) in respect of delayed payment charges on the contention that these will be payable only when the Company will fully realise delayed payment charges due from its customers (which is more than the above amount). Charges claimed by the Company for delayed payments by the customers due to circular debt issue are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

Income Tax

27.1.2 The taxation officer passed assessment orders dated June 30, 2010, August 31, 2010, May 31, 2010, January 29, 2011 and May 28, 2010 in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,733,038. These orders were later rectified and amended to Rs. 964,037. Currently, the appeals against tax years 2005, 2006 and 2007 are pending before Appellate Tribunal Inland Revenue (ATIR) and for the tax year 2008 appeal is pending before High Court of Sindh. During the current year, the ATIR has passed an order in respect of Tax Year 2004 which is mostly in favour of Company and the Company has obtained its effect from Tax authorities after which the amended demand has been further reduced to Rs. 783,014. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these financial statements.

27.1.3 The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Company filed appeals against these orders before Comissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Company. During the year ended June 30, 2013, the Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Company by the CIR (Appeals).The Company has filed appeals before the ATIR for remaining points adjudicated against the Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

27.1.4 Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs. 3,096,173. The Company had filed appeals there against the said orders before the CIR(Appeals), whereby most of the matters have been decided in favour of the Company. For remaining issues, the Company has filed appeals before the ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

27.1.5 The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Company was selected for audit of tax year 2014 by Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Company during the current year, against which Company has filed appeals before ATIR, except for audit case for tax year 2014 which has been remanded back to assessing officer for verification and effect. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

27.1.6 The ACIR through his assessment orders dated February 27, 2017, December 29, 2017 and February 28, 2018 made certain additions and disallowances in respect of tax years 2016 and 2017 respectively; thereby creating total tax demand of Rs. 2,685,964. The Company has filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) during the current year,

(Amounts in Rs. '000)

whereby most of the matters have been decided in favour of the Company. For remaining issues, the Company has filed appeal at ATIR. For tax year 2017, the appeal is pending before CIR (Appeals). Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

Sales Tax

27.1.7 A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the High Court of Sindh which is pending for hearing. Based on the views of tax and legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these financial statements.

27.1.8 A sales tax order-in-original No.01/2011 dated June 30, 2011 was issued by the DCIR, FBR in respect of sales tax audit of the Company for tax year 2008. Under the said order, a demand of Rs. 643,759 was raised on account of certain matters and penalty of Rs. 32,188 was imposed. The Company filed an appeal against the said order before the CIR (Appeals) which was decided in favor of the Company through order No.11 of 2012 dated September 27, 2012. The department filed an appeal against the said order before the ATIR which was decided in favor of the Company through order S.T.A. No.12/KB/2013 dated May 9, 2018. Till date, no appeal has been filed against the decision in High Court of Sindh by tax authorities. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

27.1.9 A sales tax show cause notice dated April 11, 2014 was issued by the ACIR, FBR in respect of sales tax audit of the Company for tax year 2010. Under the said show cause notice, the ACIR has shown the intention to impose a demand of Rs. 5,426,874 on account of certain matters. Further, the show cause notice also includes default surcharge and penalty which will be imposed at the time of payment. The Company filed a suit against the said show cause notice before the High Court of Sindh. The High Court of Sindh vide an order suit No.753/2014 dated May 8, 2014 has restrained the tax authorities from issuing any final order and taking any adverse action against the Company and has further instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

27.1.10 A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to International Airlines for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 alongwith default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Company based on the advice of its tax consultants believe that it has correctly treated the aforesaid supplies as being 'zero' rated. Accordingly, the Company filed suits against the said order for the year 2014 before the High Court of Sindh which has provided stay order in respect of this demand and restrained the tax authorities from taking any adverse action against the Company. The Company has also filed an appeal against the said order before the CIR (Appeals) which was decided against the Company in decision dated June 29, 2017, received on December 5, 2017. The Company has filed appeal in ATIR against the order of CIR (Appeals) which is still pending. Further, during the current year, a show-cause notice dated November 17, 2017 for recovery of sales amounting to Rs.4,858,000 was raised by the DCIR on similar issue of non-charging of sales tax on supply of fuel to foreign going airlines for the year 2014-15. The show cause notice also includes default surcharge and penalty which will be imposed at the time of payment. The High Court of Sindh vide an order on suit No. 46 dated January 08, 2018 has restrained the tax authorities from issuing any final order and taking any adverse action against the Company and has further instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

(Amounts in Rs. '000)

27.1.11 A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Company filed an appeal against the said order before CIR (Appeals) which was decided against the Company. The Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Company has filed an appeal before the ATIR on February 18, 2016. Further, the Company has also filed an appeal before the High Court of Sindh against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Company. Accordingly, no provision in this respect has been made in these financial statements.

27.1.12 Sales tax show cause notices dated May 9, 2017 and June 30, 2017 were issued by the Deputy Commissioner, Large tax payers unit (LTU), Karachi in respect of non-payment of sales tax on PDC / subsidies by the Company involving Rs. 35,696,013. The Company has filed petition in Sindh High Court against these show cause notices, against which High Court has passed stay order in restraining the department from issuing any final order and has instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. Based on the views of legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

27.1.13 During the current year, Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 inclusive of penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order, which is pending for hearing. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

27.1.14 During the current year, Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Company demanding Rs. 571,933 on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The Orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Company challenged the Orders in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, appeals have also been filed with Commissioner - Appeals PRA against the subject orders, which is still pending. Based on the view of tax and legal advisor, the Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these financial statements. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Company has obtained stay order from Lahore High Court. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

27.1.15 On June 11, 2005, a demand was raised by the Collector of Customs, Sales Tax and Central Excise (Adjudication) in respect of sales tax, central excise duty and petroleum development levy aggregating to

(Amounts in Rs. '000)

Rs. 165,781 inclusive of additional sales tax and central excise duty on exports of POL products to Afghanistan during the period August 2002 to November 2003. The demand was raised on the grounds that the export consignments were not verified by the Pakistan Embassy / Consulate in Afghanistan as required under Export Policy and Procedures, 2000. It is the Company's contention that this requirement was in suspension as in the aforesaid period the Pakistan Embassy / Consulate was not fully functional. This condition of suspension was removed only on July 22, 2004 through Export Policy Order, 2004 when the Pakistan Embassy / Consulate became fully functional in Afghanistan. Besides the issue of verification, it is also the Company's contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Company had been contesting the matter before ATIR who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisor, the Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these financial statements.

Others

27.1.16 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Company is contesting the levy along with other companies in the High Court of Sindh which was instituted on May 26, 2011. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to June 30, 2018, the management has deposited Rs. 94,088 (2017: Rs. 81,700) in cash and provided bank guarantee amounting to Rs. 94,088 (2017: Rs. 81,700) with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these financial statements.

27.1.17 During the year 2011, the Deputy District Officer, Property Division-B, Government of Sindh issued a show cause notice dated February 25, 2011 under the Sindh Immovable Properties Tax Act, 1958 against the Company for payment of property tax amounting to Rs. 35,474 in respect of Keamari terminal land rented by the Company from Karachi Port Trust (KPT). The Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Company and against KPT for recovery of property taxes paid on behalf of KPT during earlier periods amounting to Rs. 39,782. The decision of the suit is pending and based on the views of its legal advisor, the management believes that the matter will ultimately be decided in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.

27.1.18 During the year ended June 30, 2002, Schedule I to Stamp Duty Act, 1899 was substituted with a revised Schedule vide Stamp (Sindh Amendment) Ordinance, 2002 and stamp duty was levied at the rate of 0.2% of amount of contracts including purchase orders for supply or to undertake cartage of stores and materials. MoP&NR has also approached Chief Minister Sindh vide its letter reference D.O.No.PL-3(413)/2009 dated April 04, 2009 on behalf of the oil marketing companies and refineries and has requested Chief Minister Sindh to direct Board of Revenue, Sindh to withdraw the levy of Stamp Duty on purchases of petroleum products as the pricing of petroleum products is a Federal subject.

Management in consultation with its legal advisors evaluated that the purchases of petroleum, oil and lubricants does not fall within the purview of the said Act however, it may be applicable on the purchase of certain items the impact of which will not be significant. The management of the Company is confident that the merits of the case are in favour of the Company and based on the views of its legal advisor, there will be no financial implication on the Company. Accordingly, no provision has been made in this respect in these financial statements.

27.1.19 As at June 30, 2018 certain legal cases amounting to Rs. 3,494,863 (2017: Rs. 3,472,044) had been filed against the Company. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Company's favour. Details of significant legal cases are given below:

(Amounts in Rs. '000)

Court	Factual Description	Date of Institution	Party	Relief Sought
Sindh High Court	Dispute relating to award of IT related projects	July 28, 2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs. 1,447,000
Sindh High Court	Dispute relating to employment	January 01, 2011	Faiz Mahmood Durrani vs. PSO	Recovery of damages of Rs. 263,342
Sindh High Court	Dispute over renewal of CNG distribution license	April 11, 2016	Standard CNG (Pvt) Ltd V/s PSO & Others	Entitlement for CNG distribution of Rs. 200,000
Civil Judge Rawalpindi	Claim for recovery of interest charges	March 13, 2017	ARL v/s PSO	Recovery of financial charges of Rs. 206,695

27.2 Commitments

27.2.1 Commitments in respect of capital expenditure contracted for but not as yet incurred is as follows:

	Note	2018	2017
Property, plant and equipment		1,195,065	1,207,567
Intangibles		165,709	16,660
		1,360,774	1,224,227
27.2.2 Letters of credit	27.2.6	12,550,247	27,007,387
27.2.3 Bank guarantees		1,202,547	1,637,559
27.2.4 Standby letters of credit		25,387,343	18,169,706
27.2.5 Post-dated cheques		8,777,500	5,700,000

27.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs.111,789,780 as of reporting date.

	Note	2018	2017
28. NET SALES			
Gross sales		1,305,246,079	1,096,543,891
Less:			
- Discount / allowances		(346,056)	(73,513)
- Sales tax		(227,487,541)	(200,881,325)
- Inland Freight Equalization Margin (IFEM)		(20,511,919)	(17,442,267)
		(248,345,516)	(218,397,105)
Net sales		1,056,900,563	878,146,786
29. COST OF PRODUCTS SOLD			
Opening stock		66,333,048	50,834,033
Add: Purchases during the year	29.1 & 29.2	1,032,546,862	856,510,265
		1,098,879,910	907,344,298
Less: Closing stock	12	(81,615,455)	(66,333,048)
		1,017,264,455	841,011,250

(Amounts in Rs. '000)

29.1 Includes cost incurred on manufacturing of lubricants amounting to Rs. 5,387,076 (2017: Rs. 5,111,765).

29.2 Includes depreciation amounting to Rs. 44,460 (2017: Rs. 72,763).

30. OTHER INCOME

	Note	2018	2017
Income from financial assets			
Mark-up on delayed payments		3,348,891	3,094,712
Reversal of provision against doubtful trade debts - net	13.3	910,777	397,316
Mark-up / interest on PIBs - net of amortisation		237,682	4,545,823
Mark-up on saving accounts		204,195	43,388
Dividend income from available-for-sale investments	30.1	240,702	208,979
		4,942,247	8,290,218
Income from non-financial assets			
Handling, storage and other services		1,918,565	1,838,099
Income from Compressed Natural Gas (CNG) operators		172,857	188,829
Income from non-fuel retail business		139,664	83,405
Income from retail outlets - net		93,882	87,918
Scrap sales		21,167	18,809
Gain on disposal of operating assets		69,515	15,155
Penalties and other recoveries		120,294	112,586
Others		19,010	507,229
		2,554,954	2,852,030
		7,497,201	11,142,248

30.1 This includes dividends received from Pak-Arab Pipeline Company Limited - a related party.

31. DISTRIBUTION AND MARKETING EXPENSES

	Note	2018	2017
Salaries, wages and benefits	21.1.4 & 32.1	5,269,140	4,815,901
Transportation costs		198,497	342,837
Depreciation	5.1.1	929,449	876,924
Security and other services		246,668	215,096
Rent, rates and taxes		591,092	509,932
Repairs and maintenance		879,378	921,060
Insurance		90,442	96,752
Travelling and office transport		177,077	191,522
Printing and stationery		20,921	23,380
Communication		18,449	26,134
Utilities		193,733	206,721
Storage and technical services		55,159	7,621
Sales promotion and advertisement		456,377	511,397
Fees and subscription		32,948	13,652
		9,159,330	8,758,929

(Amounts in Rs. '000)

32. ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries, wages and benefits	21.1.4 & 32.1	1,914,019	1,755,234
Depreciation	5.1.1	83,581	76,427
Amortisation	6	15,701	25,958
Security and other services		27,378	23,900
Rent, rates and taxes		5,855	4,732
Repairs and maintenance		77,844	85,033
Insurance		94,133	100,721
Travelling and office transport		45,090	52,037
Printing and stationery		12,571	12,060
Communication		23,751	11,454
Utilities		87,601	77,642
Storage and technical services		118,890	79,397
Legal and professional		50,141	28,802
Auditors' remuneration	32.3	17,345	25,510
Contribution towards expenses of Board of Management - Oil		8,473	9,538
Donations	32.4	175,138	102,740
Fees and subscription		12,156	7,612
		2,769,667	2,478,797

32.1 Salaries, wages and benefits also include Rs. 134,509 (2017: Rs. 127,594) and reversal of Rs. 34,903 (charge for 2017: Rs. 810) in respect of Company's contribution towards provident funds and staff compensated absences, respectively.

32.2 Remuneration of Managing Director, Directors and Executives

32.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2018		2017	
	Managing Director	Executives	Managing Director	*Executives
Managerial remuneration	24,541	869,474	24,541	798,816
Housing and utilities	13,498	478,211	13,498	439,349
Performance bonus	-	153,607	-	141,124
Retirement benefits	-	477,514	-	429,260
Leave encashment	-	5,623	-	8,133
Other allowances and benefits	16,800	518,905	16,832	473,248
	54,839	2,503,334	54,871	2,289,930
Number, including those who worked part of the year	1	390	1	387

*Comparative figures have been restated to reflect changes in the description of executives as per Companies Act, 2017.

32.2.2 The amount charged in respect of fee to 10 (2017: 4) non-executive directors aggregated to Rs. 6,175 (2017: Rs.5,188).

32.2.3 In addition, the Managing Director and certain Executives are provided with free use of Company maintained cars. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the Company's policy.

(Amounts in Rs. '000)

32.3 Auditors' remuneration

	2018			2017		
	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
Fee for the:						
- audit of annual financial statements	2,650	2,650	5,300	2,650	2,650	5,300
- review of half yearly financial information	1,060	1,060	2,120	1,060	1,060	2,120
Certification of claims, tax and other advisory services	6,615	301	6,916	14,544	443	14,987
Out of pocket expenses	1,435	1,574	3,009	1,709	1,394	3,103
	11,760	5,585	17,345	19,963	5,547	25,510

32.4 All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations.

33. OTHER EXPENSES

	Note	2018	2017
Workers Profit Participation Fund	16.7	1,432,856	1,543,651
Workers' Welfare Fund		440,989	590,637
Exchange loss arising on currency fluctuations - net		1,099,422	30,072
Provision against doubtful other receivables - net	16.6	360,833	213,955
		3,334,100	2,378,315

34. FINANCE COSTS

	Note	2018	2017
Mark-up on short-term borrowings			
- Local currency		971,944	3,785,335
- Foreign currency	34.1	3,149,190	1,511,104
		4,121,134	5,296,439
Bank charges on accounts under Islamic mode		395,497	194,890
Late payment and other bank charges		606,713	431,927
	34.2	5,123,344	5,923,256

34.1 Includes mark-up amounting to Rs. 50,433 (2017: Rs. 93,800) on facilities under Islamic mode.

34.2 Includes mark-up and bank charges amounting to Rs. 991,650 (2017: Rs. 2,537,906) on facilities obtained from National Bank of Pakistan - a related party.

35. TAXATION

	Note	2018	2017
Current	35.2		
- for the year		11,185,905	11,373,178
- for prior years		167,301	219,995
		11,353,206	11,593,173
Deferred	10	346,017	(471,931)
		11,699,223	11,121,242

(Amounts in Rs. '000)

35.1 The net charge for current tax has been recognised as follows:

	2017	2016	2015
Profit or loss	11,373,178	8,819,984	8,264,509
Other comprehensive income	(322,463)	906,280	(1,794,092)
	11,050,715	9,726,264	6,470,417

35.2 The comparison of tax provisions as per financial statements and tax assesments for last three years are as follows:

Tax Year	Note	Tax Provisions	Tax Assessments
2015	27.1.5	6,470,417	7,532,653
2016	27.1.6	9,726,264	9,396,685
2017	27.1.6	11,050,715	11,839,393

The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

35.3 Relationship between accounting profit and tax expense

	2018	2017
Accounting profit before taxation	27,160,480	29,346,867
Tax at the applicable tax rate of 30% (2017: 31%)	8,148,144	9,097,529
Tax effect of:		
- Final tax regime and income subject to lower tax rate	1,382,922	819,431
- Permanent differences	52,541	31,849
- Adjustments relating to prior years	167,301	219,995
- Change in rate of tax	1,276,252	106,743
- Super tax	936,401	988,954
- Others	(264,338)	(143,259)
	11,699,223	11,121,242
Effective tax rate	43%	38%

36. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2018	2017
Profit for the year	15,461,257	18,225,625
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares in issue during the year	326,023,127	326,023,127
	(Rupees)	
		(Restated)
Earnings per share - basic and diluted	47.42	55.90

During the year, the Company has issued 20% bonus shares (i.e. one for every five ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

(Amounts in Rs. '000)

37. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	2018	2017
Profit before taxation		27,160,480	29,346,867
Adjustments for:			
Depreciation	5.1.1	1,057,490	1,026,114
Amortisation	6	15,701	25,958
Markup / interest on PIBs - net of amortisation	30	(237,682)	(4,545,823)
Reversal of provision against doubtful trade debts - net	30	(910,777)	(397,316)
Provision against other receivables - net	33	360,833	213,955
Reversal of provisions	25	-	(197,540)
Retirement and other services benefits		2,102,282	1,201,676
Gain on disposal of operating assets	30	(69,515)	(15,155)
Share of profit from associates - net of tax	7.2.1	(413,612)	(608,380)
Dividend income	30	(240,702)	(208,979)
Finance costs	34	5,123,344	5,923,256
		6,787,362	2,417,766
Working capital changes	37.1	(9,953,136)	(40,275,720)
		23,994,706	(8,511,087)

37.1 Working capital changes

	2018	2017
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(36,439)	15,436
- Stock-in-trade	(15,282,407)	(15,499,015)
- Trade debts	(32,047,013)	(33,950,947)
- Loans and advances	(45,458)	22,096
- Short - term deposits and prepayments	2,458,061	(3,116,327)
- Other receivables	(10,452,902)	2,986,068
	(55,406,158)	(49,542,689)
Increase in current liability:		
- Trade and other payables	45,453,022	9,266,969
	(9,953,136)	(40,275,720)

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items included in the balance sheet:

	Note	2018	2017
- Cash and bank balances	17	4,636,643	4,131,036
- Finances under mark-up arrangements	26	(12,561,512)	(45,633,277)
		(7,924,869)	(41,502,241)

39. SEGMENT INFORMATION

39.1 Segment wise results are as follows:

	2018				2017			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	836,161	218,427	2,312	1,056,900	737,094	138,956	2,097	878,147
Cost of products sold	(801,542)	(213,564)	(2,158)	(1,017,264)	(703,355)	(135,747)	(1,846)	(840,948)
Gross profit	34,619	4,863	154	39,636	33,739	3,209	251	37,199
Other income	5,971	-	1,526	7,497	5,144	-	5,998	11,142
Administrative, distribution and marketing expenses	(10,782)	(888)	(259)	(11,929)	(10,467)	(581)	(253)	(11,301)
Other expenses	(2,889)	(180)	(265)	(3,334)	(2,001)	(119)	(258)	(2,378)
Operating cost	(13,671)	(1,068)	(524)	(15,263)	(12,468)	(700)	(511)	(13,679)
Finance cost	(4,754)	(369)	-	(5,123)	(5,689)	(234)	-	(5,923)
Share of profit of associates - net of tax	-	-	413	413	-	-	608	608
Profit before tax	22,165	3,426	1,569	27,160	20,726	2,275	6,346	29,347
Taxation	(8,508)	(2,792)	(399)	(11,699)	(7,302)	(1,784)	(2,035)	(11,121)
Profit for the year	13,657	634	1,170	15,461	13,424	491	4,311	18,226

39.2 As referred in note 4.20 to these financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

39.3 Out of total sales of the Company, 98.79% (2017: 99.47%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2018 are located in Pakistan.

39.4 The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to four major customers of the Company are approximately 34% during the year ended June 30, 2018 (2017: 36%).

(Amounts in Rs. '000)

	Note	2018	2017
40. FINANCIAL INSTRUMENTS BY CATEGORY			
40.1 Financial assets as per statement of financial position			
Held-to-maturity investment			
- In Government securities - Pakistan Investment Bonds		-	43,954,641
Available-for-sale investment			
- Pak-Arab Pipeline Company Limited, Associate	7	864,000	864,000
Loans and receivables at amortised cost			
- Loans, advances and receivables		2,236,832	2,196,450
- Deposits	9	184,480	152,945
- Trade debts	13	245,577,071	212,619,281
- Mark-up / interest receivable		-	2,258,196
- Other receivables		26,417,565	15,138,584
- Cash and bank balances	17	4,636,643	4,131,036
		279,052,591	236,496,492
		279,916,591	281,315,133
40.2 Financial liabilities as per statement of financial position			
Financial liabilities measured at amortised cost			
- Trade and other payables		177,604,312	136,634,168
- Unclaimed dividend		3,443,218	2,784,318
- Unpaid dividend		221,587	193,542
- Accrued interest / mark-up		796,795	1,266,793
- Short-term borrowings		89,846,517	130,498,503
		271,912,429	271,377,324

40.3 Fair values of financial assets and liabilities

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in Pak-Arab Pipeline Company Limited held at cost as its fair value cannot be reasonably determined. However, the management believes that its fair value is more than its carrying value.

(b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

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

As at June 30, 2018, the Company does not have any financial instruments carried at fair value.

(Amounts in Rs. '000)

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Financial risk factors

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

Financial risk factors and risk management framework

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Management - Oil through specific directives. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company's finance and treasury department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US$). As at year end, the total exposure against foreign suppliers amounts to US$ 807,568 (2017: US$ 617,518) equivalent to Rs. 98,200,307 (2017: Rs. 64,823,987) and advances amounting to US$ 4,001 (2017: US$ 4,542) equivalent to Rs. 486,553 (2017: Rs. 476,792). The average rates applied during the year is Rs. 109.88 (2017: Rs. 104.76 / US $) and the spot rate as at June 30, 2018 was Rs. 121.60 (2017: Rs. 104.97 / US$).

The Company manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Company cannot hedge its currency risk exposure. The Company has incurred exchange loss of Rs. 1,099,422 (2017: Rs. 30,072).

(Amounts in Rs. '000)

At June 30, 2018, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower/higher by Rs. 3,454,040 (2017: Rs. 2,252,877), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30 2018. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.11 to these financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from local creditors, security deposits, short-term borrowing and running finance facilities amounting to Rs. 109,257,248 (2017: Rs. 142,817,700). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2018	**2017**
Variable rate instruments		
Financial assets		
- Saving accounts	**2,143,505**	2,160,742
Financial liabilities		
- Short-term borrowings	**(89,846,517)**	(130,498,503)
- Local creditors	**(18,745,967)**	(11,692,854)
- Security deposits	**(664,764)**	(626,343)
	(109,257,248)	(142,817,700)
Net financial liabilities at variable interest rates	**(107,113,743)**	(140,656,958)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 749,796 (2017: Rs. 970,111). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

(iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2018, there are no equity investments of the Company measured at fair value, hence no equity price risk exists.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations

(Amounts in Rs. '000)

to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2018		2017	
	Statement of financial position	**Maximum exposure**	Statement of financial position	Maximum exposure
Held to maturity				
- PIBs including accrued mark-up	**-**	**-**	46,212,837	-
Loans and receivables				
- Loans, advances and other receivables	**2,236,832**	**2,236,832**	2,196,450	2,196,450
- Deposits	**184,480**	**184,480**	152,945	152,945
- Trade debts	**245,577,071**	**124,996,547**	212,619,281	93,991,089
- Other receivables	**26,417,565**	**7,747,737**	15,138,584	5,841,165
- Bank balances	**4,626,790**	**4,626,790**	4,121,372	4,121,372
	279,042,738	**139,792,386**	280,441,469	106,303,021

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 150,281,645 (2017: Rs. 144,258,566). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Company's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries, the Company believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating Short term	Rating Long term
Allied Bank Limited	July, 2018	PACRA	A1+	AAA
Askari Bank Limited	June, 2018	PACRA	A1+	AA+
Bank Al Habib Limited	June, 2018	PACRA	A1+	AA+
Bank Alfalah Limited	June, 2018	PACRA	A1+	AA+
Bank Islami Pakistan Limited	June, 2018	PACRA	A1	A+
Citibank N.A.	March, 2018	Moody's	P-1	A1
Faysal Bank Limited	June, 2018	PACRA	A1+	AA
Habib Bank Limited	June, 2018	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2018	PACRA	A1+	AA+
MCB Bank Limited	June, 2018	PACRA	A1+	AAA
Meezan Bank Limited	May, 2018	JCR-VIS	A-1+	AA+
National Bank of Pakistan	June, 2018	PACRA	A1+	AAA
Samba Bank Limited	June, 2018	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2018	PACRA	A1+	AAA
United Bank Limited	June, 2018	JCR-VIS	A-1+	AAA

(Amounts in Rs. '000)

Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

	2018	2017
	Contractual maturity Up to three months	
Financial liabilities		
Trade and other payables	177,604,312	136,634,168
Unclaimed dividend	3,443,218	2,784,318
Unpaid dividend	221,587	193,542
Accrued interest / mark-up	796,795	1,266,793
Short-term borrowings	77,285,005	84,865,226
Finances under mark-up arrangements	12,561,512	45,633,277
	271,912,429	271,377,324

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend and unpaid dividend are payable as per stipulated time.

(d) 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.

(Amounts in Rs. '000)

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.

41.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2017.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2018 and 2017 were as follows:

	Note	2018	2017
Short-term borrowings	26	89,846,517	130,498,503
Less: Cash and bank balances	17	(4,636,643)	(4,131,036)
Net debt		85,209,874	126,367,467
Total equity		110,452,475	102,849,602
Total capital		195,662,349	229,217,069
Gearing ratio		43.55%	55.13%

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

(Amounts in Rs. '000)

42. TRANSACTIONS WITH RELATED PARTIES

42.1 Following are the name of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Major shareholder
Pakistan Refinery Limited	24.11%	Associates / Common Directorship
Pak Grease Manufacturing Company (Private) Limited	22.00%	Associates
Asia Petroleum Limited	49.00%	Associates / Common Directorship
Pak-Arab Pipeline Company Limited	12.00%	Common Directorship
Pak-Arab Refinery Company Limited	N/A	State owned / controlled entities
K-Electric Limited	N/A	State owned entities
Pakistan International Airline Corporation Limited		State owned / controlled entities
GENCO	N/A	State owned / controlled entities
Sui Northern Gas Company Limited	N/A	State owned / controlled entities
Sui Southern Gas Company Limited	N/A	State owned / controlled entities
Karachi Port Trust	N/A	State owned / controlled entities
Civil Aviation Authority	N/A	State owned / controlled entities
Pakistan National Shipping Corporation	N/A	State owned / controlled entities
Pakistan Railways	N/A	State owned / controlled entities
National Insurance Company Limited	N/A	State owned / controlled entities
National Bank of Pakistan	N/A	State owned / controlled entities
PSO Employees Empowerment Trust	N/A	Government related / Common Directorship
Pakistan Petroleum Limited	N/A	State owned / controlled entities
Oil and Gas Regulatory Authority (OGRA)	N/A	State controlled entities
Federal and Provincial tax authorities	N/A	State controlled entities
Other related entities	N/A	Government related / state owned or controlled entities
Retirement benefit funds: 1. Pension fund 2. Gratuity fund 3. Provident fund	N/A	Post Employement Benefits
PSO Corporate Social Responsibility Trust	N/A	Trust Controlled by PSO
TCS Holdings (Pvt.) Limited	N/A	Common Directorship
TCS (Pvt.) Ltd.	N/A	Common Directorship
TCS Logistics (Pvt.) Ltd.	N/A	Common Directorship
TCS Connect (Pvt.) Ltd.	N/A	Common Directorship
Octara (Pvt.) Ltd.	N/A	Common Directorship
TCS Financial Services (Pvt.) Ltd.	N/A	Common Directorship
TCS ECOM (Private) Limited	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Oil Companies Advisory Council	N/A	Common Directorship
Oil & Gas Development Company Limited	N/A	Common Directorship
Mari Petroleum Company Limited	N/A	Common Directorship
Multan Electricity Company Limited	N/A	Common Directorship
Gujranwala Electricity Company Limited	N/A	Common Directorship
Lahore Electricity Company Limited	N/A	Common Directorship
Pakistan Electric Power Company Limited	N/A	Common Directorship
Central Power Purchasing Agency (Guarantee) Limite	N/A	Common Directorship

(Amounts in Rs. '000)

Name of Related parties	Direct Shareholding	Relationship
Power Holding (Pvt.) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Private) Limited	N/A	Common Directorship
Dr. Musadik Malik	N/A	Key management personnel
Haq Nawaz	N/A	Key management personnel
Sabino Sikandar	N/A	Key management personnel
Ahad Khan Cheema	N/A	Key management personnel
Zahid Mir	N/A	Key management personnel
Abdul Jabbar Memon	N/A	Key management personnel
Muhammad Anwer	N/A	Key management personnel
Amjad Nazir	N/A	Key management personnel
Yousaf Naseem Khokhar	N/A	Key management personnel
Sajid Mehmood Qazi	N/A	Key management personnel
Sheikh Imranul Haq	N/A	Key management personnel
Yacoob Suttar	N/A	Key management personnel
S. Jehangir Ali Shah	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Shehryar Omar	N/A	Key management personnel
Yousaf Ahmed Mirza	N/A	Key management personnel
Raja Imranullah Khan	N/A	Key management personnel
S Khawar Abbas Jillani	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel
Asad Raza Faiz	N/A	Key management personnel
Syed Moinuddin Balkhi	N/A	Key management personnel
Babar Hamid Chaudhary	N/A	Key management personnel
Aziz Hemani	N/A	Key management personnel
Hammad Zafar	N/A	Key management personnel
Naved Alam Zubairi	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Shamail Sharaf Shah	N/A	Key management personnel
Qasim Zaheer	N/A	Key management personnel
Kashif Siddiqui	N/A	Key management personnel
Syed Rashid Kamal	N/A	Key management personnel
Muhammad Baber Siddiqui	N/A	Key management personnel
Iqtidar Mustafa Siddiqui	N/A	Key management personnel
Imtiaz Jaleel	N/A	Key management personnel
Shahzad Safdar Khan	N/A	Key management personnel
Brig. (R) Ghulam Hussain Ghumman	N/A	Key management personnel

(Amounts in Rs. '000)

42.2 Related parties comprise of associated companies, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards, other than those disclosed elsewhere in these financial statements, are as follows:

Name of related parties and relationship with the Company	Nature of transactions	2018	2017
Associates			
- Pakistan Refinery Limited	Purchases	49,070,224	34,706,365
	Dividend received	-	21,971
	Income Facility charges	704	-
- Pak Grease Manufacturing Company (Private) Limited	Purchases	84,128	71,330
	Dividend received	4,460	8,578
- Asia Petroleum Limited	Income facility charges	117,611	145,276
	Pipeline charges	1,270,200	1,568,982
Retirement benefit funds			
- Pension funds	Charge for the year	1,203,957	614,404
	Contributions	4,586,053	390,815
- Gratuity fund	Charge for the year	619,766	251,915
	Contributions	832,124	112,899
- Provident funds	Charge / Contributions	134,509	127,594
Key management personnel	Managerial remuneration	185,091	160,318
	Housing and utilities	101,800	88,175
	Performance bonus	28,364	23,987
	Other allowances and benefits	123,450	106,749
	Retirement benefits	61,560	57,017
	Leave encashment	3,524	5,234
	Vehicles having net book value of Rs. 1,630 (2017: Rs. 7,574) transferred under employee car scheme (sale proceeds)	9,896	9,341

42.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Company's issued share capital and is entitled to appoint members of the Board of Management – Oil under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

(Amounts in Rs. '000)

		2018	2017
- Government of Pakistan	Income from PIBs (net of amortisation)	237,682	5,048,138
	Dividend paid	1,648,503	1,068,474
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	123,816	144,452
- Pak-Arab Pipeline Company Limited	Pipeline charges	3,505,023	3,394,997
	Dividend received	240,702	208,979
- GENCO	Sales	79,911,508	112,366,998
	Utility charges	101,553	121,031
- Pakistan International Airlines Corporation Limited	Sales	13,307,891	11,898,813
	Purchases	5,130	5,375
	Other income	-	506,000
- Pak-Arab Refinery Company Limited	Purchases	129,166,014	107,467,523
	Pipeline charges	503,899	495,498
	Other expense	373,535	238,275
- Sui Northern Gas Pipeline Limited	Sales	255,560,134	162,451,029

The transactions described below are collectively but not individually significant to these financial statements and therefore have been described below:

(i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.

(ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and Provincial Revenue Authorities.

(iii) The Company incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

(iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

(vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Company sells fuel oil and other allied products to K Electric Limited and receives pipeline income as per agreed terms and conditions.

(viii) The Company has obtained various financing facilities from National Bank of Pakistan.

(ix) The Company also pays dividend to various government related entities who are shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2018

(Amounts in Rs. '000)

42.4 The status of outstanding receivables and payables from / to related parties as at June 30, 2018 are included in respective notes to these financial statements.

42.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

42.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Company.

42.7 All the transaction with directors have been disclosed in the note 32.2.2 to these financial statements.

43. PROVIDENT FUND RELATED DISCLOSURES

43.1 The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Description	Reclassified		Amount
	From	To	
Product cost	Distribution and marketing expenses	Cost of products sold	63,177
Prepayments	Other receivables	Short-term deposits and prepayments	204,475
Reversal of provision against doubtful trade debts	Other expenses	Other income	397,316
Unclaimed dividend	Trade and other payables	Unclaimed dividend	2,784,318
Unpaid dividend	Trade and other payables	Unpaid dividend	193,542

45. EVENTS AFTER THE REPORTING DATE

(i) The Honorable Supreme Court of Pakistan as part of suo moto proceedings has ordered an independent audit of pricing of certain petroleum products for the last three years that interalia include review of pricing structure and its underlying process. The audit is in progress, however, the Company is of the view that since its pricing arrangement is also reviewed by OGRA and is in line with the various guidelines / directives issued by MoE and OGRA, hence the management does not anticipate any financial implications on the Company as a result of this audit.

(ii) The Board of Management - Oil in its meeting held on August 11, 2018 proposed (i) a final cash dividend of Rs. 5 per share amounting to Rs. 1,630,116 (ii) 20 % bonus shares (65,204,625 shares) i.e. one share for every five ordinary shares held, for approval of the members at the Annual General Meeting to be held on October 16, 2018.

(Amounts in Rs. '000)

46. CAPACITY AND ACTUAL PERFORMANCE

	Metric Ton
Available capacity	70,000
Actual production	46,205

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

47. NUMBER OF EMPLOYEES

	Note	2018	2017
Total employees as at June 30	47.1	**1,953**	1,828
Average number of employees during the year		**1,823**	1,883

47.1 Included herein are 73 (2017: 75) employees of Lubes Manufacturing Terminal as of June 30, 2018 and average number of these employees during the year is 74 (2017: 42).

48. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue on August 11, 2018 by the Board of Management - Oil.

Sheikh Imranul Haque	Zahid Mir	Yacoob Suttar
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

STAKEHOLDERS' INFORMATION

Stakeholders' Engagement

PSO's stakeholders are central to its operations. PSO recognizes the value of transparent and open communications with all its stakeholders both formally and informally, periodically and regularly. Such communications with the stake holders are in line with the regulatory considerations and ensure maintenance of corporate confidentiality. We acknowledge that consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Accordingly, your Company aims to promote dialogue with investors, analysts and other stakeholders.

The wide stakeholder community includes but is not limited to following:

a) Institutional Investors
b) Customers and Suppliers
c) Banks
d) Regulators
e) Media
f) Analysts
g) Employees

Institutional Investors/Shareholders

The Company follows best practices and guidelines with respect to maintaining healthy relationships with institutional investors, corporations and other shareholders. A number of leading financial and other institutions are amongst the shareholders of the Company. In order to facilitate investors it is ensured that all Company related relevant information is uploaded on PSO's website and is updated on a regular basis. Further, quarterly/annual financial statement and notices are also uploaded on the website of stock exchange. The Company as a matter of good governance encourages active participation of the Institutional investors in Annual General Meeting and quarterly analyst briefing sessions where they can raise their queries and concerns. These well informed investors can help the Company in achieving its plans and targets.

Customer and Suppliers

At PSO customer services is at the forefront. PSO's Customer Service Department provides after sales complaint and query services to existing and prospective customers. The Company's customers include dealers, distributors and industries. The customer engagements are ongoing in nature, however, specific periodic engagements are held with dealer and distributors through dealer/distributor conference to identify customer needs and expectations.

PSO's continued growth is also attributable to selection of reputable and dependable supplier as business partners. The suppliers' interactions are ongoing in nature, however, various Pre-bid and informal meetings are held with suppliers to strengthen relationship and to communicate Company's requirements.

Banks

PSO's treasury department engages with banks on a continuous basis for operational matters such as payment to suppliers, dividend disbursements etc. It further interacts frequently with banks to explore borrowings and trade financing options. Healthy working relationship with banks helps Company to negotiate lower interest rates, better financing terms and effective customer services thereby improving its EPS.

Regulators

The Company continually engages with Government of Pakistan, OGRA, Ministries and other regulatory bodies at local, provincial and federal levels. The PSO's senior management is in close liaison with government officials on various issues with respect to the Company and oil industry.

Media

PSO engages with the print and electronic media through regular press releases, TVCs, social media and website to apprise general public about important business achievements, periodical results, CSR activities and other corporate events. The continued engagement with media has helped in creating awareness in public about Company's products and services resulting in overall positive brand image of the Company.

Analysts

The management realizes the role of analysts and their views on the future outlook of the Company. The Company conducts quarterly security analyst briefings in order to share details pertaining to results announced and to respond to any queries of analysts relating to results and future prospects. This helps Company in attracting potential investors.

Employees

A motivated and competent work force is at the core of PSO's human resource strategy. The Company concentrates on regular employee engagements as it is a key to performance. PSO has invested in health & recreation club and fortified medical center to cater the health and fitness needs of its employees. PSO focuses on employee development through trainings and cross functional engagements. The company has an open door policy for its employees which ensures continuous interactions of employees at all levels.

ANALYSTS' BRIEFINGS

SUMMARY OF ANALYSTS' BRIEFING

The Company conducts quarterly security analyst briefings in order to share details pertaining to results announced and to respond to any queries of analysts relating to results and future prospects. The following is the summary of important discussions that took place in response to various queries in the analysts briefing sessions:

- Company informed that it is working on a plan to increase its storage capacity that will give it the required flexibility in the context of price changing scenarios.
- Company is actively pursuing circular debt resolution as it is imperative for the survival and profitability of the Company. PSO expects that the new government will take this matter on priority basis and take steps for its resolution.
- No developments have been made in respect of deregulation of HSD.
- Company had taken up the matter of illegal practices in the industry such as dumping, misuse of IFEM mechanism and smuggling with the concerned regulatory authorities.
- The FO volumes have declined during FY 18 due to impact of LNG in the Country's energy mix.
- PSO has been focusing on its Non fuel retail sector and has started various initiatives in this regard. This segment has great untapped potential and is expected to grow in the coming years.
- Company is the leader in the liquid fuel market, however, market share of the Company is under severe pressure due to intense competition in the market and various requirements on the company that PSO has to comply being government owned entity which others do not comply with.

RESOLUTION OF CONCERNS RAISED AT LAST AGM

Safeguarding and maximizing the shareholders value is an important goal of the Company. Our Annual General Meeting is one of the most effective ways to engage our shareholders, wherein all queries and concerns of our shareholders are addressed and their advice for future actions is encouraged. No significant issues were raised at the last AGM.

REDRESSAL OF INVESTORS' GRIEVANCES

Company Secretariat continuously engages with the investors and responds to their queries and requests for information and their grievances through PSO's Registrar.

INVESTORS' RELATIONS SECTION ON PSO'S WEBSITE

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest company information including but not limited to financial highlights, investor information, dividend and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji'.

PATTERN OF SHAREHOLDING
As at June 30, 2018

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
4,531	1	100	131,890
3,325	101	500	875,826
1,672	501	1,000	1,247,187
3,251	1,001	5,000	7,553,030
727	5,001	10,000	5,159,185
294	10,001	15,000	3,562,608
158	15,001	20,000	2,721,526
90	20,001	25,000	2,041,134
73	25,001	30,000	1,984,291
31	30,001	35,000	1,013,384
67	35,001	40,000	2,463,268
23	40,001	45,000	972,354
15	45,001	50,000	722,360
16	50,001	55,000	846,583
17	55,001	60,000	987,705
19	60,001	65,000	1,193,054
19	65,001	70,000	1,281,713
9	70,001	75,000	658,656
5	75,001	80,000	388,352
9	80,001	85,000	741,506
5	85,001	90,000	443,723
11	90,001	95,000	1,020,734
7	95,001	100,000	678,759
3	100,001	105,000	308,472
2	105,001	110,000	216,728
2	110,001	115,000	222,973
4	115,001	120,000	471,894
5	120,001	125,000	607,569
3	125,001	130,000	385,021
4	130,001	135,000	529,357
3	135,001	140,000	411,454
5	140,001	145,000	713,006
5	145,001	150,000	739,812
5	150,001	155,000	764,209
2	155,001	160,000	312,822
4	160,001	165,000	647,716
2	165,001	170,000	332,540
2	170,001	175,000	345,574
1	175,001	180,000	177,253
3	185,001	190,000	560,814
3	190,001	195,000	577,973
3	195,001	200,000	596,779
2	205,001	210,000	419,170
1	210,001	215,000	212,217
2	215,001	220,000	433,631
1	220,001	225,000	221,843
1	225,001	230,000	225,092
1	230,001	235,000	233,835
4	235,001	240,000	953,244
1	240,001	245,000	245,000
1	245,001	250,000	247,683
1	260,001	265,000	264,810
2	265,001	270,000	534,118
1	270,001	275,000	270,879
1	275,001	280,000	276,000
1	280,001	285,000	281,695
1	290,001	295,000	294,072
3	295,001	300,000	894,656
1	300,001	305,000	302,349
2	305,001	310,000	613,534
2	310,001	315,000	626,160
1	315,001	320,000	317,800
1	345,001	350,000	350,000
1	350,001	355,000	351,921
2	355,001	360,000	720,000
1	365,001	370,000	365,650
1	370,001	375,000	370,487
1	375,001	380,000	376,992
1	380,001	385,000	384,001
1	385,001	390,000	390,000
1	390,001	395,000	391,942
2	395,001	400,000	796,000
3	405,001	410,000	1,223,268
1	410,001	415,000	410,711
1	415,001	420,000	418,411
1	445,001	450,000	448,128
1	485,001	490,000	486,240
1	495,001	500,000	499,681
2	500,001	505,000	1,006,674
1	505,001	510,000	507,028
1	525,001	530,000	525,326
1	530,001	535,000	533,411
2	540,001	545,000	1,088,480
1	550,001	555,000	551,129
1	555,001	560,000	556,747
1	560,001	565,000	564,287
2	565,001	570,000	1,134,091
1	595,001	600,000	597,573
2	600,001	605,000	1,202,449
1	605,001	610,000	605,700

PATTERN OF SHAREHOLDING
As at June 30, 2018

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
2	620,001	625,000	1,242,777
1	630,001	635,000	633,539
1	640,001	645,000	642,339
1	655,001	660,000	658,708
1	685,001	690,000	686,369
1	700,001	705,000	705,000
1	705,001	710,000	710,000
1	750,001	755,000	751,360
1	760,001	765,000	760,504
1	780,001	785,000	781,200
1	835,001	840,000	837,407
1	840,001	845,000	844,219
1	870,001	875,000	872,433
1	885,001	890,000	886,792
1	915,001	920,000	917,013
1	985,001	990,000	985,732
1	1,010,001	1,015,000	1,014,701
1	1,020,001	1,025,000	1,023,900
1	1,030,001	1,035,000	1,034,687
1	1,075,001	1,080,000	1,080,000
1	1,125,001	1,130,000	1,125,360
1	1,210,001	1,215,000	1,214,700
1	1,325,001	1,330,000	1,325,400
1	1,415,001	1,420,000	1,419,773
1	1,610,001	1,615,000	1,613,189
1	1,780,001	1,785,000	1,783,800
1	1,795,001	1,800,000	1,800,000
1	1,875,001	1,880,000	1,877,515
1	1,925,001	1,930,000	1,928,382
1	1,940,001	1,945,000	1,940,515
1	2,295,001	2,300,000	2,295,674
1	3,020,001	3,025,000	3,020,840
1	3,775,001	3,780,000	3,778,536
1	4,595,001	4,600,000	4,598,078
1	5,585,001	5,590,000	5,585,400
1	5,915,001	5,920,000	5,915,767
1	7,045,001	7,050,000	7,047,357
1	9,905,001	9,910,000	9,905,256
1	15,710,001	15,715,000	15,714,175
1	18,845,001	18,850,000	18,845,044
1	22,090,001	22,095,000	22,090,544
1	48,525,001	48,530,000	48,527,471
1	73,265,001	73,270,000	73,266,760
14,545			**326,023,125**

SHAREHOLDERS' CATEGORIES

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive officer and their spouse and minor children	3	25,781	0.01
Associated companies, undertakings and related parties:			
Government of Pakistan	1	73,266,760	22.47
GoP's indirect holding:- PSOCL Employee Empowerment Trust	1	9,905,256	3.04
NIT and ICP	2	283,918	0.09
Banks, Development Financial Institutions, Non-Banking Financial Institutions	37	17,219,691	5.28
Insurance Companies	18	30,413,445	9.33
Modarabas and Mutual Funds	94	50,929,233	15.62
Shareholders holding 10% or more:			
NBP, Trustee Department	1	48,527,471	14.88
General Public:			
Resident	13,599	46,519,273	14.27
Non-resident	384	1,270,038	0.39
Others:			
Non-Resident Companies	132	22,332,593	6.85
Public Sector Companies & Corporations and Joint Stock Companies	183	21,758,493	6.67
Employee Trusts / Funds etc.	90	3,571,173	1.10
	14,545	326,023,125	100.00

PATTERN OF SHAREHOLDING
As at June 30, 2018

Additional Information

Information on shareholding required under reporting framework of Public Sector Companies (Corporate Governance) Rules is as follows:

Categories of Shareholders	No. of Shareholders	No. of Shares Held
Associated companies, undertakings and related parties:		
Government of Pakistan	1	73,266,760
GoP's indirect holding:- PSOCL Employee Empowerment Trust	1	9,905,256
Mutual Funds	91	50,913,201
Members - Board of Management and their spouse and minor children:		
Mrs. Amina Haque	1	22,933
Ms. Seema Haque	1	1,899
Ms. Zahra Haque	1	949
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies ,Takaful, Modarabas and Pension Funds	61	47,790,652

Shareholders holding five percent or more voting rights	No. of Shareholders	No. of Shares Held
Government of Pakistan	1	73,266,760
National Bank of Pakistan (Trustee Wing)	1	48,527,471
State Life Insurance Corporation of Pakistan	1	22,090,544
CDC Trustee PICIC Growth Fund	1	18,845,044

SHAREHOLDERS AND INVESTORS INFORMATION

Annual General Meeting

The annual shareholders' meeting will be held at 10:30 a.m. on October 16, 2018 at Jasmine Hall, Beach Luxury Hotel, Karachi.

Shareholders' Enquiries

Enquiries about the shareholding, dividends should be directed either to company's registered office or share registrar at the following address:

M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.
UAN: +92 21 111 000 322
Telephone: +92 21 3416 8266-68-70
Fax: +92 21 3416 8271

Quarterly Reports

The company publishes interim reports at the end of the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at PSO's website www.psopk.com or printed copies may be obtained by writing to the Company Secretary.

Annual Report

The Annual Report of the Company summarizes the Company's performance during the year and provides an outlook in the future.

The Annual Report may be downloaded from the Company's website www.psopk.com or printed copies may be obtained by writing to the Company Secretary.

Stock Exchange Listing

Pakistan State Oil's shares are traded on Pakistan Stock Exchange. The symbol code for dealing in shares of Pakistan State Oil Company Limited is "PSO".

GLOSSARY

Automated Teller Machines (ATMs)
Board of Management (BoM)
Capital Expenditure (Capex)
Company-owned and Company-operated (Co-Co)
Compressed Natural Gas (CNG)
Consumer Price Index (CPI)
Corporate Social Responsibility (CSR)
Managing Director (MD)
Earnings before Interest, taxes, depreciation and amortization (EBITDA)
Economic Coordination Committee (ECC)
National Bank of Pakistan (NBP)
Financial Year (FY)
Furnace Oil (FO)
Gross Domestic Product (GDP)
Gross Profit (GP)
Habib Bank Limited (HBL)
High Speed Diesel (HSD)
Independent Power Producers (IPPs)
International Monetary Fund (IMF)
Jet Fuel (JP-1)
Liquefied Natural Gas (LNG)
Memorandum of Understanding (MoU)
Million British Thermal Unit (MMBTU)
Million Metric Tons (MMTs) Metric Tons (MTs)
Mobile Quality Testing Units (MQTUs)
Motor Gasoline (MoGas)
Net profit (NP)
New Vision Retail Outlet (NVRO)
Non-Fuel Retail (NFR)
Oil Marketing Company (OMC)
Pakistan Investment Bonds (PIBs)
Pakistan State Oil (PSO)
Petroleum, Oil and Lubricant (POL)
Price Earning Ratio (P/E)
Profit after tax (PAT)
Quarter (Qtr)
Prior Year (PY)
Government of Pakistan (GoP)

Feedback

Our commitment to maintain highest level of transparency and accountability continues to take us to the next level in reporting year on year. In case, you have any concerns about this report and its contents, please feel free to contact us at following:

Corporate.Communications@psopk.com
Tel: +92 21 111 111 776 (PSO)
Ta'aluq 08000300

رپورٹ برائے حصص یافتگان

سکتے ہیں اورآنے والے سالوں میں ان سب سے نمٹنے کیلئے پی ایس او تیار ہے۔

ملک کا اقتصادی منظر نامہ مالی سال 2019 میں مثبت رہنے کا امکان ہے، جس میں حقیقی جی ڈی پی کی شرح 5 فیصد رہنے کا امکان ہے۔اس کے علاوہ ٹرانسپورٹ سیکٹر، جس میں سب سے زیادہ وائٹ آئل مصنوعات کی مانگ ہے، میں بھی 10 فیصد اضافہ کا امکان ہے۔تاہم، گزشتہ سال جو بھرپور افزائش دیکھی گئی تھی اس بار سست روی کا شکار ہوسکتی ہیں۔

ریٹیل صنعت میں تبدیلی کی وجہ سے صارفین کے مطالبات اور سخت مقابلہ میں تبدیلی کا سامنا ہے۔کمپنی کو مختلف تکنیکی تبدیلیوں اور صارفین کو سہولت فراہم کرنے میں بہت سے چیلنجز کا سامنا ہے۔مینجمنٹ فیول انڈسٹری میں تیز رفتار تبدیلیوں سے واقف ہے اور صارفین کی سہولت کے لئے ان کی بدلتی ہوئی ضروریات کو مدنظر رکھتے ہوئے مختلف مصنوعات کی پیشکش، بہتر فورکورٹ تجربے کی فراہمی، جدید فیول کی سہولیات متعارف کرانے اور صارفین کو مختلف مصنوعات اور خدمات فراہم کرنے کے لئے اقدامات کرے گی۔

ملک کے انرجی مکس میں پاور سیکٹر میں فرنس آئل کے بجائے متبادل ایندھن جیسا کہ آر ایل این جی اور کوئلہ وغیرہ کے استعمال کے باعث واضح تبدیلی ہورہی ہے۔یہ پی ایس او اور تیل مارکیٹنگ کی صنعت کے لئے اہم مسئلہ ہے۔توانائی کے شعبے میں مذکورہ وجوہات، جو مانگ میں کمی کی وجہ بنی ہیں، کے باعث بلیک آئل صنعت کو ممکنہ 35 فیصد کمی کا سامنا ہوسکتا ہے۔مزید برآں، پی ایس او توقع کررہی ہے کہ مستقبل میں ایل این جی کے نئے معاہدوں کے باعث بزنس پر اثرات مرتب ہوسکتے ہیں۔

دیگر قابل ذکر بیرونی عوامل جو کمپنی کی کارکردگی پر اثر انداز ہوسکتے ہیں، ان میں تیل کی بین الاقوامی قیمتیں، جغرافیائی سیاسی ماحول، الیکٹرک گاڑی میں ٹیکنالوجی کی منتقلی، ریگولیٹری اور مسابقت ماحول میں آئل انڈسٹری کے اندر آمدنی اور کھپت جیسے عوامل شامل ہیں۔ یہ سب عوامل طویل عرصے تک ملک کی مجموعی کارکردگی پر اور مائع ایندھن کی مانگ پر بہت اثر انداز ہوتے ہیں۔

معلومات اور پیش گوئی کے ذرائع

سالانہ اور اسٹریٹجک کارپوریٹ منصوبوں، تخمینوں اور پیشن گوئی مختلف نقطہ نظر پر مبنی ہے تاکہ کمپنی کے اولین اور اصل مقصد اور وژن کے حصول کو یقینی بنایا جاسکے۔ پی ایس او کا اصل مقصد اقتصادی، تکنیکی، سماجی، ثقافتی، ماحولیاتی، قانونی، انتظامی، اور مسابقتی ماحولیات کے پہلو کو مدنظر رکھنا ہے جو کمپنی کے کاروبار پر اثر انداز ہوسکتی ہے۔اس کے علاوہ کمپنی میں داخلی اور اندرونی اسٹیک ہولڈرز سے بھی تبادلہ خیال کیا جاتا ہے۔

اس پورے عمل میں کئی بین الاقوامی اور قومی اشاعتوں کو استعمال کیا جاتا ہے جس میں تخمینوں اور پیشگوئیوں کے بارے میں مفلوم پیدا ہوتا ہے۔ان میں نہ صرف انڈسٹری بلکہ پوری معیشت کے متعلق مطابقت پذیر/غیر سنڈیکیٹ کردہ اشاعتوں کا استعمال شامل نہیں ہے۔مزید برآں، مختلف کانفرنسوں، سیمینارز، تربیتوں اور دیگر ایونٹس میں کمپنی کی شرکت سے اہم معلومات حاصل ہوتی ہیں جن سے پیش گوئیوں اور تخمینوں کا اندازہ لگانے میں مدد ملتی ہے۔

مستقبل پر نظر

مستقبل کے منظر نامے کے پیش نظر، درپیش چیلنجز اور امکانات کے تحت پی ایس او کا مقصد ہے:

- ملک وقوم کی فیولنگ کی ضروریات کو پورا کرنا، اور شیئر ہولڈر کو بھرپور منافع دینا۔
- پٹرولیم مارکیٹ میں اپنی قیادت کو برقرار رکھنا۔
- پی ایس او آنے والے سالوں میں کارپوریٹ اصلاحات کیلئے کوشاں ہے تاکہ آنے والے مسائل کا سامنا کیا جاسکے۔
- بیرونی ماحول کی تبدیلی کو مدنظر رکھتے ہوئے پی ایس او ان مسائل کو حل کرنے کی توقع رکھتا ہے اور اپنے صارفین کو فورکورٹس کے تجربے کو فروغ دینے کیلئے پر امید ہے۔
- پی ایس او اپنے صارفین کے ساتھ تعلقات کو بہتر بنانے، مصنوعات کو بہتر بنانے اور صارفین کو بہتر مصنوعات فراہم کرنے کے لئے کوشاں ہے۔
- پی ایس او صنعت کی تبدیلیوں کے باعث اپنے بنیادی ڈھانچہ اور وسائل کو بڑھانے کا ارادہ رکھتا ہے۔
- بہتر پیداوار اور کاروباری طریقے کو بہتر بنانے کیلئے پر امید ہے۔
- پی ایس او کا مقصد معیار مزید بہتر اور مضبوط کرنا ہے۔
- اپ اسٹریم، ڈاؤن اسٹریم کاروبار میں اسٹریٹجک شراکت داروں کے ساتھ مل کر سرمایہ کاری کی جائے۔
- سیلز والیوم میں اضافہ اور کاروباری متبادل امکانات دریافت کرنا۔

رپورٹ برائے حصص یافتگان

معاون ادارے

ایشیا پٹرولیم لمیٹڈ

ایشیا پیٹرولیم لمیٹڈ (APL) کا پاکستان میں قیام 17 جولائی، 1994 کو ایک غیر مندرجہ پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بنیادی طور پر کمپنی کا قیام حب میں واقع حب پاور لمیٹڈ کو ''ریزیڈیول فیول آئل'' کی ترسیل کے لئے عمل میں آیا۔ اس مقصد کے لئے کمپنی نے ایک زیرِ زمین پائپ لائن ڈالی، جو پپری میں پاکستان اسٹیٹ آئل لمیٹڈ کے ذوالفقار آباد ٹرمینل سے شروع ہو کر حب میں حبکو تک ڈالی گئی۔ PSO، APL میں 49% ایکویٹی اسٹیک کی حامل ہے۔

پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ

پاکستان میں پاک گریس مینوفیکچرنگ کمپنی لمیٹڈ (PGMCL) کا قیام 10 مارچ 1965 کو بطور پرائیویٹ کمپنی عمل میں آیا۔ کمپنی کا بنیادی کام پیٹرولیم گیس پراڈکٹس کی تیاری اور فروخت ہے۔ PSO، PGMCL میں 22% ایکویٹی اسٹیک کی حامل ہے۔

پاکستان ریفائنری لمیٹڈ

پاکستان میں پاکستان ریفائنری لمیٹڈ (PRL) کا قیام مئی، 1960 میں بطور پبلک لمیٹڈ کمپنی عمل میں اور یہ پاکستان اسٹاک ایکسچینج میں درج شدہ ہے۔ یہ ریفائنری کراچی، پاکستان کی ساحلی پٹی پر واقع ہے اور اسے ملک کی اسٹریٹجک اور مقامی ایندھن کی ضروریات کو پورا کرنے کے لئے مختلف درآمدشدہ اور مقامی خام تیل کو پراسس کرنے کے لئے ڈیزائن کیا گیا ہے۔ PSO، PRL میں 22.5% ایکویٹی اسٹیک کی حامل ہے، ہر چند یہ کہ مؤثر ہولڈنگ 24.11% کی سطح پر ہے، جس کی وجوہات مالی گوشواروں کے نوٹ 7.1 میں درج شدہ ہے۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک

PSO کا بورڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری شدہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 اور لسٹنگ ریگولیشنز میں تفصیل شدہ کارپوریٹ گورننس (ضابطہ اخلاق) کے ذریعے تفویض شدہ ذمہ داری سے بخوبی آگاہ ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

پی ایس او کا بورڈ مکمل طور پر اپنی ذمہ داری سے واقف ہے جیسا کہ پبلک سیکٹر کمپنیوں (کارپوریٹ گورننس) قواعد، 2013 اور لسٹڈ کمپنیاں (کارپوریٹ گورننس) کے قوانین، 2017 کے تحت سیکورٹیز اینڈ ایکسچینج کمشنر آف پاکستان نے جاری کیا۔

کارپوریٹ گورننس اور مسلسل بہتری کے لئے پی ایس او کے عزم کے اعتراف کے طور پر بیانات مندرجہ ذیل ہیں:

- کارپوریٹ گورننس کے متعلقہ اصولوں کے مطابق کمپلائنس کیا گیا ہے اور جو قواعد کی تعمیل نہیں کی گئی ہیں، ان کی مدت کے ساتھ ان کی شناخت کی گئی ہے جس میں اس طرح کی غیر تعمیل کی وجوہات بھی درج ہیں۔
- کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالیاتی بیانات، اس کے معاملات کا صحیح عکس ہیں، اس کے عمل کا نتیجہ، نقد بہاؤ، جامع آمدنی کا بیان اور ایکویٹی میں تبدیلی ہے۔
- کمپنی کے اکاؤنٹ مناسب برقرار رکھے گئے ہیں۔
- مناسب اکاؤنٹنگ کی پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور محتاط اندازے پر مبنی ہے۔
- بین الاقوامی مالیاتی رپورٹنگ معیار، جیسے پاکستان میں قابلِ اطلاق، مالی بیانات اور اخراجات کی تیاری میں پیروی کی گئی ہے، جس کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کے نظام مضبوط اور مؤثر طریقے پر لاگو ہوئے ہیں جن کی نگرانی کی جاتی ہے۔
- غیر ایگزیکٹو بورڈ آف مینجمنٹ کے ممبران نے ہر ایک میٹنگ کے لئے معاوضہ طے نہیں کیا اور نہ ہی ایک مقررہ فیس مقرر کی گئی ہے۔ بورڈ آف مینجمنٹ کی طرف سے مجموعی طور پر معاوضہ کا فیصلہ کیا جائے گا۔
- کمپنی کی صلاحیت اور اس کے روزمرہ کے امور پر کوئی اہم شک نہیں ہے۔
- جیسا کہ فہرست شدہ کمپنیاں (کارپوریٹ گورننس) کے ضابطے، 201 اور پبلک سیکٹر کمپنیوں (کارپوریٹ گورننس) قواعد، 2013 میں درج کی گئی ہے، ان کی پاسداری کی جا رہی ہے۔
- گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کے اختصاص شدہ شکل میں شامل ہیں۔
- مندرجہ ذیل 30 جون، 2018 تک کے غیر متوقع اکاؤنٹس پر مبنی پراویڈنٹ اور پینشن فنڈز کی سرمایہ کاری کی ویلیو ہے۔

	Rs. in Billion
PSOCL Management Employees' Pension Fund	8,751
PSOCL Workers' Staff Pension Fund	5,096
PSOCL Staff Provident Fund	2,472
PSOCL Employees' Provident Fund	1,346
PSOCL Employees' Gratuity Fund	4,883

- سال کے دوران، مینجمنٹ بورڈ کے سات اجلاس منعقد کئے گئے تھے اور ہر رکن کی حاضری صفحہ 64 پر دی گئی ہے۔
- شیئر ہولڈنگ کی شیئرز کی تفصیلات ضمنی ہیں۔

گزشتہ سال کی توقعات پر اٹھائے گئے اقدامات اور کمپنی کی کارکردگی

پچھلے سال کی سالانہ رپورٹ میں انکشاف کیا گیا ہے کہ مستقبل کے اقدامات کے بیان پر کمپنی کی کارکردگی ذیل میں دی گئی ہے۔

- پی ایس او نے آئل مارکیٹ میں اپنی قیادت لیکویڈ فیولز میں 50.0 فیصد، 42.9 فیصد وائٹ آئل میں اور 66.7 فیصد شیئر بلیک آئل میں حاصل کر کے برقرار رکھی۔ کمپنی نے اپنے برانڈ کے فروغ کے لئے سی اسٹورز کی از سرِ نو تزئین و آرائش کی اور ملک بھر میں پھیلے ریٹیل آؤٹ لیٹس پر صارفین کی سہولت کے لئے اے ٹی ایم اور برانچ لیس بینکنگ کی تعداد میں اضافہ کیا۔ یہ خدمات کمپنی کے صارفین کے لئے خصوصاً اور معاشرے کے لئے عمومی طور پر ویلیو ایڈ کریں گی۔ ایک آزاد سروے کے مطابق پی ایس او نے موٹر کار اور موٹر سائیکل میں سب سے زیادہ قابلِ اعتماد آئل مارکیٹنگ کمپنی کی حیثیت حاصل کرتے ہوئے بہترین پیپلز چوائس ایوارڈ جیت لیا۔

- کمپنی کی توجہ آئل سپلائی چین کو مربوط اور مستحکم بنانے پر مرکوز ہے جو مقامی ریفائنریز سے حاصل کی جانے والی پروڈکٹ کی مقدار میں بہتر اضافے سے ظاہر ہوتا ہے۔ جس میں گزشتہ سال کے مقابلے 10.5 فیصد اضافہ ہوا، جبکہ مصنوعات کی درآمدات کو کم کر کے 20.6 فیصد سے نمایاں کی ہوئی ہے۔ اس کے علاوہ، سپلائی چین میں مختلف صلاحیتوں اور ایندھن کے آپریشن کے انتظام کے نتیجے میں ڈیمرج کی لاگت میں نمایاں کمی ہوئی ہے۔ مزید برآں، ریلوے کے ذریعے پیٹرولیم مصنوعات کی نقل و حمل میں بہت زیادہ اضافہ ہوا اور کمپنی نے محفوظ نقل و حمل کے لئے معیار کے مطابق ٹینک لاریوں کو بھی بڑھایا۔ کمپنی نے ملک بھر میں اپنے آٹو گیس اسٹیشن نیٹ ورک کو بڑھانے کے لئے مختلف کوششیں بھی کیں۔
- مالی سال 2018 کے دوران، ملک کے نئے اسلام آباد انٹرنیشنل ایئرپورٹ پر اٹک پیٹرولیم کی شراکت سے ملک کی سب سے بڑی فیول فیسیلیٹی کا افتتاح ہوا۔ اس کے علاوہ، کمپنی نے موگیس کو مؤثر طریقے سے ہینڈل کیا اور کراچی سے ملک کی اپ کنٹری لوکیشن پر فیول کی بلاتعطل فراہمی کو یقینی بنایا۔ اس کے علاوہ، پی ایس او نے منظم طریقے سے موجودہ بنیادی ڈھانچے اور دستیاب وسائل کے ساتھ ZOT پر فرنس آئل کے دونوں گریڈ (ہائی اور لو سلفر فرنس آئل) کو ہینڈل کیا۔
- کمپنی کام کے محفوظ طریقوں کو یقینی بنانے کیلئے بھرپور توجہ مرکوز ہے اور کوشش ہوتی ہے کہ کمپنی میں کام کرنے والا عملہ اور دیگر شراکت دار کسی بھی قسم کے حادثہ سے محفوظ رہیں۔ پی ایس او اس بات کو یقینی بناتا ہے کہ روزمرہ کے امور کی انجام دہی میں کوئی خطرہ نہ ہو اور حفاظتی تدابیر جن میں 'حادثے کی تحقیقات اور رپورٹنگ اور سیکھنا' ہیں، 'ہنگامی ردِعمل کے منصوبوں کو مضبوط بنانے'، 'کمپنی اور ٹھیکیدار کے عملے دونوں میں مشق'، 'تبدیلی کا انتظام'، 'کام کا پرمٹ'، وغیرہ شامل ہیں۔ اس ضمن میں ملازمین سمیت ٹھیکیداروں کو باقاعدہ مشقیں کرائی جاتی ہیں۔

- کاروباری مقاصد کے مطابق کمپنی کے تنظیمی ڈھانچوں میں بہتری کے لئے مختلف اقدامات کئے گئے ہیں۔ کمپنی نے انسانی وسائل سے متعلق اپنی پالیسیوں کو باقاعدگی سے اپ ڈیٹ کیا ہے، جو صنعت کے بہترین طریقوں اور کاروباری تقاضوں کی پیروی کرتی ہیں۔ کمپنی نے شفافیت اور امتیاز کو یقینی بنانے کے دوران مختلف سطح پر قابل قدر انسانی وسائل کی بھرتی اور ان کی تربیت کا بھی آغاز کیا۔ پاکستان بھر میں پی ایس او کے ریٹیل آؤٹ لیٹس پر کسٹمر سروس کی سطح کو بہتر بنانے کے لئے، کمپنی نے 14 ریٹیل آؤٹ لیٹس میں عملے کو WOW "تربیت" دینی بھی شروع کی۔

- پی ایس او ریفائننگ کے کاروبار میں پی آر ایل میں اپنی ملکیت کے حصول کے ذریعے اہم واضح موجودگی برقرار رکھے ہوئے ہے۔ مزید برآں، ڈیپ کنورژن آئل ریفائنری کی تعمیر کے لئے ایک سمجھوتے کی یادداشت پر پاور چائنا کے ساتھ دستخط کیا گیا تھا۔ ڈاؤن اسٹریم حصہ میں کمپنی نے مختلف کاروباری شراکت داروں کے ساتھ معاہدے کئے تاکہ ایک بلا مسابقت کسٹمر سروس اور بہتر شیئر ہولڈر ایکویٹی کو یقینی بنایا جا سکے۔

مستقبل کا بیان

پی ایس او کی کارکردگی مختلف قومی اور بین الاقوامی معاشی عوامل سے متاثر ہوتی ہے جن میں غیر یقینی جغرافیائی صورتحال، تکنیکی ترقی، سلامتی کی صورتحال اور ماحولیات کے بارے میں خدشات وغیرہ شامل ہیں۔ یہ سارے خدشات پی ایس او کیلئے مسائل کا باعث بن

رپورٹ برائے حصص یافتگان

کارپوریٹ امیج میں اضافہ کرتا ہے
چیرٹی اکاؤنٹ کا اسٹیٹمنٹ۔ کارکردگی اور اقدامات

ہیلتھ کیئر

پی ایس او سی ایس آر ٹرسٹ نے ہیلتھ کیئر کے شعبہ میں 84.0 ملین روپے فراہم کیے اور مختلف معروف اداروں کے ساتھ عام پاکستانیوں کو صحت کی سہولتیں فراہم کرنے کیلئے اشتراک کیا۔ اس میں جنرل اور چلڈرن ہیلتھ کیئر، آنکھوں کے علاج، کینسر کیئر، ڈائیلاسس اور تھیلیسیمیا وغیرہ کے علاج کیلئے مدد شامل تھی۔

پی ایس او سی ایس آر سے عطیات وصول کرنے والوں میں شوکت خانم میموریل کینسر ہسپتال اینڈ ریسرچ سینٹر، دی فاطمید فاؤنڈیشن، انڈس ہسپتال، گھرکی ٹرسٹ اینڈ ٹیچنگ ہاسپٹل، امن ہیلتھ کیئر سروسز، کڈنی سینٹر اور بیت السکون کینسر ہسپتال شامل ہیں۔ دیگر ادارے جنہوں نے پی ایس او سی ایس آر ٹرسٹ سے تعاون حاصل کیا، ان میں چائلڈ لائف فاؤنڈیشن، افضال میموریل تھیلیسیمیا فاؤنڈیشن، محمدی بلڈ بینک اینڈ تھیلیسیمیا سینٹر، لیٹن رحمت اللہ بینوویلنٹ فنڈ (ایل آر بی ٹی)، ہیلپ انٹرنیشنل، دی کینسر کیئر ہسپتال اینڈ ریسرچ سینٹر، دی پیشنٹس ایڈ فاؤنڈیشن، جناح پوسٹ گریجویٹ میڈیکل سینٹر، الشفاء ٹرسٹ اور لیڈی ڈفرن ہسپتال شامل ہیں۔

تعلیم

تعلیم پی ایس او سی ایس آر ٹرسٹ کی طرف سے معاونت کا ایک اور ترجیحی شعبہ رہا ہے جس میں تقریباً 66.3 ملین روپے مذکورہ عرصے کے دوران صرف کیے گئے ہیں۔ اس حوالے سے جن اداروں کی معاونت کی گئی ان میں دی سٹیزن فاؤنڈیشن، لاہور یونیورسٹی آف مینجمنٹ سائنسز (LUMS)، بہبود ایسوسی ایشن، کراچی، کاغان میموریل ٹرسٹ، دی کشمیر ایجوکیشن فاؤنڈیشن، اور شاہد آفریدی فاؤنڈیشن شامل ہیں۔

پی ایس او نے مرکز برائے سماجی خدمات، سندھ پروفیشنل ایجوکیشن فاؤنڈیشن، پاکستان ہندو کونسل، انڈس ریسورس سینٹر، حبیب یونیورسٹی، سن بیمز اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان (ICAP) کی بھی معاونت کی۔

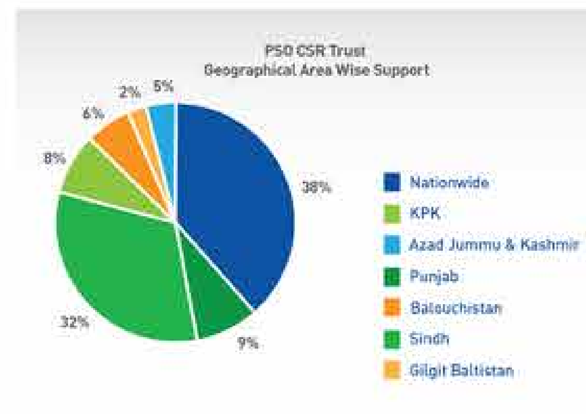
ٹرسٹ نے ٹیکنیکل ایجوکیشن کی ترویج کے لیے امن انسٹیٹیوٹ برائے ووکیشنل ٹریننگ، اور ہنر فاؤنڈیشن کی بھی معاونت کی۔ عزیز جہاں بیگم ٹرسٹ اور دی فیملی ایجوکیشنل سروسز فاؤنڈیشن کو بھی امداد فراہم کی گئی تاکہ اسپیشل افراد کو بھی تعلیمی سہولیات کی فراہمی کو یقینی بنایا جائے۔

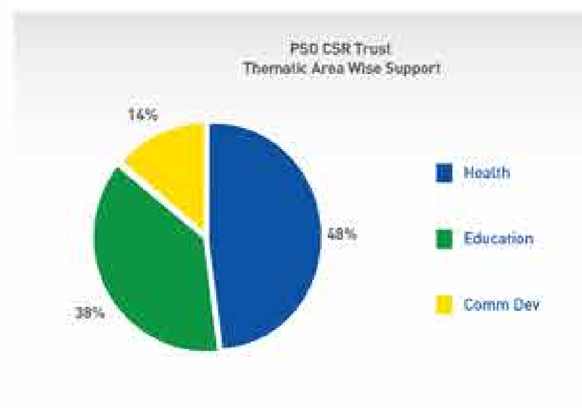
کمیونٹی ڈویلپمنٹ

مستحق بچوں کے لئے پینے کے صاف پانی کی فراہمی اور انفراسٹرکچر کی تعمیر کے لیے بھی پی ایس او سی ایس آر ٹرسٹ کی طرف سے 24.1 ملین روپے خرچ کیے گئے۔ ایس او ایس چلڈرنز ولیج، HANDS، دارالسکون، اور کراچی ووکیشنل ٹریننگ سینٹر فار انٹلیکچولی چیلنجڈ کو بھی عطیات دیے گئے۔

سی ایس آر کے منصوبے

پاکستان اسٹیٹ آئل اپنے سی ایس آر پروگرام کو مزید آگے بڑھانے اور عوام بالخصوص ملک کے دور دراز اور سہولیات سے محروم علاقوں میں رہائش پذیر افراد تک وسعت دینے کے لیے پرعزم ہے۔ یہ پروگرام معاشرے میں معاشی اور سماجی حیثیت کی بناء پر تفریق کے خاتمے کے لیے پل کا کردار ادا کرنے کا کام انجام دیتا رہے گا اور سہولیات سے محروم طبقوں کی معاونت کرتا رہے گا تاکہ ان کی زندگی میں بہتری اور خوشحالی لائی جاسکے





کاروباری ضابطہ اخلاق اور اقدامات برائے انسداد بدعنوانی

PSO میں شفافیت کو یقینی بنانے اور کارکردگی کو بڑھانے کو حوالے سے اپنی پالیسیز / طریقہ کار موجود ہے، جن پر عمل کیا جارہا ہے:

وسل بلوئنگ پالیسی

PSO کے ملازمین، بورڈ کے اراکین، متعلقہ افسران، ٹھیکیداران، سروس یوزرز، کسٹمرز اور کسی بھی عوامی (وسل بلوور) کو کسی بھی غلط عمل کی نشاندہی کرنے کا موقع فراہم کرتا ہے۔

کاوربار کے اصول اور ضابطہ اخلاق کی پالیسی

اس کا مقصد ملازمین کو اپنے تمام امور میں بلند ترین ضابطہ اخلاق اور کمپنی کے مفاد میں پیشہ ورانہ سرگرمیوں کی بہتر طرز پر انجام دہی میں راہنمائی کرنا ہے، جو کہ اس کی بنیادی اقدار کے مطابق ہوں اور ذاتی مفاد سے بالاتر ہو۔

مفاد کی پالیسی میں تضاد

یہ ان تمام ممنوعہ حالات کی نشاندہی کرتا ہے، جو براہ راست کمپنی کے مفاد سے متصادم ہو۔ کسی بھی ممکنہ تضاد کا ریکارڈ رکھنے کے لئے وقتاً فوقتاً ایک مشق کا انعقاد کیا جاتا ہے۔

کاروباری امور کا رسک بیسڈ آڈٹ

یہ آپریشنز، سسٹمز اور انٹرنل کنٹرولز کی انفرادی اور بامقصد تشخیص اور جائزہ فراہم کرتا ہے۔

دیگر امور

ہم آپ کی توجہ فنانشل اسٹیٹمنٹ کے 27.1.1 نوٹ کو مالی بیانات پر مبذول کرانا چاہتے ہیں جس میں آڈیٹرز کی جانب سے نشاندہی کرنے والے معاملات کی رپورٹ میں بیرونی معلومات اور وضاحت شامل ہیں:

مزید مندرجہ ذیل معاملات کو آڈیٹروں کے ذریعہ کلیدی آڈٹ کے معاملات کے طور پر سمجھا جاتا ہے، مالیاتی سال 2018 کے فنانشل اسٹیٹمنٹ مندرجہ ذیل ہیں:

- پاکستان حکومت اور صارفین سے وصول کنندگان (فنانشل اسٹیٹمنٹ میں 13.2 اور 16 پوائنٹ دیکھیں)
- Contingent ذمہ داریاں (فنانشل اسٹیٹمنٹ سے 27.1.2 سے 27.1.15 ملاحظہ کریں)
- ریٹائرمنٹ فوائد (نوٹ 2.3، فنانشل اسٹیٹمنٹ کے لئے 4.11.1 اور 21 ملاحظہ کریں)
- کمپنیز ایکٹ، 2017 (فنانشل اسٹیٹمنٹ کے لئے نوٹ 3.1)

اس کے علاوہ ہم فنانشل اسٹیٹمنٹ کے نوٹ 45 پر توجہ مرکوز کرتے ہیں جن میں پاکستان کی معزز سپریم کورٹ کے ازخود نوٹس کی کارروائی کے بارے میں معلومات اور وضاحت شامل کی گئی ہے، اس ضمن میں انتظامیہ کسی مالی مضمرات کی توقع نہیں کرتی۔

آڈیٹر

بورڈ آف مینجمنٹ نے میسرز اے ایف فرگوسن اینڈ کمپنی اینڈ چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائے فورڈ رہوڈز کو کمپنی کے مشترکہ آڈیٹر کی حیثیت سے 30 جون، 2019 کو ختم ہونے والے مالی سال کے لئے تقرری کی منظوری دے دی۔

بورڈ آف مینجمنٹ میں تبدیلی

رواں مالی سال میں بورڈ آف مینجمنٹ کی ساخت میں مندرجہ ذیل تبدیلیاں ہوئیں:

- جناب محمد انور 04 اگست، 2017 کو جناب حق نواز کی جگہ بورڈ میں شامل ہوئے۔
- جناب صابینو سکندر جلال اور جناب امجد نذیر 11 اگست، 2017 کو بورڈ کے نئے ارکان کے طور پر مقرر ہوئے۔
- ڈاکٹر مصدق ملک نے 05 اکتوبر، 2017 کو استعفیٰ دے دیا اور جناب یوسف نسیم کھوکھر اور جناب احد خان چیمہ 19 اکتوبر 2017 کو بورڈ کے نئے ارکان کے طور پر مقرر ہوئے۔ جناب احد خان چیمہ 20 فروری 2018 تک بورڈ ممبر کی حیثیت سے برقرار رہے۔
- جناب ایم منان نے 20 فروری، 2018 کو بورڈ ممبر کے طور پر شمولیت اختیار کی اور بعد ازاں 28 فروری، 2018 کو بورڈ کے چیئرمین مقرر ہوئے۔ سال کے آخر میں
- جناب ایم اے منان نے بورڈ کے رکن اور چیئرمین کے طور پر استعفیٰ دے دیا۔
- جناب ساجد محمود قاضی نے 20 مارچ، 2018 کو جناب صابینو سکندر جلال کی جگہ بورڈ میں شمولیت کی، جناب صابینو سکندر جلال نے 16 مارچ 2018 کو استعفیٰ دے دیا تھا۔

بورڈ رخصت ہونے والے ممبران جناب حق نواز، ڈاکٹر مصدق ملک، جناب احد خان چیمہ، صابینو سکندر جلال اور جناب ایم اے منان کی قابل ذکر خدمات کا اعتراف کرتا ہے اور نئے ممبران کا خیر مقدم کرتا ہے۔

رپورٹ برائے حصص یافتگان

انسانی سرمایہ

انسانی سرمایہ کسی بھی کمپنی کے اسٹریٹجک مقاصد حاصل کرنے میں ریڑھ کی ہڈی کی حیثیت رکھتا ہے۔ کاروباری مقاصد کے حصول کے لئے انسانی سرمایہ کاری کو فروغ دے کر کمپنی کو بہتری کی طرف لے جایا جاسکتا ہے، کامیابی حاصل کرنے کیلئے یہی پی ایس او کی حکمت عملی ہے۔

HR مینجمنٹ کی پالیسیوں

پی ایس او میں ایک جامع ایچ آر پالیسی مرتب کی گئی ہے جو ملازمین کی ترقی اور انتظام کے تمام پہلوؤں کو پورا کرتی ہے اور انہیں مارکیٹ مسابقتی فوائد فراہم کرتی ہے۔ رواں سال کے دوران کلب ممبرشپ، چھٹیوں کا انتظام، ترقی، ٹرانسفر اور ملازمت کی تبدیلی کی پالیسی اور طویل سروس ایوارڈ کو کمپنی کی ضرورت کے مطابق انڈسٹری کے طریقوں کے مطابق تشکیل دیا گیا ہے۔ ڈیپارٹمنٹ ملازمین کو بہترین فوائد فراہم کرنے کیلئے پرعزم ہے، لہذا، پالیسیوں کی نظرثانی ایک مسلسل عمل ہے۔

منصوبہ بندی برائے تشنگی

مالی سال 2018 کے دوران، کمپنی کی تنظیمی ساخت کو کاروباری مقاصد کے حصول ،کارکردگی اور پروڈکشن میں اضافہ کو مدنظر رکھ کر تیار کیا گیا ہے۔ اس کے علاوہ، کامیابی کی منصوبہ بندی کو ترجیح دی جائے گی بذریعہ ملازمت میں تشخیص کے معیار میں اضافہ کیا گیا جو اعلی عہدوں پر اہلیت کے معیار کی شرط ہوگی۔ اسی طرح ملازمین کی ترقی کے امکانات بڑھانے کیلئے مختلف شعبوں میں کام کرنے کے مواقع دیئے جارہے ہیں۔

موجودہ سال کے دوران 367 ملازمین کو مختلف کام تفویض کیے گئے اور ان کا تبادلہ کردیا گیا۔ اس طرح ملازمت میں تفویض سے ان ملازمین کو نیا چیلنج ملے گا جو ان کے اندر مختلف النوع ہنرمندی پیدا کرے گا اور متعدد فعال تجربے حاصل کرنے میں مددگار ثابت ہوگا۔

ٹیلنٹ مینجمنٹ

ٹیلنٹ مینجمنٹ ایچ آر ڈیپارٹمنٹ کے سب سے اہم کرداروں میں سے ایک ہے۔ مالی سال کے دوران ہر ملازم کو تقریباً 15 گھنٹے کی سافٹ اسکلز اور ملازمت سے منسلک مہارت کی تربیت دی گئی۔

مارکیٹ سے بہترین ٹیلنٹ حاصل کرنے کی غرض سے ملازمت کے مواقع میں اعلی عہدوں، مڈکریئر اور ٹریننگ پروگرام کو پورا کرنے کی بھی شروعات کی گئیں۔ مالی سال 2018 کے دوران پی ایس او انٹرانیٹ پر "کیریئر کے مواقع" کے پورٹل کا آغاز کیا گیا ہے جس کا مقصد کمپنی ملازمین کو بھی شائع کردہ عہدے پر درخواست دینے کے لئے مناسب مواقع کی فراہمی کرنا تھا۔

پی ایس او نے نئے ٹیلنٹ کو اپنی طرف متوجہ کرنے کے لئے آٹھ ٹاپ یونیورسٹیوں کے جاب فیئر میں حصہ لیا۔ جن میں شرکا کو کمپنی میں انٹرنی یا ٹرینی پروگرام کے حوالے سے معلومات بھی فراہم کی گئیں۔ کمپنی نے دوسرے LEAP انٹرن شپ پروگرام کا بھی آغاز کیا تا کہ ملکی اور غیر ملکی طلبہ کو جو اپنی تعلیم مکمل کر چکے ہیں، کو کارپوریٹ ماحول کے بارے میں معلومات فراہم کی جا سکیں۔

پی ایس او نے ریٹیل آؤٹ لیٹس میں آنے والے صارفین کو اچھے تجربہ کی فراہمی کو یقینی بنانے کے لئے WOW ٹریننگ کا انعقاد کیا تا کہ پورے 14 ریٹیل ڈویژن میں 2500 پمپ میں کام کرنے والے اور ریٹیل ملازمین کو تربیت دی جا سکے۔ نیٹ ورکنگ سیشن بھی متعارف کروائے گئے جس میں مختلف اداروں سے آنے والے 100 سے زائد افراد کو PSO کا کام کرنے والوں کے ساتھ PSO کی ملک وقوم کیلئے خدمات کے بارے میں بتایا گیا۔

ایمپلائی انگیجمنٹ پروگرام

ایچ ایس ای انعام اور شناختی نظام کا آغاز ہوا تا کہ طرز عمل کی بنیاد پر سیفٹی پرمبنی پی ایس او کے پروگرام میں کس طرح پی ایس او ملازمین، ٹھیکیداروں کو مشغول کیا جا سکے اور ان کی حوصلہ افزائی کی جا سکے اور ان کے کام کو اور ان کے رویہ میں تبدیلی کو سراہا جا سکے۔

اس کے علاوہ کسی بھی حادثہ سے نمٹنے کیلئے جن ملازمین نے بروقت آگ پر قابو پانے میں مدد کی اور کسی بھی غیر محفوظ واقع سے بچنے کے لئے جن ملازمین نے اپنی خدمات انجام دیں ان کو انعام سے نوازا بھی گیا۔ ایچ ایس ای اعزاز اور اعتراف خدمات کے تحت ، ہر فیسیلٹی سے سیفٹی چیمپئنز کا انتخاب کیا گیا۔ سیکورٹی چیمپئنز HSE کی سہولت کے کوآرڈینیٹر کے ساتھ مصروف عمل رہے، حفاظت کے اصولوں پر گفتگو کی گئی جس میں سر فہرست کلیدی شعبوں کو ذاتی طور پر جانچ پڑتال کرنے جس کے بعد HSE آڈٹ کے فرق کو ختم کیا گیا۔

ہنگامی حالات کے حوالے سے ضروری مہارت کے ساتھ ملازمین کو ضروری معلومات اور تربیت سے آراستہ کرنے کے لئے تمام سہولیات پر جامع فائر فائٹنگ اور ابتدائی طبی امداد کی تربیت بھی منعقد کی گئی۔

ایمپلائز انگیجمنٹ کے تحت، کمپنی نے ایک نیا اور زیادہ پیشہ وارانہ انداز کے ساتھ اسٹاف میگزین دوبارہ شروع کیا ہے۔ پی ایس او ٹائمز، ایک سہ ماہی نیوز لیٹر ہے، جس میں ملازمین اور پی ایس او صارفین کے لئے کمپنی کی سرگرمیوں کا احاطہ کیا گیا ہے۔

صحت اور حفاظت کا عالمی دن

اس سال عالمی دن برائے صحت اور حفاظت کو پی ایس او ہاؤس، ڈویژنل دفاتر اور تمام پی ایس او سہولیات میں منایا گیا۔ اس بڑے پیمانے پر انعقاد کا مقصد ملازمت کے لئے ایک محفوظ کام کی جگہ کی طرف کمپنی کی ترجیح کو فروغ دلانا تھا۔ اس دن ملازمین کی حفاظت پر احتیاطی تدابیر اور اونچائی پر کام کرتے وقت پھسل کر گرنے جیسے خطرات کے حوالے سے ملازمین کی تربیت پر بھرپور توجہ مرکوز کی گئی۔ اس کے علاوہ، پی ایس او ہاؤس میں ملازمین کی فلاح و بہبود کے لئے طبی سہولیات کے کیمپ کا انعقاد ہوا جن میں آنکھ کا معائنہ اور خون میں شکر کی جانچ کی گئی۔

سماجی اور شراکت دار کیپٹل

صارفین کی خدمات

پی ایس او، ملک کی سب سے بڑی آئل مارکیٹنگ کمپنی ہونے کے ناطے اپنے کسٹمرز کو ایک انتہائی مستعد اور منظم نظام کے ذریعے ان کی شکایات کا ازالہ کرنے کے لئے متحرک رہتی ہے۔ پی ایس او کی تعلق کیئر جدید نظام سے آراستہ ایک فعال مرکز ہے جو اندرونی اور بیرونی طور پر اپنے تمام کسٹمرز کو تعاون فراہم کرتا ہے۔

جائزہ کے دوران، تعلق ہیلپ لائن کے ذریعے صارفین کے ساتھ 680,500 سے زائد رابطے کیے گئے جن میں خودکار طریقے سے آن لائن حفاظتی کوڈ ایپلیکیشن بذریعہ ایس ایم ایس سروس، آؤٹ باؤنڈ اور ان باؤنڈ کالز، ای میلز، فیکس وغیرہ شامل تھے۔

مالی سال 2018 میں تعلق کیئر نے پہلی بار، آن کال مکینک ٹریننگ پروگرام کا انعقاد کیا، لبریکنٹس ڈیلرز کی آئل مصنوعات کے اسٹاک کی جانچ کے معاملے میں تعاون کیا، جیج اور معیار کی سہولیات فراہم کی اور ریٹیل آؤٹ لیٹس کے اسٹاف پر WOW ٹریننگ پروگرام کے اثرات ونتائج کا جائزہ لیا۔

اجتماعی سماجی ذمہ داری اور استحکام

ملک کی سب سے پہلی اور سب سے بڑی آئل مارکیٹنگ کمپنی ہونے کے ناطے اور ایک کارپوریٹ شہری کی حیثیت سے پاکستان اسٹیٹ آئل (پی ایس او) معاشرے کو ایک مستحکم کل کی تشکیل میں مدد فراہم کررہی ہے۔ کمپنی پاکستان اور اس کے لوگوں کے لئے ایک مستحکم کمیونٹی اور سماجی ترقی کیلئے تعاون پیش کرتی ہے۔

پی ایس او ملک میں اجتماعی معاشی اور سماجی اقدار پر یقین رکھتا ہے۔ مالی سال 2018 میں کمپنی نے اپنے چیرٹیبل یونٹ: پی ایس او سی ایس آر ٹرسٹ کے ذریعہ پاکستان کی مختلف چیرٹیبل اداروں کو تقریباً 175.0 ملین روپے سے زائد کی امداد فراہم کی۔ یہ ادارے صحت و تعلیمی میدان اور کمیونٹی کی ترقی میں فعال کردار ادا کررہے ہیں۔

سماجی اور ماحولیاتی ذمہ داری کی پالیسی

پی ایس او کے سی ایس آر کے عطیات کا انتظام پی ایس او سی ایس آر ٹرسٹ کرتا ہے۔ کمپنی اپنے قبل از ٹیکس منافع کا 1% سی ایس آر اور دیگر فلاحی سرگرمیوں کیلئے وقف کرتا ہے۔ یہ عطیات سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کمپنیز ایکٹ 2017 اور کارپوریٹ سوشل ریسپانس ایبلٹی والنٹیری گائیڈ لائنز 2013 میں شامل متعلقہ قوانین اور پالیسیز کے مطابق فراہم کرتا ہے۔ پی ایس او سی ایس آر ٹرسٹ نے فیڈرل بورڈ آف ریوینیو سے بھی NPO کا درجہ حاصل کررکھا ہے۔ ٹرسٹ پاکستان سینٹر آف فلنتھراپی (پی سی پی) سے بھی سرٹیفکیٹ حاصل کرنے کے مرحلے میں ہے۔

عطیات کا مقصد

اجتماعی سماجی ذمہ داری (سی ایس آر) پی ایس او کی بنیادی اقدار میں شامل ہے اور یہ کمپنی کے مجموعی مشن کا لازمی حصہ ہے۔ پی ایس او ملک بھر میں اور خاص طور پر پسماندہ علاقوں میں، جہاں کمپنی آپریٹ کرتی ہے، مستحق عوام کیلئے سہولتیں فراہم کرنے کے لئے مصروف عمل ہے۔

اپنی کاروباری حکمت عملی کے مطابق سی ایس آر اور کارپوریٹ فلاحی کاموں میں مدد کے تحت پی ایس او اسٹیک ہولڈرز کے ساتھ اپنی اقدار کے اشتراک سے عوام میں اپنی

رپورٹ برائے حصص یافتگان

بین الاقوامی ادارے ISO 31000 اور COSOERM فریم ورک کی معاونت حاصل ہے۔ جو اس کے تمام آپریشنز اور فیصلہ سازی کی سرگرمیوں میں شامل ہے۔

سال کے دوران، بہت سے کاروباری خطرات کی نشاندہی کی گئی ہے، بشمول تیل کی قیمت میں ردوبدل کا خطرہ، غیر ملکی کرنسی کے خطرے، کریڈٹ کے خطرے، مقابلہ کے خطرے، سپلائی چین کے خطرے، منصوبے کی تاخیر کے خطرے، اثاثہ مینجمنٹ کے خطرے، انسانی وسائل کی منصوبہ بندی اور استعمال، اور معلومات کی حفاظت کے خطرے سمیت، جس کا تجزیہ کیا جارہا ہے اور ان کے حل کے لئے کام کیا جارہا ہے۔

نئے قائم کردہ مارکیٹ ریسرچ ڈیپارٹمنٹ نے کاروباری تبدیلیوں، ڈیموگرافکس، موجودہ مارکیٹ کے رجحانات اور پی ایس او صارفین کے اخراجات کی خصوصیات کے بارے میں اہم معلومات حاصل کرنے میں مدد کی ہے جو پیٹرولیم انڈسٹری میں مقابلہ کے رجحانات کے بارے میں معلومات فراہم کرتی ہے۔

برانڈنگ

برانڈ کسی بھی کمپنی کی خصوصیت ہے۔ مؤثر برانڈنگ کے ذریعے کمپنی اپنی قدر میں اضافہ کرکے اپنی ٹیم کو سمت اور حوصلہ افزائی فراہم کرتی ہے۔ اس کے علاوہ، اچھی برانڈنگ صارفین کے حصول کو آسان بنا دیتی ہے اور متعلقہ صارفین کے جذباتی لگاؤ پیدا کردیتی ہے۔

کارپوریٹ برانڈنگ

پی ایس او اپنی قومی شناخت کے فروغ کیلئے تمام قومی دنوں کو منانے کا اہتمام کرتی ہے اور اس ضمن میں خصوصی مواقع پر ذرائع ابلاغ پر اشتہاری مہم چلائی جاتی ہے مثلاً پاکستان کا 70ویں یوم آزادی، یوم پیدائش قائداعظم، اقبال ڈے اور یوم دفاع پاکستان پر مہم چلائی گئیں۔ کمپنی نے اپنے کارپوریٹ نظریہ کی تجدید کیلئے Every Journey begins here کے نام سے مہم شروع کی جو ایک کارپوریٹ برانڈ کا پلیٹ فارم ہے۔

پی ایس او نے اپنے اہم سنگ میلوں کو بھی شایان شان طریقے سے منایا مثلاً پی ایس او کی 41ویں سالگرہ، نیو اسلام آباد انٹرنیشنل ایئرپورٹ پر پی ایس او-اے پی ایل ایندھن کی فراہمی کی جدید سہولت کا افتتاح وغیرہ۔ کمپنی نے ماؤں کے عالمی دن کے موقع پر بھی مہم چلائی۔ اس کے علاوہ 16 دسمبر 2017 کو آرمی پبلک اسکول کے شہیدوں کو بھی خراج تحسین پیش کیا گیا۔

پروڈکٹ برانڈنگ

کمپنی نے نئے فیول برانڈ الٹرون ایکس 97، ہائی اوکٹین (97 رون) کی شروعات پر ملک بھر میں بڑے پیمانے پر مہم چلائی۔

ریٹیل کلچر پروگرام، کسٹمر کیئر کے دن پورے پاکستان میں منائے گئے تاکہ عملہ کو پی ایس او کے منفرد کسٹمر کیئر کا نقطہ نظر عوام تک پہنچانے کا موقع مل سکے۔

کمپنی کے فروغ کیلئے سینئر حکام اور دیگر افسران نے اعلیٰ سطح پر منعقد ہونے والی نمائشیں مثلاً ابوظہبی کی عالمی نمائش و کانفرنس، پاکستان آئل اینڈ گیس کانفرنس، ڈیجیٹل کانفرنس اور خواتین کی لیڈرشپ کانفرنس میں شرکت کی۔

پی ایس او نے متعدد آٹو موبائل ریلیوں میں بھی شرکت کی جیسے پاکستان موٹر ریلی، تھر ریلی، کراچی گوادر ریلی اور چولستان ریلی شامل ہے تاکہ ملک میں موٹر اسپورٹس کو فروغ دیا جائے جو کمپنی کے مرکزی کاروبار سے بھی ہم آہنگی رکھتا ہے۔

مصنوعات کے معیار کی حفاظت

کوالٹی اشورینس (QA) ایک ایسا طریقہ ہے جس کے ذریعے کمپنی کے کاروبار کو فروغ دینے میں مدد ملتی ہے۔ پیٹرولیم مصنوعات کا اعلیٰ معیار صارفین کی مسرت کا باعث بنتا ہے اور انہیں ہمیشہ ایک برانڈ کا انتخاب کرنے پر متوجہ کرتا ہے۔

QA ڈیپارٹمنٹ کی ذمہ داری صارفین کو بہترین سہولیات فراہم کرنا، جس میں پیٹرولیم مصنوعات، کیمیکل مصنوعات کی جانچ پڑتال شامل ہے مصنوعات کے اعلیٰ معیار کی جدید لیبارٹریز اور ملک بھر میں موجود موبائل کوالٹی ٹیسٹنگ گاڑیوں کے ذریعے کرائی جاتی ہے۔ اس کا مقصد صارفین کو حکومت پاکستان کی مقرر کردہ معیار کے مطابق اعلیٰ درجہ کی مصنوعات فراہم کرنا ہے۔

پی ایس او نے مختلف مقامات (کیماڑی ٹرمینل اے، لیوب مینوفیکچرنگ ٹرمینل، ذوالفقار آباد آئل ٹرمینل، لال پیر، ماچھیکے، فیصل آباد اور سہالہ) پر 07 سٹیشنری لیبارٹریز قائم کی ہیں جہاں جانچ پڑتال کی جاتی ہے کہ مذکورہ مصنوعات کا معیار قواعد و ضوابط، اور متعلقہ اداروں کے مقرر کردہ اصولوں کے مطابق ہے۔

اس سال کے دوران، سٹیشنری لیبارٹریوں میں تقریباً 70 ہزار پیٹرولیم مصنوعات کے نمونے چیک کئے گئے اور 1500 سے زائد لیب کے بلینڈ تیار کئے گئے۔ کوالٹی ایشورنس ڈپارٹمنٹ نے مختلف ٹیسٹنگ طریقوں پر دفاعی اہلکاروں کو بھی تربیت دی ہے۔

پیٹرولیم مصنوعات کے معیار کی جانچ کیلئے پی ایس او کے پاس 25 موبائل کوالٹی ٹیسٹنگ گاڑیوں کا فلیٹ ہے (24 پیٹرولیم، ایک سی این جی معائنہ یونٹ) ہے جو ملک بھر میں 18 مقامات پر ریٹیل آؤٹ لیٹس پر موجود پیٹرولیم مصنوعات کی جانچ پڑتال کرتے ہیں، یہاں تک کہ صنعتی صارفین کو ان کے اپنے اداروں میں یہ سہولت فراہم کی جاتی ہے۔ موبائل کوالٹی ٹیسٹنگ وین ریٹیل/صنعتی صارفین سمیت ڈپو اور تنصیبات میں ذخیرہ کی جانے والی پٹرولیم مصنوعات کے معیار اور مقدار دونوں کا معائنہ کرتی ہے۔ موبائل کوالٹی ٹیسٹنگ یونٹ اعلیٰ معیار کو یقینی بنانے کے لئے مصنوعات کی اہم ٹیسٹنگ پیرامیٹرز کو چیک کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ صارفین کو اعلیٰ معیار کی مصنوعات دستیاب ہیں۔

رواں مالی سال کے دوران موبائل ٹیسٹنگ وینز نے 19650 سے زائد بار ریٹیل آؤٹ لیٹس کا دورہ کیا، 957 بار پی ایس او کی تنصیبات، 30 سی این جی اسٹیشنوں کے علاوہ تعلق کسٹمر کیئر لائن سے موصول ہونے والی 136 شکایات کا ازالہ کیا اور ملک بھر میں 275 کمپنی فنڈڈ سائٹس کی تصدیق کی۔ موبائل ٹیسٹنگ یونٹس نے صحت، تحفظ اور ماحولیات (HSE) کے حوالے سے 1588 ریٹیل آؤٹ لیٹس کی جانچ پڑتال کی جس کا مقصد پی ایس او کے کارپوریٹ مقاصد یعنی صارفین کو اعلیٰ معیار کی مصنوعات اور خدمات فراہم کرنا اور صحت، تحفظ اور ماحولیات کا معیار برقرار رکھنا ہے۔ کوالٹی ایشورنس ڈیپارٹمنٹ نے ادارے کے دیگر شعبوں کو کوالٹی مینجمنٹ سسٹم کی سپورٹ فراہم کی جس کے نتیجے میں ان شعبوں کو 9001:2015 کی سرٹیفکیشن حاصل ہوگئی۔

قدرتی سرمایہ

صحت، حفاظت اور ماحولیات (HSE)

رواں سال کے دوران، کئی نئے اقدامات متعارف کرائے گئے، کمپنی نے HSE کے سابق طریقہ کار کو مزید بہتر بنانے پر توجہ مرکوز کی ہے جس کے تحت پی ایس او میں حفاظتی معیارات کو بہتر بنانے کے لئے نظام میں موجود کسی بھی قسم کی خامیوں کو دور کرکے بہتری کی طرف بڑھا جارہا ہے۔

HSE آڈٹ

مالی سال 2018 میں پی ایس او پاکستان بھر میں سب سے بڑا ریٹیل نیٹ ورک کا حامل ہے۔ ملک بھر میں 3 ہزار سے زائد ریٹیل آؤٹ لیٹس کا HSE آڈٹ کیا گیا تاکہ خطرات کی بروقت نشاندہی کرتے ہوئے ان کو ختم کیا جائے۔ ان آڈٹس کے دوران پی ایس او ریٹیل آؤٹ لیٹس پر کام کرنے والے ملازمین کو بھی تربیت دی گئی کہ ہنگامی صورتحال سے کیسے نمٹا جاسکتا ہے

ریٹیل آؤٹ لیٹس میں HSE آڈٹ کے ساتھ ساتھ، پی ایس او کی 15 فیصد ٹینک لاریوں کا بھی حفاظتی معائنہ کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جائے کہ پی ایس او کا فلیٹ سڑک پر حفاظتی خصوصیات سے لیس ہو۔

حفاظتی انتظامات پر عمل درآمد

تبدیلی کے طریقہ کار کے انتظام (MOC) میں ترمیم کی گئی تھی کہ اس عمل کو بہتر بنایا جائے یہاں تک کہ چھوٹی تبدیلیوں کا بھی اچھی طرح سے جائزہ لیا جاتا ہے اور کسی بھی تبدیلی سے قبل تمام ممکنہ خطرات کا بغور جائزہ لیا جاتا ہے۔ مقامی جگہ پر MOCs کمیٹیاں قائم کی گئی جن کا مقصد تبدیلی کے طریقہ کار میں مدد کرتا ہے۔ عملدرآمد کرنے کی اجازت نامہ کی بھی ترمیم کی گئی جس کا مقصد اصل کام شروع کرنے سے قبل تمام دشواریوں اور طریقہ کار واضح کرنا اور روک تھام کیلئے بروقت اقدامات کرتا ہے۔

شروعات سے قبل حفاظتی جائزہ متعارف کرایا گیا تاکہ مخصوص ڈیزائن، پراسیس ہیزرڈ تجزیہ اور مینجمنٹ آف چینج کو تسلی بخش طریقے سے حل کیا جاسکے تاکہ آلات یا پراسیس کے آغاز کو محفوظ بنایا جاسکے۔ اس کا مقصد یہ بھی ہے کہ تمام قابل اطلاق ایس او پیز، پی اینڈ آئی ڈی، انجینئرنگ ڈائیگرام شروع کرنے سے قبل اپڈیٹ کی جائیں۔

اس کے علاوہ، تمام پی ایس او آپریشنل سہولیات میں earthing اور بانڈنگ ٹیسٹ کئے گئے تاکہ کسی بھی کمی کی نشاندہی کی جاسکے اور اسٹیٹک چارج ایکیومیلیشن کی وجہ سے حفاظتی خطرات کو کم کیا جاسکے۔

اس کے علاوہ، پاکستان میں پی ایس او کی آپریشنل سہولیات میں ڈرائیو وے اور واک ویز کی سہولت فراہم کی جاسکے جس کا مقصد ملازمین کو محفوظ مخصوص چلنے کی جگہ فراہم کی جاسکے اور ٹریفک کا بہاؤ آسان بنایا جاسکے۔

ماحولیاتی حفاظت

اس سال ماحولیاتی مینجمنٹ سسٹم کا آغاز کیا گیا ہے جس کے پہلا مرحلہ میں کسی بھی سہولت پر ماحولیاتی کمی کی نشاندہی کرکے پورا کرنا ہے۔ اس میں صاف پانی کا استعمال، توانائی کے ساتھ ساتھ اخراج، مٹی اور زمینی پانی کی نگرانی کی جاسکے اور گاڑیوں، جنریٹرز اور بوائیلرز سے خارج ہونے والی آلودگی پر قابو پایا جاسکے۔ آنے والے سالوں میں ماحولیات میں کسی بھی خرابی سے نمٹنا اصل مقصد ہے۔

رپورٹ برائے حصص یافتگان

لیکویڈیٹی کی صورتحال اور کیش فلو:

مالی سال 2018 کے اختتام پر، پاور سیکٹر سے قابل وصول رقم گزشتہ مالی سال 2017 میں 176.1 ارب روپے کے مقابلے 199.9 ارب روپے ہے جس میں 23.8 ارب روپے کا اضافہ ظاہر ہوا ہے۔ یہ اضافہ پاور سیکٹر پر واجب الادا ہے اور اس کی جانب سے مصنوعات کی فراہمی کے مقابلے میں کم ادائیگی کا نتیجہ ہے۔ مالی سال 2017-18 کے دوران پی ایس او نے 186.1 ارب روپے کی مالیت کا فرنس آئل فراہم کیا جس کی کل 162.3 ارب روپے کی ادائیگی وصول ہوئی، یوں 23.8 ارب روپے کا خسارہ ہوا۔ حکومت پاکستان کو گردشی قرضے ختم کرنے کیلئے متعدد سفارشات پیش کی گئیں، جن پر اگر عمل ہو گیا تو امید ہے کہ کمپنی کی لیکویڈیٹی کو بہتر کیا جا سکتا ہے۔

کمپنی نے لیکویڈیٹی کی ضرورت کا بندوبست کرنے کیلئے تمام ممکنہ اقدامات کئے تاکہ ورکنگ کیپٹل کی ضرورت کو پورا کرنے اور مقامی اور بین الاقوامی سپلائرز کی بروقت ادائیگی کیلئے سرمایہ کی موجودگی یقینی بنایا جا سکے۔ انتظامیہ وزارت خزانہ، وزارت توانائی کے تعاون سے حکومت پاکستان کو باقاعدگی سے قابل وصول رقم کے بارے میں آگاہ کرتی رہتی ہے۔ مزید برآں باقاعدگی سے واپڈا، جنکو، کیپکو، پی آئی اے اور ایس این جی پی ایل سے رابطہ رکھا جاتا ہے تاکہ بقایا قابل وصول رقم کیلئے فنڈز جاری کئے جائیں۔

براہ راست کیش فلو اسٹیٹمنٹ ملاحظہ کرنے کیلئے سیکشن 6 دیکھیں۔

مالیاتی انتظامات

مالی سال 2018 کے دوران کمپنی کا اوسط قرضہ 99.3 ارب روپے ہے اس کے مقابلے میں مالی سال 2017 میں 116.3 ارب روپے تھا۔ رواں سال پاکستانی سرمایہ کاری بانڈز کی میچورٹی کے باعث کمپنی کے سب قرضوں کی اوسط شرح کم ہوئی۔ مجموعی کوششوں کے نتیجے میں اوسط مالیاتی لاگت 17 بنیادی پوائنٹس کی کمی سے 4.5 فیصد رہی جو گزشتہ مالی سال 2017 میں 4.7 فیصد تھی۔ اوسط مالیاتی لاگت میں کمی بینکوں سے مذاکرات اور مقامی اور غیر ملکی کرنسی کے مجموعہ میں قرضوں کا نتیجہ ہے۔

لیکویڈیٹی چیلنجز سے نمٹنے اور قرضوں کی انتظام کاری کی حکمت عملی

کمپنی کو توقع ہے کہ اعلیٰ ترین سطح پر صورتحال میں تبدیلی کے بعد بقایا رقم کی ادائیگی میں حائل رکاوٹیں دور کرنے میں متعلقہ ادارے اپنا کردار ادا کریں گے اس ضمن میں قرض نادہندہ بشمول پاور سیکٹر کے شعبے، پی آئی اے اور ایس این جی پی ایل کے ساتھ ایک جامع منصوبہ مرتب کر کے پیش کیا جائے گا۔ تاہم اس دوران کمپنی مندرجہ ذیل اقدامات سے اپنی لیکویڈیٹی کی ضرورت کا انتظام جاری رکھے گی:۔

- حکومت پاکستان، توانائی کے شعبے کے صارفین، پی آئی اے اور ایس این جی پی ایل سے قریبی رابطہ قائم رکھے گی۔
- کاروباری اور مالیاتی سرمایے کا مضبوط انتظام
- نقد ادائیگی والے صارفین پر بھرپور توجہ
- کاروباری ترقی کے ذریعے آپریشنل نقد سرمایہ حاصل کرنا
- مناسب کریڈٹ لائنوں کو برقرار رکھنا اور ان کی بروقت دستیابی کو یقینی بنانا۔

مقامی بمقابلہ درآمد شدہ اجزاء کی ساخت اور حساسیت کا تجزیہ

پی ایس او اپنے والیوم کا 34 فیصد سے زائد حصہ مقامی ریفائنریوں سے لیتی ہے جو گزشتہ مالی سال میں 27 فیصد تھا۔ مقامی خریداری 4.2 میٹرک ٹن جبکہ درآمد شدہ خریداری 8.3 میٹرک ٹن ہے۔ یہ ذکر کرنا ضروری ہے کہ مقررہ مدت کے دوران پی ایس او کے مقامی ریفائنریز سے پروڈکٹ حاصل کرنے کے رجحان میں اضافہ ہوا۔

پی ایس او کو صرف درآمد شدہ وائٹ آئل مصنوعات پر غیر ملکی کرنسی کے تبادلے کے نقصان کا خطرہ ہے۔ خطرہ میں اضافہ کی وجہ ایکسچینج ریٹ میں فرق، قیمتوں کا تعین کرنے کی تاریخ پر موجودہ لیٹر آف کریڈٹ کی ریٹائرمنٹ ڈیٹ ہے۔

کریڈٹ کی شرح

پاکستان کریڈٹ ایجنسی لمیٹڈ (پیکرا) کی جانب سے پی ایس او کی تازہ ترین درجہ بندی مندرجہ ذیل ہے:

مختصر مدت	A1+
طویل مدتی	AA
آؤٹ لک	مستحکم

ڈیوڈینڈ اور دیگر مفروضات:

کمپنی کی کارکردگی کی بنیاد پر، بورڈ آف مینجمنٹ فی شیئر 5 روپے (50 فیصد) فائنل نقد منافع دینے کا اعلان کیا ہے اور 20 فیصد کا اسٹاک ڈیوڈنڈ دیا ہے جو 10 روپے فی شیئر کے عبوری نقد منافع میں ایک اضافہ ہے۔ مالی سال 2018 کا منافع منقسمہ (بشمول اسٹاک منافع منقسمہ) 17 روپے (170 فیصد) فی شیئر کی سطح پر کھڑا ہے جو گزشتہ مالی سال میں 27 روپے فی شیئر (270 فیصد) تھا۔ اس مالی سال میں شیئر ہولڈرز کو 5.5 بلین روپے کی ادائیگی کی گئی جو گزشتہ مالی سال میں 7.3 بلین روپے تھی۔

انٹیلیکچول کیپٹل

انفارمیشن کمیونیکیشنز سسٹم

انفارمیشن کمیونیکیشنز ڈیپارٹمنٹ، کاروباری شعبوں کو مسلسل، بہتر، خودکار، موثر اور بروقت خدمات کی فراہمی کو یقینی بناتے ہوئے بہترین حل کی شروعات، اطلاق اور معاونت کے ذریعے اسٹریٹجک ڈیپارٹمنٹ کا کردار نبھانے کے لئے کوشاں ہے۔

1-ریٹیل معائنہ کی ایپلیکیشن - ایک موبائل ایپلیکیشن تیار کی گئی ہے جو کامیابی سے اپنا کام کر رہی ہے، اس خودکار سسٹم سے سیلز ٹیم کسی بھی ریٹیل آؤٹ لیٹ کا معائنہ کر سکتے ہیں جس میں تمام ڈیٹا ایک جگہ موجود ہونے سے سہولت ہو جاتی ہے۔

2-فیلڈ فورس ٹریکنگ سسٹم - ایک کامیاب آن لائن پورٹل تیار کیا گیا ہے جس کا مقصد کمپنی کے تمام فیلڈ اہلکار کی نقل و حرکت سے باخبر رہنے اور انتظام کرنے سے سیلز عملے کا موثر اور بروقت استعمال کیا جا رہا ہے تاکہ بہترین کارکردگی کو یقینی بنایا جا سکے اور صارفین کو اعلیٰ سہولیات فراہم کی جا سکیں۔

3-روڈار گیج کی ہم آہنگی - SAP سسٹم کے انضمام سے پی ایس او کے کل 15 میں سے 13 ٹرمینل اور ڈپو پر روڈار گیج کے ذریعے الیکٹرک ڈپ ریڈنگ کے ذریعے SAP کے آن لائن سسٹم سے مصنوعات کی مانیٹرنگ، تجزیہ اور مقدار پر نظر رکھنے میں معاون ثابت ہوتا ہے۔

4-نقد جمع کرنے کے لئے بینکوں کے ساتھ انضمام - پانچ بڑے بینکوں کے ساتھ کامیاب انضمام سے رقم جمع کرنے کی نئی سلپ خصوصی ڈپازٹ سلپ (SDS) متعارف کرا دی گئی ہے۔ اس کا مقصد خودکار نظام کے ذریعے ڈپو سے بغیر بینک جائے رقم جمع کرائی جا سکتی ہے۔ صارفین کو مزید سہولیات فراہم کرنے کیلئے اس ڈیجیٹل حل سے کم سے کم انسانی مداخلت کے باعث حسابات کی مزید درستگی ممکن ہو گئی ہے۔

5-مینجمنٹ ڈیش بورڈز - مینجمنٹ ڈیش بورڈ کامیابی سے چھ اہم محکموں کے مختص کیا گیا تاکہ ضرورت کے مطابق وقتاً فوقتاً کاروباری اعداد و شمار اور تجزیات حاصل کئے جا سکیں جو بروقت فیصلہ لینے میں مددگار ثابت ہوتا ہے، یہ استعمال کرنے میں بھی آسان ہے۔

6-انفرا اسٹرکچر کی افزائش - ڈیٹا سینٹر کور اور کیمپس سوئچز کو اگلے جنریشن انٹرپرائز کلاس میں اپ گریڈ کیا گیا ہے جس میں ٹھوس سٹوریج ایریا نیٹ ورک کے استعمال سے کارکردگی، سلامتی اور موجودہ انفرا اسٹرکچر کو بہتر بنایا ہے۔ گیگا بائٹ LAN کی بنیاد پر نیٹ ورک کے بنیادی ڈھانچے کو 3 جگہوں پر تعینات کیا گیا ہے جس سے نیٹ ورک سروسز کی بہتر خدمات حاصل ہوں گی۔

7-ڈیزاسٹر ریکوری (ڈی آر) ڈرل - ڈیزاسٹر ریکوری ڈرل 2018 کو ڈی آر سائٹ پر 24 جون، 2018 کو کامیابی سے منعقد کیا گیا، SAP سسٹم کی موجودگی سے ثانوی سائٹ پر کاروباری آپریٹنگ کی تدوین کامیابی سے ہوئی۔

پروکیورمنٹ اور سروسز

رواں سال پی ایس او کی توجہ خریداری کے عمل میں از سر نو ہم آہنگی پیدا کرنا ہے تاکہ اس عمل میں وینڈرز کی شرکت کو بڑھایا جا سکے اور مارکیٹ ریسرچ کے ذریعے فراہمی کے بہتر ذرائع تلاش کئے جا سکیں بحیثیت پبلک سیکٹر کمپنی، پیپرا رولز 2004 کے قواعد و ضوابط کی پروکیورمنٹ کے عمل کے تمام پہلوؤں میں پیروی یقینی بنائی گئی تاکہ ایک شفاف اور منافع بخش طریقے سے کنٹریکٹ دیئے جا سکیں۔

ٹیم پروکیورمنٹ کے عمل کے نظام کی بہتری، ادارہ جاتی اصلاحات اور تربیت کے ذریعے حقیقی طور پر فعال اور بہتر بنانے کے لئے مسلسل سرگرم عمل ہے۔

تعمیری اصلاحات

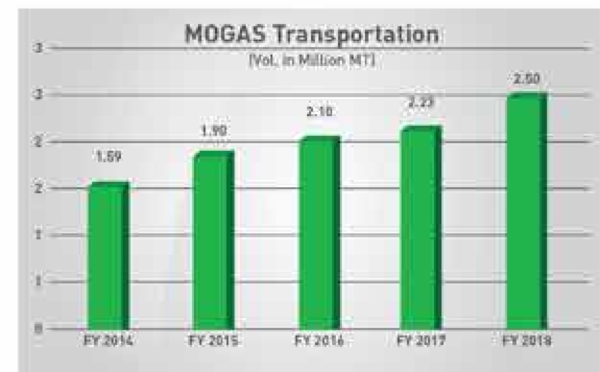
پی ایس او ادارے میں ایک موثر رسک مینجمنٹ کلچر قائم کرنے کے عمل سے گزر رہا ہے جس کے تحت اس کی وسیع رسک مینجمنٹ پالیسی اور فریم ورک کا اطلاق کیا گیا ہے، جسے معروف

رپورٹ برائے حصص یافتگان

موٹر گیسولین کی نقل وحمل

بڑھتی ہوئی مانگ کے مطابق، مالی سال2018 کے دوران2.5 ملین میٹرک ٹن موٹر گیسولین کی ترسیل کی گئی جس میں گزشتہ پانچ سالوں کے دوران مجموعی طور پر50 فیصد سے زائد اضافہ ہوا۔

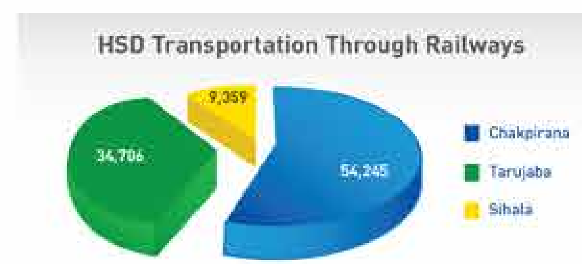
ٹینک لاریوں کو واپسی کے چکر کو بروقت جسٹ ان ٹائم (جے آئی ٹی) کو بہتر بنانے پر انتظامیہ کی توجہ مرکوز ہے، اس انوینٹری مینجمنٹ سسٹم کے ذریعے کامیابی سے بغیر کسی اضافی وسائل کے زائد مانگ کی منظم ترسیل کا عمل بروقت کیا جارہا ہے۔



ریلوے کے ذریعہ ہائی اسپیڈ ڈیزل کی نقل وحمل

مالی سال2018 کے دوران ریلوے کے ذریعے ہائی اسپیڈ ڈیزل کی نقل وحمل 3 سیکٹرز میں جن میں چک پیرانہ تاروجبہ اور سہالہ شامل ہیں۔ اس کا مقصد سڑکوں کے ذریعے نقل وحمل پر کم سے کم انحصار کرنا ہے جو کم لاگت اور موثر بھی ہے۔ نقل وحمل میں کم لاگت کے فوائد براہ راست عوام کو منتقل کئے جارہے ہیں۔

ریلوے پی ایس او کے مستقبل میں نقل وحمل کا ایک لازمی جز ہے، اس شعبے میں آئندہ چند سالوں میں ہائی اسپیڈ ڈیزل کی ترسیل میں اضافہ ہوگا، اس کے علاوہ ریل ہیڈ سیکٹرز بشمول ماچھیکے اور فیصل آباد سے بھی آغاز کیا جائے گا۔



ڈرائیور ٹریننگ پروگرام

پیٹرولیم مصنوعات کی محفوظ نقل وحمل کی ضرورت کے پیش نظر پی ایس او کا ارادہ ہے کہ تمام ٹینک لاری ڈرائیورز کی نیشنل ہائی وے اور موٹروے پولیس سے تربیت وتصدیق کرائی جائے۔ اس اقدام کے باعث1200 سے زائد ڈرائیورز کو نیشنل ہائی وے اور موٹروے پولیس نے ملک بھر میں اپنے تربیتی مراکز میں تربیت دی۔

انفراسٹرکچر پروجیکٹ اور دیکھ بھال

نیو وژن ریٹیل آؤٹ لیٹس کی تعمیر:

مالی سال2018 کے دوران، پی ایس او کے ریٹیل کنسٹرکشن اور فیسیلیٹیشن ڈیپارٹمنٹ نے78 نئے ریٹیل آؤٹ لیٹس تیار اور کمیشن کئے، اس نیو وژن کے ریٹیل ڈیولپمنٹ پروگرام کے ذریعے فروخت میں مزید اضافہ ہوا جس سے پی ایس او کی مارکیٹ میں بالادستی مزید مستحکم ہوئی ہے۔

پی ایس او نے پورے ملک میں2000 سے زائد نئے وژن ریٹیل آؤٹ لیٹس کی تعمیر کا سنگ میل حاصل کیا ہے۔

آپریشنز

کیماڑی پورٹ پر بنیادی ڈھانچے اور افرادی قوت کی کمی کے باوجود، پی ایس او نے موثر طریقے سے موٹر گیسولین کے درآمدی کارگو کو سنبھالا اور کراچی سمیت ملک کے کونے کونے میں بلاتعطل ترسیل جاری رکھی۔ کمپنی نے عام تعطیلات اور ہفتہ وار چھٹیوں کے باوجود ایندھن کی فراہمی کو یقینی بنایا تاکہ معیشت کا پہیہ چلتا رہے۔

آپریشنز ڈیپارٹمنٹ نے پی ایس او کو Altron X97 ہائی آکٹین موٹر گیسولین کی مارکیٹ میں بغیر کسی اضافی سرمایہ کاری اور اضافہ وقت کے ہموار طریقے سے مارکیٹ میں پہنچانے میں مدد دی۔ پاور سیکٹر کی بڑھتی ہوئی ضروریات کے پیش نظر، پی ایس او نے موجودہ بنیادی ڈھانچے اور وسائل کے موثر استعمال سے دونوں گریڈ کا فرنس آئل (ہائی سلفر فرنس آئل HSFO، لو سلفر فرنس آئل LSFO) بہتر طریقے سے ہینڈل کیا۔
موجودہ کاروباری ضروریات کو پورا کرنے کیلئے ذوالفقار آباد آئل ٹرمینل پر، بنیادی ڈھانچے اور مصنوعات کی ہینڈلنگ کے لئے اور ملاوٹ دور کرنے کے لئے نظام مرتب کیا گیا۔ اضافی فرنس آئل کو کھپانے کے لئے ZOT پر فاسٹ ٹریک پرڈی کینٹیشن سسٹم بھی بنایا گیا۔

صحت، سیفٹی اور ماحولیاتی (HSE) کارکردگی میں مزید بہتری کیلئے کمپنی نے اپنی توجہ ملازمین اور ٹھیکیداروں کو ذہنی طور پر HSE سے ہم آہنگ کرنے کیلئے بھرپور اقدامات کئے ہیں۔ خطرے پر مبنی نقطہ نظر کو اپنانے، HSE کی بنیادی توجہ ''حادثات کی تحقیقات، رپورٹنگ کے طریقہ کار کو سکھانا ہے'' جس سے ''ہنگامی ردعمل کے منصوبہ (ERPs)'' کو بہتر بنانے کیلئے ہنگامی بنیادوں پر ملازمین اور ٹھیکیداروں کو مشقیں کرائی جاتی ہیں جس میں ''مینجمنٹ کی تبدیلی (MOC)'' اور ''کام کی اجازت (PTW)'' وغیرہ شامل ہیں۔

پاک چین اقتصادی راہداری منصوبہ

پی ایس او نے28 جنوری 2018 کو چین اوورسیز پورٹ ہولڈنگ کمپنی لمیٹڈ (سی او پی ایچ سی ایل) کے ساتھ MoU پر دستخط کئے ہیں، جس میں سی پیک گوادر پروجیکٹ میں مختلف کاروباری مواقع کا جائزہ لینا تھا۔ سی پیک پروجیکٹ ملک کی اقتصادی صورتحال کو بدلنے میں میں گیم چینجر کا کردار ادا کرے گا۔

فنانشل کیپٹل

مالی سال2018 کے دوران فنانس ڈپارٹمنٹ نے اپنے اسٹریٹجک بزنس پارٹنرشپ کا کردار جاری رکھا اور ہفتے کے سات دن مسلسل کاروباری اور دیگر شراکت داروں کے کام میں معاونت جاری رکھی۔ یہ نظام اپنے آپ کو انڈسٹری کی بہترین مشقوں سے استفادہ کرتا ہے، جس میں اقتصادی، قانونی اور کمپنی میں لاگو ہونے والی رپورٹنگ کا طریقہ شامل ہے۔

پی ایس او کا ٹریژری نظام ملک کا سب سے بڑا ٹریژری نظام ہے جس میں مجموعی طور پر 2.0 کھرب روپے سالانہ کی رقم جمع کی جاتی ہے اور15 سے زائد بینکوں کی شراکت سے50 ہزار سے زائد کھاتہ داروں کے بلز جاری کئے جاتے ہیں۔ بڑھتے ہوئے گردشی قرضوں، روپے کی قدر میں کمی اور عالمی منڈی میں تیل کی قیمتوں میں اضافہ کے باوجود ٹیم یہ بات یقینی بناتی ہے کہ کاروباری نظام منظم طریقہ سے سارا سال چلتا رہے۔ ٹیم کی کوششوں کے نتیجے میں، بینکوں کے ساتھ مذاکرات کے ساتھ موثر حکمت عملی کے تحت قرضے لینے سے مالیاتی اخراجات میں کمی ہوئی ہے۔

اس سال کے دوران ٹیم نے متعلقہ حکام سے مسلسل روابط کے باعث 61.4 ارب روپے وصول کئے، بشمول توانائی کے شعبے میں فراہم کردہ ایندھن کی معمول کے مطابق مختص رقم کے۔ اس کے علاوہ غیر انتھک کوششوں سے توانائی کے شعبے سے لیٹ پے منٹ سرچارج کی مد میں3.2 ارب روپے وصول کئے۔

بیرونی اور اندرونی صارفین کیلئے مالیاتی رپورٹنگ کے نظام کو مزید مضبوط بنایا گیا، اور ٹیم نے یہ بات یقینی بنائی کہ کمپنی کے نتائج بروقت درست، مالیاتی اور کارپوریٹ رپورٹنگ کے فریم ورک کے تحت فراہم کئے جائیں۔ ٹیم نے نئی اکاؤنٹنگ کے لئے معیارات اور رپورٹنگ کی ضروریات خصوصاً نئی کمپنیاں ایکٹ، 2017 کے تحت لازم قرار دی گئی ہیں ان سے آگاہی حاصل کی۔ کمپنی کی جانب سے سہ ماہی تجزیہ کار بریفنگ سیشن کا انعقاد کیا گیا جس میں تجزیہ کاروں کو مجموعی کاروباری سرگرمیوں سے آگاہ کیا گیا۔ مالیاتی رپورٹنگ میں بہتری ایک بار پھر اعلیٰ سطح پر تسلیم کی گئی۔ آئی کیپ (ICAP) اور (ICMAP) کے مشترکہ ایوارڈ میں آئل اینڈ گیس سیکٹر میں بہترین کارکردگی پر کارپوریٹ ایوارڈ سے نوازا گیا۔ رواں سال کمپنی نے مقابلہ میں گزشتہ سال کی طرح اپنی تیسری پوزیشن برقرار رکھی ہے۔ اس کے علاوہ پی ایس او نے ساؤتھ ایشیا فیڈریشن آف اکاؤنٹنٹس (SAFA) میں مالی سال2018 کے دوران بہترین سالانہ رپورٹ میں مشترکہ طور پر دوسرے رنراپ کا ایوارڈ جیتا۔

مالیاتی ٹیم نے ایک کھرب روپے سے زائد سالانہ کی بلنگ ہینڈل کی8000 سے زائد صارفین کریڈٹ اکاؤنٹ، اور2000 سے زائد ڈیلرز کی ادائیگیوں انڈسٹری کے پہلے آن لائن آرڈر مینجمنٹ سسٹم کے ذریعے ہینڈل کیے۔

قومی خزانہ میں حصہ ڈالنا

پی ایس او کو فخر ہے کہ وہ ایک ٹیکس کمپلائنس کمپنی ہے جس کا اعتراف فیڈرل بورڈ آف ریونیو (FBR) متعدد فورمز پر کر چکا ہے۔ رواں سال ایف بی آر کی ٹیم جس میں سینئر حکام اور ممبران شامل تھے نے پی ایس او ہاؤس کا دورہ کیا اور پی ایس او کو ایک ٹوکن آف اپریسیشن پیش کیا۔ کمپنی قومی خزانہ میں مندرجہ ذیل شراکت داری کے بعد سب سے زیادہ ٹیکس ادا کرنے والی کمپنی بن گئی ہے۔

	2017-18	2016-17
	ارب روپے	
سیلز ٹیکس	227	201
پیٹرولیم لیوی	79	71
دیگر ڈیوٹیز اور ٹیکسز	39	47
کل رقم	345	319

آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ (او جی ڈی سی ایل)، پورٹ قاسم اتھارٹی (PQA) وغیرہ کے طویل مدتی ایندھن کے معاہدے حاصل کر کے کمپنی نے بڑے پیمانے پر کامیابی حاصل کی۔ پی ایس او نے پاکستانی افواج کو ایندھن اور لبریکنٹس کی فراہمی کے لئے اہم ٹینڈر حاصل کئے۔ کمپنی کو فخر ہے کہ پاکستان آرمی، پاکستان ایئرفورس، پاک بحریہ، پاکستان ریلوے، نیشنل لاجسٹکس سیل (این ایل سی)، او جی ڈی سی ایل، پی او ایف اور زراعت کے محکموں وغیرہ جیسے بڑے قومی اداروں کو پیٹرول، آئل اور لبریکنٹس فراہم کرتی ہے۔

پی ایس او نے پاکستان کے سوسائٹی آف شوگر ٹیکنالوجی (پی ایس ایس ٹی) کے ساتھ ان کے 51 سالہ سالانہ کنونشن کے انعقاد کے لئے اشتراک کیا۔ شکر کے شعبے میں توجہ مرکوز کرنے سے گزشتہ سال کے مقابلے اس شعبے میں امسال 15 فیصد اضافہ ہوا۔

انفراسٹرکچر کیپیٹل

سپلائی

پی ایس او نے مالی سال 2018 میں مقامی ریفائنریز اور درآمدات سے 12.5 ملین میٹرک ٹن مقدار حاصل کی جو گزشتہ سال 14.1 ملین میٹرک ٹن تھی۔ جبکہ ریفائنریز سے گزشتہ مالی سال کے 3.8 ملین میٹرک ٹن کے مقابلے میں اس سال 4.2 ملین میٹرک ٹن پروڈکٹ لی گئی، درآمدات سے 10.3 ملین میٹرک ٹن کے مقابلے میں اس سال 8.3 ملین میٹرک ٹن پروڈکٹ حاصل کی گئی۔ ملک کی درآمدات میں کمی کی اصل وجہ فرنس آئل کی درآمدات میں کمی ہے (جو گزشتہ سال 5.9 ملین میٹرک ٹن کے مقابلے میں 3.9 ملین میٹرک ٹن تھی، اس کا سبب توانائی کے شعبے میں طلب میں کمی تھی)۔ پی ایس او نے ریفائنریز سے گزشتہ 5 سال کے دوران اس سال سب سے زیادہ پروڈکٹ حاصل کی۔

اعلیٰ معیار موگیس RON92 اور یورو II ہائی اسپیڈ ڈیزل (500 پی ایم پی) کی ایک ہموار سپلائی چین کو برقرار رکھتے ہوئے، پی ایس او ملک بھر میں مسابقتی قیمتوں اور ماحول دوست ایندھن کو فروغ دینے کے لئے پرعزم ہے۔ اس سال کے دوران، پی ایس او نے موگیس، RON97 (عام طور پر HOBC کے طور پر جانا جاتا ہے) درآمد کیا جو Altron-X برانڈ نام کے تحت مارکیٹ کیا جارہا ہے۔ سپلائی چین کو مزید بہتر بنانے اور مسابقت بڑھانے کے لئے، پی ایس او معروف بین الاقوامی سپلائرز کے ساتھ حکومت سے حکومت (جی 2 جی) سے طویل المدت معاہدوں پر عمل درآمد کر رہا ہے۔ آپریشنل کارکردگی کو بڑھانے اور نظم آرڈر کے زیادہ مواقع حاصل کرنے کے لئے مصنوعات درآمد کرنے کے لئے آرڈر سائیکل 30 دن سے کم ہو کر 10 سے 15 دن تک محدود ہو گیا ہے۔

لاجسٹکس

این ایل سی اور نیٹکو کے درمیان سمجھوتے کی یادداشت

کاروباری تبدیلیوں کے پیش نظر، پی ایس او مسلسل کاروباری مواقع ڈھونڈ رہا ہے تاکہ مصنوعات کی ترسیل کے لئے محفوظ اور بلاتعطل فراہمی کے سلسلے کو جاری رکھے۔

نیشنل لاجسٹکس سیل (این ایل سی) اور شمالی ایریا ٹرانسپورٹ کمپنی (نیٹکو) دونوں حکومتی سرپرستی میں چلنے والے قومی ادارے، بڑے، معروف، اور پیشہ ورانہ اور مالی طور پر مستحکم لاجسٹکس کمپنیاں ہیں۔ بار بار کی ہڑتالوں/یونین زدہ ٹرانسپورٹرز کی تالہ بندیاں کے پیش نظر، غیر یونین زدہ اور موثر ٹرانسپورٹرز کے فلیٹ کی اشد ضرورت ہے پی ایس او کو ایک مسلسل سپلائی چین کو یقینی بنانے کے لئے پاکستان بھر میں پی ایس او کو ایک بڑے اور مستحکم فلیٹ کی خدمات پیش کر سکے۔

بیڑے میں اضافہ

سڑک کے ذریعہ پیٹرولیم مصنوعات کی محفوظ نقل و حمل کو یقینی بنانا، پی ایس او نے OGRA ریگولیٹری کے مطابق اور تمام شراکت داروں کی مشاورت سے (کارٹیج کانٹریکٹر) اپنے بیڑے کا آغاز کیا ہے۔ بیڑے میں جدید ٹیکنالوجی سے لیس ٹینک لاریاں جو OGRA اور نیشنل ہائی وے اتھارٹی کے مقرر کردہ معیار کے عین مطابق ہیں، جس میں بہترین گیج اور الٹنے سے بچنے کا میکینزم موجود ہے جو ممکنہ حادثہ سے محفوظ رکھنے کا موثر طریقہ ہے۔

رپورٹ برائے حصص یافتگان

مالی سال 2018 میں سوئی ناردرن گیس پائپ لائنز لمیٹڈ کو اوسطاً 600 MMCFD آر ایل این جی فراہم کی گئی جو محتاط منصوبہ بندی اور عمل درآمد میں سرکاری حکام اور سپلائرز سمیت تمام شراکت داروں بشمول ایس ایس جی سی، ایس این جی پی ایل، اینگرو ایل این جی اور پی ایل ایل کے ساتھ رابطے کے ذریعے انجام دی گئی۔

کمپنی متعلقہ حکام کے ساتھ رابطے میں ہے تاکہ ایل این جی کے مارجن میں تبدیلی کا اطلاق کیا جا سکے جو اقتصادی رابطہ کمیٹی برائے کابینہ سے 30 مئی 2018 کو منظور ہوئی۔

ایل پی جی

پی ایس او ایل پی جی بزنس (پاک گیس) نے مالی سال 17 میں کلومیٹرک ٹن 25.0 کے مقابلے کلومیٹرک ٹن 31.6 فروخت کر کے ایک اور بہترین سالانہ کارکردگی کا مظاہرہ کیا، جس سے انڈسٹری کی گروتھ 5.1 کے برعکس کمپنی کو 26.3 فیصد اضافہ حاصل ہوا۔ پاک گیس نے اپنی موجودگی کو مزید مضبوط کرتے ہوئے شہری اور دیہی علاقوں تک رسائی میں اضافہ کیا اب اس صنعت کی 6 بڑی ایل پی جی مارکیٹنگ کمپنیوں میں شمار کی جاتی ہے۔

پاک گیس نے اپنے ڈسٹری بیوٹرنیٹ ورک میں 35 نئے ڈسٹری بیوٹرز کا اضافہ کیا جس سے ملک بھر میں فعال ڈسٹری بیوٹرز کی تعداد 181 ہوگئی۔ پاک گیس ایسے صنعتی شعبوں میں جس تک رسائی ممکن نہیں تھی داخل ہوا اور کامیابی سے صنعتی صارفین کو فروخت شروع کردی۔ کمپنی نے پہلے صنعتی صارف کو پاک گیس کی طرف سے طویل مدتی خرید و فروخت معاہدے کے تحت اسٹورج ٹینک فراہم کیا۔

مالی سال 2018 میں پی ایس او نے ریٹیل آوٹ لیٹس پر 'سمارٹ گیس' کے برانڈ نام سے 4 مزید آٹو گیس کی سہولیات کا آغاز کیا ہے۔ جس ان پی ایس او کو آٹو گیس کے شعبہ میں ملک بھر کے 17 آٹو گیس اسٹیشنز میں سے 6 آپریشنل آٹو گیس اسٹیشنز کے ساتھ برتری دے دی ہے۔

مقامی ایل پی جی کی اضافی مصنوعات کی تخصیص صنعت میں ایک چیلنج ہے۔ مصنوعات کی قلت کے مسئلے کے حل کرنے کے لئے، پی ایس او نے او جی ڈی سی ایل کے ساتھ ایک سمجھوتے کی یادداشت (MoU) پر دستخط کیے جس کے تحت او جی ڈی سی ایل مختلف شعبوں سے اضافی/زائد پروڈکٹس کو محفوظ رکھنے کا انتظام کیا گیا، جس میں مارکیٹنگ ٹیم کو کاروباری ترقی کے مواقع سے فائدہ اٹھانے کی سہولت ملی۔

سی این جی

پی ایس او نے فرنچائز ماڈل کے تحت سی این جی سہولیات کی مارکیٹ میں شرکت کیلئے صنعت میں اپنی حیثیت برقرار رکھی۔ پنجاب میں سی این جی اسٹیشنوں پر آر ایل این جی کی دستیابی میں بہتری سے صنعت کے استحکام میں مدد ملی ہے، جس میں مزید بہتری کی امید ہے۔

لبریکنٹس اور کیمیکلز

پی ایس او لبریکنٹس کے کاروبار نے فروخت میں گزشتہ مالی سال کے مقابلہ 4.4 فیصد اضافہ سے مثبت حصہ کارکردگی کا مظاہرہ کیا جس میں انڈسٹریل، ریٹیل اور ہائی اسٹریٹ کے حصوں پر توجہ مرکوز کر کے ریٹیل اور صنعتی حلقوں سے آنے والی افزائش طلب کے ساتھ فروخت کے حجم میں بالترتیب 5.7 فیصد اور 18.9 فیصد اضافہ ہوا۔ کمپنی نے پیداواری سہولت (پروڈکشن فسیلٹی) 46,000 میٹرک ٹن پروڈکٹ بلینڈ کی۔

برانڈ کے شعور اور مصنوعات تک رسائی کو فروغ دینے کے لئے برانڈ پر توجہ مرکوز کی گئی اور کئی اشتہاری مہم چلائی گئیں جس میں ہائی اسٹریٹ اور ریٹیل چینلز میں ٹریڈ مارکیٹنگ کیمپینز چلائی گئیں۔ ملک بھر میں مختلف مقامی ریٹیل مہم کا آغاز کیا گیا ہے تاکہ فروخت میں اضافہ اور برانڈ کے شعور کو بڑھایا جا سکے۔

پی ایس او نے صارفین کو بہتر خدمت کا تجربہ فراہم کرنے پر توجہ مرکوز کرتے ہوئے ریٹیل آوٹ لیٹس پر آئل تبدیل کی سہولت بہم پہنچانے کی مہم چلائی جو پاکستان بھر کے تمام بڑے شہروں میں پی ایس او کے 45 سے زائد ریٹیل آوٹ لیٹس پر یہ سہولت فراہم کی گئی۔

پی ایس او نے چینل کے شراکت داروں اور صارفین کے ساتھ اپنے تعلقات کو مضبوط بنانے کیلئے مکینک دوست پروگرام اور آئل ایڈوائزر پروگرام جیسے اقدامات اٹھائے۔

پی ایس او کی ہائی اسٹریٹ ٹیم نے اپنے ڈسٹری بیوشن نیٹ ورک کو مزید بہتر بنانے کیلئے ڈسٹری بیوٹر کی طرف سے اضافی وین کو شامل کیا۔ ٹیم کی پوری توجہ اس منافع بخش اور اعلیٰ ممکنہ مارکیٹ چینل تک رسائی اور فروخت میں اضافہ پر مرکوز ہے۔

صنعتی صارفین

مالی سال 2018 کے دوران، پی ایس او نے صنعتی صارفین (آئی سی) کے شعبے میں ہائی اسپیڈ ڈیزل مارکیٹ میں اپنی قیادت برقرار رکھی، جہاں ہائی اسپیڈ ڈیزل کی فروخت میں گزشتہ سال کے مقابلے 18.5 فیصد اضافہ ہوا۔

کاری کے ساتھ، پی ایس او موجودہ مالی سال کے اختتام تک 1500 اسٹیشنوں میں یہ خدمات فراہم کرنے کا ارادہ رکھتی ہے، جس کے نتیجے میں پی ایس او پورے نیٹ ورک کے تقریباً 50 فیصد حصے میں یہ خدمات دستیاب ہوں گی۔

صارفین مالیاتی خدمات جیسے فنڈز کی منتقلی، یوٹیلیٹی بل کی ادائیگی، موبائل Top-Up، پینشن جمع کرنے اور بینظیر انکم سپورٹ پروگرام کے وظیفے، ریلوے ٹکٹ کی بکنگ جیسے تمام کام آسان اور محفوظ طریقے سے سرانجام دیے جاسکتے ہیں۔ یہ سروسز دور دراز اور پسماندہ علاقوں میں ڈیجیٹل اور مالی شمولیت کو فروغ دینے میں معاون ثابت کرے گی جہاں روایتی بینک کی شاخوں کی کمی ہے اور اس طرح زیادہ سے زیادہ لوگوں کو رسمی مالیاتی نظام کے دائرے میں لے آئے گی۔

پی ایس او نے مالی سال 2018 کے دوران اپنے ریٹیل آوٹ لیٹس پر اے ٹی ایمز کی تنصیب کے کام کو تیز کیا۔ فی الحال یہ سہولت 135 اسٹیشنز پر دستیاب ہے اور مزید اضافے کے لئے کوشش کی جارہی ہے۔ یہ سہولت صارفین کو ایک محفوظ ماحول میں مالی معاملات انجام دینے کے قابل بناتی ہے۔

وینڈنگ مشینیں

پی ایس او کی برانڈڈ وینڈنگ مشینیں بنام "ری فیول" ایک اور سنگ میل ہے جو کمپنی کی ریٹیل آوٹ لیٹس کو صارفین کیلئے ایک ترجیحی منزل بناتی ہے۔ پی ایس او نے کئی کمپنیوں کے ساتھ مختلف مقامات پر ان وینڈنگ مشینوں کی تعیناتی کے لئے اسٹریٹجک شراکت کے معاہدے کئے ہیں۔ یہ مشین ریٹیل آوٹ لیٹس پر اسنیکس اور مشروبات کی ضرورت کو پورا کریں گی جہاں شاپ اسٹاپ دستیاب نہیں ہیں۔

کراچی، لاہور اور اسلام آباد کی ریٹیل آوٹ لیٹس پر اب تک 19 وینڈنگ مشینیں کامیابی سے نصب کی گئیں، اور کمپنی اس سہولت کو ملک بھر میں مزید ریٹیل آوٹ لیٹس تک فروغ دینے کے لئے کوشاں ہے۔

کارڈ بزنس

مالی سال 18-2017 کے دوران پی ایس او کارڈز ڈویژن نے جدت کی تلاش جاری رکھی اور نہ صرف اپنی مارکیٹ لیڈرشپ سیلز اور جاری کیے جانے والے کارڈز کی تعداد کے حوالے سے برقرار رکھی بلکہ اپنے کسٹمرز کو تحفظ، سہولت، قبولیت اور دستیابی جیسی قابل قدر خدمات بھی فراہم کیں۔

اس سلسلے میں مختلف اقدامات جو اٹھائے گئے، مندرجہ ذیل ہیں:

ا۔ فیول لنک:

کسٹمرز کے لئے فیول لنک کے نام سے ایک آن لائن اور مکمل خودکار مینجمنٹ سلوشن متعارف کرایا گیا جو کہ کسٹمر کو نہ صرف کارڈ سے متعلق تمام معلومات ہفتے کے سات دن اور چوبیس گھنٹے فراہم کرتا ہے بلکہ ایک اکاؤنٹ کی آن لائن مکمل سرگرمیاں جس میں مخصوص رپورٹس، تجزیہ، پچھلے اور حالیہ بلوں تک رسائی، نئے اور تبدیل کیے جانے کارڈز کے لئے درخواست، کارڈ کی لمٹ میں تبدیلی، پروڈکٹس اور کارڈ کا اسٹیٹس اپ ڈیٹ وغیرہ شامل ہیں۔

۲۔ تحفظ اور استعداد میں اضافہ:

پی ایس او نہ صرف انتہائی محفوظ ای ایم وی کمپلائنٹ چپ کارڈ کی پیش کش کرتا ہے بلکہ یہ پاکستان کا واحد کارڈ ہے جو ایک اختیاری پن فیچر رکھتا ہے۔ یہ کسٹمر پر منحصر ہے کہ وہ پن کوڈ کے ساتھ چپ کارڈ حاصل کرے یا نہیں۔ استعمال سے پن جنریشن بذریعہ ایس ایم ایس اور آئی وی آر اسمارٹ آپریشنز کے ذریعے خودکار طریقے سے کارڈ کا نظام متعارف کرانے سے کسٹمرز کی درخواستوں کے عمل کے ٹرن اراؤنڈ ٹائم میں نمایاں کمی ہوئی ہے۔ تیز رفتار طریقہ کار میں اضافہ کے لئے آن لائن ورک فلو ایپلی کیشنز درخواستوں کے عمل کے دوران ہر مرحلے پر ٹریک کی جاسکتی ہے۔

۳۔ نئے پری پیڈ کارڈز:

کارپج کنٹریکٹرز اور دیگر کاروباری حلقوں کے لئے پری پیڈ ری لوڈ ایبل کارڈز کا اجراء کیا گیا ہے جس کے ذریعے متعدد درمیانے اور چھوٹے اداروں کو اپنے فیول کے اخراجات کو موثر طریقے سے منظم کرنے میں مدد ملتی ہے۔

مذکورہ بالا اقدامات کے نتیجے میں کارڈ ڈویژن نے 48.3 بلین روپے کی سیلز ریکارڈ کی گزشتہ مالی سال کے مقابلے میں 24 فیصد زیادہ ہے۔ مجموعی طور پر 750 نئے کسٹمرز آن بورڈ ہوئے اور تقریباً 42,000 نئے کارڈز مالی سال 18-2017 میں جاری ہوئے۔

کمرشل فیولز

ایوی ایشن، بحریہ اور برآمدات

پاکستان اسٹیٹ آئل گزشتہ 40 سالوں کے دوران اعلیٰ معیار کے ایوی ایشن ایندھن کی مارکیٹنگ کر رہا ہے، جو سب سے زیادہ محفوظ اور ماحولیاتی معیار کے مطابق ہے۔ پی ایس او ملک میں ایوی ایشن فیول انڈسٹری میں بڑے کھلاڑی کے طور پر اپنی حیثیت کو مستحکم بنانے کے لئے پیشہ ور تربیت یافتہ افرادی قوت اور مضبوط جدید انفرا اسٹرکچر کے ذریعے مسلسل اعلیٰ خدمات کی فراہمی کے لئے کوشاں ہے۔ پی ایس او ایئر ٹوٹل انٹرنیشنل کا ایک لائسنس یافتہ ہے، جو پی ایس او کو عالمی طریقہ سے ایوی ایشن فیول کو ہینڈل کرنے میں تکنیکی مدد فراہم کرتا ہے۔

پی ایس او نے اٹک پیٹرولیم لمیٹڈ کے ساتھ شراکت میں نیو اسلام آباد ہوائی اڈے پر دور جدید کے تقاضوں کے مطابق ایندھن کی سہولیات فراہم کرنے کا آغاز کر کے سنگ میل حاصل کیا۔ یہ سہولت اب ایک موثر سپلائی چین مینجمنٹ اور صارفین اور دیگر اسٹیک ہولڈرز کو مطمئن کرنے کے لئے ایک معیاری نظام کو ذریعے مکمل طور پر فعال ہے۔ اسلام آباد پر اس کامیابی کے نتیجے میں دیگر مدمقابل اداروں سے سابقت میں 7 ہزار میٹرک ٹن ماہانہ کا اضافی والیوم حاصل کرلیا۔ کمپنی کے ملازمین نے تاریخ رقم کرتے ہوئے پاکستان میں پہلی بار لینڈ کرنے والے A-380 کو ایندھن فراہم کیا۔

کمپنی کے ایوی ایشن، میرین اینڈ ایکسپورٹ بزنس نے مالی سال 2018 میں 598 کلومیٹرک ٹن جیٹ اے-1 (مقامی) کی سب سے زیادہ فروخت کی اور ایوی ایشن کے کاروبار میں گزشتہ مالی سال کے مقابلے 5.7 فیصد مارکیٹ شیئر میں اضافہ سے مارکیٹ میں اپنی برتری میں اضافہ کیا۔ سال کے اختتام تک یہ 79.2 فیصد رہے گا۔

پی ایس او نے مالی سال 2018 میں غیر ملکی کیریئرز کو مجموعی فروخت میں 26.4 فیصد اضافہ کیا، اور مقامی ایئر لائنز کے والیوم میں 9.1 فیصد اضافہ ہوا۔ حج آپریشن کے دوران، پی ایس او نے پچھلے سال 489 پروازوں کی مقابلے میں اس سال 801 پروازوں کو ایندھن فراہم کردیا جس میں 63.8 فیصد اضافہ ہوا۔

پی ایس او کا JP-8 کی افغانستان برآمدات میں مارکیٹ شیئر کا 100 فیصد حصہ رہا جس کے حجم میں 134.2 فیصد اضافہ ہوا جس نے پی ایس او کو ملک کی صف اول کی کمپنیوں میں شامل کردیا۔ پی ایس او نے مسابقتی قیمت، اعلیٰ معیار کی مصنوعات، صارفین کی بہتر خدمات، بروقت درآمد اور مصنوعات کی نقل وحمل کے لئے لاجسٹکس کے انتظامات، اور صارفین کی ضروریات کے مطابق سہولیات پیش کرنے کی بناء پر مستقبل کے آرڈرز حاصل کرنے میں کامیاب ہوا۔

پاور سیکٹر

بجلی کی پیداوار کے شعبے میں ایل این جی کی بڑھتی ہوئی درآمد، آر ایل این جی کے ساتھ دستیاب فرنس آئل کے دیگر متبادل کے نتیجے میں فرنس آئل کی طلب میں تیزی سے کمی ہوئی ہے۔ ان میں کوئلے سے چلنے والے پاور پلانٹس، اور آر ایل این جی سے چلنے والے پاور پلانٹس کا اضافہ بھی شامل ہے۔ اس کے نتیجے میں فرنس آئل کی طلب میں مالی سال 2018 میں گزشتہ مالی سال کی نسبت 29.6 فیصد کمی واقع ہوئی۔

فرنس آئل کی فروخت مالی سال 2017 کے مقابلے میں جو 7.0 ملین میٹرک ٹن تھی، سے کم ہوکر مالی سال 2018 میں 4.9 ملین میٹرک ٹن ہوگئی۔ فرنس آئل کے سیلز والیوم میں کمی واقع ہوئی تاہم اس کمی کا ازالہ ایل این جی کے بڑھتے ہوئے والیوم سے ہوا جو پی ایس او ملک کو فراہم کررہی ہے اور ملک میں صاف فیول ذرائع پر منتقلی کا ذریعہ بن رہی ہے۔

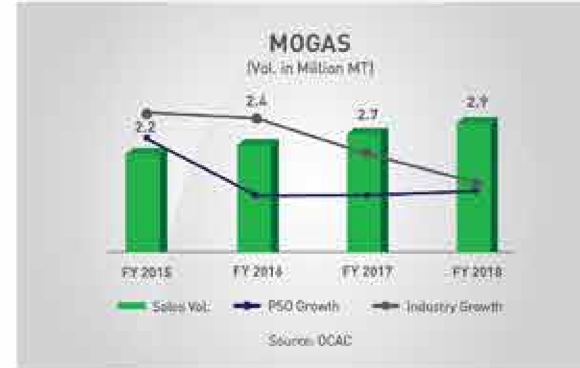
بے شمار سخت چیلنجز بشمول بڑھتے ہوئے واجبات، فرنس آئل کی طلب میں غیر یقینی صورتحال اور مالی سال 2018 میں خام تیل کی قیمتوں میں اضافہ سمیت پی ایس او نے توانائی کے شعبے کو ضرورت کے مطابق تیل کی بلاتعطل سپلائی جاری رکھی جس سے ملک میں لوڈ شیڈنگ کو کم کرنے میں مدد ملی اس طرح کمپنی قومی ادارہ ہونے کی حیثیت سے اپنا فرض ادا کیا۔

ایل این جی

پی ایس او نے ایل این جی کی درآمد کے ذریعہ قدرتی گیس کی طلب اور سپلائی کے خلا کو پر کرنے میں کلیدی کردار ادا کیا ہے۔ ریگولیٹیڈ کم مارجن اور ایل این جی کی فراہمی کی وصولیابی میں تاخیر کے باوجود مالی سال 2018 میں پی ایس او نے 72 ایل این جی کے جہاز درآمد کیے جن کی کل مقدار 233,585,797 ایم ایم بی ٹی یو ہے۔

رپورٹ برائے حصص یافتگان

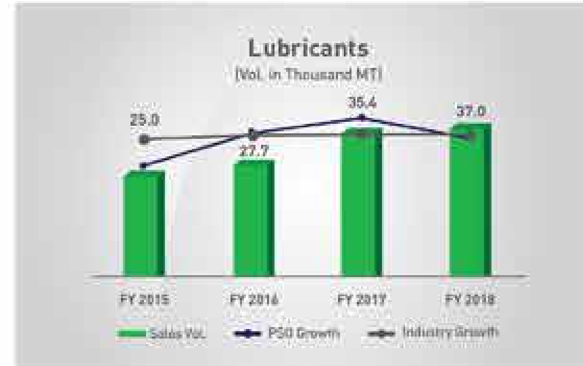
اضافہ ہوا جس کے نتیجے میں مالی سال 2018 میں مارکیٹ شیئر 42.6 فیصد رہا۔



پی ایس او مالی سال 2018 میں جے پی ون کی مارکیٹ میں 79.2 فیصد مارکیٹ شیئر کے ساتھ غالب رہا، گزشتہ مالی سال کے دوران یہ مارکیٹ شیئر 73.5 فیصد تھا۔ حجم اور مارکیٹ شیئر میں اضافہ کی وجہ مقامی اور بین الاقوامی ایئر لائنز کے ساتھ نئے کاروبار کا حصول ہے، نئے اسلام آباد انٹرنیشنل ایئرپورٹ پر آپریشن کے آغاز پر اور ڈیفنس صارفین کو فروخت کیے جانے والی پروڈکٹ کے حجم میں اضافہ ہوا۔

پی ایس او نے JP-8 کی مارکیٹ میں 100 فیصد مارکیٹ شیئر ز برقرار رکھتے ہوئے افغانستان برآمد کرنے سے حجم میں 135.7 فیصد اضافہ حاصل کیا۔

لبریکنٹس میں گزشتہ مالی سال کے مقابلے میں 4.4 فیصد اضافہ ریکارڈ کیا گیا، جس میں فروخت کے حجم میں 37.0 کلومیٹرک ٹن کا اضافہ ہوا جو کاروباری مسابقت کے ماحول میں حاصل ہوا اور کمپنی نے متوقع 8.9 فیصد مارکیٹ شیئر حاصل کیا۔



ایل پی جی کی فروخت میں 26.3 فیصد اضافہ ہوا جس میں 31.6 کلومیٹرک ٹن کے حجم کے ساتھ اضافہ ہوا، مالی سال 2018ء میں مارکیٹ حصص میں 2.7 فیصد اضافہ ہوا جو گزشتہ مالی سال میں 2.2 فیصد تھا۔

ریٹیل کاروبار

پی ایس او ریٹیل کاروبار میں ایک نمایاں اضافہ دیکھنے میں آیا جس کا سبب ملک بھر میں 78 نئے ویژن ریٹیل آؤٹ لیٹس (NVROs) کیا قیام ہے اور اس کی بدولت کمپنی کے ملک گیر نیٹ ورک میں اضافہ ہوا۔ اس طرح 2018 میں کمپنی کی ریٹیل سائٹس کی تعداد 3.514 تک پہنچ گئی۔

PSO کی ایک اور نئی کاوش کے باعث مالی سال 2018 میں کمپنی اپنے صارفین کی توقعات پوری کرنے میں کامیاب رہی اور ملک بھر میں آن لائن آرڈر مینجمنٹ سسٹم (OOMS) کی 1,870 آؤٹ لیٹس پر توسیع تھی، اس نظام کے آنے کے بعد ماضی میں استعمال ہونے والا پرانا طریقہ تبدیل ہوگیا۔ یہ قدم پی ایس او کے اس عزم کے تحت اٹھایا گیا کہ کمپنی خودکار نظام (آٹومیشن) کی جانب پیش قدمی کرے اور اس کے ساتھ ساتھ سیلز آرڈر کے نظام کو ہموار اور آسان بنانے اور اپنے ڈیلرز کو مزید سہولت فراہم کی جائے۔ کمپنی نے موبائل کوالٹی ٹیسٹنگ یونٹس کے ذریعہ مصنوعات کے معیار اور مقدار کی جانچ پڑتال جاری رکھی ہوئی ہے تاکہ اس امر کو یقینی بنایا جاسکے کہ صرف بہترین معیار کی مصنوعات ملک بھر میں موجود پی ایس او کے لاکھوں صارفین تک پہنچیں۔ مزید برآں، کسٹمر کیئر سروسز کو وسعت دیتے ہوئے متعدد کسٹمر کیئر پروگرام ریٹیل آؤٹ لیٹس پر منعقد کیے گئے تاکہ کمپنی کے قابل قدر صارفین کو اعلیٰ معیار کی خدمات حاصل ہوسکیں۔

کسٹمر سروس

مذکورہ مدت کے دوران، پی ایس او کسٹمر سروسز نے صارفین کے ساتھ 680,500 سے زائد رابطے کو ممکن بنایا۔ تعلق کیئر نے آن کال کال میکانکس ٹریننگ پروگرام کے سلسلے میں بھی مدد فراہم کی اور لبریکنٹس ڈیلروں کو لیوبز مصنوعات کی دستیابی (اسٹاک) چیک کرنے کے لیے سہولیات فراہم کی اس کے علاوہ ریٹیل آؤٹ لیٹس اسٹاف کے لئے واؤ ٹریننگ کی اثرانگیزی اور نتائج کا اندازہ کرنے کے لئے معاونت فراہم کی۔

مصنوعات کی بہتری کا حصول

فیول کا انقلاب جس کی شروعات 2016 میں ہوئی تھی higher-RON فیول کی ابتداء کے ساتھ، پی ایس او نے پاکستان بھر میں تقریباً 190 مقامات پر Altron X ہائی اوکٹین کا RON-97 ورژن متعارف کرایا۔ ریٹیل ڈیپارٹمنٹ آئی ایس او 9001:2015 سند یافتہ ہے۔

نان فیول ریٹیل

پاکستان کی سب سے بڑی اور سب سے زیادہ قابل اعتماد آئل مارکیٹنگ کمپنی ہونے کے باعث، پی ایس او نے صارفین کی تمام ضروریات کو ایک چھت کے نیچے پورا کرنے کی بھرپور کوشش کی، پی ایس او نے ملک بھر میں نان فیول ریٹیل ورک میں اضافہ کیا ہے جہاں صارفین اپنے ہر دورے پر اضافی قدر اور سہولت سے فیض یاب ہوتے ہیں۔

کمپنی اپنے صارفین کو ریٹیل آؤٹ لیٹس کی خدمات میں مزید جامع تجربہ فراہم کرنے کے لئے اسٹریٹجک ریٹیل شراکت داروں کے ساتھ اشتراک کر رہی ہے، تاکہ ریٹیل سروسز کو کھانے پینے کی اشیاء، یوٹیلیٹی بلوں کی ادائیگی اور مزید خدمات تک وسعت دی جاسکے۔ زیر بحث مدت کے دوران، بہت سے نئے کاروباری شراکت کاروں نے پی ایس او کی نان فیول ریٹیل کاروبار میں تنوع پیدا کیا اور صارفین کو سہولت بہم پہنچانے کا عمل عروج پر پہنچایا۔

شاپ اسٹاپ

مذکورہ مدت کے دوران ان آؤٹ لیٹ کی بحالی کی وجہ سے انہیں نئی شناخت ملی اور ان سہولیات نے اسٹورز میں نئی جلا بخشی۔ سی اسٹورز کو پی ایس او نے 'شاپ اسٹاپ' کے برانڈ نام سے متعارف کروایا، ان اسٹورز کے ذریعے جدید دور زندگی کی ضروریات اپنے صارفین کو فراہم کی جاتی ہیں پی ایس او سب کچھ ایک جگہ کے مرکزی خیال کے تحت جس میں گروسری، ذاتی نگہداشت کی اشیاء، یہاں تک کہ صبح کا ناشتہ، مشروبات صاف ستھری جگہ مخصوص لوکیشنز پر اور بہترین دوستانہ ماحول میں دستیاب ہیں۔

2018 کے تزئین و آرائش کے منصوبے کے تحت، معیار اور خدمات کے بین الاقوامی معیار سے ہم آہنگ ہونے کے لئے 12 سی اسٹورز کو بہتر بنایا گیا ہے۔ شاپ اسٹاپ نے صارفین کو ممکنہ کاروباری شراکت داریوں کے طور پر اپنی طرف متوجہ کیا، جو اسٹورز کے آپریشنز پر مزید کنٹرول کے ساتھ ساتھ بہتر آمدنی کے سلسلے میں اضافہ کرنے کا باعث بنے گا۔

تزئین و آرائش کے بعد، اسٹورز پر اعلیٰ خدمات اور اعلیٰ معیار کی مصنوعات دستیاب ہیں جن کے باعث صارفین کی آمد میں اضافہ ہو رہا ہے۔ اس کے علاوہ پی ایس او نے ان مختلف برانڈز کے ساتھ شراکت کی جس میں کچن کوزین، ایکسپریس ٹو گو، بارہ سنگا اور دیگر برانڈز شامل ہیں جن کے ذریعے پی ایس او کے شاپ ان شاپ کے تصور پر مبنی صارفین کے تجربہ کو وسعت دی جارہی ہے۔

برانچ لیس بینکنگ اور اے ٹی ایم کی سہولیات

پی ایس او ملک بھر میں وسیع ترین نیٹ ورک کی حامل کمپنی ہے، جو ملک کے دور دراز اور پسماندہ علاقوں میں مالیاتی خدمات کی فراہمی کے لئے سہولیات بہم پہنچا رہی ہے، 30 جون 2018 تک پاکستان میں 200 سے زائد پی ایس او اسٹیشنز صارفین کو برانچ لیس بینکنگ کی خدمات پیش کر رہے ہیں۔ مختلف موبائل بینکنگ کمپنیوں کے ساتھ شراکت

رپورٹ برائے حصص یافتگان

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے بورڈ آف مینجمنٹ نے 30 جون 2018 کو ختم ہونے والے مالی سال کے دوران کمپنی کی کارکردگی کا جائزہ لیتے ہوئے مندرجہ ذیل مالی اور آپریشنل نتائج پیش کیے۔

توانائی کے مسائل کو حل کرنے کی حکمت عملی کو مرکز توجہ بناتے ہوئے اور صارفین کے تجربہ کو فروغ دینے کیلئے پی ایس او نے مالی سال 2018 میں بہترین کارکردگی کا مظاہرہ کیا۔ کمپنی نے ملک میں مائع ایندھن کی مارکیٹ میں اتار چڑھاؤ کے باوجود اپنی برتری برقرار رکھی، اور انڈسٹری میں آئل مارکیٹنگ کمپنیوں کی تعداد میں اضافے کے باوجود جارحانہ مقابلہ کی فضا قائم کر رکھی ہے۔

مالی سال 2018 میں کمپنی کی مالیاتی کارکردگی مضبوط رہی اور سیلز کی آمدنی گزشتہ سال کی آمدنی سے 20.4% اضافہ کے ساتھ 1.1 ٹریلین روپے حاصل رہی۔ مالی سال 2018 میں کمپنی کا بعد از ٹیکس منافع 15.5 بلین روپے رہا جبکہ مالی سال 2017 میں یہ 18.2 بلین روپے تھا۔ مالی سال 2018 میں فی شیئر آمدنی 47.42 روپے رہی جبکہ مالی سال 2017 میں 55.90 روپے تھی۔ اس کمی کی بڑی وجہ بلیک آئل کی طلب میں کمی ٹیکس کے مستقبل کے کارپوریٹ ریٹس میں کمی کے باعث اثاثہ جات کے ریٹس میں کمی کا فرق روپے کی قدر میں کمی سے زر مبادلہ کے نقصان، اور PIBs کے جولائی 2017 میں تکمیل تک پہنچنے کے باعث وصول ہونے والے مارک اپ میں نمایاں کمی ہونا تھی۔ تاہم PIBs کے مارک اپ میں مندرجہ بالا کمی کو بینکوں کے ساتھ تفصیلی گفت وشنید کے بعد مالیاتی لاگت میں 13.5% کمی، قرضہ جات کے mix کو برقرار رکھنے، اور پاور سیکٹر کی طرف سے سود کی وصولی میں اضافہ کے نتیجہ میں رونمائی ہوئی۔

پاور سیکٹر کی طرف سے قابل وصولی رقومات میں اضافہ پر بورڈ آف مینجمنٹ نے تشویش کا اظہار کیا اور انتظامیہ کو ہدایت دی کہ صارفین اور متعلقہ حکومتی اداروں کے ساتھ اس سلسلے میں مسلسل رابطہ رکھیں۔

پی ایس او نے لیکویڈ فیولز میں قائدانہ حیثیت کے ساتھ مجموعی مارکیٹ شیئر 50.0 فیصد پر سال کا اختتام کیا۔ وائٹ آئل کے سیلز کے حجم میں 5.7% اضافہ ہوا جو موگیس میں 10.1% اور HSD کے سیلز والیوم میں 2.4% کا اضافہ کے باعث ہوا جو کہ گزشتہ تین سالوں میں سب سے زیادہ ہے۔ RLNG/قدرتی گیس کے موجودہ پاور پلانٹس آپریٹ کرنے کی حکومتی پالیسی اور ملک میں RLNG/قدرتی گیس کی دستیابی کی وجہ سے بلیک آئل کی طلب میں واضح کمی آئی۔

مالی سال 2018 میں صارفین کو بہترین فیول کی فراہمی کے لئے RON97 گیسولین فیول کو از سر نو متعارف کرایا گیا، جس سے کمپنی کی امیج مزید بہتر ہوئی اس کے علاوہ پاکستان کے عوام کے لئے فیول کے معیار میں بہتری کے لئے حکومت کے احکامات کی پیروی کی گئی۔

عالمی آئل مارکیٹ کا جائزہ

سال 2018 کے دوران میں عالمی مارکیٹ میں کروڈ آئل کی اوسط قیمت 63.21$ فی بیرل کے قریب رہی ۔ زیر جائزہ مدت میں کروڈ آئل کی قیمت 46.04$ اور 74.15$ کے درمیان رہی۔ OPEC ممبرز نے یکم جولائی 2018 سے آئل کی پیداوار میں 1 ملین بیرل روزانہ اضافہ پر اتفاق کیا۔ آئل کی پیداوار میں 1 فیصد اضافہ کی فراہمی سے مہنگائی میں مزید اضافہ کو روکا جاسکے گا۔ حکومت پاکستان اور ریگولیٹری باڈیز نے جون 2018 کے دوران افراط زر کو متوازن رکھنے کے لئے آئل کی قیمتوں میں اضافہ کیا۔ عالمی تیل کی مارکیٹ کے رجحانات سے پاکستان میں پورے مالی سال میں آئل کی قیمت پر اثر پڑے گا۔

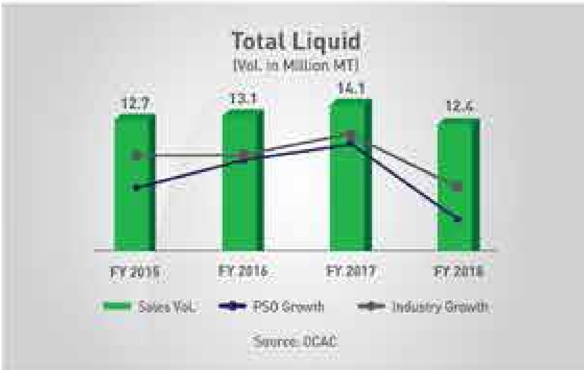
پاکستان آئل انڈسٹری۔عمومی جائزہ

انرجی مکس میں نمایاں تبدیلی کے باعث پاکستان نے آئل پر انحصار کم کر دیا ہے۔ پاکستان میں آئل کی قیمتیں بین الاقوامی آئل کی قیمتوں کے لئے بینچ مارک ہیں، پاکستانی روپے کی قدر میں کمی کے باعث مقامی قیمتوں میں تیزی سے اضافہ ہوا ہے۔

مالی سال 2018 کے دوران میں پاکستان نے 10 ملین میٹرک ٹن سے زیادہ کروڈ آئل درآمد کیا جبکہ تقریباً 3.5 ملین میٹرک ٹن تیل مقامی طور پر حاصل کیا گیا۔ مقامی کروڈ آئل صرف 15% ضروریات پوری کرتا ہے جبکہ 85% ضروریات کروڈ آئل اور ریفائنڈ پیٹرولیم مصنوعات کی درآمد سے پوری جاتی ہیں

اس مدت میں ریفائنڈ پیٹرولیم مصنوعات کی کھپت 24.67 ملین ٹن ہوئی جب کہ گزشتہ سال اسی مدت میں 25.56 ملین ٹن ہوئی تھی۔

سال کے دوران میں سماجی واقتصادی ترقی کی سرگرمیوں میں شدت آئی جس سے وائٹ آئل کی مصنوعات ہائی اسپیڈ ڈیزل، موگیس، کیروسین اور جے پی ون) کی طلب میں گزشتہ سال کے مقابلے میں 8.2% اضافہ ہوا۔ البتہ ملک میں RLNG/ قدرتی گیس کی دستیابی اور متبادل انرجی پاور کے منصوبوں کے آغاز سے انڈسٹری میں بلیک آئل کی طلب پر اثر پڑا اور اس میں 23.1% کمی دیکھی گئی ۔ جس کے نتیجے میں سال 2018 میں مجموعی طور پر لیکویڈ فیولز میں 3.5% کمی آئی۔



موٹر گاڑیاں زیادہ فروخت ہونے کے باعث موگیس کی کھپت میں گزشتہ مالی سال کے مقابلے میں سے 11.3% اضافہ ہوا، اسی طرح HSD کی طلب میں بھی گزشتہ مالی سال کے مقابلے میں 6.5% اضافہ ہوا۔

سیلز اور کاروباری شعبوں کی کارکردگی

پی ایس او نے مائع ایندھن میں 50 فیصد حصہ کے ساتھ اپنی قیادت برقرار رکھی۔ مالی سال 2018 میں پی ایس او نے وائٹ آئل کی فروخت میں گزشتہ مالی سال کے مقابلے میں 5.7 فیصد اضافہ کیا جس کا سبب موگیس میں 10.1 فیصد اضافہ، ایچ ایس ڈی میں 2.4 فیصد اور جے پی ون کی فروخت میں 9.1 فیصد اضافہ تھا، اس کے ساتھ ساتھ کمپنی کی منافع بخش ترقی کی حکمت عملی بھی منافع کے اضافہ کا باعث بنی۔ اس مثالی ترقی کے حصول میں کمپنی نے بے شمار دشواریوں کا بھی سامنا کیا جس میں اسمگل شدہ مصنوعات کی فراہمی میں اضافہ اور مائع ایندھن کی مارکیٹ میں بڑھتے ہوئے مقابلہ کا رجحان شامل ہے۔

کمپنی نے وائٹ آئل مارکیٹ میں اپنی قیادت برقرار رکھنے کیلئے متعدد اقدامات کئے ہیں ، جس میں مارکیٹنگ کی مختلف سرگرمیاں مثلاً نئے آؤٹ لیٹس کا قیام، RON97 کو متعارف کرانا اور IC اسٹور سمیت دیگر پروموشنل سرگرمیاں شامل ہیں۔

تاہم سپلائی کی صورتحال اور ملک میں RLNG / قدرتی گیس کی دستیابی اور حکومت کی موجودہ پاور پلانٹس کو RLNG / قدرتی گیس پر منتقل کرنے کی حکمت عملی سے بلیک آئل کی طلب بری طرح متاثر ہوئی۔ اس کے نتیجہ میں مالی سال 2018 میں پی ایس او کی فرنس آئل کی سیلز میں گزشتہ سال کے مقابلے میں 29.6 فیصد کمی واقع ہوئی ہے۔

مالی سال 2018 میں گزشتہ مالی سال کے مقابلے میں وائٹ آئل کی سیلز میں 5.7 فیصد اضافہ ہوا جبکہ بلیک آئل میں 29.6 فیصد کمی ہوئی۔ وائٹ آئل کا مارکیٹ شیئر گزشتہ مالی سال 43.9 فیصد سے کم ہو کر 42.9 فیصد ہو گیا۔ تاہم بلیک آئل کا مارکیٹ شیئر گزشتہ مالی سال کے مقابلے میں 72.9 سے کم ہو کر 66.7 فیصد ہو گیا۔ مالی سال 2017 کے مقابلے میں مالی سال 2018 میں موگیس میں 10.1 فیصد، ہائی اسپیڈ ڈیزل میں 2.4 فیصد، جے پی ون میں 9.1 فیصد، لبریکینٹس میں 4.4 فیصد اور ایل پی جی میں 26.3 فیصد اضافہ ریکارڈ کیا گیا۔

پی ایس او نے مالی سال 2018 کے دوران فرنس آئل میں 66.7 فیصد مارکیٹ شیئر حاصل کر کے اپنی سبقت برقرار رکھی۔

ریٹیل سیکٹر نے مارکیٹ میں نئی آنے والی کمپنیوں کی وجہ سے سخت مقابلہ اور چیلنج کا سامنا کیا، حریف کمپنیوں کی جانب سے مزید رعایت کی پیشکش کا ہونا، اسمگل شدہ مصنوعات کی آمد میں اضافہ وغیرہ شامل ہیں۔ اس کے باوجود کمپنی نے موگیس کی فروخت میں 10.1 فیصد اضافہ کے ساتھ مارکیٹ شیئر کا 39.2 فیصد اور ایچ ایس ڈی کی فروخت میں 2.4 فیصد

E-DIVIDEND MANDATE FORM

Date: ____________________

Dear Shareholder

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders, ONLY through electronic mode, directly into the bank account designated by the shareholder.

In order to receive your dividends directly in your Bank account, please fill-in the particulars as mentioned below and send the duly filled and signed form along with clear copy of your valid CNIC to the Share Registrar of the Company, M/s THK Associates (Pvt.) Limited, 40-C, Block-6, P.E.C.H.S., Karachi. (Tel.: +92 21 111 000 322)

In case your shares are held in CDC then please submit this dividend mandate form directly to your Broker/Participant/ CDC Investors Account services.

Yours sincerely
for Pakistan State Oil Company Limited

Company Secretary

SHAREHOLDERS PARTICULARS FOR ELECTRONIC CREDIT OF CASH DIVIDEND

I/We/Messrs., ______________________________ , being a/the shareholder(s) of Pakistan State Oil Company Limited [**the "Company"**], hereby, authorize the Company, to directly credit cash dividend declared by it, from time to time in future, in my/our bank account as detailed below:

Shareholder's details:

Name of Shareholder ____________________

Folio No./CDC Participant ID & A/c No. ____________________

CNIC/Passport No. **(Please attach copy)** ____________________

NTN (in case of corporate entity) ____________________

Contact Number Land Line ____________________ Cell No. ____________________

Email address ____________________

Shareholder's Bank Account details:

Title of Bank Account ____________________

Name of Bank ____________________

IBAN Number **(see note below)** ____________________

Bank Branch & Code No. ____________________

Bank Branch's Mailing Address ____________________

It is stated that the above particulars provided by me/us are correct to the best of my/our knowledge and I/we shall keep the Company/Participant/CDC Investor Account Services informed in case of any change in the said particulars in future.

____

Signature of Shareholder
(Please affix company stamp in case of a corporate entity)

Note: Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN alone. Pakistan State Oil Company Limited is entitled to rely on the IBAN information as per your instructions (provided by you). The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the Company.

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ بیالیسواں سالانہ اجلاس عام۔ 2018

پراکسی فارم

میں/ہم ____________________

ساکن ____________________ (مکمل پتہ)

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے ممبر کی حیثیت سے ____________________ عمومی شیئرز کی تحویل رکھتے ہیں،

رجسٹرڈ فولیو نمبر __________ کے مطابق اور/یا سی ڈی سی شریک آئی ڈی نمبر __________ اور ذیلی اکاؤنٹ نمبر __________ ہے

میں/ہم بذریعہ ہذا جناب/محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

یا ان کی جگہ جناب/محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

کا تقرر کرتا/ کرتی ہوں کہ وہ بروز منگل 16 اکتوبر 2018 کو صبح 10:30 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 42ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے __________ 2018 کو دستخط کئے گئے۔

گواہان:

1 دستخط: __________

نام: __________

CNIC نمبر: __________

پتہ: __________

____

2 دستخط: __________

نام: __________

CNIC نمبر: __________

پتہ: __________

____

5 روپے کا رسیدی
ٹکٹ چسپاں کریں

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس
رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کئے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام پی ایس او ہاؤس، خیابان اقبال، کلفٹن، کراچی میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

PAKISTAN STATE OIL COMPANY LIMITED

Forty-Second Annual General Meeting - 2018

Form of Proxy

I / We ____

of ____ (full address)

being a member of Pakistan State Oil Company Limited and holder of ____________ ordinary shares

as per Registered Folio No. ____________ and / or CDC Participant I.D. No. ____________

and Sub Account No. ____________ hereby appoint ____________

of ____ (full address)

or failing him ____

of ____ (full address)

as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held on Tuesday, October 16, 2018 at 10:30 am and at any adjournment thereof.

Signed by me/us this ____________ day of ____________ 2018.

Witnesses:

1. Signature: ____________

   Name: ____________

   CNIC No: ____________

   Address: ____________

   ____

Please affix Revenue Stamp of Rs. 5

____

Signature of Member

(Signature should agree with the specimen signature registered with the Company)

2. Signature: ____________

   Name: ____________

   CNIC No: ____________

   Address: ____________

   ____

Important:

1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy must be a member of the Company.

2) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the meeting.

3) CDC shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Company.