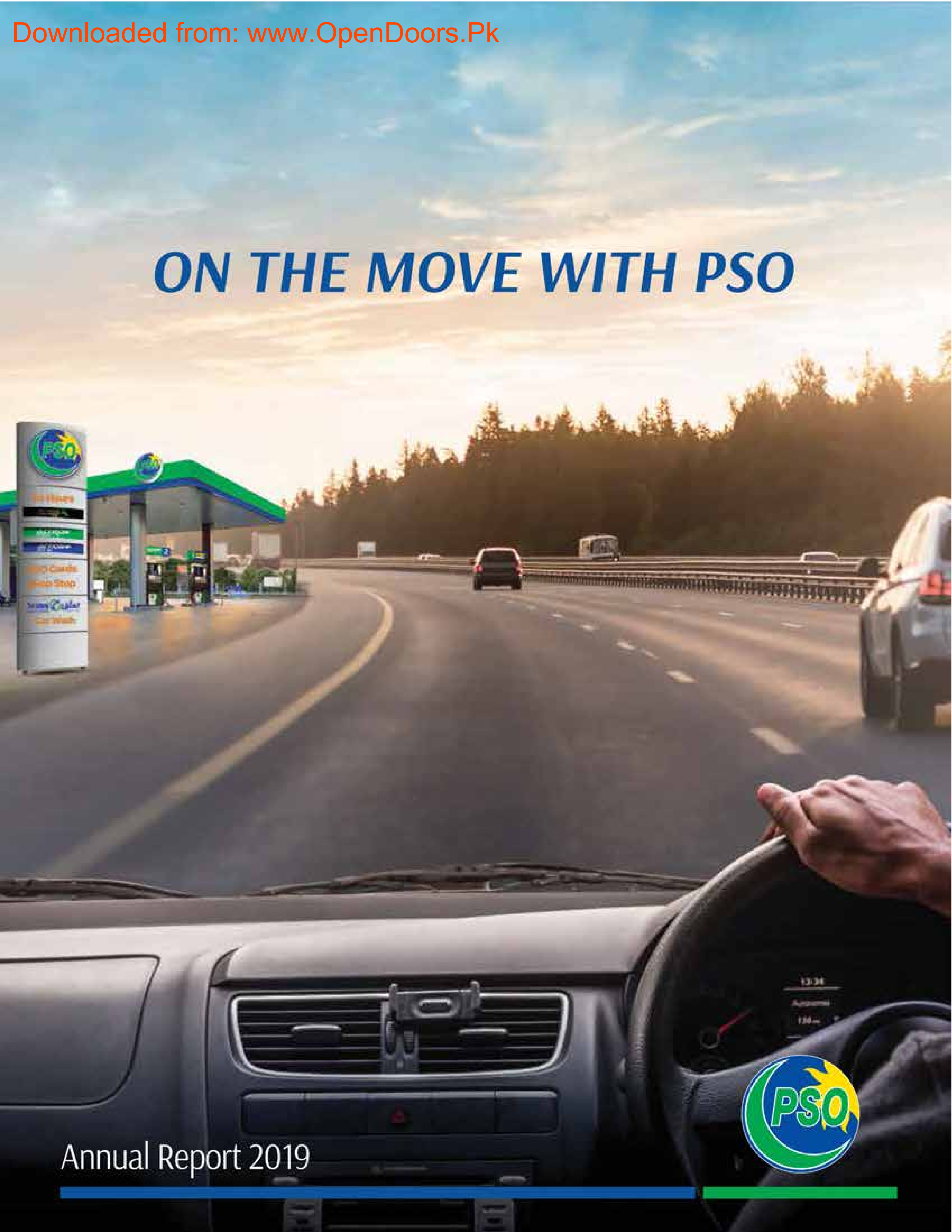
ON THE MOVE WITH PSO



Annual Report 2019

On the move with PSO

PSO is proud to be your preferred partner on the road to prosperity. We fuel the nation's economy and enable journeys across air, land and sea. As the nation's largest Oil Marketing Company, we will continue to take the country to greater heights.

CONTENTS

ABOUT THE REPORT

The Integrated Annual Report 2019 provides a comprehensive overview of the 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).

In order to keep the stakeholders informed regarding the Company's development, the report explains in detail how PSO is creating value for its stakeholders. 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 builds a thorough understanding about the Company, its business lines, the value created, business 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's 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 & Relationship Capital). The online version of this report is available on our corporate website and may be accessed at the following link:

https://psopk.com/en/investors/results-reporting/financial-reports

We wish you a pleasant read.

MD & CEO'S MESSAGE

PSO has the honor of logging another set of accomplishments in the Annual Report of the Fiscal Year 2019. Our strategic efforts have been effective in largely overcoming the general economic slowdown in the country, mounting competition within the industry, the continuing circular debt crisis, and significant changes in the foreign exchange & money market dynamics. FY2019 has been very challenging for Pakistan's downstream sector. However, the management has successfully re-energized the Company's performance to set it on a strong growth trajectory.

The overall business environment during the fiscal year in review put our people to the test. We feel glad that individually and collectively, we have risen to the challenge. Through the un-tiring efforts of our dedicated employees, PSO is piloting through this testing time in a robust way. More than that, we are working hard to make the Company more resilient and better able to capture the available opportunities in the market.

PSO has been successful in maintaining the country's supply chain by importing 49% of total industry imports and uplifting 37.6% of total refinery production in the country. Being a responsible national company, PSO ensured the availability of adequate stocks throughout the country, especially during the period of unrest and unpredictability at the borders. Effective planning and team work has resulted in reduction in Demurrage costs by 73% over SPLY.

PSO is also inducting OGRA/ NHA compliant tank lorries. Despite stiff challenges from Transport associations, PSO has successfully inducted more than 1,500 tank lorries in its contracted fleet which are fully OGRA/ NHA compliant as of June 30, 2019. In order to strengthen its supply chain and increase penetration in the downstream sector, PSO has successfully completed the transaction of acquiring additional shares of Pakistan Refinery Limited (PRL). Upon completion of the transaction, PSO has been able to increase its shareholding in PRL to 52.68%.

Meeting the increasing competition head-on, PSO continued to lead Pakistan's Liquid Oil market with a market share of 42.4% in Total Liquid Fuels (White Oil 40.2%, Black Oil 52.0%). These figures demonstrate that PSO is competing aggressively in a very dynamic operating environment. Our performance in the 2nd half of the year was strong, where PSO has strengthened its market share. The rising trend in market share continues on a month-on-month basis. Keeping in view the contracting economy, and increasing borrowing costs, PSO has started Furnace Oil supplies to WAPDA on cash basis and supplied fuel to PIA on an advance payment basis in order to curtail mounting receivables. This initiative will reduce borrowing cost and improve cash flows for the Company. The recovery of outstanding Circular debt from the Government of Pakistan (GOP) continues wherein outstanding circular debt has been reduced by Rs. 83.7 billion over SPLY. PSO is also rigorously following up with SNGPL for the recovery of outstanding dues on account of circular debt and assume to recover it at the earliest.

PSO is also finding new avenues of increasing its profitability. The Company has recently launched DigiCash, a reloadable fuel card, a Business to Consumer offering focused towards the mass market, providing its valued customers with unique solutions that will result in an enhanced fueling experience. Keeping in view the importance of CPEC, PSO took a leap in establishing its first retail outlet at Gwadar, becoming the only OMC to have a retail outlet at Gwadar.

Moving forward, our areas of focus will remain on increasing POL storage to increase days cover, and ensure fuel availability across Pakistan while providing unmatched experience to our customers at PSO retail outlets by upgrading our retail infrastructure and offerings. PSO has also initiated a strategic initiative that would prove to be a game changer for PSO by engaging M/s Saudi Aramco under a Government-to-Government arrangement for setting-up a state of the art refinery in Pakistan that will go a long way towards meeting the Petroleum requirement of the country.

PSO being a responsible corporate entity has continued its contributions to bring positive change within society. We are dedicated to playing an active role in supporting and working with our stakeholders for sustainable community and social development. PSO CSR Trust has undertaken a wide range of initiatives by committing more than Rs. 230 million in education, healthcare, and community building across Pakistan. Moreover, Rs. 24.9 million were also contributed by PSO CSR Trust in the Supreme Court of Pakistan and the Prime Minister of Pakistan Diamer Bhasha and Mohmand Dam Fund in the national interest.

We express our appreciation to all our employees, stakeholders, business partners, members of the Board of Management for their constant support. Our progress and development wouldn't have been possible without the contribution and guidance of the Government of Pakistan, especially the Ministry of Energy (Petroleum Division). We trust that the readers of this report are able to find the information necessary for them to form their own view of our progress.

Jehangir Ali Shah

Syed Jehangir Ali Shah
Managing Director & CEO

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 the energy market through competitive advantage in providing the highest quality petroleum products and services to our customers,

- 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 endeavour to achieve higher collective and individual goals through the team. 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 the contribution 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 Products and Processes, as well as existing ones. 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 line with management's effort to maintain decorum and ensure an environment that is cohesive to the development and success of our people, a Code of Conduct has been put in place where the following activities can result in disciplinary action:

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

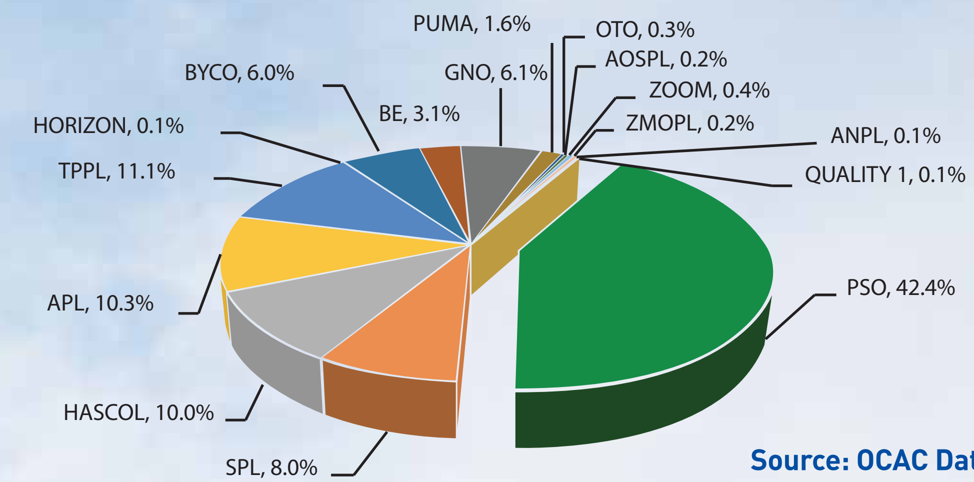
COMPANY PROFILE

Pakistan State Oil Company Limited (PSO) is serving the nation as an innovative and dynamic energy Company with a vision of delivering value to the customers since 1976. PSO is primarily engaged in sourcing (import and local), storage, and marketing of petroleum products. PSO ensures to keep the country energized through its market presence (42.4% market share) in the liquid fuel sales and by having the largest liquid fuel storage in the country.

PSO holds strong product portfolio that includes Motor Gasoline (MOGAS) by the brand name of "Altron Premium" and "Altron X 97", High Speed Diesel (HSD) widely available on PSO retail outlets by the brand name of "Action+ Diesel", Furnace Oil (FO), Jet Fuel (JP1), Kerosene, CNG, LPG, Petrochemicals and Lubricants with brands for each segment, "Blaze 4T" for motorcycles, "Carient" series of motor oils for motor cars and "DEO" series of oils for diesel engines. Furthermore, in non-fuel retail segment and cards business, the Company has a wide network of convenience stores under the brand "Shop Stop", and other associated services. Moreover, PSO recently launched a Business to Customer card "DigiCash" which has received a very strong response from the target audience.

PSO is serving its esteemed customers through both retail and consumer sites. The Company has 3,487 outlets across Pakistan wherein, more than 2,020 Retail and Consumer Business outlets have been upgraded over a period of time with the state-of-the-art modern-day facilities. Furthermore, 23 Company Operated sites also supplement PSO's vision of providing quality customer care. PSO's infrastructure is wide spread with 9 installations and 23 depots along with their geographical presence from Karachi to Gilgit. PSO is considered the backbone of the aviation industry through its presence at 10 major airports and 94% market share in the Jet Fuel market. PSO is the sole exporter of Jet Fuel in the OMC sector of Pakistan.

Liquid Fuel Market Share FY2019



Source: OCAC Data -FY2019

INFRASTRUCTURE

3,487 retail outlets spread across Pakistan and 23 company operated retail outlets.	Over 55% of the nation's total storage capacity (1 MMTs approx.)
Non Fuel related facilities at retail outlets including C-stores, ATMs, Branchless Banking, Oil Change, Lubricants, Car Wash, Tyre Air Pressure Facility and QSR (Quick Service Restaurants) etc.	443 Cartage contractors with a fleet of 8,451 tank lorries
Over 200 Shop Stops at retail outlets with 40 revamped to state of the art design along with shop in shop	Network of 262 CNG facilities in more than 34 cities
2 Lubricant Manufacturing Facilities with a Blending Capacity of 70 KMTs / single shift operation per annum	ISO certified Mobile Quality Testing Units to ensure high quality standard fuel to customers

At PSO, health and safety of internal as well as external stakeholders are a core corporate objective. The Company ensures that work is performed in the safest possible manner, in-line with the best industrial practices and in adherence with the requirements of all applicable health and safety codes and practices. Furthermore, an In-house Health, Safety and Environment (HSE) Steering Committee monitors ongoing HSE compliance with participation from all departments. This assists in reinforcing a healthy and safe working environment in the organization at all levels.

In order to enhance the customers' experiences, PSO has a dedicated Customer Service Centre that efficiently handles all queries, suggestions and feedback. Moreover, PSO also monitors the complaints received at "Pakistan Citizen Portal" through in-house developed software to ensure that no relevant complaint remains unattended and timely feedback is provided to the complainants. To keep our stakeholders updated about Company information, PSO has a comprehensive website (www.psopk.com) that provides news and information. The Company also ensures its presence on important social media platforms.

GROUP STRUCTURE

The Group consists of Pakistan State Oil Company limited (the Holding Company) and Pakistan Refinery Limited (The Subsidiary Company).

On December 01, 2018 (the acquisition date) PSO acquired further 84,000,000 shares of PRL. Consequently, shareholding of PSO in Pakistan Refinery Limited (PRL) increased from 24.11% to 52.68% making PRL a subsidiary as at December 01, 2018.

PSO (the Holding Company)

52.68%

PRL (the Subsidiary Company)

BUSINESS LINES

Key Business Segments & Product-lines

Retail	Lubricants & Chemicals	Commercial Fuels
Dealers and Customers	Hi-Street customers, Distributors, Forces, Aviation, KPT, PQA, Railways, Bunkers and Industrial Customers	Dealers, Distributors, IPPs / Gencos

Key Products Sold through Business Lines

Retail	Lubricants & Chemicals	Commercial Fuels
Motor Gasoline	Lubricants	Compressed Natural Gas
High Speed Diesel	Superior Kerosene Oil	Liquefied Natural Gas
Cards Business	Light Diesel Oil	Liquefied Petroleum Gas
Non Fuel Retail	Motor Gasoline	High Speed Diesel
Lubricants	High Speed Diesel	Furnace Oil
	Furnace Oil	Motor Gasoline
	Chemicals	Jet Fuel (Local/Export)

VALUE CHAIN

The Oil Industry value chain is divided into three broad categories i.e. upstream, midstream, and downstream. PSO holds an important position in the Oil & Gas Value Chain as the Company is involved in imports of various POL products and Petrochemicals with the largest storage base spread across Pakistan. PSO also distributes and markets these products to end consumers through a strong network of retail outlets across the country to millions of retail customers and various industries, including but not limited to Defense, Aviation, Railways, Sugar, Textile and Cement etc.

Upstream
- Exploration
- Field Development
- Production Operations

Mid Stream
- Transportation
- Manufacturing
- Refining & Petrochemicals

Downstream
- Storage & Distribution
- Wholesale & Marketing

PSO exists under Midstream and Downstream sector of the value chain. PSO is also striving to further value add its presence in the Midstream sector by exploring opportunities in Refining business.

HR STRENGTH

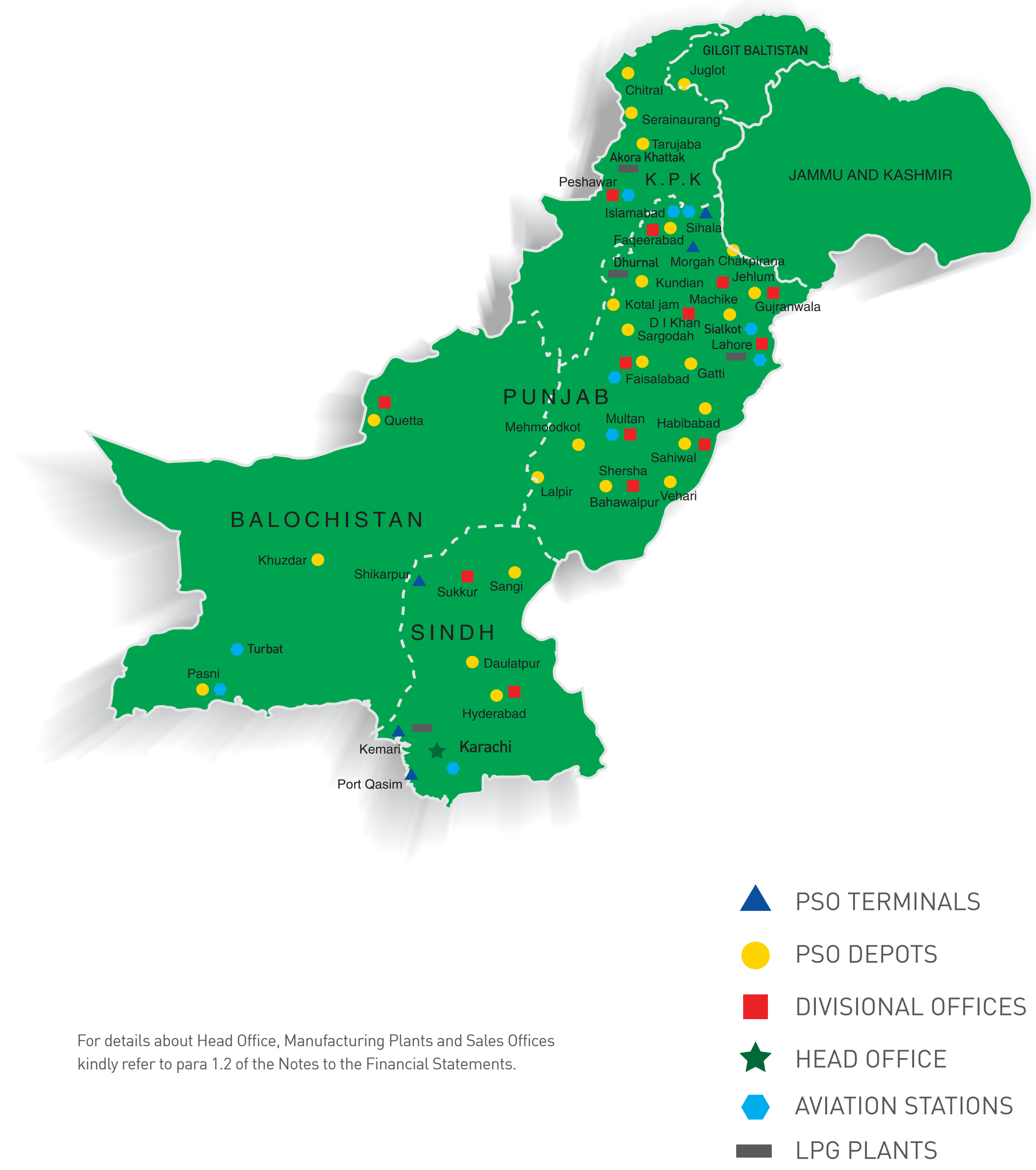
Category*	2019
Total number of employees as of reporting date	2,587
Average number of employees during the year	2,623
Total number of employees at lube manufacturing terminal as of reporting date	72
Average number of employees at lube manufacturing terminal during the year	73

*-The number of employees includes staff regularized during FY2019 in accordance with directives of Honourable Supreme Court of Pakistan.

STRATEGIC INVESTMENTS

- Joint Installation of Marketing Companies (JIMCO) - Others include SPL (25%) & TPML (13%), Managed by PSO
- Pakistan Refinery Limited (PRL) – have 2 types of shares, "A" and "B" category shares. "A" category shares are listed on the stock exchange whereas "B" category shares are not listed which are 60% of total shares. The breakup of "B" category shares are as; PSO (52.68%), Shell (3.57%), CGEI (0.89%) & Others (42.86%).
- The New Islamabad International Airport Fuel Farm - Attock Petroleum Limited (APL) (50%)
- Asia Petroleum Limited (APL) - Others include Industrial Petro. Group (12.5%), Veco Int'l (12.5%), Infravest (26%)
- 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%)

GEOGRAPHICAL PRESENCE



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

SIGNIFICANT CHANGES FROM PRIOR YEARS

ACQUISITION OF ADDITIONAL SHARES IN PAKISTAN REFINERY LIMITED (PRL)

The Company further acquired 84 million shares of PRL from The Shell Petroleum Company Limited. Consequently, the Company's shareholding in PRL increased from 24.11% to 52.68% and PRL has now become a subsidiary of PSO.

LAUNCH OF DIGICASH

PSO Cards Business launched a consumer friendly product aimed to disrupt the conventional mode of fueling. DigiCash is a re-loadable, chip based card which can be topped up very conveniently at participating PSO stations as well as online.

CHANGE IN ENERGY MIX

Company volumes in black oil reduced by 63% approx. due to shift of power production plants to RLNG. Owing to this shift black oil's share has reduced considerably in the Country's Energy Mix.

DEVALUATION OF THE PAKISTANI RUPEE AGAINST THE DOLLAR

The Pakistani rupee remained under pressure during the year against the dollar and lost 14% and 18% of its value in the first and second half of the reporting year respectively. This resulted in a significant exchange loss to the Company in FY 2019.

INCREASE IN DISCOUNT RATE

FY 2019 saw a substantial increase in the discount rate and accordingly borrowing rates of Company increased considerably.

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 fulfill 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 repealed Companies Ordinance, 1984 (now 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, 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.

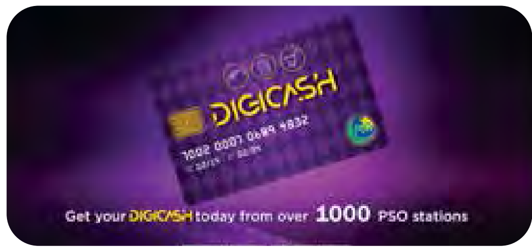
In exercise of the powers conferred by section 41 of the OGRA ordinance 2002, OGRA issued new Oil Rules termed Pakistan Oil (refining, Blending, transportation, Storage and marketing) rules in January 2016. These were eventually notified through Cabinet Secretariat notification under SRO 734(I)/2018 dated May 29, 2018 published in gazette of Pakistan June 12, 2018.

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 are regulated and are reviewed and communicated by OGRA based on PSO's cumulative landed import cost. The OMC and dealer margins (profits) are also fixed and regulated by the Federal Government.

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 at 22 depots. The purpose is to ensure uniform selling prices of these products across the country.

MAJOR EVENTS

June 2019
DigiCash Activation at Retail Outlets, Malls and through Floats



DigiCash Launched through a 360 Degree Campaign
June 2019

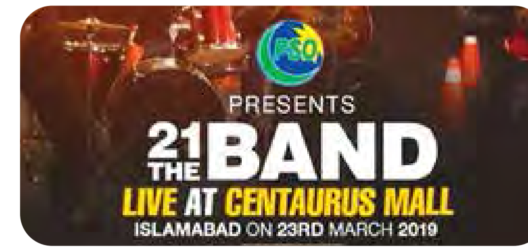
June 2019
ICC World Cup Activation at PSO Retail Outlets

PSO partnered with Saylani Welfare Trust to provide Iftar to the underprivileged section of the society in the holy month of Ramazan
May 09, 2019

April 2019
PSO OLX-Car First Bazar Lahore

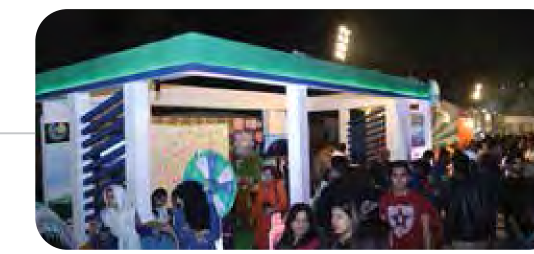
PSO becomes the first OMC to open its retail outlet at Gwadar
April 10, 2019

March 23, 2019
PSO participated in Gawdar Expo 2019



Pakistan Day Activation at Centaurus Mall Islamabad
March 2019

March 23, 2019
PSO participated in Coke Fest Lahore which is one of the biggest food festivals of Pakistan



Women's Day Celebration at PSO House
March 09, 2019

February 1-3, 2019
Brand Activation at DAWN Life Style Karachi

PSO donated a Blood Donor Bus to Fatimid Foundation
February 15, 2019

MAJOR EVENTS

December 30, 2018

PSO Day Celebrations

50th POL Course at PSO House

December 27, 2018

December 15, 2018

Minister for Petroleum visits PSO House

Launch of Sales Promotion Campaign at Noor Petroleum Services

December 13, 2018

October 25, 2018

Breast Cancer Awareness Session at PSO House

42nd Annual General Meeting

October 16, 2018

September 12, 2018

Agreement Signing Ceremony between PSO and Habib University Foundation

Retail Dealers Conference at PSO House

September 10, 2018

August 14, 2018

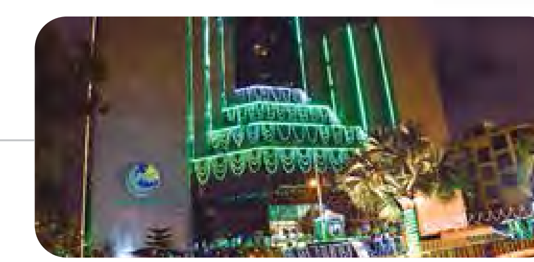
Flag Hoisting Ceremony at PSO House

Fuel supply (HSD) agreement between PSO and EPTL

August 13, 2018

August 13, 2018

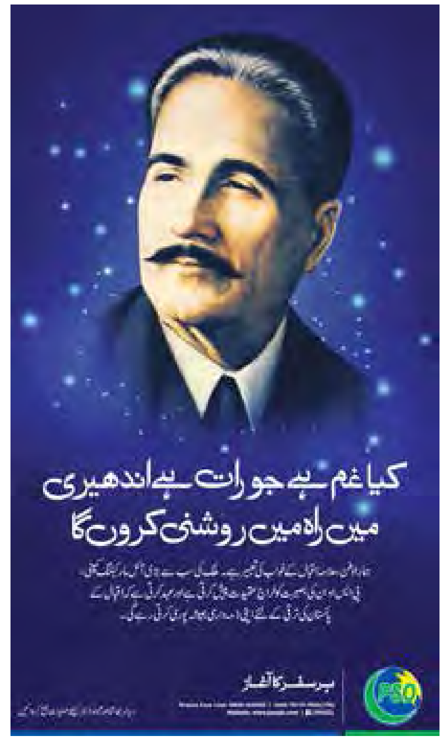
Independence Day Celebrations at PSO House

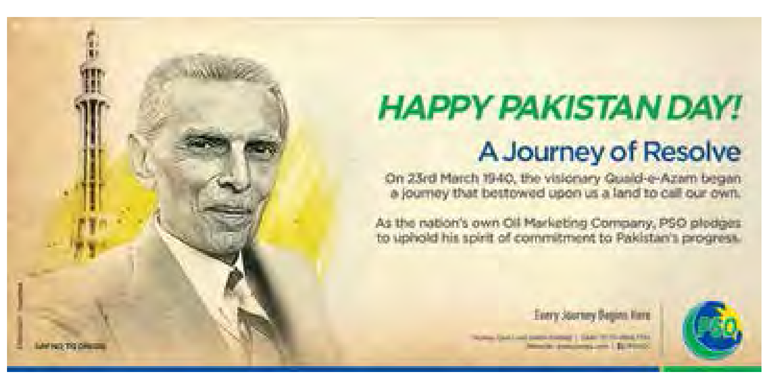


PSO secures Third Position in Best Corporate Report Awards jointly held by ICAP & ICMAP

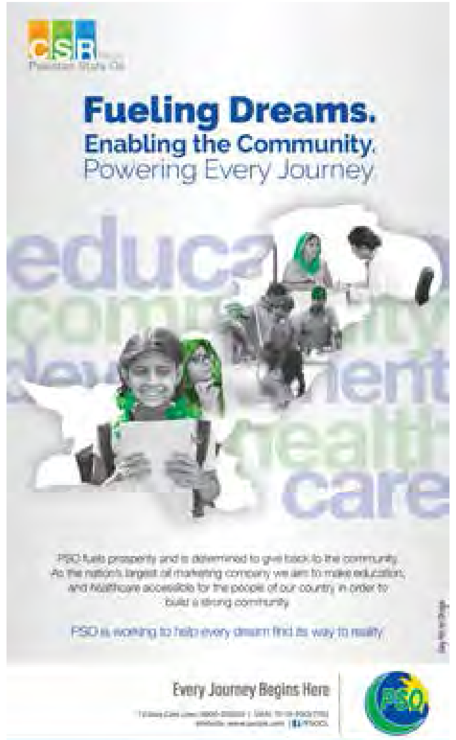
August 07, 2018

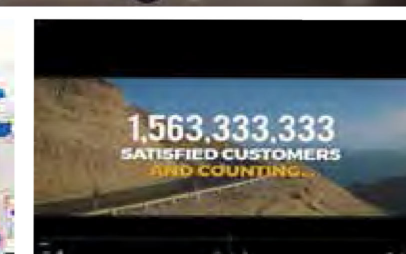
MARKETING INITIATIVES

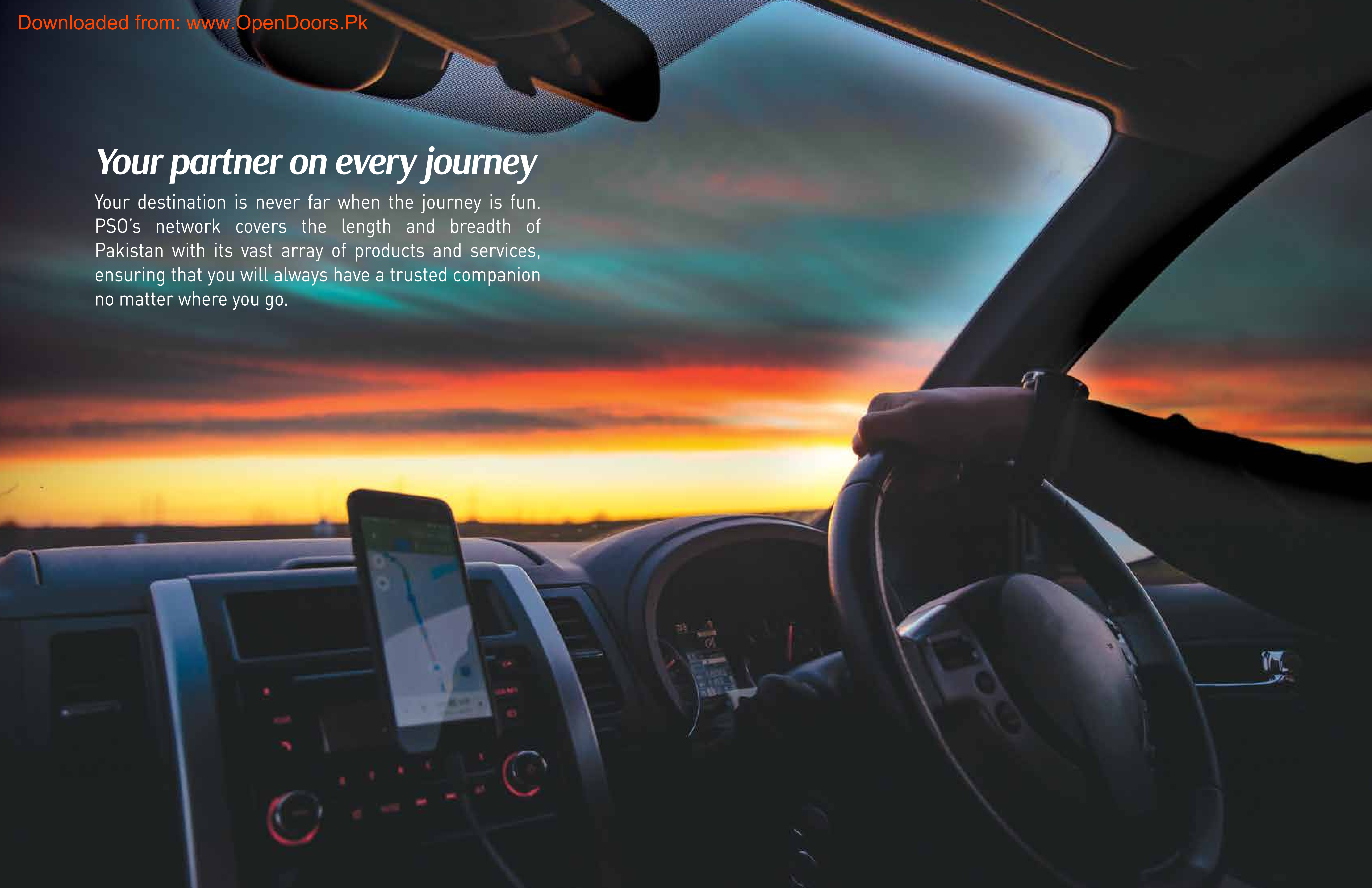




MARKETING INITIATIVES







Your partner on every journey

Your destination is never far when the journey is fun. PSO's network covers the length and breadth of Pakistan with its vast array of products and services, ensuring that you will always have a trusted companion no matter where you go.

INTEGRATED BUSINESS MODEL

INPUTS

Intellectual Capital
- 42 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

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

03
- Focus on society & environment under CSR Trust
- Measures taken to ensure quality and quantity
- Vendor grievance redressal
- Customer protection measures

04
- 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. 2.5 trillion per annum
- Bank borrowing at competitive rates
- Credit account management of over 8,000 customers

06
- Development of 70 new outlets
- New Storage devlopment and rehabilitation awarded
- Strategic partnerships
- Fleet upgradation
- Shop Stops revamped 40
- Prospecting Refinery establishment under Govt.-to-Govt. arrangement

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 9%
- Contribution to national exchequer

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

BUSINESS OBJECTIVES & STRATEGIES

The Short, Medium and Long Term Strategies of PSO are aligned with the vision, mission and values of the Company with focused approach on areas having importance in Corporate image building through quality and innovative business offerings. As PSO is operating in an industry that is highly dynamic, the strategic objectives are designed to take into consideration the changes taking place in the external environment while keeping in view PSO's responsibility towards all of its stakeholders.

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 for operations and other strategies.

PSO has also considered certain key initiatives focused towards vertical integration and having strategic importance such as developing Greenfield Refinery and Petrochemical Facility under Government-to-Government arrangement, Korangi- Keamari link pipeline (KKLP) and Investment in Pakistan Refinery Limited (PRL) for upgradation. These initiatives shall become game-changers for PSO and its business operations.

The strategic objectives of the Company aim to implement HSE best practices while imparting HSE culture throughout the organization. PSO has also considered strategic focused approach for its Human Capital wherein, human resource development and engagement has been given primary focus.

The Company also aims to build its image through quality and innovative offerings focusing on new services to increase customer footfall in its Non-Fuel Retail business, and by returning to society through the PSO CSR Trust.

Management shall measure the performance against each objective through multiple tools such as formal performance review meetings and monthly corporate performance reports.

MANAGEMENT RESOURCE ALLOCATION PLANS

Management has allocated required resources to achieve its objectives. With a purpose to quantify the resource allocation, a comprehensive and detailed Capital Budget is approved focusing on objectives. Management aims to ensure the availability of resources such as funds required to finance capital projects, adequate human resources as per business requirement, along with other required resources to meet the objectives.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM THE PREVIOUS YEARS

The strategies and objectives of the Company have been aligned with its vision, mission and values; however, keeping in view the dynamic nature of the external environment and business needs, after a 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. PSO is also taking measures to improve the HSE systems and invest in infrastructure. Moreover, certain strategic initiatives have also been considered this year that will hopefully prove to become game changers for the Company.

RELATIONSHIP BETWEEN RESULTS AND MANAGEMENT'S OBJECTIVES

Management's objectives are aligned with Company's vision, mission and values primarily focusing on results that ensure customer satisfaction and maximization of shareholder's wealth. There is a direct relationship between Management's objectives and results wherein objectives drive towards desired results.

KEY PERFORMANCE INDICATORS (KPIs)

PSO, being the primary source of energy to keep the wheels of the nation running, has identified focus areas with targeted key performance indicators along with their milestones. To ensure continued customer satisfaction and shareholder's 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 throughout the year by the management. The Board of Management (BoM) of the Company also periodically reviews the performance of the Company against the set KPIs. The performance review FY2019 primarily focused on six areas which are critical for the successful achievement of strategic objectives which are as follows:

- Safe Operations
- Increased profitability
- Process Improvement
- Build Image of Quality, Innovation & Proactive Organization
- Financial Flexibility
- Budget Management

SIGNIFICANT PLANS AND DECISIONS

PSO continued its quest towards becoming a customer centric entity, while contributing to the nation. During the year, PSO successfully completed the acquisition of the shareholding of Shell Pakistan Limited (SPL) in Pakistan Refinery Limited, making PSO the largest shareholder in PRL with approximately 53% share. Additionally, PSO has engaged Saudi Aramco under Government-to-Government arrangement for the development of state-of-the-art Refinery and Petrochemical complex to ensure uninterrupted supply of petroleum products in the country.

PSO is the only OMC in Pakistan to establish its retail outlet in Gwadar, exhibiting PSO's commitment and focus on the China Pakistan Economic Corridor (CPEC).

Moreover, revamping of PSO Shop Stops is also a major step towards uplifting the overall customer experience at the Company'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.

PSO has recently launched a Business to Consumer Card "DigiCash". The offering has received an overwhelming response from the target market.

INFORMATION TECHNOLOGY GOVERNANCE

Information Systems Governance Policy

In the era of the 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:

The 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

In line with the objectives of providing round the clock ICT Services, the ICT Department has established Disaster Recovery sites to ensure uninterrupted availability of Systems & Network from alternate site, in the unforeseen event of failure of the primary site. An annual ICT Disaster Recovery Drill is conducted to validate the process and ensure systems & data availability. Key users from various departments participate in the Annual ICT DRP Drill. The ICT DRP drill also helps to prepare for any unforeseen event and organize resources to the DRP Site. The ICT DRP Drill ensures that the risk of unforeseen system interruptions is properly managed.

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 variation in demand due to seasonality, government policies, politico-legal developments, economic landscape, technological changes, growing competition and changing energy mix. These factors have a significant impact on the Company's performance wherein any variation in a factor has a correlated impact on the Company's overall performance. In addition to the local environment, the Company's performance is significantly affected by 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 exposure and hence their decision making is much more informed. This requires the Oil Marketing Companies to also improve their quality and be at par. PSO is cognizant of the changes taking place in the external environment and is actively exploring opportunities to meet customer's future requirements.

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

PSO is sourcing its products from both local refineries, and imports. Product is sourced from local refineries under long-term agreements with refineries while imports are met through International tenders. PSO sourced more than 47% of its sales volumes through local refineries versus 34 % last year. The local procurement stood at 3.88 million MTs vs imported procurement of 4.19 million MTs.

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. However, due to severe devaluation of PKR versus USD in FY 19, the Company incurred a significant exchange loss of Rs. 3.1 bn approx. The Company is constantly pursuing with the authorities for a mechanism that would insulate it from the incidence of exchange losses that it currently incurs in pricing of white oil products due to devaluation.

RISK AND OPPORTUNITY REPORT

PSO, being the country's leading oil marketer and a Public Sector Entity, has an overall low risk appetite. The discipline and core-competence of the Company demonstrates that risk management has always been an integral part of its strategic direction and way of doing business. The said approach of the Company has been continuously adding value to its stakeholders, especially its customers, employees and shareholders.

PSO's well-established risk governance structure, under the Board of Management's (BOM) oversight, 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 Finance and Risk Management Committee is responsible for ensuring the compliance and efficacy of the risk management framework, 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, assessment and 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. The risks, stated below, in the Company's corporate risk radar, are divided into three risk types: a. Strategic risks, related to customers, competitors, and investors; b. Operational risks, arising from the Company's processes, systems, people and overall value chain of the business; and c. Financial risks, stemming from volatility in markets, real economy and liquidity.

Risk Description	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Increasing competition affecting market share in retail business	• New entrants • Supply of low cost product from western boarders	High	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 and improving business relations while protecting its intellectual property.

RISK AND OPPORTUNITY REPORT

Risk Description	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Complete dependency on cartage contractors for transmitting MOGAS	• Monopolistic attitude of cartage contractors in MOGAS distribution business • Lack of reliable and cost effective alternatives	Medium	A single strike call of cartage contractors can halt the movement of MOGAS for days which can cause dry-out situation in several locations. 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 through pipelines and railways. Planned multi-grading of PAPCO's WOP in FY20 will reduce the severity of the risk.
Inability to meet customer demand for petroleum products	• Inefficient supply planning and execution • Capacity constraints • Natural and man-made disaster events	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 and set-up are successfully contributing towards meeting customer demand at all times.
Operational Risks			
Aging assets increasing reliability risk	• Unable to timely isolate assets for maintenance and rehabilitation due to capacity constraints • Delay in expansion projects	High	All assets are inspected and maintained as per the maintenance plan, whereas asset integrity is assessed on need basis for all critical assets including tankages, gantry, pipelines and pumps, and solutions are developed and implemented in accordance with the study findings. Several rehabilitation and expansion projects have been initiated in FY19 which will significantly increase the reliability of the Company's assets and operations.
Changing regulatory and legislative environment	• Changes in regulations • Inconsistent legislative policies • Government intervention in business decisions	Medium	The Company's Management, under the supervision and direction of the BOM, is pro-actively engaged with the respective 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.

Operational Risks	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Natural and man-made disaster events	• Ineffective business continuity program • Lack of training and awareness • Lack of periodic asset condition assessment	Medium	PSO is committed towards complying with Health, Safety and Environmental regulations and best practices, and has always kept it on priority within 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. Moreover, the Company has an effective disaster recovery plan in place for its critical operations which is periodically tested. In addition, adequate and comprehensive insurance coverage exists for the Company's assets (including inventory) against the disaster events. Furthermore, 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.
Off-spec product	• 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 assures 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.
Information security breach	• Obsolete security system • Ineffective system controls	Low	PSO has very effective and efficient information security systems, controls and environment which is annually tested by IT security firms to identify and address any vulnerabilities in the same.
Financial Risks			
Oil price fluctuations	• Variation in demand forecast • Significant unhedged exposure	High	The Company is managing the risk through effective supply chain management. Whereas, planned increase in storage capacity will help the Company in managing it more effectively.
Trade receivables from GENCOs, HUBCO, PIA and SNGPL	• 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 has grown over the period of time. The Management is actively following up with the customers and respective authorities for the settlement of dues. The Company is managing its working capital requirement through banks' financing facilities.

Financial Risks	Possible Sources (Internal/External)	Risk Level*	Risk Mitigation
Foreign exchange rate fluctuations	• Lack of cost effective and allowed risk cover options	High	Significant portion of the Company's oil purchases are in USD, and FE-25 loans accumulated against the imports increases the Company's foreign exchange risk until settled. However, the GoP has committed to defray any extra cost and risks on such extended duration arrangements.
Increasing cost of fund	• Negligible receipt of late payment surcharges on trade receivables from GENCOs, HUBCO, PIA and SNGPL • Increasing market yield trend	High	Excessive borrowing from FIs to meet working capital requirement, due to mounting trade receivables in circular debt, has raised 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 has 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 Surcharge, on the long awaited trade receivables from power sector, PIA and SNGPL, to the extent possible.

**Risk levels are derived on Impact & Likelihood assessments

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, PIA and SNGPL, exchange loss receivable from GoP on FE loans and challenging market dynamics in white oil business. All these risks pose a serious threat to the Company's profitability and solvency, and continuous emphasis and every possible effort is made to reduce their impact on the financial statements.

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, short payments particularly by SNGPL and PIA puts enormous pressure on the Company's liquidity. The power sector receivables will continue to drag the Company's profitability until the overall circular debt issue is resolved by the GoP. Several options to overcome the liquidity stress have been submitted by the management to the concerned Ministries for resolution of the long outstanding 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.

MATERIALITY APPROACH ADOPTED BY 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 by the 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.

Highway to Prosperity

Logistics and timelines go hand in hand to keep business moving. Whether you are transporting goods or are on the road to power the nation's dreams, PSO will always lead the way to prosperity as it fuels journeys all across Pakistan.

NOTICE OF MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Company will be held at Grand Ball Room, Pearl Continental Hotel, Karachi on Monday, October 28, 2019 at 01:45 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 42nd Annual General Meeting held on October 16, 2018.

2. To receive, consider and adopt the Unconsolidated and Consolidated Audited Financial Statements of the Company for the year ended June 30, 2019 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, 2020.

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. 5/- per share i.e., 50% already paid, thereby making a total cash dividend of Rs. 10/- per share i.e., 100%.

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. 782,455,500 out of the free reserves of the Company be capitalized and applied towards the issue of 78,245,550 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 18, 2019;

(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, 2019;

(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

September 27, 2019
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.

2. The Share Transfer books of the Company will remain closed from October 18, 2019 to October 28, 2019 (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 17, 2019 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 no. 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:

1.	Rate of tax deduction for persons appearing in Active Taxpayer List (ATL)	15%
2.	Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL)	30%

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 No.	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 17, 2019; 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 30%, 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 17, 2019.

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, 2019, are available on the Company's website (http://www.psopk.com).

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, 2019 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2019 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.

NOTICE OF MEETING

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 28, 2019.

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. 782,455,500 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 18, 2019. The Members of the Board of Management are interested in the business to the extent of their shareholding in the Company, if any.

COMPANY INFORMATION

BOARD OF MANAGEMENT

Chairman (Independent)
Mr. Zafar Ul Islam Usmani

Independent Members
Ms. Tara Uzra Dawood
Mr. Mohammad Shahid Khan
Mr. Muhammad Hamayun Khan Barakzai

Non-Executive Members
Mr. Muhammad Anwer
Mr. Sajid Mehmood Qazi
Mr. Irfan Ali
Dr. Naseem Ahmad

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

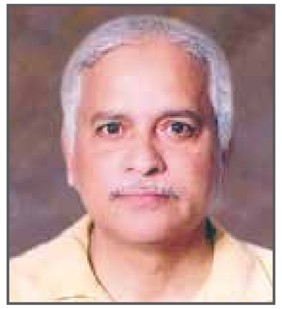
LEGAL ADVISOR
M/s. Orr, Dignam & Co.
Advocates

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
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 (Pakistan)

BOARD OF MANAGEMENT PROFILES



MR. ZAFAR UL ISLAM USMANI | Chairman, BOM

Mr. Zafar Ul Islam Usmani has held multiple C-level positions with multinational and national companies. He has worked as Chief Operating Officer in Cable & Wireless JV, Paktel; Chief Executive Officer in ExxonMobil JV in Pakistan; Senior Vice President Commercial in Pakistan International Airlines Corporation; Senior Executive Vice President in Pakistan Telecommunication Company Limited and Chief Operating Officer in CM Pak Ltd (Zong). He has overall 33 years of experience with 17 years in C-level positions, with exposure in the area of management, strategy, planning, marketing, sales, distribution, customer services and finance.

Mr. Usmani's key strength and experience has been in leading the turnaround of struggling and/or financially bleeding companies (ExxonMobil JV in Pakistan), and in accelerating the growth of new and smaller companies to critical mass using technology & out-of-box approach (Zong: China Mobile).

Mr. Usmani has served on the board of directors of Lahore Electric Supply Company Limited, Genco Holding Company Limited, Pakistan Telecommunication Company Limited, China Mobile Pakistan, Mobil Askari Lubricants Limited, R&D Fund, and USF under Ministry of Information Technology & Telecommunication. He has also served as member on the Information Technology & Telecom Advisory Board under the Ministry of Information Technology & Telecommunication. He has served on numerous committees of the board of directors in different companies which included Finance, Audit, Procurement, Human Resources, HSE, and Customer Services.

Mr. Usmani holds an MBA degree from Marquette University, Milwaukee, USA under USAID Scholarship and PGD from the Institute of Business Administration, Karachi University, and Chief Operating Officers Program from Cable & Wireless College, Coventry, UK.

BOARD OF MANAGEMENT PROFILES

SYED JEHANGIR ALI SHAH | MD & Member, BOM

Mr. Jehangir Ali Shah is a seasoned veteran of the oil industry. He was appointed as Acting Managing Director of PSO on September 06, 2018. This position was also held by him previously in 2011. He joined PSO in 1984 and had worked in various management positions however, his forte 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 McGill, Canada as well as from the University of Jamshoro, Sindh.

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.

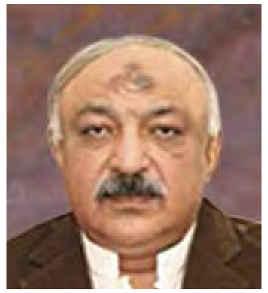
Mr. Anwer led several GoP teams and represented the country on various international forums to enhance international economic and technical cooperation with Pakistan.

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 counselor 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.



MR. IRFAN ALI | Member

Mr. Irfan Ali is the Federal Secretary, Power Division, Ministry of Energy.

He joined the Civil Service of Pakistan in 1986 and over the course of his career, has held various Secretariat, Field and Staff assignments. He has held the positions of Secretary, Privatisation Division/Privatisation Commission, Ministry of Privatisation and Chairman, Chief Minister's Inspection Team (CMIT), Punjab, Lahore. He has had the opportunity to serve in all the four Provinces of Pakistan. He started his career as Assistant Commissioner Chitral and went on to serve as a Deputy Commissioner in Naushahro Feroze, Sindh, Deputy Commissioner Karachi South, Deputy Commissioner Turbat and Panjgur, Balochistan and as Political Agent, Qila Saifullah, Balochistan. He also had an opportunity of serving in the Karachi Metropolitan Corporation (Director Katchi Abadis, Karachi, Project Director, Orangi and Director Land for Karachi) and as an Administrator, Larkana Municipal Corporation. He has served in the Sindh, Balochistan and Punjab Secretariats in different capacities. He has served as Managing Director, Tourism Development Corporation of Punjab (TDCP), Director General, Punjab Horticulture Authority (PHA) and Director General, Lahore Development Authority (LDA) in the Punjab. He has been Secretary, Housing and Public Health Engineering, Secretary Food, Secretary Industries and Secretary, Higher Education in the Punjab. He was also a pioneer in a major Project for Primary Health Care Restructuring in which he piloted the Rahim Yar Khan Pilot Project along with the Punjab Rural Support Program (PRSP).

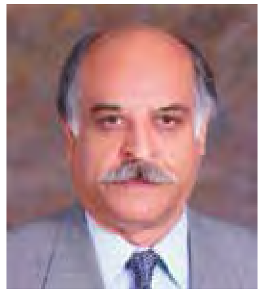
BOARD OF MANAGEMENT PROFILES

MS. TARA UZRA DAWOOD | Member

Ms. Dawood is Chief Executive Officer of 786 Investments Ltd, an Asset Management Company initially launched on the instigation of Asian Development Bank. She is presently on the Board of Mutual Fund Association of Pakistan, and she has also served as an Independent Director on the Board of LESCO.

She holds a Doctorate in Judicial Science from Harvard Law School and Bachelor of Arts Honors from Cornell University and Oxford University. Having specialization in mergers, acquisitions and corporate law, she worked for law firms in New York, Toronto, Amsterdam, Brussels and California. She speaks globally at numerous international mutual fund and banking conferences as an authority on shariah-compliant finance. Ms. Dawood has also served as a Visiting Lecturer on Islamic Law and Finance at the Faculty at Danube University Krems (Austria) as recommended by International Investment Funds Association and EBAMA.

Ms. Dawood is also President of Dawood Global Foundation, a Trust established to empower women and youth in the society, and hosts the national LADIESFUND awards for women of Pakistan. Her mission is to educate 1 million deserving girls around the world under the award-winning Educate a Girl project in partnership with Facebook's internet.org foundation and with the support of the World Bank.



MR. MOHAMMAD SHAHID KHAN | Member

Mr. Mohammad Shahid Khan brings more than 45 years of experience in the Oil, Gas and Energy sectors both of domestic & multinational Oil marketing companies (OMCs).

His knowledge, understanding & expertise gained from various roles & positions added to the organizational performance and contributed significantly to its growth & success more specifically in his eventful and illustrious career at PSO, heading various departments therefore, as a member of the Board of Management, Mr. Mohammad Shahid Khan is fully aware of the organisation's potential as well as the developing areas.

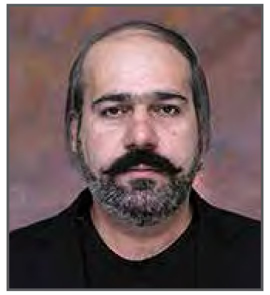
He is highly motivated, diligent & achievement oriented professional with ability to develop & implement the organisation's objectives in the areas of Logistics, Retail fuels sales and Marketing, Lubricants and Chemicals monitoring & personnel evaluation.

His Above Average and Man-Management skills & overall Managerial effectiveness remained instrumental which contributed towards company's achievements & success. His humane & cheerful approach even at stressful times contributes positively towards employee motivation.

From 2010 onwards he has also represented National Fuels Corporation, a multinational OMC as their Country Manager in Pakistan, having principal and regional offices in Afghanistan, Dubai, Tajikistan, Turkey, Africa & Pakistan.

Mr. Mohammad Shahid Khan received his education from Forman Christian College, Lahore.

BOARD OF MANAGEMENT PROFILES



MR. MUHAMMAD HAMAYUN KHAN BARAKZAI | Member

Mr. Muhammad Hamayun Khan Barakzai joined the Board of Management on February 21, 2019.

During the period October 2004 to January 2006, he volunteered his services as social worker in Al-Khaliq Foundation at Quetta and assisted in formation of village councils, survey work and holding health campus etc.

He was selected as a Social Organizer in Baluchistan Rural Support Programme in March 2007. His main objective in this field is community organization; the essence of this process is the attempted adjustment of social as well as economic needs and available resources and potential by the inhabitants in a geographical area, with or without external assistance. He is involved in mobilization which is the process of getting poor people living in rural areas, organized to enable them to improve their own situation. The philosophy is "Helping people to help themselves".

He has worked as Distribution Executive in Express News Channel from January 2009 to November 2018.

He was also involved in flood relief activities in district Bolan for approximately 6 months, which was based on two projects i.e., "World Food Programme" and "Child Protection". In recognition of his services, Mr. Barakzai has been recommended for an award by the Chief Minister of Baluchistan.

Mr. Barakzai holds a bachelor's degree in commerce from the University of Karachi.

DR. NASEEM AHMAD | Member

Dr. Naseem Ahmad joined Oil & Gas Development Company Limited (OGDCL) in 1984. He assumed the charge of MD/CEO, OGDCL on acting charge basis w.e.f. August 01, 2019, prior to which he was serving as Executive Director (Production) since June 2016. He holds a Ph.D. in Petroleum Engineering from Imperial College, London, U.K., M.Sc. in Petroleum Engineering from the University of Texas at Austin, U.S.A. and a B.Sc. in Petroleum Engineering from University of Engineering & Technology Lahore, Pakistan. A veteran Petroleum Engineer who has a rich experience in domestic oil/gas exploration and production operations, management, well testing, well completions and surface facilities. He is also an author/co-author of four journal publications. He has attended extensive courses on Management, Production and Project Development. Dr. Ahmad won Pakistan Petroleum Limited competitive scholarship (1983) and also held office of Councilor Petroleum Engineering Student Association (1982-83). He is also a member of Pakistan Engineering Council and Society of Petroleum Engineers.

ENGAGEMENT OF BOARD MEMBERS IN BUSINESS ENTITIES

Sr. No.	Name of Board Member	Other Engagements
1	Mr. Zafar Ul Islam Usmani Chairman (Independent)	**Director** 1. GENCO Holding Company Limited 2. Strategic Alliances (Private) Limited
2	Mr. Muhammad Anwer (Non – Executive Member)	**Director** 1. Multan Electricity Company Limited 2. Gujranwala Electricity Company Limited 3. Lahore Electricity Company Limited 4. Government Holdings Private Limited
3	Mr. Sajid Mehmood Qazi (Non – Executive Member)	**Managing Director** 1. Pakistan Mineral Development Corporation **Director** 1. Mari Petroleum Company Limited 2. Pakistan Petroleum Limited 3. Sui Northern Gas Pipelines Company Limited 4. Sui Southern Gas Company Limited
4	Mr. Irfan Ali (Non – Executive Member)	**Director** 1. Power Holding (Private) Limited 2. National Engineering Services Pakistan (Pvt.) Limited 3. Central Power Purchasing Agency 4. Pakistan Electrical Power Company 5. Private Power & Infrastructure Board 6. Alternative Energy Development Board
5	Ms. Tara Uzra Dawood (Independent Member)	**Chief Executive Officer** 1. 786 Investments Limited **President** 1. Dawood Global Foundation **Director** 1. Mutual Fund Association of Pakistan
6	Mr. Mohammad Shahid Khan (Independent Member)	**None**
7	Mr. Muhammad Hamayun Khan Barakzai (Independent Member)	**None**
8	Dr. Naseem Ahmad (Non – Executive Member)	**Managing Director & CEO** 1. Oil & Gas Development Company Limited **Director** 2. Mari Petroleum Company Limited
9	Syed Jehangir Ali Shah (MD & Member, BOM)	**Director** 1. Pakistan Refinery Limited 2. Pak Arab Pipeline Company Limited 3. Asia Petroleum Limited 4. Petroleum Institute of Pakistan

BOARD COMMITTEES

BOARD FINANCE & RISK MANAGEMENT COMMITTEE

Mr. Muhammad Anwer	Chairman
Mr. Zafar Ul Islam Usmani	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Irfan Ali	Member
Mr. Muhammad Hamayun Khan Barakzai	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 & REMUNERATION COMMITTEE

Ms. Tara Uzra Dawood	Chairperson
Mr. Zafar Ul Islam Usmani	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Mohammad Shahid Khan	Member
Dr. Naseem Ahmed	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 & COMPLIANCE COMMITTEE

Ms. Tara Uzra Dawood	Chairperson
Mr. Muhammad Anwer	Member
Mr. Mohammad Shahid Khan	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Dr. Naseem Ahmed	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 judgmental 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.
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 fulfillment 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. Sajid Mehmood Qazi	Chairman
Mr. Irfan Ali	Member
Mr. Mohammad Shahid Khan	Member
Mr. Mohammad Anwer	Member
Dr. Naseem Ahmed	Member
Company Secretary	Secretary

Terms of Reference

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Recommend procurement awards for capital and revenue expenditure for amounts in excess of Rs. 100 million for local procurement and USD 5 million for foreign procurement (other than product procurement) for approval of the Board of Management. 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.

BOARD PERFORMANCE EVALUATION COMMITTEE

Mr. Mohammad Shahid Khan	Chairman
Mr. Zafar Ul Islam Usmani	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Ms. Tara Uzra Dawood	Member
Company Secretary	Secretary

Terms of Reference

1. To review and evaluate on regular basis, the commercial and financial performance of the organization as per business plan approved by the Board, for example: sales, market share, operating expenses, projects, programmes etc.
2. To guide & support Management to develop strategy, business plans, initiatives & programmes underlying the business plans and implementation plans.
3. To ensure that clear ownership and timelines are established for each initiatives, programmes and action plans, thus building both responsibility and accountability.
4. To monitor implementation of strategy, business plans, programmes, initiatives etc. to ensure that timelines are met.
5. To play a consultative role in supporting the management in its effort to achieve sustained growth and lead the industry.
6. To complement the efforts of the other committees of the BOM wherever required.
7. Any other items that are necessary to help management achieve the targets set forth in the business plan.

BOARD'S OPERATING STYLE AND DELEGATION TO MANAGEMENT

The Board is responsible for setting strategic / overall objectives of the Company, effective management/ control of the Company, oversight on all high priority corporate risk matters and ensuring all policies are in place to manage those risks.

The Board has delegated certain responsibilities to its committees for review and recommendations to the Board through their respective Terms of Reference. Any agenda or matter that requires Board's approval is first presented to respective committees by management, which after thorough deliberations present their final recommendations to the Board for approval.

Moreover, the Board has delegated day to day management of the affairs of the Company to the management through the approved Limits of Authority Manual prepared in line with applicable statutory/ legal requirements and best practices.

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

FORMAL ORIENTATION OF THE BOARD MEMBERS

All BOM members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.

TRAINING OF THE BOARD MEMBERS

During the year, a training programme was arranged for Mr. Sajid Mehmood Qazi, Member – Board of Management. Three BOM members have a certification under Directors' Training Programme and the rest of the Board members will be trained by June 30, 2020.

REMUNERATION OF NON-EXECUTIVE (INCLUDING INDEPENDENT) BOARD MEMBERS

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.

POLICY FOR RETENTION OF FEE BY AN EXECUTIVE MEMBER

MD/CEO, PSO is the only Executive Member on PSO's Board. He also holds non-executive directorship in Asia Petroleum Limited, Pakistan Refinery Limited, Pak-Arab Pipeline Company Limited and Petroleum Institute of Pakistan. He is entitled to retain in full the fee received from the above mentioned entities against his services as non-executive director.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

PSO's management and Board are committed towards adherence to the highest levels of moral and ethical values as demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements.

Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP/ ICMAP and South Asian Federation of Accountants (SAFA)
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment
- International Standard Organization, ISO 9001: 2015 Certification of nine departments: Supply, Operations, Logistics, Retail Business, Lubricants, HSE, QA, P&S and A, M&E.

BOARD'S VIEW ON DIVERSITY

PSO has a diversified and experienced Board of Management duly appointed by the Government of Pakistan (GoP) in line with the requirements of the 1974 Act. The members possess a mix of professional expertise in leadership, finance, economics, engineering and business management skills covering areas of PSO's business undertakings along with diversified experience from both the Public and Private sectors.

As of June 30, 2019, the Board consisted of one Executive Member i.e. the MD/CEO PSO, four independent members and five non-executive members. The Board includes one female member.

PSO's Board and management are committed to encouraging diversity and ensuring equal opportunities for individuals based on merit without any external influence or bias in the form of age, gender, ethnicity etc. which make PSO's pool of employees a unique and diversified blend representing all segments of the society.

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.

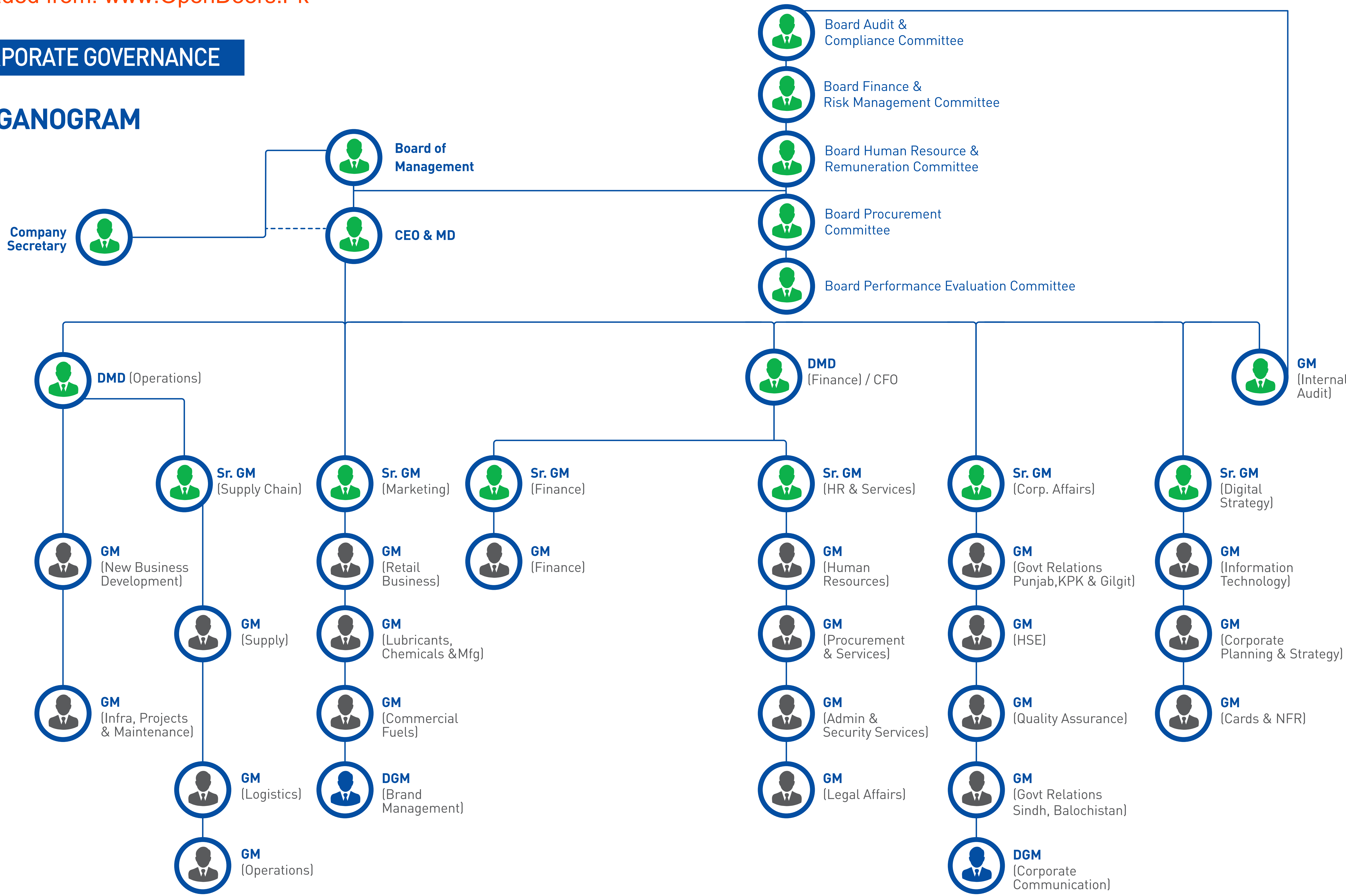
CONFLICT OF INTEREST AMONGST BOARD MEMBERS

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.

COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

Report of the Board Audit & Compliance Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance and Auditors' Review Report thereon also form part of this report and are annexed.

ORGANOGRAM


Board Audit & Compliance Committee
Board Finance & Risk Management Committee
Board Human Resource & Remuneration Committee
Board Procurement Committee
Board Performance Evaluation Committee
Board of Management
Company Secretary
CEO & MD
DMD (Operations)
DMD (Finance) / CFO
GM (Internal Audit)
Sr. GM (Supply Chain)
Sr. GM (Marketing)
Sr. GM (Finance)
Sr. GM (HR & Services)
Sr. GM (Corp. Affairs)
Sr. GM (Digital Strategy)
GM (New Business Development)
GM (Infra, Projects & Maintenance)
GM (Supply)
GM (Logistics)
GM (Operations)
GM (Retail Business)
GM (Lubricants, Chemicals &Mfg)
GM (Commercial Fuels)
DGM (Brand Management)
GM (Finance)
GM (Human Resources)
GM (Procurement & Services)
GM (Admin & Security Services)
GM (Legal Affairs)
GM (Govt Relations Punjab,KPK & Gilgit)
GM (HSE)
GM (Quality Assurance)
GM (Govt Relations Sindh, Balochistan)
DGM (Corporate Communication)
GM (Information Technology)
GM (Corporate Planning & Strategy)
GM (Cards & NFR)

REPORT OF THE BOARD AUDIT & COMPLIANCE COMMITTEE

The Board Audit & Compliance Committee including its Chairperson comprises three independent members and two non-executive members. The Chairperson of the Committee is an independent member and has relevant financial / accounting background.

The Committee met six (6) times during the year ended June 30, 2019 wherein various matters were 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, Managing Director & 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 highlighted observations by the external auditors is also reviewed and corrective measures are discussed / recommended 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 also met the Head of Internal Audit in the absence of CEO and CFO in compliance with the requirements of Code of Corporate Governance.

- 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, 2019, two (2) 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 and Listed Companies (Code of Corporate Governance) Regulations, 2017 to be published in the Annual Report.

5. APPOINTMENT OF EXTERNAL AUDITORS

- The statutory auditors of the company, A. F. Ferguson & Co. (Tenure: 5 years) and EY Ford Rhodes (Tenure: 4 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, 2019.

- 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, 2020 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.

Tara Uzra Dawood
Chairperson – Board Audit & Compliance Committee

September 27, 2019
Karachi

STATEMENT OF COMPLIANCE

With the Public Sector Companies (Corporate Governance) Rules, 2013 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2019

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") and the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") 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.

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 in the following manner:

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

2. The BOM has at least one-third of its total members as independent members. As at June 30, 2019, the composition of BOM was as follows:

Category	Names	Date of appointment
Independent Members	Mr. Zafar Ul Islam Usmani	February 21, 2019
	Ms. Tara Uzra Dawood	February 21, 2019
	Mr. Mohammad Shahid Khan	February 21, 2019
	Mr. Muhammad Hamayun Khan Barakzai	February 21, 2019
Executive Member	Syed Jehangir Ali Shah	June 03, 2019
Non-Executive Members	Mr. Zahid Mir	February 21, 2019
	Mr. Muhammad Anwer	February 21, 2019
	Mr. Sajid Mehmood Qazi	February 21, 2019
	Qazi Mohammad Saleem Siddiqui	February 21, 2019
	Mr. Irfan Ali	February 21, 2019

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. The chairman of the Board is working separately from the chief executive of the Company.

5. (a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.

   (b) The BOM 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).

   (c) The BOM has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices. The BOM has formed a Compensation Organization and Employee Development Committee whose functions include investigating deviations from the Company's Code of conduct.

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

10. 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.

11. The BOM has developed a vision / mission statement and corporate strategy of the Company.

12. The BOM has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.

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 fifteen 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 has 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 has 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 reviewed and 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 including consolidated statement of profit or loss and consolidated statement of financial position.

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

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

18. All the BOM members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.

19. Three BOM members have a certification under Directors' Training Program and the rest of the Board members will be trained by June 30, 2020.

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 Independent / non-executive Board Members:

Committee	No. of Members	Name of Chair
Board Audit & Compliance Committee	5	Mr. Amjad Nazir* Mr. Zahid Mir* Ms. Tara Uzra Dawood
Board Finance & Risk Management Committee	5	Mr. Muhammad Anwer
Board Human Resource & Remuneration Committee	6	Mr. Yousaf Naseem Khokhar* Ms. Tara Uzra Dawood
Board Procurement Committee	5	Mr. Zahid Mir

*Changed during the year

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

Name	Category	Professional Background
Ms. Tara Uzra Dawood	Independent Chairperson	Doctorate in Judicial Science
Mr. Zahid Mir	Non-executive Member	Petroleum Engineer
Mr. Muhammad Anwer	Non-executive Member	Civil Servant
Mr. Mohammad Shahid Khan	Independent Member	Graduate in Arts
Mr. Muhammad Hamayun Khan Barakzai	Independent Member	Graduate in Commerce

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

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, 2019, the total number of Board Members was 10 as follows:

(a) Male 09

(b) Female 01

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

Board Human Resource & Remuneration Committee	Ms. Tara Uzra Dawood Mr. Zafar Ul Islam Usmani Mr. Zahid Mir Mr. Sajid Mehmood Qazi Qazi Mohammad Saleem Siddiqui Mr. Mohammad Shahid Khan	Chairperson Member Member Member Member Member
Board Procurement Committee	Mr. Zahid Mir Mr. Sajid Mehmood Qazi Qazi Mohammad Saleem Siddiqui Mr. Irfan Ali Mr. Mohammad Shahid Khan	Chairman Member Member Member Member
Board Finance & Risk Management Committee	Mr. Muhammad Anwer Mr. Zafar Ul Islam Usmani Mr. Sajid Mehmood Qazi Mr. Irfan Ali Mr. Muhammad Hamayun Khan Barakzai	Chairman Member Member Member Member
Board Performance Evaluation Committee	Mr. Mohammad Shahid Khan Mr. Zafar Ul Islam Usmani Mr. Zahid Mir Mr. Sajid Mehmood Qazi Mr. Muhammad Hamayun Khan Barakzai	Chairman Member Member Member 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	6
Board Human Resource & Remuneration Committee	8
Board Procurement Committee	8
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.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman

September 25, 2019
Karachi

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 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Management (BOM) of Pakistan State Oil Company Limited (the Company) for the year ended June 30, 2019 to comply with the requirements of regulation 40 of Listed Companies (Code of Corporate Governance) Regulation, 2017 and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

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, 2019 except that certain clauses are considered inapplicable due to overriding provisions of Marketing of Petroleum Products (Federal Control) Act, 1974 (the 1974 Act) 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 the 1974 Act and managed by the BOM appointed by the Federal Government under section 7 of the 1974 Act.

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

EY Ford Rhodes
Chartered Accountants
Shaikh Ahmed Salman

October 02, 2019
Karachi

ATTENDANCE AT BOARD OF MANAGEMENT & BOARD COMMITTEES MEETINGS

For the year ended June 30, 2019

Names of Members	Board of Management		Board Audit & Compliance Committee		Board Human Resource & Remuneration Committee		Board Procurement Committee		Board Finance & Risk Management Committee		TOTAL	
	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	No. of Meetings	Number of Meetings attended
Mr. Zafar Ul Islam Usmani	4	4	-	-	2	2	-	-	-	-	6	6
Syed Jehangir Ali Shah	12	12	-	-	-	-	-	-	-	-	12	12
Mr. Zahid Mir	15	15	6	6	8	8	8	8	-	-	37	37
Mr. Muhammad Anwer	15	15	6	6	-	-	-	-	1	1	22	22
Mr. Sajid Mehmood Qazi	15	15	-	-	8	8	8	8	1	1	32	32
Qazi Mohammad Saleem Siddiqui	6	6	-	-	3	3	3	3	-	-	12	12
Mr. Irfan Ali	4	1	-	-	-	-	2	-	-	-	6	1
Ms. Tara Uzra Dawood	4	4	2	2	2	2	-	-	-	-	8	8
Mr. Mohammad Shahid Khan	4	4	2	2	2	2	2	2	-	-	10	10
Mr. Muhammad Hamayun Khan Barakzai	4	4	2	2	-	-	-	-	-	-	6	6
Mr. Abdul Jabbar Memon	9	5	-	-	4	3	4	3	-	-	17	11
Mr. Yousaf Naseem Khokhar	11	6	4	3	6	4	-	-	-	-	21	13
Mr. Amjad Nazir	11	11	4	4	6	6	-	-	1	1	22	22
Sheikh Imranul Haque	3	2	-	-	-	-	-	-	-	-	3	2

* Number of meetings held during the period when the concerned BOM member was on the Board / Committee

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

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 41 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'S RESPONSIBILITY TOWARDS 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)

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.

In preparing the financial statements, management has to make various estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts. The following are areas of significant judgements:

- 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.

Board of Management is responsible for overseeing the Company's financial reporting process and approving the financial statements.

MANAGEMENT COMMITTEE (MAN-COM)

Management Committee is the prime management body which meets primarily to steer and review key projects from conceptualization to implementation. It also conducts periodic review of various business matters in addition to review of the elements of Corporate Plan that may include performance targets and budgets. Over 30 Man-Com meetings were held during FY2019.

EXECUTIVE COMMITTEE (EX-COM)

Executive committee reviews the department/business performance on regular basis. The review includes the departmental highlights and performance against the targets and objectives set in the annual plan. 5 meetings of the Committee were held during FY2019.

COMPENSATION, ORGANIZATION & EMPLOYEE DEVELOPMENT COMMITTEE (COED)

Compensation, Organization & Employee Development Committee reviews matters pertaining to human capital such as talent acquisition, talent management, placements, career progression, capability development, compensation, rewards and benefit, HR governance and compliance etc. 23 meetings of the committee were held during FY2019.

PSO's Quality Lubricants

PSO offers international quality Lubricants, blended with advanced additives and base oil components that cater to the needs of all types of engines, under all climatic conditions. PSO Lubricants are blended at the state-of-the-art Lubricants Manufacturing Terminal and are available in various packaging sizes that are secured with an anti-counterfeiting solution.

CHAIRMAN'S REVIEW ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

On behalf of PSO's Board of Management (BOM), I would like to share the Company's performance for the Fiscal Year 2019.

The year 2019 has indeed been a challenging year for PSO as two key things impacted the industry; the competitive environment got worse and the economy started to contract.

The industry has now 31 OMCs who are allowed to operate and market. In addition, OGRA has issued another 38 OMC licenses who yet do not have the permission to start marketing. As new OMCs start to operate, they would tend to bite off the market share of major players.

Liquid Fuel Industry sales dropped by 22% over last year, primarily driven by low diesel demand resulting from a drop in transportation of goods and people, and a decrease in Furnace Oil sales due to the Government of Pakistan's policy of shifting to RLNG.

PSO lost about 14% market share in liquid fuel during the first six months of the financial year, dropping to 41%, only to come back strongly in the second half to finish the year at 42.4% market share. The performance rebound was made possible only due to focused efforts of the management and entire PSO team along with timely support from the BOM.

During the year, the State Bank of Pakistan took bold decisions on money market tightening in the country and almost doubled the interest rate from 6.5% to 12.25%. The circular debt also remained on the higher side till February 2019 and both these external factors dragged the Company's profitability down. However, through robust financial management and recoveries from the Power Sector companies, mainly in the second half of the year, the overall circular debt build-up and related liquidity crisis was averted effectively. The management and the Board will continue to seek support of the relevant Ministries to resolve the circular debt issue, particularly recovery from SNGPL against LNG supplies, and from Ministry of Finance for exchange loss on FE-25 loans booked on the instructions of the Government of Pakistan.

The Company is making an all-out effort to enhance its customers experience at Retail through enhanced Non Fuel Retail activities by offering modern day retail services at the forecourts. The concept of Shop-in-Shop has been introduced while new initiatives are in the pipeline. These initiatives, upon implementation, shall not only assist in enhancing the consumer experience, but would support the company in increasing the bottom-line. Keeping in view the importance of CPEC, your Company took the lead in opening a Retail Outlet at Gwadar. This is the first ever outlet opened by an OMC in Gwadar.

PSO has engaged Saudi Aramco under a Government-to-Government arrangement for development of a state of the art Refinery and Petrochemical complex to ensure uninterrupted supply of petroleum products in the country and vertically integrate the Business.

Being a responsible corporate entity, PSO through its Corporate Social Responsibility (CSR) Trust, is focused to support public charitable projects and committed a contribution of approx. Rs. 230 Million on account of CSR.

The present BOM was put in place by the Federal Government in February 2019. During the period, your BOM remained actively engaged in governance and implementation of the Company's strategy and operations by forming several committee(s) including a Performance Evaluation Committee, with the prime objective of creating value for shareholders. For FY2020, the BOM has guided Management in devising a robust plan, focused on regaining market share, enhancing customer experience, employee development, and automation of business processes.

Your BOM is cognizant that the industry's landscape is changing due to two factors and possibly a third:

1. The Competitive Environment: As new players come in, PSO will be most vulnerable given its market share, if it is not ready to respond. This also will present an opportunity for industry consolidation resulting in mergers and acquisitions, as we have seen this happen in the mobile telecom industry.

2. Technological Advances impacting fuel consumption – electric bikes and cars.

3. Use of Thar Coal: There is a strong possibility that the government may opt to move the power plants from LNG to Thar coal in the next 5-10 years gradually replacing LNG imports saving significant foreign exchange. Having seen the earlier government replace furnace oil with LNG, significantly impacting PSOs bottom line, this possibility cannot be ruled out.

PSO, as an organization, needs to be ready to deal with challenges arising due to these three factors and take the opportunities as they arise in the next ten years. As a result, your BOM is revisiting vision, mission & values, re-structuring the organization, revisiting the process of decision making, putting great emphasis on building the quality and capacity of its human capital, and driving use of IT for real time information and monitoring.

I would like to thank the Government of Pakistan, especially Ministry of Energy (Petroleum Division), for their excellent and unqualified support and guidance. I would also like to commend the Management and employees for their relentless efforts and assure shareholders that PSO's BOM shall continue to work to improve the Company's governance and performance.

Zafar Ul Islam Usmani
Chairman

September 27, 2019
Karachi

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

The Board of Management (BoM) 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 financial year ended June 30, 2019 (FY2019).

The Pakistan Oil industry experienced negative growth in FY2019 due to several external factors including but not limited to the influx of smuggled product, correction in economic indicators, and changes in the energy mix in Pakistan. These factors collectively resulted in a reduction of market size by 22.0% over SPLY (Negative growth in White Oil by 9.3% and Black Oil by 52.0%) and also impacted PSO's volumetric growth and market share.

Despite external factors, PSO continued its journey of delivering strong business performance in FY2019. The Company maintained its leadership position in the Liquid Fuels market despite the changing energy mix in the country, as well as aggressive competition from the ever-increasing number of Oil Marketing Companies in the industry.

The financial performance of the Company remained strong in FY2019, in comparison to the general situation in the Oil Industry, with an increase of 9% in Sales Revenue over last year, which clocked Rs. 1.2 trillion. Profit after tax (PAT) of the company stood at Rs. 10.6 billion in FY2019 as compared to Rs. 15.5 billion in FY2018. Earnings per share (EPS) was Rs. 27.06 in FY2019 compared to EPS of Rs. 39.52 in FY2018.The decline was witnessed primarily on account of the drop in Black Oil demand, exchange loss due to severe rupee devaluation and significant increase in Finance Cost by 74% due to substantial increase in discount rate and surge in overall borrowing levels of the Company.

The BoM expressed concern over the increasing receivables from the SNGPL and advised the management to pursue the recovery thereof through continued follow-up with the customer and the concerned government departments/ ministries.

PSO maintained its leadership position in Liquid Fuels, with a cumulative market share of 42.4%. The White Oil sales volume witnessed negative growth of 14.9% primarily due to negative growth of 4.8% in MOGAS and 25.5% in HSD sales volume. Black oil demand declined by 62.5% 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.

During FY2019, PSO launched "DigiCash", an innovative first of its kind Business to Consumer product to maximize the fueling experience of end customers. The card has become a success story, with an overwhelming response from consumers. PSO also undertook several measures to reduce its cost of doing business wherein austerity drive was inculcated throughout the organization. This resulted in a reduction of 17% over budgeted Administration and Marketing expenses. Moreover, demurrage expenses were also reduced by 73% over SPLY through better planning, focus and close monitoring by the management.

WORLD OIL MARKET REVIEW

The average crude oil price remained around US$ 69 per barrel in the global market during FY2019. Amid global tensions between US with Iran and China, the oil prices are expected to remain in the same range. Locally, the currency exchange rate fluctuation has impacted the Oil prices significantly. Since Pakistan meets the majority of its petroleum product requirement through imports, the increase in oil prices as well as the fluctuation in the Rupee vs. US$ exchange rate is expected to continue to impact oil prices in future.

PETROLEUM INDUSTRY OVERVIEW

Pakistan has reduced its dependence on oil due to a significant change in its energy mix. Furthermore, external factors such as economic correction through downward movement of economic indicators, and the influx of smuggled products, have all contributed to a reduction in the demand for petroleum products.

The economic correction and other factors such as the influx of smuggled product, dropped the demand for White Oil products (HSD, MOGAS, SKO and JP-1) by 9.3% over SPLY. Moreover, due to the availability of RLNG/natural gas in the country and the startup of alternate energy power plants, Black Oil demand in the industry also suffered significantly, showing a decline of 52.0%. As a result, overall liquid fuel volumes in FY2019 declined by 22.0% over SPLY.

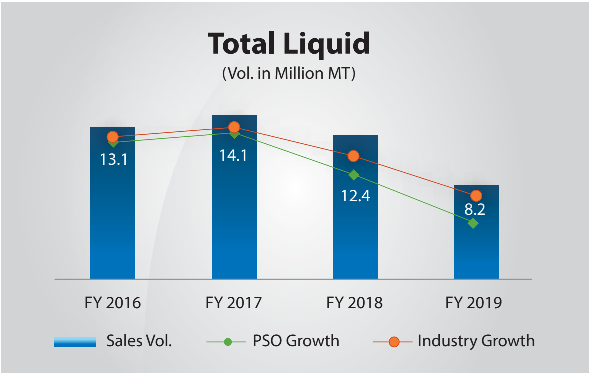
The consumption of MOGAS increased by only 2.3% over SPLY, which is the lowest growth witnessed during the last 10 years.

SALES PERFORMANCE & BUSINESS LINES PERFORMANCE

PSO retained its position as the market leader in liquid fuels with an overall market share of 42.4%. PSO witnessed a negative growth of 14.9% in White Oil sales in FY2019 vs. SPLY, primarily driven by negative growth of 4.8% in MOGAS, 25.5% in HSD and positive growth of 3.4% in JP-1 sales volumes, against industry negative growth of 12.8%. Despite external factors and increased competition, PSO strived to minimize the damage caused through challenges such as increased availability of smuggled product and growing competition in the liquid fuels market.

The Company made various efforts to retain its market leadership in the White Oil segment, which included a number of marketing activities like adding new retail outlets, introduction of innovative offerings such as "DigiCash", revamping of C-stores, customer service events, and various other promotional activities.

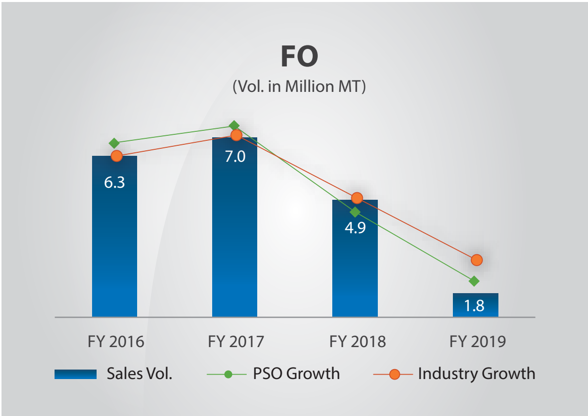
However, owing to the supply situation and availability of RLNG / natural gas in the country and the government's strategy of switching priority (merit order) of existing power plants to RLNG/natural gas, the Black Oil demand suffered significantly. Resultantly, PSO FO sales volume declined by 62.6% in FY2019 vs. SPLY.



Source: OCAC

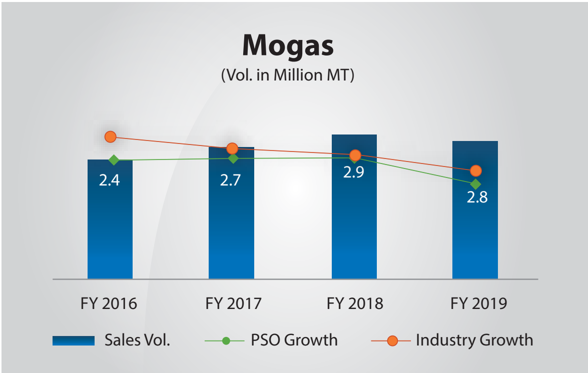
FY2019 marked negative growth of 14.9% in White Oil while Black Oil declined by 62.5% over FY2019. The market share of White Oil dropped to 40.2% from 42.9% SPLY, whereas, the market share in Black Oil dropped to 52.0% vs. 66.7% SPLY. Negative growth of 4.8% in MOGAS, 25.5% in HSD, 10.8% in Lubricants and 6.1% in LPG while positive growth in JP-1 by 3.4% in FY2019 vs. FY2018.

PSO continues to retain its market leadership position in FO with a market share of 52.2% in FY2019.

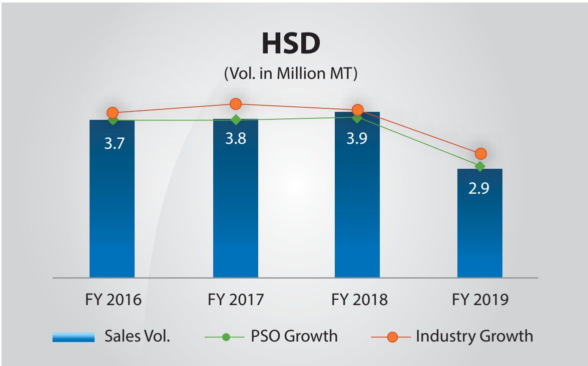


Source: OCAC

The Retail Fuels sector faced stiff competition and challenges from new entrants, substantial discounts offered by competitors, the influx of smuggled products, and a decline in overall fuel consumption in the country. The influx of smuggled products and contraction in economy significantly impacted the industry. PSO closed the year with a market share of 36.4% in MOGAS and 39.1% in HSD in FY2019.

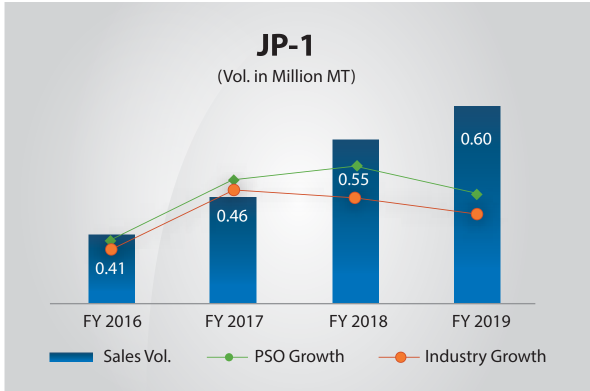


Source: OCAC



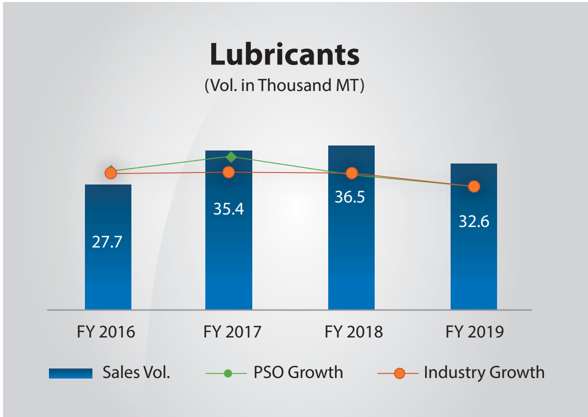
Source: OCAC

PSO continued to build on its dominant position in JP-1 by increasing its market share to 94.0% in FY2019 vs. 79.2% in FY2018. The growth in volumes and increase in market share is due to the acquisition of business of both local and foreign scheduled air lines, the start of operations at the New Islamabad International Airport, and an increase in volumes from Defense customers.

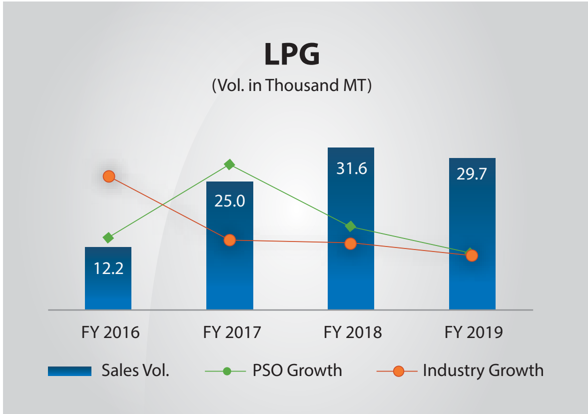


Source: OCAC

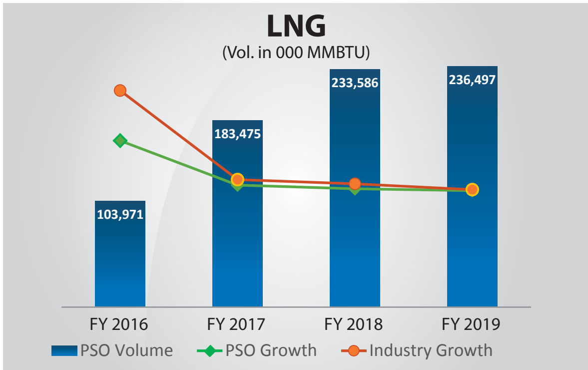
The overall decline in the industry impacted the Lubricants business, which recorded a negative growth of 10.8% vs. SPLY with a sales volume of 32.6 KMTs in a highly competitive lubricant industry, with an estimated market share of 8.8%.



The LPG industry declined by 10.3% vs. last year, whereas PSO's sales declined by 6.1% with a volume of 29.7 KMTs, increasing market share to 2.8% in FY2019 from 2.7% in FY2018.



PSO procured 74 vessels during the year with a total of 236, 496, 743 MMBTUs (approx. 4.6 Million MTs). PSO maintained its market leadership with a share of 68% in FY2019.



Retail Business

PSO added another 70 New Vision Retail Outlets (NVROs) to its network making a grand total of 3,487 sites as of June 30, 2019. The Company commissioned its 1st New Vision retail outlet in Gwadar keeping in view the growing business activities and the needs of the consumers in the region.

The Company operates 23 flagship sites providing the best services and customer care. As part of its efforts to automate and streamline the sales order process and with the objective of providing convenience to dealers and replacing the conventional manual ordering system, the Company expanded its Online Ordering Management System (OOMS) to 1800 outlets. Keeping up with international quality standards, PSO's Mobile Quality Testing Unit (MQTU) network carried out 14,723 checks at retail outlets to provide products in the right quality and quantity to its customers.

Non-Fuel Retail

Non-Fuel Retail (NFR) Segment has added value to PSO's forecourts by offering more consumer services under one roof, making PSO outlets their one-stop preferred destination.

The following services are being offered:

C-Store Remodeling – Shop Stops

The NFR Department took the initiative to enrich consumer experiences at PSO forecourts by revamping and expanding the PSO convenience store (C-store) network to establish it as a premium brand and give 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 of 'Shop Stop'. The C-stores cater to the needs of the consumer from general to specific items including grocery, personal care, beverages, snacks and confectionery.

PSO has revamped 40 C-stores as of June 30, 2019 providing international standards of quality and service at PSO forecourts. The remodeling of the Shop Stops brand has attracted new customers and provided increased satisfaction to the consumers due to the superior services and availability of top quality products, which will lead to enhanced revenue streams and more control over shop operations.

Moreover, PSO has also introduced the shop-in-shop concept at selected C-stores. For this purpose, PSO has partnered with leading brands like Dunkin Donuts, Espresso2go, Greenbeans, Xoop courier services and others, to develop and operate their outlets within PSO C-stores.

Merchandising Alliances

PSO collaborated with leading FMCG companies in order to provide quality products at its "Shop Stop" C-stores. Partners in beverages include Pepsi, Coca-Cola, Shakarganj Juices, DayFresh Flavored Milks, Pakola as well as hot tea and coffee by Three Sails. Customers can also enjoy delicious ice creams from Wall's and popsicles of Ice Pop Co. Car care products from Glow Ultimate are also available at selected PSO C-stores in order to cater to customer needs.

Branchless Banking and ATM Services

PSO also offers Branchless banking and ATM services at its widespread retail outlet network to cater to the financial needs of its consumers. Keeping in view the growing use of branchless banking by all segments of society and the convenience it brings, PSO has added these facilities at 300 retail outlets as of June 30, 2019.

PSO has formed valuable alliances with various banks for deployment of 150 ATMs at the Company's retail outlets to facilitate customers to perform their financial transactions in a secure environment.

Cards Business

FY2019 has been a very exciting and happening year for the PSO Cards Business in terms of innovation and adding value to our consumer offering. Last year, PSO Cards Business took a major leap by introducing a product that is expected to bring a paradigm shift in consumer fuel purchase behavior.

During FY2019, PSO Cards Division recorded a 28% increase in sales from Rs. 48.3 billion in FY2018 to Rs. 61.6 billion in FY2019. Over 600 new customers' accounts were brought on board, cards acceptance remained available at over 1350 outlets and overall the number of active cardholders has crossed the 200,000 cards milestone.

DigiCash:

PSO Cards has been the pioneer of the Fuel Cards Business in Pakistan and has been providing Fuel Management Solutions for the country's leading organizations, corporations, and institutes. PSO Cards Business conceived a consumer friendly product aimed to disrupt the conventional mode of fueling. Consumer Research results showing consumers' willingness and acceptance of the concept also encouraged PSO's resolution to launch a new product for consumers.

"PSO DigiCash" Card was launched on June 2, 2019 after three months of pilot testing in order to ensure that a tried and tested product is offered to consumers.

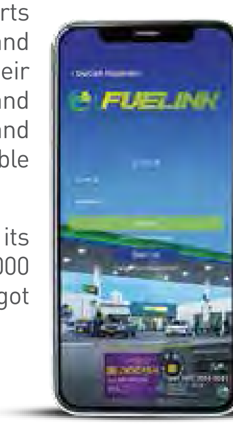
DigiCash is a re-loadable, chip-based card, which can be obtained online from the Fuelink Application or can be issued from over 1,000 participating PSO Fuel Stations instantly. The card can be topped up very conveniently at participating PSO stations as well as online via customer's debit/credit card or Easy Paisa mobile account. Customers get loyalty points with every fuel and lubricants purchase from PSO, and are entitled to various deals and discounts at various restaurants, salons etc. As of June 30, 2019, the amount loaded on DigiCash cards was Rs. 87.2 million.

PSO Fuelink App:

DigiCash has been launched along with a user-friendly mobile application, PSO Fuelink, which has been made available for both Android and iOS users.

The PSO Fuelink App gives consumers complete fuel management at their fingertips. They can track and manage their fueling expenses by getting complete details of top up, fueling transactions, loyalty points earned, redemption details etc. Fueling analytics based on various parameters such as frequency, product and stations is also available. Besides fuel management, other novel features are also available including station navigator based on proximity, deal offerings, a vehicle management system that alerts the user for timely oil change and periodic maintenance of their vehicle, a complaint portal, and regular updates for deals and discounts, are all made available on the PSO Fuelink App.

Within the very first month of its launch, approximately 15,000 active and unique customers got the card.



Fuelink Portal for Corporate Customers

FY2019 witnessed a surge in utilization of the Fuelink portal by PSO Corporate Account holders. Besides getting benefits of reporting, analytics and e-bills, customer requests for new cards and limit revisions were also processed through the Fuelink portal. PSO aims to continue processing customer requests through the Fuelink App to encourage paperless working where possible and adopt more environment friendly measures.

Smart Terminals first time in Pakistan

With the launch of PSO DigiCash, PSO has also become the first company to introduce Android based Smart POS Terminals at its Retail Outlets with various benefits being offered to PSO dealers including instant onboarding of customers, carrying out top up transactions, complete campaign management, analytics and reporting etc.

Fuel Management App for Dealers

PSO is the only OMC in Pakistan to introduce a mobile app for its dealers' network with roles defined for dealers, retail outlets managers, and staff. The app has enabled the Company dealers to get all relevant data pertaining to program-wise, product-wise and day-wise card sales. These analytics facilitate the users in their day to day business decision-making and also assist in managing their businesses remotely.

COMMERCIAL FUELS

Aviation, Marine & Exports

PSO continues to strengthen its position as the dominant player in the Aviation Fuels Industry by providing top quality products through state-of-the-art refueling equipment, supported by strong infrastructure. PSO is a licensee of Air Total International that provides PSO its technical support and international expertise in handling the Aviation business.

PSO achieved the highest ever sales of 618 KMT of JP -1 in FY2019 and retained leadership in Aviation business in Pakistan with an increase in its market share to 94%. PSO increased overall sales to foreign carriers by approximately 26%. During the period, PSO added 07 new foreign customers.

PSO Jet fuel volume of local airlines was 342 KMT as compared to 368 KMT in SPLY. The reduction was due to the closure of an airlines operations.

In order to facilitate smooth Hajj operations, PSO gives special service to refueling of Hajj flights every year. During this year's Hajj operations, PSO refueled 454 flights.

PSO achieved a market share of 100% in JP-8 exports to Afghanistan being the only OMC to export JP-8.

The HSD sales to marine customers remained at 44 KMT in FY2019, which is 47% higher compared to SPLY.

Power Sector

Furnace Oil (FO) is consumed by the Power and Industrial sectors. Power sector customers include GENCOs, K-Electric and various private power producers connected to the national grid. Industrial sector customers include textile mills, cement, fertilizer, sugar, captive power producers, and miscellaneous industry.

In view of the supply situation of natural gas in the country and the Government's strategy of switching the priority of existing power plants to RLNG/natural gas and installation of coal/gas/alternative energy power plants, the FO demand in the industry has seen a steep decline. The Government of Pakistan has also taken measures to reduce FO consumption by imposing a ban on imports, as well as load allocation priority to Power Plants with cheaper fuel sources. As a result, FO power plants are expected to partially run during peak summer demand only. Therefore, the industry consumption declined by 52.2% from 7.4 million MTs in FY2018 to 3.5 million MTs in FY2019.

Due to the decline in the industry, PSO's sales volume of FO declined to 1.8 million MTs in FY2019 from 4.9 million MT in FY2018. However, PSO has retained its market leadership position in the sector with 52.2% market share.

Despite all challenges including high receivables, inconsistent demand of FO, and increase in FO price during FY2019, PSO diligently managed to maintain uninterrupted supplies and fulfilled its responsibilities as a true national company.

LNG

PSO has been playing a critical role in bridging the demand & supply gap of Natural Gas through import of LNG. In FY2019, PSO imported 74 LNG vessels with a total of 236,496,743 MMBTUs (approx. 4.6 Million MTs).

Smooth supply chain operations were ensured through close coordination with all stakeholders despite mounting LNG related circular debt and non-payments by SNGPL.

LPG

PSO improved its market share to 2.8% from 2.7% SPLY despite various challenges. The LPG industry declined by 10.3%, however, the LPG sales of PSO declined by 6.1% over SPLY.

Various new challenges emerged in FY2019 and the most challenging factors were disparity in imported and local product prices, and an abnormal shift of imports from sea to land i.e. Taftan Border. However, a smart pricing strategy enabled PSO to manage the inventory levels resulting in a positive Profit After Tax (PAT) after a decade. PSO holds a position among the top 6 LPG marketing companies, out of a total of 184 companies.

PSO added 53 distributors in its distribution network, taking the total active number of distributors to 234 across the country. The industrial customer segment in which PSO had ventured in 2018 was also further developed and the Company added 5 new industrial customers.

CNG

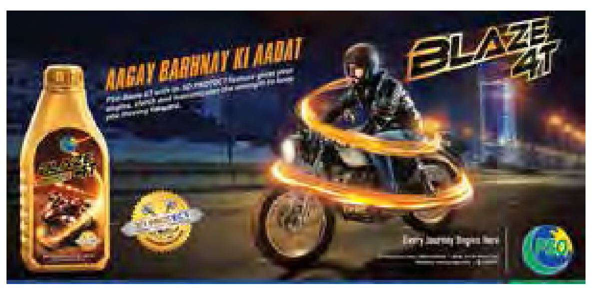
In terms of market participation of CNG facilities under the PSO Franchise Model, PSO has maintained its position in the industry. To further develop the existing network, private CNG stations are being tapped to be converted into PSO's Retail Outlets. Improvement in availability of RLNG at CNG stations in Punjab contributed to the sustainability of this industry, which is expected to further improve in future.

Lubricants & Chemicals

The Lubricants market has declined by approximately 10% during the year. PSO Lubricants business strategy was to keep a focus on improving earnings. The Lubricants Team achieved higher profitability this year by focusing on enhanced unit margins.

This year PSO produced more than 40,000 MTs of Lubricant through its production facility. PSO continued to focus on improving its products and services in the industrial, retail, and high street segments. Through these actions PSO has been able to maintain its position as one of the top 3 lubricant companies of Pakistan.

PSO also continued its progress despite stiff competition and declining market to compete against its competitors on many fronts facing tough challenges across all sales segments. The brand awareness and product penetration was enhanced in the market through brand-centric campaigns, trade-marketing campaigns in the high street and retail channels. Localized retail forecourt campaigns were launched in various retail regions across the country to promote sales and increase brand awareness.



The outgoing financial year has seen Lubricant department taking various ATL and BTL initiatives aimed at improving brand awareness of our Lubricant line and facilitate lubricant customers. The Company's continued efforts focused on high tier brands resulted in growth in their sales and profitability.

PSO further strengthened its relations with channel partners and end consumers with initiatives like DOST PROGRAM and OIL ADVISOR PROGRAM. These well received programs are good examples of collaboration between dealers, independent mechanics, and the Company.

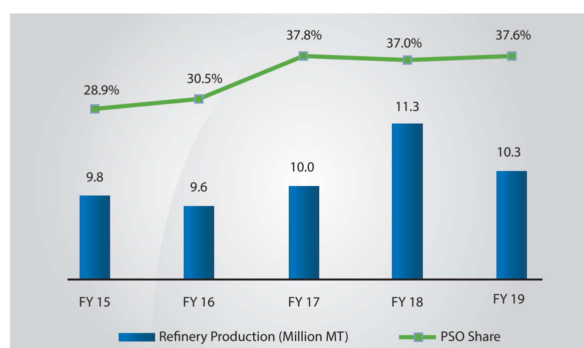
In FY2019, the Company continued its efforts in the Transformer Oil business, achieving 43% growth in volumes vs. last year. PSO has collaborated with the Pakistan Society of Sugar Technologists (PSST) to conduct their 52nd annual convention in October 2018 in Karachi. This annual event brings together technical experts and stakeholders of the Sugar industry. They share their technical experiences on innovative methods and processes for creating efficiencies in different segments of the industry.

INFRASTRUCTURE CAPITAL

Supply

The current year was challenging at the sourcing end with new players entering the market who did not only penetrate the local refineries levels but also started importing major products including Motor Gasoline and Diesel thus continuing pressure and congestion at the ports. Furthermore, with substitution of fuels in the power sector, i.e. Fuel Oil with LNG, the refineries faced low throughput issues due to tremendous decline in Fuel Oil consumption in the country, which also impacted production of other products. With a decline in country's Diesel consumption by 18.6% over last year, this situation further increased the challenges for PSO's sourcing. However, PSO effectively maintained the supply chain equilibrium throughout the country for all products.

In the fiscal year, PSO managed to marginally improve its refinery upliftment share whereas the overall refinery production (i.e. White and Black Oil) declined by more than 1 million tonnes over last year. PSO enhanced its upliftment from PRL and PARCO refineries and ensured its share of local sourcing by renewing the Sale and Purchase Agreement for petroleum products with National Refinery Limited. Acquisition of a majority stake in PRL has significantly helped PSO in strengthening its local sourcing on a sustainable basis.



In line with the Government of Pakistan's policies of having assured sources of supply for major petroleum products, PSO is pursuing long-term procurement agreements on Government-to- Government basis with leading international suppliers. Further, PSO is also working with one of the largest state-owned oil companies in the world for setting up a Greenfield refinery and petrochemical manufacturing facility in Pakistan.

Logistics

PSO ensured uninterrupted POL supplies round the year to all its retail, industrial, defense, aviation & marine customers across the country and maintained optimum inventory levels at all the depots and installations without any dry out situation.

PSO, in pursuit of its commitment for safe and secure transportation of petroleum products, has upgraded over 1,500 tank lorries in its fleet, which are fully compliant with OGRA's notified technical standards and requirements from the National Highways Authority (NHA). These compliant tank lorries are equipped with international standard gauges and roll over prevention mechanism to minimize chances of accidents and rollovers. Mobile Digital Video Recorder (MDVR) Cameras for vehicle's video surveillance anbehavioral monitoring of tank lorry crew are being installed to ensure the safety of the public and the environment.

Alongside induction of compliant vehicles, one of the critical areas is continuous training and improving skills of tank lorry drivers. PSO, with the joint efforts of National Highway & Motorway Police (NH&MP) and in-house HSE trainers, has conducted around 36 drivers training/ awareness and HSE refresher sessions round the year at all logistics locations throughout Pakistan and trained more than 1,000 tank lorry drivers with necessary information regarding defensive driving techniques and emergency response in case of accidents.

The scope of Fleet Management Tank Lorries (FMTL) mechanism has been augmented to ensure safe and secure secondary transportation of POL products to Retail and Industrial customers through state of the art OGRA and NHA compliant tank lorries.

Infrastructure Projects & Maintenance

Retail Construction & Facilities

PSO has successfully developed and commissioned 70 additional Retail Outlets across the country to further grow our sales network and reinforce the Company's market dominance.

To give a fresh outlook and modern feel to the retail outlets of PSO, an initiative has been taken to install the latest energy efficient LED lights by replacing conventional high wattage lights under the canopy. The initiative also includes redesigning of the blue-bars signage and the spreaders at retail outlets of the Company. PSO has upgraded approximately 280 outlets during FY2019.

Facilities Maintenance

Integrity testing of 58 km of pipelines connecting PSO installations with refineries and Oil Piers has been successfully carried out at different locations in Pakistan.

Infrastructure Construction

Contracts for construction of 151,000 MT of additional storage tanks at five locations and rehabilitation of 139,000 MT of existing tanks at Keamari and ZOT Complex have been awarded.

At Mehmood Kot terminal, enhancement of PMG handling facility is near completion, which would double the PMG storage capacity.

Replacement of 550 meters of 20 inches dia Tanker Discharge pipeline connecting Keamari terminals to Oil Piers was also completed.

Projects

Pipeline connectivity of PSO and PARCO terminals at Shikarpur and Machike is also in an advanced stage of completion. Once this project completes, it will be ready to receive gasoline through the PAPCO multi-grade White Oil Pipeline system.

Operations

PSO's operations network is strategically located to ensure uninterrupted fuel supplies across the country and to fulfill the increasing demand of POL products.

MOGAS requirement in Pakistan has significantly increased over the years due to changing business dynamics as well as a significant shift in customer preferences. Accordingly, PSO's business strategy has continuously evolved to help the Company meet its customers' expectation.

Owing to a shift in the energy mix, PSO's storages of HSFO at Zulfiqarabad oil terminal were underutilized. Accordingly, with the objective to increase MOGAS days cover, PSO has converted existing storages of 60,000MTs HSFO/HSD into MOGAS. This expansion in the MOGAS storage would not only enhance the Company's storage capacity but will also assist in reducing demurrage costs.

Strategic fuel storage development across Pakistan is a prime concern for PSO to meet the increasing POL product requirement and days cover. As per Government of Pakistan's directives, PSO has developed a comprehensive plan for the development of storages.

PSO is also finalizing the storage development plan along with additional land acquisition for storage development and right of way for pipeline laying.

PSO has so far managed to complete the acquisition process for 05 acres at Chakpirana, and 07 acres at Faisalabad.

Tree Plantation Drive

PSO has supported the Prime Minister of Pakistan's Clean and Green Pakistan Initiative by planting trees at its facilities across Pakistan. In this regard, approximately 3,500 trees according to the natural climatic conditions have been planted at 30 locations in all provinces.

FINANCIAL CAPITAL

Finance is regarded as the lifeblood of an organisation. During FY2019, the finance department continued its strategic business-partnering role and delivered continued 24/7 support to business and other support functions. The function went beyond the traditional role and provided critical insights for strategic decision-making. To ensure provision of quality support to business functions, it kept itself abreast with the best practices and evolving economic, legal and reporting requirements applicable to the Company.

PSO's Treasury Function, being the largest corporate treasury in the country, manages cumulative flows of funds in excess of Rs 2.5 trillion per annum, processing 75,000 plus vendor bills and has working relationships with 15 top tier banks in Pakistan. Throughout the year, despite tough liquidity conditions, where the borrowings of the company even peaked to Rs. 160 billion, the function ensured continuity of smooth business operations. Rigorous efforts ensured that the finance cost is kept in check especially in wake of the increase in the policy rates by SBP.

During the year, PSO through its strong follow up with the concerned authorities received Rs. 60 billion out of the Rs. 200 billion Power SUKUK issued by the Power Sector. It was in addition to the normal allocations against fuel supply to the power sector. Further, the unceasing efforts also led to the recovery of Rs. 3.65 billion from power sector under the head of late payment surcharge income.

Financial Reporting team ensured conversion of data into information relevant to the decision making needs of the top management. The team ensured timely and accurate reporting of Company's result 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 implementation of IFRS 9, Financial Instruments and IFRS 15, Revenue from Contract with Customers. Quarterly analyst briefing sessions were also conducted by the Company to keep analysts informed about the developments in the Company. The excellence in financial reporting was again acknowledged at the highest level as PSO continued its tradition of securing position 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 the competition, as secured in the last few years as well.

The Finance team played its support role in a big way and handled annual billing of over a 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

The company remained one of the largest tax contributors to the national exchequer as follows:

	2019	2018
	Rs. in Billion	
Sales Tax	168	227
Petroleum Levy	86	79
Other duties & Taxes	42	40
Total	**296**	**346**

PSO takes pride in being a tax compliant company and has been appreciated by FBR at various forums.

Analysis of Liquidity Situation and Cash Flows

At the end of FY2019, the receivables from the Power Sector stood at Rs. 115.9 billion against Rs. 199.9 billion in FY2018 reflecting a remarkable reduction of Rs. 84 billion i.e. 42%. However, during the year, receivable from SNGPL increased from Rs. 15.9 billion to Rs. 64.7 billion as on June 30, 2019. This is a very alarming situation, however, the company is in constant engagement with SNGPL and the Ministry of Energy for expeditious recovery of this balance. After the recent increase in domestic gas prices, it is expected that the situation will be much better this year. Various proposals were submitted and detailed sessions were held with the GoP for resolution of circular debt and to avoid any further build-up of receivable from SNGPL. These solutions are likely to improve the liquidity situation of the Company, if implemented by the GoP.

The company made maximum efforts for managing the liquidity requirements by ensuring the availability of adequate credit lines for meeting the working capital requirements and making timely payments to local as well as international suppliers. The 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 GENCOs, HUBCO, KAPCO, PIA and SNGPL for releasing funds to clear outstanding receivable balances.

For Direct Cash Flows Statement, please refer to page no. 114.

Financing Arrangements

During FY2019, the average borrowing of the company stood at Rs. 116 billion vs. Rs. 101 billion in FY2018.

The relentless efforts of the management resulted in maintaining the average finance cost for the year at 9.68%, which is 24 bps less than the average Kibor for the year. This was ensured through robust 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 expects that various discussions at the highest level to curtail/ reduce circular debt will contribute to the clearance of outstanding balances and a plan for the same will be shared by the defaulting entities including Power Sector, PIA and SNGPL. However, in the meantime, the company will continue to manage its liquidity by considering the following measures:

- Close liaison with the 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
- Keeping adequate Credit lines and ensuring their timely availability

Credit Rating

The latest ratings of PSO by VIS Credit Rating Company Limited 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 recommended 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. 5 per share. The dividend (including stock dividend) for the FY2019 stands at Rs. 12 (120%) per share vs. Rs. 17 (170%) per share in FY2018 translating into a total payout of Rs. 4.7 billion vs. Rs. 5.5 billion in FY2018 to the shareholders.

INTELLECTUAL CAPITAL

Information Technology

PSO continues its drive to implement efficient Information Systems by adopting and practicing innovative technologies, procedures, and standards. The effort has resulted in achieving the following:

ISMS Certification: PSO has been awarded the ISMS 27001:2013 certificate by SGS United Kingdom Ltd for excellence in Information Security.

FIORI Upgrade of Online Order Management System (OOMS) - OOMS is now online aboard the latest SAP FIORI platform enabling access and operation through a multi browser environment as well as through mobile applications increasing customer convenience and mobility for order management.

Task Management System – A digital portal based Task Management System has been developed and integrated with the Pakistan Citizens Portal for efficient and timely resolution of complaints assigned to PSO.

Quality Assurance Mobile Application – A mobile application based solution was developed and successfully implemented to automate the processes of Q&A inspection team visits for the purpose of inspecting quality and quantity of product at Retail Outlets, Storage locations and Tank Lorries.

Cartage Online Billing System (COBS) – COBS has been upgraded to extend the facility for online bill processing of Cartage contractors for Retail Sales operations, in addition to the previously deployed version catering only to Transshipments.

Management Dashboards – Management dashboards were successfully developed and implemented for Operations departments for providing timely business data like Country Wide Stock levels, Number of Days to stock replenishment etc. and analytics, promoting efficiency and timely decision making.

LYNC Meeting Tool: LYNC meeting tool has been deployed on the official systems of departmental heads in their offices, which is connected with reporting remote location systems promoting convenience, efficient meetings and day-to-day operations management.

Disaster Recovery (DR) Drill - Disaster Recovery Drill 2019 was conducted successfully at DR sites ensuring the availability of SAP System and continuity of business operations at secondary site.

Procurement & Services

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, opening, evaluation & rejection of bids, acceptance of bids, award of procurement contracts and redressal of grievances.

Major success of Procurment & Services (P&S) department during FY2019 was achievement of QMS (ISO 9001: 2015) certification. In addition, P&S team through its three sub sections (Works, Goods & Services) completed procurement worth Rs. 11 billion via issuance of approximately 1,200 Orders that included contract award for storage development/ rehabilitation of existing storages of over 0.3 million MTs. Furthermore, 13 advertisements were floated for procurement of various POL products (HSFO, LSFO, MOGAS and Jet Fuel) and tendering process for 65 tenders was concluded for the supply of PoL Products (HSFO, LSFO, MOGAS and Jet Fuel). Subsequently, 112 purchase orders were issued by the Supply Team worth USD 2,722 million approx.

During the year, all the cases reported to Grievance Handling Team (GHT) were addressed and settled by GHT. PSO also took action against vendors on account of non-performance and fraudulent activity(s). Those vendors were debarred from participation in the Company's tenders.

P&S team managed 23 Management Procurement Committees meetings and 08 BPC meetings for approval of 155 & 22 procurement cases respectively.

Net saving of over 5% was achieved during the year verses Purchase Requisition (PR) amount through various strategies adopted to get competitive rates which included improvement in terms & conditions, consolidation of tenders and clarity of specifications, scope of work & evaluation criteria. An in-house monitoring and reporting mechanism is in place, whereby status of procurement is monitored with the indenting departments to expedite timely completion of procurement/projects and resolution of issues.

P&S team continues to work to rationalize the procurement cycle through system improvements including options to explore automation in all areas i.e., adopting e-procurement.

Branding

Brand is the veritable essence of any company and gives it a competitive advantage in the market. Effective branding can increase the Company's value manifold. Moreover, good branding makes customer acquisition easier and builds an emotional connection with the target audience.

Corporate Branding

PSO celebrated significant national days to augment its identity as the nation's own oil marketing company and launched media campaigns on special occasions such as Eid-ul-Fitr, Independence Day of Pakistan, Pakistan Day, Quaid-e-Azam Day, Iqbal Day, Defense Day of Pakistan along with paying tribute to the martyrs of Army Public School on December 16, 2018.

As part of the Prime Minister's Clean & Green Initiative, PSO launched a campaign on various mediums with a public service message regarding environment preservation, cleanliness, and road safety. The Company also advertised its Corporate and product brands during the live telecast of PSL 4 matches throughout the series.

In order to further reinforce the Company's corporate image, the corporate campaign "Every Journey Begins Here" continued to be the central corporate brand platform.

Product Branding

One of the most significant achievements during FY2019 included the launch of DigiCash – a first of its kind Reloadable Fuel Card from PSO. An integrated marketing campaign "Your Journey Just Got Easier" was launched on all major mediums to ensure maximum reach and accessibility. A series of brand activations were also launched to promote DigiCash across Pakistan, targeting leading malls, PSO retail outlets, and various high-traffic events.

During the fiscal year, the visibility of PSO lubricants was also ensured in major mediums and at various high traffic events to improve recall and retention and stimulate purchase. In addition, a consumer promotion campaign was launched for Carient and Blaze 4T lubricants.

To announce the first fuel station in Gwadar, a print campaign was launched highlighting PSO being the first Oil Marketing Company to develop and operate a fuel retail outlet in Gwadar.

Quality Assurance of Products

PSO ensures the Quality of its products to its customers through its extensive network of state-of-the-art laboratories and Mobile Quality Testing Units (MQTUs) across the country, equipped with modern testing equipment. PSO's Quality Assurance Department ensures compliance with all the prevalent Government of Pakistan regulations (OGRA, MoE (PD), etc.) and international testing methods for marketable POL and Chemical products throughout PSO's supply chain.

PSO has established 09 stationary laboratories at different locations throughout Pakistan. Driven by business need, 2 new laboratories at Shikarpur and Tarujabba have also been commissioned in the Fiscal Year in review. During the year, stationary laboratories tested approx. 72,000 POL samples and developed 850 lab blends of Fuels and Lubricants. PSO has a dedicated fleet of 24 MQTUs in 16 cities for Quality and Quantity testing of petroleum products at Retail Outlets nationwide.

HSE being an integral part of all our business activities at PSO; MQTUs during its routine QA visits also carried out 1200 HSE inspections of Retail Outlets as well as engaged customers in lubricants brand awareness program at 562 Retail Outlets.

Quality Assurance department is also supporting the implementation and maintenance of the International Quality Management System (QMS) consolidated ISO 9001:2015 certification by all relevant departments within PSO.

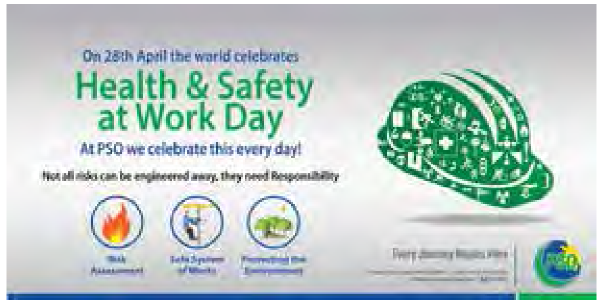
NATURAL CAPITAL

Health, Safety & Environment

FY2019 has been a challenging year for HSE in PSO as implementation of some newly introduced critical systems at all PSO locations was a key objective.

HSE Audits

PSO ensured the implementation of HSE standards by auditing over 2700 retail outlets including CNG stations. The auditing system for facilities was also revised to increase its robustness by making them risk-based and focusing on critical processes such as PTW, MOC, Emergency Response, etc. All PSO facilities were audited according to the requirements of the recently developed HSE management system and almost 70% of the identified issues were resolved along with an effective inspection system of tank lorries; covering 15% of the fleet.



Process Safety Management

Risks of fire and explosion at oil & gas terminals are very high and robustly implementing a Process Safety Management (PSM) system was the only way to avoid serious incidents at facilities. PSO strived hard towards implementing critical PSM systems like Management of Change (MOC), Pre-Start up Safety Review, Permit to Work (PTW), Incident Management, reporting and investigation at all its facilities in FY2019. Successful implementation of these critical systems resulted in PSO achieving its target for **Zero Fatalities** in FY2019.

Environmental Protection

In our journey towards a better and sustainable future, PSO considers sustainability as one of its main pillars for business growth. Clean and Green Pakistan campaign launched by the Government of Pakistan has been fully adopted by PSO through tree plantation at various facilities carried out to reduce the carbon footprint.

Behavior Based Safety

With the vision of improving employee behavior towards HSE, the reward and recognition program continues with full vigor to encourage a positive HSE attitude. Employees who were found involved in quick response for avoiding a potentially serious accident were rewarded and appreciated as "OUR STARS". A Safety Champion program was introduced that not only included management and non-management staff but also the tank lorry drivers. The prizes are distributed quarterly at all facilities to selected staff and drivers who performed well in the given tasks of HSE improvement in their daily routine and at workplace.

HUMAN CAPITAL

Human Resources department plays a vital role in achieving the Company's strategic objectives/goals by providing required support in terms of human capital.

Organizational Development

HR Policies

PSO has a comprehensive HR Policy Manual, which covers all aspects of developing and managing its employees and providing them market competitive benefits. The Company revises its policies with changing market trends to sustain its position as market leader. During the year, policies such as leave management, leave fare assistance, guest house, promotion criteria, and mobile policy were revised based on best market practices. PSO also launched an electronic version of the HR manual to provide real time and quick information/policy access to all departmental heads for the smooth running of business functions.

Employee Engagement

PSO considers its human resource as an invaluable asset that has helped achieve various milestones of success. A comprehensive Employee Engagement and Satisfaction Survey was initiated wherein individual employees were provided an opportunity to share their opinions and ideas in shaping the Company's future. This initiative will further cement employees' commitment to the organization and help them perform with enhanced levels of engagement.

Job Rotation and Succession Planning

PSO continues to carry out succession planning through well-defined assessment criteria. Job rotations plan is in place with the purpose to enhance employee development through varied skill sets and exposure to diverse functional areas. Accordingly, in line with the succession planning initiative, approximately 300 employees have been rotated through transfer/postings across the Company.

Performance Management

During the year in review, the effectiveness of the Performance Appraisal process was revamped through incorporating and emphasizing on setting Objectives & KPIs of all employees. This platform also ensured the development of low performers through identification of training needs and gap analysis through self-evaluation.

Human Resource Services

During the year, employee leave application and leave management system was improved for better monitoring and control on employee punctuality. Likewise, turnaround time for processing of management loans has also been reduced through process re-design. Furthermore, Defined Contribution Scheme was launched for the current as well as the retired employees. This scheme allows early vesting of retirement benefits to the employees so that their accumulated pension benefit would be available on cessation of service at any time instead of waiting for superannuation/retirement age.

Industrial Relations

The negotiation process with the CBA regarding their Charter of Demand for the period 2017-2019 was successfully completed during the year. This enables the non-management employees to continue serving the Company to the best of their abilities and maintains a healthy and congenial organizational environment and industrial peace.

Talent Management

During FY2019, 19 hours per employee training on soft and technical skills was conducted.

In pursuance to acquire the best talent from the market, 10 Recruitment Cycles were initiated to fill various positions including senior management, mid-career and trainee. Moreover, to attract new talent, PSO participated in Job Fairs of 12 leading universities and informed the participants about career opportunities in PSO.

PSO launched an online competency based assessments center for its Management Trainee Cycle of 2019. The Company also became the pioneer in the market to introduce Gamified Competency based testing for its 3rd L.E.A.P Internship program.

World H&S Day Celebration

PSO celebrated World Health and Safety Day during the year at all its business locations. The theme of the day was based on the most significant hazard and risk of the year according to the trend established from incidents investigation data. The Managing Director sent out a message to all staff built upon the importance of safety as a mindset. The event resulted in a renewed resolve in the employees that "Safety is Everyone's Responsibility".

SOCIAL & RELATIONSHIP CAPITAL

Customer Services

The Ta'aluq Careline is one of the contributors to the brand equity of the Company where the team ensures customers satisfaction by providing a one-window facilitation service. During FY2019, the Customer Services helpline managed approx. 221,000 interactions with PSO customers and other stakeholders using inbound and outbound telephone calls, emails, faxes and SMS service.

Customer Services also assisted internal business units in meeting their business goals e.g. in recording of the lubricants stock availability with PSO dealers, in supporting research and promotional activities, and providing cards facilitation to valuable PSO Fuel Cards Customers.

PSO also took an initiative to increase the visibility of its Customer Services Helpline '0800-03000' at the Company's top selling retail outlets. This activity included placement of banners, posters, and stickers of the helpline number and was completed at 180 retail outlets during FY2019.

Corporate Social Responsibility & Sustainability

PSO ensures that its Corporate Social Responsibility (CSR) initiatives have a positive social impact on the economic and social conditions of the people of Pakistan. As the largest oil marketing company, PSO is not only improving the quality of its products and services, but also playing its role in improving the lives of people and communities where it operates at regional and national levels.

With the integration of CSR and Corporate Philanthropy into its core business strategy, PSO is striving to drive shared value among stakeholders and the public. PSO has been generously supporting sustainable social & economic development through continued philanthropic investment in the fields of education, healthcare, community building, environment & disaster relief through its charitable arm; the PSO CSR Trust.

Statement of Charity Account Performance Initiatives

The Company's CSR and philanthropy activities are managed by the PSO CSR Trust. The Company dedicates 1.0% of its Profit before Tax (PBT) for CSR initiatives.

Not-for-Profits organization and donation requests from across the country reach out to the PSO CSR Trust for support. The funds/aid requests are thoroughly analyzed by the Trust before reaching a decision to formally accept a grant request. A stringent check and balance system is in place within the Trust that ensures the donation reaches the communities in need in a most transparent way.

Once the required documentation and review is complete after receipt of the donation request, the initial donation request is seen by the PSO CSR Trust's Subcommittee. The Subcommittee evaluates and assesses different requests in line with the Trust's objectives and on the basis of a predetermined framework. Only donation requests that meet the criteria satisfactorily are recommended to the PSO CSR Trustees for their further review etc.

The Trustees, being the decision making authority in the Trust, evaluate and assess the grant requests and give their directives and approvals to extend the Trust's funds, once the donation request meets all the criteria satisfactorily and provides the required evidence of its operating for the welfare and support to the needy and underprivileged segments, and for the society at large.

The PSO CSR Trust approved donations of approx. Rs. 230 million in FY2019 in education, healthcare, community building, and environment areas.

Education

Education remained priority area of support from the PSO CSR Trust with a contribution amounting approximately Rs. 104 million during the period in review. The support extended by PSO has enabled hundreds of students to have access to education. The Company's donations have also enabled educational institutions to build and upgrade their infrastructure.

During FY2019, the PSO CSR Trust has extended support through leading organizations like the Zindagi Trust, Habib University Foundation, Institute of Chartered Accountants of Pakistan (ICAP), NUST CEME, the Namal Education Foundation, TCF, LUMS, the Kaghan Memorial Trust and the Shahid Afridi Foundation, the IBA, etc.

Healthcare

PSO CSR Trust made significant contributions worth approximately Rs. 93 million by partnering with various reputable institutions in healthcare sector to provide healthcare facilities to the deserving people across the country. The support went in construction projects of health sector and purchase of healthcare equipment. The Company through its Trust has supported institutions like the LRBT, Karwan-e-Hayat, Patients' Aid Foundation – JPMC, The Indus Hospital, The Kidney Centre Post Graduate Training Institute, Fatimid Foundation and Muhammadi Blood Bank and Thalassemia Centre.

Community Building and Environment

PSO CSR Trust focuses on contributing to local communities in a positive way helping to facilitate growth, competitiveness, and opportunities for all. To accomplish this, approximately Rs. 33 million of grants went in support of the causes that serve the community and environment areas.

PSO CSR Trust supported education of the differently abled through the Family Educational Services Foundation. The Trust also lived up to the spirit of charity and served Iftar to the underprivileged segment of the community around PSO House during the holy month of Ramazan. PSO's Board of Management also contributed Rs. 24.9 million from the CSR funds in the Prime Minister of Pakistan and the Supreme Court of Pakistan Diamer Bhasha & Mohmand Dams Fund.

The corporate social responsibility and philanthropy programs of PSO will continue to serve the needy and the under priveleged.

Social and Environmental Responsibility Policy

The PSO CSR Trust manages donations of the Company. PSO contributes 1.0% 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 an advanced stage of obtaining certification from the Pakistan Centre of Philanthropy (PCP).

Cause Donation

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.

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 wrongdoing.

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 provide independent and objective appraisal and analysis of the operations, systems and internal controls.

OTHER MATTERS

We would like to draw your attention to note 26.1.1 to the financial statements that contain the information and explanations to the matters highlighted by External Auditors in their Audit Report:

Further the External Auditors considered the following matters as key audit matters as these were most significant in the context of their audit of the financial statements for the financial year 2019:

- Receivables from Government of Pakistan (GoP) and Customers (Refer notes 12.2 and 15 to the unconsolidated financial statements).
- First time adoption of IFRS 9 – Financial Instruments (Refer note 2.5,6.2,12 and 15 to the unconsolidated financial statements).

Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for 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, 2020.

Changes in the Board of Management

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

- Sheikh Imranul Haque left the Company upon completion of his tenure as Chief Executive Officer / Managing Director on August 31, 2018.
- Syed Jehangir Ali Shah was assigned the post of Chief Executive Officer / Managing Director of Pakistan State Oil Company Limited on Acting Charge basis with effect from September 06, 2018. Since then his appointment as CEO/MD, PSO on Acting Charge basis has been renewed from time to time and the last renewal during FY2019 was made effective June 03, 2019.
- Qazi Mohammad Saleem Siddiqui joined the Board on November 22, 2018 in place of Mr. Abdul Jabbar Memon.
- Government of Pakistan by virtue of its Notification dated February 21, 2019, restructured the Board of Management of Pakistan State Oil Company Limited with immediate effect.
- Due to the aforesaid change, Mr. Amjad Nazir and Mr. Yousaf Naseem Khokhar ceased to be members of the Board of Management and the following new members were appointed with immediate effect:

❒ Mr. Zafar Ul Islam Usmani	Chairman
❒ Mr. Mohammad Shahid Khan	Member
❒ Ms. Tara Uzra Dawood	Member
❒ Mr. Irfan Ali	Member
❒ Mr. Muhammad Hamayun Khan Barakzai	Member

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Sheikh Imranul Haque, Mr. Abdul Jabbar Memon, Mr. Amjad Nazir and Mr. Yousaf Naseem Khokhar and welcomes the new Members.

ASSOCIATED AND SUBSIDIARY 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. During the year, the Company acquired further 84 million shares of PRL from Shell Petroleum Company Limited, consequently, the Company's shareholding in PRL increased from 24.11% to 52.68% making it a subsidiary as at December 01, 2018.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

PSO's Board is fully cognizant of its responsibility as recognized by 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.
- 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 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, pension and gratuity funds based on their respective un-audited accounts as on June 30, 2019:

Fund	Rs. In Mn.
PSOCL Management Employees' Pension Fund	2,693
PSOCL Workers' Staff Pension Fund	2,707
PSOCL Defined Contribution Pension Fund	5,730
PSOCL Staff Provident Fund	2,516
PSOCL Employees' Provident Fund	1,377
PSOCL Employees' Gratuity Fund	5,794

- During the year, fifteen meetings of the Board of Management were held and the attendance by each member is given on Page 69.
- As on June 30, 2019, the composition of the Board was as follows:

Total number of Board Members:

❒ Male:	09
❒ Female:	01

Composition:

❒ Independent Members:	04
❒ Non-Executive Members:	05
❒ Executive Member:	01

- The pattern of shareholding is annexed on page no. 306.

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 a share of 42.4% in liquid fuels, with 40.2% share in White Oil & 52.0% share in Black Oil. The Company continued to improve its brand equity with the re-revamping and diversifying of 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 consumers and are set to drive a considerable portion of the country's economy in the near future.

The Company streamlined its supply chain by uplifting 37.6% of local refineries production i.e. an increase of 1% over last year, while reliance on overall product imports was reduced by around 49% over SPLY primarily due to decrease in Furnace Oil volumes. Moreover, based on various efficiencies brought in the supply chain and operations management, demurrage costs were reduced by 73% over SPLY. Further, significant increase was also witnessed in transport of POL products through railways, while compliance of tank lorries for road safety was also improved.

During FY2019, the Company completed the acquisition of Shell's share in Pakistan Refinery Limited, taking PSO's shareholding to 52.68%. This acquisition will help PSO in improving vertical integration and further strengthening its supply chain. PSO's focus on inculcating health and safety culture throughout the organization continued during the year. Risk based approach was adopted to focus on areas of improvement such as 'Incident Investigation & Reporting and Learning', reinforcing 'Emergency Response Plans' (ERPs), drills involving both company & contractor staff, 'Management of Change' (MOC), 'Permit to Work' (PTW), etc.

PSO awarded contracts for the development of new storages/ rehabilitation of existing storages. The storages, upon completion, shall enable the company to increase days cover, operational flexibility, and reduce operational cost.

Various initiatives were taken for increasing profitability such as the launch of "DigiCash", a Business to Consumer card. This card has already become a success story, with an overwhelming response from consumers.

PSO, with a view to strengthening its supply chain for the long run, has engaged with Saudi Aramco for setting-up a Greenfield refinery in Pakistan under a Government- to-Government arrangement.

Status of Projects in Progress

PSO in-line with its objectives initiated several projects during the period under review. The projects were specifically focused towards enhancing customer experiences, supply chain, infrastructure development and automation of business processes. PSO during the review period has embarked on new storage development, as well as rehabilitation of existing storage. This will assist the Company in gaining operational efficiency and increasing days cover. The Korangi-Keamari link pipeline project has also moved to the next stage wherein necessary approvals have been arranged. PSO continued its drive to enhance customer experience by adding new retail outlets, revamped convenience stores, and other value-added services at its forecourts.

Source of Information and Assumption

PSO's assumptions for Strategic planning are based on a multi-tiered approach, wherein, a number of internal and external factors such as multiple macro-economic factors that may impact product demand, relevant for long-range planning, have been considered. Moreover, publications from Pakistan Automobile Manufacturers Association (PAMA), World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) have also been considered while developing assumptions for the next fiscal year.

FORWARD LOOKING STATEMENT

PSO's performance is majorly dependent on a number of national and global macro-economic indicators, including but not limited to uncertainty in the geopolitical environment, technological developments, the security situation, and concerns about climate. This translates into various opportunities and challenges for PSO in the coming years keeping in perspective the dynamic environment faced by the country.

The economic outlook of the country remained subdued during FY2019 with a growth of around 3.3% in real GDP. Furthermore, the transport sector, the largest consumer of White Oil products, also witnessed a growth of approximately 4% only.

The Retail sector, the major consumer of white oil, is experiencing a transition owing to changes in consumer demands and stiff competition due to the introduction of new players. The Management is aware of the rapid shifts and is making all out efforts to address the shift in consumer demand of consumers by offering augmented products, providing better forecourt experience, introduction of innovative fueling services, and provision of the state-of-art non-fuel retail products and services to facilitate customers. Comprehensive strategies are being designed to ensure sustainable growth while meeting customers' expectations.

The energy mix of the country continues to witness a shift 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, it is expected that the Black Oil industry would witness further decline. The management is cognizant of the matter and making efforts to retain and grow its LNG business. Management is well aware of other noteworthy external factors that may have a significant impact on the Company's performance in the long run such as movement in international oil prices, the 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 may have a significant impact on the overall performance of the Company and the demand of liquid fuel. Accordingly, the strategic direction of the Company has been set to effectively deal with these uncertainties in the external environment.

PSO aims to continue fulfilling the needs of the nation while maximizing the wealth of its shareholders. Keeping in view the changing external environment, PSO expects to provide innovative energy solutions, while enriching the customer experience through:

- Implementing and reinforcing safety and security standards in line with industry best practices.
- Focused Human Resource approach to train and develop its workforce.
- Image building through quality, and innovative consumer offerings to increase brand equity and consumer engagement.
- Maintaining market leadership in the downstream petroleum market. The Company expects to enter and expand into new areas to make up for the revenue reductions due to the shift in the energy mix.
- Improve Supply chain infrastructure and effective product sourcing.
- Automation of processes and controls.
- Exploring Investment opportunities in the down-stream business with strategic partners.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman
Board of Management

September 27, 2019

Cultivating the Seeds of Hope

As the nation's farmers toil each day, we offer them the strength and power to nourish the soul of our great country. Whether in the North or South, PSO's unrivalled partnership drives agriculture forward so that we grow and flourish together.

CHAIRMAN'S REVIEW ON THE CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

On behalf of PSO's Board of Management (BOM), It gives me immense pleasure to share the Company's consolidated performance for the Financial Year (FY) 2019.

During FY 2019, PSO acquired 84 million shares of Pakistan Refinery Limited (PRL) from Shell Petroleum Company Limited, thereby increasing its shareholding in PRL to 52.68%. The benefit of this investment is backward integration which allows PSO a competitive advantage over other non-refinery backed players in the market. Resultantly, the relationship between PSO and PRL is now that of a parent and subsidiary effective December 01, 2018.

The year 2019 has been a challenging year for the newly established group as the Government and SBP took various corrective economic measures, particularly the significant increase in discount rate and currency devaluation. The overall economic slowdown and depressed refinery margins also added pressure for the market participants. The Group, however continued uninterrupted fuel supplies and kept the wheels of the nation moving.

Despite the increase in competition due to more OMCs and shrinking size of overall Oil Industry, the Group demonstrated great resilience in FY 2019 with consolidated sales revenue of Rs. 1,185 billion. The consolidated profit after tax stood at Rs. 15.1 billion which translated into consolidated earnings per share of Rs. 36.55 per share.

Based on the performance, the Board of Management of PSO has recommended 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. 5 per share. The dividend (including stock dividend) for FY 2019 stands at Rs. 12 (120%) translating into a total payout of Rs. 4.7 billion to the shareholders. The Board of Directors of PRL has not declared any dividend for the year.

The Boards of Group Companies have keen focus on a culture of transparency and good governance and on being resilient against a challenging business environment. The Boards are mindful of their responsibility to maximize shareholders' wealth and to create value for the stakeholders at large.

I would like to thank the Government of Pakistan, especially Ministry of Energy (Petroleum Division), for their admirable and forthcoming support and guidance. I would also like to commend the Management and employees of the Group for their unceasing efforts.

Zafar Ul Islam Usmani
Chairman

September 27, 2019
Karachi

REPORT TO SHAREHOLDERS (CONSOLIDATED)

The Board of Management of Pakistan State Oil Company Limited (the Holding Company) is pleased to present the consolidated financial and operational performance of the Group for the year ended June 30, 2019.

Group Structure

During the Fiscal Year (FY) 2019, the Holding Company acquired 84 million shares of Pakistan Refinery Limited (PRL) from Shell Petroleum Company Limited consequently increasing its shareholding in PRL from 24.11% to 52.68%. Resultantly, the relationship between PSO and PRL is now that of a parent and subsidiary effective December 01, 2018. The purpose of this investment is backward integration which allows PSO a more assured source of supply.

The Holding Company is a public limited company incorporated in Pakistan in 1976, and is listed on the Pakistan Stock Exchange Limited. The principal activities of the Holding Company are procurement, storage and marketing of petroleum & related products. It also blends and market various lubricating oils.

PRL was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products.

Financial Performance of the Group

Despite the increase in competition due to new market players, shrinking size of overall Oil Industry and the negative economic indicators in FY2019, The Group earned sales revenue of Rs. 1,185 billion which translated into gross profit of Rs. 32.8 billion. PRL's performance faced headwinds mainly due to unprecedented decline in pricing of Motor Gasoline (Petrol) in international markets, depressed refining margins, unfavorable movements in exchange rate on imports and higher interest rates.

The Group incurred exchange loss of Rs. 6 billion approx. as the Pak Rupee depreciated by 35 % during the year. The Group incurred operating cost of Rs. 18 billion during the year whereas Finance cost stood at Rs. 9.9 billion. Finance Cost increased significantly as the State Bank of Pakistan took bold decisions on money market front and almost doubled the interest rate from 6.5% to 12.25%. The Group earned consolidated other income of Rs. 16.9 billion mainly due to acquisition of PRL in this financial year. Other income includes Gain of Rs 2.8 billion on acquisition of PRL, determined based on the fair valuation of the subsidiary. The above results translated into a consolidated net profit after tax of Rs. 15.1 billion and consolidated EPS of Rs. 36.55 per share for FY2019.

Other Financial & Operational Highlights

- During the year, the Group has adopted new International Financial Reporting Standards (IFRS) 9 – "Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers".

- This year demand of Furnace Oil (FO) declined substantially due to Government's decision to switch the power plants to RLNG. Build-up of FO inventory and reduction in prices of FO to attract customers by the subsidiary had a negative impact on Group's profitability.

- PRL is working on a Refinery Upgrade Project including meeting regulatory requirements of installation of DHDS Unit to produce EURO II compliant HSD. This project has upgrade consideration also for changing the product slate to a more profitable mix; primarily to convert FO into Petrol and HSD. As the detailed feasibility study with a foreign consultant has already been completed, the Board of Directors has approved the Refinery Upgrade Project during the year.

Risk and Uncertainties

The Group operates under the policy framework of the Government of Pakistan. Further, the pricing of certain products is regulated / monitored by the Ministry of Energy (MoE). Changes in international pricing of crude oil and refined petroleum products, movement in exchange rates and decision of the Government on margins may have significant impact on the group's profitability. Since the group has significant borrowings, any movement in the discount rate will affect the earnings of the group either positively or negatively.

PRL incurred a net loss in FY2019, however, it is expected that refining margins will improve in the next few years. Also, buildup of macroeconomic stability, stabilization of Rupee-USD parity and future business plans that include upgrade of the Refinery will enable PRL to realise its assets and discharge its liabilities in the normal course of business.

Credit Rating of the Group

During the year, the credit rating of the Group companies has been reassessed by the relevant valuers as follows:

Company	Long Term	Short Term	Outlook
PSO	A1+	AA+	Stable
PRL	A-	A2	Stable

These ratings depict high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial commitments.

Adequacy of Internal Financial Controls

Respective Boards of the Holding Company and the Subsidiary Company have established efficient and effective systems on internal financial controls. Implementation of these controls is regularly monitored by an Independent Internal Audit Function which reports directly to respective Audit Committees. The Committees review on a periodic basis the effectiveness and adequacy of internal controls frameworks and financial statements of the respective companies.

Corporate and Financial Reporting Framework

The Boards of the Companies in the Group are fully cognizant of their responsibilities as applicable and as recognized by 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 is the acknowledgement of Group's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance.
- The consolidated financial statements, prepared by the management of the Group, 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 have been maintained by the Group.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements of Group Companies 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 the 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 board 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 Board collectively.
- There are no significant doubts upon the Group's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2017.
- Key operating and financial data of the last six years has not been included in the report as it is the first year of the Group's Financial Statements.
- The information about the Board Members, their committees and its composition, number of Board meetings and attendance have been included in Shareholders' report on the Unconsolidated Financial Statements and Corporate Governance section of the Annual Report.
- The following is the value of the Group's investment of provident, pension and gratuity funds based on their respective un-audited accounts as on June 30, 2019:

Fund	Rs. In Mn.
PSOCL Management Employees' Pension Fund	2,557
PSOCL Workers' Staff Pension Fund	2,530
PSOCL Defined Contribution Pension Fund	5,730
PSOCL Staff Provident Fund	2,516
PSOCL Employees' Provident Fund	1,377
PSOCL Employees' Gratuity Fund	5,967
PRL Provident Fund	372
PRL Gratuity Fund – Management Staff	133
PRL Gratuity Fund – Non-management Staff	87
PRL Pension Fund – Management Staff	880
PRL Pension Fund – Non-management Staff	99

DIVIDEND AND OTHER APPROPRIATIONS

Based on the performance of the Holding Company, the Board of Management of PSO has recommended 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. 5 per share. The dividend (including stock dividend) for the financial year 2019 stands at Rs. 12 (120%) per share vs. Rs. 17 (170%) per share in FY2018 translating into a total payout of Rs. 4.7 billion vs. Rs. 5.5 billion in FY2018 to the shareholders.

Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants and M/s. EY Ford Rhodes, Chartered Accountants as joint auditors of the Consolidated Financial Statements of the Group for the year ending June 30, 2020.

SHAREHOLDING PATTERN

Shareholding pattern is annexed on page no. 306.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Group takes pride in being a tax compliant Group and has been appreciated by FBR at various forums. During FY2019, The Group contributed Rs. 321 billion to the national exchequer.

Health, Safety & Environment

The Group is committed towards a better and sustainable future. The Group considers sustainability as one of its main pillars for business growth. The Group ensured all regulatory HSE parameters and policies were complied with by each Company in the Group.

CORPORATE SOCIAL RESPONSIBILITY

The Group ensures that its CSR initiatives have a positive social impact on the economic and social conditions of the people of Pakistan. The group has been generously supporting sustainable social & economic development through continued philanthropic investment in the fields of education, healthcare, community building, environment & disaster relief through its charitable arm. Summary of donations made by the Group during the year is as follows:

Category	Rs. In Mn.
Healthcare	97
Education	104
Community Building and Environment	33
Total	**234**

FORWARD LOOKING STATEMENT

The Group operates in a regulated industry and its performance is mainly dependent on a number of national and global macro-economic indicators. These include uncertainty in the geopolitical environment, technological developments, variation in international prices of Crude and Refined products, Rupee Dollar parity movements, and monetary policy adjustments. This translates into various opportunities and challenges for the Group in the coming years keeping in perspective the dynamic environment faced by the country.

The energy mix of the country continues to witness a shift in the power sector from FO to alternative energy sources including RLNG, coal and renewables. This remains a major area of concern for the group and the oil marketing industry. With a decrease in demand from the power sector, it is expected that the Black Oil industry would witness further decline. The management is cognizant of the matter and making efforts to retain and grow its LNG business and to continue working on the Refinery Upgrade Project. The refinery upgrade project will ensure PRL meets regulatory requirements of installation of Diesel Hydrodesulphurisation unit (DHDS) Unit to produce EURO II compliant HSD. This project has upgrade consideration also for changing the product slate to a more profitable mix; primarily to convert Furnace Oil into Petrol and HSD

The landscape of the Retail sector has changed, and stiff competition has been created due to the introduction of new players. The Management is aware of the rapid shifts and is making all out efforts to address this situation by offering augmented products, providing better forecourt experience, introduction of innovative fueling services, and provision of state-of-the-art non-fuel retail products and services to facilitate customers. Comprehensive strategies are being designed to ensure sustainable growth while meeting customers' expectations.

The Group aims to continue fulfilling the needs of the nation while maximizing the wealth of its shareholders. In view of the changing external environment, the group is committed to provide innovative energy solutions and enriching customer experience while also ensuring:

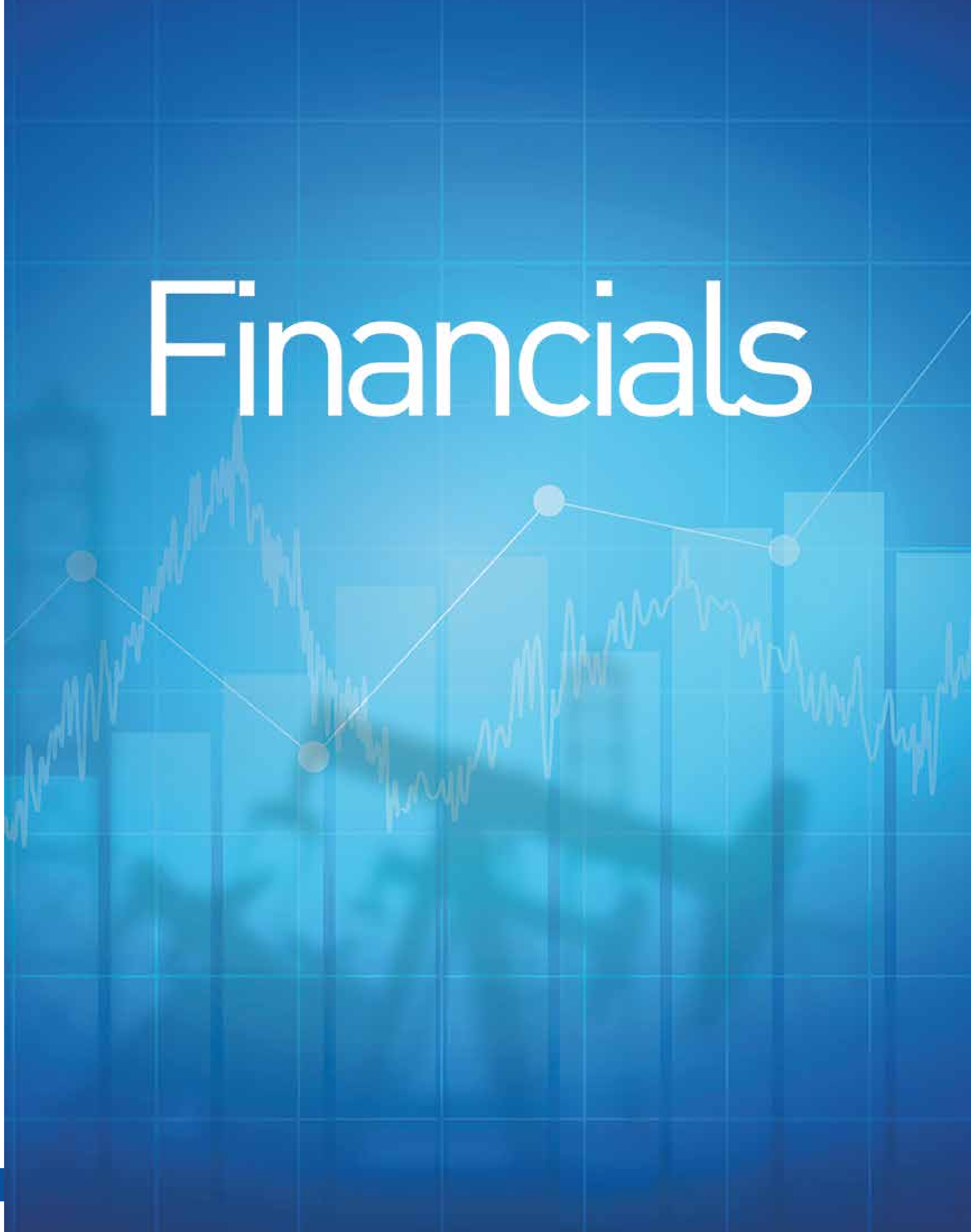
- Implementation and reinforcement of safety and security standards in line with industry best practices.
- Focused Human Resource approach to train and develop its workforce.
- Image building through quality, and innovative consumer offerings to increase brand equity and consumer engagement
- Improvements in the supply chain infrastructure and effective product sourcing.
- Automation of processes.
- Exploring Investment opportunities and strategic partnerships.

The Board expresses its sincere gratitude to all employees, stakeholders and partners for their contributions and unceasing support. We also take this opportunity to thank the Government of Pakistan, especially the Petroleum Division of Ministry of Energy for their continuous support and guidance.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman

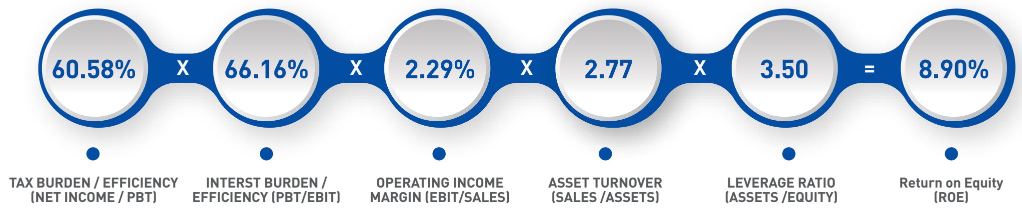
September 27, 2019
Karachi



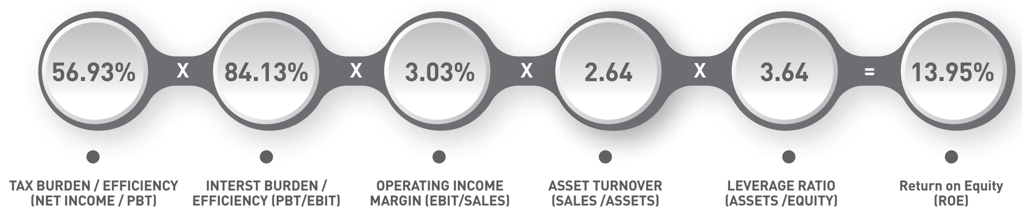
DUPONT ANALYSIS

	2019	2018	
Tax Burden/Efficiency (Net Income/PBT)	**60.58%**	56.93%	Increased mainly due to increase in deferred tax asset due to change in corporate tax rate.
Interst Burden/Efficiency (PBT/EBIT)	**66.16%**	84.13%	Deteriorated mainly due to increase in finance cost by 74.5% on account of higher interest rates and average borrowing levels.
Operating Income Margin (EBIT/Sales)	**2.29%**	3.03%	Decline is due to decrease in EBIT by 18.2% whereas sales has increased by 8.5%. The primary reason for decrease in EBIT is decline in sales volume and increase in exchange loss due to significant PKR devaluation.
Asset Turnover (Sales/Assets)	**2.77**	2.64	Improved primarily due to increase in sales by 8.5% mainly on account of increase in international oil prices.
Leverage Ratio (Assets/Equity)	**3.50**	3.64	Decreased due to increase in total assets by 3.6%, whereas the equity has increased by 7.9%.
Return on Equity (ROE)	**8.90%**	13.95%	Decreased mainly due to decline in net profit by 31.5%.

2019



2018



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 market price was Rs.169.63 as at year end.1% change in market price from that prevailing at year end will result in change in market capitalization by Rs. 663.6 bn.

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 more availability 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 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.

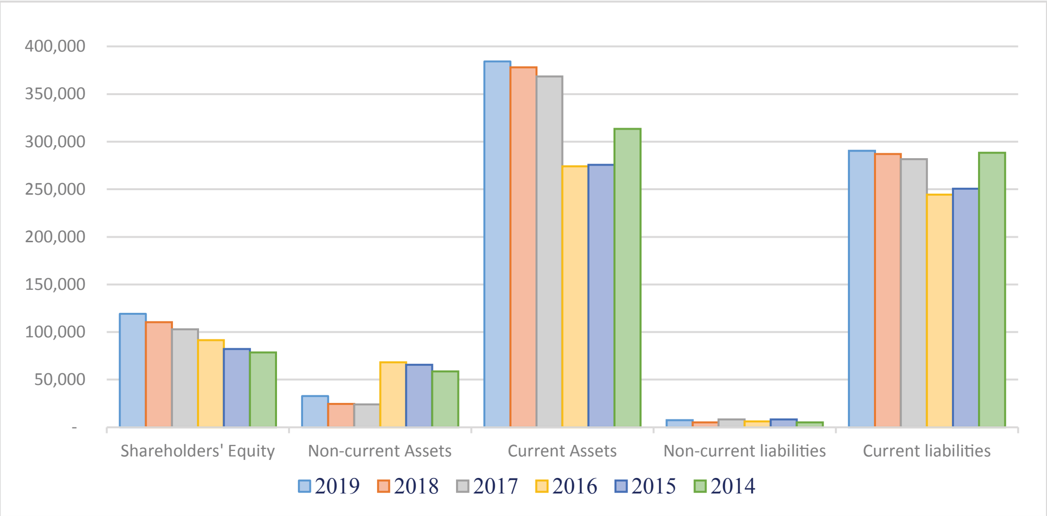
f) Rupee devaluation
Your company imports majority of the total petroleum products imported in the Country, which greatly exposes the Company to currency risk on account of Rupee devaluation. Rupee devaluation has a negative effect on your Company's white oil business performance and consequently its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

ANALYSIS OF FINANCIAL POSITION

	2019	2018	2017	2016	2015	2014
			(Rupees in mn.)			
Shareholders' Equity	**119,181**	110,452	102,850	91,581	82,310	78,621
Non-current Assets	**32,854**	24,561	23,883	68,142	65,559	58,637
Current Assets	**384,225**	378,001	368,560	274,174	275,749	313,514
Non-current liabilities	**7,528**	5,165	8,090	6,234	8,321	5,184
Current liabilities	**290,371**	286,945	281,504	244,501	250,676	288,346



Analysis

As of June 30, 2019, variation as compared to FY 2018 is because of the following:

- Shareholders' equity rose by 7.9% primarily due to profit retained during the year.

- Non-current assets increased by 33.8% mainly due to fair valuation of Company's investment in Pak-Arab Pipeline Company Limited on account of adoption of new standard - IFRS 9 and increase in property, plant and equipment.

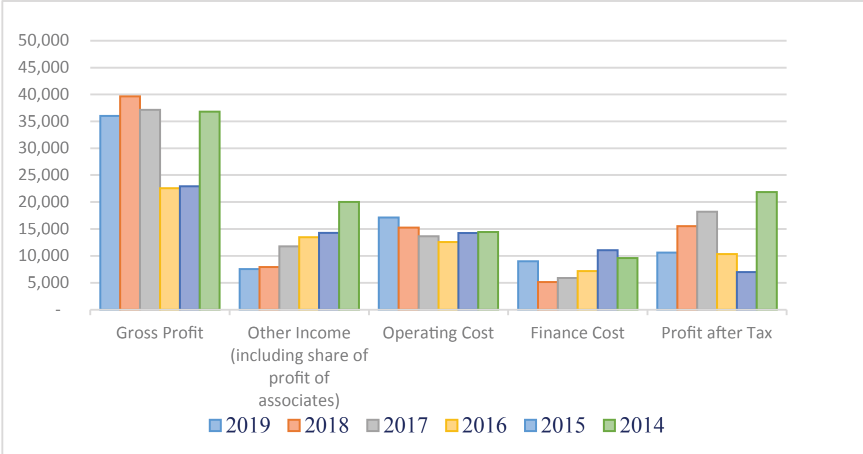
- Current assets increased by 1.6% primarily due to following reasons:
  - Higher other receivables primarily due to exchange loss receivable booked on FE loans amounting to Rs. 30.2 bn.
  - Increase in stock in trade by Rs. 8 bn mainly due to higher oil prices which is partially offset by significant decline in stock levels of furnace oil.
  - Decrease in trade debts by Rs. 26 bn. is due to recoveries from power sector offset by increase in receivables from SNGPL.

- Increase in non-current liabilities by 45.8% is because of increase in liabilities relating to retirement benefit funds.

- Increase in current liabilities by 1.2% is primarily due to increase in short term borrowings which is partially offset by decline in trade and other payables on account of decline in purchases of furnace oil.

ANALYSIS OF FINANCIAL PERFORMANCE

	2019	2018	2017	2016	2015	2014
			(Rupees in mn.)			
Past and Current Performance						
Gross Sales Revenue	**1,340,978**	1,312,090	1,096,543	906,177	1,114,411	1,410,096
Net Revenue	**1,154,298**	1,063,744	878,147	677,940	913,094	1,187,639
Gross Profit	**36,017**	39,636	37,136	22,525	22,921	36,824
Other Income (including share of profit of associates)	**7,512**	7,911	11,751	13,411	14,314	20,059
Marketing & Administrative Expenses	**12,414**	11,929	11,238	10,511	10,672	10,480
Other Expenses	**4,699**	3,334	2,378	1,986	3,513	3,890
Operating Profit	**26,209**	31,870	34,662	22,826	22,670	41,972
Finance Cost	**8,939**	5,123	5,923	7,150	11,017	9,544
Profit before Tax	**17,477**	27,160	29,347	16,289	12,034	32,969
Profit after Tax	**10,587**	15,461	18,226	10,273	6,936	21,818
Earning before Interest, taxes, depreciation & Amortization (EBITDA)	**27,544**	33,357	36,322	24,464	24,050	43,567



Analysis of Performance Against Prior Year

Company's profit after tax went down by 31.5% primarily on account of following elements:

- Increase in other expenses by 40.9% due to higher exchange losses on account of significant PKR devaluation during the year.
- Increase in finance cost by 74.5% due to increase in interest rates and average borrowing levels.
- Deccrease in gross profits by 9.1% mainly on account of lower sales volume of furnace oil due to shift in energy mix by GoP and lower white oil volumes due to dip in industry sales demand.
- EBITDA went down by 17.4% mainly due to lower sales volume and higher exchange losses mainly due to significant devaluation during the year.

Analysis of Performance Against Target

	Actual	Target
	(Rupees in mn.)	
Gross Profit	**36,017**	41,696
Operating Cost (including finance cost)	**26,052**	25,467
Profit After Tax	**10,587**	14,075

- Gross profit went down by 13.6% (Rs. 5.7 bn.) below target mainly on account of lower sales volume of furnace oil due to shift in energy mix by GoP and lower white oil volumes due to dip in industry sales demand.
- Higher operating cost by 2.3% mainly on account of exchange losses and higher finance cost owing to significant PKR devaluation and increase in interest rates, respectively.
- Decline in profit after tax vs. target is mainly due to lower sales volumes and higher exchange losses.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

Description	FY19	FY18
Petroleum products	**72.07%**	79.25%
Liquefied Natural Gas	**27.71%**	20.53%
Other products	**0.22%**	0.22%
Total	**100.00%**	100.00%

Most of the Company's profit is generated through petroleum products. The sales revenue of Petroleum products decreased in overall pie of the Company due to reduction in volumes on account of overall shrink in Industry. The detailed segmental review covering item wise details have been covered in note 38 to the unconsolidated financial statements.

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM REPORTS

	Q1	Q2	Q3	Q4	FY 2019
			(Rupees in mn.)		
Gross Sales	331,125	330,912	288,204	389,889	**1,340,130**
Gross Profit	10,906	5,090	7,887	12,134	**36,017**
Other Income	970	1,679	942	3,714	**7,305**
Operating Cost	(3,580)	(3,951)	(2,557)	(7,025)	**(17,113)**
Finance Cost	(1,826)	(2,030)	(2,920)	(2,163)	**(8,939)**
Share of profit of associate - net of tax	120	(185)	147	125	**207**
Profit Before Taxation	6,590	603	3,499	6,785	**17,477**
Taxation	(2,409)	(535)	(1,823)	(2,123)	**(6,890)**
Profit After Taxation	4,181	68	1,676	4,662	**10,587**

Gross Sales

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

Gross Profit

It remianed low in 2nd and 3rd quarter primarily due to lower sales volume and decline in sales prices resulting in inventory losses. However, gross profit grew in 1st and 4th quarter due to inventory gains and higher sales volume.

Other income

Other income was higher in 2nd 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 significant rupee devaluation.

Finance Cost

Finance Cost continued to rise during first three quarters mainly due to increase in interest rates however, it went down in 4th quarter due to major recovery from power sector in March 2019.

SUMMARY OF CASH FLOW STATEMENT

	2019	2018	2017	2016	2015	2014
			(Rupees in mn.)			
Cash & Cash Equivalents at the beginning of the year	(7,925)	(41,502)	(30,274)	(39,584)	9,120	3,523
Net Cash (outflow) / inflow from operating activities	(9,232)	2,580	(27,965)	(994)	(29,574)	(62,367)
Net Cash (outflow) / inflow from investing activities	(2,534)	45,226	3,925	4,098	3,489	4,281
Net Cash inflow / (outflow) from financing activities	3,223	(14,229)	12,812	6,206	(22,619)	63,683
	(8,543)	33,577	(11,228)	9,310	(48,704)	5,597
Cash & Cash Equivalents at the end of the year	(16,468)	(7,925)	(41,502)	(30,274)	(39,584)	9,120

Analysis

The variation in cash flows as compared to FY 2018 is due to the following:

Operating Activities

In FY 2019 Cash flow from Operativing activities is negative as compared to positive cash flow in last year. The cash flows have decreased in FY 2019 primarily due to decrease in trade and other payables in FY 2019 whereas trade and other payable increased in FY 2018.

Investing Activities

Cash flow from investing activities is negative as compared to positive cash flows in last year. The cash flow were positive in FY 2018 primarily due to Maturity of PIBs in FY 2018 resulting in cash flow generation.

Financing Activities

Cash flow from financing activities is positive as compared to negative cash flows in last year. The cash flow are positive in FY 19 primarily due to additional borrowings obtained during the year.

DIRECT CASH FLOW STATEMENT

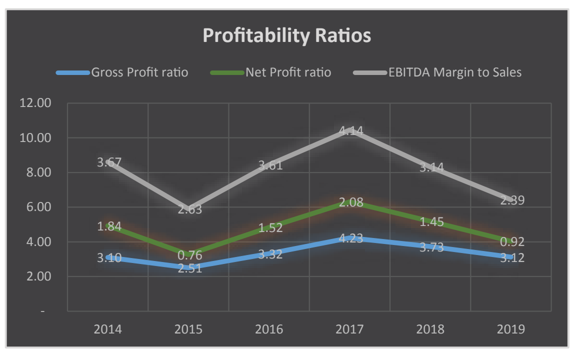
For the year ended June 30, 2019

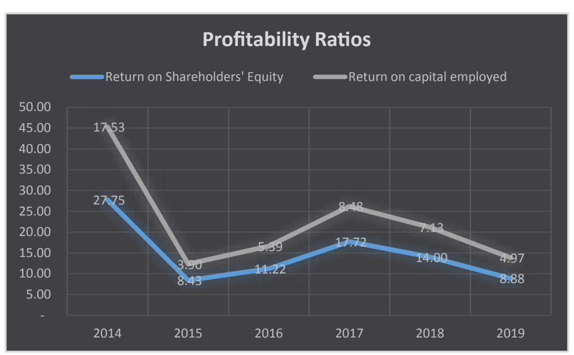
	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,366,969,110	1,247,290,797
Cash paid to supplier, services providers and employees	(1,355,869,744)	(1,221,612,771)
WPPF paid	(1,000,000)	(1,693,651)
Taxes paid	(8,524,136)	(10,648,297)
Finance costs paid	(8,396,849)	(5,170,222)
Retirement and other service benefits paid	(2,410,116)	(5,585,300)
Net cash (used in) / generated from operating activities	(9,231,735)	2,580,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
-property, plant and equipment	(1,980,999)	(1,452,544)
-intangibles	(44,504)	(6,024)
Proceeds from disposal of operating assets	32,987	81,602
Interest income from Pakistan Investment Bonds	-	43,836,800
Interest / mark-up received from Pakistan Investment Bonds	-	2,520,616
Acquisition of shares in Pakistan Refinery Limited	(840,000)	-
Dividends received	298,038	245,163
Net cash (used in) / generated from investing activities	(2,534,478)	45,225,613
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	8,631,191	(7,580,221)
Dividends paid	(5,407,902)	(6,648,576)
Net cash generated from / (used in) financing activities	3,223,289	(14,228,797)
Net (decrease) / increase in cash and cash equivalents	(8,542,924)	33,577,372
Cash and cash equivalents at beginning of the year	(7,924,869)	(41,502,241)
Cash and cash equivalents at end of the year	(16,467,793)	(7,924,869)

FINANCIAL RATIOS

Profitability Ratios

	2019	2018	2017	2016	2015	2014
Gross Profit ratio	**3.12**	3.73	4.23	3.32	2.51	3.10
Net Profit ratio	**0.92**	1.45	2.08	1.52	0.76	1.84
EBITDA Margin to Sales	**2.39**	3.14	4.14	3.61	2.63	3.67
Return on Shareholders' Equity	**8.88**	14.00	17.72	11.22	8.43	27.75
Return on capital employed	**4.97**	7.13	8.48	5.39	3.90	17.53
Operating Leverage Ratio	**(213.49)**	(40.07)	170.92	(6.54)	198.03	736.93





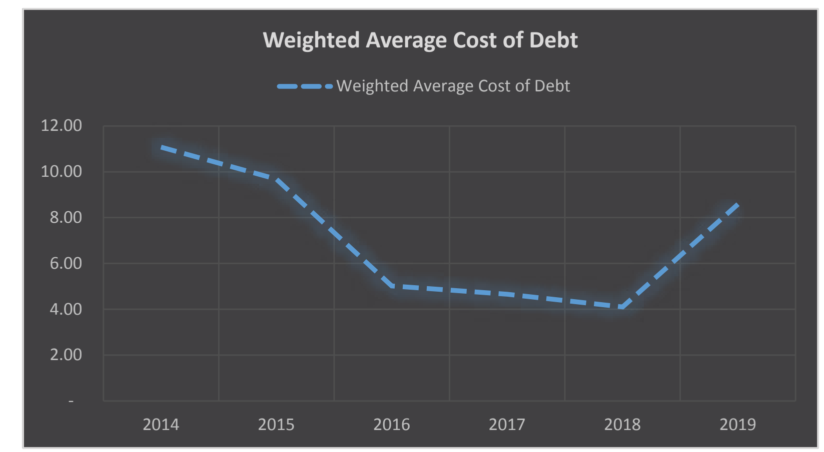
Analysis

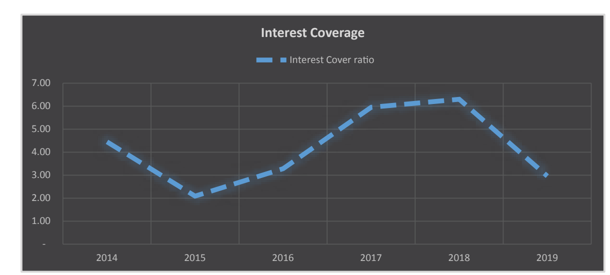
The variation in ratios as compared to FY 2018 is because of the following:

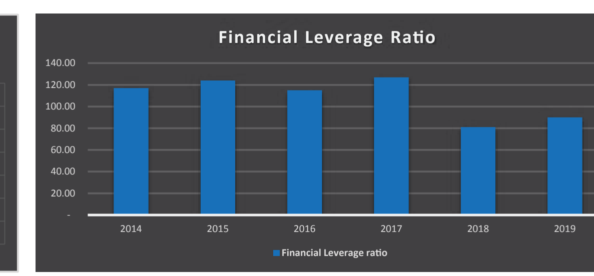
- Gross Profit ratio has declined primarily due to increase in net sales by 8.5% due to rise in oil prices whereas gross profit has decreased by 9.1%.
- Net profit ratio went down primarily due to increase in net sales by 8.5% and decline in net profit by 31.5%.
- EBITDA margins has decreased primarily due to increase in net sales by 8.5% and decline in EBITDA by 17.4%.
- Decline in return on shareholders' equity and capital employed is mainly due to decline in net profit by 31.5%.
- Negative operating leverage is due to decline of 18.1% in EBIT against an increase of 8.5% in net sales.

Capital Structure Ratios

	2019	2018	2017	2016	2015	2014
Interest Cover ratio	**2.96**	6.30	5.95	3.28	2.09	4.45
Financial Leverage ratio	**90.00**	81.00	127.00	115.00	124.00	117.00
D/E ratio - as per book value	**90.00**	81.00	127.00	115.00	124.00	117.00
D/E ratio - as per market value	**161.20**	86.58	124.00	103.04	97.39	87.39
Weighted Average Cost of Debt	**8.58**	4.10	4.66	5.02	9.68	11.08
Economic Value Addition	**(14,962)**	(8,075)	(4,570)	(9,903)	(11,571)	4,516







Analysis

The variation in ratios as compared to FY 2018 is because of the following:

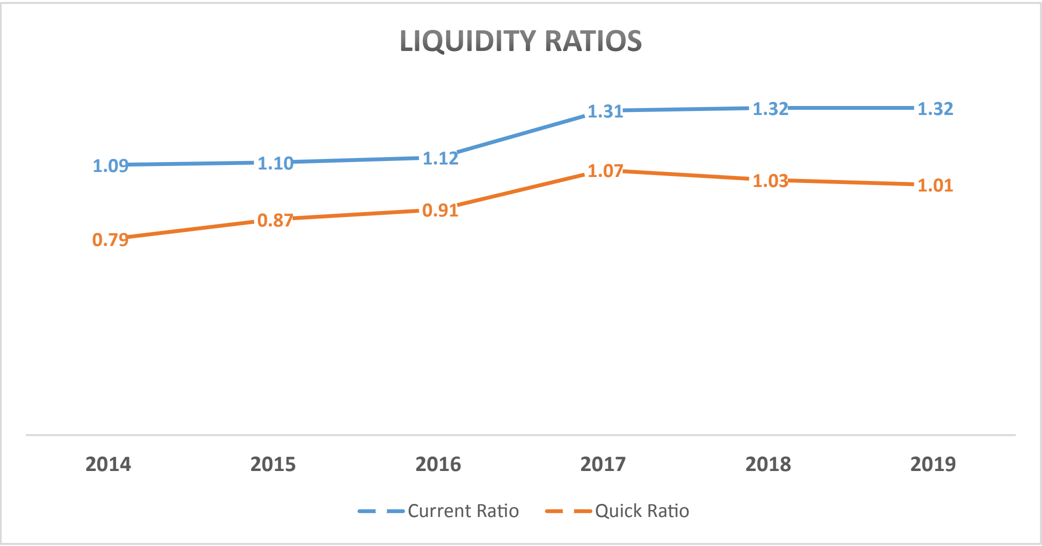
- Interest cover has decreased primarily due to increase in finance cost by 74.5%.
- Financial leverage and debt to equity ratio (as per book values) has increased during the period mainly on account of increase in average borrowing levels.
- Weighted average cost of debt has increased due to significant increase in borrowing rates.

RATIOS AND ANALYSIS

For the year ended June 30, 2019

Liquidity Ratios

		2019	2018	2017	2016	2015	2014
Cash to Current Liabilities	(x)	**(0.06)**	(0.03)	(0.15)	(0.12)	(0.16)	0.03
Cash Flow from Operations to Sales	(x)	**(0.01)**	0.002	(0.03)	(0.001)	(0.03)	(0.04)
Current Ratio	(x)	**1.32**	1.32	1.31	1.12	1.10	1.09
Quick Ratio	(x)	**1.01**	1.03	1.07	0.91	0.87	0.79
Free Cash Flows to the Company	Rs. In Mn.	**(3,047)**	8,063	(18,742)	6,594	(15,171)	(54,175)
Free Cash Flows to the Equity Holders	Rs. In Mn.	**462**	(2,464)	(6,191)	12,091	(41,668)	7,512



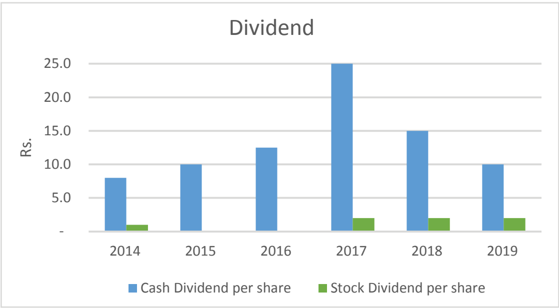
Analysis

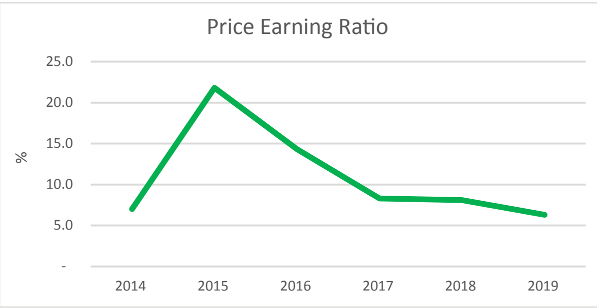
The variation in ratios as compared to FY 2018 is because of the following:

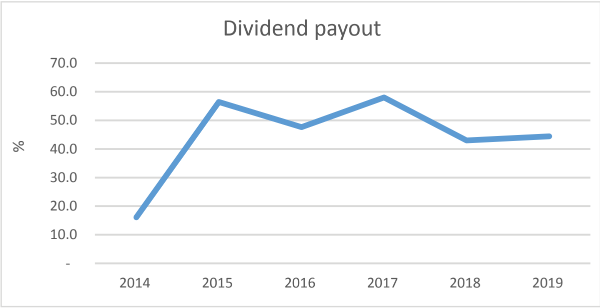
- Cash to current liabilities has slightly decreased due to increase in short term borrowings by 19%.
- Cash flow from operations to sales has decreased primarily due to decrease in trade payable and increase in other receivables.
- Current ratio has remained almost same.
- Quick ratio has slightly decreased due to increase in stocks by 9.9%.
- Decline in cash flows to the Company are primarily due to decrease in working capital and EBIT.
- Increase in cash flows to the equity holders are primarily due to increase in borrowing levels by 19%.

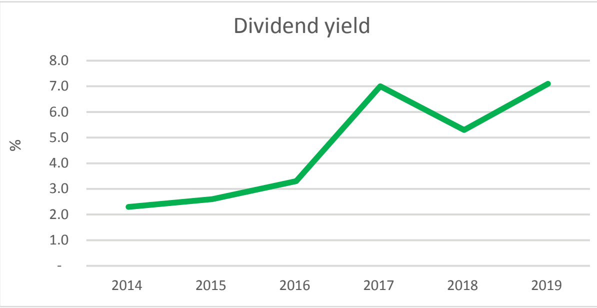
Investment Ratios

		2019	2018	2017	2016	2015	2014
Earning per share (basic & diluted)	Rs.	**27.1**	39.5	46.6	26.3	17.7	55.8
Market value per share (Year End)	Rs.	**169.6**	318.3	387.4	375.5	385.8	388.9
Highest Price	Rs.	**352.1**	466.6	486.1	399.6	408.1	452.4
Lowest Price	Rs.	**152.0**	265.2	379.9	287.0	325.6	262.1
Break-up value	Rs.	**304.6**	282.3	262.9	234.1	210.4	201.0
Price earning ratio (P/E)	(x)	**6.3**	8.1	8.3	14.3	21.8	7.0
Price to Book Ratio	(x)	**0.6**	1.1	1.5	1.6	1.8	1.9
Dividend per share	Rs.	**10.0**	15.0	25.0	12.5	10.0	8.0
Bonus share	%	**20.0**	20.0	20.0	-	-	10.0
Dividend payout (including bonus)	%	**44.4**	43.0	58.0	47.6	56.4	16.1
Dividend yield (including bonus)	%	**7.1**	5.3	7.0	3.3	2.6	2.3
Dividend cover ratio (including bonus)	(x)	**2.3**	2.8	2.5	3.0	2.6	8.9









Analysis

The variation in ratios as compared to FY 2018 is because of the following:

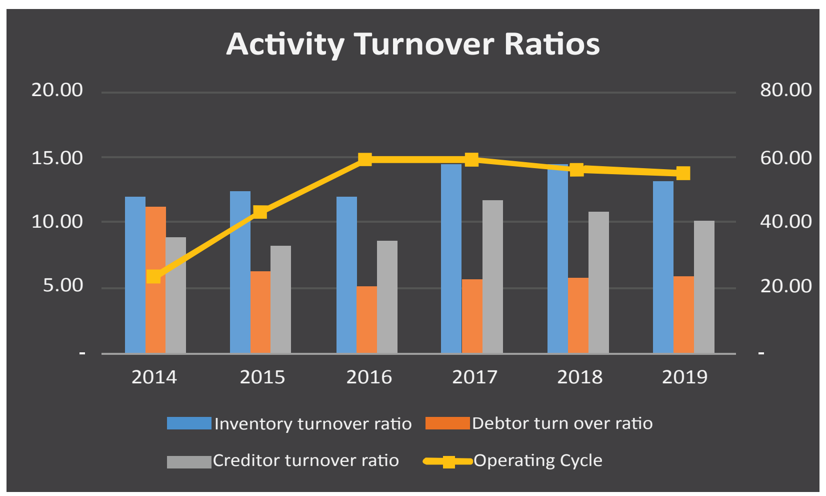
- Price earning ratio has declined due to more decrease in market value per share i.e., by 46.7% (on account of overall economic situation) in comparison to decrease in EPS i.e., by 31.5%.
- Decline in price to book ratio is primarily to decline in market value per share by 46.7%.
- Dividend yield has increased primarily due to decline in market value per share by 46.7%.
- Dividend payout has increased primarily due to decline in EPS by 31.5%.
- Dividend cover has decreased due to decline in EPS by 31.5%.
- Breakup value per share has increased due to profit retained during the year.

RATIOS AND ANALYSIS

For the year ended June 30, 2019

Activity / Turnover Ratios

	2019	2018	2017	2016	2015	2014
Inventory turnover ratio	**13.06**	13.84	14.36	11.99	12.30	11.96
No. of days in Inventory	**28.00**	26.00	25.00	30.00	30.00	31.00
Debtor turnover ratio	**5.77**	5.73	5.61	5.05	6.26	11.19
No. of days in Receivables	**63.00**	64.00	65.00	72.00	58.00	33.00
Creditor turnover ratio	**10.15**	10.75	11.64	8.50	8.20	8.80
No. of days in Creditors	**36.00**	34.00	31.00	43.00	45.00	41.00
Total asset turnover ratio	**3.27**	3.30	2.98	2.65	3.12	4.31
Fixed asset turnover ratio	**172.07**	183.24	160.93	138.97	181.35	246.13
Operating Cycle	**55.00**	56.00	59.00	59.00	43.00	23.00



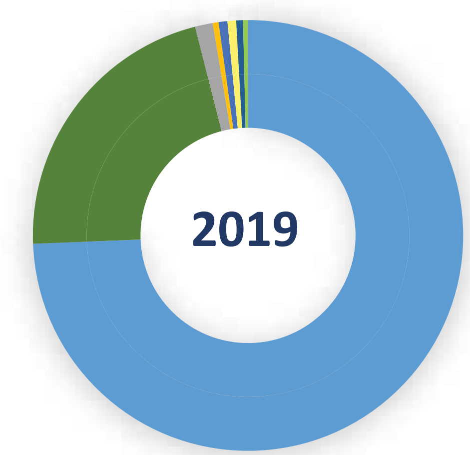
Analysis

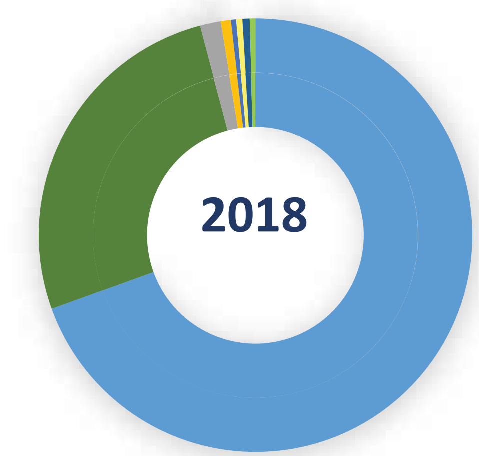
The variation in ratios as compared to FY 2018 is as follows:

- Inventory turnover has decreased primarily due to increase in inventory by 9.8% on account of increase in international oil prices which was partially offset by 2.2% increase in gross revenue.
- Debtors turnover has increased primarily due to decrease in trade debts by 10.6% on account of recoveries from power sector during the period which is partially offset by increase in receivables from SNGPL.
- Creditors turnover has decreased primarily due to increase in cost of purchases by 8.4% on account of increase in international oil prices.
- Operating cycle has decreased primarily due to increase in creditor days on account of increase in cost of purchases (because of increase in international oil prices).
- Total Assets and Fixed Asset turnover has decreased by 0.9% and 6.1% mainly due to increase in gross revenue by 2.2% and increase in total assets by 3.6% and fixed assets by 12.1%.

STATEMENT OF VALUE ADDITIONS

	2019		2018	
	(Rupees in mn.)	%	(Rupees in mn.)	%
Wealth Generated				
Sales (Net of discount / allowances)	**1,340,130**	**99.44**	1,311,744	99.40
Other Income (Including share of profit of associates)	**7,512**	**0.56**	7,911	0.60
	1,347,642	**100.00**	1,319,655	100.00
Distribution of Wealth				
Cost of sales (excluding duties)	**1,002,522**	**74.39**	916,925	69.48
Government taxes	**291,887**	**21.66**	348,243	26.39
Inland freight equalization margin	**17,871**	**1.33**	20,512	1.55
Retained for future growth	**5,892**	**0.44**	9,919	0.75
Finance costs	**8,939**	**0.66**	5,123	0.39
Distribution, marketing, administrative expenses & other expenses	**8,727**	**0.65**	6,031	0.46
Employees' remuneration	**6,879**	**0.51**	7,183	0.54
Dividend to shareholders	**4,695**	**0.35**	5,542	0.42
Contribution to society	**230**	**0.02**	175	0.01
	1,347,642	**100.00**	1,319,653	100.00





HORIZONTAL AND VERTICAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

	2019	2018	2017	2016	2015	2014
Vertical Analysis						
Property, plant and equipment	**1.96%**	1.82%	1.77%	1.93%	1.86%	1.57%
Intangibles	**0.01%**	0.00%	0.01%	0.01%	0.02%	0.01%
Long-term investments	**2.74%**	1.19%	1.12%	14.65%	14.85%	12.30%
Long-term loans, advances and other receivables	**0.08%**	0.10%	0.10%	0.10%	0.09%	0.09%
Long-term deposits and prepayments	**0.08%**	0.08%	0.05%	0.06%	0.05%	0.04%
Deferred tax asset - net	**3.00%**	2.91%	3.04%	3.15%	2.35%	1.74%
Total Non- Current assets	**7.88%**	6.10%	6.09%	19.91%	19.21%	15.76%
Stores, spares and loose tools	**0.11%**	0.06%	0.05%	0.06%	0.06%	0.05%
Stock-in-trade	**21.50%**	20.27%	16.90%	14.85%	17.14%	23.19%
Trade debts	**52.65%**	61.00%	54.18%	52.08%	52.97%	47.13%
Loans and advances	**0.06%**	0.48%	0.48%	0.55%	0.63%	0.13%
Short-term deposits and prepayments	**0.76%**	0.80%	1.47%	0.78%	0.56%	0.67%
Current maturity of long - term investments	**0.00%**	0.00%	11.20%	0.00%	0.00%	0.00%
Mark-up / interest receivable on investments	**0.00%**	0.00%	0.58%	0.66%	0.66%	0.60%
Other receivables	**13.90%**	8.20%	5.84%	7.63%	5.73%	5.67%
Taxation - net	**2.04%**	1.93%	2.16%	1.80%	2.38%	1.26%
Cash and bank balances	**1.10%**	1.15%	1.05%	1.68%	0.68%	5.54%
Total Current assets	**92.12%**	93.90%	93.91%	80.09%	80.79%	84.24%
TOTAL ASSETS	**100%**	100%	100%	100%	100%	100%
EQUITY AND LIABILITIES						
Equity						
Share capital	**0.94%**	0.81%	0.69%	0.79%	0.80%	0.73%
Reserves	**27.64%**	26.63%	25.52%	25.96%	23.32%	20.40%
Total Share holders' Equity	**29.61%**	27.44%	26.21%	26.75%	24.12%	21.13%
Non-current liabilities						
Retirement and other service benefits	**1.80%**	1.28%	2.06%	1.82%	2.44%	1.39%
Current liabilities						
Trade and other payables	**43.17%**	47.73%	37.27%	40.28%	43.08%	52.13%
Unclaimed dividend	**0.42%**	0.86%	0.71%	0.00%	0.00%	0.00%
Unpaid dividend	**0.02%**	0.06%	0.05%	0.00%	0.00%	0.00%
Provisions	**0.12%**	0.12%	0.13%	0.20%	0.20%	0.19%
Accrued interest / mark-up	**0.24%**	0.20%	0.32%	0.24%	0.25%	0.36%
Short - term borrowings	**25.65%**	22.32%	33.25%	30.71%	29.91%	24.81%
Total Current liabilities	**69.62%**	71.28%	71.73%	71.43%	73.45%	77.48%
TOTAL EQUITY AND LIABILITIES	**100%**	100%	100%	100%	100%	100%

Horizontal Analysis	2019	2018	2017	2016	2015	2014
Non-current assets						
Property, plant and equipment	**140%**	125%	119%	113%	108%	100%
Total Non- Current assets	**56%**	42%	41%	116%	112%	100%
Stock-in-trade	**104%**	95%	77%	59%	68%	100%
Trade debts	**125%**	140%	121%	102%	103%	100%
Other receivables	**275%**	156%	109%	124%	93%	100%
Cash and bank balances	**22%**	23%	20%	28%	11%	100%
Share capital	**144%**	120%	100%	100%	100%	100%
Reserves	**152%**	141%	132%	117%	105%	100%
Total Share holders' Equity	**152%**	140%	131%	116%	105%	100%
Retirement and other service benefits	**145%**	100%	156%	120%	161%	100%
Trade and other payables	**93%**	99%	75%	71%	76%	100%
Short - term borrowings	**116%**	97%	141%	114%	111%	100%
Total Current liabilities	**101%**	100%	98%	85%	87%	100%
TOTAL EQUITY AND LIABILITIES	**112%**	108%	105%	92%	92%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Total Non-Current Assets

Total non-current assets have increased vs. FY 2018 as per vertical and horizontal analysis primarily due to fair valuation of Company's investment in Pak-Arab Pipeline Company Limited on account of changes in International Financial Reporting Standard (IFRS) and increase in property, plant and equipment.

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 which is partially offset by decline in stock volume.

Trade Debts

Trade debts have declined vs FY 2018. These were at highest in FY 2018 both as per vertical and horizontal analysis due to delay in payments by Power Sector and SNGPL and increase in prices of products. These went down in FY 2019 due to recoveries from power sector.

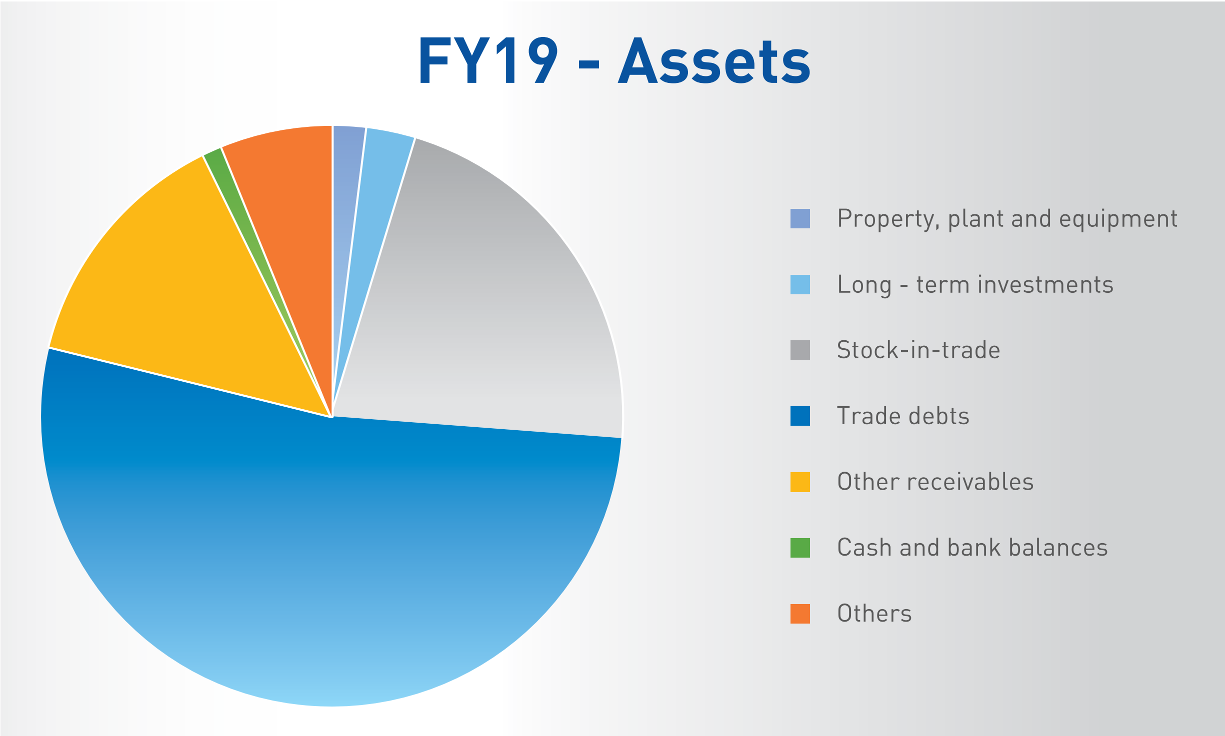
Shareholders' Equity

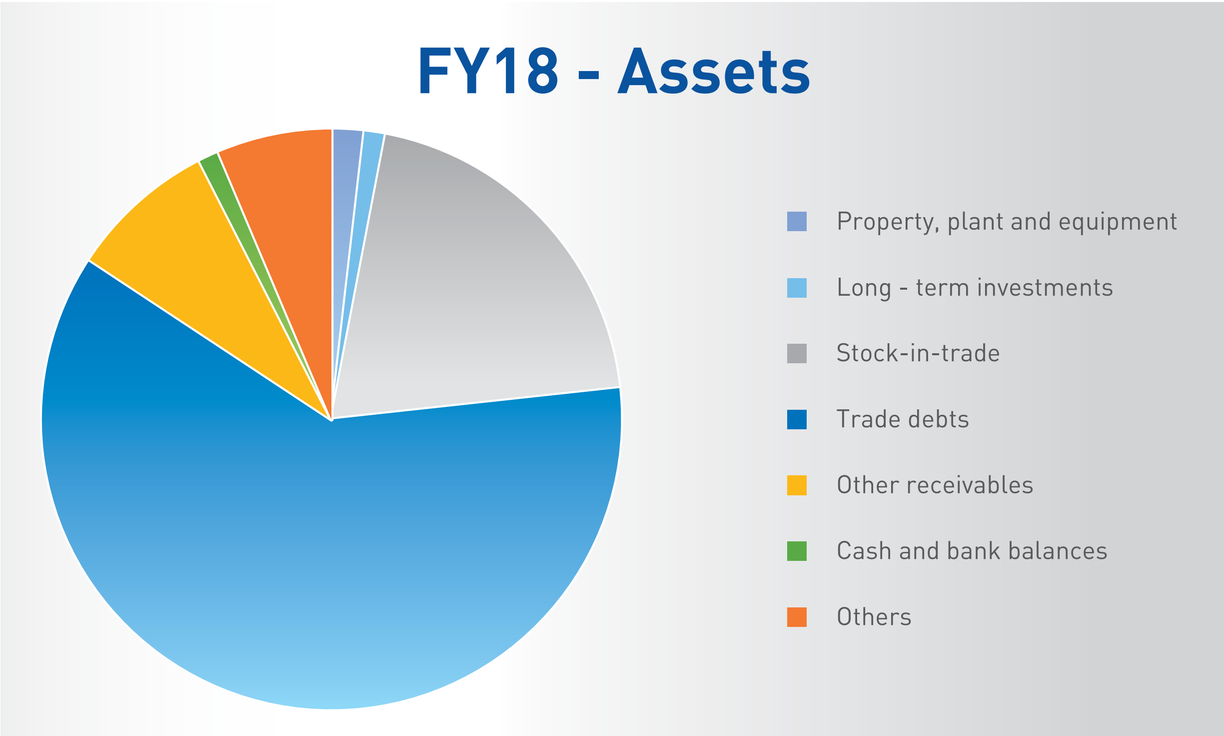
Total Shareholders' equity has shown an increasing trend as per horizontal and vertical analysis due to profits of each year.

Trade and Other Payables

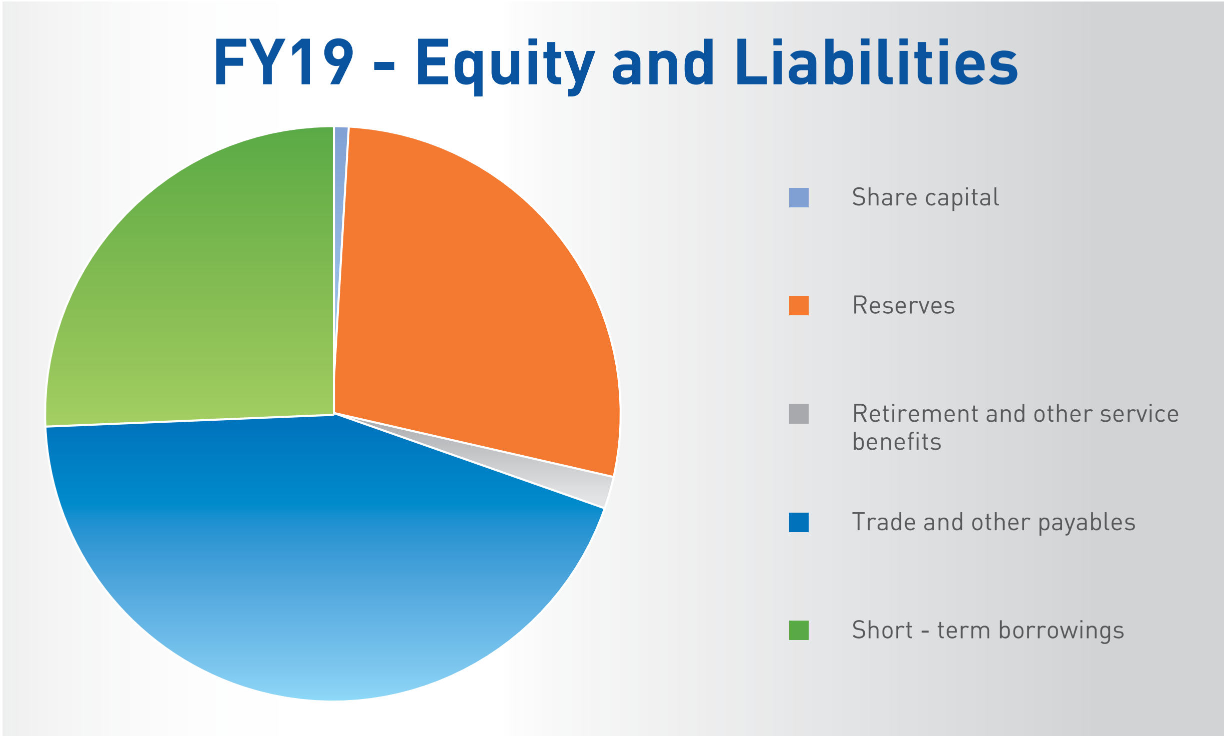
Trade and other payables have declined as per vertical and horizontal analysis primarily due to decrease in trade payables on account of lower volumes of Furnace oil.

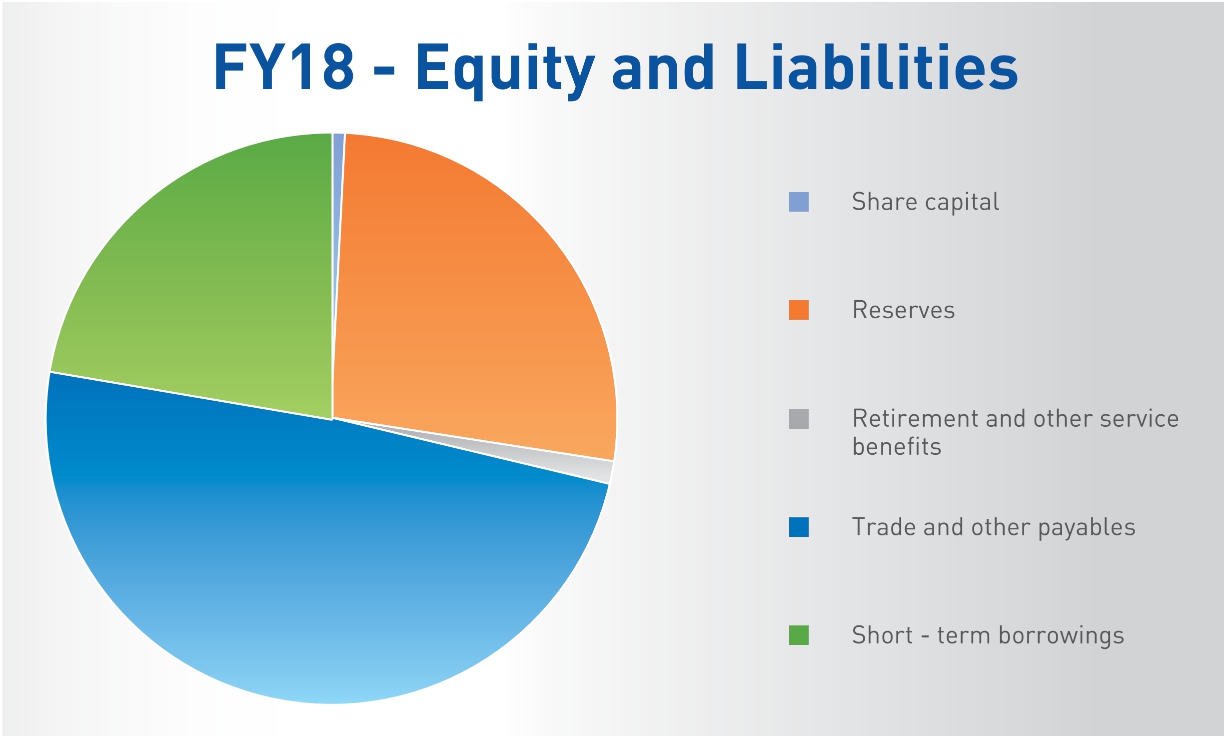
COMPOSTION OF BALANCE SHEET - VERTICAL ANALYSIS





COMPOSTION OF BALANCE SHEET - VERTICAL ANALYSIS





HORIZONTAL AND VERTICAL ANALYSIS - STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

Vertical Analysis

	2019	2018	2017	2016	2015	2014
Net Sales	100%	100%	100%	100%	100%	100%
Cost of products sold	-96.88%	-96.27%	-95.77%	-96.68%	-97.49%	-96.90%
Gross profit	3.12%	3.73%	4.23%	3.32%	2.51%	3.10%
Other income (Including share of profit of associates - net of tax)	0.65%	0.74%	1.34%	1.98%	1.57%	1.69%
Administrative & Marketing expenses	-1.08%	-1.12%	-1.28%	-1.55%	-1.17%	-0.88%
Other expenses	-0.41%	-0.31%	-0.27%	-0.29%	-0.38%	-0.33%
Total Operating Costs	-1.49%	-1.43%	-1.55%	-1.84%	-1.55%	-1.21%
Profit from operations	2.28%	3.04%	4.02%	3.46%	2.53%	3.58%
Finance costs	-0.77%	-0.48%	-0.67%	-1.05%	-1.21%	-0.80%
Profit before taxation	1.51%	2.56%	3.35%	2.41%	1.32%	2.78%
Taxation	-0.60%	-1.10%	-1.27%	-0.89%	-0.56%	-0.94%
Profit after taxation	0.91%	1.46%	2.08%	1.52%	0.76%	1.84%

Horizontal Analysis

	2019	2018	2017	2016	2015	2014
Net Sales	97%	90%	74%	57%	77%	100%
Cost of products sold	97%	89%	73%	57%	77%	100%
Gross profit	98%	108%	101%	61%	62%	100%
Other income (Including share of profit of associates - net of tax)	37%	39%	59%	67%	71%	100%
Administrative & Marketing expenses	118%	114%	107%	100%	102%	100%
Other expenses	121%	86%	61%	51%	90%	100%
Total Operating Costs	119%	106%	95%	87%	99%	100%
Profit from operations	62%	76%	83%	55%	54%	100%
Finance costs	94%	54%	62%	75%	115%	100%
Profit before taxation	53%	82%	89%	49%	37%	100%
Taxation	62%	105%	100%	54%	46%	100%
Profit after taxation	49%	71%	84%	47%	32%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Net Sales Revenue

Net sales revenue has increased by 8.5% in FY19 vs. FY18 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 for FY 2019 is lower vs. FY 2018 mainly on account of increase in sales in FY2019 by 8.5%. However, it remained highest in FY 2018 as per horizontal analysis due to higher sales volumes.

Other Income

Other income has witnessed a decrease as per vertical mainly on account of increase in sales by 8.5% in FY 2019. Further, it is signiifcantly down as per horizontal analysis mainly due to significant amount of interest income on delayed payments received from power sector in FY 2014.

Total Operating Cost

Total operating cost has shown an increasing trend as compared to FY 2018 as per horizontal analysis and vetrtical which is mainly attributable to higher exchange losses in this period on account of significant PKR devaluation.

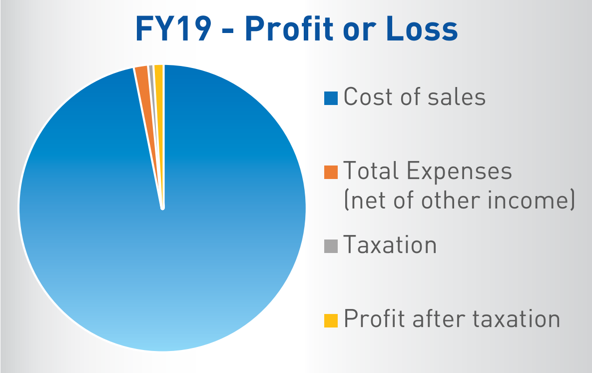
Finance Cost

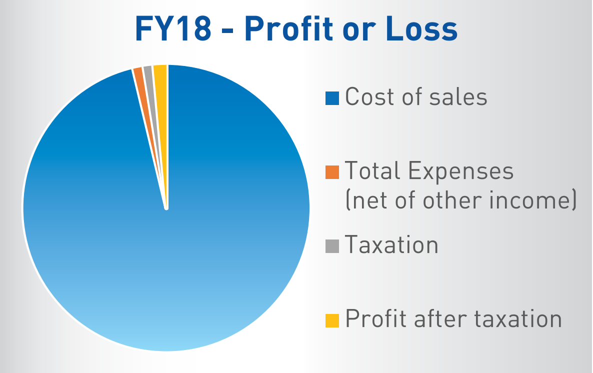
Finance cost has increased vs. FY 2018 increase in interest rates during the year. However, it remained highest in FY 2014 as per horizontal analysis due to higher average interest rates in FY 2014.

Profit After Tax

Profit after tax (PAT) is lower vs. FY 2018 mainly due to increase in exchange loss, finance cost and decline in volumes. However, it was lowest in FY 2015 as per horizontal analysis mainly due to higher finance cost and provision for impairment against doubtful trade debts in FY 2015.

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.

Earnings per share

Earnings per share ratio is calculated with reference to the share capital at year end rather than average number of shares outstanding during the period. The Company has no dilutive effects on the Basic Earnings per share.

Gross Profit

Gross profit is calculated by the company with and without inventory gains/Losses to compare the performance of the company. This is because Inventory gains and losses are mainly outside the control of the Company as these arise due to International price movements and requirement to keep sufficient stocks to meet the Country Needs.

Debtors' turnover

This ratio is calculated by the Company on the basis of the average values of the debtors.

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 as follows:

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, however, in the latter part of the year the Company has started recovering some of its lost share in white oil. Black Oil market share of PSO has reduced drastically due to power production shift towards LNG.

Gross Profit

Apart from FY 2019, Gross profit was showing an increasing trend over the years due to increase in margins and volumes of white oil. In FY 2019 Gross profit decreased slightly due to reduction in overall volumes in the Industry which also impacted PSO.

Cash flows from operating activities

Cash flow from operating activities was positive in FY 2018 whereas it is negative in FY 2019 mainly due to reduction in profits and Payables.

MAJOR CAPITAL EXPENDITURES

The Company ensures that the major capital expenditures are aligned with its objectives. During the period under review, PSO focused towards enhancing customer experience and development of Supply chain infrastructure. Accordingly, majority of Capital expenditure went into the development of Retail Outlets, and enhancing customer experiences through investments in NFR segment. Moreover, PSO also embarked storage development and rehabilitation of existing storage focused towards its Supply chain infrastructure.

For future, PSO plans to further enhance its customer's experiences through investments in Retail Outlets development, forecourt enhanced services such as revamped C-stores, Oil changing canopies etc. Moreover, safety of assets has been given prime focus wherein, HSE based capital expenditure are also planned for next fiscal year. In Supply Chain Infrastructure, PSO is focusing towards reducing its reliance on product movement by road. Accordingly, capital expenditure is also planned for development of pipeline links.

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 UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan State Oil Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 26.1.1 to the unconsolidated financial statements regarding contingent liability in respect of non-accrual of late payment surcharge amounting to Rs. 7,757 million for 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Receivables from Government of Pakistan (GoP) and customers** (Refer notes 12.2 and 15 to the unconsolidated financial statements) The Company has the following receivables as at June 30, 2019: • trade debts of an aggregate amount of Rs. 180,676 million due from power generation companies, namely GENCO Holding Company Limited (GENCO), Sui Northern Gas Pipelines Limited (SNGPL), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO) (together referred to as customers). These include past due debts of Rs. 165,236 million against which no impairment has been recognized; • price differential claims aggregating to Rs. 9,297 million recoverable from 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. 30,244 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 situation being faced by the GoP. However, due to receivables 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 recognized 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 unconsolidated 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; - tested 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; - inspected related correspondence between the Company and relevant authorities and inquired at the appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables; - circularised 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's process for impairment assessment of receivables, discussed judgment exercised by them and checked the approval of the Board of Management in this regard; - recomputed the net unfavorable exchange differences on foreign currency borrowings recognized by the Company during the year, as recoverable from MoF-GoP. We also considered the results of work performed by an independent firm of chartered accountants on Company's claim/receivable balance till March 31, 2019; - reviewed the minutes of the Board of Management and Board Audit and Compliance Committee and discussed at the appropriate level of management, events during the year and steps taken by management for recoverability of these receivables; - tested receipts of late payment surcharge from underlying evidence and ensured that the same have been recognized in line with the accounting policy of the Company; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

S. No.	Key audit matters	How the matter was addressed in our audit
2	**First time adoption of IFRS 9 - 'Financial Instruments' (IFRS 9)** (Refer notes 2.5, 6.2, 12 and 15 to the unconsolidated financial statements) IFRS 9 became effective during the year for the Company which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. Management has determined that the most significant impact of the new standard on the Company's unconsolidated financial statements relates to i) application of Expected Credit Losses (ECL) model, instead of the incurred loss model previously applied for impairment of financial assets; and ii) valuation of Company's unquoted equity investment at fair value. However, subsequent to year end, the Securities and Exchange Commission of Pakistan (SECP), through its notification dated September 02, 2019 and subsequent clarification to the Company dated September 06, 2019 has exempted application of ECL model on financial assets due from the Government of Pakistan arising as a consequence of circular debt till June 30, 2021. The Company has applied the requirements of IFRS 9 from the date of initial application i.e. July 01, 2018, on the applicable financial assets pursuant to the aforementioned exemption and clarification of the SECP, the financial impacts of which are detailed in note 2.5 to the unconsolidated financial statements. We considered the above as key audit matter due to first time application of IFRS 9 on the unconsolidated financial statements, which included use of significant judgements and estimates by the management.	Our audit procedures amongst others included: - reviewed management's process for compliance with the requirements of IFRS 9; - evaluated key decisions made by the Company with respect to accounting policies, estimates and judgements in relation to adoption of IFRS 9 and assessed its appropriateness based on our understanding of the Company's business and its operations; - reviewed impairment models for determining ECL and fair valuation model for valuation of unquoted equity investment, prepared by the management. As part of the review, we tested key inputs in the models and assessed the reasonableness of assumptions used such as future cash flows, discount and growth rates and involved our accounting and valuation subject matter specialists for review of the same, where required; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement 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 Unconsolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 unconsolidated financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

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

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

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

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

We communicate with the Board of 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Management, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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 Shaikh Ahmed Salman.

A. F. Ferguson & Co.
Chartered Accountants

EY Ford Rhodes
Chartered Accountants

October 02, 2019
Karachi

Powering the Nation's Strength

Behind the progress of our country, inside the machinery that shapes our legacy, works the commitment of PSO. Our uninterrupted supply of fuels and lubricants helps energize the nation's industries, delivering the promise of a brighter future for Pakistan.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**8,187,159**	7,327,476
Intangibles	5	**52,193**	19,732
Long-term investments	6	**11,439,851**	4,783,585
Long-term loans, advances and other receivables	7	**347,003**	398,525
Long-term deposits and prepayments	8	**331,300**	322,578
Deferred tax asset - net	9	**12,496,742**	11,709,058
		32,854,248	24,560,954
Current assets			
Stores, spares and loose tools	10	**474,209**	239,981
Stock-in-trade	11	**89,665,031**	81,615,455
Trade debts	12	**219,586,332**	245,577,071
Loans and advances	13	**234,734**	1,919,400
Short-term deposits and prepayments	14	**3,190,303**	3,227,812
Other receivables	15	**57,955,771**	33,017,635
Taxation - net		**8,525,756**	7,767,381
Cash and bank balances	16	**4,593,141**	4,636,643
		384,225,277	378,001,378
Net assets in Bangladesh	17	**-**	-
TOTAL ASSETS		**417,079,525**	402,562,332
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**3,912,278**	3,260,232
Reserves	19	**115,268,409**	107,192,243
		119,180,687	110,452,475
Non-current liabilities			
Retirement and other service benefits	20	**7,527,709**	5,165,024
Current liabilities			
Trade and other payables	21	**180,042,553**	192,145,744
Unclaimed dividend	22	**1,739,860**	3,443,218
Unpaid dividend	23	**103,297**	221,587
Provisions	24	**490,972**	490,972
Accrued interest / mark-up	25.5	**1,017,317**	796,795
Short-term borrowings	25	**106,977,130**	89,846,517
		290,371,129	286,944,833
Contingencies and commitments	26		
TOTAL EQUITY AND LIABILITIES		**417,079,525**	402,562,332

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman-Board of Management

Yacoob Suttar
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Net sales	27	**1,154,297,980**	1,063,744,054
Cost of products sold	28	**(1,118,280,614)**	(1,024,107,946)
Gross profit		**36,017,366**	39,636,108
Other income	29	**7,305,207**	7,497,201
Operating costs			
Distribution and marketing expenses	30	**(9,911,519)**	(9,159,330)
Administrative expenses	31	**(2,502,230)**	(2,769,667)
Other expenses	32	**(4,699,475)**	(3,334,100)
		(17,113,224)	(15,263,097)
Profit from operations		**26,209,349**	31,870,212
Finance costs	33	**(8,939,012)**	(5,123,344)
Share of profit of associates - net of tax	6.5.1	**206,503**	413,612
Profit before taxation		**17,476,840**	27,160,480
Taxation	34	**(6,890,287)**	(11,699,223)
Profit for the year		**10,586,553**	15,461,257
		(Rupees)	
			(Restated)
Earnings per share - basic and diluted	35	**27.06**	39.52

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman-Board of Management

Yacoob Suttar
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Profit for the year		10,586,553	15,461,257
Other comprehensive loss:			
Items that will not be subsequently reclassified to statement of profit or loss:			
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	6.5.1	3,700	(8,374)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	6.2.1	(2,062,563)	-
Taxation thereon		334,558	-
		(1,728,005)	-
Actuarial loss on remeasurement of retirement and other service benefits	20.1.6	(3,761,994)	(558,409)
Taxation thereon		1,126,299	114,542
		(2,635,695)	(443,867)
		(4,360,000)	(452,241)
Items that may be subsequently reclassified to statement of profit or loss:			
Share of unrealised loss due to change in fair value of available-for-sale (AFS) investments of associates - net of tax		-	(5,449)
Amortisation of unrealised gain due to reclassification of investment from AFS to held-to-maturity		-	(93,104)
Taxation thereon		-	27,931
		-	(65,173)
		-	(70,622)
		(4,360,000)	(522,863)
Total comprehensive income for the year		6,226,553	14,938,394

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Share capital	Reserves: Capital reserves: Surplus on vesting of net assets	Reserves: Revenue reserves: Unrealised gain / (loss) on remeasurement of AFS / FVOCI investments	Reserves: Revenue reserves: Company's share of unrealised (loss) / gain on AFS investment of associates	Reserves: Revenue reserves: General reserve	Reserves: Revenue reserves: Un-appropriated profit	Sub-total	Total
	(Rupees in '000)							
Balance as at July 01, 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 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 AFS investments 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 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 at Rs. 15/- per share	-	-	-	-	-	(4,075,289)	(4,075,289)	(4,075,289)
Bonus shares issued for the year ended June 30, 2017 at 20%	543,372	-	-	-	-	(543,372)	(543,372)	-
Interim dividend for the year ended June 30, 2018 at 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
Effect of change in accounting policy - note 2.5	-	-	6,063,653	6,354	-	17,907	6,087,914	6,087,914
Balance as at July 01, 2018 - restated	3,260,232	3,373	6,063,653	-	25,282,373	81,930,758	113,280,157	116,540,389
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	10,586,553	10,586,553	10,586,553
Other comprehensive loss								
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(1,728,005)	-	-	-	(1,728,005)	(1,728,005)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	(2,635,695)	(2,635,695)	(2,635,695)
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	3,700	3,700	3,700
	-	-	(1,728,005)	-	-	(2,631,995)	(4,360,000)	(4,360,000)
	-	-	(1,728,005)	-	-	7,954,558	6,226,553	6,226,553
Transactions with the owners								
Final dividend for the year ended June 30, 2018 at Rs. 5/- per share	-	-	-	-	-	(1,630,116)	(1,630,116)	(1,630,116)
Bonus shares issued for the year ended June 30, 2018 at 20%	652,046	-	-	-	-	(652,046)	(652,046)	-
Interim dividend for the year ended June 30, 2019 at Rs. 5/- per share	-	-	-	-	-	(1,956,139)	(1,956,139)	(1,956,139)
	652,046	-	-	-	-	(4,238,301)	(4,238,301)	(3,586,255)
Balance as at June 30, 2019	3,912,278	3,373	4,335,648	-	25,282,373	85,647,015	115,268,409	119,180,687

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	10,056,566	23,994,706
Long-term loans, advances and other receivables		51,522	13,252
Long-term deposits and prepayments		(8,722)	(23,583)
Taxes paid		(8,524,136)	(10,648,297)
Finance costs paid		(8,396,849)	(5,170,222)
Retirement and other service benefits paid		(2,410,116)	(5,585,300)
Net cash (used in) / generated from operating activities		(9,231,735)	2,580,556
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
- property, plant and equipment		(1,980,999)	(1,452,544)
- intangibles		(44,504)	(6,024)
Proceeds from disposal of operating assets		32,987	81,602
Proceeds from redemption of Pakistan Investment Bonds		-	43,836,800
Interest / mark-up received from Pakistan Investment Bonds		-	2,520,616
Acquisition of shares in Pakistan Refinery Limited		(840,000)	-
Dividends received		298,038	245,163
Net cash (used in) / generated from investing activities		(2,534,478)	45,225,613
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net	25.6	8,631,191	(7,580,221)
Dividends paid		(5,407,902)	(6,648,576)
Net cash generated from / (used in) financing activities		3,223,289	(14,228,797)
Net (decrease) / increase in cash and cash equivalents		(8,542,924)	33,577,372
Cash and cash equivalents at beginning of the year		(7,924,869)	(41,502,241)
Cash and cash equivalents at end of the year	37	(16,467,793)	(7,924,869)

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Syed Jehangir Ali Shah	**Zafar Ul Islam Usmani**	**Yacoob Suttar**
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

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, the details of which is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

1.3 The Board of Management (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 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

1.4 These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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

- Provisions 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.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.4 Critical accounting estimates, assumptions and judgments

The preparation of the unconsolidated 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 relevant factors, including reasonable expectations of future events that are believed to be reasonable under current 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:

2.4.1 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 at each reporting date. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

2.4.2 Stock-in-trade

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

2.4.3 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Company uses default rates based on credit rating of customers from which receivable are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Company assesses the recoverability of its financial assets 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.

2.4.4 Income taxes

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. 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.

2.4.5 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 20.3 to these unconsolidated financial statements.

2.4.6 Valuation of un-quoted equity investments other than subsidiary and associates.

The fair value of un-quoted equity investments other than subsidiary and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 6.2 of these unconsolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.4.7 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

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

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

The following standards, amendments and interpretations to accounting and reporting standards that became effective for the first time and are relevant to the Company.

IFRS 9 - 'Financial Instruments'
IFRS 15 - 'Revenue from Contracts with Customers'; and
IFRIC 22 - 'Foreign Currency Transactions and Advance Consideration'.

Improvements to accounting standard issued by IASB in December 2016

IAS 28 - 'Investments in Associates and Joint Ventures': Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the unconsolidated financial statements except for IFRS 9 and IFRS 15 which are as follows:

IFRS 9

IFRS 9 replaces IAS 39 bringing together aspects of the accounting for financial instruments: classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in un-appropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's unconsolidated financial statements are described below:

Classification and measurement

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, Financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

At transition date to IFRS 9, the Company had financial assets measured at amortised cost and equity instruments at cost. The new classification and measurement of the Company's financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Under IAS 39, the Company's unquoted equity instruments were classified as available for sale financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVPL or FVOCI.

The Company has applied the ECL approach in accordance with the new accounting policy for impairment of financial assets as mentioned in Note 3.10.1 of these unconsolidated financial statements.

(Amounts in Rs. '000)

The adoption of IFRS 9 resulted in following:

Reserves	
As at June 30, 2018	107,192,243
IFRS 9 impact:	
Increase due to gain on remeasurement of equity investment held at FVOCI	7,603,327
Increase due to reversal of impairment charge against trade debts	330,234
Decrease due to impairment charge against other receivables	(297,000)
Related tax impact	(1,548,647)
	6,087,914
As at July 01, 2018 - restated	113,280,157
Long - term investments	
As at June 30, 2018	4,783,585
IFRS 9 impact:	
Increase due to gain on remeasurement of equity investment held at FVOCI	7,603,327
As at July 01, 2018 - restated	12,386,912
Trade debts	
As at June 30, 2018	245,577,071
IFRS 9 impact:	
Increase due to reversal of impairment charge against trade debts	330,234
As at July 01, 2018 - restated	245,907,305
Other receivables	
As at June 30, 2018	33,017,635
IFRS 9 impact:	
Decrease due to impairment charge against other receivables	(297,000)
As at July 01, 2018 - restated	32,720,635
Deferred tax assets - net	
As at June 30, 2018	11,709,058
IFRS 9 impact:	
Deferred tax expense on gain on remeasurement of equity investment held at FVOCI	(1,539,674)
Deferred tax expense on reversal of impairment charge against trade debts	(89,163)
Deferred tax income on impairment charge against other receivables	80,190
As at July 01, 2018 - restated	10,160,411

Further, Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39.

Based on the above mentioned SRO and clarification, the Company has excluded receivables related to circular debt (Receivables from Generation Company Limited (GENCO), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO), Sui Northern Gas Pipeline Company Limited (SNGPL) and unfavorable exchange difference on FE-25 borrowing due from GoP) from ECL model under IFRS 9.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the corresponding period has not been restated.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of this standards did not have any material impact on the revenue recognised by the Company.

b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments or interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business	January 01, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases	January 01, 2019
IAS 1/ IAS 8 Definition of Material	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 Plan Amendment, Curtailment or Settlement	January 01, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of this standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB and relevant to the Company which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016

The Company expects that above new standard will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

2.6 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 01, 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 unconsolidated 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 07, 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 Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter trustees of the Scheme have requested the parent ministry for directions of winding up.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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.

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 4.1 to these unconsolidated 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 prospectively, 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.

3.2 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.

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.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.4 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 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 FVOCI 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.

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 profit or loss.

3.5 Investment in Subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses, if any.

3.6 Stores, spares and loose tools

These are valued at moving average cost less accumulated 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.

3.7 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 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.

3.8 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

3.9 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.

3.10 Impairment

3.10.1 Impairment of financial assets

Financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets covered under IAS 39

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 profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. 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.

3.10.2 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 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 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.

3.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Retirement and other service benefits

3.12.1 Defined benefit plans

Pension funds

The Company operates approved funded defined benefit pension schemes separately for parmanent management and non-management employees except for those employees who joined the Company after December 31, 2012. However, employees who have been regularised during the year ended June 30, 2018 by decision of the Honourable Supreme Court of Pakistan and who were providing services to the Company before January 01, 2013 have also been included in this scheme. The scheme is administrated by the trustees nominated under the trust deed. 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 is administrated by the trustees nominated under the trust deed. 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.

Medical benefits

The Company also provides post retirement medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents 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 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 statement of 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. Compensated absences are based on employees' last drawn salary.

3.12.2 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.

Pension fund

The Company also operates an approved funded contributory pension fund for its management and non-management employees. Monthly contribution is made by the Company at the rate of 9.47% per annum of the gross salary.

3.13 Unclaimed and unpaid dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

3.14 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.

3.15 Contract liabilities

Contract liability is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

3.16 Taxation

3.16.1 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 profit or loss except to the extent it relates to items recognised in other comprehensive income.

3.16.2 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 unconsolidated 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 profit or loss except to the extent it relates to items recognised in other comprehensive income.

3.17 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.

3.18 Revenue recognition

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

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

3.19 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Company and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- 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.
- 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.

3.20 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.

3.21 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.

3.22 Interest in joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the 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 fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. 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 refuelling system at the New Islamabad International Airport. Each party has a 50% share in this un-incorporated joint arrangement.

(Amounts in Rs. '000)

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 unconsolidated financial statements under the appropriate line items.

The Company currently does not have any joint venture.

3.23 Dividend and appropriation to reserves

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

3.24 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.

3.25 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

	Note	2019	2018
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	**7,113,375**	6,640,969
Capital work-in-progress	4.4	**1,073,784**	686,507
		8,187,159	7,327,476

4.1 Operating assets

(Amounts in Rs. '000)

	Land: Freehold	Land: Leasehold	Building: On freehold land	Building: On leasehold land	Tanks and pipelines	Service and filling stations (note 4.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 4.1.2)	Total
As at July 01, 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 4.2)													
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 4.1.1)	-	(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
Year ended June 30, 2019													
Opening 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
Additions	326,725	-	-	33,633	62,673	685,490	222,900	19,090	62,328	72,217	-	108,666	1,593,722
Disposals (note 4.2)													
Cost	-	-	-	(3,499)	(166)	(154,285)	(3,856)	(6,951)	(51,613)	(4,089)	-	-	(224,459)
Accumulated depreciation	-	-	-	3,383	150	153,733	3,856	6,906	46,760	4,082	-	-	218,870
	-	-	-	(116)	(16)	(552)	-	(45)	(4,853)	(7)	-	-	(5,589)
Depreciation charge (note 4.1.1)	-	(1,705)	(22,520)	(61,795)	(126,270)	(414,065)	(223,689)	(20,664)	(146,670)	(73,754)	(4,469)	(20,126)	(1,115,727)
Closing net book value	559,374	89,491	340,060	637,932	760,343	2,590,427	1,243,363	62,964	423,711	154,692	36,634	214,384	7,113,375
As at June 30, 2019													
Cost	559,374	128,417	968,359	1,517,025	4,403,120	11,329,398	4,701,115	349,822	1,724,698	961,742	97,613	372,078	27,112,761
Accumulated depreciation	-	(38,926)	(628,299)	(879,093)	(3,642,777)	(8,738,971)	(3,457,752)	(286,858)	(1,300,987)	(807,050)	(60,979)	(157,694)	(19,999,386)
Net book value	559,374	89,491	340,060	637,932	760,343	2,590,427	1,243,363	62,964	423,711	154,692	36,634	214,384	7,113,375
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	

(Amounts in Rs. '000)

	Note	2019	2018
4.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of products sold	28.2	32,262	44,460
Distribution and marketing expenses	30	1,001,152	929,449
Administrative expenses	31	82,313	83,581
		1,115,727	1,057,490

4.1.2 Service and filling stations include cost of Rs.10,818,953 (2018: Rs.10,276,823) incurred by the Company on underground storage tanks, dispensing units and other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,059 (2018: 2,019) out of the total 3,487 (2018: 3,514) 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.372,078 (2018: Rs.263,410) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs.15,700,444 (2018: Rs.15,048,346).

4.1.4 Included in operating assets are assets having net book value of Rs.796,624 (2018: Rs.838,248) in respect of Company's share in the joint operations. Certain assets relating to joint operations (Eastern Joint Hydrant System (EJHD) and New Islamabad International Airport (NIAP)) are not in the possession or name of the Company aggregating to Rs.41,276 (2018: Rs.11,159) and Rs. 374,548 (2018: Rs.394,064), respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Company considers it impracticable to disclose particulars of assets not in the possession or name of the Company as required under the Fourth Schedule to the Companies Act, 2017.

4.2 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	1,668	1,084	584	695	111	Company Policy	Mr. Munir A. Makhdoom Ex-employee
Vehicle	1,643	1,068	575	711	136	Company Policy	Mr. Asif Ali Shah Ex-employee
Vehicle	1,664	805	859	1,154	295	Company Policy	Mr. Rustom Mavalvala Ex-employee
Vehicle	1,835	765	1,070	1,835	765	Company Policy	Mr. Rashid Kamal Ex-employee
Vehicle	1,899	253	1,646	1,677	31	Company Policy	Mr. Iftikhar Ahmed Ex-employee
Items having book value of less than Rs. 500 each	215,750	214,895	855	26,915	26,060		
June 30, 2019	224,459	218,870	5,589	32,987	27,398		
June 30, 2018	148,839	136,752	12,087	81,602	69,515		

(Amounts in Rs. '000)

4.3 The details of immovable fixed assets (i.e. land) 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
Shikarpur Installation	Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur.	261,965
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral.	13,790
Chakpirana Depot	Chakpirana, G.T. Road, Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt. Nawabshah.	140,360
Faqirabad Depot	Law rancepur, 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	100,611
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
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
Chowerangi Service Station	Nazimabad Chowrangi, Karachi.	743
Pak Service Station	Sukkur city opposite Hira Medical Center, Sukkur.	833
Madni Petroleum Services	College Road, Peshawar.	1,194
Daimond Fuel Station	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.	116,160
LPG Plant, Lahore	Miles Sheikhupura 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

(Amounts in Rs. '000)

4.3.1 In view of large number of buildings and other immoveable assets, the Company considers it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule to the Companies Act, 2017.

	Note	2019	2018
4.4 Capital work-in-progress			
Tanks and pipelines		261,510	194,990
Service and filling stations		83,092	36,076
Plant and machinery		9,763	11,145
Advance to suppliers and contractors for tanks and pipelines		85,787	94,743
Capital spares		633,632	349,553
	4.4.1 & 4.4.2	1,073,784	686,507

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

	2019	2018
Balance at beginning of the year	686,507	1,139,564
Additions during the year	2,025,503	1,458,568
Transfers during the year	(1,638,226)	(1,911,625)
Balance at end of the year	1,073,784	686,507

4.4.2 Includes capital work-in-progress amounting to Rs.72,604 (2018: Rs.53,344) in respect of Company's share in joint operations.

	Note	2019	2018
5. INTANGIBLES			
Net carrying value			
Net book value at beginning of the year		19,732	29,409
Additions at cost		44,504	6,024
Amortisation charge for the year	5.1 & 31	(12,043)	(15,701)
Net book value at end of the year		52,193	19,732
Gross carrying value			
Cost	5.2	456,974	412,469
Accumulated amortisation		(404,781)	(392,737)
Net book value		52,193	19,732

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

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

(Amounts in Rs. '000)

	Note	2019	2018
6. LONG-TERM INVESTMENTS			
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (2018: 12%)			
No. of shares: 8,640,000 (2018: 8,640,000) of Rs. 100/- each	6.2	6,404,764	864,000
Investment in subsidiary - at cost			
In a quoted company			
- Pakistan Refinery Limited (PRL)			
Equity held 52.68% (2018: Nil)			
No. of shares: 154,875,000 (2018: Nil) of Rs. 10/- each	6.3 & 6.4	2,566,090	-
Investment in associates			
In a quoted company			
- Pakistan Refinery Limited (PRL)			
Equity held Nil (2018: 24.11%)			
No. of shares: Nil (2018: 70,875,000) of Rs. 10/- each	6.3, 6.4 & 6.5	-	2,018,551
In unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (2018: 49%)			
No. of shares: 46,058,570 (2018: 46,058,570) of Rs. 10/- each	6.5	2,418,932	1,843,027
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 22% (2018: 22%)			
No. of shares: 686,192 (2018: 686,192) of Rs. 10/- each	6.5	50,065	58,007
		2,468,997	1,901,034
		11,439,851	4,783,585

6.1 The principal place of business of all the investees is Karachi.

6.2 Effective from July 01, 2018 IFRS 9 became applicable for the Company as explained in note 2.5. The Company was previously carrying investment in PAPCO at cost, however, under IFRS 9 all equity instruments shall be carried at fair value. Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3) and determined that the fair value amounts to Rs. 6,404,764. The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2019	2018
- Discount rate	20.5% - 21.8%	15.1% - 16.2%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Company has recorded an unrealised loss- net of tax of Rs.1,728,005 (2018: Rs.Nil) in other comprehensive income for the year.

(Amounts in Rs. '000)

	Note	2019	2018
6.2.1 Movement of investment classified as FVOCI			
Balance at beginning of the year		864,000	864,000
Impact of change in accounting policy	2.5	7,603,327	-
Balance at beginning of the year - restated		8,467,327	864,000
Remeasurement loss recognised in other comprehensive loss		(2,062,563)	-
Balance at the end of the year		6,404,764	864,000

6.2.2 Sensitivity to unobservable inputs:

	2019	2018
- Discount rate (1% increase)	(359,561)	-
- Discount rate (1% decrease)	411,960	-
- Growth rate of terminal value (1% increase)	254,700	-
- Growth rate of terminal value (1% decrease)	(223,821)	-

6.3 As at June 30, 2018 the Company was carrying its investment in PRL as an associated company and was accounting for its interest in PRL through equity accounting under IAS 28 'Investment in Associates'. Pursuant to the order of the Honourable Sindh High Court dated October 12, 2018 removing the restraining order in respect of 21,000,000 shares, the Company acquired 84,000,000 shares at Rs.10 each, as disclosed in note 13.2 and recognised a gain of Rs. 91,339 as disclosed in note 29.

Resultantly, effective from December 01, 2018 being the acquisition date, the shareholding of the Company in PRL increased from 24.11% to 52.68% making it a subsidiary as at December 01, 2018. Accordingly as at the year end, Company is carrying its investment in PRL as a subsidiary company at cost less impairment losses, if any. The primary reason for business combination with PRL is to have concentric diversification.

6.4 During the year ended June 30, 2016, Pakistan Refinery Limited (PRL) issued 259,000,000 right shares amounting to Rs. 2,590,000 out of total size of issue of 280,000,000 shares amounting to Rs. 2,800,000. Out of these, 21,000,000 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:

	2019	2018
	Shares in thousand	
Issued share capital of PRL	294,000	294,000
Add: Share capital not yet issued	21,000	21,000
	315,000	315,000
Company's Holding	154,875	70,875
Company's Holding (%) based on issued share capital of PRL	52.68%	24.11%
Company's Holding (%) after taking the effect of share capital not issued	49.17%	22.50%

(Amounts in Rs. '000)

6.5 Investments in associates

6.5.1 Movement of investment in associates

	2019				2018			
	PRL (Note 6.5.1.1)	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning 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
Investment made during the year	**840,000**	**-**	**-**	**840,000**	-	-	-	-
Share of (loss) / profit of associates - net of tax:								
- current year - unaudited	**(396,961)**	**576,060**	**(7,064)**	**172,035**	86,884	340,094	(1,105)	425,873
- adjustment for last year profit / (loss) based on prior year audited financial statements	**34,579**	**641**	**(752)**	**34,468**	(9,576)	(2,746)	61	(12,261)
	(362,382)	**576,701**	**(7,816)**	**206,503**	77,308	337,348	(1,044)	413,612
Unrealised loss on associates' investments AFS - unaudited	**-**	**-**	**-**	**-**	(1,046)	-	(4,403)	(5,449)
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	**4,622**	**(796)**	**(126)**	**3,700**	(8,261)	-	(113)	(8,374)
	4,622	**(796)**	**(126)**	**3,700**	(9,307)	-	(4,516)	(13,823)
Unrealised gain on revaluation of shares on acquisition date	**91,339**	**-**	**-**	**91,339**				
Dividend income	**(26,040)**	**-**	**-**	**(26,040)**	-	-	(4,461)	(4,461)
Transferred to subsidiary	**(2,566,090)**			**(2,566,090)**				
Balance at end of the year	**-**	**2,418,932**	**50,065**	**2,468,997**	2,018,551	1,843,027	58,007	3,919,585

6.5.1.1 PRL's audited financial statements for the period July 01, 2018 to November 30, 2018 have been used for equity accounting as PRL ceased to be an associate of PSO effective from December 01, 2018.

(Amounts in Rs. '000)

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

	Un-audited		Audited		
	2019		2018		
	APL	PGMCL	PRL	APL	PGMCL
Revenue	**1,795,183**	**124,324**	92,229,260	1,406,319	144,531
Profit / (loss) after tax for the year	**1,175,634**	**(32,110)**	503,789	695,378	(8,439)
Other comprehensive income / (loss)	**-**	**16,768**	(42,516)	(1,625)	(19,792)
Total comprehensive income / (loss)	**1,175,634**	**(15,342)**	461,273	693,753	(28,231)
Non-current assets	**1,064,068**	**33,357**	9,573,471	1,177,647	192,137
Current assets	**4,459,068**	**213,808**	16,946,590	2,930,201	80,303
	5,523,136	**247,165**	26,520,061	4,107,848	272,440
Non-current liabilities	**-**	**(3,612)**	(5,056,744)	-	(3,132)
Current liabilities	**(586,540)**	**(15,983)**	(21,398,690)	(346,886)	(9,627)
	(586,540)	**(19,595)**	(26,455,434)	(346,886)	(12,759)
Net assets	**4,936,596**	**227,570**	64,627	3,760,962	259,681
Fair value based on quoted share price	**N/A**	**N/A**	2,460,071	N/A	N/A

6.5.3 Reconciliation of carrying amount of investment

	APL	PGMCL	PRL	APL	PGMCL
Net assets (Note 6.5.2)	**4,936,596**	**227,570**	64,627	3,760,962	259,681
Company's Holding in % (Note 6)	**49%**	**22%**	24.11%	49%	22%
Company's share of investment in associate	**2,418,932**	**50,065**	15,582	1,842,871	57,130
Impact of change in holding %	**-**	**-**	160,901	-	-
Impact of fair value reserve	**-**	**-**	963,900	-	-
Unrealised gain on investments	**-**	**-**	1,025,061	-	-
Adjustments based on audited financial statements	**-**	**-**	(145,957)	156	877
Others	**-**	**-**	(936)	-	-
Carrying amount of investment	**2,418,932**	**50,065**	2,018,551	1,843,027	58,007

(Amounts in Rs. '000)

	Note	2019	2018
7. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans - considered good			
Executives*	7.1	114,029	118,642
Employees		228,769	229,153
	7.2 & 7.4	342,798	347,795
Current portion shown under current assets	13	(109,346)	(91,420)
		233,452	256,375
Advances - considered good (secured)			
Employees	7.3	67,293	81,093
Current portion shown under current assets	13	(29,496)	(33,415)
		37,797	47,678
Other receivables			
- Considered good		75,754	94,472
- Considered doubtful		8,143	8,143
		83,897	102,615
Provision for impairment		(8,143)	(8,143)
		75,754	94,472
		347,003	398,525

7.1 Reconciliation of carrying amount of loans to executives*:

	2019	2018
Balance at beginning of the year	118,642	91,418
Disbursements	34,754	51,793
Repayments	(39,367)	(24,569)
Balance at end of the year	114,029	118,642

*These represent executives as prescribed under the Companies Act, 2017.

7.2 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 twenty months to sixty months.

7.3 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 assets and are recovered through monthly deduction of house allowance until complete repayment is made.

7.4 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these unconsolidated financial statements.

	Note	2019	2018
8. LONG-TERM DEPOSITS AND PREPAYMENTS			
Long-term deposits	8.1	236,714	184,480
Prepaid rentals		137,215	159,560
Less: Current portion shown under current assets	14	(42,629)	(21,462)
		94,586	138,098
		331,300	322,578

8.1 These include interest free deposits amounting to Rs. 180,576 (2018: Rs. 143,369) paid to related parties.

(Amounts in Rs. '000)

	2019	2018
9. DEFERRED TAX ASSET - NET		
Deductible temporary differences in respect of:		
Provision for:		
- tax amortisation	411	298
- impairment of stores and spares	10,674	8,714
- provision for slow moving products	6,222	5,793
- impairment on trade debts	877,402	888,456
- impairment on other receivables	843,035	639,582
- retirement and other service benefits	2,176,188	1,379,290
- excise, taxes and other duties	21,121	19,665
Liabilities offered for taxation	10,478,567	9,415,405
Others	2,362	2,200
	14,415,982	12,359,403
Taxable temporary differences in respect of:		
- accelerated tax depreciation	(417,649)	(395,996)
- equity investment held as FVOCI	(1,205,116)	-
- investments in associates accounted for under equity method	(296,475)	(254,349)
	(1,919,240)	(650,345)
	12,496,742	11,709,058

9.1 Movement in deferred tax asset - net is as follows

	Note	2019	2018
Balance at beginning of the year		11,709,058	11,912,602
Impact of change in accounting policy	2.5	(1,548,647)	-
Balance at beginning of the year - restated		10,160,411	11,912,602
- recognized in profit or loss	34	875,474	(346,017)
- recognized in other comprehensive loss		1,460,857	142,473
Balance at end of the year		12,496,742	11,709,058

	Note	2019	2018
10. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		511,017	272,255
Provision for impairment	10.1	(36,808)	(32,274)
		474,209	239,981

10.1 The movement in provision for impairment during the year is as follows:

	Note	2019	2018
Balance at beginning of the year		32,274	32,274
Provision recognised during the year	32	4,534	-
Balance at end of the year		36,808	32,274

(Amounts in Rs. '000)

	Note	2019	2018
11. STOCK-IN-TRADE			
Raw and packing material		2,305,077	1,516,789
Petroleum and other products (gross)	11.1	57,151,783	54,879,352
Less: Stock held on behalf of third parties	11.2	(4,135,509)	(2,805,782)
		55,321,351	53,590,359
Provision for slow moving products		(21,456)	(21,456)
Provision for write down to net realisable value		(51,286)	-
	11.3	55,248,609	53,568,903
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		22,659,967	21,387,151
		77,908,576	74,956,054
Add: Charges incurred thereon		11,756,455	6,659,401
	28	89,665,031	81,615,455

11.1 Includes stock-in-transit amounting to Rs. 14,391,428 (2018: Rs. 8,646,538) and stocks held by:

	2019	2018
Pakistan Refinery Limited - Subsidiary	107,529	107,529
Shell Pakistan Limited	495,053	284,098
Byco Petroleum Pakistan Limited	3,951	3,951
	606,533	395,578

11.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs.23,730 (2018: Rs.23,730). This also includes stock held on behalf of related parties amounting to Rs.63,340 (2018: Rs.54,689).

11.3 Includes Rs.1,553,023 (2018: Rs.Nil) in respect of stock carried at net realisable value.

	Note	2019	2018
12. TRADE DEBTS			
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	12.1	155,524	111,790
- Unsecured	12.2	168,277,493	150,169,855
		168,433,017	150,281,645
- Due from other customers			
- Secured	12.1	1,819,131	1,994,024
- Unsecured	12.2	49,334,184	93,301,402
		51,153,315	95,295,426
		219,586,332	245,577,071
Considered doubtful		3,025,523	3,290,578
Trade debts - gross		222,611,855	248,867,649
Provision for impairment	12.2 & 12.3	(3,025,523)	(3,290,578)
Trade debts - net		219,586,332	245,577,071

12.1 These debts are secured by way of security deposits and bank guarantees.

(Amounts in Rs. '000)

12.2 Included in trade debts is an aggregate amount of Rs.180,676,446 (2018: Rs.215,850,305) due from GENCO, HUBCO, KAPCO and SNGPL. These include past due debts of Rs.82,383,020 (2018: Rs.104,251,942), Rs.25,637,026 (2018: Rs.50,789,306), Rs.4,105,302 (2018: Rs.27,067,694) and Rs. 53,457,589 (2018: Rs.11,183,367) from GENCO, HUBCO, KAPCO and SNGPL, respectively, based on the agreed credit terms. The Company carries a specific provision of Rs.346,975 (2018: Rs.398,962) against these debts and did not consider the remaining aggregate past due balance of Rs.165,235,962 (against which subsequent receipts of Rs. 6,150,000 from GENCO, Rs. 4,105,302 from KAPCO and Rs. 53,457,589 from SNGPL have been received) 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.

12.3 The movement in provision during the year is as follows:

	Note	2019	2018
Balance at beginning of the year		3,290,578	4,201,355
Impact of change in accounting policy	2.5	(330,234)	-
Balance at beginning of the year - restated		2,960,344	4,201,355
Provision recognised during the year		198,469	66,670
Reversal of provision due to recoveries during the year		(133,290)	(977,447)
	32	65,179	(910,777)
Balance at end of the year		3,025,523	3,290,578

12.3.1 Provision for impairment has been recognised against trade debts as follows:

	2019	2018
Related parties	1,071,117	1,611,927
Other customers	1,954,406	1,678,651
	3,025,523	3,290,578

12.4 As at June 30, 2019, trade debts aggregating to Rs. 27,382,041 (2018: Rs. 42,710,830) are neither past due nor impaired. The remaining debts aggregating to Rs. 192,204,291 (2018: Rs. 202,866,241) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2019	2018
Up to 1 month	38,623,388	19,704,852
1 to 3 months	51,118,827	35,823,744
3 to 6 months	9,945,860	16,856,218
6 to 1 year	25,784,916	94,991,177
Over 1 year	66,731,300	35,490,250
	192,204,291	202,866,241

(Amounts in Rs. '000)

12.5 The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month	2019	2018
Associate			
Asia Petroleum Limited	1,179	1,179	3,037
Other Related Parties			
GENCO	114,750,870	86,241,212	118,873,402
Sui Northern Gas Pipeline Limited	64,692,905	64,692,905	15,851,059
Pakistan International Airlines Corporation	13,323,598	13,323,598	13,009,814
K-Electric Limited	4,825,394	4,005,387	2,462,360
Pakistan Railways	1,814,982	1,814,982	1,117,388
Oil & Gas Development Corporation Limited	625,906	625,906	403,438
Pakistan Petroleum Limited	26,210	26,210	57,416
Sui Southern Gas Company Limited	370	370	-
Pakistan Steel Mills Corporation Limited	804	804	7,032
Civil Aviation Authority	1,861	1,293	-
Pakistan National Shipping Corporation	2,021	2,021	2,021
		170,735,867	151,786,967

12.6 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Up to 6 months	More than 6 months	Total 2019	Total 2018
Associate				
Asia Petroleum Limited	-	-	-	-
Other Related Parties				
GENCO	8,505,323	73,877,697	82,383,020	104,251,942
Sui Northern Gas Pipeline Limited	53,457,589	-	53,457,589	11,183,367
Pakistan International Airlines Corporation	8,252,444	4,089,617	12,342,061	12,028,277
K-Electric Limited	-	-	-	-
Pakistan Railways	-	-	-	-
Oil & Gas Development Corporation Limited	247,610	-	247,610	201,194
Pakistan Petroleum Limited	12	-	12	324
Sui Southern Gas Company Limited	370	-	370	-
Pakistan Steel Mills Corporation Limited	-	804	804	155
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	70,463,348	77,970,139	148,433,487	127,667,280
Provision for impairment (notes 12.6.1 & 12.6.2)			(1,071,117)	(1,611,927)
			147,362,370	126,055,353

(Amounts in Rs. '000)

12.6.1 The movement in provision for impairment against due from related parties during the year is as follows:

	Note	2019	2018
Balance at beginning of the year		1,611,927	2,487,680
Impact of change in accounting policy		(604,845)	-
Balance at beginning of the year - restated		1,007,082	2,487,680
Provision during the year		116,141	119
Reversal of provision due to recoveries during the year		(52,106)	(875,872)
		64,035	(875,753)
Balance at end of the year	12.6.2	1,071,117	1,611,927

12.6.2 The provision for impairment has been recognised in respect of following related parties:

	2019	2018
GENCO	346,975	398,962
Pakistan International Airlines Corporation	722,121	1,210,825
Pakistan Petroleum Limited	-	81
Pakistan Steel Mills Corporation Limited	-	38
Pakistan National Shipping Corporation	2,021	2,021
	1,071,117	1,611,927

13. LOANS AND ADVANCES

	Note	2019	2018
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 61,110 (2018: Rs. 49,821) to executives	7	138,842	124,835
- Short-term loans and advances	13.1	48,695	92,973
		187,537	217,808
Advance against shares under Share Purchase Agreement	13.2	-	1,680,000
Unsecured			
Advance to suppliers		41,696	16,102
Advance for Company-owned filling stations		5,501	5,490
		47,197	21,592
		234,734	1,919,400

13.1 Included therein is Rs. 1,080 (2018: Rs. 600) as advance salary paid to key management personnel.

13.2 As at June 30, 2018, the Company was carrying a total advance aggregating to Rs.1,680,000. Pursuant to the acquisition of 84,000,000 right shares of PRL as disclosed in note 6.3 to these unconsolidated financial statements, the Company has received Rs. 840,000 which was previously held in an escrow account and the remaining amount has been adjusted by The Shell Petroleum Company Limited.

(Amounts in Rs. '000)

	Note	2019	2018
14. SHORT - TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		2,677,825	2,828,517
Deposit against court orders		53,006	53,006
		2,730,831	2,881,523
Prepayments			
Rentals and others		416,843	324,827
Current portion of long-term prepaid rentals	8	42,629	21,462
		459,472	346,289
		3,190,303	3,227,812
15. OTHER RECEIVABLES			
Due from GoP, a related party, on account of:			
- Price differential claims (PDC)			
- on imports (net of related liabilities) of Motor gasoline	15.1	1,350,961	1,350,961
- on High Speed Diesel (HSD)	15.2	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	15.3	3,908,581	3,908,581
- GENCO receivables	15.4	3,407,357	3,407,357
		9,297,419	9,297,419
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	15.5	30,243,658	9,737,703
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from a related party	15.6	297,570	662,629
Sales tax refundable - due from related party		6,938,064	5,957,152
		46,776,711	25,654,903
Provision for Impairment	15.7	(999,149)	(402,149)
		45,777,562	25,252,754
Handling and hospitality charges		917,963	809,460
Product claims - insurance and other - considered doubtful		90,201	90,201
Provision for impairment	15.7	(90,201)	(90,201)
		-	-
Workers' Profits Participation Fund	15.8	89,936	17,144
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		2,539,411	2,191,608
Provision for impairment		(46,000)	(46,000)
		2,493,411	2,145,608
Others			
- Considered good		8,676,899	4,792,669
- Considered doubtful		1,771,666	1,830,472
		10,448,565	6,623,141
Provision for impairment	15.7	(1,771,666)	(1,830,472)
		8,676,899	4,792,669
	15.9 &15.11	57,955,771	33,017,635

(Amounts in Rs. '000)

15.1 Import price differential on motor gasoline

This represents PDC on account of import of motor gasoline by the Company, being the difference between the imported landed costs and the local 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 as the imports were being made on MoP&NR's instruction.

The Company continued to follow up with MoP&NR for early settlement of these claims and the 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, thereby putting an end to any further PDC.

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 01, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation. However, 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).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Company appointed an independent firm of Chartered Accountants which undertook the assignment of reverification of PSO's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which PSO's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During the year, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that the said claim will be processed upon completion of necessary scrutiny and fulfilment of codal formality. The Company, however, is pursuing the matter as it believes that the claim is based on actual cost incurred.

15.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. This Price Differential Claim originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, PSO could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. PSO was asked to claim this subsidy by submitting price differential claims. As a set procedure, PSO used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Company made the adjustments accordingly.

(Amounts in Rs. '000)

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 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 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 ended June 30, 2018, MoP&NR informed the Company vide its letter no PL-3 (242)/2017 dated August 04, 2017 that the Company's claim of Rs. 602,603 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. During the year, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 7, 2019 that the said claim will be processed upon completion of necessary scrutiny and fulfilment of codal formality. The Company, however, is pursuing the matter as it believes that the claim is based on actual cost incurred.

15.3 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 was 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 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 ended June 30, 2018, 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, the 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. During the year, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20. 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.

(Amounts in Rs. '000)

15.4 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 04, 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 03, 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.

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 09, 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 2015-2016.

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 settlement of this claim, however, it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, 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. During the year, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20. 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.

15.5 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. During the year, the Company engaged an independent firm of Chartered Accountants for verification of the exchange loss, who has certified the exchange loss.

15.6 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

(Amounts in Rs. '000)

on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 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 was 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 (2018: 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.

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. The amount approved for the Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Company which completed in September 2018. The Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. The Company is confident of recovering the said claim in due course of time.

15.7 As at June 30, 2019, receivables aggregating to Rs. 2,907,016 (2018: Rs. 2,368,822) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2019	2018
Receivable from GoP		999,149	402,149
IFEM receivables		46,000	46,000
Product claims		90,201	90,201
Other receivables		1,771,666	1,830,472
		2,907,016	2,368,822

The movement of provision for impairment is as follows:

	Note	2019	2018
Balance at beginning of the year		2,368,822	2,007,989
Impact of change in accounting policy	2.5	297,000	-
Balance at beginning of the year - restated		2,665,822	2,007,989
Provision recognised during the year		311,327	458,294
Reversal of provision due to recoveries during the year		(70,133)	(97,461)
	32	241,194	360,833
Balance at end of the year		2,907,016	2,368,822

15.8 **Workers' Profits Participation Fund**

	Note	2019	2018
Balance at beginning of the year		17,144	(243,651)
Allocation for the year	32	(927,208)	(1,432,856)
		(910,064)	(1,676,507)
Payments during the year		1,000,000	1,693,651
Balance at end of the year		89,936	17,144

(Amounts in Rs. '000)

15.9 Includes receivables of Rs. 45,807,855 (2018: Rs. 25,287,724) due from associates and other related parties.

15.10 Financial assets included in other receivables aggregating to Rs. 36,245,658 (2018: Rs.12,450,214) were neither past due nor impaired. Further, financial assets aggregating to Rs.11,927,987 (2018: Rs.11,910,743) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2019	2018
Up to 3 months	486,815	1,184,561
3 to 6 months	306,095	101,456
More than 6 months	11,135,077	10,624,726
	11,927,987	11,910,743

15.11 Includes Rs. 8,626,133 (2018: Rs.9,586,272) receivable from 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 2019	Total 2018
Associates / subsidiary					
Pakistan Refinery Limited - Associate up till last year	-	-	-	-	63
Asia Petroleum Limited	15,260	1,983	11,634	13,617	11,634
Other related parties					
Government of Pakistan	9,594,989	-	9,594,989	9,594,989	9,960,048
Pak-Arab Refinery Limited	16,676	-	16,676	16,676	16,676
	9,626,925	1,983	9,623,299	9,625,282	9,988,421
Provision for impairment (note 15.11.1)				(999,149)	(402,149)
Net receivable from related parties				8,626,133	9,586,272

15.11.1 The movement of provision for impairment against due from GoP, related party is as follows:

	Note	2019	2018
Balance at the beginning of the year		402,149	37,112
Impact of change in accounting policy	2.5	297,000	-
Balance at beginning of the year - restated		699,149	37,112
Provision recognised during the year		300,000	365,294
Reversal of provision due to recoveries		-	(257)
Balance at the end of the year		999,149	402,149

(Amounts in Rs. '000)

16. CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		11,561	9,853
Cash at banks in:			
- current accounts	16.1	2,406,547	2,483,285
- saving accounts	16.2	2,175,033	2,143,505
		4,581,580	4,626,790
		4,593,141	4,636,643

16.1 Includes Rs.1,305,000 (2018: Rs.1,100,000) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

16.2 These balances carry interest / mark-up ranging from 3.8% to 10.7% (2018: 3.7% to 7.5%) per annum.

17. NET ASSETS IN BANGLADESH

	2019	2018
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
Trade debts	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.

18. SHARE CAPITAL

18.1 Authorised capital

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each		5,000,000	5,000,000

18.2 Issued, subscribed and paid-up capital

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
		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
380,533,283	315,328,658	- Issued as bonus shares		3,805,333	3,153,287
391,227,752	326,023,127		18.3	3,912,278	3,260,232

(Amounts in Rs. '000)

18.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
		Ordinary shares of Rs. 10/- each			
326,023,127	271,685,939	At the beginning of the year		3,260,232	2,716,860
65,204,625	54,337,188	Issued during the year as fully paid bonus shares		652,046	543,372
391,227,752	326,023,127	At the end of the year	18.4	3,912,278	3,260,232

18.4 These fully paid ordinary shares carry one vote per share and right to dividend.

18.5 As at June 30, 2019, 1,013,036 ordinary shares of Rs. 10/- each (2018: 844,197 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

19. RESERVES

	Note	2019	2018
Capital reserve			
Surplus on vesting of net assets	19.1	3,373	3,373
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		4,335,648	-
Company's share of unrealised loss of investment in associates classified as AFS		-	(6,354)
General reserve		25,282,373	25,282,373
Un-appropriated profit		85,647,015	81,912,851
		115,265,036	107,188,870
		115,268,409	107,192,243

19.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

20. RETIREMENT AND OTHER SERVICE BENEFITS

	Note	2019	2018
Gratuity	20.1.1	237,658	512,633
Pension	20.1.1	1,411,950	873,160
Medical benefits	20.1.1	5,611,688	3,543,985
Compensated absences		266,413	235,246
		7,527,709	5,165,024

20.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2019 under the Projected Unit Credit Method are as follows:

(Amounts in Rs. '000)

20.1.1 Financial position reconciliation

	Note	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Present value of defined benefit obligations	20.1.2	**6,031,284**	5,971,943	**6,812,400**	15,933,820	**5,611,688**	3,543,985
Fair value of plan assets	20.1.3 & 20.2	**(5,793,626)**	(5,459,310)	**(5,400,450)**	(15,060,660)	**-**	-
Net liability at end of the year	20.1.8	**237,658**	512,633	**1,411,950**	873,160	**5,611,688**	3,543,985

20.1.2 Movement in present value of defined benefit obligations

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Present value of defined benefit obligations at beginning of the year	**5,971,943**	5,533,523	**15,933,820**	14,433,857	**3,543,985**	3,371,441
Current service cost	**264,063**	226,757	**402,307**	426,340	**7,965**	6,814
Past service cost	**81,360**	379,664	**4,723**	625,165	**-**	-
Interest cost	**571,673**	491,764	**1,230,803**	1,312,236	**347,999**	306,648
Benefits paid during the year	**(510,421)**	(434,305)	**(539,701)**	(495,039)	**(127,998)**	(112,663)
Transfer to defined contribution funds	**-**	-	**(10,807,528)**	-	**-**	-
Remeasurement: Actuarial (gain)/loss	**(347,334)**	(225,460)	**795,268**	(368,739)	**1,839,737**	(28,255)
Curtailment Gain	**-**	-	**(207,292)**	-	**-**	-
Present value of defined benefit obligations at end of the year	**6,031,284**	5,971,943	**6,812,400**	15,933,820	**5,611,688**	3,543,985

20.1.3 Movement in fair value of plan assets

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018
Fair value of plan assets at beginning of the year	**5,459,310**	4,973,184	**15,060,660**	10,600,613
Expected return on plan assets	**560,209**	478,419	**1,215,220**	1,159,784
Contributions made by the Company	**795,990**	832,124	**1,434,660**	4,586,053
Benefits paid during the year	**(510,421)**	(434,305)	**(539,701)**	(495,039)
Transfer to defined contribution funds	**-**	-	**(10,807,528)**	-
Remeasurement: Actuarial loss	**(511,462)**	(390,112)	**(962,861)**	(790,751)
Fair value of plan assets at end of the year	**5,793,626**	5,459,310	**5,400,450**	15,060,660

20.1.4 Expense recognised in profit or loss

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Current service cost	**264,063**	226,757	**402,307**	426,340	**7,965**	6,814
Past service cost	**81,360**	379,664	**4,723**	625,165	**-**	-
Curtailment gain	**-**	-	**(207,292)**	-	**-**	-
Net interest expense	**11,464**	13,345	**15,583**	152,452	**347,999**	306,648
Expense for the year	**356,887**	619,766	**215,321**	1,203,957	**355,964**	313,462

(Amounts in Rs. '000)

	Note	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
20.1.5 Actual return on plan assets		**48,747**	88,307	**252,359**	369,033	**-**	-
20.1.6 Remeasurement (gain) / loss recognised in other comprehensive loss							
Actuarial (gain) / loss on defined benefit obligation	20.1.7	**(347,334)**	(225,460)	**795,268**	(368,739)	**1,839,737**	(28,255)
Actuarial loss on fair value of plan assets		**511,462**	390,112	**962,861**	790,751	**-**	-
Remeasurement (gain) / loss		**164,128**	164,652	**1,758,129**	422,012	**1,839,737**	(28,255)
20.1.7 The actuarial (gain)/loss on defined benefit obligation occurred on account of following:							
- Financial assumptions		**(464,262)**	-	**(523,791)**	-	**1,780,277**	-
- Experience adjustments		**116,928**	(225,460)	**1,319,059**	(368,739)	**59,460**	(28,255)
		(347,334)	(225,460)	**795,268**	(368,739)	**1,839,737**	(28,255)
20.1.8 Net recognised liability							
Net liability at beginning of the year		**512,633**	560,339	**873,160**	3,833,244	**3,543,985**	3,371,441
Expense recognised in profit or loss		**356,887**	619,766	**215,321**	1,203,957	**355,964**	313,462
Contributions made by the Company		**(795,990)**	(832,124)	**(1,434,660)**	(4,586,053)	**(127,998)**	(112,663)
Remeasurement loss recognised in other comprehensive income		**164,128**	164,652	**1,758,129**	422,012	**1,839,737**	(28,255)
Net liability at end of the year		**237,658**	512,633	**1,411,950**	873,160	**5,611,688**	3,543,985

20.2 Plan assets comprise of following

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018
Special Saving Certificates	**-**	2,464,470	**-**	6,562,811
Mutual funds	**1,202,617**	1,440,296	**582,530**	2,868,303
Pakistan Investment Bonds	**1,564,808**	478,915	**3,272,027**	1,569,278
Term deposits	**1,213,611**	-	**505,245**	-
Treasury Bills	**1,892,817**	461,117	**-**	2,060,686
Quoted shares	**-**	-	**536,083**	720,778
Term Finance Certificates	**10,627**	38,624	**21,254**	77,247
Accrued income	**-**	5,597	**-**	14,351
Sukuk	**17,273**	-	**33,888**	-
Cash and cash equivalents (after adjusting liabilities)	**22,616**	11,292	**371,659**	85,513
Other (payables) / receivables	**(130,743)**	558,999	**77,764**	1,101,693
Fair value of plan assets at end of the year	**5,793,626**	5,459,310	**5,400,450**	15,060,660

20.2.1 Plan assets include the Company's ordinary shares with a fair value of Rs. 109,528 (2018: Rs. 171,275).

(Amounts in Rs. '000)

20.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2019, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Discount rate per annum (%)	**14.50**	10.00	**14.50**	10.00	**14.50**	10.00	**14.50**	10.00
Expected per annum rate of return on plan assets (%)	**14.50**	10.00	**14.50**	10.00	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.25**	10.00	**13.25**	10.00	**-**	-	**13.25**	10.00
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**14.50**	10.00	**-**	-
- pensioners	**-**	-	**-**	-	**14.50**	10.00	**-**	-
Indexation of pension (%)	**-**	-	**10.25**	5.75	**-**	-	**-**	-
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	**Low**	Low	**Age dependent**	Age dependent	**Age dependent**	Age dependent	**Age dependent**	Age dependent

20.3.1 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 than expectation. The risk is measured at the plan level over the entire retiree population.

20.4 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 2019 consists of Treasury Bills, Pakistan Investment Bonds, Term Deposits and Mutual Funds.

20.4.1 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.

20.4.2 Expected contributions to gratuity fund and pension funds for the year ending June 30, 2020 are Rs. 178,338 and Rs. 12,789 respectively.

(Amounts in Rs. '000)

20.4.3 Historical information of staff retirement benefits

	2019	2018	2017	2016	2015
Pension Plan Funded					
Present value of defined benefit obligation	**6,812,400**	15,933,820	14,433,857	12,284,584	12,928,359
Fair value of plan assets	**(5,400,450)**	(15,060,660)	(10,600,613)	(9,586,186)	(8,720,698)
Net liability at end of the year	**1,411,950**	873,160	3,833,244	2,698,398	4,207,661
Gratuity Plans Funded					
Present value of defined benefit obligation	**6,031,284**	5,971,943	5,533,523	5,150,030	5,809,804
Fair value of plan assets	**(5,793,626)**	(5,459,310)	(4,973,184)	(4,857,655)	(4,550,332)
Net liability at end of the year	**237,658**	512,633	560,339	292,375	1,259,472

20.4.4 Defined contribution plans

An amount of Rs. 214,816 (2018: Rs.134,509) has been charged during the year in respect of defined contribution plan maintained by the Company.

20.5 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)	(5,660,807)	(5,899,102)	(5,181,161)
Discount rate (1% decrease)	6,447,786	7,805,324	6,109,240
Future salary rate (1% increase)	6,476,193	7,102,160	-
Future salary rate (1% decrease)	(5,629,761)	(6,442,556)	-
Future pension rate (1% increase)	-	7,468,708	-
Future pension rate (1% decrease)	-	(6,140,596)	-
Medical cost trend rate (1% increase)	-	-	11,730,337
Medical cost trend rate (1% decrease)	-	-	(10,776,875)

If longevity increases by 1 year, obligation increases by Rs. 451,135.

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) is 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.

20.6 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.

20.7 The expected maturity analysis of undiscounted retirement benefit plans is as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	905,884	5,071,272	261,728
Between 1-2 years	452,437	3,999,820	193,335
Between 2-3 years	662,239	5,904,146	359,559
Between 3-4 years	790,597	5,523,699	360,263
Between 4-5 years	694,650	6,353,112	420,777
Between 6-10 years	4,647,174	47,521,951	2,838,071
Over 10 years	17,042,738	153,314,628	5,424,435

(Amounts in Rs. '000)

	Note	2019	2018
21. TRADE AND OTHER PAYABLES			
Local creditors	21.1 & 21.2	29,023,404	18,745,967
Foreign creditors	21.1 & 21.3	75,943,942	98,200,307
		104,967,346	116,946,274
Security deposits	21.4	4,278,394	3,637,525
Accrued expenses and other liabilities	21.5 & 21.6	56,902,087	60,248,973
Payable to provident funds		6,510	-
Payable to contributory pension funds		3,258	-
Due to OMCs and refineries		992,324	289,108
Advances - unsecured			
- from customers		2,603,234	2,951,898
- against equipments		1,700	1,775
		2,604,934	2,953,673
Taxes and other government dues			
- Excise, taxes and other duties		8,077,402	6,275,641
- Octroi		51,590	51,590
- Income tax deducted at source		128,894	75,290
		8,257,886	6,402,521
Workers' Welfare Fund		1,934,198	1,584,847
Others		95,616	82,823
		180,042,553	192,145,744

21.1 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.

21.2 This includes amounts payable to the following related parties:

	2019	2018
Pak-Arab Refinery Limited - related party	7,937,294	8,709,860
Pakistan Refinery Limited - subsidiary	8,921,252	2,841,872
Pak Grease Manufacturing Company (Private) Limited - associate	-	2,307
	16,858,546	11,554,039

21.3 This includes amount of Rs. 19,595,763 (2018: Rs. 11,117,767) in respect of import of LNG.

21.4 Security deposits include deposits received by the Company under the terms of related agreements and are as follows:

	Note	2019	2018
Dealers	21.4.2	911,625	799,704
Equipments	21.4.3	442,286	321,811
Cartage contractors	21.4.4	854,063	664,764
Card holders	21.4.5	1,695,476	1,532,728
Suppliers	21.4.5	296,980	241,543
Others	21.4.5	77,964	76,975
		4,278,394	3,637,525

(Amounts in Rs. '000)

	Note	2019	2018
21.4.1 Security deposits include:			
Utilisable / utilised in business	21.4.1.1	2,973,394	2,537,525
Others	21.4.1.2	1,305,000	1,100,000
		4,278,394	3,637,525

21.4.1.1 The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

21.4.1.2 The amount is kept in separate bank accounts as per terms of agreement.

21.4.2 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.

21.4.3 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.

21.4.4 These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

21.4.5 These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

21.5 Includes Rs.2,071,327 (2018: Rs.2,001,654) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.

21.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs.18,082,826 (2018: Rs.17,999,721).

	Note	2019	2018
22. UNCLAIMED DIVIDEND			
Balance at beginning of the year		3,443,218	2,784,318
Dividend for the year		3,586,255	7,335,521
Unpaid dividend	23	(103,297)	(221,587)
		6,926,176	9,898,252
Payments made during the year		(5,186,316)	(6,455,034)
Balance at end of the year		1,739,860	3,443,218

23. UNPAID DIVIDEND

The current year balance (as mentioned in note 22) represents part of interim dividend for the period ended March 31, 2019 which remained unpaid to the Company's non-resident shareholders. The dividend repatriation requires approval from the State Bank of Pakistan which has been obtained subsequently and the dividend has been remitted to the non-resident shareholders.

(Amounts in Rs. '000)

24. 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.

25. SHORT-TERM BORROWINGS

	Note	2019	2018
Related party - National Bank of Pakistan			
Short-term finances in foreign currency	25.1	17,643,481	15,193,538
Finances under mark-up arrangements	25.2 & 25.3	12,510,077	6,006,554
		30,153,558	21,200,092
Other than a related party			
Short-term finances			
- local currency	25.2 & 25.3	23,661,000	1,100,000
- foreign currency	25.1	44,611,715	60,991,467
		68,272,715	62,091,467
Finances under mark-up arrangements	25.2 & 25.3	8,550,857	6,554,958
	25.4 & 25.5	106,977,130	89,846,517

25.1 The rate of mark-up for these facilities range from Re. 0.12 to 0.15 (2018: Re. 0.12 to 0.15) 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.

25.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 107,335,000 (2018: Rs.86,035,000) out of which Rs. 62,613,066 (2018: Rs.72,373,488) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on the Company's stocks, receivable and trust receipts.

25.3 The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.36 (2018: Re.0.03) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.31 to 0.39 (2018: Re. 0.19 to 0.26) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

25.4 These finances have been obtained for working capital requirements.

25.5 As at June 30, 2019, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,017,317 (2018: Rs.796,795), which includes Rs 351,970 (2018: Rs. 235,807) due to National Bank of Pakistan.

25.6 Movement in short-term and foreign currency loan:

	2019	2018
Balance at beginning of the year	77,285,005	84,865,226
Loans obtained during the year	222,143,036	156,216,167
Loans repaid during the year	(234,017,800)	(175,887,975)
Unrealised exchange loss on foreign loans	20,505,955	12,091,587
	8,631,191	(7,580,221)
Balance at end of the year	85,916,196	77,285,005

(Amounts in Rs. '000)

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

The Company has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

26.1.1 Late payment surcharge

Claims amounting to Rs. 7,757,050 (2018: Rs. 8,016,538) in respect of delayed payment charges is not recognised on the understanding that these will be payable only when the Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Company against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

26.1.2 Income Tax

26.1.2.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 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 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. Last year the ATIR passed an order in respect of tax year 2004 which was 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. During the year, ATIR has passed an order in respect of tax year 2005. Currently, the Company is in the process of evaluating the order to obtain its effect from Tax authorities. 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 unconsolidated financial statements.

26.1.2.2 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 Commissioner 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 unconsolidated financial statements.

26.1.2.3 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 unconsolidated financial statements.

26.1.2.4 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 the 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 in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Company has filed appeals before ATIR against these CIR (Appeals) orders. During the current year, the Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. 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 unconsolidated financial statements.

26.1.2.5 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 filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Company. During the current year, the Company has received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from Tax authorities after which the demand has been amended to Rs. 2,685,818. 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 unconsolidated financial statements.

26.1.2.6 ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Company has filed appeal against aforesaid order before CIR (Appeals) which is pending for hearing. Based on the views of tax advisor of the Company, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in this these unconsolidated financial statements.

26.1.3 Sales Tax

26.1.3.1 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 unconsolidated financial statements.

26.1.3.2 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 showed 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 08, 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. However, during the current year, the Company based on views of its lawyers has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notice subsequent to withdrawal of suit which were duly responded by the Company. Subsequent to year end, the DCIR has passed an order dated July 02, 2019 giving rise to demand of sales tax of Rs. 3,586,018 alongwith penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Company is in the process of filing Appeal against this order before CIR (Appeals). 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 unconsolidated financial statements.

26.1.3.3 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 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Company 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 05, 2017. The Company filed a stay application before ATIR which has not yet been dismissed and has also filed an appeal against the order of CIR (Appeals) which is still pending. The Company also filed suit against the aforesaid order of DCIR 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. However, during the current year, the Company based on views of its lawyer has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. 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 unconsolidated financial statements.

26.1.3.4 During fiscal year 2018, a show-cause notice dated November 17, 2017 for recovery of sales amounting to Rs.4,858,000 was raised by the DCIR on the matter 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 to be imposed at the time of payment. The Company filed suit No. 46 dated January 08, 2018 before the High Court of Sindh which 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. However, during the current year, the Company based on views of its lawyers has withdrawn the aforesaid suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Company. Subsequent to year end, the DCIR has passed an order dated July 04, 2019 giving rise to demand of sales tax of Rs.4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Company is in the process of filing of Appeals against the aforesaid order of DCIR before CIR (Appeals). 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 unconsolidated financial statements.

26.1.3.5 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 unconsolidated financial statements.

26.1.3.6 A Sales tax show cause notices dated May 09, 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. However, during the current year, the Company based on views of its lawyers has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Company. Subsequent to year end, the DCIR has passed an order dated July 03, 2019 giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs.33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Company is in the process of filing of Appeal against this order before CIR (Appeals). 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 unconsolidated financial statements.

26.1.3.7 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 alongwith 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. Commissioner PRA in his appellate order dated September 05, 2018 decided against the Company while waiving levy of penalty thereon. The Company filed an appeal with Appellate Tribunal PRA, where the case has been partially heard and decision is still pending. 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 unconsolidated financial statements.

26.1.3.8 Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Company demanding Rs. 571,933 alongwith penalty and default surchage 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 unconsolidated financial statements.

26.1.3.9 The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019 and February 06, 2019 to the Company for recovery of minimum value added sales tax of Rs. 14,142,052, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Company has challenged the impugned show-cause notice in the Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Company, as well as the recent amendment introduced by Finance Act, 2019 favoring the Company's view, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

26.1.3.10 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 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 unconsolidated financial statements.

26.1.4 Other tax matters

26.1.4.1 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, 2019, the management has deposited Rs. 108,707 (2018: Rs.94,088) in cash and provided bank guarantee amounting to Rs.108,707 (2018: Rs.94,088) 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 unconsolidated financial statements.

26.1.4.2 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 unconsolidated financial statements.

26.1.4.3 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 unconsolidated financial statements.

26.1.5 Other legal claims

26.1.5.1 As at June 30, 2019 certain legal cases amounting to Rs. 7,801,972 (2018: Rs. 3,494,863) 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	Year of Institution	Party	Relief Sought
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs.1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani vs. PSO	Recovery of damages of Rs. 263,342
Sindh High Court	Dispute over renewal of CNG distribution license	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	2007	ARL v/s PSO	Recovery of financial charges of Rs.206,695
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers v/s PSO	Recovery of financial charges of Rs.4,564,180
District Court Muzaffargarh	Dispute over theft of oil from Jimco Pipeline	2012	KAPCO v/s PSO	Recovery of damages of Rs. 200,000

26.1.5.2 Claims against the Company not acknowledged as debts amount to Rs. 5,629,189 (2018: Rs. 4,790,226) other than as mentioned in note 26.1.5.1 above.

26.2 Commitments

26.2.1 Commitments in respect of capital expenditures contracted for but not yet incurred are as follows:

	Note	2019	2018
Property, plant and equipment		2,845,135	1,195,065
Intangibles		984,726	165,709
		3,829,861	1,360,774
26.2.2 Letters of credit	26.2.6	27,680,685	12,550,247
26.2.3 Bank guarantees		1,189,181	1,202,547
26.2.4 Standby letters of credit		38,897,240	25,387,343
26.2.5 Post-dated cheques		5,160,000	8,777,500

26.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs.106,714,143 (2018: Rs.111,789,780) as of reporting date.

27. NET SALES

	Note	2019	2018
Gross sales	27.1	1,340,978,371	1,312,089,570
- Discount / allowances		(848,132)	(346,056)
- Sales tax		(167,961,753)	(227,487,541)
- Inland Freight Equalization Margin (IFEM)		(17,870,506)	(20,511,919)
		(186,680,391)	(248,345,516)
Net sales		1,154,297,980	1,063,744,054

27.1 This represents revenue from contracts with customers.

(Amounts in Rs. '000)

28. COST OF PRODUCTS SOLD

	Note	2019	2018
Opening stock		81,615,455	66,333,048
Purchases made during the year	28.1 & 28.2	1,126,330,190	1,039,390,353
		1,207,945,645	1,105,723,401
Closing stock	11	(89,665,031)	(81,615,455)
		1,118,280,614	1,024,107,946

28.1 Includes cost incurred on manufacturing of lubricants amounting to Rs.4,849,565 (2018: Rs.5,387,076).

28.2 Includes depreciation amounting to Rs.32,262 (2018: Rs.44,460).

29. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Interest / mark-up on delayed payments		3,865,658	3,348,891
Reversal of provision against doubtful trade debts - net		-	910,777
Interest / mark-up on PIBs - net of amortisation		-	237,682
Interest / mark-up on saving accounts		64,218	204,195
Dividend income from FVOCI / AFS investments	29.1	271,998	240,702
		4,201,874	4,942,247
Income from non-financial assets			
Handling, storage and other services	29.2	1,984,443	1,918,565
Income from Compressed Natural Gas (CNG) operators	29.2	166,422	172,857
Income from non-fuel retail business		135,938	139,664
Income from retail outlets - net		107,421	93,882
Scrap sales		13,545	21,167
Gain on disposal of operating assets	4.2	27,398	69,515
Penalties and other recoveries		169,171	120,294
Reversal of long outstanding stale cheques		94,230	-
Unrealised gain on revaluation of PRL shares on acquisition date	6.3	91,339	-
Liabilities written back		249,860	-
Others		63,566	19,010
		3,103,333	2,554,954
		7,305,207	7,497,201

29.1 This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.

29.2 This represents revenue from contracts with customers.

(Amounts in Rs. '000)

	Note	2019	2018
30. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and benefits	31.1	5,273,651	5,269,140
Transportation costs		276,608	198,497
Depreciation	4.1.1	1,001,152	929,449
Security and other services		277,490	246,668
Rent, rates and taxes		730,265	591,092
Repairs and maintenance		966,042	879,378
Insurance		107,679	90,442
Travelling and office transport		253,711	177,077
Printing and stationery		20,965	20,921
Communication		19,586	18,449
Utilities		196,186	193,733
Storage and technical services		62,263	55,159
Sales promotion and advertisement		691,879	456,377
Fees and subscription		34,042	32,948
		9,911,519	9,159,330

	Note	2019	2018
31. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	31.1	1,605,456	1,914,019
Depreciation	4.1.1	82,313	83,581
Amortisation	5	12,043	15,701
Security and other services		30,832	27,378
Rent, rates and taxes		21,294	5,855
Repairs and maintenance		79,852	77,844
Insurance		112,075	94,133
Travelling and office transport		61,487	45,090
Printing and stationery		5,039	12,571
Communication		22,835	23,751
Utilities		67,565	87,601
Storage and technical services		45,684	95,940
Legal and professional		65,271	50,141
Auditors' remuneration	31.3	22,859	17,345
Contribution towards expenses of Board of Management		19,808	8,473
Donations	31.4	229,791	175,138
Fees and subscription		18,026	35,106
		2,502,230	2,769,667

31.1 Salaries, wages and benefits also include charge of Rs.82,635 (reversal for 2018: Rs.34,903) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 20.1.4 to these unconsolidated financial statements.

(Amounts in Rs. '000)

31.2 Remuneration of Managing Director, Directors and Executives

31.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2019		2018	
	Managing Director/ Acting Managing Director	Executives	Managing Director	Executives
Managerial remuneration	17,033	879,553	24,541	869,474
Housing and utilities	9,368	483,754	13,498	478,211
Performance bonus	3,512	157,366	-	153,607
Retirement benefits	2,641	392,187	-	477,514
Leave encashment	2,518	1,405	-	5,623
Other allowances and benefits	11,452	522,817	16,800	518,905
	46,524	2,437,082	54,839	2,503,334
Number, including those who worked part of the year	2	374	1	390

31.2.2 The amount charged in respect of fee to 11 (2018: 10) non-executive directors aggregated to Rs.14,925 (2018: Rs.6,175).

31.2.3 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.

31.3 Auditors' remuneration

	2019			2018		
	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
Fee for the:						
- audit of consolidated financial statements	1,500	1,500	3,000	-	-	-
- audit of unconsolidated financial statements	3,180	3,180	6,360	2,650	2,650	5,300
- review of half yearly financial information	1,272	1,272	2,544	1,060	1,060	2,120
Certification of claims, tax and other advisory services	5,630	743	6,373	6,615	301	6,916
Out of pocket expenses	2,376	2,206	4,582	1,435	1,574	3,009
	13,958	8,901	22,859	11,760	5,585	17,345

31.4 All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for a donation of Rs.24,901 which was made to Diamer-Bhasha and Mohmand Dam fund.

(Amounts in Rs. '000)

	Note	2019	2018
32. OTHER EXPENSES			
Workers' Profit Participation Fund	15.8	927,208	1,432,856
Workers' Welfare Fund		349,351	440,989
Exchange loss arising on currency fluctuations - net		3,112,009	1,099,422
Provision for impairment against trade debts - net	12.3	65,179	-
Provision for impairment against other receivables - net	15.7	241,194	360,833
Provision against stores, spares and loose tools	10.1	4,534	-
		4,699,475	3,334,100
33. FINANCE COSTS			
Interest / mark-up on short-term borrowings in:			
- local currency		3,328,622	971,944
- foreign currency	33.1	4,265,094	3,149,190
		7,593,716	4,121,134
Bank charges on bank accounts under Islamic mode		852,835	395,497
Late payment and other bank charges		492,461	606,713
	33.2	8,939,012	5,123,344

33.1 Includes mark-up amounting to Rs.191,746 (2018: Rs.50,433) on facilities under Islamic mode.

33.2 Includes mark-up and bank charges amounting to Rs.2,173,591 (2018: Rs.991,650) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2019	2018
34. TAXATION			
Current			
- for the year		7,909,296	11,185,905
- for prior years		(143,535)	167,301
		7,765,761	11,353,206
Deferred	9.1	(875,474)	346,017
		6,890,287	11,699,223

(Amounts in Rs. '000)

34.1 Relationship between accounting profit and tax expense

	2019	2018
Accounting profit before taxation	17,476,840	27,160,480
Tax at the applicable tax rate of 29% (2018: 30%)	5,068,284	8,148,144
Tax effect of:		
- Final tax regime and income subject to lower tax rate	2,176,345	1,382,922
- Permanent differences	66,639	52,541
- Adjustments relating to prior years	(143,535)	167,301
- Change in rate of tax	(854,842)	1,276,252
- Super tax	516,001	936,401
- Others	61,395	(264,338)
	6,890,287	11,699,223
Effective tax rate	39%	43%

35. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Note	2019	2018
Profit for the year		10,586,553	15,461,257
		(Number of shares)	
			(Restated)
Weighted average number of ordinary shares in issue during the year	35.1	391,227,752	391,227,752
		(Rupees)	
			(Restated)
Earnings per share - basic and diluted		27.06	39.52

35.1 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)

36. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
Profit before taxation		17,476,840	27,160,480
Adjustments for:			
Depreciation	4.1.1	1,115,727	1,057,490
Amortisation	5	12,043	15,701
Interest / mark-up on PIBs - net of amortisation	29	-	(237,682)
Unrealised gain on revaluation of PRL shares on acquisition date	29	(91,339)	-
Provision for write down to net realisable value	11	51,286	-
Provision / (reversal of provision) for impairment on trade debts - net	29 & 32	65,179	(910,777)
Provision for impairment against doubtful other receivables - net	32	241,194	360,833
Provision for impairment against stores, spares and loose tools	32	4,534	-
Provision for retirement and other services benefits		1,010,807	2,102,282
Gain on disposal of operating assets	29	(27,398)	(69,515)
Share of profit from associates - net of tax	6.5.1	(206,503)	(413,612)
Dividend income from FVOCI / AFS Investment	29	(271,998)	(240,702)
Finance costs	33	8,939,012	5,123,344
		10,842,544	6,787,362
Working capital changes	36.1	(18,262,818)	(9,953,136)
		10,056,566	23,994,706

36.1 Working capital changes

	2019	2018
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(238,762)	(36,439)
- Stock-in-trade	(8,100,862)	(15,282,407)
- Trade debts	26,255,794	(32,047,013)
- Loans and advances	1,684,666	(45,458)
- Short-term deposits and prepayments	37,509	2,458,061
- Other receivables	(25,476,330)	(10,452,902)
	(5,837,985)	(55,406,158)
(Decrease) / increase in current liability:		
- Trade and other payables	(12,424,833)	45,453,022
	(18,262,818)	(9,953,136)

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items included in the statement of financial position:

	Note	2019	2018
- Cash and bank balances	16	4,593,141	4,636,643
- Finances under mark-up arrangements	25	(21,060,934)	(12,561,512)
		(16,467,793)	(7,924,869)

38. SEGMENT INFORMATION

38.1 Segment wise results are as follows:

	2019				2018			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	831,944	319,836	2,518	1,154,298	843,005	218,427	2,312	1,063,744
Cost of products sold	(803,557)	(312,392)	(2,332)	(1,118,281)	(808,386)	(213,564)	(2,158)	(1,024,108)
Gross profit	28,387	7,444	186	36,017	34,619	4,863	154	39,636
Other income	5,547	-	1,758	7,305	5,971	-	1,526	7,497
Administrative, distribution and marketing expenses	(11,000)	(1,155)	(259)	(12,414)	(10,782)	(888)	(259)	(11,929)
Other expenses	(4,137)	(262)	(300)	(4,699)	(2,889)	(180)	(265)	(3,334)
Operating cost	(15,137)	(1,417)	(559)	(17,113)	(13,671)	(1,068)	(524)	(15,263)
Finance cost	(6,395)	(2,544)	-	(8,939)	(4,754)	(369)	-	(5,123)
Share of profit of associates - net of tax	-	-	207	207	-	-	413	413
Profit before tax	12,402	3,483	1,592	17,477	22,165	3,426	1,569	27,160
Taxation	(3,159)	(3,424)	(307)	(6,890)	(8,508)	(2,792)	(399)	(11,699)
Profit for the year	9,243	59	1,285	10,587	13,657	634	1,170	15,461

38.2 As referred in note 3.21 to these unconsolidated 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.

38.3 Net sales in LNG segment relates to single customer.

38.4 Out of total sales of the Company, 98.66% (2018: 98.79%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2019 are located in Pakistan.

38.5 The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Company are approximately 34% during the year ended June 30, 2019 (2018: 35%).

38.6 Out of total gross sales of the Company, sales amounting to Rs.426,298 (2018: Rs.444,918) relates to circular debt customers.

(Amounts in Rs. '000)

	Note	2019	2018
39. FINANCIAL INSTRUMENTS BY CATEGORY			
39.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Pak-Arab Pipeline Company Limited	6	**6,404,764**	864,000
At amortised cost			
- Loans and advances		**348,299**	2,033,285
- Deposits	8	**236,714**	184,480
- Trade debts	12	**219,586,332**	245,577,071
- Other receivables		**48,249,399**	24,455,429
- Cash and bank balances	16	**4,593,141**	4,636,643
		273,013,885	276,886,908
		279,418,649	277,750,908
39.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Trade and other payables		**166,125,890**	177,604,312
- Unclaimed dividend		**1,739,860**	3,443,218
- Unpaid dividend		**103,297**	221,587
- Accrued interest / mark-up		**1,017,317**	796,795
- Short-term borrowings		**106,977,130**	89,846,517
		275,963,494	271,912,429

39.3 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 these unconsolidated financial statements approximate their fair values.

(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, 2019, except for the Company's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 6.2 of these unconsolidated financial statements.

(Amounts in Rs. '000)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 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, the 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 the 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 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 except for the fair valuation of the Company's Investment in Pak-Arab Pipeline Company Limited.

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$). As at year end, the total exposure against foreign suppliers amounts to US$ 463,497 (2018: US$ 807,568) equivalent to Rs.75,943,942 (2018: Rs.98,200,307) and advances amounting to US$ 2,578 (2018: US$ 4,001) equivalent to Rs.422,405 (2018: Rs.486,553). The average rates applied during the year is Rs.135.80 / US$ (2018: Rs.109.88 / US$) and the spot rate as at June 30, 2019 was Rs.163.85 / US$ (2018: Rs.121.60 / 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.3,112,099 (2018: Rs.1,099,422).

(Amounts in Rs. '000)

At June 30, 2019, 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.2,711,005 (2018: Rs.3,454,040), 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, 2019. However, there is no foreign currency risk involved on these borrowings as detailed in note 15.5 to these unconsolidated 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 and short-term borrowings amounting to Rs.136,206,503 (2018: Rs.108,778,920). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2019	**2018**
Variable rate instruments		
Financial assets		
- Saving accounts	**2,175,033**	2,143,505
Financial liabilities		
- Short-term borrowings	**(106,977,130)**	(89,846,517)
- Local creditors	**(29,023,404)**	(18,745,967)
- Security deposits	**(205,969)**	(186,436)
	(136,206,503)	(108,778,920)
Net financial liabilities at variable interest rates	**(134,031,470)**	(106,635,415)

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.951,623 (2018: Rs.746,448). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

(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, 2019, the Company's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 6.2.

(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:

	2019		2018	
	Statement of financial position	**Maximum exposure**	Statement of financial position	Maximum exposure
Financial assets at amortized cost				
- Loans and advances	**348,299**	**348,299**	2,033,285	2,033,285
- Deposits	**236,714**	**236,714**	184,480	184,480
- Trade debts	**219,586,332**	**131,370,465**	245,577,071	124,996,547
- Other receivables	**48,249,399**	**9,670,616**	24,455,429	5,785,601
- Bank balances	**4,581,580**	**4,581,580**	4,626,790	4,626,790
	273,002,324	**146,207,674**	276,877,055	137,626,703

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs.168,433,017 (2018: Rs.150,281,645). 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 7, 8 & 13 that are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, 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 the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	**Date of Rating**	**Rating agency**	**Rating**	
			Short term	**Long term**
Allied Bank Limited	June, 2019	PACRA	A-1+	AAA
Askari Bank Limited	June, 2019	PACRA	A-1+	AA+
Bank Al Habib Limited	June, 2019	PACRA	A-1+	AA+
Bank Alfalah Limited	June, 2019	PACRA	A-1+	AA+
Citibank N.A.	March, 2019	Moody's	P-1	Aa3
Faysal Bank Limited	June, 2019	PACRA	A-1+	AA
Habib Bank Limited	June, 2019	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2019	PACRA	A-1+	AA+
MCB Bank Limited	June, 2019	PACRA	A-1+	AAA
Meezan Bank Limited	June, 2019	VIS	A-1+	AA+
National Bank of Pakistan	June, 2019	PACRA	A-1+	AAA
Samba Bank Limited	June, 2019	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2019	PACRA	A-1+	AAA
Soneri Bank Limited	June, 2019	PACRA	A-1+	AA-
United Bank Limited	June, 2019	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 financial liabilities, 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.

	2019	2018
	Contractual maturity Up to three months	
Financial liabilities		
Trade and other payables	**166,125,890**	177,604,312
Unclaimed dividend	**1,739,860**	3,443,218
Unpaid dividend	**103,297**	221,587
Accrued interest / mark-up	**1,017,317**	796,795
Short-term borrowings	**106,977,130**	89,846,517
	275,963,494	271,912,429

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.

40.2 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 2018.

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 with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	2019	2018
Short-term borrowings	25	**106,977,130**	89,846,517
Cash and bank balances with lenders		**(3,987,252)**	(4,636,643)
Net debt		**102,989,878**	85,209,874
Total equity		**119,180,687**	110,452,475
Total capital		**222,170,565**	195,662,349
Gearing ratio		**46.36%**	43.55%

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)

41. TRANSACTIONS WITH RELATED PARTIES

41.1 Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Major shareholder
Pak-Arab Refinery Limited	N/A	State owned / controlled entities
K-Electric Limited	N/A	State owned / controlled entities
Pakistan International Airline Corporation 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 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	3.04%	Government related / Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	State owned / controlled entities
Federal tax authorities	N/A	State owned / controlled entities
Other related entities	N/A	Government related / state owned or controlled entities
Retirement benefit funds: 1. Pension funds 2. Gratuity fund 3. Provident fund	N/A	Post Employment Benefits
PSO Corporate Social Responsibility Trust	N/A	Trust Controlled by PSO
Pakistan Refinery Limited	52.68%	Subsidiary / Common Directorship
Pak Grease Manufacturing Company (Private) Limited	22%	Associate/ Subsidiary related party
Asia Petroleum Limited	49%	Associate / Common Directorship / Subsidiary related party
Pakistan National Shipping Corporation	N/A	Government related / Subsidiary related party
GENCO Holding Company Limited	N/A	Government related / Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship / Subsidiary related party
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
Government Holdings Private Limited	N/A	Common Directorship
Pakistan Petroleum Limited	N/A	Government related / Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Sui Southern Gas Company Limited	N/A	Government related / Common Directorship / Subsidiary related party
Sui Northern Gas Pipelines Limited	N/A	Government related / Common Directorship
Pakistan Electric Power Company Limited	N/A	Common Directorship
Central Power Purchasing Agency (Guarantee) Limited	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Private) Limited	N/A	Common Directorship

(Amounts in Rs. '000)

Name of Related parties	Direct Shareholding	Relationship
Private Power & Infrastructure Board	N/A	Common Directorship
Alternative Energy Development Board	N/A	Common Directorship
Pak Arab Pipeline Company Limited	12%	Common Directorship
TCS Holdings (Private) Limited	N/A	Common Directorship
TCS (Private) Limited	N/A	Common Directorship
TCS Logistics (Private) Limited	N/A	Common Directorship
TCS Connect (Private) Limited	N/A	Common Directorship
Octara (Private) Limited	N/A	Common Directorship
TCS Financial Services (Private) Limited	N/A	Common Directorship
TCS ECOM (Private) Limited	N/A	Common Directorship
Sheikh Imranul Haque	N/A	Key management personnel
S. Jehangir Ali Shah	N/A	Key management personnel
Yacoob Suttar	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Shehryar Omar	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
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
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
Syed Rashid Kamal	N/A	Key management personnel
Naved Alam Zubairi	N/A	Key management personnel
Zahid Mir	N/A	Director
Abdul Jabbar Memon	N/A	Director
Muhammad Anwar	N/A	Director
Yousuf Naseem Khokar	N/A	Director
Amjad Nazir	N/A	Director
Sajid Mehmood Qazi	N/A	Director
Qazi Muhammad Saleem Siddiqui	N/A	Director
Zafar ul Islam Usmani	N/A	Director
Tara Uzra Dawood	N/A	Director
Humayun Khan Barakzai	N/A	Director
Muhammad Shahid Khan	N/A	Director
Irfan Ali	N/A	Director
M.A.Mannan	N/A	Director

41.2 Related parties comprise of subsidiary, associates, 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. The transactions with related parties other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

(Amounts in Rs. '000)

Name of related parties and relationship with the Company	Nature of transactions	2019	2018
Subsidiary			
- Pakistan Refinery Limited	Purchases	44,213,834	-
	Income facility charges	623	-
	Reimbursement of expense	2,300	-
Associates			
- Pakistan Refinery Limited	Purchases	24,832,671	49,070,224
	Dividend received	26,040	-
	Income facility charges	233	704
- Pak Grease Manufacturing Company (Private) Limited	Purchases	87,799	84,128
	Dividend received	-	4,460
- Asia Petroleum Limited	Income facility charges	20,852	117,611
	Hospitality income	2,024	-
	Pipeline charges	225,204	1,270,200
Retirement benefit funds			
- Pension funds	Charge for the year	215,321	1,203,957
	Contributions	1,434,660	4,586,053
- Gratuity fund	Charge for the year	356,887	619,766
	Contributions	795,990	832,124
- Contributory pension funds	Charge	56,529	-
	Contributions	53,271	-
- Provident fund	Charge	158,287	134,509
	Contributions	151,777	134,509
Key management personnel	Managerial remuneration	137,431	185,091
	Housing and utilities	75,587	101,800
	Performance bonus	24,983	28,364
	Other allowances and benefits	92,530	123,450
	Retirement benefits	46,731	61,560
	Leave encashment	2,518	3,524
	Vehicles having net book value of Rs.1,070 (2018: Rs.1,630) transferred under employee car scheme (sale proceeds)	1,835	9,896

41.3 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 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)

		2019	2018
- Government of Pakistan	Income from PIBs (net of amortisation)	-	237,682
	Dividend paid	805,935	1,648,503
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	208,010	123,816
- Pak-Arab Pipeline Company Limited	Pipeline charges	2,935,066	3,505,023
	Dividend received	271,998	240,702
- GENCO	Gross sales	22,727,571	79,911,508
	Utility charges	88,822	101,553
- Pakistan International Airlines Corporation Limited	Gross sales	26,628,214	13,307,891
	Purchases	8,183	5,130
- Pak-Arab Refinery Limited	Purchases	151,992,166	129,166,014
	Pipeline charges	327,922	503,899
	Other expense	249,041	373,535
- Sui Northern Gas Pipeline Limited	Gross sales	362,789,955	255,560,134
- K-Electric Limited	Gross sales	63,492,131	49,044,469
	Income facility charges	41,757	45,349
	Utility charges	157,349	160,504

The transactions described below are collectively but not individually significant to these unconsolidated 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 custom 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 Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

(vi) The Company obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Company has obtained various financing facilities from National Bank of Pakistan.

(viii) The Company also pays dividend to various government related entities who are shareholders of the Company.

(Amounts in Rs. '000)

41.4 The status of outstanding receivables from and payables to related parties as at June 30, 2019 are included in respective notes to these unconsolidated financial statements.

41.5 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.

41.6 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.

41.7 All the transactions with directors have been disclosed in the note 31.2.2 to these unconsolidated financial statements.

42. PROVIDENT FUND RELATED DISCLOSURES

42.1 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.

43. 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.

44. EVENTS AFTER THE REPORTING DATE

44.1 The Board of Management in its meeting held on September 25, 2019 proposed (i) a final cash dividend of Rs. 5 per share amounting to Rs. 1,956,139 (ii) 20% bonus shares (78,245,550 shares) i.e. one share for every five ordinary shares held, for approval of the members at the Annual General Meeting.

44.2 The Finance Act 2019, has levied a tax at the rate of 5% to be imposed on every public company that derives profit for a tax year but does not distribute atleast 20% of its after tax profits ('requisite dividend') within six months of the end of the tax year ('requisite time') through cash. Any liability in this respect will be recognised when the requisite time expires without the Company having distributed the requisite dividend.

(Amounts in Rs. '000)

45. CAPACITY AND ACTUAL PERFORMANCE

	Metric Ton	
	2019	**2018**
Available capacity	**70,000**	70,000
Actual production	**40,386**	46,205

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

46. NUMBER OF EMPLOYEES

	2019	**2018**
Total employees as at June 30	**2,587**	1,953
Average number of employees during the year	**2,623**	1,823

47. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

48. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue on September 25, 2019 by the Board of Management.

Syed Jehangir Ali Shah	**Zafar Ul Islam Usmani**	**Yacoob Suttar**
Managing Director & CEO	**Chairman-Board of Management**	**Chief Financial Officer**

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

Opinion

We have audited the annexed consolidated financial statements of Pakistan State Oil Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 28.1.1 to the consolidated financial statements regarding contingent liability in respect of non-accrual of late payment surcharge amounting to Rs. 7,878 million for 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1	**Receivables from Government of Pakistan (GoP) and customers** (Refer notes 13.2, 16 and 23.9 to the consolidated financial statements) The Group has the following receivables as at June 30, 2019: • trade debts of an aggregate amount of Rs. 180,676 million due from power generation companies, namely GENCO Holding Company Limited (GENCO), Sui Northern Gas Pipelines Limited (SNGPL), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO) (together referred to as customers). These include past due debts of Rs. 165,236 million against which no impairment has been recognized; • price differential claims aggregating to Rs. 9,557 million recoverable from Government of Pakistan (GoP) on account of supply of petroleum products at subsidised rates to various customers. These include balances that are long outstanding with no recoveries for the past many years despite follow-ups by the Group with relevant ministries; and • a net unfavorable exchange difference of Rs. 30,244 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 situation being faced by the GoP. However, due to receivables being long outstanding the Group 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 Group 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 consolidated 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; - tested 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; - inspected related correspondence between the Group and relevant authorities and inquired at the appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables; - circularised 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's process for impairment assessment of receivables, discussed judgment exercised by them and checked the approval of the Board of Management in this regard; - recomputed the net unfavorable exchange differences on foreign currency borrowings recognized by the Group during the year, as recoverable from MoF-GoP. We also considered the results of work performed by an independent firm of chartered accountants on Group's claim/receivable balance till March 31, 2019; - reviewed the minutes of the Board of Management and Board Audit and Compliance Committee and discussed at the appropriate level of management, events during the year and steps taken by management for recoverability of these receivables; - tested receipts of late payment surcharge from underlying evidence and ensured that the same have been recognised in line with the accounting policy of the Group; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

2 First time adoption of IFRS 9 - 'Financial Instruments' (IFRS 9)

(Refer notes 2.6, 7.2, 13 and 16 to the consolidated financial statements)

IFRS 9 became effective during the year for the Group which replaces IAS 39 'Financial Instruments: Recognition and Measurement'.

Management has determined that the most significant impact of the new standard on the Group's consolidated financial statements relates to i) application of Expected Credit Losses (ECL) model, instead of the incurred loss model previously applied for impairment of financial assets; and ii) valuation of Group's unquoted equity investment at fair value.

However, subsequent to year end, the Securities and Exchange Commission of Pakistan (SECP), through its notification dated September 02, 2019 and subsequent clarification to the Group dated September 06, 2019 has exempted application of ECL model on financial assets due from the Government of Pakistan arising as a consequence of circular debt till June 30, 2021.

The Group has applied the requirements of IFRS 9 from the date of initial application i.e. July 01, 2018, on the applicable financial assets pursuant to the aforementioned exemption and clarification of the SECP, the financial impacts of which are detailed in note 2.6 to the consolidated financial statements.

We considered the above as key audit matter due to first time application of IFRS 9 on the consolidated financial statements, which included use of significant judgements and estimates by the management.

Our audit procedures amongst others included:

- reviewed management's process for compliance with the requirements of IFRS 9;
- evaluated key decisions made by the Group with respect to accounting policies, estimates and judgements in relation to adoption of IFRS 9 and assessed its appropriateness based on our understanding of the Group's business and its operations;
- reviewed impairment models for determining ECL and fair valuation model for valuation of unquoted equity investment, prepared by the management. As part of the review, we tested key inputs in the models and assessed the reasonableness of assumptions used such as future cash flows, discount and growth rates and involved our accounting and valuation subject matter specialists for review of the same, where required; and
- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

3 Accounting for the acquisition of controlling interest in Pakistan Refinery Limited

(Refer note 4 to the consolidated financial statements)

During the year, the Holding Company acquired additional shares of the Pakistan Refinery Limited (PRL) which resulted in the Holding Company acquiring controlling interest in the PRL effective December 1, 2018.

The Holding Company has accounted for this acquisition under IFRS 3 – 'Business Combinations'. For this purpose, management engaged experts to determine the fair values of identifiable assets and liabilities of PRL for the purpose of purchase price allocation. It also requires the management to make adjustments (if any) to align accounting policies of PRL with those of the Holding Company.

We considered accounting for this acquisition to be a key audit matter as this was a significant transaction of the year which required significant estimates and judgements by management regarding determination of fair values of identifiable assets and liabilities of PRL and purchase price allocation.

Our audit procedures amongst others included:

- inspected the share purchase agreement to obtain an understanding of the transaction and the key terms;
- assessed the valuation for the consideration paid and traced payment made for acquisition of shares;
- tested the identification and fair valuation of the acquired assets including intangible assets, if any, and liabilities assumed and corroborating this identification based on our discussion with management;
- involved our internal and external specialists/ experts to assist us in reviewing the valuation methodologies used by management's external valuation experts for fair valuation of assets acquired and liabilities assumed and purchase price allocation. As part of this, we assessed the valuation assumptions such as discount and growth rates by comparing these assumptions to source data and market data. We have also assessed the competence and relevant experience of the experts engaged by the management;
- assessed whether the appropriate accounting treatment has been applied to the transaction; and
- assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirements of applicable financial reporting framework.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

We communicate with the Board of 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Osama Kapadia and Shaikh Ahmed Salman.

A. F. Ferguson & Co.
Chartered Accountants

EY Ford Rhodes
Chartered Accountants

October 02, 2019
Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**34,581,849**	7,327,476
Intangibles	6	**60,455**	19,732
Long-term investments	7	**8,930,555**	4,783,585
Long-term loans, advances and other receivables	8	**346,617**	398,525
Long-term deposits and prepayments	9	**353,058**	322,578
Deferred tax asset - net	10	**11,854,947**	11,709,058
		56,127,481	24,560,954
Current assets			
Stores, spares, chemicals and loose tools	11	**889,295**	239,981
Stock-in-trade	12	**98,847,665**	81,615,455
Trade debts	13	**223,797,044**	245,577,071
Loans and advances	14	**390,909**	1,919,400
Short-term deposits and prepayments	15	**3,211,845**	3,227,812
Other receivables	16	**56,797,908**	33,017,635
Taxation - net		**8,690,696**	7,767,381
Cash and bank balances	17	**4,847,030**	4,636,643
		397,472,392	378,001,378
Net assets in Bangladesh	18	**-**	-
TOTAL ASSETS		**453,599,873**	402,562,332
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**3,912,278**	3,260,232
Reserves	20	**118,934,765**	107,192,243
Equity attributable to the owner's of the Holding Company		**122,847,043**	110,452,475
Non-controlling interest	4.3	**5,598,368**	-
		128,445,411	110,452,475
Non-current liabilities			
Retirement and other service benefits	21	**7,877,177**	5,165,024
Long-term borrowings	22	**4,300,000**	-
		12,177,177	5,165,024
Current liabilities			
Trade and other payables	23	**187,650,036**	192,145,744
Unclaimed dividend	24	**1,761,628**	3,443,218
Unpaid dividend	25	**103,297**	221,587
Provisions	26	**490,972**	490,972
Accrued interest / mark-up	27.5	**1,292,443**	796,795
Short-term borrowings	27	**121,678,909**	89,846,517
		312,977,285	286,944,833
Contingencies and commitments	28		
TOTAL EQUITY AND LIABILITIES		**453,599,873**	402,562,332

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Net sales	29	**1,185,484,132**	1,063,744,054
Cost of products sold	30	**(1,152,674,631)**	(1,024,107,946)
Gross profit		**32,809,501**	39,636,108
Other income	31	**16,922,354**	7,497,201
Operating costs			
Distribution and marketing expenses	32	**(10,414,831)**	(9,159,330)
Administrative expenses	33	**(2,900,105)**	(2,769,667)
Other expenses	34	**(4,683,944)**	(3,334,100)
		(17,998,880)	(15,263,097)
Profit from operations		**31,732,975**	31,870,212
Finance costs	35	**(9,955,428)**	(5,123,344)
Share of profit of associates - net of tax	7.3.1	**199,922**	413,612
Profit before taxation		**21,977,469**	27,160,480
Taxation	36	**(6,870,536)**	(11,699,223)
Profit for the year		**15,106,933**	15,461,257
Profit attributable to:			
Owners of the Holding Company		**14,298,206**	15,461,257
Non-controlling interest		**808,727**	-
		15,106,933	15,461,257
		(Rupees)	
			(Restated)
Earnings per share - basic and diluted	37	**36.55**	39.52

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Profit for the year		**15,106,933**	15,461,257
Other comprehensive loss:			
Items that will not be subsequently reclassified to statement of profit or loss:			
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	7.3.1	**3,700**	(8,374)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	7.2.1	**(2,062,563)**	-
Taxation thereon		**334,558**	-
		(1,728,005)	-
Actuarial loss on remeasurement of retirement and other service benefits	21.1.6	**(3,847,979)**	(558,409)
Taxation thereon		**1,126,299**	114,542
		(2,721,680)	(443,867)
		(4,445,985)	(452,241)
Items that may be subsequently reclassified to statement of profit or loss:			
Share of unrealised loss due to change in fair value of available-for-sale (AFS) investments of associates - net of tax		**-**	(5,449)
Amortisation of unrealised gain due to reclassification of investment from AFS to held-to-maturity		**-**	(93,104)
Taxation thereon		**-**	27,931
		-	(65,173)
		-	(70,622)
Other comprehensive loss		**(4,445,985)**	(522,863)
Total comprehensive income for the year		**10,660,948**	14,938,394
Total comprehensive income attributable to:			
Owners of the Holding Company		**9,892,909**	14,938,394
Non-controlling interest		**768,039**	-
		10,660,948	14,938,394

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Equity attributable to the owner's of the Holding Company								
		Capital reserves	Revenue reserves						
	Share capital	Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of AFS / FVOCI investments	Company's share of unrealised (loss) / gain on AFS investment of associates	General reserve	Un-appropriated profit	Sub-total	Non-controlling interest	Total
	(Rupees in '000)								
Balance as at July 01, 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 loss									
Amortisation of unrealised gain due to reclassification of investment from AFS to held to maturity - net of tax	-	-	(65,173)	-	-	-	(65,173)	-	(65,173)
Share of unrealised loss due to change in fair value of AFS investments 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 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 at Rs. 15/- per share	-	-	-	-	-	(4,075,289)	(4,075,289)	-	(4,075,289)
Bonus shares issued for the year ended June 30, 2017 at 20%	543,372	-	-	-	-	(543,372)	(543,372)	-	-
Interim dividend for the year ended June 30, 2018 at 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
Effect of change in accounting policy - note 2.6	-	-	6,063,653	6,354	-	17,907	6,087,914	-	6,087,914
Balance as at July 01, 2018 - restated	3,260,232	3,373	6,063,653	-	25,282,373	81,930,758	113,280,157	-	116,540,389
Total comprehensive income for the year									
Non-controlling interest on acquisition of the Subsidiary Company - note 4.3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,830,329**	**4,830,329**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**14,298,206**	**14,298,206**	**808,727**	**15,106,933**
Other comprehensive loss									
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**(1,728,005)**	**-**	**-**	**-**	**(1,728,005)**	**-**	**(1,728,005)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**(2,680,992)**	**(2,680,992)**	**(40,688)**	**(2,721,680)**
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**3,700**	**3,700**	**-**	**3,700**
	-	**-**	**(1,728,005)**	**-**	**-**	**(2,677,292)**	**(4,405,297)**	**(40,688)**	**(4,445,985)**
	-	**-**	**(1,728,005)**	**-**	**-**	**11,620,914**	**9,892,909**	**5,598,368**	**15,491,277**
Transactions with the owners									
Final dividend for the year ended June 30, 2018 at Rs. 5/- per share	**-**	**-**	**-**	**-**	**-**	**(1,630,116)**	**(1,630,116)**	**-**	**(1,630,116)**
Bonus shares issued for the year ended June 30, 2018 at 20%	**652,046**	**-**	**-**	**-**	**-**	**(652,046)**	**(652,046)**	**-**	**-**
Interim dividend for the year ended June 30, 2019 at Rs. 5/- per share	**-**	**-**	**-**	**-**	**-**	**(1,956,139)**	**(1,956,139)**	**-**	**(1,956,139)**
	652,046	**-**	**-**	**-**	**-**	**(4,238,301)**	**(4,238,301)**	**-**	**(3,586,255)**
Balance as at June 30, 2019	**3,912,278**	**3,373**	**4,335,648**	**-**	**25,282,373**	**89,313,371**	**118,934,765**	**5,598,368**	**128,445,411**

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Syed Jehangir Ali Shah	Zafar Ul Islam Usmani	Yacoob Suttar
Managing Director & CEO	Chairman-Board of Management	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	4,383,380	23,994,706
Long-term loans, advances and other receivables		52,698	13,252
Long-term deposits and prepayments		(8,765)	(23,583)
Taxes paid		(8,602,590)	(10,648,297)
Finance costs paid		(9,304,493)	(5,170,222)
Retirement and other service benefits paid		(2,460,801)	(5,585,300)
Net cash (used in) / generated from operating activities		(15,940,571)	2,580,556
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
- property, plant and equipment		(2,681,890)	(1,452,544)
- intangibles	6	(44,504)	(6,024)
Proceeds from disposal of operating assets	5.2	32,989	81,602
Proceeds from redemption of Pakistan Investment Bonds		-	43,836,800
Interest / mark-up received from Pakistan Investment Bonds		-	2,520,616
Acquisition of shares in Pakistan Refinery Limited from Shell Petroleum Company Limited		(840,000)	-
Dividends received		298,038	245,163
Net cash (used in) / generated from investing activities		(3,235,367)	45,225,613
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term borrowings repaid	22.1	(400,000)	-
Short-term borrowings - net	27.6	10,766,801	(7,580,221)
Dividends paid to the owners of the Holding Company		(5,407,902)	(6,648,576)
Net cash generated from / (used in) financing activities		4,958,899	(14,228,797)
Net (decrease) / increase in cash and cash equivalents		(14,217,039)	33,577,372
Cash and cash equivalents at beginning of the year		(7,924,869)	(41,502,241)
Cash and cash equivalents acquired through business combination		1,126,225	-
Cash and cash equivalents at end of the year	39	(21,015,683)	(7,924,869)

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman-Board of Management

Yacoob Suttar
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of Pakistan State Oil Company Limited ("the Holding Company") and Pakistan Refinery Limited ("the Subsidiary Company"). Brief Profile of the Holding Company and the Subsidiary Company is given below:

1.1 Pakistan State Oil Company Limited

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

1.1.2 The business units of the Holding 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 Holding Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these consolidated financial statements as required under the Fourth Schedule to the Companies Act, 2017.

1.1.3 The Board of Management (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 Holding Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Holding Company.

1.2 Pakistan Refinery Limited

1.2.1 The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. The Holding Company controls 52.68% effective from December 01, 2018 (2018: 24.11%) class-B shares of the Subsidiary Company.

1.2.2 The business units of the Subsidiary Company include the following:

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Keamari, Karachi.

1.3 These financial statements denote the consolidated financial statements of the Group. Unconsolidated financial statements of the Holding Company and its subsidiary have been presented separately.

Syed Jehangir Ali Shah
Managing Director & CEO

Zafar Ul Islam Usmani
Chairman-Board of Management

Yacoob Suttar
Chief Financial Officer

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Basis of consolidation

Subsidiary is a entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The assets, liabilities, income and expenses of the Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in the consolidated financial statements.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-controlling interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

When the ownership of a subsidiary is less than hundred percent, a NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency.

2.5 Critical accounting estimates, assumptions and judgments

The preparation of the consolidated 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 relevant factors, including reasonable expectations of future events that are believed to be reasonable under current 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:

2.5.1 Property, plant and equipment and intangibles

The Group 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 at each reporting date. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

2.5.2 Stock-in-trade

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

2.5.3 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Group uses default rates based on credit rating of customers from which receivable are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Group assesses the recoverability of its financial assets if there is objective evidence that the Group 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.

2.5.4 Income taxes

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group 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.

2.5.5 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 consolidated financial statements.

2.5.6 Valuation of un-quoted equity investments other than associates

The fair value of un-quoted equity investments other than associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 7.2 of these consolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.5.7 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

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

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

The following standards, amendments and interpretations to accounting and reporting standards that became effective for the first time and are relevant to the Group.

IFRS 9 - 'Financial Instruments'

IFRS 15 - 'Revenue from Contracts with Customers'

IFRIC 22 - 'Foreign Currency Transactions and Advance Consideration'

Improvements to accounting standard issued by IASB in December 2016

IAS 28 - 'Investments in Associates and Joint Ventures': Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the consolidated financial statements except for IFRS 9 and IFRS 15 which are as follows:

IFRS 9

IFRS 9 replaces IAS 39, bringing together aspects of the accounting for financial instruments: classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in un-appropriated profit as of July 01, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below:

Classification and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9 'Financial Instruments' are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Groups business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

At transition date to IFRS 9, the Group had financial assets measured at amortised cost and equity instruments at cost. The new classification and measurement of the Group's financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity investment as equity instrument at FVOCI. Under IAS 39, the Group's unquoted equity investment was classified as available for sale financial asset at cost.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. IFRS 9 requires the Group to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVPL or FVOCI.

The Group has applied the ECL approach in accordance with the new accounting policy for impairment of financial assets as mentioned in Note 3.9.1 of these consolidated financial statements.

(Amounts in Rs. '000)

The adoption of IFRS 9 resulted in following:

Reserves	
As at June 30, 2018	**107,192,243**
IFRS 9 impact:	
Increase due to gain on remeasurement of equity investment classified as FVOCI	**7,603,327**
Increase due to reversal of impairment charge against trade debts	**330,234**
Decrease due to impairment charge against other receivables	**(297,000)**
Related tax impact	**(1,548,647)**
	6,087,914
As at July 01, 2018 - restated	**113,280,157**
Long - term investments	
As at June 30, 2018	**4,783,585**
IFRS 9 impact:	
Increase due to gain on remeasurement of equity investment classified as FVOCI	**7,603,327**
As at July 01, 2018 - restated	**12,386,912**
Trade debts	
As at June 30, 2018	**245,577,071**
IFRS 9 impact:	
Increase due to reversal of impairment charge against trade debts	**330,234**
As at July 01, 2018 - restated	**245,907,305**
Other receivables	
As at June 30, 2018	**33,017,635**
IFRS 9 impact:	
Decrease due to impairment charge against other receivables	**(297,000)**
As at July 01, 2018 - restated	**32,720,635**
Deferred tax assets - net	
As at June 30, 2018	**11,709,058**
IFRS 9 impact:	
Deferred tax expense on gain on remeasurement of equity investment classified as FVOCI	**(1,539,674)**
Deferred tax expense on reversal of impairment charge against trade debts	**(89,163)**
Deferred tax income on impairment charge against other receivables	**80,190**
As at July 01, 2018 - restated	**10,160,411**

Further, Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Group shall follow relevant requirements of IAS 39.

Based on the above mentioned SRO and clarification, the Group has excluded receivables related to circular debt (Receivables from Generation Company Limited (GENCO), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO), Sui Northern Gas Pipeline Company Limited (SNGPL) and unfavorable exchange difference on FE-25 borrowing due from GoP) from ECL model under IFRS 9.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the consolidated financial statements. Accordingly, the information presented for the corresponding period has not been restated.

In general, the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of this standard did not have any material impact on the revenue recognised by the Group.

b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan are relevant to the Group and would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments or interpretation	**Effective date (annual periods beginning on or after)**
IFRS 3 Definition of a Business	January 01, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases	January 01, 2019
IAS 1 / IAS 8 Definition of Material	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 Plan Amendment, Curtailment or Settlement	January 01, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Group is currently evaluating the impact of this standard.

'In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standard has been issued by IASB and relevant to the Group which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016

The Group expects that above new standard will not have any material impact on the Group's consolidated financial statements in the period of initial application.

2.7 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 01, 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 consolidated 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 Holding 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 07, 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 Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter trustees of the Scheme have requested the parent ministry for directions of winding up.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 including major spare parts and stand-by equipments, which are stated at cost less accumulated impairment losses, if any.

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.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to statement of 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 consolidated 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 prospectively, 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 Group 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.

3.2 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 Group 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.

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.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation', and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Group has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.4 Investment in associates

Associates are all entities over which the Group 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 Group's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition other comprehensive income is recognised in the Group's 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 Group's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

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 profit or loss.

3.5 Stores, spares, chemicals and loose tools

These are valued at moving average cost less accumulated 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.

3.6 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 profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make a sale.

3.7 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

3.8 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 financial position.

3.9 Impairment

3.9.1 Impairment of financial assets

Financial assets covered under IFRS 9

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets covered under IAS 39

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 profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. 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.

3.9.2 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 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 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.

3.10 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.11 Retirement and other service benefits

3.11.1 Defined benefit plans

Pension funds

The Group operates approved funded defined benefit pension schemes separately for eligible permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the 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 using the Projected Unit Credit Method. The amount recognised in the financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gains or losses (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 Group also operates approved funded defined benefit gratuity schemes for all its eligible permanent employees. The scheme is administrated by the trustees nominated under the trust deed. 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 gains or losses (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the 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.

Medical benefits

The Holding Company also provides post retirement medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents 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 other comprehensive income as they occur. The amount recognised in the 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 Group 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. Compensated absences are based on employees' last drawn salary.

3.11.2 Defined contribution plan

Provident fund

The Group also operates an approved funded contributory provident funds for its eligible employees. Equal monthly contributions are made both by the Group and the employee at the rate of 8.33% and 10% per annum of the basic salary by the Holding Company and the Subsidiary Company, respectively. In addition, employees of the Holding Company have the option to contribute at the rate of 16.66% per annum, however, the Holding Company's contribution remains at the rate of 8.33% per annum.

Pension fund

The Holding Company also operates an approved funded contributory pension fund for its management and non-management employees. Monthly contribution is made by the Holding Company at the rate of 9.47% per annum of the gross salary.

3.12 Unclaimed and unpaid dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

3.13 Provisions

Provisions are recognised when the Group 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.

3.14 Contract liabilities

Contract liability is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

3.15 Taxation

3.15.1 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 profit or loss except to the extent it relates to items recognised in other comprehensive income.

3.15.2 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 consolidated 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 profit or loss except to the extent it relates to items recognised in other comprehensive income.

3.16 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.

3.17 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered (in case of export on CIF basis, at the time when the products are shipped to customer) or it is pumped in the customer's tanks or at customer premises.

The Group generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

3.18 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Group and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Group'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.
- Handling, storage and other services income is recognised overtime i.e. when the services are 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.

3.19 Borrowing costs

Borrowing costs are recognised as 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 include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset.

3.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group 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 Holding 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), Refining operations and others.

3.21 Interest in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group currently has joint operations as follows:

- In October 1961, the Holding 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 fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. The Holding Company has a 44% share in this un-incorporated joint arrangement.

- In December 2004, the Holding 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 Holding Company has a 62.1% share in the joint arrangement.

- In March 2015, the Holding 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 refuelling system at the New Islamabad International Airport. Each party has a 50% share in this un-incorporated joint arrangement.

The Group 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 consolidated financial statements under the appropriate line items.

The Group currently does not have any joint venture.

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

(Amounts in Rs. '000)

3.24 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

4. BUSINESS COMBINATION

On December 01, 2018 (the acquisition date) the Holding Company acquired 84,000,000 shares at Rs.10 each. Consequently, shareholding of the Holding Company in Pakistan Refinery Limited (PRL) increased from 24.11% to 52.68% making PRL a subsidiary as at December 01, 2018. The primary reason for business combination with PRL is to have concentric diversification.

IFRS 3 - 'Business Combinations', requires that all identified assets (including intangible assets) and liabilities assumed in a business combination should be carried at their fair values on the acquirer's financial position and any intangible asset acquired in a business combination should be separately recognised and carried at their fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of fair values of assets and liabilities and to determine the value of any intangible separately identified. The Holding Company has carried out the fair valuation exercise and incorporated fair value adjustments in these consolidated financial statements.

4.1 The fair values and carrying amount of assets and liabilities acquired are as follows:

	Note	Fair value recognised on acquisition date	Carrying value as on acquisition date
Property, plant and equipment		27,373,218	9,431,738
Intangible assets		8,457	933
Investment accounted for using the equity method		63,375	68,617
Long-term deposits and loans		22,505	30,485
Employee benefit prepayments		22,851	22,851
Stores and spares		447,728	381,625
Stock-in-trade		12,462,657	12,462,657
Trade receivables	4.1.1	6,749,581	6,749,581
Trade deposits, loans, advances and short-term prepayments		130,332	133,343
Other receivables		1,062,855	1,062,855
Taxation - payments less provision		409,815	409,815
Cash and bank balances		2,068,767	2,068,767
Total assets		50,822,141	32,823,267
Long-term borrowings		(4,500,000)	(4,500,000)
Deferred tax liabilities		(984,875)	(14,735)
Employee benefit obligations		(280,872)	(280,872)
Trade and other payables		(20,623,165)	(20,623,165)
Short-term borrowings		(8,906,932)	(8,906,932)
Unclaimed dividend		(21,768)	(21,768)
Total liabilities		(35,317,612)	(34,347,472)
Total net current assets		15,504,529	(1,524,205)
Contingencies liabilities recognised		(5,296,734)	-
Total value of net assets		10,207,795	(1,524,205)

4.1.1 This represents gross receivables amounting to Rs. 6,884,473 which is reduced by provision of impairment amounting to Rs. 134,892.

(Amounts in Rs. '000)

4.2 Details of the fair values of net assets acquired, purchase consideration and gain on bargain purchase are as follows:

Fair value of existing share holding of the Holding Company	1,726,090
Additional shares acquired during the year against cash consideration	840,000
	2,566,090
Share in net assets at fair value of the Subsidiary Company	(5,377,466)
Gain on bargain purchase	(2,811,376)

4.2.1 Under IFRS 3, a bargain purchase represents economic gain which should be immediately recognised by acquirer as income. Accordingly, the Group has recognised the gain in other income (see note 31). The acquisition resulted in bargain purchase as the investee wanted to divest for certain strategic reasons and the Holding Company had the first right of refusal.

4.3 Non-controlling interest in the Subsidiary Company has been calculated as follows:

	At acquisition date	At reporting date
Non-current assets	13,552,552	19,084,350
Current assets	23,268,643	23,796,272
Non-current liabilities	(4,795,607)	(4,680,394)
Current liabilities	(29,551,865)	(34,690,987)
Net assets	2,473,723	3,509,241
Adjustments for consolidation:		
Fair value adjustment	11,732,000	10,527,760
Consistency of accounting policy	(3,997,928)	(9,290,728)
Others	-	7,084,597
	7,734,072	8,321,629
Adjusted net assets of the Subsidiary Company	10,207,795	11,830,870
Share of NCI (47.32%)	4,830,329	5,598,368

4.4 Net turnover and loss after tax from the acquired business for the period ended December 01, 2018 to June 30, 2019 are as follows:

Net turnover	69,535,080
Loss after tax	(4,175,180)

4.5 Net turnover of the Group, had the acquisition taken place at the beginning of the annual reporting period, is as follows:

Net turnover	1,208,841,402

The profit or loss after tax of the Group had the acquisition taken place at the beginning of the annual reporting period can not be determined as it is impracticable for the Group to determine the consolidation related adjustments of the Subsidiary Company from the beginning of the annual reporting period.

4.6 Acquisition-related costs of Rs. 12,600 is included in administrative expenses in the profit or loss.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating assets	5.1	31,945,994	6,640,969
Capital work-in-progress	5.4	2,635,855	686,507
		34,581,849	7,327,476

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, 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
Year ended June 30, 2019													
Opening 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**
Acquired through business combination	**9,292,800**	**-**	**-**	**143,567**	**3,386,283**	**-**	**12,669,499**	**326,347**	**63,651**	**-**	**-**	**-**	**25,882,147**
Additions	**326,725**	**-**	**-**	**33,633**	**271,485**	**685,490**	**780,199**	**25,437**	**62,328**	**72,217**	**-**	**108,666**	**2,366,180**
Transfer to capital work-in-progress	**-**	**-**	**-**	**-**	**-**	**-**	**(142,566)**	**-**	**-**	**-**	**-**	**-**	**(142,566)**
Disposals (note 5.2)													
Cost	**-**	**-**	**-**	**(3,499)**	**(166)**	**(154,285)**	**(3,856)**	**(6,951)**	**(51,613)**	**(4,089)**	**-**	**-**	**(224,459)**
Accumulated depreciation	**-**	**-**	**-**	**3,383**	**150**	**153,733**	**3,856**	**6,906**	**46,760**	**4,082**	**-**	**-**	**218,870**
	-	**-**	**-**	**(116)**	**(16)**	**(552)**	**-**	**(45)**	**(4,853)**	**(7)**	**-**	**-**	**(5,589)**
Depreciation charge (note 5.1.1)	**-**	**(1,705)**	**(22,520)**	**(87,467)**	**(844,142)**	**(414,065)**	**(1,137,475)**	**(41,753)**	**(147,671)**	**(73,754)**	**(4,469)**	**(20,126)**	**(2,795,147)**
Closing net book value	**9,852,174**	**89,491**	**340,060**	**755,827**	**3,637,566**	**2,590,427**	**13,413,809**	**374,569**	**486,361**	**154,692**	**36,634**	**214,384**	**31,945,994**
As at June 30, 2019													
Cost	**9,852,174**	**128,417**	**968,359**	**1,660,592**	**7,998,215**	**11,329,398**	**17,785,347**	**682,516**	**1,788,349**	**961,742**	**97,613**	**372,078**	**53,624,800**
Accumulated depreciation	**-**	**(38,926)**	**(628,299)**	**(904,765)**	**(4,360,649)**	**(8,738,971)**	**(4,371,538)**	**(307,947)**	**(1,301,988)**	**(807,050)**	**(60,979)**	**(157,694)**	**(21,678,806)**
Net book value	**9,852,174**	**89,491**	**340,060**	**755,827**	**3,637,566**	**2,590,427**	**13,413,809**	**374,569**	**486,361**	**154,692**	**36,634**	**214,384**	**31,945,994**
Annual rate of depreciation (%)	**-**	**1-7**	**5-10**	**5-20**	**5-20**	**5-33**	**5-50**	**7-33**	**17-25**	**7-33**	**7-10**	**10**	

(Amounts in Rs. '000)

	Note	2019	2018
5.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of products sold	30.2	**1,192,822**	44,460
Distribution and marketing expenses	32	**1,414,895**	929,449
Administrative expenses	33	**187,430**	83,581
		2,795,147	1,057,490

5.1.2 Service and filling stations include cost of Rs.10,818,953 (2018: Rs.10,276,823) incurred by the Group on underground storage tanks, dispensing units and other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,059 (2018: 2,019) out of the total 3,487 (2018: 3,514) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders costing Rs.372,078 (2018: Rs.263,410) are not in possession of the Group.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 22,355,162 (2018: Rs. 15,048,346).

5.1.4 Included in operating assets are assets having net book value of Rs.796,624 (2018: Rs.838,248) in respect of Group's share in the joint operations. Certain assets relating to joint operations (Eastern Joint Hydrant System (EJHD) and New Islamabad International Airport (NIAP)) are not in the possession or name of the Group aggregating to Rs.41,276 (2018: Rs.11,159) and Rs. 374,548 (2018: Rs.394,064), respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Group considers it impracticable to disclose particulars of assets not in the possession or name of the Group as required under the Fourth Schedule to the Companies Act, 2017.

5.1.5 During the year, the Subsidiary Company has capitalised borrowing costs amounting to Rs. 41,510 (2018: Rs.Nil) on its operating assets. Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 10.42% per annum (2018: Nil).

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	1,668	1,084	584	695	111	Company Policy	Mr. Munir A. Makhdoom Ex-employee
Vehicle	1,643	1,068	575	711	136	Company Policy	Mr. Asif Ali Shah Ex-employee
Vehicle	1,664	805	859	1,154	295	Company Policy	Mr. Rustom Mavalvala Ex-employee
Vehicle	1,835	765	1,070	1,835	765	Company Policy	Mr. Rashid Kamal Ex-employee
Vehicle	1,899	253	1,646	1,677	31	Company Policy	Mr. Iftikhar Ahmed Ex-employee
Items having book value of less than Rs. 500 each	215,750	214,895	855	26,917	26,062		
June 30, 2019	**224,459**	**218,870**	**5,589**	**32,989**	**27,400**		
June 30, 2018	148,839	136,752	12,087	81,602	69,515		

(Amounts in Rs. '000)

5.3 The details of immovable fixed assets (i.e. land) 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
Shikarpur Installation	Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur	261,965
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral	13,790
Chakpirana Depot	Chakpirana, G.T. Road, Lala Moosa	104,091
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	100,611
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
Refinery		
Refinery Complex*	Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	963,160
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
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
Chowerangi Service Station	Nazimabad Chowrangi, Karachi	743
Pak Service Station	Sukkur City Opposite Hira Medical Center, Sukkur	833
Madni Petroleum Services	College Road, Peshawar	1,194
Daimond Fuel Station	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	116,160
LPG Plant, Lahore	Miles Sheikhupura 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

* This includes 4,816 square yards of land leased to President of Pakistan.

(Amounts in Rs. '000)

5.3.1 In view of large number of buildings and other immoveable assets, the Group considers it impracticable to disclose particulars of such assets of the Group as required under the Fourth Schedule to the Companies Act, 2017.

	Note	2019	2018
5.4 Capital work-in-progress			
Tanks and pipelines		890,291	194,990
Service and filling stations		83,092	36,076
Plant and machinery		692,699	11,145
Office equipments, furniture and fittings		25,188	-
Advance to suppliers and contractors for tanks, pipelines		176,041	94,743
Capital spares		768,544	349,553
	5.4.1	2,635,855	686,507

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

	2019	2018
Balance at beginning of the year	686,507	1,139,564
Acquired through business combination	1,491,072	-
Additions during the year	2,726,394	1,458,568
Transfer from operating assets	142,566	-
Transfers during the year	(2,410,684)	(1,911,625)
Balance at end of the year	2,635,855	686,507

5.4.2 During the year, the Subsidiary Company has capitalised borrowing costs amounting to Rs.7,942 (2018: Rs.Nil). Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 10.42% per annum (2018: Nil).

5.4.3 Includes capital work-in-progress amounting to Rs. 72,604 (2018: Rs. 53,344) in respect of Group's share in joint operations.

6. INTANGIBLES

	Note	2019	2018
Net carrying value			
Net book value at beginning of the year		19,732	29,409
Acquired through business combination		8,456	-
Additions at cost		44,504	6,024
Amortisation charge for the year	6.3	(12,237)	(15,701)
Net book value at end of the year		60,455	19,732
Gross carrying value			
Cost	6.2	487,162	412,469
Accumulated amortisation		(426,707)	(392,737)
Net book value		60,455	19,732

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

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

	Note	2019	2018
6.3 Amortisation charge for the year has been allocated as follows:			
Cost of products sold	30.2	194	-
Administrative expenses	33	12,043	15,701
		12,237	15,701

(Amounts in Rs. '000)

	Note	2019	2018
7. LONG-TERM INVESTMENTS			
Investment in related parties			
Investment held at fair value through other comprehensive income			
In a unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (2018: 12%)			
No. of shares: 8,640,000 (2018: 8,640,000) of Rs. 100/- each	7.2	6,404,764	864,000
Investment in associates			
In a quoted company			
- Pakistan Refinery Limited (PRL)			
Equity held Nil (2018: 24.11%)			
No. of shares: Nil (2018: 70,875,000) of Rs. 10/- each	7.3	-	2,018,551
In unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (2018: 49%)			
No. of shares: 46,058,570 (2018: 46,058,570) of Rs. 10/- each	7.3	2,418,932	1,843,027
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 49.26% (2018: 22%)			
No. of shares: 1,536,593 (2018: 686,192) of Rs. 10/- each	7.3	106,859	58,007
		2,525,791	1,901,034
		8,930,555	4,783,585

7.1 The principal place of business of all the investees is Karachi.

7.2 Effective from July 01, 2018 IFRS 9 became applicable for the Group as explained in note 2.6. The Group was previously carrying investment in PAPCO at cost, however, under IFRS 9 all equity instruments shall be carried at fair value. Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3) and determined that the fair value amounts to Rs. 6,404,764. The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2019	2018
- Discount rate	20.5% - 21.8%	15.1% - 16.2%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Group has recorded an unrealised loss-net of tax of Rs.1,728,005 (2018: Rs.Nil) in other comprehensive income for the year.

(Amounts in Rs. '000)

	Note	2019	2018
7.2.1 Movement of investment classified as FVOCI			
Balance at beginning of the year		864,000	864,000
Impact of change in accounting policy	2.6	7,603,327	-
Balance at beginning of the year - restated		8,467,327	864,000
Remeasurement loss recognised in other comprehensive income		(2,062,563)	-
Balance at the end of the year		6,404,764	864,000

7.2.2 Sensitivity to unobservable inputs:

	2019	2018
- Discount rate (1% increase)	(359,561)	-
- Discount rate (1% decrease)	411,960	-
- Growth rate of terminal value (1% increase)	254,700	-
- Growth rate of terminal value (1% decrease)	(223,821)	-

(Amounts in Rs. '000)

7.3 Investments in associates

7.3.1 Movement of investment in associates

	2019				2018			
	PRL (Note 7.3.1.1)	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning 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
Investment made during the year	840,000	-	-	840,000	-	-	-	-
Acquisition through business combination	-	-	63,375	63,375	-	-	-	-
Share of (loss) / profit of associates - net of tax:								
- current year - unaudited	(396,961)	576,060	(13,645)	165,454	86,884	340,094	(1,105)	425,873
- adjustment for last year profit / (loss) based on prior year audited financial statements	34,579	641	(752)	34,468	(9,576)	(2,746)	61	(12,261)
	(362,382)	576,701	(14,397)	199,922	77,308	337,348	(1,044)	413,612
Unrealised loss on associates' investments AFS - unaudited	-	-	-	-	(1,046)	-	(4,403)	(5,449)
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	4,622	(796)	(126)	3,700	(8,261)	-	(113)	(8,374)
	4,622	(796)	(126)	3,700	(9,307)	-	(4,516)	(13,823)
Unrealised gain on revaluation of shares on acquisition date	91,339	-	-	91,339	-	-	-	-
Dividend income	(26,040)	-	-	(26,040)	-	-	(4,461)	(4,461)
Eliminated against the net assets of the Subsidiary Company	(2,566,090)	-	-	(2,566,090)	-	-	-	-
Balance at end of the year	-	2,418,932	106,859	2,525,791	2,018,551	1,843,027	58,007	3,919,585

7.3.1.1 PRL's audited financial statements for the period July 01, 2018 to November 30, 2018 have been used for equity accounting as PRL ceased to be an associate of the Holding Company effective from December 01, 2018.

(Amounts in Rs. '000)

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

	2019		2018		
	APL	PGMCL	PRL	APL	PGMCL
	----- Un-audited -----		------------- Audited -------------		
Revenue	1,795,183	124,324	92,229,260	1,406,319	144,531
Profit / (loss) after tax for the year	1,175,634	(32,110)	503,789	695,378	(8,439)
Other comprehensive income / (loss)	-	16,768	(42,516)	(1,625)	(19,792)
Total comprehensive income / (loss)	1,175,634	(15,342)	461,273	693,753	(28,231)
Non-current assets	1,064,068	33,357	9,573,471	1,177,647	192,137
Current assets	4,459,068	213,808	16,946,590	2,930,201	80,303
	5,523,136	247,165	26,520,061	4,107,848	272,440
Non-current liabilities	-	(3,612)	(5,056,744)	-	(3,132)
Current liabilities	(586,540)	(15,983)	(21,398,690)	(346,886)	(9,627)
	(586,540)	(19,595)	(26,455,434)	(346,886)	(12,759)
Net assets	4,936,596	227,570	64,627	3,760,962	259,681
Fair value based on quoted share price	N/A	N/A	2,460,071	N/A	N/A

7.3.3 Reconciliation of carrying amount of investment

	2019 APL	2019 PGMCL	2018 PRL	2018 APL	2018 PGMCL
Net assets (Note 7.3.2)	4,936,596	227,570	64,627	3,760,962	259,681
Group's Holding in % (Note 7)	49%	49.26%	24.11%	49%	22%
Group share of investment in associate	2,418,932	112,101	15,582	1,842,871	57,130
Impact of change in holding %	-	-	160,901	-	-
Impact of fair value reserve	-	-	963,900	-	-
Unrealised gain on investments	-	-	1,025,061	-	-
Adjustments based on audited financial statements	-	-	(145,957)	156	877
Fair value adjustment upon acquisition of subsidiary	-	(5,242)	-	-	-
Others	-	-	(936)	-	-
Carrying amount of investment	2,418,932	106,859	2,018,551	1,843,027	58,007

(Amounts in Rs. '000)

	Note	2019	2018
8. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans - considered good			
Executives*	8.1	114,029	118,642
Employees		235,447	229,153
	8.2 & 8.4	349,476	347,795
Current portion shown under current assets	14	(116,410)	(91,420)
		233,066	256,375
Advances - considered good (secured)			
Employees	8.3	67,293	81,093
Current portion shown under current assets	14	(29,496)	(33,415)
		37,797	47,678
Other receivables			
- Considered good		75,754	94,472
- Considered doubtful		8,143	8,143
		83,897	102,615
Provision for impairment		(8,143)	(8,143)
		75,754	94,472
		346,617	398,525

8.1 Reconciliation of carrying amount of loans to executives*:

	2019	2018
Balance at beginning of the year	118,642	91,418
Disbursements	34,754	51,793
Repayments	(39,367)	(24,569)
Balance at end of the year	114,029	118,642

*These represent executives as prescribed under the 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, to defray personal expenditure and others, in accordance with the policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured except for those which are secured against the retirement fund balances of the employees. These loans are recoverable in monthly installments over a period of twenty months to sixty months.

8.3 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Holding Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

8.4 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

	Note	2019	2018
9. LONG-TERM DEPOSITS AND PREPAYMENTS			
Long-term deposits	9.1	258,472	184,480
Prepaid rentals		137,215	159,560
Less: Current portion shown under current assets	15	(42,629)	(21,462)
		94,586	138,098
		353,058	322,578

9.1 These include interest free deposits amounting to Rs. 200,437 (2018: Rs. 143,369) paid to related parties.

(Amounts in Rs. '000)

	2019	2018
10. DEFERRED TAX ASSET - NET		
Deductible temporary differences in respect of:		
Provision for:		
- tax amortisation	411	298
- impairment of stores and spares	10,674	8,714
- provision for slow moving products	6,222	5,793
- impairment on trade debts	877,402	888,456
- impairment on other receivables	843,035	639,582
- retirement and other service benefits	2,176,188	1,379,290
- excise, taxes and other duties	21,121	19,665
Liabilities offered for taxation	10,478,567	9,415,405
Others	2,362	2,200
	14,415,982	12,359,403
Taxable temporary differences in respect of:		
- accelerated tax depreciation	(417,649)	(395,996)
- Fair value of net assets acquired on acquisition	(628,491)	-
- equity investment held as FVOCI	(1,205,116)	-
- investments in associates accounted for under equity method	(309,779)	(254,349)
	(2,561,035)	(650,345)
	11,854,947	11,709,058

10.1 Movement in deferred tax asset - net is as follows:

	Note	2019	2018
Balance at beginning of the year		11,709,058	11,912,602
Impact of change in accounting policy	2.6	(1,548,647)	-
Balance at beginning of the year - restated		10,160,411	11,912,602
Assumed through business combination		(984,875)	-
Income / (charge) in profit or loss for the year	36	1,218,554	(346,017)
Recognised in other comprehensive income		1,460,857	142,473
Balance at end of the year		11,854,947	11,709,058

10.2 Deferred tax debit balances of Rs. 1,790,000 (2018: Rs.Nil) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Subsidiary Company.

	Note	2019	2018
11. STORES, SPARES, CHEMICALS AND LOOSE TOOLS			
Stores, spares, chemicals and loose tools		951,002	272,255
Provision for impairment	11.1	(61,707)	(32,274)
		889,295	239,981

11.1 The movement in provision for impairment during the year is as follows:

	2019	2018
Balance at beginning of the year	32,274	32,274
Acquired through business combination	29,667	-
Reversal of provision recognised during the year	(234)	-
Balance at end of the year	61,707	32,274

(Amounts in Rs. '000)

	Note	2019	2018
12. STOCK-IN-TRADE			
Raw and packing material		7,763,616	1,516,789
Petroleum and other products (gross)	12.1	60,986,911	54,879,352
Stock held on behalf of third parties	12.2	(4,127,047)	(2,805,782)
		64,623,480	53,590,359
Provision for slow moving products		(21,456)	(21,456)
Provision for write down to net realisable value		(170,781)	-
	12.3	64,431,243	53,568,903
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		22,659,967	21,387,151
		87,091,210	74,956,054
Charges incurred thereon		11,756,455	6,659,401
	30	98,847,665	81,615,455

12.1 Includes stock-in-transit amounting to Rs. 14,401,428 (2018: Rs. 8,646,538) and stocks held by:

	2019	2018
Shell Pakistan Limited	562,326	284,098
Byco Petroleum Pakistan Limited	3,951	3,951
	566,277	288,049

12.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs.23,730 (2018: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs.54,878 (2018: Rs. 54,689).

12.3 Includes Rs. 5,246,683 (2018: Rs. Nil) in respect of stock carried at net realisable value.

	Note	2019	2018
13. TRADE DEBTS			
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	13.1	155,524	111,790
- Unsecured	13.2	168,277,493	150,169,855
		168,433,017	150,281,645
- Due from other customers			
- Secured	13.1	3,208,767	1,994,024
- Unsecured	13.2	52,155,260	93,301,402
		55,364,027	95,295,426
		223,797,044	245,577,071
Considered doubtful		3,160,415	3,290,578
Trade debts - gross		226,957,459	248,867,649
Provision for impairment	13.2 & 13.3	(3,160,415)	(3,290,578)
Trade debts - net		223,797,044	245,577,071

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.180,676,446 (2018: Rs.215,850,305) due from GENCO, HUBCO, KAPCO and SNGPL. These include past due debts of Rs.82,383,020 (2018: Rs.104,251,942), Rs.25,637,026 (2018: Rs.50,789,306), Rs.4,105,302 (2018: Rs.27,067,694) and Rs. 53,457,589 (2018: Rs.11,183,367) from GENCO, HUBCO, KAPCO and SNGPL, respectively, based on the agreed credit terms. The Group carries a specific provision of Rs.346,975 (2018: Rs.398,962) against these debts and did not consider the remaining aggregate past due balance of Rs.165,235,962 (against which subsequent receipts of Rs. 6,150,000 from GENCO, Rs. 4,105,302 from KAPCO and Rs. 53,457,589 from SNGPL have been received) as doubtful, as the Group 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	2019	2018
13.3 The movement in provision for impairment during the year is as follows:			
Balance at beginning of the year		3,290,578	4,201,355
Impact of change in accounting policy	2.6	(330,234)	-
Balance at beginning of the year - restated		2,960,344	4,201,355
Provision assumed through business combination		134,892	-
Provision recognised during the year		198,469	66,670
Reversal of provision due to recoveries during the year		(133,290)	(977,447)
	31 & 34	65,179	(910,777)
Balance at end of the year		3,160,415	3,290,578

13.3.1 Provision for impairment has been recognised against trade debts as follows:

	2019	2018
Related parties	1,071,117	1,611,927
Other customers	2,089,298	1,678,651
	3,160,415	3,290,578

13.4 As at June 30, 2019, trade debts aggregating to Rs. 27,382,041 (2018: Rs. 42,710,830) are neither past due nor impaired. The remaining debts aggregating to Rs. 196,415,003 (2018: Rs. 202,866,241) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2019	2018
Up to 1 month	38,623,388	19,704,852
1 to 3 months	55,319,661	35,823,744
3 to 6 months	9,949,876	16,856,218
6 to 1 year	25,790,778	94,991,177
Over 1 year	66,731,300	35,490,250
	196,415,003	202,866,241

(Amounts in Rs. '000)

13.5 The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month	2019	2018
Associate			
Asia Petroleum Limited	1,179	1,179	3,037
Other Related Parties			
GENCO	114,750,870	86,241,212	118,873,402
Sui Northern Gas Pipeline Limited	64,692,905	64,692,905	15,851,059
Pakistan International Airlines Corporation	13,323,598	13,323,598	13,009,814
K-Electric Limited	4,825,394	4,005,387	2,462,360
Pakistan Railways	1,814,982	1,814,982	1,117,388
Oil & Gas Development Corporation Limited	625,906	625,906	403,438
Pakistan Petroleum Limited	26,210	26,210	57,416
Sui Southern Gas Company Limited	370	370	-
Pakistan Steel Mills Corporation Limited	804	804	7,032
Civil Aviation Authority	1,861	1,293	-
Pakistan National Shipping Corporation	2,021	2,021	2,021
		170,735,867	151,786,967

13.6 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Up to 6 months	More than 6 months	Total 2019	Total 2018
Associate				
Asia Petroleum Limited	-	-	-	-
Other Related Parties				
GENCO	8,505,323	73,877,697	82,383,020	104,251,942
Sui Northern Gas Pipeline Limited	53,457,589	-	53,457,589	11,183,367
Pakistan International Airlines Corporation	8,252,444	4,089,617	12,342,061	12,028,277
K-Electric Limited	-	-	-	-
Pakistan Railways	-	-	-	-
Oil & Gas Development Corporation Limited	247,610	-	247,610	201,194
Pakistan Petroleum Limited	12	-	12	324
Sui Southern Gas Company Limited	370	-	370	-
Pakistan Steel Mills Corporation Limited	-	804	804	155
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	70,463,348	77,970,139	148,433,487	127,667,280
Provision for impairment (notes 13.6.1 & 13.6.2)			(1,071,117)	(1,611,927)
			147,362,370	126,055,353

(Amounts in Rs. '000)

13.6.1 The movement in provision for impairment against due from related parties during the year is as follows:

	Note	2019	2018
Balance at beginning of the year		1,611,927	2,487,680
Impact of change in accounting policy		(604,845)	-
Balance at beginning of the year - restated		1,007,082	2,487,680
Provision during the year		116,141	119
Reversal of provision due to recoveries during the year		(52,106)	(875,872)
		64,035	(875,753)
Balance at end of the year	13.6.2	1,071,117	1,611,927

13.6.2 The provision for impairment has been recognised in respect of following related parties:

	2019	2018
GENCO	346,975	398,962
Pakistan International Airlines Corporation	722,121	1,210,825
Pakistan Petroleum Limited	-	81
Pakistan Steel Mills Corporation Limited	-	38
Pakistan National Shipping Corporation	2,021	2,021
	1,071,117	1,611,927

14. LOANS AND ADVANCES

	Note	2019	2018
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 61,110 (2018: Rs. 49,821) to executives	8	145,906	124,835
- Short-term loans and advances	14.1	48,696	92,973
		194,602	217,808
Advance against shares under Share Purchase Agreement	14.2	-	1,680,000
Unsecured			
Advance to suppliers		190,806	16,102
Advance for the Holding Company - owned filling stations		5,501	5,490
		196,307	21,592
		390,909	1,919,400

14.1 Included therein is Rs. 1,080 (2018: Rs. 600) as advance salary paid to key management personnel.

14.2 As at June 30, 2018, the Group was carrying a total advance aggregating to Rs.1,680,000. Pursuant to the acquisition of 84,000,000 right shares of PRL as disclosed in note 6.3 of the separate financial statements of the Holding Company, the Holding Company has received Rs. 840,000 which was previously held in an escrow account and the remaining amount has been adjusted by The Shell Petroleum Company Limited.

(Amounts in Rs. '000)

	Note	2019	2018
15. SHORT - TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		**2,678,062**	2,828,517
Deposit against court orders		**53,006**	53,006
Trade deposits	15.1	**11,281**	-
		2,742,349	2,881,523
Prepayments			
Rentals and others		**426,867**	324,827
Current portion of long-term prepaid rentals	9	**42,629**	21,462
		469,496	346,289
		3,211,845	3,227,812

15.1 These include interest free deposits amounting to Rs. 1,370 (2018: Rs.Nil) paid to related parties.

16. OTHER RECEIVABLES

	Note	2019	2018
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 due from GoP - a related party	16.5	**30,243,658**	9,737,703
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from a related party	16.6	**297,566**	662,629
Sales tax refundable - due from related party		**5,228,995**	5,957,152
		45,067,638	25,654,903
Provision for Impairment	16.7	**(999,149)**	(402,149)
		44,068,489	25,252,754
Handling and hospitality charges		**1,469,166**	809,460
Product claims - insurance and other - considered doubtful		**90,201**	90,201
Provision for impairment	16.7	**(90,201)**	(90,201)
		-	-
Workers' Profits Participation Fund	16.8	**89,936**	17,144
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		**2,539,411**	2,191,608
Provision for impairment		**(46,000)**	(46,000)
		2,493,411	2,145,608
Others			
- Considered good		**8,676,906**	4,792,669
- Considered doubtful		**1,771,666**	1,830,472
		10,448,572	6,623,141
Provision for impairment	16.7	**(1,771,666)**	(1,830,472)
		8,676,906	4,792,669
	16.9 & 16.11	**56,797,908**	33,017,635

(Amounts in Rs. '000)

16.1 Import price differential on motor gasoline

This represents PDC on account of import of motor gasoline by the Holding Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Holding 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 Holding 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 as the imports were being made on MoP&NR's instruction.

The Holding Company continued to follow up with MoP&NR for early settlement of these claims and the 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, thereby putting an end to any further PDC.

Out of total claim of Rs. 6,350,961, the Holding 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 01, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Holding Company and advised to include it in budgetary allocation. However, in response to confirmation request sent by the Holding 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).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Holding Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Holding Company appointed an independent firm of Chartered Accountants which undertook the assignment of reverification of the Holding Company's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which the Holding Company's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Holding Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During the year, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that the said claim will be processed upon completion of necessary scrutiny and fulfilment of codal formality. The Holding Company, however, is pursuing the matter as it believes that the claim is based on actual cost incurred.

16.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. This Price Differential Claim originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, the Holding Company could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. The Holding Company was asked to claim this subsidy by submitting price differential claims. As a set procedure, the Holding Company used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Holding Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Holding Company made the adjustments accordingly.

(Amounts in Rs. '000)

The Holding 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 Holding 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 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 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 ended June 30, 2018, MoP&NR informed the Holding Company vide its letter no PL-3 (242)/2017 dated August 04, 2017 that the Holding Company's claim of Rs. 602,603 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Holding 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. During the year, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that the said claim will be processed upon completion of necessary scrutiny and fulfilment of codal formality. The Holding 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 Holding 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 Holding 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 Holding Company by MoF. The Holding 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 was 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 also requested MoF to process the claim of PSO at the earliest. During the year ended June 30, 2013, the Holding 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 Holding 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 Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. In return, the Holding 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 ended June 30, 2018, the Holding 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 Holding Company`s claim. On February 15, 2018, the Holding Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Holding Company against the claim. During the year, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20. The Holding 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.

(Amounts in Rs. '000)

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 Holding 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 Holding 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 Holding 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 Holding Company continued to follow up the matter with MoP&NR. In 2005, the Holding 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 Holding 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.

The Holding 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 Holding 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 Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. The Holding 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 settlement of this claim, however, it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Holding 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 Holding Company's claim. On February 15, 2018 Holding Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Holding Company against the claim. During the year, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20. The Holding 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 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 Holding 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 Holding Company in respect of these long / extended term borrowing arrangements i.e. the Holding Company would not bear any exchange differences on such borrowings. During the year, the Holding Company engaged an independent firm of Chartered Accountants for verification of the exchange loss, who has certified the exchange loss.

16.6 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

(Amounts in Rs. '000)

on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 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 was 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 Holding Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

As advised by OGRA, the Holding Company appointed an independent firm of Chartered Accountants for verification of claims, based on which the Holding 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 Holding Company has recognised Rs. 391,273 (2018: 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.

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. The amount approved for the Holding Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Holding Company which completed in September 2018. The Holding Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. The Holding Company is confident of recovering the said claim in due course of time.

16.7 As at June 30, 2019, receivables aggregating to Rs. 2,907,016 (2018: Rs. 2,368,822) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2019	2018
Receivable from GoP		999,149	402,149
IFEM receivables		46,000	46,000
Product claims		90,201	90,201
Other receivables		1,771,666	1,830,472
		2,907,016	2,368,822

The movement of provision for impairment is as follows:

	Note	2019	2018
Balance at beginning of the year		2,368,822	2,007,989
Impact of change in accounting policy	2.6	297,000	-
Balance at beginning of the year - restated		2,665,822	2,007,989
Provision recognised during the year		311,327	458,294
Reversal of provision due to recoveries during the year		(70,133)	(97,461)
	34	241,194	360,833
Balance at end of the year		2,907,016	2,368,822

16.8 Workers' Profits Participation Fund

	Note	2019	2018
Balance at beginning of the year		17,144	(243,651)
Acquired through business combination		5,258	-
Allocation for the year	34	(927,208)	(1,432,856)
		(904,806)	(1,676,507)
Payments during the year		994,742	1,693,651
Balance at end of the year		89,936	17,144

(Amounts in Rs. '000)

16.9 Includes receivables of Rs. 46,345,131 (2018: Rs.25,287,724) due from associates and other related parties.

16.10 Financial assets included in other receivables aggregating to Rs. 36,796,868 (2018: Rs.12,450,214) were neither past due nor impaired. Further, financial assets aggregating to Rs.11,927,987 (2018: Rs.11,910,743) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2019	2018
Up to 3 months	486,815	1,184,561
3 to 6 months	306,095	101,456
More than 6 months	11,135,077	10,624,726
	11,927,987	11,910,743

16.11 Includes Rs. 8,626,129 (2018: Rs. 9,586,272) receivable from associates and related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2019	Total 2018
Associates					
Pakistan Refinery Limited	-	-	-	-	63
Asia Petroleum Limited	15,260	1,983	11,634	13,617	11,634
Other related parties					
Government of Pakistan	39,838,643	-	9,594,985	9,594,985	9,960,048
Pak-Arab Refinery Company Limited	3,310,432	-	16,676	16,676	16,676
	43,164,335	1,983	9,623,295	9,625,278	9,988,421
Provision for impairment (note 16.11.1)				(999,149)	(402,149)
Net receivable from related parties				8,626,129	9,586,272

16.11.1 The movement of provision for impairment against due from GoP, related party is as follows:

	Note	2019	2018
Balance at beginning of the year		402,149	37,112
Impact of change in accounting policy	2.6	297,000	-
Balance at beginning of the year - restated		699,149	37,112
Provision recognised during the year		300,000	365,294
Reversal of provision due to recoveries		-	(257)
Balance at the end of the year		999,149	402,149

(Amounts in Rs. '000)

17. CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		12,440	9,853
Cash at banks in:			
- current accounts	17.1	2,406,621	2,483,285
- saving accounts	17.2	2,427,969	2,143,505
		4,834,590	4,626,790
		4,847,030	4,636,643

17.1 Includes Rs. 1,305,000 (2018: Rs. 1,100,000) 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 interest / mark-up ranging from 3.8% to 10.7% (2018: 3.7% to 7.5%) per annum.

18. NET ASSETS IN BANGLADESH

	2019	2018
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
Trade debts	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 Group 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

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
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

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
		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
380,533,283	315,328,658	- Issued as bonus shares		3,805,333	3,153,287
391,227,752	326,023,127		19.3	3,912,278	3,260,232

(Amounts in Rs. '000)

19.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:

2019 (Number of shares)	2018 (Number of shares)		Note	2019	2018
		Ordinary shares of Rs. 10/- each			
326,023,127	271,685,939	At the beginning of the year		3,260,232	2,716,860
65,204,625	54,337,188	Issued during the year as fully paid bonus shares		652,046	543,372
391,227,752	326,023,127	At the end of the year	19.4	3,912,278	3,260,232

19.4 These fully paid ordinary shares carry one vote per share and right to dividend.

19.5 As at June 30, 2019, 1,013,036 ordinary shares of Rs. 10/- each (2018: 844,197 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Holding Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

20. RESERVES

	Note	2019	2018
Capital reserve			
Surplus on vesting of net assets	20.1	3,373	3,373
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		4,335,648	-
Holding Company's share of unrealised loss of investment in associates classified as AFS		-	(6,354)
General reserve		25,282,373	25,282,373
Un-appropriated profit		89,313,371	81,912,851
		118,931,392	107,188,870
		118,934,765	107,192,243

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.

21. RETIREMENT AND OTHER SERVICE BENEFITS

	Note	2019	2018
Gratuity	21.1.1	240,969	512,633
Pension	21.1.1	1,758,107	873,160
Medical benefits	21.1.1	5,611,688	3,543,985
Compensated absences		266,413	235,246
		7,877,177	5,165,024

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, 2019 under the Projected Unit Credit Method are as follows:

(Amounts in Rs. '000)

21.1.1 Financial position reconciliation

	Note	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Present value of defined benefit obligations	21.1.2	6,255,277	5,971,943	8,137,023	15,933,820	5,611,688	3,543,985
Fair value of plan assets	21.1.3 & 21.2	(6,014,308)	(5,459,310)	(6,378,916)	(15,060,660)	-	-
Net liability at end of the year	21.1.8	240,969	512,633	1,758,107	873,160	5,611,688	3,543,985

21.1.2 Movement in present value of defined benefit obligations

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Present value of defined benefit obligations at beginning of the year	5,971,943	5,533,523	15,933,820	14,433,857	3,543,985	3,371,441
Assumed through business combination	216,058	-	1,278,809	-	-	-
Current service cost	271,831	226,757	431,135	426,340	7,965	6,814
Past service cost	81,360	379,664	4,723	625,165	-	-
Interest cost	583,321	491,764	1,311,736	1,312,236	347,999	306,648
Benefits paid during the year	(513,886)	(434,305)	(600,833)	(495,039)	(127,998)	(112,663)
Benefits payable to outgoing members	(9,729)	-	-	-	-	-
Transfer to defined contribution funds	-	-	(10,807,528)	-	-	-
Remeasurement: Actuarial (gain) / loss	(345,621)	(225,460)	792,453	(368,739)	1,839,737	(28,255)
Curtailment gain	-	-	(207,292)	-	-	-
Present value of defined benefit obligations at end of the year	6,255,277	5,971,943	8,137,023	15,933,820	5,611,688	3,543,985

21.1.3 Movement in fair value of plan assets

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018
Fair value of plan assets at beginning of the year	5,459,310	4,973,184	15,060,660	10,600,613
Acquired through business combination	222,318	-	1,014,528	-
Expected return on plan assets	572,418	478,419	1,276,041	1,159,784
Contributions made by the Group	803,065	832,124	1,478,270	4,586,053
Benefits paid during the year	(513,886)	(434,305)	(600,833)	(495,039)
Benefits payable to outgoing members	(9,729)	-	-	-
Transfer to defined contribution funds	-	-	(10,807,528)	-
Remeasurement: Actuarial loss	(519,188)	(390,112)	(1,042,222)	(790,751)
Fair value of plan assets at end of the year	6,014,308	5,459,310	6,378,916	15,060,660

21.1.4 Expense recognised in profit or loss

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Current service cost	271,831	226,757	431,135	426,340	7,965	6,814
Past service cost	81,360	379,664	4,723	625,165	-	-
Curtailment gain	-	-	(207,292)	-	-	-
Net interest expense	10,903	13,345	35,695	152,452	347,999	306,648
Expense for the year	364,094	619,766	264,261	1,203,957	355,964	313,462

(Amounts in Rs. '000)

	Note	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
21.1.5 Actual return on plan assets		69,050	88,307	270,899	369,033	-	-

21.1.6 Remeasurement loss / (gain) recognised in other comprehensive income

	Note	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Actuarial (gain) / loss on defined benefit obligation	21.1.7	(345,621)	(225,460)	792,453	(368,739)	1,839,737	(28,255)
Actuarial loss on fair value of plan assets		519,188	390,112	1,042,222	790,751	-	-
Remeasurement loss / (gain)		173,567	164,652	1,834,675	422,012	1,839,737	(28,255)

21.1.7 The actuarial (gain) / loss occurred on defined benefit obligation on account of following:

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
- Financial assumptions	(471,001)	-	(506,496)	-	1,780,277	-
- Experience adjustments	125,380	(225,460)	1,298,949	(368,739)	59,460	(28,255)
	(345,621)	(225,460)	792,453	(368,739)	1,839,737	(28,255)

21.1.8 Net recognised liability

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018	Medical benefits 2019	Medical benefits 2018
Net liability at beginning of the year	512,633	560,339	873,160	3,833,244	3,543,985	3,371,441
Acquired through business combination	(6,260)	-	264,281	-	-	-
Expense recognised in profit or loss	364,094	619,766	264,261	1,203,957	355,964	313,462
Contributions made by the Group	(803,065)	(832,124)	(1,478,270)	(4,586,053)	(127,998)	(112,663)
Remeasurement loss / (gain) recognised in other comprehensive loss	173,567	164,652	1,834,675	422,012	1,839,737	(28,255)
Net liability at end of the year	240,969	512,633	1,758,107	873,160	5,611,688	3,543,985

21.2 Plan assets comprise of following

	Gratuity fund 2019	Gratuity fund 2018	Pension funds 2019	Pension funds 2018
Special Saving Certificates	-	2,464,470	-	6,562,811
Mutual funds	1,202,617	1,440,296	582,530	2,868,303
Pakistan Investment Bonds	1,650,831	478,915	3,954,822	1,569,278
Term deposits	1,213,611	-	505,245	-
Treasury Bills	1,892,817	461,117	86,057	2,060,686
Quoted shares	19,557	-	661,128	720,778
Term Finance Certificates	10,627	38,624	21,254	77,247
Defense Saving Certificates	75,841	-	-	-
National Investment Trust Units	-	-	2,479	-
Regular Income Certificates	44,545	-	63,958	-
Accrued income	-	5,597	-	14,351
Sukuk	17,273	-	33,888	-
Cash and cash equivalents (after adjusting liabilities)	27,061	11,292	389,791	85,513
Other (payable) / receivables	(140,472)	558,999	77,764	1,101,693
Fair value of plan assets at end of the year	6,014,308	5,459,310	6,378,916	15,060,660

21.2.1 Plan assets include the Holding Company's ordinary shares with a fair value of Rs. 109,528 (2018: Rs. 171,275).

(Amounts in Rs. '000)

21.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2019, using the 'Projected Unit Credit' method, are as follows:

21.3.1 The Holding Company:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate per annum (%)	**14.50**	10.00	**14.50**	10.00	**14.50**	10.00	**14.50**	10.00
Expected per annum rate of return on plan assets (%)	**14.50**	10.00	**14.50**	10.00	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.25**	10.00	**13.25**	10.00	**-**	-	**13.25**	10.00
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**14.50**	10.00	**-**	-
- pensioners	**-**	-	**-**	-	**14.50**	10.00	**-**	-
Indexation of pension (%)	**-**	-	**5.75**	5.75	**-**	-	**-**	-
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	**Low**	Low	**Age dependent**	Age dependent	**Age dependent**	Age dependent	**Age dependent**	Age dependent

21.3.2 The Subsidiary Company:

Discount rate per annum (%)	**14.50**	**14.50**
Expected per annum rate of increase in future salaries (%)	**5.50 - 16.00**	**5.50 - 16.00**
Indexation of pension (%)	**-**	**4.50 - 5.00**
Expected mortality rate	**SLIC (2001-05) Ultimate Mortality table**	**SLIC (2001-05) Ultimate Mortality table**
Expected withdrawal rate	**Light to Moderate**	**Light to Moderate**

The expected return on plan assets has been 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 statement of financial position date.

21.3.3 The plan exposes the Group to the actuarial risk 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.

(Amounts in Rs. '000)

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 2019 consists of Treasury Bills, Pakistan Investment Bonds, Term Deposits and Mutual Funds.

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 and pension funds for the year ending June 30, 2020 is Rs. 306,537.

21.4.3 Historical information of staff retirement benefits

	2019	2018	2017	2016	2015
Pension plan funded					
Present value of defined benefit obligation	**8,137,023**	15,933,820	14,433,857	12,284,584	12,928,359
Fair value of plan assets	**(6,378,916)**	(15,060,660)	(10,600,613)	(9,586,186)	(8,720,698)
Net liability at end of the year	**1,758,107**	873,160	3,833,244	2,698,398	4,207,661
Gratuity plans funded					
Present value of defined benefit obligation	**6,255,277**	5,971,943	5,533,523	5,150,030	5,809,804
Fair value of plan assets	**(6,014,308)**	(5,459,310)	(4,973,184)	(4,857,655)	(4,550,332)
Net liability at end of the year	**240,969**	512,633	560,339	292,375	1,259,472

21.4.4 Defined contribution plans

An amount of Rs. 229,996 (2018: Rs.134,509) has been charged during the year in respect of defined contribution plan maintained by the Group.

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)	(5,229,981)	(3,375,276)	(5,181,161)
Discount rate (1% decrease)	6,914,022	10,592,036	6,109,240
Future salary rate (1% increase)	6,941,333	9,820,410	-
Future salary rate (1% decrease)	(5,198,065)	(3,857,686)	-
Future pension rate (1% increase)	-	10,184,654	-
Future pension rate (1% decrease)	-	(3,553,018)	-
Medical cost trend rate (1% increase)	-	-	11,730,337
Medical cost trend rate (1% decrease)	-	-	(10,776,875)

If longevity increases by 1 year, obligation increases by Rs. 451,135.

(Amounts in Rs. '000)

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) is 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 as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	919,867	5,148,628	261,728
Between 1-2 years	463,167	4,075,120	193,335
Between 2-3 years	686,638	6,013,885	359,559
Between 3-4 years	814,851	5,632,451	360,263
Between 4-5 years	724,372	6,483,893	420,777
Between 6-10 years	4,952,771	48,751,314	2,838,071
Over 10 years	17,042,738	153,314,628	5,424,435

	Note	2019	2018
22. LONG-TERM BORROWINGS			
Diminishing Musharika / long - term borrowing		**4,700,000**	-
Less: Current portion of Diminishing Musharika		**(400,000)**	-
	22.1, 22.2, & 22.3	**4,300,000**	-

22.1 Movement in long-term borrowings is as follows:

	2019	2018
Assumed through business combination	**5,100,000**	-
Diminishing Musharika repaid	**(400,000)**	-
Current portion	**(400,000)**	-
Balance at end of the year	**4,300,000**	-

22.2 During the year ended June 30, 2015, the Subsidiary Company obtained a syndicated long term loan under mark-up arrangement through NIB Bank Limited (now MCB Islamic Bank Limited) amounting to Rs. 2,000,000 at a mark-up of 6 month KIBOR + 1.75% per annum for a tenor of 7 years (including 2 years grace period). The loan is repayable in 10 semi-annual installments beginning from July 2017 and is secured by way of hypothecation of present and future raw materials and finished products, trade receivables and property, plant and equipment (excluding land). During the year ended June 30, 2018 the Subsidiary Company renegotiated the terms and reduced the mark-up to 6 months KIBOR + 1% per annum, which was further re-negotiated and converted from conventional loan into Diminishing Musharika at a mark-up of 6 month KIBOR + 0.75% per annum for the remaining tenure of 4 years with all other terms and conditions remaining constant.

22.3 During the year ended June 30, 2018, the Subsidiary Company obtained term finance facilities under mark-up arrangements through Askari Bank Limited and Bank Alfalah Limited amounting to Rs. 1,000,000 and Rs. 2,500,000 respectively at a mark-up of 3 month KIBOR + 0.5% per annum for a tenor of 3 years (including 2.5 years grace period). The loan is repayable by way of bullet payment after expiry of 3 years whereas mark-up is to be paid on a quarterly basis starting from September 2018. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and building).

(Amounts in Rs. '000)

	Note	2019	2018
23. TRADE AND OTHER PAYABLES			
Local creditors	23.1 & 23.2	**25,575,058**	18,745,967
Foreign creditors	23.1 & 23.3	**81,481,915**	98,200,307
		107,056,973	116,946,274
Security deposits	23.4	**4,278,394**	3,637,525
Retention money		**46,992**	-
Accrued expenses and other liabilities	23.5, 23.6, 23.7 & 23.8	**59,353,757**	60,248,973
Surplus price differential payable	29.2	**1,585,282**	-
Payable to GoP	23.9	**1,384,467**	-
Payable to Provident Funds		**6,510**	-
Payable to Contributory Pension Funds		**3,258**	-
Due to OMCs and refineries		**992,429**	289,108
Advances - unsecured			
- from customers		**2,629,717**	2,951,898
- against equipments		**1,700**	1,775
		2,631,417	2,953,673
Taxes and other government dues			
- Excise, taxes and other duties		**8,077,402**	6,275,641
- Octroi		**51,590**	51,590
- Income tax deducted at source		**130,985**	75,290
		8,259,977	6,402,521
Workers' Welfare Fund		**1,954,964**	1,584,847
Others		**95,616**	82,823
		187,650,036	192,145,744

23.1 The average credit period on imports is 30 days on White Oil and Crude, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Group is availing 13 to 14 days credit for refined products and 15 to 60 days for crude. 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.

23.2 This includes amounts payable to the following related parties:

	2019	2018
Pak-Arab Refinery Limited - related party	**8,133,073**	8,709,860
Pak Grease Manufacturing Company (Private) Limited - associate	**-**	2,307
Oil and Gas Development Company Limited	**1,746,405**	-
Pakistan Petroleum Limited	**629,600**	-
Pakistan Refinery Limited - associate	**-**	2,841,872
	10,509,078	11,554,039

23.3 This includes amount of Rs. 19,595,763 (2018: Rs. 11,117,767) in respect of import of LNG.

(Amounts in Rs. '000)

23.4 Security deposits includes deposits received by the Group under the terms of related agreements and are as follows:

	Note	2019	2018
Dealers	23.4.2	**911,625**	799,704
Equipments	23.4.3	**442,286**	321,811
Cartage contractors	23.4.4	**854,063**	664,764
Card holders	23.4.5	**1,695,476**	1,532,728
Suppliers	23.4.5	**296,980**	241,543
Others	23.4.5	**77,964**	76,975
		4,278,394	3,637,525

	Note	2018	2017
23.4.1 Security deposits include:			
Utilisable / utilised in business	23.4.1.1	**2,973,394**	2,537,525
Others	23.4.1.2	**1,305,000**	1,100,000
		4,278,394	3,637,525

23.4.1.1 The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

23.4.1.2 The amount is kept in separate bank accounts as per terms of agreement.

23.4.2 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.

23.4.3 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.

23.4.4 These represent interest bearing and interest free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

23.4.5 These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

23.5 Includes Rs. 2,314,556 (2018: Rs. 2,001,654) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.

23.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 18,134,895 (2018: Rs. 17,999,721).

23.7 Included in accrued liabilities is an amount of Rs. 396,100 (exchange gains of Rs. 618,950 net of exchange losses of Rs.222,850) (2018: Rs.Nil) in respect of foreign currency loans (FC loans) taken by the Subsidiary Company for retirement of LCs of crude oil based on discussions with Ministry of Finance (MoF). During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains and losses on the FC loans by the oil importing companies and invited views / comments thereupon. The Subsidiary Company, alongwith other oil importing companies had discussions with MoF and State Bank of Pakistan (SBP) in this respect, outcome of which is still pending.

(Amounts in Rs. '000)

23.8 This includes differential of regulatory / custom duty levied amounting to Rs. 1,730,000 (2018: Rs.Nil) on import of crude oil consumed in the production and recovered on sale of regulated products based on SROs issued by Government of Pakistan and Ministry of Energy (MoE). During the year ended June 30, 2018, OGRA in compliance with the directives of MoE had finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure the implementation of the said mechanism.

During the year, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices.

23.9 This includes Government of Pakistan's share in the value of local crude purchased and petroleum levy on sale of petroleum products. The balance is net of Rs. 259,130 (2018: Rs. Nil) receivable from the Government in respect of price differential claims which resulted from restricting the ex-refinery prices charged by the Subsidiary Company to the oil marketing companies on instructions from MoE. During the year ended June 30, 2018, the Subsidiary Company received a report from MoE through OCAC highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual

24. UNCLAIMED DIVIDEND

	Note	2019	2018
Balance at beginning of the year		**3,443,218**	2,784,318
Assumed through business combination		**21,768**	-
Dividend for the year		**3,586,255**	7,335,521
Unpaid dividend	25	**(103,297)**	(221,587)
		6,947,944	9,898,252
Less: Payments made during the year		**(5,186,316)**	(6,455,034)
Balance at end of the year		**1,761,628**	3,443,218

25. UNPAID DIVIDEND

The current year balance (as mentioned in note 24) represents part of interim dividend for the period ended March 31, 2019 which remained unpaid to the Holding Company's non-resident shareholders. The dividend repatriation requires approval from the State Bank of Pakistan which has been obtained subsequently and the dividend has been remitted to the non-resident shareholders.

26. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities and others against the Group. The outcome of these legal claims will not give rise to any significant loss beyond those provided for.

(Amounts in Rs. '000)

	Note	2019	2018
27. SHORT-TERM BORROWINGS			
Related party - National Bank of Pakistan			
Short-term finances in foreign currency	27.1	17,643,481	15,193,538
Finances under mark-up arrangements	27.2 & 27.3	12,961,332	6,006,554
		30,604,813	21,200,092
Other than a related party			
Short-term finances			
- local currency	27.2 & 27.3	33,161,000	1,100,000
- foreign currency	27.1	44,611,715	60,991,467
- Current portion of long - term borrowing		400,000	-
		78,172,715	62,091,467
Finances under mark-up arrangements	27.2 & 27.3	12,901,381	6,554,958
	27.4 & 27.5	121,678,909	89,846,517

27.1 The rate of mark-up for this facility ranges from Re. 0.12 to 0.15 (2018: Re. 0.12 to 0.15) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Group. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

27.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 115,885,000 (2018: Rs.86,035,000) out of which Rs. 66,361,287 (2018: Rs.72,373,488) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Group's stocks, receivable and trust receipts.

27.3 The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.37 (2018: Re.0.03) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.31 to 0.41 (2018: Re. 0.19 to 0.26) per Rs.1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

27.4 These finances have been obtained for working capital requirements.

27.5 As at June 30, 2019, accrued mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,292,443 (2018: Rs.796,795), which includes Rs. 362,457 (2018: Rs. 235,807) due to National Bank of Pakistan, a related party.

27.6 Movement in short term finances:	Note	2019	2018
Opening balance		77,285,005	84,865,226
Loans assumed through business combination		7,364,390	-
Loans obtained during the year		269,408,036	156,216,167
Loans repaid during the year		(279,147,190)	(175,887,975)
Unrealised exchange loss on foreign loans		20,505,955	12,091,587
		10,766,801	(7,580,221)
Current portion of long term loan		400,000	-
Closing balance		95,816,196	77,285,005

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

The Company has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

(Amounts in Rs. '000)

28.1.1 Late payment surcharge (Holding and Subsidiary Company)

Claims amounting to Rs. 7,877,755 (2018: Rs. 8,016,538) in respect of delayed payment charges is not recognised on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

28.1.2 Income Tax

Holding Company

28.1.2.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 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 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. Last year the ATIR passed an order in respect of Tax Year 2004 which was mostly in favour of Holding Company and the Holding Company has obtained its effect from Tax authorities after which the amended demand has been further reduced to Rs. 783,014. During the year, ATIR has passed an order in respect of Tax Year 2005. Currently, the Holding Company is in the process of evaluating the order to obtain its effect from Tax authorities. 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 Holding Company. Accordingly, no provision has been made for the said matters in these consolidated financial statements.

28.1.2.2 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 Holding Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Holding Company. During the year ended June 30, 2013, the Holding Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Holding Company by the CIR (Appeals).The Holding Company has filed appeals before the ATIR for remaining points adjudicated against the Holding Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.1.2.3 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 Holding 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 Holding Company. For remaining issues, the Holding Company has filed appeals before the ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.1.2.4 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 Holding Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Holding Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Holding Company in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Holding Company has filed appeals before ATIR against these CIR (Appeals) orders. During the current year, the Holding Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. Based on the views of tax advisor of the Holding Company, the management believes that

(Amounts in Rs. '000)

it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.1.2.5 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 Holding Company filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Holding Company. During the current year, the Holding Company has received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from Tax authorities after which the demand has been amended to Rs. 2,685,818. For remaining issues, the Holding 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 Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.1.2.6 ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Holding Company has filed appeal against aforesaid order before CIR (Appeals) which is pending for hearing. Based on the views of tax advisor of the Holding Company, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

Subsidiary Company

28.1.2.7 The deemed assessment of the return of the Subsidiary Company for tax years 2017 and 2018 were amended by the Additional Commissioner Inland Revenue (ACIR) vide order dated March 30, 2019 under section 122(5A) of the Income Tax Ordinance, 2001 ('the Ordinance'). The main issue involved was the tax demand raised by the ACIR on undistributed profits u/s. 5A of the Ordinance, 2001 amounting to Rs. 108,070 and Rs. 62,160 for tax year 2017 and 2018 respectively.

Constitutional Petition No. D-5897 of 2017 has been filed on this issue before the Honourable High Court of Sindh and the Honourable High Court of Sindh vide order dated September 05, 2017 has directed to restrain from taking any coercive actions against the taxpayer. Since the issue in hand is subjudice and pending for adjudication before the Honorable Sindh High Court and directions not to take any coercive action are in field, therefore, coercive proceedings were not taken for recovery of above amount of tax charged under section 5A of the Ordinance.

The Subsidiary Company has also filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against the said order, which is pending adjudication.

Sales tax and Custom Duty

Holding Company

28.1.3.1 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 Holding 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 Holding 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 Holding Company. Accordingly, no provision has been made for the said matters in these consolidated financial statements.

28.1.3.2 A sales tax show cause notice dated April 11, 2014 was issued by the ACIR, FBR in respect of sales tax audit of the Holding Company for tax year 2010. Under the said show cause notice, the ACIR showed 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 Holding Company filed a suit against the said show cause notice before the High Court of Sindh.

(Amounts in Rs. '000)

The High Court of Sindh vide an order suit no.753/2014 dated May 08, 2014 has restrained the tax authorities from issuing any final order and taking any adverse action against the Holding Company and has further instructed the Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the current year, the Holding Company based on views of its lawyers has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notice subsequent to withdrawal of suit which were duly responded by the Holding Company. Subsequent to year end, the DCIR has passed an order dated July 02, 2019 giving rise to demand of sales tax of Rs. 3,586,018 alongwith penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Holding Company is in the process of filing Appeal against this order before CIR (Appeals). Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.3 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 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Holding Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Holding Company filed an appeal against the said order before the CIR (Appeals) which was decided against the Holding Company in decision dated June 29, 2017, received on December 05, 2017. The Holding Company filed a stay application before ATIR which has not yet been dismissed and has also filed an appeal against the order of CIR (Appeals) which is still pending. The Holding Company also filed suit against the aforesaid order of DCIR 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 Holding Company. However, during the current year, the Holding Company based on views of its lawyer has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.4 During fiscal year 2018, a show-cause notice dated November 17, 2017 for recovery of sales amounting to Rs.4,858,000 was raised by the DCIR on the matter 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 to be imposed at the time of payment. The Holding Company filed suit No. 46 dated January 08, 2018 before the High Court of Sindh which has restrained the tax authorities from issuing any final order and taking any adverse action against the Holding Company and has further instructed the Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the current year, the Holding Company based on views of its lawyers has withdrawn the aforesaid suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Holding Company. Subsequent to year end, the DCIR has passed an order dated July 04, 2019 giving rise to demand of sales tax of Rs.4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Holding Company is in the process of filing of Appeals against the aforesaid order of DCIR before CIR (Appeals). Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.5 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 Holding Company filed an appeal against the said order before CIR (Appeals) which was decided against the Holding Company. The Holding 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 Holding Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Holding Company has filed an appeal before the ATIR on February 18, 2016. Further, the Holding 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 Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Holding Company. Accordingly, no provision in this respect has been made in these consolidated financial statements.

28.1.3.6 Sales tax show cause notices dated May 09, 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 Holding Company involving Rs. 35,696,013. The Holding 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 Holding Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. However, during the current year, the Holding Company based on views of its lawyers has withdrawn the suit consequent to recent decision of Honorable Supreme Court dated June 27, 2018, whereby it was held that suit will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The DCIR issued notices subsequent to withdrawal of suit which were duly responded by the Holding Company. Subsequent to year end, the DCIR has passed an order dated July 03, 2019 giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs.33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Holding Company is in the process of filing of Appeal against this order before CIR (Appeals). Based on the views of legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.7 Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Holding Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Holding 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 Holding 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 Holding 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. Commissioner PRA in his appellate order dated September 5, 2018 decided against the Holding Company while waiving levy of penalty thereon. The Holding Company filed an appeal with Appellate Tribunal PRA, where the case has been partially heard and decision is still pending. 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 Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.8 Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Holding Company demanding Rs. 571,933 alongwith penalty and default surcharge 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 Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Holding 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 Holding 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 Holding Company has obtained stay order from Lahore High Court. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.9 The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019 and February 06, 2019 to the Holding Company for recovery of minimum value added sales tax of Rs. 14,142,052, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Holding Company has challenged the impugned show-cause notice in the Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Holding Company, as well as the recent amendment introduced by Finance Act, 2019 favoring the Holding Company's view, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.1.3.10 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 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 Holding 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 Holding Company's contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Holding 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 Holding Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these consolidated financial statements.

28.1.4 Others tax matters

Holding Company

28.1.4.1 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 Holding 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, 2019, the management has deposited Rs. 108,707 (2018: Rs.94,088) in cash and provided bank guarantee amounting to Rs.108,707 (2018: Rs.94,088) 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 Holding 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 consolidated financial statements.

28.1.4.2 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 Holding Company for payment of property tax amounting to Rs.35,474 in respect of Keamari terminal land rented by the Holding Company from Karachi Port Trust (KPT). The Holding Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Holding 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 Holding Company. Accordingly, no provision has been made in this respect in these consolidated financial statements.

(Amounts in Rs. '000)

28.1.4.3 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 Holding Company is confident that the merits of the case are in favour of the Holding Company and based on the views of its legal advisor, there will be no financial implication on the Holding Company. Accordingly, no provision has been made in this respect in these consolidated financial statements.

28.1.5 Other legal claims (Holding and Subsidiary Company)

28.1.5.1 As at June 30, 2019 certain legal cases amounting to Rs. 7,808,554 (2018: Rs. 3,494,863) had been filed against the Group. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Groups's favour. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs.1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani vs. PSO	Recovery of damages of Rs. 263,342
Sindh High Court	Dispute over renewal of CNG distribution license	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	2007	ARL v/s PSO	Recovery of financial charges of Rs.206,695
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers v/s PSO	Recovery of financial charges of Rs.4,564,180
District Court Muzaffargarh	Dispute over theft of oil from Jimco Pipeline	2012	KAPCO v/s PSO	Recovery of damages of Rs. 200,000

28.1.5.2 Claims against the Group not acknowledged as debts amount to Rs. 5,725,761 (2018: Rs. 4,790,226).

28.2 Commitments

28.2.1 Commitments in respect of capital expenditures contracted for but not as yet incurred is as follows:

	Note	2019	2018
Property, plant and equipment		3,365,135	1,195,065
Intangibles		984,726	165,709
		4,349,861	1,360,774
28.2.2 Letters of credit	28.2.6	42,196,685	12,550,247
28.2.3 Bank guarantees		1,313,181	1,202,547
28.2.4 Standby letters of credit		38,897,240	25,387,343
28.2.5 Post-dated cheques		5,160,000	8,777,500

(Amounts in Rs. '000)

	Note	2019	2018
28.2.6 Rental under ijarah arrangements:			
Not later than 1 year		10,383	-
Later than 1 year but not later than 5 years		19,468	-
		29,851	-

28.2.7 The Group has total unutilised facility limit against letters of credit aggregating to Rs. 134,814,143 (2018: Rs.111,789,780) as of reporting date.

29. NET SALES

	Note	2019	2018
Gross sales	29.1	1,396,886,933	1,312,089,570
- Discounts / allowances		(848,132)	(346,056)
- Sales tax		(180,280,650)	(227,487,541)
- Excise duty and petroleum levy		(9,338,023)	-
- Surplus price differential	29.2	(896,910)	-
- Custom duty	29.3	(2,168,580)	-
- Inland Freight Equalization Margin (IFEM)		(17,870,506)	(20,511,919)
		(211,402,801)	(248,345,516)
Net sales		1,185,484,132	1,063,744,054

29.1 This represents revenue from contracts with customers.

29.2 This includes price differential amounting to Rs. 680,000 (2018: Rs. Nil) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013 and price differential amounting to Rs. 216,910 (2018: Rs. Nil) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 05, 2016.

29.3 This represents custom duty recovered on sale of products subject to custom duty.

30. COST OF PRODUCTS SOLD

	Note	2019	2018
Opening stock		81,615,455	66,333,048
Stock acquired through business combination		12,462,657	-
Purchases and other expenses	30.1 & 30.2	1,157,444,184	1,039,390,353
		1,251,522,296	1,105,723,401
Closing stock	12	(98,847,665)	(81,615,455)
		1,152,674,631	1,024,107,946

30.1 Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 72,086,042 (2018: Rs. Nil) and Rs. 4,849,565 (2018: Rs. 5,387,076), respectively.

30.2 Includes depreciation amounting to Rs. 1,192,822 (2018: Rs. 44,460) and amortisation amounting to Rs. 194 (2018: Rs.Nil).

(Amounts in Rs. '000)

31. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Interest / mark-up on delayed payments		3,867,723	3,348,891
Reversal of provision against doubtful trade debts - net	13.3	-	910,777
Interest / mark-up on PIBs - net of amortisation		-	237,682
Interest / mark-up on saving accounts		99,449	204,195
Dividend income from FVOCI / AFS investments	31.2	271,998	240,702
		4,239,170	4,942,247
Income from non-financial assets			
Handling, storage and other services	31.1	1,996,061	1,918,565
Income from Compressed Natural Gas (CNG) operators	31.1	166,422	172,857
Income from non-fuel retail business		135,938	139,664
Income from retail outlets - net		107,421	93,882
Recovery of metals	31.3	61,909	-
Scrap sales		21,020	21,167
Gain on disposal of operating assets	5.2	27,400	69,515
Penalties and other recoveries		169,171	120,294
Reversal of long outstanding stale cheques		94,230	-
Gain on bargain purchase	4.2	2,811,376	-
Company's shares on acquisition date	7.3	91,339	-
Liabilities written back		249,860	-
Others	31.4	6,751,037	19,010
		12,683,184	2,554,954
		16,922,354	7,497,201

31.1 This represents revenue from contracts with customers.

31.2 This represents dividend received from Pak-Arab Pipeline Company Limited; a related party.

31.3 This represents recovery of metals (Platinum and Rhenium) from old batch of catalyst of Platformer Unit. These metals have been utilised for manufacture of fresh batch of catalysts of Isomerisation and Platformer Units.

31.4 This includes amount of Rs. 6,691,169 relating to late payment surcharge due to the Subsidiary Company by the Holding Company which has been adjusted in these consolidated financial statements.

32. DISTRIBUTION AND MARKETING EXPENSES

	Note	2019	2018
Salaries, wages and benefits	33.1	5,311,732	5,269,140
Transportation costs		280,732	198,497
Depreciation	5.1.1	1,414,895	929,449
Security and other services		279,839	246,668
Rent, rates and taxes		757,519	591,092
Repairs and maintenance		973,474	879,378
Insurance		111,424	90,442
Travelling and office transport		254,367	177,077
Printing and stationery		20,965	20,921
Communication		19,586	18,449
Utilities		200,942	193,733
Storage and technical services		61,640	55,159
Sales promotion and advertisement		691,879	456,377
Fees and subscription		35,837	32,948
		10,414,831	9,159,330

(Amounts in Rs. '000)

33. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, wages and benefits	33.1	1,738,114	1,914,019
Depreciation	5.1.1	187,430	83,581
Amortisation	6.3	12,043	15,701
Security and other services		35,523	27,378
Rent, rates and taxes		27,733	5,855
Repairs and maintenance		94,287	77,844
Insurance		152,940	94,133
Travelling and office transport		69,540	45,090
Printing, stationery and advertisements		10,792	12,571
Communication		26,779	23,751
Utilities		67,663	87,601
Storage and technical services		63,075	95,940
Legal and professional		74,121	50,141
Auditors' remuneration	33.3	27,759	17,345
Contribution towards expenses of Board of Management / Board of Directors		29,454	8,473
Donations	33.4	233,795	175,138
Fees and subscription		49,057	35,106
		2,900,105	2,769,667

33.1 Salaries, wages and benefits also include charge of Rs.82,635 (reversal for 2018: Rs.34,903) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 21.1.4 to these consolidated financial statements.

33.2 Remuneration of Managing Director, Directors and Executives

33.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2019		2018	
	Managing Director/ Acting Managing Director	Executives	Managing Director	Executives
Managerial remuneration	17,033	1,004,526	24,541	869,474
Housing and utilities	9,368	535,781	13,498	478,211
Performance bonus	3,512	180,418	-	153,607
Retirement benefits	2,641	424,256	-	477,514
Leave encashment	2,518	20,075	-	5,623
Other allowances and benefits	11,452	510,062	16,800	518,905
	46,524	2,675,118	54,839	2,503,334
Number, including those who worked part of the year	2	445	1	390

(Amounts in Rs. '000)

33.2.2 The amount charged in respect of fee to 20 (2018: 10) non-executive directors aggregated to Rs. 21,975 (2018: Rs.6,175). Moreover, Rs. 2,596 has been charged in respect of Honorarium to the Chairman of the Board of Directors of the Subsidiary Company, as approved by the Board of Directors of the Subsidiary Company during the year.

33.2.3 In addition, the Managing Director and certain Executives are provided with free use of the Group maintained cars and household equipments. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Company.

33.2.4 In addition, certain Executives of the Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

33.3 Auditors' remuneration

	2019			2018		
	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
Fee for the:						
- audit of consolidated financial statements	1,500	1,500	3,000	-	-	-
- audit of unconsolidated financial statements	5,080	3,180	8,260	2,650	2,650	5,300
- review of half yearly financial information	2,314	1,272	3,586	1,060	1,060	2,120
Certification of claims, tax and other advisory services	6,824	743	7,567	6,615	301	6,916
Out of pocket expenses	3,140	2,206	5,346	1,435	1,574	3,009
	18,858	8,901	27,759	11,760	5,585	17,345

33.4 All donations by the Holding Company are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for a donation of Rs. 24,901 which was made to Diamer-Bhasha and Mohmand Dam fund. Further donations made by the Subsidiary Company includes donations to Sindh Institute of Urology and Transplantation and The Indus Hospital amounting to Rs. 2,000 each. None of the donations were made to parties where directors or their spouses are interested.

34. OTHER EXPENSES

	Note	2019	2018
Research cost on refinery upgradation	34.1	17,801	-
Penalty	34.2	900	-
Workers' Profit Participation Fund	16.8	927,208	1,432,856
Workers' Welfare Fund		349,351	440,989
Exchange loss arising on currency fluctuations - net		3,077,777	1,099,422
Provision for impairment against trade debts - net	13.3	65,179	-
Provision for impairment against other receivables - net	16.7	241,194	360,833
Provision against stores, spares, chemicals and loose tools		4,534	-
		4,683,944	3,334,100

34.1 This represents cost in relation to pre-qualification study carried by the Subsidiary Company in respect of Refinery Upgrade Project including the installation of Diesel Hydrodesulphurisation Unit (DHDS).

34.2 This represents penalty imposed by Sindh Revenue Board under the Sindh Workers Welfare Fund Act, 2014, against short payment of stamp duty on purchase orders amounting to Rs. 400 and also includes a penalty imposed by OGRA amounting to Rs. 500 against delay in obtaining license of LPG production and storage of LPG.

35. FINANCE COSTS

	Note	2019	2018
Interest / mark-up on short-term borrowings in:			
- local currency		3,911,570	971,944
- foreign currency	35.1	4,265,094	3,149,190
		8,176,664	4,121,134
Mark-up on bank accounts under Islamic mode		1,133,905	395,497
Late payment and other bank charges		644,859	606,713
	35.2	9,955,428	5,123,344

35.1 Includes mark-up amounting to Rs. 315,185 (2018: Rs. 50,433) on facilities under Islamic mode.

35.2 Includes mark-up and bank charges amounting to Rs. 2,199,698 (2018: Rs. 991,650) on facilities obtained from National Bank of Pakistan - a related party.

36. TAXATION

	Note	2019	2018
Current			
- for the year		8,252,523	11,185,905
- for prior years		(163,433)	167,301
		8,089,090	11,353,206
Deferred	10.1	(1,218,554)	346,017
		6,870,536	11,699,223

(Amounts in Rs. '000)

	Note	2019	2018
36.1 Relationship between accounting profit and tax expense			
Accounting profit before taxation		21,977,469	27,160,480
Tax at the applicable tax rate of 29% (2018: 30%)		6,373,466	8,148,144
Tax effect of:			
- Final tax regime and income subject to lower tax rate		2,284,580	1,382,922
- Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company		1,046,296	-
- Permanent differences		(2,687,676)	52,541
- Adjustments relating to prior years		(163,433)	167,301
- Change in rate of tax		(854,842)	1,276,252
- Minimum tax		338,874	-
- Super tax		516,001	936,401
- Others		17,270	(264,338)
		6,870,536	11,699,223
Effective tax rate		31%	43%

37. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

	Note	2019	2018
Profit for the year attributable to the owners of the Holding Company		14,298,206	15,461,257
		(Number of shares)	(Restated)
Weighted average number of ordinary shares in issue during the year	37.1	391,227,752	391,227,752
		(Rupees)	(Restated)
Earnings per share - basic and diluted		36.55	39.52

37.1 During the year, the Holding 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)

38. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
Profit before taxation		21,977,469	27,160,480
Adjustments for:			
Depreciation	5.1.1	2,795,147	1,057,490
Amortisation	6	12,237	15,701
Interest / mark-up on PIBs - net of amortisation	31	-	(237,682)
Unrealised gain on revaluation of PRL shares on acquisition date	31	(91,339)	-
Provision for write down to net realisable value	12	170,781	-
Provision / (reversal of provision) for impairment on trade debts - net	31 & 34	65,179	(910,777)
Provision for impairment against doubtful other receivables - net	34	241,194	360,833
Reversal of provision for impairment against stores, spares, chemicals and loose tools	11.1	(234)	-
Provision for retirement and other services benefits		1,066,954	2,102,282
Liabilities written back	31	(249,860)	-
Gain on disposal of operating assets	31	(27,400)	(69,515)
Gain on bargain purchase	4.2	(2,811,376)	-
Share of profit from associates - net of tax	7.3.1	(199,922)	(413,612)
Dividend income from FVOCI / AFS Investment	31	(271,998)	(240,702)
Finance costs	35	9,955,428	5,123,344
Others	31.4	(6,691,169)	-
		3,963,622	6,787,362
Working capital changes	38.1	(21,557,711)	(9,953,136)
		4,383,380	23,994,706

38.1 Working capital changes

		2019	2018
(Increase) / decrease in current assets:			
- Stores, spares, chemicals and loose tools		(201,352)	(36,439)
- Stock-in-trade		(4,940,334)	(15,282,407)
- Trade debts		28,794,663	(32,047,013)
- Loans and advances		1,646,136	(45,458)
- Short - term deposits and prepayments		28,654	2,458,061
- Other receivables		(23,798,725)	(10,452,902)
		1,529,042	(55,406,158)
(Decrease) / increase in current liability:			
- Trade and other payables		(23,086,753)	45,453,022
		(21,557,711)	(9,953,136)

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items included in the statement of financial position:

	Note	2019	2018
- Cash and bank balances	17	4,847,030	4,636,643
- Finances under mark-up arrangements	27	(25,862,713)	(12,561,512)
		(21,015,683)	(7,924,869)

(Amounts in Rs. '000)

40. SEGMENT INFORMATION

40.1 Segment wise results are as follows:

	2019						2018			
	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)						(Rupees in millions)			
Net sales	831,944	319,836	69,535	2,518	(38,349)	1,185,484	843,005	218,427	2,312	1,063,744
Cost of products sold	(803,551)	(312,392)	(72,749)	(2,332)	38,349	(1,152,675)	(808,386)	(213,564)	(2,158)	(1,024,108)
Gross profit/(loss)	28,393	7,444	(3,214)	186	-	32,809	34,619	4,863	154	39,636
Other income	5,546	-	6,806	4,570	-	16,922	5,971	-	1,526	7,497
Administrative, distribution and marketing expenses	(11,000)	(1,155)	(901)	(259)	-	(13,315)	(10,782)	(888)	(259)	(11,929)
Other expenses	(4,137)	(262)	15	(300)	-	(4,684)	(2,889)	(180)	(265)	(3,334)
Operating cost	(15,137)	(1,417)	(886)	(559)	-	(17,999)	(13,671)	(1,068)	(524)	(15,263)
Finance cost	(6,395)	(2,544)	(1,016)	-	-	(9,955)	(4,754)	(369)	-	(5,123)
Share of profit of associates - net of tax	-	-	(7)	207	-	200	-	-	413	413
Profit before tax	12,407	3,483	1,683	4,404	-	21,977	22,165	3,426	1,569	27,160
Taxation	(3,159)	(3,424)	19	(307)	-	(6,871)	(8,508)	(2,792)	(399)	(11,699)
Profit for the year	9,248	59	1,702	4,097	-	15,106	13,657	634	1,170	15,461

40.2 As referred in note 3.20 to these consolidated 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.

40.3 Net sales in LNG segment relates to single customer.

40.4 Out of total sales of the Group, 98.42% (2018: 98.79%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2019 are located in Pakistan.

40.5 The Group sells its products to dealers, OMCs, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Group are approximately 32% during the year ended June 30, 2019 (2018: 35%).

40.6 Out of total gross sales of the Group, sales amounting to Rs.426,298 (2018: Rs.444,918) relates to circular debt customers.

(Amounts in Rs. '000)

41. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
41.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments	7	6,404,764	864,000
At amortised cost			
- Loans and advances		354,977	2,033,285
- Deposits	9 & 15	269,753	184,480
- Trade debts	13	223,797,044	245,577,071
- Other receivables		48,800,609	24,455,429
- Cash and bank balances	17	4,847,030	4,636,643
		278,069,413	276,886,908
		284,474,177	277,750,908
41.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Long-term borrowings		4,300,000	-
- Trade and other payables		173,171,404	177,604,312
- Unclaimed dividend		1,761,628	3,443,218
- Unpaid dividend		103,297	221,587
- Accrued interest / mark-up		1,292,443	796,795
- Short-term borrowings		121,678,909	89,846,517
		302,307,681	271,912,429

41.3 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 these consolidated financial statements approximate their fair values.

(b) Fair value estimation

The Group 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, 2019, except for the Group's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.2 of these consolidated financial statements.

(Amounts in Rs. '000)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Financial risk factors

Introduction and overview

The Group has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Group's management of capital.

Financial risk factors and risk management framework

The Group'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 Group's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Group'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 Group by the Board of Management through specific directives. These controls and limits reflect the business strategy and market environment of the Group as well as the level of the risk that the Group is willing to accept.

The Group's finance and treasury department oversees the management of the financial risk reflecting changes in the market conditions and also the Group'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 Group'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 foreign exchange rates, market interest 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 Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of Group's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Group 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 Group imports crude oil, 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$). As at year end, the total exposure against foreign suppliers amounts to US$ 497,296 (2018: US$ 807,568) equivalent to Rs. 81,481,915 (2018: Rs. 98,200,307) and advances amounting to US$ 2,578 (2018: US$ 4,001) equivalent to Rs. 422,405 (2018: Rs. 486,553). The average rates applied during the year is Rs. 135.80 / US$ (2018: Rs. 109.88 / US$) and the spot rate as at June 30, 2019 was Rs. 163.85 / US$ (2018: Rs. 121.60 / US$).

The Group manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Group cannot hedge its currency risk exposure. The Group has incurred exchange loss - net of Rs. 3,077,777 (2018: Rs. 1,099,422).

At June 30, 2019, 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. 2,907,603 (2018: Rs.3,454,040), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

Further, the Holding Company has also availed foreign currency borrowing (FE-25) as of June 30 2019. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.5 to these consolidated 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 Group's interest rate risk arises from local creditors, security deposits, short-term borrowing, long-term borrowing and running finance facilities amounting to Rs. 151,759,936 (2018: Rs. 108,778,920). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

	Carrying amount	
	2019	**2018**
Variable rate instruments		
Financial assets		
- Saving accounts	**2,427,969**	2,143,505
Financial liabilities		
- Long-term borrowings	**(4,300,000)**	-
- Short-term borrowings	**(121,678,909)**	(89,846,517)
- Local creditors	**(25,575,058)**	(18,745,967)
- Security deposits	**(205,969)**	(186,436)
	(151,759,936)	(108,778,920)
Net financial liabilities at variable interest rates	**(149,331,967)**	(106,635,415)

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. 1,060,257 (2018: Rs. 746,448). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

(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, 2019, Group's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.2.2.

(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

(Amounts in Rs. '000)

similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group'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:

	2019		2018	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortized cost				
- Loans and advances	354,977	354,977	2,033,285	2,033,285
- Deposits	269,753	269,753	184,480	184,480
- Trade debts	223,797,044	134,191,541	245,577,071	124,996,547
- Other receivables	48,800,609	10,221,826	24,455,429	5,785,601
- Bank balances	4,834,590	4,834,590	4,626,790	4,626,790
	278,056,973	149,872,687	276,877,055	137,626,703

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 168,433,017 (2018: Rs. 150,281,645). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Group 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 Group's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, deposits, and other receivables as mentioned in notes 8, 9, 14 and 16 that are neither past due nor impaired.

Based on the past experience, past track record of recoveries and forward looking information, the Group 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 Group'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	June, 2019	PACRA	A-1+	AAA
Askari Bank Limited	June, 2019	PACRA	A-1+	AA+
Bank AL Habib Limited	June, 2019	PACRA	A-1+	AA+
Bank Alfalah Limited	June, 2019	PACRA	A-1+	AA+
Citibank N.A.	March, 2019	Moody's	P-1	Aa3
Faysal Bank Limited	June, 2019	PACRA	A-1+	AA
Habib Bank Limited	June, 2019	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2019	PACRA	A-1+	AA+
JS Bank Limited	June, 2019	PACRA	A-1+	AA-
MCB Bank Limited	June, 2019	PACRA	A-1+	AAA
MCB Islamic Bank Limited	June, 2019	PACRA	A-1	A
Meezan Bank Limited	June, 2019	VIS	A-1+	AA+
National Bank of Pakistan	June, 2019	PACRA	A-1+	AAA
Samba Bank Limited	June, 2019	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2019	PACRA	A-1+	AAA
Soneri Bank Limited	June, 2019	PACRA	A-1+	AA-
United Bank Limited	June, 2019	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 Group 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 Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, 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 Group'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.

	2019 Contractual maturity		2018 Contractual maturity	
	Up to three months	More than one year	Up to three months	More than one year
Financial liabilities				
Trade and other payables	173,171,404	-	177,604,312	-
Unclaimed dividend	1,761,628	-	3,443,218	-
Unpaid dividend	103,297	-	221,587	-
Accrued interest / mark-up	1,292,443	-	796,795	-
Long-term borrowings	-	4,300,000	-	-
Short-term borrowings	121,278,909	-	89,846,517	-
	297,607,681	4,300,000	271,912,429	-

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 Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

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

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

(Amounts in Rs. '000)

- 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.

42.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2018.

The Group 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 Group may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Group consist of net debt consistent with other companies in the industry, the Group 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 with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	2019	2018
Long-term borrowings	22	4,300,000	-
Short-term borrowings	27	121,678,909	89,846,517
Cash and bank balances with lenders		(4,241,141)	(4,636,643)
Net debt		121,737,768	85,209,874
Total equity		128,445,411	110,452,475
Total capital		250,183,179	195,662,349
Gearing ratio		48.66%	43.55%

The Group 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)

43. TRANSACTIONS WITH RELATED PARTIES

43.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Major shareholder
Pak-Arab Refinery Limited	N/A	State owned / controlled entities
K-Electric Limited	N/A	State owned / controlled entities
Pakistan International Airline Corporation 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 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	3.04%	Government related / Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	State owned / controlled entities
Federal tax authorities	N/A	State owned / controlled entities
Other related entities	N/A	Government related / state owned or controlled entities
The Holding Company's retirement benefit funds: 1. Pension funds 2. Gratuity fund 3. Provident fund	N/A	Post Employment Benefits
The Subsidiary Company's retirement benefit funds: 1. Pension fund 2. Gratuity fund 3. Provident fund	N/A	Subsidiary related party
PSO Corporate Social Responsibility Trust	N/A	Trust Controlled by the Holding Company
Pak Grease Manufacturing Company (Private) Limited	49.26%	Associate/ Subsidiary related party
Asia Petroleum Limited	49%	Associate / Common Directorship / Subsidiary related party
Pakistan National Shipping Corporation	N/A	Government related / Subsidiary related party
GENCO Holding Company Limited	N/A	Government related / Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship / Subsidiary related party
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
Government Holdings Private Limited	N/A	Common Directorship
Pakistan Petroleum Limited	N/A	Government related / Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Sui Southern Gas Company Limited	N/A	Government related / Common Directorship / Subsidiary related party
Sui Northern Gas Pipelines Limited	N/A	Government related / Common Directorship
Pakistan Electric Power Company Limited	N/A	Common Directorship
Central Power Purchasing Agency (Guarantee) Limited	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Private) Limited	N/A	Common Directorship
Private Power & Infrastructure Board	N/A	Common Directorship
Alternative Energy Development Board	N/A	Common Directorship
Pak Arab Pipeline Company Limited	12%	Common Directorship
TCS Holdings (Private) Limited	N/A	Common Directorship
TCS (Private) Limited	N/A	Common Directorship
TCS Logistics (Private) Limited	N/A	Common Directorship
TCS Connect (Private) Limited	N/A	Common Directorship
Octara (Private) Limited	N/A	Common Directorship

(Amounts in Rs. '000)

Name of Related parties	Direct Shareholding	Relationship
TCS Financial Services (Private) Limited	N/A	Common Directorship
TCS ECOM (Private) Limited	N/A	Common Directorship
Sheikh Imranul Haque	N/A	Key management personnel
S. Jehangir Ali Shah	N/A	Key management personnel / Subsidiary's Director
Yacoob Suttar	N/A	Key management personnel / Subsidiary's Director
Rashid Umer Siddiqui	N/A	Key management personnel
Shehryar Omar	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 / Subsidiary's Director
Aziz Hemani	N/A	Key management personnel
Hammad Zafar	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
Muhammad Baber Siddiqui	N/A	Key management personnel
Iqtidar Mustafa Siddiqui	N/A	Key management personnel
Imtiaz Jaleel	N/A	Key management personnel / Subsidiary's Director
Shahzad Safdar Khan	N/A	Key management personnel
Brig. (R) Ghulam Hussain Ghumman	N/A	Key management personnel
Syed Rashid Kamal	N/A	Key management personnel
Naved Alam Zubairi	N/A	Key management personnel
Aftab Hussain	N/A	Key management personnel
Muhammad Khalid	N/A	Key management personnel
Asad Hasan	N/A	Key management personnel
Shehrzad Aminullah	N/A	Key management personnel
Najam Mahmud	N/A	Key management personnel
Muhammad Azhar	N/A	Key management personnel
Muhammad Ali Mirza	N/A	Key management personnel
Muhammad Naman Shah	N/A	Key management personnel
Abdul Majid	N/A	Key management personnel
Imran Ahmad Mirza	N/A	Key management personnel
M. A. Mannan	N/A	Director
Zahid Mir	N/A	Director
Abdul Jabbar Memon	N/A	Director
Muhammad Anwar	N/A	Director
Yousuf Naseem Khokar	N/A	Director
Amjad Nazir	N/A	Director
Sajid Mehmood Qazi	N/A	Director
Qazi Muhammad Saleem Siddiqui	N/A	Director
Zafar ul Islam Usmani	N/A	Director
Tara Uzra Dawood	N/A	Director
Humayun Khan Barakzai	N/A	Director
Muhammad Shahid Khan	N/A	Director
Irfan Ali	N/A	Director
Syed Asad Ali Shah	N/A	Subsidiary's Director
Mohammad Zubair	N/A	Subsidiary's Director
Mirza Mahmood Ahmad	N/A	Subsidiary's Director
Syed Mohammed Ali		Subsidiary's Director

(Amounts in Rs. '000)

43.2 Related parties comprise of associates, 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. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name of related parties and relationship with the Company	Nature of transactions	2019	2018
Associates			
- Pakistan Refinery Limited	Purchases	24,832,671	49,070,224
	Dividend received	26,040	-
	Income facility charges	233	704
- Pak Grease Manufacturing Company (Private) Limited	Purchases	87,799	84,128
	Dividend received	-	4,460
- Asia Petroleum Limited	Income facility charges	20,852	117,611
	Hospitality income	2,024	-
	Pipeline charges	225,204	1,270,200
Retirement benefit funds			
- Pension funds	Charge for the year	264,261	1,203,957
	Contributions	1,478,270	4,586,053
- Gratuity fund	Charge for the year	364,094	619,766
	Contributions	803,065	832,124
- Provident fund	Charge	173,467	134,509
	Contributions	166,957	134,509
- Contributory pension funds	Charge	56,529	-
	Contributions	53,271	-
	Mark-up paid on Term Finance Certificate	148	-
Key management personnel	Managerial remuneration	262,404	185,091
	Housing and utilities	127,614	101,800
	Performance bonus	48,035	28,364
	Other allowances and benefits	117,556	123,450
	Retirement benefits	78,800	61,560
	Leave encashment	21,188	3,524
	Vehicles having net book value of Rs. 1,070 (2018: Rs. 1,630) transferred under employee car scheme (sale proceeds)	1,835	9,896

43.3 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 Holding Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Holding Company. The Holding 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.

(Amounts in Rs. '000)

The Group 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 group considers are significant:

		2019	2018
- Government of Pakistan	Income from PIBs (net of amortisation)	-	237,682
	Dividend paid	805,935	1,648,503
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	208,010	123,816
- Pak-Arab Pipeline Company Limited	Pipeline charges	2,935,066	3,505,023
	Dividend received	271,998	240,702
- Oil and Gas Development Company Limited	Purchases	5,475,905	-
- Pakistan Petroleum Limited	Purchases	1,379,701	-
- GENCO	Gross Sales	22,727,571	79,911,508
	Utility charges	88,822	101,553
- Pakistan International Airlines Corporation Limited	Gross Sales	26,628,214	13,307,891
	Purchases	8,183	5,130
- Pak-Arab Refinery Limited	Purchases	154,755,142	129,166,014
	Pipeline charges	327,922	503,899
	Other expense	249,041	373,535
- Sui Northern Gas Pipeline Limited	Gross Sales	362,789,955	255,560,134
- K-Electric Limited	Gross Sales	63,492,131	49,044,469
	Income facility charges	41,757	45,349
	Utility charges	306,883	160,504

The transactions described below are collectively but not individually significant to these consolidated financial statements and therefore have been described below:

(i) The Group 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 Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.

(ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

(iii) The Group 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 Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

(iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Group utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Group also uses pipeline of Pak-Arab Refinery Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

(Amounts in Rs. '000)

(vi) The Group obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Group has obtained various financing facilities from National Bank of Pakistan.

(viii) The Group also pays dividend to various government related entities who are shareholders of the Group.

43.4 The status of outstanding receivables from and payables to related parties as at June 30, 2019 are included in respective notes to these consolidated financial statements.

43.5 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.

43.6 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 Group.

43.7 All the transactions with directors have been disclosed in the note 33.2.2 to these consolidated financial statements.

44. PROVIDENT FUND RELATED DISCLOSURES

44.1 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.

45. 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. Further, the corresponding numbers are not comparable as the Subsidiary Company was acquired during the year.

46. EVENTS AFTER THE REPORTING DATE

46.1 The Board of Management of the Holding Company in its meeting held on September 25, 2019 proposed (i) a final cash dividend of Rs. 5 per share amounting to Rs. 1,956,139 (ii) 20% bonus shares (78,245,550 shares) i.e. one share for every five ordinary shares held, for approval of the members at the Annual General Meeting.

46.2 The Finance Act, 2019, has levied a tax at the rate of 5% to be imposed on every public company that derives profit for a tax year but does not distribute atleast 20% of its after tax profits ('requisite dividend') within six months of the end of the tax year ('requisite time') through cash. Any liability in this respect will be recognised when the requisite time expires without the Group having distributed the requisite dividend.

47. CAPACITY AND ACTUAL PERFORMANCE

	Lube Manufacturing Plant		Crude Refining Plant
	Metric Ton		
	2019	2018	2019
	(Note 47.1)		(Note 47.2)
Available capacity	70,000	70,000	2,133,705
Actual production	40,386	46,205	1,627,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

(Amounts in Rs. '000)

47.1 The above pertain to production from Lube manufacturing plant of the Group and the production is carried out as per sales demand.

47.2 The production from the Crude refining plant of the Group is carried at the level which gives optimal yield of products.

48. NUMBER OF EMPLOYEES

	2019	2018
Total employees as at June 30	2,868	1,953
Average number of employees during the year	2,903	1,823

49. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on September 25, 2019 by the Board of Management.

Syed Jehangir Ali Shah Managing Director & CEO	Zafar Ul Islam Usmani Chairman-Board of Management	Yacoob Suttar Chief Financial Officer

Piloting Dreams

Conquering heights beyond the skies, PSO is piloting the success of the country with the largest aviation fuelling network in Pakistan. Powering aviation for decades, we help the nation fly.

STAKEHOLDERS' INFORMATION

Stakeholders' Engagement

PSO engages with its stakeholders both formally and informally, periodically and regularly. PSO believes in transparent and open communications with all its stakeholders and acknowledge that consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Such communications with the stake holders are in line with the regulatory considerations and ensure maintenance of corporate confidentiality. 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 maintains healthy relationships with institutional investors, corporations and other shareholders. 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

PSO's Customer Service Department provides after sales complaint and query services to existing and prospective customers. At PSO customer services is at the forefront. 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

Due to high receivables from Power Sector and SNGPL PSO had to resort on borrowings from banks. Accordingly, borrowings at optimal rates is critical for PSO. PSO's treasury department engages with banks on a continuous basis 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 operates in a regulated market and accordingly it 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

Media management is critical to the success of organizations these days. Your Company engages with the print and visual media through regular press releases, TVCs, social media and website to apprise general public on its key achievements, periodical results, CSR activities and other corporate events. This creates awareness in public about Company's products and services resulting in overall positive brand image of the Company.

Analysts

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 management realizes the role of analysts and their views on the future outlook of the Company. This helps Company in attracting potential investors.

Employees

The company has an open door policy for its employees which ensures continuous interactions of employees at all levels. 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.

CORPORATE BRIEFINGS

The Company conducts quarterly Corporate briefings for analysts in order to share details pertaining to results announced and to respond to any queries relating to results and future prospects. Company also encourages Shareholders to attend such meetings so that they also become more knowledgeable about their Company.. The following is the summary of important discussions that took place in response to various queries in the 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 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 further in FY 19 due to power production shift on LNG. This has led to a change in the Country's energy mix.
- PSO has been focusing on its Non fuel retail sector and Cards segment. The Company has started variated 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. The Company in the latter part of FY 19 regained some of its lost share in white oil segment.

The Company is also planning to hold a Corporate Briefing session soon with its shareholders and Analysts on results of FY 19 and to update them on the current situation of Company and its future prospects.

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, 2019

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
4,491	1	100	138,427
4,008	101	500	1,088,423
2,079	501	1,000	1,599,018
4,043	1,001	5,000	9,545,918
938	5,001	10,000	6,682,087
373	10,001	15,000	4,580,897
194	15,001	20,000	3,378,179
126	20,001	25,000	2,835,972
73	25,001	30,000	2,022,851
62	30,001	35,000	2,007,643
29	35,001	40,000	1,084,087
62	40,001	45,000	2,648,382
35	45,001	50,000	1,670,890
18	50,001	55,000	949,000
14	55,001	60,000	816,848
17	60,001	65,000	1,067,802
15	65,001	70,000	1,017,770
18	70,001	75,000	1,301,785
18	75,001	80,000	1,398,893
5	80,001	85,000	414,765
9	85,001	90,000	791,724
9	90,001	95,000	836,265
7	95,001	100,000	683,680
4	100,001	105,000	406,954
6	105,001	110,000	650,866
7	110,001	115,000	783,565
11	115,001	120,000	1,281,708
2	120,001	125,000	243,805
2	125,001	130,000	254,290
4	130,001	135,000	526,197
3	140,001	145,000	430,151
6	145,001	150,000	878,940
1	150,001	155,000	154,900
4	155,001	160,000	625,913
2	160,001	165,000	327,468
4	165,001	170,000	670,411
1	170,001	175,000	170,300
5	175,001	180,000	887,923
2	180,001	185,000	364,569
3	185,001	190,000	557,930
3	190,001	195,000	576,146
5	195,001	200,000	990,702
2	200,001	205,000	406,718
1	210,001	215,000	215,000
1	215,001	220,000	219,840

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
1	220,001	225,000	223,951
2	225,001	230,000	456,940
1	245,001	250,000	246,618
2	250,001	255,000	507,360
1	255,001	260,000	258,048
2	260,001	265,000	523,609
2	265,001	270,000	534,841
2	270,001	275,000	543,523
3	275,001	280,000	835,681
3	280,001	285,000	844,926
1	285,001	290,000	288,000
2	295,001	300,000	595,919
1	310,001	315,000	313,380
2	315,001	320,000	635,477
1	320,001	325,000	325,000
1	335,001	340,000	336,360
1	340,001	345,000	344,866
1	355,001	360,000	358,387
1	365,001	370,000	367,505
2	370,001	375,000	747,222
1	375,001	380,000	379,500
2	380,001	385,000	765,974
1	385,001	390,000	386,000
1	395,001	400,000	398,888
2	405,001	410,000	815,660
1	410,001	415,000	412,640
1	425,001	430,000	429,200
3	435,001	440,000	1,313,324
1	445,001	450,000	450,000
1	450,001	455,000	452,390
2	465,001	470,000	935,415
1	470,001	475,000	473,357
2	475,001	480,000	951,804
1	480,001	485,000	484,360
2	490,001	495,000	981,100
1	500,001	505,000	502,093
1	510,001	515,000	513,053
1	530,001	535,000	531,873
1	575,001	580,000	575,096
1	585,001	590,000	588,300
2	595,001	600,000	1,199,617
1	600,001	605,000	601,953
1	615,001	620,000	616,391
1	625,001	630,000	628,266
1	655,001	660,000	660,000
1	660,001	665,000	661,354

PATTERN OF SHAREHOLDING

As at June 30, 2019

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
2	755,001	760,000	1,513,514
1	760,001	765,000	760,246
2	770,001	775,000	1,542,533
2	810,001	815,000	1,623,454
1	815,001	820,000	819,960
1	830,001	835,000	833,574
1	850,001	855,000	852,000
1	885,001	890,000	886,388
1	920,001	925,000	924,280
1	955,001	960,000	959,840
1	990,001	995,000	991,840
2	1,010,001	1,015,000	2,028,062
1	1,025,001	1,030,000	1,029,332
1	1,145,001	1,150,000	1,149,963
1	1,155,001	1,160,000	1,158,462
1	1,170,001	1,175,000	1,173,484
1	1,225,001	1,230,000	1,228,680
1	1,285,001	1,290,000	1,285,378
1	1,320,001	1,325,000	1,323,000
1	1,325,001	1,330,000	1,326,395
1	1,370,001	1,375,000	1,374,300
1	1,425,001	1,430,000	1,426,781
1	1,455,001	1,460,000	1,455,500
1	1,535,001	1,540,000	1,537,200
1	1,565,001	1,570,000	1,565,296
1	1,590,001	1,595,000	1,590,480
1	1,715,001	1,720,000	1,717,018
1	1,935,001	1,940,000	1,935,826
1	2,090,001	2,095,000	2,094,300
1	2,140,001	2,145,000	2,140,560
1	2,155,001	2,160,000	2,160,000
1	2,205,001	2,210,000	2,208,618
1	2,540,001	2,545,000	2,543,338
1	2,750,001	2,755,000	2,754,808
1	4,410,001	4,415,000	4,413,878
1	4,435,001	4,440,000	4,435,320
1	4,970,001	4,975,000	4,974,593
1	6,830,001	6,835,000	6,832,800
1	8,455,001	8,460,000	8,456,828
1	11,885,001	11,890,000	11,886,307
1	18,855,001	18,860,000	18,857,010
1	22,610,001	22,615,000	22,614,052
1	26,505,001	26,510,000	26,508,652
1	58,230,001	58,235,000	58,232,965
1	87,920,001	87,925,000	87,920,112
16837			**391,227,750**

SHAREHOLDERS' CATEGORIES

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive officer and their spouse and minor children	2	1,532	0.00
Associated companies, undertakings and related parties:			
Government of Pakistan	1	87,920,112	22.47
GoP's indirect holding:- PSOCL Employees Empowerment Trust	1	11,886,307	3.04
NIT and ICP	2	343,200	0.09
Banks, Development Financial Institutions, Non-Banking Financial Institutions	42	21,483,519	5.49
Insurance Companies	20	36,052,689	9.22
Modarabas and Mutual Funds	97	59,187,553	15.13
Shareholders holding 10% or more:			
NBP, Trustee Department	1	58,232,965	14.88
General Public:			
Resident	15,682	56,238,505	14.37
Non-resident	539	1,883,260	0.48
Others:			
Non-Resident Companies	124	24,601,411	6.29
Public Sector Companies & Corporations and Joint Stock Companies	192	28,074,238	7.18
Employee Trusts / Funds etc.	134	5,322,459	1.36
	16,837	391,227,750	100.00

PATTERN OF SHAREHOLDING

As at June 30, 2019

Additional Information

Information on shareholding required under reporting framework of the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 is as follows:

Categories of Shareholders	No. of Shareholders	No. of Shares Held
Associated companies, undertakings and related parties:		
Government of Pakistan	1	87,920,112
GoP's indirect holding:- PSOCL Employees Empowerment Trust	1	11,886,307
Mutual Funds	94	59,168,087
Members - Board of Management and their spouse and minor children:		
Ms. Tara Uzra Dawood	1	500
Mr. Mohammad Shahid Khan	1	1,032
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies, Takaful Companies and Modarabas	68	57,725,454

Shareholders holding five percent or more voting rights	No. of Shareholders	No. of Shares Held
Government of Pakistan	1	87,920,112
National Bank of Pakistan (Trustee Wing)	1	58,232,965
State Life Insurance Corporation of Pakistan	1	26,508,652
CDC Trustee PICIC Growth Fund	1	22,614,052

SHAREHOLDERS AND INVESTORS INFORMATION

Annual General Meeting

The annual shareholders' meeting will be held at 01:45 p.m. on October 28, 2019 at Grand Ball Room, Pearl Continental 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)
Government of Pakistan (GoP)
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 Companies Advisory Council (OCAC)
Oil and Gas Regulatory Authority (OGRA)
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)
Same Period Last Year (SPLY)
Superior Kerosene Oil (SKO)

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

نئے پلیئرز کی آمد سے ریٹیل کے شعبہ کا منظر نامہ سخت مقابلے کی وجہ سے مکمل تبدیل ہو چکا ہے۔ انتظامیہ تیزی سے رونما ہونے والی ان تبدیلیوں سے آگاہ ہے اور اس صورتحال سے نمٹنے کے لئے بھرپور کوششیں کررہی ہے تاکہ اس کے ساتھ صارفین کو بہتر مصنوعات کی فراہمی عمل میں لائی جا سکے اور صارفین کی توقعات کو پورا کرنے اور پائیدار ترقی کو یقینی بنانے کیلئے جامع حکمت عملی بھی مرتب کی جارہی ہے۔

گروپ کا مقصد قوم کی ضروریات کو پورا کرنے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کے سرمائے میں بھی اضافہ کرنا ہے جبکہ بدلتے ہوئے بیرونی ماحول کے پیش نظر گروپ توانائی کے جدید حل فراہم کرنے اور کسٹمر کے تجربے کو مزید وسعت بخشنے کیلئے مزید اقدامات کررہا ہے:

- انڈسٹری کے بہترین طرز عمل کے مطابق حفاظتی معیارات کا اطلاق اوراعادہ کرنا
- افرادی قوت کی تربیت اورنشوونما کے ذریعے انسانی وسائل کا بہتر استعمال
- صارفین کو معیار اور مختلف پیشکشوں کے ذریعے متوجہ کرنا اور اپنی برانڈ ایکویٹی کوفروغ دینا
- سپلائی چین انفراسٹرکچر میں بہتری اور موٴثر سورسنگ کا انتظام کرنا
- آٹومیشن آف پروسیسز
- کاروباری شراکت داروں اور سرمایہ کاری کے مواقع دریافت کرنا

بورڈ تمام ملازمین، اسٹیک ہولڈرز اور شراکت داروں کا ان کے تعاون کے لئے شکرگزار ہے۔ ہم اس موقع پر حکومت پاکستان، بالخصوص وزارت توانائی اور پیٹرولیم ڈویژن کا انکی مسلسل رہنمائی اور حمایت پر ان کا شکریہ ادا کرتے ہیں۔

حقیقی قدر بڑھانے اور اپنی ذمہ داریوں (واجبات) سے معمول کے کاروباری طریقوں کے مطابق عہدہ برآں ہوسکے گی۔

گروپ کی کریڈٹ ریٹنگ

مالی سال کے دوران، گروپ میں موجود کمپنیوں کی کریڈٹ ریٹنگ کو متعلقہ ویلوز کے ذریعے اس طرح جانچا گیا ہے۔

کمپنی	طویل مدتی	قلیل مدتی	آؤٹ لک
پی ایس او	اے ون پلس (A1+)	اے اے پلس (AA+)	مستحکم
پی آر ایل	اے مائنس (A-)	اے ٹو (A2)	مستحکم

اس درجہ بندی میں اعلیٰ کریڈٹ کوالٹی اور کم کریڈٹ رسک کی توقع ظاہر کی گئی ہے جیسا کہ مالی کمٹمنٹس کی بروقت ادائیگی کی مستحکم استعداد۔

اندرونی مالیاتی معاملات کو کنٹرول کرنے کی قابلیت

ہولڈنگ اور ماتحت کمپنیوں نے داخلی مالیاتی نظام کو کنٹرول کرنے کیلئے موثر نظام قائم کیا ہے۔ اندرونی کنٹرولز کے نفاذ کی باقاعدہ طور پر آزاد داخلی آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے جو براہ راست متعلقہ آڈٹ کمیٹیوں کو رپورٹ کرتی ہے۔ آڈٹ کمیٹیاں وقتاً فوقتاً اندرونی کنٹرول فریم ورک اور متعلقہ کمپنیوں کے مالی قابلیت کا جائزہ لیتی ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

گروپ میں موجود بورڈ اپنی ذمہ داریوں سے مکمل طور پر واقف ہیں جیسا کہ پبلک سیکٹر کمپنیوں (کارپوریٹ گورننس) رولز 2013 اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے ذریعہ بتایا گیا ہے۔

کارپوریٹ گورننس کے اعلیٰ معیار اور مستقل بہتری کے لئے گروپ کی اکنالجمنٹ مندرجہ ذیل ہے۔

- گروپ نے کارپوریٹ گورنس کے متعلقہ اصولوں کے مطابق کمپلائنس کیا ہے۔
- گروپ مینجمنٹ کی جانب سے مکمل مالیاتی سٹیٹمنٹ شفاف طریقے سے تیار کی گئی ہے، جس میں مکمل مالیاتی سٹیٹمنٹ، مالیاتی امور کی منصفانہ تقسیم، کیش فلو اور ایکویٹی میں تبدیلی بیان کی گئی ہے۔
- گروپ کی طرف سے بک آف اکاؤنٹ کو مناسب طور پر رکھا گیا ہے۔
- گروپ میں موجود کمپنیوں کے مالیاتی اکاؤنٹ پالیسیز مستقل طور پر لاگو کی گئی ہیں اور ان کا تخمینہ معقول انداز میں لگایا گیا ہے۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات جن کا پاکستان میں اطلاق ہے، سب پر عمل کیا گیا ہے اور اگر کسی پر عمل نہیں ہوا تو اسکے بارے بیان کر دیا گیا ہے۔
- اندرونی کنٹرول کا نظام بہتر طور پر نافذ ہے اور اسکی موثر انداز میں نگرانی کی جا رہی ہے۔
- نان ایگزیکٹو بورڈ ممبرز کو کوئی خصوصی مشاہرہ ادا نہیں کیا جاتا بلکہ ہر اجلاس میں شرکت پر انہیں ایک مقررہ فیس ادا کی جاتی ہے۔
- مذکورہ فیسوں کا فیصلہ پورے بورڈ نے اجتماعی طور پر کیا ہے۔
- گروپ میں اس کی اہلیت کے حوالے سے کوئی خاص قسم کے شبہات نہیں پائے جاتے۔
- کارپوریٹ گورنس کے حوالے سے بہترین طریقہ کار نافذ العمل ہے جیسا کہ پبلک سیکٹر کمپنیوں (کارپوریٹ گورنس) رولز 2013 اور لسٹڈ کمپنیاں (کارپوریٹ گورنس کا کوڈ) ریگولیشنز 2017 میں تفصیل سے بتایا گیا ہے۔
- گذشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار کو اس رپورٹ میں شامل نہیں کیا گیا کیونکہ یہ گروپ کی مالی سٹیٹمنٹ کے حوالے سے پہلا سال ہے۔
- بورڈ اراکین، ڈائریکٹرز، انکی کمیٹیوں، ان کی کی تشکیل، بورڈ کے اجلاسوں کی تعداد اور حاضری کے بارے میں معلومات سالانہ رپورٹ کی شیئر ہولڈرز رپورٹ کے ان کنسالیڈیٹڈ فنانشل سٹیٹمنٹ اور کارپوریٹ گورنس سیکشن شامل کی گئی ہیں۔
- گروپ کی 30 جون 2019 تک پروویڈنٹ، پنشن اور گریجوٹی فنڈز کے غیر آڈٹ شدہ اکاؤنٹس مندرجہ ذیل ہیں۔

فنڈز	روپے میں (ملین)
پی ایس او ایل مینجمنٹ امپلائز پنشن فنڈ	2,557
پی ایس او ایل ورکرز اسٹاف پنشن فنڈ	2,530
پی ایس او ایل ڈیفائینڈ کنٹریبیوشن پنشن فنڈ	5,730
پی ایس او ایل سٹاف پراویڈنٹ فنڈ	2,516
پی ایس او ایل ایمپلائیز پراویڈنٹ فنڈ	1,377
پی ایس او ایل ایمپلائیز گریجوٹی فنڈ	5,967
پی آر ایل پراویڈنٹ فنڈ	372
پی آر ایل گریجوٹی فنڈ۔ مینجمنٹ سٹاف	133
پی آر ایل گریجوٹی فنڈ۔ نان مینجمنٹ سٹاف	87
پی آر ایل پنشن فنڈ ۔ مینجمنٹ سٹاف	880
پی آر ایل پنشن فنڈ۔ نان مینجمنٹ سٹاف	99

ڈیویڈنڈ اور دیگر تخصیص

کمپنی کی کارکردگی کی بنیاد پر بورڈ آف مینجمنٹ کی جانب سے حتمی ڈیویڈنڈ 5 روپے فی شیئر (50% اور 20% سٹاک ڈیویڈنڈ تجویز کیا گیا جو کہ عبوری کیش ڈیویڈنڈ 5 روپے فی شیئر کے علاوہ ہے۔ مالی سال 2019 کیلئے کل ڈیویڈنڈ (بشمول اسٹاک ڈیویڈنڈ) 12 روپے فی شیئر (120%) تجویز کیا گیا ہے جو مالی سال 2018 میں 17 روپے فی شیئر (170%) تھا شیئر ہولڈرز کو 4.7 بلین روپے کی کل ادائیگی ہوگی جبکہ 2018 میں 5.5 ارب روپے ادا کیے گئے تھے۔

آڈیٹر

بورڈ آف مینجمنٹ نے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی تجویز پر میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائی فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس کو 30 جون 2020 کو ختم ہونے والے مالی سال کے گروپ کے فائنانشل اسٹیٹمنٹس کے لئے مشترکہ آڈیٹرز مقرر کیا ہے۔

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن ساتھ منسلک ہے۔

قومی خزانے میں حصہ

گروپ ٹیکس دہندہ ہونے پر فخر محسوس کرتا ہے اور اس بات کا اعتراف ایف بی آر نے بھی مختلف فورمز پر کیا ہے۔ مالی سال 2019 کے دوران ادارے نے 321 بلین روپے قومی خزانے میں جمع کروائے۔

صحت، تحفظ اور ماحولیات

پی ایس او ایک کامیاب اور پائیدار مستقبل کی طرف گامزن ہے۔ گروپ کاروباری استحکام کو ترقی کا بنیادی ستون سمجھتا ہے۔ گروپ اس بات کو یقینی بنائے ہوئے ہے کہ گروپ میں موجود ہر کمپنی تمام ریگولیٹری HSE پیرامیٹرز اور پالیسوں پر عمل پیرا ہیں۔

کارپوریٹ سوشل ریسپانسیبلیٹی

گروپ نے اس بات کو یقینی بنایا ہے کہ اس کے سی ایس آر اقدامات کی وجہ سے پاکستانی عوام کے معاشی اور معاشرتی حالات پر مثبت اثرات مرتب ہوں۔ گروپ چیریٹی پروگرامز کے ذریعے تعلیم، صحت، معاشرے کی تعمیر، ماحولیات اور آفات سے بچاؤ سے متعلق شعبوں میں فراخدلی سے فلاحی سرمایہ کاری کر رہا ہے۔

اس سال کے دوران گروپ کی جانب سے مندرجہ ذیل عطیات دیئے گئے:

شعبہ	روپے (ملین)
صحت	97
تعلیم	104
کمیونٹی بلڈنگ اینڈ ایوائرمنٹ	33
کل میزان	234

مستقبل کا بیان

گروپ ایک منظم صنعت کے طور پر کام کرتا ہے اور اس کی کارکردگی بنیادی طور پر متعدد قومی اور عالمی میکرو اکنامک اعشاریوں پر انحصار کرتی ہے جن میں جغرافیائی سیاسی ماحول، غیر یقینی صورتحال، تکنیکی ترقی، خام اور ریفائنڈ مصنوعات کی بین الاقوامی قیمتوں میں کمی بیشی روپے اور ڈالر میں اتار چڑھاؤ اور مالیاتی پالیسی میں ایڈجسٹمنٹ شامل ہیں۔ یہ تمام عوامل آنے والے سالوں میں گروپ کو درپیش چیلنجز اور مواقع کی عکاسی کرتے ہیں۔

ملک کا توانائی مکس فرنس آئل سے توانائی کے متبادل شعبوں، آر ایل این جی، کوئلہ اور قابل تجدید ذرائع میں تبدیل کیا جا رہا ہے۔ یہ حالات گروپ اور آئل مارکیٹنگ کی صنعت کیلئے تشویش کا باعث ہیں۔ پاور سیکٹر میں کم مانگ کے باعث یہ توقع کی جا رہی ہے کہ بلیک آئل انڈسٹری میں مزید کمی واقع ہوگی۔ انتظامیہ اس معاملے کا ادراک رکھتی ہے اور ر ایل این جی سے متعلق کاروبار کو بڑھانے اور ریفائنری اپ گریڈ پراجیکٹ پر کام جاری رکھنے کی کوششیں کر رہی ہے۔ ریفائنری اپ گریڈ پروجیکٹ اس بات کو یقینی بنائے گا کہ یورو II کے مطابق ہائی اسپیڈ ڈیزل پیدا کرنے کے لئے پی آر ایل ڈیزل ہائیڈروسلفورائزیشن یونٹ (ڈی ایچ ڈی ایس) کی تنصیب کے ضوابط پورے کر رہا ہے۔ اس منصوبے میں پروڈکٹ سلیٹ کو زیادہ منافع بخش بنانے پر بھی غور ہو رہا ہے لیکن بنیادی طور پر فرنس آئل کو پیٹرول اور ایچ ایس ڈی میں تبدیل کرنا اصل مطمع نظر ہے۔

مجموعی مالیاتی رپورٹ کے حوالے سے چیئرمین کا جائزہ

معزز شیئر ہولڈرز،

مجھے خوشی ہے کہ میں پی ایس او کے بورڈ آف مینجمنٹ کی جانب سے مالی سال 2019 کے لئے کمپنی کی اجتمائی کارکردگی آپ کے سامنے پیش کر رہا ہوں۔

مالی سال 2019 کے دوران، پی ایس او نے شیل پیٹرولیم کمپنی لمیٹڈ سے پاکستان ریفائنری لمیٹڈ (پی آر ایل) کے 84 ملین حصص حاصل کیے جس کے نتیجے میں پی آر ایل میں اس کی شیئر ہولڈنگ 52.68 فیصد ہوگئی ہے۔ پی ایس او کو اس سرمایہ کاری کے نتیجے میں مارکیٹ میں ان فریقوں کی نسبت زیادہ فائدہ پہنچے گا جن کے پاس ریفائنری کی سہولت موجود نہیں نتیجتاً یکم دسمبر 2018 سے پی ایس او اور پی آر ایل کے مابین تعلقات ایک بڑے سرپرست اور ماتحت ادارہ جیسے ہوگئے ہیں۔

حکومت اور اسٹیٹ بینک کے مختلف اصلاحی معاشی اقدامات کی بدولت سال 2019 نئے قائم ہونے والے گروپ کے لئے ایک چیلینجنگ سال رہا، خاص طور پر ڈسکاؤنٹ ریٹ میں اضافہ اور کرنسی کی قدر میں کمی میں نمایاں اضافہ ہوا۔ مجموعی معاشی سست روی اور کم ریفائنری مارجن نے بھی مارکیٹ میں موجود کھلاڑیوں کو دباؤ میں رکھا تاہم، گروپ نے بلاتعطل ایندھن کی سپلائی جاری رکھی تاکہ معیشت کا پہیہ چلتا رہے۔

مالی سال 2019 میں نئے مارکیٹ پلیئرز سے مسابقت، مجموعی طور پر آئل انڈسٹری سکڑنے کے باوجود گروپ نے 1,185 بلین سیلز ریونیو کمایا۔ مشترکہ بعد از ٹیکس منافع 15.1 بلین رہا جس کی وجہ سے فی شیئر آمدنی 36.55 روپے رہی۔

کمپنی کی کارکردگی کی بنیاد پر بورڈ آف مینجمنٹ کی جانب سے حتمی ڈیوڈنڈ 5 روپے فی شیئر (50 فیصد) اور 20 فیصد سٹاک ڈیوڈنڈ تجویز کیا گیا جو کہ عبوری کیش ڈیوڈنڈ 5 روپے فی شیئر کے علاوہ ہے۔ مالی سال 2019 کیلئے کل ڈیوڈنڈ (بشمول اسٹاک ڈیوڈنڈ) 12 روپے فی شیئر (120 فیصد) کا اعلان کیا گیا ہے جس کے نتیجے میں شیئر ہولڈرز کو 4.7 بلین روپے کی ادائیگی ہوگی۔ پی آر ایل کے بورڈ آف ڈائریکٹرز نے اس سال ڈیوڈنڈ کا اعلان نہیں کیا۔

گروپ آف کمپنیز کے بورڈز نے گڈ گورننس پر توجہ مرکوز رکھتے ہوئے چیلینجنگ کاروباری ماحول میں استحکام کو برقرار رکھا بورڈ اسٹیک ہولڈرز کے سرمائے کو زیادہ سے زیادہ بڑھانے اور اسکی قدر میں اضافہ کرنے کی اپنی ذمہ داری سے آگاہ ہے۔

میں حکومت پاکستان، خاص طور پر وزارت توانائی (پیٹرولیم ڈویژن) کے مستقل تعاون اور رہنمائی کیلئے ان کا شکریہ ادا کرنا چاہتا ہوں اور اس کے علاوہ میں گروپ کی مینجمنٹ اور ملازمین کی انتھک کاوشوں کو بھی قدر کی نگاہ سے دیکھتا ہوں۔

ظفر الاسلام عثمانی
چیئرمین
27 ستمبر 2019
کراچی

اجتماعی مالیاتی گوشواروں کے حوالے سے شیئر ہولڈرز کو رپورٹ

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (ہولڈنگ کمپنی) کا بورڈ آف مینجمنٹ 30 جون 2019 کو ختم ہونے والے مالی سال میں گروپ کی مستحکم مالی اور آپریشنل کارکردگی کے حوالے سے مکمل رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

گروپ کا ڈھانچہ

مالی سال 2019 کے دوران، ہولڈنگ کمپنی نے شیل پیٹرولیم کمپنی لمیٹڈ سے پاکستان ریفائنری لمیٹڈ (پی آر ایل) کے 84 ملین حصص حاصل کیے جس کے نتیجے میں پی آر ایل میں اس کی شیئر ہولڈنگ 24.11 فیصد سے بڑھ کر 52.68 فیصد ہوگئی ہے۔ نتیجتاً، پی ایس او اور پی آر ایل کے مابین تعلقات یکم دسمبر 2018 سے ایک سرپرست اور ماتحت ادارہ جیسے ہوگئے ہیں۔ اس سرمایہ کاری کا مقصد سپلائی کے مستقل ذریعے کو یقینی بنانے کے لئے تمام وسائل کو یکجا کرنا ہے۔ ہولڈنگ کمپنی ایک پبلک لمیٹڈ کمپنی ہے جس کا 1976 میں قیام ہوا ہے اور یہ پاکستان اسٹاک ایکسچینج لمیٹڈ میں اس کا اندراج ہے۔ ہولڈنگ کمپنی کے بنیادی مقاصد ملک میں پیٹرولیم اور اس سے متعلق مصنوعات کی خریداری، اسٹوریج اور مارکیٹنگ ہیں۔ اس کے علاوہ یہ مختلف لبریکیٹنگ آئلز کی بلینڈنگ اور مارکیٹنگ کا کام بھی کرتی ہے۔

پی آر ایل کو مئی 1960 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر شامل کیا گیا تھا اور وہ پاکستان اسٹاک ایکسچینج میں بھی اس کا اندراج ہے۔ سبسڈری کمپنی پیٹرولیم مصنوعات کی تیاری اور فروخت کرتی ہے۔

گروپ کی مالی کارکردگی

مالی سال 2019 میں نئے مارکیٹ پلیئرز سے مسابقت، مجموعی طور پر آئل انڈسٹری سکڑنے اور منفی معاشی اعشاریوں کے باوجود گروپ نے 1,185 بلین روپے سیلز ریونیو کمایا جو کہ مجموعی طور پر 32.8 بلین روپے کا منافع ظاہر کرتا ہے۔ بنیادی طور پر بین الاقوامی منڈیوں میں پیٹرول کی قیمتوں میں غیر معمولی کمی، ریفائنریگ کی شرح میں کمی، شرح سود میں اضافہ اور درآمدات کے حوالے سے ایکسچینج ریٹ کے ناسازگار حالات کی وجہ سے پی آر ایل کو مشکلات کا سامنا کرنا پڑا۔

ایک سال کے دوران پاکستانی روپیہ کی قیمت میں 35 فیصد کمی ہونے کی وجہ سے گروپ کو تقریباً 6 بلین کے لگ بھگ زرمبادلہ کا نقصان ہوا۔ گروپ نے آپریٹنگ کاسٹ میں 18 ارب جبکہ مالیاتی لاگت کی مد میں 9.9 بلین خرچ کئے۔ مالیاتی لاگت میں اس لئے نمایاں اضافہ ہوا کیونکہ اسٹیٹ بینک آف پاکستان نے منی مارکیٹ کے حوالے سے جرات مندانہ فیصلے کرتے ہوئے شرح سود کو دوگنا بڑھاتے ہوئے 6.5 فیصد سے بڑھا کر 12.25 فیصد کردیا۔ گروپ نے مالی سال میں مجموعی طور پر پی آر ایل کی وجہ سے 16.9 ملین منافع حاصل کیا۔ دیگر آمدنی میں پی آر ایل کے حصول پر 2.8 ارب روپے کا فائدہ بھی شامل ہے، جو ماتحت ادارہ کی منصفانہ تخمینہ کی وجہ سے ممکن ہوا۔ مشترکہ بعد از ٹیکس منافع 15.1 بلین روپے رہا جس کی وجہ سے فی شیئر آمدنی 36.55 روپے رہی۔

دیگر معاشی اور آپریشنل ہائی لائیٹس

- مالی سال کے دوران، گروپ نے صارفین کے ساتھ رابطوں کیلئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز آئی ایف آر ایس - 9 مالیاتی آلات اور آئی ایف آر سی - 15 اپنائے۔
- حکومت کی جانب سے بجلی گھروں کو آر ایل این جی پر منتقل کرنے کے فیصلے کی وجہ سے اس سال فرنس آئل کی طلب میں کافی حد تک کمی واقع ہوئی ہے۔ فرنس آئل انوینٹری کی تشکیل اور صارفین کو اس جانب راغب کرنے کے لئے فرنس آئل کی قیمت میں کمی کی وجہ سے گروپ کے منافع پر منفی اثر پڑا ہے۔
- پی آر ایل ریفائنری اپ گریڈ پروجیکٹ پر کام جاری رکھے ہوئے ہے جس میں یورو II کے مطابق ہائی اسپیڈ ڈیزل تیار کرنے کے لئے ڈی ایچ ڈی ایس یونٹ کی تنصیب کی ریگولیٹری ضروریات کو پورا کرنا بھی شامل ہے۔ اس منصوبے میں پروڈکٹ سلیٹ کو منافع بخش بنانے پر بھی غور کیا گیا جس کے مطابق فرنس آئل کو پیٹرول اور ایچ ایس ڈی میں تبدیل کرنا ہے۔ چونکہ غیر ملکی مشیر کے ساتھ تفصیلی فزیبلٹی اسٹڈی مکمل ہوچکی ہے اسلئے بورڈ آف ڈائریکٹرز نے ریفائنری اپ گریڈ پروجیکٹ کی منظوری دے دی ہے۔

خطرات اور غیر یقینی صورتحال

گروپ حکومت پاکستان کے پالیسی کے تحت کام کرتا ہے اور وزارت توانائی مختلف مصنوعات کی قیمتوں کی باقاعدگی سے نگرانی کرتی ہے۔ خام تیل اور پیٹرولیم مصنوعات کی بین الاقوامی قیمتوں میں تبدیلی اور شرح مبادلہ کے حوالے سے حکومتی فیصلے گروپ کے منافع پر خاطر خواہ اثر ڈالتے ہیں۔ جیسا کہ گروپ نے قرضہ جات لیے ہوئے ہیں لہٰذا ڈسکاؤنٹ ریٹ میں کوئی بھی تبدیلی گروپ کی آمدنی کو متاثر کرے گی خواہ مثبت ہو یا منفی۔

مالی سال 2019 میں پی آر ایل کو خالص نقصان ہوا تاہم یہ توقع کی جارہی ہے کہ آئندہ برسوں میں ادائیگی کے مارجن بہتر ہونے سے بہتری آئے گی۔ یہ امید کی جاسکتی ہے کہ معاشی استحکام میں بہتری، روپے کی قیمت میں استحکام اور آئندہ کاروباری منصوبوں جس میں ریفائنری کو اپ گریڈ کرنا شامل ہے کی بدولت پی آر ایل اپنے اثاثہ جات کی

جبکہ ٹینک لاریوں پر روڈ سیفٹی کی پاسداری میں بھی بہتری لائی گئی۔

- مالی سال 2019 میں کمپنی نے پاکستان ریفائنری لمیٹڈ میں شیل کے حصص کا حصول مکمل کیا جس سے پی ایس او کی حصص داری 52.68 فیصد تک پہنچ گئی۔ اس حصول کی بدولت پی ایس او کی سپلائی چین کو عمودی خطوط پر ضم کرنے اور مزید مستحکم بنانے میں مدد ملے گی۔

- پورے سال کے دوران ادارے میں ہر سطح پر صحت و تحفظ کے کلچر کو مضبوط بنانے کا سلسلہ جاری رہا۔ بہتری کے مختلف شعبوں مثلاً ''انسیڈنٹ انوسٹی گیشن اینڈ رپورٹنگ اینڈ لرننگ''، ہنگامی جوابی اقدام کے منصوبوں کے استحکام، کمپنی اور کنٹریکٹر دونوں کے عملہ کی ڈرلز، 'مینجمنٹ آف چینج' (ایم او سی)، 'پرمٹ ٹو ورک' (پی ٹی ڈبلیو) وغیرہ پر زور دینے کے لئے خطرات پر مبنی لائحہ عمل اپنایا گیا۔

- پی ایس او نے سٹوریج کی نئی سہولیات کی تعمیر اور موجودہ سہولیات کی بحالی کے لئے کنٹریکٹ کا اجراء کیا۔ سٹوریج کی یہ سہولیات تکمیل پر کمپنی کو اپنی روزانہ دستیابی بڑھانے، آپریشنز میں لچکدار کیفیت بہتر بنانے اور آپریشنل اخراجات میں کمی لانے میں مدد دیں گی۔

- منافع میں اضافہ کے لئے ڈیجی کیش کے نام سے بزنس ٹو کنزیومر کارڈ کے اجراء جیسے مختلف اقدامات کئے گئے۔ یہ کارڈ اب کامیابی کی ایک مثال بن چکا ہے جس کا اندازہ متعلقہ عوام کی جانب سے اس کے بھرپور خیر مقدم سے لگایا جا سکتا ہے۔

پی ایس او اپنے سپلائی چین کو مستحکم بنانے کیلئے حکومت سے حکومت کے درمیان سمجھوتے کے تحت سعودی آرامکو کے ساتھ پاکستان میں گرین فیلڈ ریفائنری کے قیام پر کام کر رہا ہے۔

زیر عمل پروجیکٹس میں پیش رفت کی صورتحال

پی ایس او نے اپنے مقاصد کی روشنی میں زیر نظر مدت کے دوران متعدد پراجیکٹس کا آغاز کیا۔ ان پراجیکٹس میں خاص طور پر کسٹمرز کے تجربات میں بہتری لانے، سپلائی چین کی بنیادی ڈھانچے کی سہولیات کی ترقی اور کاروباری سرگرمیوں کی آٹومیشن پر زور دیا گیا۔ پی ایس او نے زیر نظر مدت کے دوران نئی سٹوریج سہولیات کی ترقی اور موجودہ سہولیات کی بحالی کے کام کا آغاز کیا۔ اس سے کمپنی کو اپنے آپریشنز کی کارکردگی بہتر بنانے اور دستیابی کے دنوں میں اضافہ کرنے میں مدد ملے گی۔ کورنگی کیماڑی لنک پائپ لائن پراجیکٹ بھی اگلے مرحلے کی جانب بڑھ چکا ہے جس کے لئے ضروری منظوری کا انتظام کر لیا گیا ہے۔ پی ایس او نے کسٹمرز کے تجربات میں بہتری لانے کی مہم جاری رکھی اور اس سلسلے میں نئے ریٹیل آؤٹ لیٹس کھولے گئے، کنوینئنس سٹورز 'سی سٹورز' کی تزئین نو کی گئی اور فورکورٹ میں مزید سہولیات فراہم کی گئیں۔

ذرائع معلومات اور مفروضہ جات

سٹریٹجک منصوبہ بندی کے لئے پی ایس او کے مفروضہ جات کثیر سطحی سوچ پر مبنی ہیں جس میں متعدد اندرونی و بیرونی عوامل مثلاً پروڈکٹ کی طلب پر اثرات مرتب کرنے والے متعدد میکرو اکنامک عوامل شامل ہیں جو دور رس منصوبہ بندی میں کام آ سکتے ہوں۔ مزید برآں، پاکستان آٹوموبائل مینوفیکچررز ایسوی ایشن (پاما)، عالمی بینک، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) اور ایشیائی ترقیاتی بینک کی طرف سے شائع شدہ مواد کو بھی آئندہ مالی سال کے مفروضوں کی تیاری میں پیش نظر رکھا گیا ہے۔

مستقبل کا بیان

پی ایس او کی کارکردگی کا انحصار بڑی حد تک ملکی اور عالمی میکرو اکنامک اشاریوں پر ہے جن میں دیگر کے علاوہ جغرافیائی و سیاسی ماحول کی بے یقینی، ٹیکنالوجی کے میدان میں ترقی، سکیورٹی صورتحال اور آب وہوا سے متعلق خدشات بھی شامل ہیں۔ یہ آنے والے سالوں میں پی ایس او کے لئے مختلف مواقع اور چیلنجوں کی شکل اختیار کر سکتے ہیں اور ملک کے ہر لحہ بدلتے ماحول کے نقطہ نظر سے ان کے مطابق تیاری ضروری ہے۔

ملک کی معاشی صورتحال مالی سال 2019 میں سست رہی اور اصل جی ڈی پی میں افزائش کی شرح 3.3 فیصد کے لگ بھگ متوقع ہے۔ مزید برآں، وائٹ آئل کی مصنوعات کے سب سے بڑے صارف ٹرانسپورٹ کے شعبے میں بھی 4 فیصد کے لگ بھگ افزائش دیکھنے میں آئی۔

ریٹیل کا شعبہ جو وائٹ آئل کا بڑا صارف ہے، نئی کمپنیوں کی آمد کے باعث سخت مقابلے اور صارفین کی مانگ میں تبدیلیوں کی وجہ سے تغیر کے عمل سے گزر رہا ہے۔ مینجمنٹ تیزی سے آتی ہوئی ان تبدیلیوں سے پوری طرح آگاہ ہے اور کسٹمرز کی مانگ میں آنے والی تبدیلی کے مطابق چلنے کے لئے بھرپور کوششیں کر رہی ہے جن میں نئی مصنوعات کا اضافہ، فورکورٹ میں خریداری کے تجربے میں بہتری، جدت آمیز خدمات کا اجراء اور جدید ترین نان فیول ریٹیل پراڈکٹس کی فراہمی، اور صارفین کی سہولت کے لئے مختلف خدمات شامل ہیں۔ کسٹمرز کی توقعات پر پورا اترتے ہوئے پائیدار افزائش یقینی بنانے کے لئے جامع حکمت عملیاں وضع کی جا رہی ہیں۔

ملک کے انرجی مکس میں مسلسل تبدیلی آ رہی ہے جس میں بجلی کا شعبہ فرنس آئل سے توانائی کے متبادل ذرائع بشمول آر ایل این جی، کوئلے اور قابل تجدید ذرائع کی طرف منتقل ہو رہا ہے۔ یہ پی ایس او اور آئل کی مارکیٹنگ انڈسٹری کے لئے مستقبل میں ایک بڑا چیلنج ہے۔ مذکورہ بالا وجوہات کی بناء پر بجلی کے شعبے کی جانب سے طلب میں کمی آنے سے توقع کی جا رہی ہے کہ بلیک آئل کی صنعت میں نمایاں کمی کا رجحان دیکھنے کو ملے گا۔ مینجمنٹ ان امور سے پوری طرح آگاہ ہے اور ایل این جی بزنس کو برقرار رکھنے کے لئے کوششیں کر رہی ہے۔ مزید برآں، انرجی مکس میں اس تبدیلی کے باعث آمدنی میں آنے والی کمی کو دور کرنے کے لئے ایل این جی کا اضافی بزنس حاصل کرنے کی کوششیں بھی کی جا رہی ہیں۔

مینجمنٹ دیگر قابل ذکر بیرونی عوامل سے بھی بخوبی آگاہ ہے جو طویل مدت میں کمپنی کی کارکردگی پر نمایاں اثرات مرتب کر سکتے ہیں مثلاً تیل کی عالمی قیمتوں کا اتار چڑھاؤ، جغرافیائی و سیاسی ماحول، الیکٹرک گاڑیوں کے شعبے میں ٹیکنالوجی کی منتقلی، تیل کی صنعت میں قواعد و ضوابط اور مسابقت کا ماحول اور ملک میں آمدنی و تصرف کے رجحانات وغیرہ۔ ان حالات کی روشنی میں کمپنی کی سٹریٹجک سمت طے کر دی گئی ہے تاکہ بیرونی ماحول کو بے یقینی کا شکار بنانے والے ان عوامل سے موثر طور پر نمٹا جا سکے۔

پی ایس او قوم کی ضروریات کو پورا کرنے کے ساتھ ساتھ اپنے شیئر ہولڈرز کے لئے زیادہ سے زیادہ ثمرات یقینی بنانے کے لئے سرگرم عمل ہے۔ بدلتے بیرونی ماحول کے پیش نظر توقع ہے کہ پی ایس او جدت آمیز سہولیات فراہم کرے گا اور درج ذیل اقدامات کے ذریعے کسٹمر کے لئے شاندار تجربے کو یقینی بنائے گا:

- انڈسٹری کے بہترین مروجہ طریقوں کی روشنی میں تحفظ و سلامتی کے معیارات پر عملدرآمد اور انہیں مضبوط بنانا۔
- افرادی قوت کی تربیت و ترویج کے لئے ہیومن ریسورس پر خاص توجہ دینا۔
- شیئر ہولڈرز کے ثمرات میں اضافہ کے لئے معیاری اور جدت آمیز مصنوعات کے ذریعے ساکھ میں بہتری۔
- ڈاؤن سٹریم پٹرولیم مارکیٹ میں اپنی قائدانہ حیثیت کو برقرار رکھنا۔ توقع ہے کہ کمپنی انرجی مکس میں تبدیلی کے باعث ریونیو میں آنے والی کمی کو پورا کرنے کے لئے نئے شعبوں میں قدم رکھے گی اور انہیں وسعت دے گی۔
- سپلائی چین میں بنیادی ڈھانچے کی سہولیات میں بہتری اور پروڈکٹ کی موثر سورسنگ۔
- کاروباری سرگرمیوں میں انقلابی تبدیلیاں لانے کے لئے آٹومیشن۔
- سٹریٹجک پارٹنرز کے ساتھ ڈاؤن سٹریم بزنس میں سرمایہ کاری کے مواقع کا جائزہ۔

بورڈ آف مینجمنٹ میں تبدیلیاں

مالی سال کے دوران بورڈ آف مینجمنٹ میں مندرجہ ذیل تبدیلیاں کی گئیں:

- شیخ عمران الحق 31 اگست، 2018 کو چیف ایگزیکٹو آفیسر/ مینجنگ ڈائریکٹر کی حیثیت سے اپنی مدت پوری ہونے پر کمپنی سے رخصت ہو گئے۔
- جناب جہانگیر علی شاہ کو 6 ستمبر 2018 سے کمپنی کے قائم مقام چیف ایگزیکٹو /مینجنگ ڈائریکٹر کے طور پر تعینات کیا گیا۔ اس وقت سے ان کی بطور قائم مقام تعیناتی کی وقتاً فوقتاً تجدید کی جاتی رہی اور تازہ ترین تجدید 3 جون 2019 کو کی گئی۔
- 22 نومبر 2018 کو قاضی محمد سلیم صدیقی بورڈ میں جناب عبدالجبار میمن کی جگہ شامل کئے گئے۔
- 21 فروری 2019 کو ایک نوٹیفکیشن کے ذریعے حکومت پاکستان نے پی ایس او کے بورڈ میں فوری طور پر نافذ العمل تبدیلیاں کیں۔
- مذکورہ تبدیلی کے تحت جناب امجد نذیر اور جناب یوسف نسیم کھوکھر کی بورڈ آف مینجمنٹ کی رکنیت ختم ہوئی اور ذیل میں دیے گئے ممبرز کو فی الفور شامل کیا گیا:

- جناب ظفر الاسلام عثمانی (چیئرمین)
- جناب محمد شاہد خان (ممبر)
- محترمہ ثارا عذرا داؤد (ممبر)
- جناب عرفان علی (ممبر)
- جناب محمد ہمایوں خان بارکزئی (ممبر)

بورڈ رخصت ہونے والے ممبران شیخ عمران الحق، جناب عبدالجبار میمن، جناب امجد نذیر اور جناب یوسف نسیم کھوکھر کی قابل ذکر خدمات کی ستائش کرتا ہے اور نئے ارکان کا خیر مقدم کرتا ہے۔

معاون ادارے

ایشیا پٹرولیم لمیٹڈ

ایشیا پٹرولیم لمیٹڈ (اے پی ایل) پاکستان میں ایک غیر فہرست شدہ عوامی کمپنی کے طور پر 17 جولائی، 1994 کو شامل ہوئی۔ بنیادی طور پر کمپنی کا قیام حب (بلوچستان) میں واقع حب پاور لمیٹڈ کو "ریزیڈیول فیول" کی ترسیل کے لئے عمل میں آیا۔ پی ایس او نے اس مقصد کے لئے، پیپری سے حبکو میں ذوالفقار آباد ٹرمینل سے زیر زمین تیل کی پائپ لائن ڈالی۔ پی ایس او کا اے پی ایل میں 49 فیصد حصہ ہے۔

پاک گریس مینوفیکچررز کمپنی (پرائیوٹ) لمیٹڈ

پاک گریس مینوفیکچررز کمپنی (پرائیوٹ) لمیٹڈ 10 مارچ، 1965 پرائیوٹ لمیٹڈ کے طور پر شامل ہوئی۔ اس کمپنی کا مقصد پیٹرولیم لبریکنٹس مصنوعات کی تیاری اور فروخت کرنا ہے۔ پی ایس او پی جی ایم سی ایل میں 22 فی صد ایکوئٹی کا حصہ دار ہے۔

پاکستان ریفائنری لمیٹڈ

پاکستان ریفائنری لمیٹڈ (پی آر ایل (1960 میں بطور پبلک لمیٹڈ کمپنی شامل ہوئی اور پاکستان اسٹاک ایکسچینج میں بھی لسٹڈ ہے۔ ریفائنری کراچی کے ساحلی بیلٹ پر واقع ہے اور اسے ملک کی اسٹریٹیجک اور مقامی ایندھن کی ضروریات کو پورا کرنے کیلئے مختلف درآمد شدہ اور مقامی خام تیل کو پراسیس کرنے کے لئے ڈیزائن کیا گیا ہے۔ مالی سال کے دوران کمپنی نے شیل کمپنی لمیٹڈ سے پی آر ایل کے مزید 84 ملین حصص حاصل کر لئے جس کے باعث کمپنی کے پی آر ایل میں شیئر ہولڈنگ 24.11 فیصد سے بڑھ کر 52.68 فیصد ہوئی اور یہ یکم دسمبر 2018 کو پی ایس او کی ذیلی کمپنی کی حیثیت سے شامل ہوئی۔

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 فہرست شدہ کمپنیاں (کارپوریٹ گورننس) کے قوانین، 2017 کے تحت سیکورٹیز اینڈ ایکسچینج کمشن 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۔
- 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 قابل 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 موثر طریقے پر لاگو ہوئے ہیں جن کی نگرانی کی جاتی ہے۔
- غیر ایگزیکٹو بورڈ آف مینجمنٹ کے ممبران کا معاوضہ طے نہیں کیا جاتا ہے اور ہر اجلاس میں شرکت کی مقررہ فیس ادا کی جاتی ہے۔ مذکورہ فیس کا فیصلہ بورڈ آف مینجمنٹ کی طرف سے مجموعی طور پر کیا جاتا ہے۔
- کمپنی کی صلاحیت اور اس کے روزمرہ کے امور پر کوئی نمایاں شک نہیں ہے۔
- جیسا کہ فہرست شدہ کمپنیاں (کارپوریٹ گورننس) کے ضابطے، 2013 اور پبلک سیکٹر کمپنیوں (کارپوریٹ گورننس) قواعد، 2017 میں درج کی گئی ہے، ان کی پاسداری کی جارہی ہے۔
- گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار اختصاص شدہ شکل میں شامل ہیں۔
- مندرجہ ذیل 30 جون، 2019 تک کے غیر متوقع اکاؤنٹس پر مبنی پروویڈنٹ، پنشن اور گریجویٹی فنڈز کی سرمایہ کاری کی ویلیو درج ذیل ہے۔

Fund	Rs. in Billion
PSOCL Management Employees' Pension Fund	2,557
PSOCL Workers' Staff Pension Fund	2,530
PSOCL Defined Contribution Pension fund	5,730
PSOCL Staff Provident Fund	2,516
PSOCL Employees' Provident Fund	1,377
PSOCL Employees' Gratuity Fund	5,967

- سال کے دوران، مینجمنٹ بورڈ کے پندرہ اجلاس منعقد کئے گئے تھے اور ہر رکن کی حاضری صفحہ 69 پر دی گئی ہے۔
- 30 جون 2019 کو بورڈ کی ساخت مندرجہ ذیل تھی:

بورڈ آف مینجمنٹ کے کل اراکین

مرد	09
خاتون	01

بورڈ کی تشکیل:

آزاد اراکین	04
نان ایگزیکٹو اراکین	05
ایگزیکٹو اراکین	01

- شیئر ہولڈنگ کی شیئرز کی تفصیلات ضمنی ہیں۔

گزشتہ سال کی توقعات پر اٹھائے گئے اقدامات اور کمپنی کی کارکردگی

گزشتہ سال کی سالانہ رپورٹ میں دوراندیشی کی بنیاد پر دیے گئے بیان پر کمپنی کی کارکردگی حسب ذیل ہے:

- پی ایس او نے تیل کی مارکیٹ میں اپنی قائدانہ حیثیت برقرار رکھی جس کے مطابق لیکوئڈ فیولز میں اس کا حصہ 42.4 فیصد، وائٹ آئل کی مارکیٹ میں حصہ 40.2 فیصد، اور بلیک آئل کی مارکیٹ میں حصہ 52.0 فیصد رہا۔ کمپنی نے اپنے برانڈ میں بہتری کا سلسلہ جاری رکھتے ہوئے اپنے فلیگ شپ کنویننس سٹورز کی تزئین نو کی اور انہیں متنوع بنایا اور اس کے ساتھ ساتھ ملک بھر میں پی ایس او ریٹیل سٹیشنوں پر اے ٹی ایم اور برانچ لیس بینکنگ آؤٹ لیٹس کی تعداد میں اضافہ کیا۔ ان خدمات کی بدولت ہمارے معزز کسٹمرز اور سوسائٹی کو بھرپور فائدہ پہنچا اور مستقبل قریب میں یہ ملکی معیشت کے ایک خاطر خواہ حصے میں بہتری لانے کے لئے پوری طرح تیار ہیں۔
- کمپنی نے مقامی ریفائنریز کی پیداوار کے 37.6 فیصد کو اپ لفٹ کرتے ہوئے سپلائی چین کو رواں بنایا یعنی گزشتہ سال کے دوران اس میں 1 فیصد سے زائد کا اضافہ کیا گیا جبکہ پراڈکٹس کی مجموعی درآمدات پر انحصار میں گزشتہ سال کی نسبت 49 فیصد کے لگ بھگ کمی آئی جس کا بنیادی سبب فرنس آئل کے والیوم میں کمی ہے۔ مزید برآں، مختلف شعبوں میں بہتر کارکردگی کی بدولت سپلائی چین، آپریشنز مینجمنٹ اور ہرجانہ (Demuurages) وغیرہ کے اخراجات میں گزشتہ سال کی نسبت 73 فیصد سے زائد کمی لائی گئی۔ اس کے علاوہ پیٹرولیم مصنوعات کی ریلویز کے ذریعے ٹرانسپورٹ میں قابل ذکر اضافہ دیکھنے میں آیا

ایس او کے بورڈ آف مینجمنٹ نے سی ایس آر فنڈز سے براہ راست وزیر اعظم پاکستان اور سپریم کورٹ آف پاکستان کے دیامیر بھاشا اینڈ مہمند ڈیمز فنڈ کے لئے 24.9 ملین روپے عطیہ کئے۔

کارپوریٹ سوشل ریسپانسیبلٹی کے تحت پی ایس او معاشرے کے ضرورت مند طبقات کی امداد کے لئے سرگرم رہنے کے لئے پرعزم ہے۔

سماجی وماحولیاتی ذمہ داری کی پالیسی

سی ایس آر کے تحت پی ایس او کے عطیات کا انتظام پی ایس او سی ایس آر ٹرسٹ چلاتا ہے۔ کمپنی سی ایس آر اور فلاحی سرگرمیوں کے لئے منافع قبل از ٹیکس کا 1.0 فیصد مختص کرتی ہے۔ یہ عطیات متعلقہ قوانین اور پالیسیوں کے مطابق دیئے جاتے ہیں جن میں کمپنیز ایکٹ 2017 اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے 'کارپوریٹ سوشل ریسپانسیبلٹی والنٹیری گائیڈ لائنز 2013' شامل ہیں۔ پی ایس او سی ایس آر ٹرسٹ کو فیڈرل بورڈ آف ریونیو کی جانب سے این پی او کی حیثیت بھی حاصل ہے۔ یہ ٹرسٹ پاکستان سنٹر آف فلانتھراپی سے سرٹیفکیشن کے حصول کے آخری مراحل میں ہے۔

مقاصد پر مبنی عطیات

کارپوریٹ سماجی ذمہ داری (سی ایس آر) پی ایس او کی کلیدی اقدار میں سے ایک ہے اور بحیثیت مجموعی کمپنی کے مشن کا حصہ ہے۔ پی ایس او اپنے حجم اور پیمانے کے مطابق ملک بھر میں بالخصوص ان مقامات پر جہاں پی ایس او کام کر رہا ہے، محروم طبقات کی زندگی پر مثبت اثرات مرتب کرتا ہے۔ سی ایس آر اور کارپوریٹ فلاحی سرگرمیاں اس کی کاروباری حکمت عملی کا جزو لازم ہیں اور پی ایس او اپنے اسٹیک ہولڈرز میں ان مشترکہ اقدار کو فروغ دیتا ہے اور عوام کی نظر میں اپنی کارپوریٹ ساکھ کو بہتر بنانے کی کوشش کرتا ہے۔

کاروباری اخلاقیات اور انسداد بد عنوانی کے اقدامات

پی ایس او نے شفافیت کو یقینی اور موثر بنانے کے لئے جامع پالیسیاں / طریقہ کار وضع کئے ہیں جن میں درج ذیل کی مکمل پاسداری کی جاتی ہے:

وسل بلوئنگ کی پالیسی

اس پالیسی کے تحت پی ایس او اپنے ملازمین، بورڈ کے ارکان، متعلقہ افسران، ٹھیکیداروں، خدمات سے استفادہ کرنے والے افراد، کسٹمرز یا کسی بھی عام شہری (Whistle Blower) کو کسی بھی نامناسب فعل یا غلط اقدام کو اجاگر کرنے کا موقع فراہم کرتا ہے۔

کاروباری اصول اور ضابطہ اخلاق کی پالیسی

اس کا مقصد ملازمین کو اپنی تمام کاروباری اور پیشہ ورانہ سرگرمیاں کمپنی کے مفاد میں انجام دینے کے لئے اخلاقیات کے اعلیٰ ترین معیارات کی پاسداری کے سلسلے میں رہنمائی فراہم کرنا ہے جو کمپنی کی کلیدی اقدار سے ہم آہنگ ہو اور اس میں کسی ذاتی فائدے کو پیش نظر نہ رکھا جائے۔

مفادات کے تصادم پر پالیسی

اس میں وہ حالات بیان کئے گئے ہیں جو براہ راست کمپنی کے مفادات سے متصادم ہوں۔ تصادم کے کسی بھی ممکنہ معاملے کا ریکارڈ اپ ڈیٹ کرنے کے لئے ہر سال ایک مشق کی جاتی ہے۔ کاروباری امور کے خطرات پر مبنی آڈٹ میں آپریشنز، سسٹمز اور داخلی کنٹرولز کا آزادانہ اور بامقصد جائزہ اور تجزیہ کیا جاتا ہے۔

دیگر امور

ہم آپ کی توجہ فنانشل سٹیٹمنٹ کے نوٹ 26.1.1 کی طرف مبذول کرانا چاہتے ہیں جس میں آڈیٹرز کی جانب سے نشاندہی کرنے والی معلومات اور وضاحتیں شامل ہیں۔

مزید برآں، ایکسٹرنل آڈیٹرز کی جانب سے درج ذیل امور کلیدی آڈٹ امور کے طور پر زیر غور لائے گئے ہیں کیونکہ یہ مالی سال 2019 کے لئے فنانشل سٹیٹمنٹ پر ان کے آڈٹ کے سیاق و سباق میں سب سے زیادہ قابل ذکر ہیں:

- حکومت پاکستان اور کسٹمرز سے واجب الادا بقایاجات (بحوالہ فنانشل سٹیٹمنٹ پر نوٹ 12.2 اور 15)۔
- IFRS-9 فنانشل انسٹرومنٹ کی پہلی اڈاپشن (بحوالہ فنانشل اسٹیٹمنٹ نوٹ 2.5,6,2,12 اور 15)

آڈیٹر

بورڈ آف مینجمنٹ نے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی تجویز پر اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور ای وائی فورڈ روڈس چارٹرڈ اکاؤنٹنٹس کو کمپنی کے مشترکہ آڈیٹر کی حیثیت سے 30 جون، 2020 کو ختم ہونے والے مالی سال کے آڈٹ کی منظوری دی۔

کمیونٹی کی تعمیر، ماحولیات اور آفات پر امدادی اقدامات جیسے شعبوں میں مسلسل بنیاد پر فلاحی سرمایہ کاری کے ذریعے پائیدار معاشی و سماجی ترقی میں دل کھول کر مدد دے رہی ہے۔

چیریٹی اکاؤنٹ کے تحت سرگرمیوں کا بیان

کمپنی کی سی ایس آر اور فلاحی سرگرمیاں پی ایس او سی ایس آر ٹرسٹ کے زیر انتظام چلائی جاتی ہیں۔ کمپنی اپنے منافع قبل از ٹیکس کا 1.0 فیصد سی ایس آر سرگرمیوں کے لئے مخصوص کرتی ہے۔

ملک بھر سے بلامنافع بنیاد پر اور عطیہ کی صورت میں امدادی درخواستیں پی ایس او سی ایس آر ٹرسٹ تک پہنچتی ہیں۔ یہ ٹرسٹ کسی بھی گرانٹ درخواست کی باضابطہ منظوری کے فیصلے پر پہنچنے سے پہلے فنڈز یا امدادی درخواستوں کا تفصیلی تجزیہ کرتا ہے۔ اس سلسلے میں ٹرسٹ کے اندر چیک اینڈ بیلنس کا ایک سخت نظام وضع کیا گیا ہے جو اس بات کو یقینی بناتا ہے کہ تمام عطیات انتہائی شفاف انداز میں متعلقہ کمیونٹیز تک پہنچیں۔

عطیات کی درخواستوں کی وصولی کے بعد ضروری دستاویزی کارروائی اور جائزہ مکمل ہونے پر عطیات کی ابتدائی درخواست کو پی ایس او سی ایس آر ٹرسٹ کی ذیلی کمیٹی دیکھتی ہے۔ یہ ذیلی کمیٹی ٹرسٹ کے مقاصد کی روشنی میں اور طے شدہ فریم ورک کی بنیاد پر مختلف درخواستوں کی جانچ پرکھ اور تجزیہ کرتی ہے۔ صرف مطلوبہ معیار پر پورا اترنے والی عطیات کی درخواستیں مزید جائزہ وغیرہ کے لئے پی ایس او سی ایس آر کے ٹرسٹی صاحبان کو بھجوائی جاتی ہیں۔

ٹرسٹی صاحبان، ٹرسٹ میں اتھارٹی کی حیثیت رکھتے ہیں اور گرانٹ کی درخواستوں کا تجزیہ و جانچ پرکھ کرتے ہیں اور صرف انہی درخواستوں کے لئے فنڈز کی منظوری سے متعلق اپنی ہدایات دیتے ہیں جو تمام مطلوبہ شرائط پر پورا اترتی ہوں اور جن میں ضروری شواہد مہیا کر دیئے گئے ہوں کہ یہ رقم ضرورت مندوں اور مستحقین کے علاوہ بحیثیت مجموعی معاشرے کی فلاح اور معاونت کے لئے استعمال ہوگی۔

مالی سال 2019 میں پی ایس او سی ایس آر ٹرسٹ نے تقریباً 230 ملین کی خطیر رقم کی امداد تعلیم، صحت، کمیونٹی کی تعمیر اور ماحولیات جیسے شعبوں میں منظوری دی۔

تعلیم کے شعبے میں سرمایہ کاری کے ذریعے پی ایس او پاکستان کے مستقبل کی تعمیر میں اپنا فعال کردار ادا کر رہا ہے۔

تعلیم

زیر نظر سال کے دوران تعلیم کو پی ایس او سی ایس آر ٹرسٹ کی طرف سے معاونت کے سلسلے میں ترجیحی حیثیت حاصل رہی جس کے لئے دی جانے والی رقوم کی مالیت تقریباً 104 ملین روپے رہی۔ پی ایس او کی معاونت سے ایک طرف سینکڑوں طلبہ کو بعض بڑے اداروں میں تعلیم تک رسائی ملی تو دوسری جانب پی ایس او کے عطیات کی بدولت مختلف تعلیمی اداروں کی تعمیر اور ان کی بنیادی ڈھانچے کی سہولیات میں بہتری ممکن ہوئی۔

مالی سال 2019 کے دوران پی ایس او سی ایس آر ٹرسٹ نے زندگی ٹرسٹ، حبیب یونیورسٹی فاؤنڈیشن، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی)، نسٹ کالج آف برائے الیکٹریکل اینڈ مکینیکل انجینئرنگ، ٹمل ایجوکیشن فاؤنڈیشن، دی سٹیزنز فاؤنڈیشن، لاہور یونیورسٹی آف مینجمنٹ سائنسز، کاغان میموریل ٹرسٹ، شاہد آفریدی فاؤنڈیشن اور آئی بی اے وغیرہ جیسے اداروں کو امداد و معاونت فراہم کی۔

حفظان صحت

پی ایس او سی ایس آر ٹرسٹ نے ملک بھر کے مستحق افراد کو صحت کی سہولیات کی فراہمی میں مختلف معروف اداروں کے ساتھ مل کر 93.0 ملین روپے مالیت کے قابل ذکر عطیات دیئے۔ یہ معاونت تعمیراتی منصوبوں اور صحت کے آلات اور ساز و سامان کی خریداری کے لئے دی گئی۔ کمپنی نے اپنے ٹرسٹ کے ذریعے ایل آر بی ٹی، کاروان حیات، پیشنٹس ایڈ فاؤنڈیشن (پے پی ایم سی)، انڈس ہسپتال، کڈنی سنٹر پوسٹ گریجویٹ ٹریننگ انسٹی ٹیوٹ، فاطمید فاؤنڈیشن اور محمدی بلڈ بینک اینڈ تھیلیسیمیا سنٹر جیسے اداروں کی مدد کی۔

کمیونٹی کی تعمیر اور ماحولیات

پی ایس او سی ایس آر ٹرسٹ سب کے لئے مواقع، افزائش اور مسابقتی حیثیت کی راہ ہموار کرنے میں مدد دینے کے لئے مقامی کمیونٹیز کی تعمیر میں اپنا کردار ادا کرتا ہے۔ اس سلسلے میں تقریباً 33 ملین روپے کی گرانٹس ایسے مقاصد کے لئے دی گئیں جو کمیونٹی اور ماحولیات کے شعبوں میں سرگرم عمل ہیں۔

پی ایس او سی ایس آر ٹرسٹ نے فیلی ایجوکیشنل سروسز فاؤنڈیشن کے ساتھ مل کر کمیونٹی کے منفرد صلاحیتوں کے حامل افراد کو تعلیم کی فراہمی یقینی بنائی۔ مزید برآں، رمضان کے ماہ مقدس کے دوران فلاحی خدمت کے جذبے کے تحت ٹرسٹ نے ایک اہم قدم اٹھایا اور پی ایس او ہاؤس کے اردگرد کمیونٹی کے محروم طبقات کے لئے افطار کا اہتمام کیا۔ پی

حال ہی میں تیار کئے گئے ایچ ایس ای مینجمنٹ سسٹم کی شرائط کی روشنی میں پی ایس او کی تمام تنصیبات اور سہولیات کا آڈٹ کیا گیا اور تقریباً 70 فیصد مسائل جن کی اس دوران نشاندہی ہوئی، دور کر دیئے گئے جس میں فلیٹ کے 15 فیصد حصے پر مشتمل ٹینک لاریوں کے موثر معائنہ کے نظام کا اطلاق بھی شامل تھا۔

پراسیس سیفٹی مینجمنٹ

تیل وگیس کے ٹرمینلز پر آگ اور دھماکے کے خطرات بہت زیادہ ہوتے ہیں اور کسی بھی سنگین واقعہ سے بچاؤ کا واحد طریقہ یہی ہے کہ پراسیس سیفٹی مینجمنٹ (پی ایس ایم) پر بھرپور طریقے سے عملدرآمد کیا جائے۔ پی ایس او نے مالی سال 2019 کے دوران اپنی تمام تنصیبات وسہولیات پر مینجمنٹ آف چینج (ایم او سی)، پری سٹارٹ اپ سیفٹی ریویو، پرمٹ ٹو ورک (پی ٹی ڈبلیو)، انسیڈنٹ مینجمنٹ، رپورٹنگ اور تحقیقات جیسے پی ایس ایم کے تمام ضروری سسٹمز پر عملدرآمد کی بھرپور کوششیں کیں جن کے نتیجے میں مالی سال 2019 میں جان لیوا حادثات کی تعداد صفر رہی۔

ماحول کا تحفظ

بہتر اور پائیدار مستقبل کی جانب سفر میں پاکستان سٹیٹ آئل کے نزدیک پائیداری، کاروباری افزائش کا سب سے اہم ستون ہے۔ حکومت پاکستان کی جانب سے شروع کی گئی صاف وسرسبز پاکستان مہم کو پی ایس او نے بھرپور طریقے سے اپنایا ہے اور کاربن کے اثرات کم کرنے کے لئے مختلف تنصیبات وسہولیات پر شجرکاری کی گئی ہے۔

محفوظ طرز عمل

ایچ ایس ای کے حوالے سے ملازمین کے طرز عمل میں بہتری لانے کے نظریے کے تحت انعامات اور اعتراف کے پروگرام پر بھرپور طریقے سے عمل کیا جا رہا ہے جس سے ایچ ایس ای کے مثبت رویوں کی حوصلہ افزائی ہوتی ہے۔ کسی ممکنہ سنگین واقعہ سے بچاؤ کے لئے فوری جوابی اقدام پر کام کرنے والے ملازمین کو "ہمارے ستارے" کے طور پر انعام سے نوازا جاتا ہے اور ان کی خدمات کا اعتراف کیا جاتا ہے۔ سیفٹی چیمپئن پروگرام بھی متعارف کرایا گیا ہے جس میں نہ صرف مینجمنٹ اور نان مینجمنٹ سٹاف بلکہ خاص طور پر ٹینک لاری ڈرائیوروں کو بھی شامل کیا گیا ہے۔ تمام تنصیبات وسہولیات پر روزمرہ معمولات اور کام کی جگہ پر ایچ ایس ای کی بہتری سے متعلق ذمہ داریوں میں عمدہ کارکردگی کا مظاہرہ کرنے والے منتخب عملہ میں سہ ماہی بنیاد پر انعامات تقسیم کئے جاتے ہیں۔

انسانی سرمایہ

ہیومن ریسورسز ڈپارٹمنٹ انسانی سرمایہ کے اعتبار سے ضروری معاونت فراہم کرتے ہوئے کمپنی کے سٹریٹجک مقاصد کے حصول میں کلیدی کردار ادا کرتا ہے۔

ادارے کی ترقی

ایچ آر پالیسیاں

پی ایس او نے ایک جامع ایچ آر پالیسی مینوئل تیار کیا ہوا ہے جس میں ملازمین کی ترقی اور نظم ونسق کے تمام پہلوؤں کا احاطہ کیا گیا ہے اور انہیں مارکیٹ کے مطابق مراعات دینے کا اہتمام کیا گیا ہے۔ کمپنی مارکیٹ لیڈر کے طور پر اپنی حیثیت کو برقرار رکھنے کے لئے مارکیٹ کے بدلتے رجحانات کے مطابق اپنی پالیسیوں پر نظر ثانی کرتی ہے۔ اس سلسلے میں اس سال کے دوران مارکیٹ کے بہترین مروجہ طریقوں کی بنیاد پر رخصت کے امور، دوران رخصت معاونت، گیسٹ ہاؤس، ترقی کے مطلوبہ معیار اور موبائل پالیسی جیسی پالیسیوں پر نظر ثانی کی گئی۔ پی ایس او نے تمام شعبوں کے سربراہان کو رواں انداز میں اپنے کاروباری امور چلانے میں مدد دینے کے سلسلے میں معلومات اور پالیسیوں تک فوری رسائی فراہم کرنے کے لئے ایچ آر مینوئل کا الیکٹرانک ورژن بھی جاری کر دیا ہے۔

ملازمین کی شمولیت کی سرگرمیاں

پی ایس او اپنے انسانی وسائل کو اپنا قیمتی اثاثہ سمجھتا ہے جنہوں نے کامیابی کی مختلف منازل طے کرنے میں ہمیشہ مدد دی ہے۔ کمپنی کے امور میں ملازمین کی شمولیت اور اطمینان پر ایک جامع سروے کا آغاز کیا گیا جس میں ہر ملازم کو کمپنی کے مستقبل کی تشکیل میں اپنی رائے اور خیالات سے آگاہ کرنے کا موقع فراہم کیا گیا۔ اس قدم سے ادارے کے ساتھ ملازمین کی وابستگی مزید مضبوط ہوگی اور یہ انہیں بہتر شمولیت کے ساتھ اپنے فرائض انجام دینے میں مدد دے گا۔

ملازمت کی تبدیلی اور جانشینی کی منصوبہ بندی

پی ایس او طے شدہ مطلوبہ معیار کے تحت سکسیشن پلاننگ (Succession Planning) کے امور انجام دیتا ہے۔ مختلف مہارتوں اور ہر طرح کے شعبوں میں کام کرنے کے مواقع دے کر ملازمین کی صلاحیتوں میں بہتری لانے کے لئے جاب روٹیشن پلان وضع کیا گیا ہے جس کے تحت کمپنی کے تقریباً تین سو ملازمین کے ملک بھر میں تقرریاں اور تبادلے کئے گئے ہیں۔

کارکردگی کا نظم ونسق

زیر نظر سال کے دوران کارکردگی کے جائزہ کے طریقہ کار کی ازسرنو تشکیل کی گئی جس میں تمام ملازمین کے نصب العین اور کارکردگی کے کلیدی اہداف طے کر دیئے گئے ہیں۔ اس پلیٹ فارم کی بدولت کارکردگی میں پیچھے رہ جانے والوں کی صلاحیتیں بہتر بنانے کے لئے شخصی تجزیے کے ذریعے ان کی تربیتی ضروریات کی نشاندہی اور ذاتی تجزیہ کا اہتمام بھی کیا گیا۔

ہیومن ریسورس سروسز

سال کے دوران ملازمین کی رخصت کی درخواستوں کے حصول اور رخصت سے متعلق امور کے نظم ونسق میں بہتری لانے کے لئے وقت کی پابندی کے نظام اور کنٹرول کو بہتر بنانے پر زور دیا گیا۔ اسی طرح مینجمنٹ کے قرضوں پر کارروائی کے طریقہ کار کی تشکیل نو کر کے اس کے دورانیہ کو بھی کم کر دیا گیا ہے۔ مزید برآں، نہ صرف موجودہ بلکہ ریٹائرڈ ملازمین کے لئے "ڈیفائنڈ کنٹری بیوشن سکیم" کا آغاز کیا گیا جس کی بدولت ملازمین کو ریٹائرمنٹ کی مراعات قبل از وقت حاصل کرنے کی اجازت دے دی گئی ہے تاکہ وہ کسی بھی وقت ملازمت سے علیحدگی پر اپنی جمع شدہ پنشن مراعات حاصل کر سکیں اور انہیں ریٹائرمنٹ یا سبکدوشی کی عمر کا انتظار نہ کرنا پڑے۔

صنعتی تعلقات

سال 2017-2019 کے لئے سی بی اے کے چارٹر آف ڈیمانڈ پر باہمی مذاکرات اس سال کے دوران کامیابی سے مکمل کر لئے گئے۔ اس کی بدولت نان مینجمنٹ سٹاف اپنی بھرپور صلاحیتوں کو بروئے کار لاتے ہوئے کمپنی کی خدمت کا سلسلہ جاری رکھ سکتے ہیں جس کی وجہ سے ادارے میں صحت مندانہ اور سازگار ماحول کو برقرار رکھنے میں مدد ملتی ہے۔

ٹیلنٹ مینجمنٹ

مالی سال 2019 کے دوران فی ملازم 19 گھنٹے کی سافٹ اور تکنیکی مہارتوں کی تربیت کا اہتمام کیا گیا۔ مارکیٹ سے بہترین ٹیلنٹ حاصل کرنے کے لئے سینئر مینجمنٹ، اعلیٰ سطح، وسطی اور تربیتی سطح کے مختلف عہدوں کے لئے 10 ریکروٹمنٹ سائیکل پر کام کیا گیا ہے۔ مزید برآں، نئے ٹیلنٹ کو مائل کرنے کے لئے پی ایس او نے 12 بڑی یونیورسٹیوں کے جاب فیئرز میں حصہ لیا اور شرکاء کو پی ایس او میں کیریئر کے مواقع کے بارے میں آگاہ کیا۔

پی ایس او نے اپنے مینجمنٹ ٹرینی سائیکل 2019 کے لئے مہارتوں کے تجزیہ کے آن لائن سنٹر کا آغاز بھی کیا۔ اس طرح کمپنی اپنے تیسرے لیپ (LEAP) انٹرن شپ پروگرام کے لئے مارکیٹ میں "گیمیفائیڈ کمپی ٹنسی" کی بنیاد پر ٹیسٹ کی سہولت متعارف کرانے والی پہلی کمپنی بن گئی ہے۔

صحت وتحفظ کے عالمی دن کی تقریبات

پی ایس او نے اس سال کے دوران اپنے تمام کاروباری مقامات پر صحت وتحفظ کا عالمی دن منایا۔ اس دن کا مرکزی پیغام واقعات کے تحقیقی ڈیٹا سے بننے والے رجحان کی روشنی میں سال کی سب سے بڑی رکاوٹ اور خطرے پر مبنی تھا۔ مینجنگ ڈائریکٹر نے تحفظ یا سیفٹی کو ایک سوچ کے طور پر اپنانے کے لئے سٹاف کے تمام ارکان کے نام ایک پیغام بھیجا۔ اس سرگرمی کے نتیجے میں ملازمین میں اس عزم کو تجدید ملی کہ "تحفظ سب کی ذمہ داری ہے"۔

سماجی اور شراکت دار کیپیٹل

کسٹمر سروسز

تعلق کیئر لائن کمپنی کے برانڈ کی حیثیت بہتر بنانے والے اہم ترین عوامل میں سے ایک ہے جس کی ٹیم کا ہر رکن اپنی ہر ممکن کوشش کرتا ہے اور ہر طریقے سے کسٹمرز کو مطمئن کرنے کے لئے انہیں ایک جگہ پر تمام سوالات کے جوابات فراہم کرتا ہے۔ زیر نظر سال کے دوران تعلق کیئر نے کسٹمرز اور مختلف اسٹیک ہولڈرز کے ساتھ ہونے والے تقریباً 221,000 رابطوں سے متعلق امور کو نمٹایا۔

کسٹمر سروس نے کمپنی کے مختلف اندرونی کاروباری یونٹوں کو ان کے مختلف مقاصد کے حصول جیسا کہ ڈیلر سے لیوب اسٹاک کی موجودگی کے بارے میں معلومات، ریسرچ اور پروڈکشن کی سرگرمیوں کی فروغ اور پی ایس او کارڈز کے کسٹمرز کو مختلف امور پر مدد فراہم کرنا وغیرہ، میں بھی معاونت فراہم کی۔

مالی سال 2019 میں پی ایس او کی کسٹمر سروس نے کاروباری لحاظ سے اپنے 180 بڑے پیٹرول پمپوں پر کسٹمر سروس کے نمبر 0800-03000 کو بینروں، گلاس پوسٹروں اور سٹکرز کی مدد سے نمایاں کرنے کی سرگرمی کو بھی سرانجام دیا۔

کارپوریٹ سماجی ذمہ داری اور پائیداری

پاکستان سٹیٹ آئل کمپنی لمیٹڈ اس امر کو یقینی بناتی ہے کہ اس کی سی ایس آر سرگرمیوں سے پاکستانی عوام کے سماجی ومعاشی حالات پر مثبت سماجی اثرات مرتب ہوں۔ ملک کی سب سے بڑی آئل مارکیٹنگ کمپنی ہونے کی حیثیت سے پی ایس او نہ صرف اپنی مصنوعات اور خدمات کے معیار کو بہتر بنانے کے لئے سرگرم عمل ہے بلکہ علاقائی اور قومی سطح پر ان لوگوں اور کمیونٹیز کی زندگیاں بہتر بنانے میں بھی اپنا کردار ادا کرتی ہے جہاں کمپنی کام کر رہی ہے۔

سی ایس آر اور کارپوریٹ فلاحی سرگرمیوں کو اپنی بنیادی بزنس سٹریٹجی میں ضم کر کے پی ایس او اپنے متعلقہ فریقوں اور عوام کو بھی ان کے ثمرات میں شریک بنانے کے لئے سرگرم عمل ہے۔ پی ایس او اپنے فلاحی شعبے، پی ایس او سی ایس آر ٹرسٹ کے توسط سے تعلیم، حفظان صحت،

کارپوریٹ برانڈنگ

پی ایس او نے قوم کی اپنی آئل مارکیٹنگ کمپنی کے طور پر اپنی پہچان مزید مستحکم بنانے کے لئے متعدد قومی ایام منائے اور عید الفطر، یوم آزادی، یوم پاکستان، یوم قائد اعظم، یوم اقبال اور یوم دفاع کے علاوہ 16 دسمبر کو آرمی پبلک سکول کے شہداء کو خراج عقیدت پیش کرنے جیسے خصوصی مواقع پر میڈیا کیمپینز چلائیں۔

وزیر اعظم کے صاف و سرسبز پروگرام کے تحت پی ایس او نے ماحول کے تحفظ، صفائی اور موٹر سائیکل سواروں کے تحفظ سے متعلق فلاح عامہ کے پیغامات پر مبنی مختلف ذرائع ابلاغ پر ایک کیمپین شروع کی۔ کمپنی نے پی ایس ایل فور کے تمام میچز کی براہ راست نشریات کے دوران بھی اپنے کارپوریٹ اور پروڈکٹ برانڈز کی تشہیر کی۔

کمپنی کے کارپوریٹ امیج کو مزید مستحکم بنانے کے لئے ''ہر سفر کا آغاز'' کے مرکزی پیغام پر مبنی کارپوریٹ کیمپین کو مرکزی کارپوریٹ برانڈ پلیٹ فارم کی حیثیت حاصل رہی۔

پروڈکٹ برانڈنگ

مالی سال 2019 میں بڑی کامیابیوں میں سے ایک پی ایس او کی جانب سے اپنی طرز کے پہلے فیول کارڈ، ''ڈیجی کیش'' کا اجراء تھی۔ عوام تک زیادہ سے زیادہ پہنچ کو یقینی بنانے کے لئے تمام بڑے ذرائع ابلاغ پر ''آپ کا سفر اب ہوا اور بھی آسان'' کے مرکزی پیغام کے ساتھ ایک باہم مربوط مارکیٹنگ کیمپین کا اجراء کیا گیا۔ پاکستان بھر میں ڈیجی کیش کی پروموشن کے لئے سلسلہ وار سرگرمیوں کا اہتمام کیا گیا جن میں بڑے شاپنگ سنٹرز، پی ایس او کے ریٹیل آؤٹ لیٹس اور مختلف ہائی ٹریفک ایونٹس میں شرکت کی گئی۔

مالی سال کے دوران مختلف ذرائع ابلاغ پر پی ایس او لبریکنٹس کی ظاہری موجودگی یقینی بنانے اور مارکیٹ میں ان برانڈز کی حیثیت بہتر بنانے کے لئے متعدد سرگرمیوں کا اہتمام کیا گیا۔ علاوہ ازیں، کیریئنٹ اور بلیز فور ٹی لبریکنٹس کے لئے کنزیومر پروموشن کیمپین بھی چلائی گئی۔

گوادر میں پہلے فیول سٹیشن کے اجراء کے اعلان کے لئے اخبارات میں ایک کیمپین چلائی گئی جس میں پی ایس او کو گوادر میں ریٹیل آؤٹ لیٹ بنانے اور چلانے والی پہلی آئل مارکیٹنگ کمپنی کے طور پر پیش کیا گیا۔

پروڈکٹس کی کوالٹی اشورنس

پی ایس او ملک بھر میں جدید ترین آلات سے لیس لیبارٹریز اور موبائل کوالٹی ٹیسٹنگ یونٹس کے وسیع نیٹ ورک کے ذریعے معیاری مصنوعات کی فراہمی کو یقینی بناتا ہے۔ پی ایس او کا کوالٹی اشورنس ڈپارٹمنٹ حکومت پاکستان (اوگرا، وزارت ماحولیات) کے تمام قواعد اور ٹیسٹنگ کے بین الاقوامی طریقوں کی پاسداری کو یقینی بناتا ہے تاکہ پی ایس او کی پوری سپلائی چین کے ذریعے مارکیٹ کے تقاضوں کے مطابق پٹرولیم اور کیمیکل مصنوعات فراہم کی جائیں۔

پی ایس او نے پاکستان بھر میں مختلف مقامات پر 9 لیبارٹریاں قائم کی ہیں۔ حال ہی میں زیر جائزہ مالی سال کے دوران کاروباری ضروریات کو پیش نظر رکھتے ہوئے شکارپور اور تاروجبہ میں دو نئی لیبارٹریاں قائم کی گئی ہیں۔ اسی سال کے دوران ان لیبارٹریوں نے تقریباً 72 ہزار پیٹرولیم نمونہ جات ٹیسٹ کئے اور کاروبار کے تقاضوں کے پیش نظر ایندھن اور لبریکنٹس کے 850 لیب بلینڈز تیار کئے۔ ریٹیل آؤٹ لیٹس پر پٹرولیم مصنوعات کی مقدار اور معیار کی ٹیسٹنگ کے لئے پی ایس او نے ملک کے 16 شہروں میں 24 ایم کیو ٹی یو کا فلیٹ بھی قائم کر رکھا ہے۔

ایچ ایس ای کی سرگرمیاں پی ایس او کی تمام کاروباری سرگرمیوں کا لازمی جزو ہیں۔ ایم کیو ٹی یوز نے اپنے معمول کے دوروں کے دوران ریٹیل آؤٹ لیٹس کے 1200 ایچ ایس معائنے کئے اور 562 ریٹیل آؤٹ لیٹس پر لبریکنٹ برانڈز کی آگاہی کے لئے کسٹمرز کے ساتھ مختلف سرگرمیاں کیں۔

کوالٹی اشورنس ڈپارٹمنٹ پی ایس او کے اندر تمام متعلقہ شعبوں کی جانب سے انٹیگریٹڈ کوالٹی مینجمنٹ سسٹم (کیو ایم ایس) کی آئی ایس او 9001:2015 سرٹیفکیشن پر عملدرآمد اور اس کی نگرانی میں بھی مدد دیتا ہے۔

نیچرل کیپیٹل

صحت، تحفظ اور ماحول

مالی سال 2019، پی ایس او میں ایچ ایس ای کے حوالے سے چیلنجز سے بھرپور رہا ہے کیونکہ بنیادی ہدف نئے متعارف کرائے گئے بعض سسٹمز کو پی ایس او کی تمام لوکیشنز پر عملی جامہ پہنانا تھا۔

ایچ ایس ای آڈٹ

پی ایس او نے اپنے 2700 سے زائد ریٹیل آؤٹ لیٹس بشمول سی این جی سٹیشنوں کا آڈٹ کرتے ہوئے ایچ ایس ای کے معیارات پر عملدرآمد کو یقینی بنایا۔ تمام تنصیبات کے آڈٹ نظام پر نظر ثانی کرکے ان کی افادیت کو مزید بہتر بنایا گیا اور ان میں بعض ناگزیر طریقوں مثلاً پی ٹی ڈبلیو، ایم او سی، ہنگامی جوابی اقدام وغیرہ پر توجہ مرکوز کی گئی۔

کوالٹی اینڈ انشورنس موبائل ایپلیکیشن : ریٹیل آؤٹ لیٹس، سٹوریج کے مقامات اور ٹینک لاریوں میں پروڈکٹ کی مقدار اور معیار کے معائنہ کے لئے کیو اینڈ اے انسپکشن ٹیم کے دوروں کی کارروائی پر خودکار طریقے سے کام کرنے کے لئے ایک موبائل ایپلیکیشن سلیوشن تیار کرکے اس پر کامیابی سے عملدرآمد کیا گیا۔

کارٹیج آن لائن بلنگ سسٹم (سی او بی ایس) : سی او بی ایس کو اپ گریڈ کرکے ریٹیل سیلز آپریشنز کے لئے کارٹیج کنٹریکٹرز کے بلوں پر آن لائن کارروائی کی سہولت فراہم کر دی گئی ہے کیونکہ سابقہ سافٹ ویئر پر یہ سہولت صرف ٹرانس شپمنٹس کے لئے میسر تھی۔

مینجمنٹ ڈیش بورڈ : مختلف اقسام کے بزنس ڈیٹا مثلاً ملک بھر کے ذخیرے کی دوبارہ بھرائی کے دنوں کی تعداد وغیرہ کے علاوہ تجزیہ رپورٹوں کی بروقت فراہمی کے لئے آپریشنز کے شعبوں کے لئے مینجمنٹ ڈیش بورڈ تیار کئے گئے اور ان پر عملدرآمد کیا گیا جس سے کارکردگی اور بروقت فیصلہ سازی کو بہتر بنانے میں مدد ملی ہے۔

ایل وائی این سی میٹنگ ٹول : شعبہ جاتی سربراہان کے لئے ان کے دفاتر میں موجود سسٹمز کو ایل وائی این سی میٹنگ ٹول سے لیس کر دیا گیا ہے جو رپورٹنگ ریموٹ لوکیشن سسٹمز کے ساتھ منسلک ہے جس سے میٹنگز اور روزمرہ آپریشنز مینجمنٹ میں سہولت اور کارکردگی میں بہتری آئی ہے۔

ڈزاسٹر ریکوری ڈرل : ڈزاسٹر ریکوری ڈرل 2019 متعلقہ ڈی آر سائٹس پر کامیابی کے ساتھ کی گئی اور سیکنڈری سائٹ پر سیپ سسٹم کی دستیابی اور کاروباری سرگرمیوں کے تسلسل کو یقینی بنایا گیا۔

پروکیورمنٹ اینڈ سروسز

پی ایس او پروکیورمنٹ کے طریقہ کار بشمول منصوبہ بندی، اشتہارات، پیشگی اہلیت، خریدنے کے طریقہ کار، بولیوں کے کھلنے، جانچ اور مسترد ہونے، بولیوں کی منظوری، پروکیورمنٹ کنٹریکٹ کی تفویض، اور شکایات کے ازالے کے تمام معاملات میں PPRA رولز 2004 کے ضابطوں پر عمل درآمد کو یقینی بنانے کا پابند ہے۔

مالی سال 2019 کے دوران میں پی اینڈ ایس ڈپارٹمنٹ کی بڑی کامیابی QMS (ISO 9001:2015) سرٹیفکیشن کا حصول ہے۔ مزید برآں، پی اینڈ ایس ٹیم نے اپنے ذیلی سیکشنز (ورکس، گڈز اینڈ سروسز) کے ذریعے تقریباً 1200 آرڈرز کے اجراء کرکے 11 بلین روپے مالیت کی خریداری مکمل کی جس میں اسٹوریج کی ڈیولپمنٹ / موجودہ 0.3 ملین میٹرک ٹن سے زائد کی اسٹوریج کی بحالی کے کنٹریکٹ شامل ہے۔ اس کے علاوہ، مختلف پیٹرولیم مصنوعات (ایچ ایس ایف او، ایل ایس ایف او، موگیس اور جیٹ فیول) کی خریداری کے 13 اشتہار شائع کئے گئے اور پی او ایل مصنوعات (HSFO,LSFO,MOGAS and Jet Fuel) کی فراہمی کے لئے 65 ٹینڈرز کی ٹینڈرنگ پراسیس کا عمل مکمل ہوا۔ اس کے بعد، سپلائی ٹیم کی جانب سے تقریباً 2,722 ملین ڈالر کے 112 پرچیز آرڈرز جاری کئے گئے۔

سال کے دوران میں وہ تمام کیسز جن کی اطلاع گریوانس ہینڈلنگ ٹیم (GHT) کو دی گئی اوران کو حل کیا گیا۔ پی ایس او نے عدم کارکردگی اور دھوکا دہی کی سرگرمیوں کی بناء پر وینڈرز کے خلاف مؤثر کارروائی کی اور انہیں کمپنی کے ٹینڈرز میں شرکت سے روک دیا گیا۔

پی اینڈ ایس ٹیم نے 155 اور 22 پروکیورمنٹ کی منظوری کے معاملات کے لئے بالترتیب 23 مینجمنٹ پروکیورمنٹ کمیٹیوں کی میٹنگز اور 08 BPC کی میٹنگز کا انتظام کیا۔

سال کے دوران مختلف حکمت عملیوں کے ذریعہ پرچیز ریکوزیشن کی رقم کے مقابلے میں 5 فیصد سے زائد خالص بچت ہوئی جو مسابقتی ریٹس حاصل کرنے کیلئے اختیار کی گئی تھیں جن میں خاص طور پر شرائط و ضوابط میں، ٹینڈرز کی consolidation اور تخصیصات کی وضاحت، کام کا اسکوپ اور جانچ کے معیار میں بہتری لانا شامل ہیں۔ ایک ان ہاؤس مانیٹرنگ اور رپورٹنگ کا نظام بھی موجود ہے جس کے ذریعہ مطلوبہ ڈپارٹمنٹ کے ساتھ خریداری کے مرحلے کو مانیٹر کیا جاتا ہے تاکہ خریداری/منصوبہ جات اور مسائل کے حل کی بروقت تکمیل کی جاسکے۔

پی اینڈ ایس ٹیم پروکیورمنٹ کے سائیکل کو حقیقی طور پر متوازن اور درست رکھنے کیلئے مسلسل کام کر رہی ہے جس کے لئے سسٹم کی بہتری بشمول تمام ایریاز میں آٹومیشن دریافت کرنے کے آپشن یعنی ای پروکیورمنٹ کا حصول بھی شامل ہے۔

برانڈنگ

برانڈ کسی بھی کمپنی کی حقیقی روح کی مانند ہوتا ہے جو مارکیٹ میں کمپنی کو مسابقت میں فائدہ پہنچانے کا باعث بنتا ہے۔ اس کے علاوہ اچھی برانڈنگ کسٹمرز کے حصول کو آسان بنا دیتی ہے اور متعلقہ کسٹمرز کے ساتھ ایک جذباتی تعلق استوار کرنے میں مدد دیتی ہے۔

صارفین کیلئے گیس کی قیمتوں میں حالیہ اضافے کے بعد توقع ہے کہ اس سال صورتحال قدرے بہتر ہوگی۔ سرکلر ڈیٹ کے حل اور ایس این جی پی ایل سے رقم کے حصول کیلئے حکومت پاکستان کے سامنے تفصیلی سیشنز میں مختلف تجاویز پیش کی گئیں ہیں۔ اگر حکومت پاکستان نے ان تجاویز پر عمل کیا تو کمپنی کی مالی صورتحال میں بہتری آئے گی۔

سرمائے کی ضروریات کو پورا کرنے اور مقامی اور بین الاقوامی سپلائرز کو بروقت ادائیگی ممکن بنانے کے لئے کمپنی نے کریڈٹ لائنوں کی مناسب فراہمی کو بروقت یقینی بنانے کی کوشش کی ہے۔ کمپنی انتظامیہ، وزارت خزانہ اور وزارت توانائی کے ساتھ رابطے میں رہتے ہوئے حکومت پاکستان کو بقایاجات کی وصولیوں کے متعلق باقاعدگی سے آگاہ بھی کرتی ہے۔ مزید یہ کہ کمپنی نے جینکوز، جنکو، کیپکو، پی آئی اے اور ایس این جی پی ایل کے ساتھ وصولیوں کے توازن کو بہتر بنانے کیلئے بات چیت جاری رکھی۔

ڈائریکٹ کیش فلو اسٹیٹمنٹ دیکھنے کے لیے متعلقہ سیکشن پر جائیں۔

مالیاتی انتظامات

مالی سال 2019 میں کمپنی کا اوسطاً قرضہ 116 ارب رہا جو مالی سال 2018 میں 101 ارب تھا۔ انتظامیہ کی انتھک کوششوں کے نتیجے میں سالانہ اوسط مالیاتی لاگت کو 9.68 فیصد تک رکھا گیا جو کہ اوسط شرح سود سے 24 بی پی ایس کم ہے۔ بینکوں کے ساتھ موثر مذاکرات اور مقامی اور غیر ملکی کرنسی کے قرضوں کے ایک مناسب توازن کے ساتھ اس عمل کو یقینی بنایا گیا۔

سرمائے اور قرضوں کے انتظام کی حکمت عملی

کمپنی کو توقع ہے کہ گردشی قرضوں کو کم کرنے کیلئے اعلیٰ سطح پر ہونے والے اجلاس بقایاجات کو کم/ختم کرنے میں معاون ثابت ہوں گے اور پاور سیکٹر، پی آئی اے اور ایس این جی پی ایل سمیت ڈیفالٹ اداروں کے بقایاجات کی ادائیگی کیلئے بھی منصوبہ بندی کی جائے گی۔ تاہم، اس دوران کمپنی مندرجہ ذیل چند اقدامات پر عمل کرتے ہوئے اپنے مالیاتی نظام کو رواں رکھنے کا انتظام کرے گی۔

- حکومت پاکستان کے ساتھ ساتھ پاور سیکٹر، پی آئی اے اور ایس این جی پی ایل مسلسل رابطہ
- فنانشل اور ورکنگ سرمائے کا فوری انتظام
- نقد آور صارفین پر زیادہ توجہ
- کاروباری نمو کے ذریعہ آپریشنل کیش فلو جنریشن
- مناسب کریڈٹ لائنوں کو برقرار رکھتے ہوئے ان کی بروقت دستیابی کو یقینی بنانا

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی کے مطابق پی ایس او کی تازہ ترین درجہ بندی

مختصر مدت	اے ون پلس (A1+)
طویل المدت	ڈبل اے پلس (AA+)
آؤٹ لک	مستحکم

ڈیویڈنڈ اور دیگر تخصیص

کمپنی کی کارکردگی کی بنیاد پر بورڈ آف مینجمنٹ کی جانب سے حتمی ڈیویڈنڈ 5 روپے فی شیئر (50 فیصد) اور 20 فیصد اسٹاک ڈیویڈنڈ تجویز کیا گیا جو کہ عبوری کیش ڈیویڈنڈ 5 روپے فی شیئر کے علاوہ ہے۔ مالی سال 2019 کیلئے کل ڈیویڈنڈ (بشمول اسٹاک ڈیویڈنڈ) 12 روپے فی شیئر (120 فیصد) تجویز کیا گیا ہے جو کہ پچھلے سال 17 روپے فی شیئر (170 فیصد) تھا۔ اس مالی سال میں شیئر ہولڈرز کو 4.7 بلین روپے کی ادائیگی ہوگی جو گذشتہ مالی سال میں 5.5 بلین روپے تھی۔

انٹلیکچوئل سرمایہ
انفارمیشن ٹیکنالوجی

پی ایس او نے ٹیکنالوجی کے جدید طریقوں اور معیارات کو اپناتے ہوئے فعال انفارمیشن سسٹمز پر عملدرآمد کی مہم جاری رکھی ہوئی ہے جس کی بدولت درج ذیل نتائج حاصل کر لئے گئے ہیں:

آئی ایس ایم ایس سرٹیفکیشن : پی ایس او کو انفارمیشن سیکیورٹی میں اعلیٰ ترین مہارت پر ایس جی ایس یونائیٹڈ کنگڈم لمیٹڈ کی جانب سے آئی ایس ایم ایس 27001:2013 سرٹیفکیٹ جاری کردیا گیا ہے۔

آن لائن آرڈر مینجمنٹ سسٹم (او او ایم ایس) کا FIORI اپ گریڈ: او او ایم ایس (OOMS) اس وقت جدید ترین آن لائن SAP FIORI پلیٹ فارم پر آچکا ہے جس کی بدولت نہ صرف مختلف براؤزرز بلکہ موبائل ایپلیکیشنز کے ذریعے بھی رسائی اور آپریشنز کی سہولت میسر ہے جس سے آرڈر مینجمنٹ کے لئے کسٹمرز کی سہولت اور نقل و حرکت میں اضافہ ہوگیا ہے۔

ٹاسک مینجمنٹ سسٹم: ڈیجیٹل پورٹل کی بنیاد پر ایک ٹاسک مینجمنٹ سسٹم تیار کیا گیا ہے جسے پی ایس او کو تفویض کی جانے والی شکایات پر بروقت اور فوری کارروائی کے لئے پاکستان سٹیزنز پورٹل کے ساتھ ضم کردیا گیا ہے۔

پاکستان بھر میں موجود اپنی تنصیبات و سہولیات پر شجرکاری کر رہا ہے۔ اس سلسلے میں قدرتی آب و ہوا اور مقامی حالات کے مطابق تمام صوبوں میں 30 مختلف مقامات پر تقریباً 3500 پودے لگائے جاچکے ہیں۔

فنانشل کیپٹل

فنانس کسی بھی ادارے کیلئے لائف بلڈ کی حیثیت رکھتا ہے۔ مالی سال 2019 کے دوران فنانس ڈیپارٹمنٹ نے کاروباری شراکت میں اپنے اسٹریٹجک کردار کو جاری رکھا اور نہ صرف کاروباری بلکہ دیگر متعلقہ امور میں ہر طرح کی معاونت فراہم کی۔ اس طرح روایتی کردار سے آگے بڑھتے ہوئے اسٹریٹجک فیصلہ سازی میں مکمل طور پر مدد فراہم کی اور کاروباری معاملات میں بہترین انداز میں رہنمائی کو یقینی بنانے کے لیے کمپنی کے لیے مسلسل بدلتی ضروری قانونی اور معاشی ضروریات کے علم اور تقاضوں سے آگاہ رہنے کے لئے اپنے آپ کو تیار کیا۔

پی ایس او کا ٹریژری سے متعلق فنکشن، کارپوریٹ سیکٹر میں ملک کا سب سے بڑا ادارہ ہونے کے ناطے سالانہ ڈھائی کھرب سے زائد فنڈز کو سنبھالتا ہے۔ ملک کے 15 بڑے بینکوں کے ساتھ ورکنگ ریلیشن شپ رکھتے ہوئے 75000 سے زائد وینڈرز کے بلوں کو کلیئر کیا جاتا ہے۔ سخت مالیاتی شرائط کے باوجود، جہاں کمپنی کو 160 ارب وصول کرنے ہیں تمام کاروباری ناہمواریوں کے باوجود ادارہ کاروباری تسلسل کو برقرار رکھے ہوئے ہے۔ اسٹیٹ بینک کی طرف سے پالیسی ریٹس میں اضافے کے باوجود اس بات کو یقینی بنایا گیا ہے کہ مالیاتی لاگت کو کنٹرول میں رکھا جاسکے۔

حالیہ سال میں مسلسل اور مربوط روابط کے ذریعے پی ایس او نے پاور سیکٹر میں جاری ہونے والے 200 ارب روپے کے سکوک بانڈز میں سے 60 ارب روپے حاصل کئے۔ یہ رقم پاور سیکٹر میں ایندھن کی فراہمی سے حاصل ہونے والی معمول کی رقم کے علاوہ ہے۔ اس کے ساتھ ساتھ پی ایس او حکام کی مسلسل کوششوں کے ذریعے سرچارج اور دیر سے ادائیگی کی مد میں پاور سیکٹر سے 3.65 ارب روپے بھی وصول کئے گئے۔

فنانشل رپورٹنگ ٹیم نے کمپنی کی اعلیٰ انتظامیہ کی فیصلہ سازی کی ضروریات سے متعلق معلومات اور اعداد و شمار کی فراہمی کو یقینی بنایا۔ ٹیم نے مالیاتی اور کارپوریٹ رپورٹنگ فریم ورک کے مطابق اسٹیک ہولڈرز اور ریگولیٹری حکام کو کمپنی کے نتائج کی بروقت اور درست رپورٹنگ کو یقینی بنایا۔ ٹیم نے خود کو اکاؤنٹنگ کے نئے معیارات اور رپورٹنگ کی ضروریات، بالخصوص IFRS 9، فنانشل انسٹرومنٹ اور IFRS 15، کسٹمرز کے ساتھ معاہدہ کے تحت محصولات سے باقاعدگی سے آگاہ رکھا۔ تجزیہ کاروں کو کمپنی میں ہونے والی پیشرفت سے آگاہ کرنے کے لئے کمپنی نے سہ ماہی تجزیہ کار بریفنگ سیشنز کا انعقاد کیا۔ مالیاتی رپورٹنگ میں بہترین معیارات کو اعلیٰ سطح پر بھی تسلیم کیا گیا جہاں پی ایس او نے آئی کیپ اور آئی سی ایم اے پی کی جانب سے مشترکہ طور پر منعقدہ آئل اینڈ گیس سیکٹر میں بہترین کارپوریٹ رپورٹ ایوارڈ میں پوزیشن حاصل کرنے کی روایت جاری رکھی۔ پچھلے چند سالوں کی طرح اس سال بھی کمپنی نے مقابلے میں اپنی تیسری پوزیشن برقرار رکھی۔

فنانس ٹیم نے اپنا موثر کردار ادا کرتے ہوئے سالانہ ایک ٹریلین روپے سے زائد کی بلنگ اور 8000 سے زائد کسٹمرز کے کریڈٹ اکاؤنٹس کے انتظام کو سنبھالا۔ 2000 سے زائد ڈیلرز کی ادائیگی کا انتظام انڈسٹری کے پہلے آن لائن آرڈر مینجمنٹ سسٹم کے ذریعے کیا گیا۔

قومی خزانے میں تعاون

کمپنی قومی خزانے میں سب سے زیادہ ٹیکس جمع کروانے والے اداروں میں سے ایک رہی ہے۔ تفصیلات درج ذیل ہیں:

	2019	2018
سیلز ٹیکس	168 ارب روپے	227 ارب روپے
پیٹرولیم لیوی	86 ارب روپے	79 ارب روپے
دیگر ڈیوٹیز اور ٹیکسز	42 ارب روپے	40 ارب روپے
ٹوٹل	296 ارب روپے	346 ارب روپے

پی ایس او ٹیکس جمع کروانے والے ادارے کے طور پر فخر محسوس کرتا ہے اور ایف بی آر بھی مختلف فورمز پر اسکی تعریف کر چکا ہے۔

لیکویڈیٹی پوزیشن کا تجزیہ اور کیش فلو

مالی سال 2019 کے اختتام پر پاور سیکٹر سے وصولیوں کی مالیت 115.9 بلین روپے رہی جو کہ مالی سال 18 میں 199.9 بلین روپے تھی یعنی جو 42 فیصد یا 84 بلین روپے کی کمی کو ظاہر کرتا ہے۔ تاہم 30 جون 2019 کو ختم ہونے والے مالی سال کے دوران ایس این جی پی ایل کی طرف قابل وصول رقم 15.9 بلین روپے سے بڑھ کر 64.7 بلین روپے ہوگئی۔ یہ ایک تشویشناک صورتحال ہے تاہم کمپنی اس رقم کی جلد وصولی کے لئے ایس این جی پی ایل اور وزارت توانائی کے ساتھ مستقل رابطے میں ہے۔ گھریلو

پی ایس او نے پاکستان سوسائٹی آف شوگر ٹیکنالوجسٹس (پی ایس ایس ٹی) کے اشتراک سے اکتوبر 2018 میں کراچی میں 52 واں سالانہ کنونشن منعقد کیا۔ اس سالانہ تقریب کے ذریعے شوگر انڈسٹریز کے تکنیکی ماہرین اور دیگر متعلقہ پارٹیوں کو یکجا کیا گیا، جنہوں نے انڈسٹری کے مختلف شعبوں کی کارکردگی کی استعداد میں اضافے کے لئے اپنے تجربات اور جدید طریقہ کار کے حوالے سے تبادلہ خیال کیا۔

انفراسٹرکچر کیپیٹل سپلائی

موجودہ سال پروڈکٹ کے حصول کے ذرائع کے حوالے سے بھی چیلنجوں سے بھرپور تھا جس میں نئی کمپنیاں مارکیٹ میں داخل ہوئیں جنہوں نے نہ صرف مقامی ریفائنری کی سطح پر اپنی جگہ بنائی بلکہ موٹر گیسولین اور ڈیزل سمیت بڑی مصنوعات کی درآمد بھی شروع کر دی جس سے بندرگاہوں پر دباؤ اور رش میں اضافہ ہوا۔ مزید برآں، بجلی کے شعبے میں ایندھن کے متبادل یعنی فیول آئل کی جگہ ایل این جی کے آنے سے ریفائنریز کا پیداواری عمل سست رہا کیونکہ ملک میں فیول آئل کے استعمال میں بے پناہ کمی کا رجحان رہا جس نے دیگر مصنوعات پر بھی اثرات مرتب کئے۔ ملک میں گزشتہ سال کے دوران ڈیزل کے استعمال میں 18.6 فیصد تک کمی آئی اور اس صورتحال میں پی ایس او کی سورسنگ کے لئے چیلنجوں میں مزید اضافہ ہوا۔ تاہم پی ایس او نے تمام مصنوعات کے حوالے سے ملک بھر میں سپلائی چین کے توازن کو برقرار رکھا۔

مالی سال 2019 کے دوران پی ایس او ریفائنری سے اٹھائی جانے والی پروڈکٹ کے لحاظ سے نسبتاً بہتری لانے میں کامیاب رہا جبکہ ریفائنری کی مجموعی پیداوار (یعنی وائٹ اور بلیک آئل) میں گزشتہ سال کے دوران ایک ملین ٹن سے زائد کمی آئی۔ پی ایس او نے پی آر ایل اور پارکو ریفائنریز سے اپنی اپ لفٹ کو بہتر بنایا اور نیشنل ریفائنری لمیٹڈ کے ساتھ پٹرولیم مصنوعات کے لئے سیل اینڈ پرچیز ایگریمنٹ کی تجدید کے ذریعے

لوکل سورسنگ میں اپنا حصہ یقینی بنایا۔ پی آر ایل میں اکثریتی حصص کے حصول سے پی ایس او کو اپنی مقامی سورسنگ کو پائیدار بنیادوں پر مستحکم بنانے میں قابل ذکر مدد ملی۔

بڑی پٹرولیم مصنوعات کے لئے سپلائی کے یقینی ذرائع حاصل کرنے کی حکومتی پالیسی کی روشنی میں پی ایس او بڑے انٹرنیشنل سپلائیرز کے ساتھ حکومت سے حکومت کے درمیان طویل المدت خریداری کے معاہدوں پر کام کر رہا ہے۔ مزید برآں، پی ایس او پاکستان میں گرین فیلڈ ریفائنری اور پٹروکیمیکل مینوفیکچرنگ کی سہولیات کے قیام کے لئے دنیا کی سب سے بڑی ریاستی ملکیتی آئل کمپنیوں میں سے ایک کمپنی کے ساتھ کام بھی کر رہا ہے۔

لاجسٹکس

پی ایس او نے ملک بھر میں اپنے تمام ریٹیل، صنعتی، دفاعی، ایوی ایشن اور میرین کسٹمرز کو پورا سال پٹرولیم مصنوعات کی بلاتعطل فراہمی کو یقینی بنایا اور تمام ڈپوؤں اور تنصیبات پر انونٹری کو بھرپور سطح پر برقرار رکھا جس کے نتیجے میں ملک میں کہیں بھی پیٹرولیم مصنوعات کی قلت کی صورتحال پیدا نہیں ہوئی۔

پٹرولیم مصنوعات کی محفوظ ترسیل کے پختہ عزم کے تحت پی ایس او نے اپنے فلیٹ کی 1,500 سے زائد ٹینک لاریوں کو اپ گریڈ کر لیا ہے جو اوگرا کے نوٹیفائیڈ ٹیکنیکل معیارات اور نیشنل ہائی ویز اتھارٹی کی شرائط کے عین مطابق ہیں۔ یہ ٹینک لاریاں بین الاقوامی معیار کے گیج اور رول اوور سے بچاؤ کے نظام سے لیس ہیں جس سے حادثات کے امکانات کم سے کم ہو جاتے ہیں۔ گاڑیوں کی وڈیو نگرانی اور ٹینک لاریوں کے عملہ کے طرز عمل کی نگرانی کے لئے موبائل ڈیجیٹل وڈیو ریکارڈر کیمرے عوام اور ماحول کے تحفظ کو یقینی بناتے ہیں۔

معیار کے مطابق گاڑیوں کی اپ گریڈیشن کے ساتھ ساتھ ڈرائیوروں کی مسلسل تربیت اور ان کی مہارتوں میں بہتری لانا بھی ایک اہم ضرورت ہے۔ اس حوالے سے پی ایس او، نیشنل ہائی وے اینڈ موٹروے پولیس (این ایچ اینڈ ایم پی) کے اشتراک سے اور اپنے ایچ ایس ای ٹرینرز کے ذریعے پورا سال پاکستان بھر کے تمام لاجسٹکس لوکیشنز پر ڈرائیوروں کی تربیت و آگاہی اور ایچ ایس ای کے تقریباً 36 ریفریشر سیشن منعقد کرا چکا ہے اور ایک ہزار سے زائد ڈرائیوروں کو دفاعی ڈرائیونگ کے طریقوں اور حادثات وغیرہ کی صورت میں فوری اقدامات کے لئے ضروری معلومات پر تربیت دے چکا ہے۔

اوگرا اور این ایچ اے کے مطلوبہ تقاضوں کے مطابق فلیٹ مینجمنٹ ٹینک لاریوں کے نظام کو مزید بہتر بناتے ہوئے پٹرولیم مصنوعات کی ریٹیل اور صنعتی صارفین تک ٹینک

لاریوں کے ذریعے محفوظ ترسیل کو یقینی بنایا گیا ہے۔

بنیادی ڈھانچے کی سہولیات کے پراجیکٹ اور مینٹیننس

ریٹیل کنسٹرکشن اور فیسلیٹیز

پی ایس او نے اپنے سیلز نیٹ ورک کو مزید فروغ دینے اور مارکیٹ میں اپنی قیادت کو زیادہ مستحکم کرنے کے لئے ملک میں 70 مزید ریٹیل آؤٹ لیٹس قائم کیے۔

پی ایس او کے ریٹیل آؤٹ لیٹس کے مجموعی ماحول کو جدید خطوط پر استوار کرنے کے لئے ایک نئے پروگرام کے تحت کینوپی کے نیچے روایتی ہائی وولٹیج لائٹس کی جگہ توانائی کا عمدہ استعمال کرنے والی جدید ترین ایل ای ڈی لائٹس نصب کی جا رہی ہیں۔ اس پروگرام میں کمپنی کے ریٹیل آؤٹ لیٹس پر 'بلیو بار سائنیج' (Blue-Bar Signage) اور 'سپریڈرز' (Spreaders) کی ری ڈیزائننگ بھی شامل ہے۔ اس ضمن میں پی ایس او 30 جون 2019 تک 280 آؤٹ لیٹس کو اپ گریڈ کر چکا ہے۔

فیسلیٹیز کی دیکھ بھال

پاکستان کے مختلف مقامات پر پی ایس او کی تنصیبات کو ریفائنریوں اور آئل پائیرز (Oil Piers) کے ساتھ جوڑنے والی 58 کلومیٹر پائپ لائنوں کی 'انٹیگریٹی ٹیسٹنگ' (Integrity Testing) کا کام کامیابی کے ساتھ انجام دے دیا گیا ہے۔

انفراسٹرکچر کی تعمیر

پانچ مقامات پر 151,000 میٹرک ٹن کے اضافی سٹوریج ٹینکوں کی تعمیر اور کیماڑی اور زیڈ او ٹی کمپلیکس میں 139,000 میٹرک ٹن کے موجودہ ٹینکوں کی بحالی کے لئے ٹھیکے جاری کر دیے گئے ہیں۔

محمود کوٹ ٹرمینل میں پریمیئر موٹر گیسولین ہینڈلنگ فیسلیٹی کو بہتر بنانے کا کام تکمیل کے قریب ہے جس سے پی ایم جی کی سٹوریج کیپیسٹی دگنا ہو جائے گی۔

کیماڑی ٹرمینلز کو آئل پائیرز کے ساتھ جوڑنے والی 20 انچ ڈایا ٹینکر ڈسچارج پائپ لائن کے 550 میٹر حصے کی تبدیلی کا کام بھی مکمل کر لیا گیا ہے۔

پروجیکٹس

شکار پور اور ماچھیکے میں پی ایس او، اور پارکو کے ٹرمینلز کی پائپ لائنوں کو جوڑنے کا کام بھی تکمیل کے مراحل میں ہے۔ اس پروجیکٹ کی تکمیل کے بعد چیکو ملٹی گریڈ وائٹ آئل پائپ لائن سسٹم کے ذریعے گیسولین حاصل کرنے کے لئے تیار ہوگی۔

آپریشنز

پی ایس او کا آپریشنز نیٹ ورک سٹریٹیجک مقامات پر واقع ہے جس کے ذریعے ملک بھر میں ایندھن کی بلاتعطل سپلائی کو یقینی بنایا جاتا ہے اور پٹرولیم مصنوعات کی بڑھتی طلب کو پورا کیا جاتا ہے۔

کاروبار کے بدلتے منظر نامے اور کسٹمرز کی ترجیحات میں نمایاں تبدیلی کے باعث گزشتہ سالوں کے دوران پاکستان میں موگیس کی ضرورت نمایاں حد تک بڑھ گئی ہے۔ اس بناء پر پی ایس او کی بزنس سٹریٹجی کو مسلسل بنیادوں پر بہتر بنانے کا عمل جاری ہے جس کی بدولت کمپنی کو اپنے صارفین کی توقعات پر پورا اترنے میں مدد ملتی ہے۔

انرجی مکس میں تبدیلی کے باعث ذوالفقار آباد آئل ٹرمینل میں ہائی سلفر فرنس آئل کی پی ایس او سٹوریج کو پوری طرح استعمال نہیں کیا جا رہا تھا۔ اس بناء پر موگیس کی دستیابی کے دنوں (Day Cover) میں اضافہ کے لئے پی ایس او نے 60 ہزار میٹرک ٹن ہائی سلفر فرنس آئل / ہائی اسپیڈ ڈیزل کی موجودہ سٹوریج کو موگیس کی اسٹوریج میں تبدیل کر دیا ہے۔ موگیس سٹوریج میں اس توسیع کی بدولت نہ صرف کمپنی کے ذخیرے کی گنجائش میں اضافہ ہو گا بلکہ ہرجانہ (Demurrages) کے اخراجات کو بھی کم کرنے میں مدد ملے گی۔

پٹرولیم مصنوعات کی بڑھتی ہوئی ضروریات کو پورا کرنے اور ڈے کور کی حد میں اضافہ کے لئے پاکستان بھر میں سٹریٹجک فیول سٹوریج کا قیام پی ایس او کی اولین ترجیح ہے۔ حکومت پاکستان کی ہدایات کی روشنی میں پی ایس او نے سٹوریج کو مزید بہتر بنانے کے لئے ایک جامع منصوبہ تیار کیا ہے۔

پی ایس او اپنے سٹوریج ڈویلپمنٹ پلان کو بھی حتمی شکل دے رہا ہے جس کے ساتھ سٹوریج میں اضافہ کے لئے مزید اراضی حاصل کی جا رہی ہے اور پائپ لائن بچھانے کے لئے 'رائٹ آف وے' حاصل کیا جا رہا ہے۔

پی ایس او اب تک چک پیرانہ میں 15 ایکڑ اور فیصل آباد میں 17 ایکڑ اراضی کی خریداری کا کام مکمل کر چکا ہے۔

شجر کاری مہم

وزیر اعظم پاکستان کے صاف و سرسبز پاکستان پروگرام کے سلسلے میں پی ایس او

ڈیلروں کے لئے فیول مینجمنٹ ایپلی کیشن

پی ایس او پاکستان میں اپنے ڈیلرز نیٹ ورک کے لئے موبائل ایپلی کیشن متعارف کرانے والی واحد آئل مارکیٹنگ کمپنی ہے جس میں ڈیلرز، ریٹیل آؤٹ لیٹ مینیجرز اور عملہ کی ذمہ داریاں طے کردی گئی ہیں۔ اس ایپلی کیشن کی بدولت کمپنی ڈیلر پروگرام کے لحاظ سے، پروڈکٹ کے لحاظ سے اور روزانہ سیلز کے لحاظ سے تمام متعلقہ ڈیٹا حاصل کر سکتے ہیں۔ ان تجزیہ رپورٹوں کی بدولت وہ اپنے روزمرہ بزنس کے بارے میں فیصلے کر سکتے ہیں اور دور بیٹھ کر بھی اپنے بزنس کو چلا سکتے ہیں۔

کمرشل فیولز

ایوی ایشن، میرین اور ایکسپورٹس

پی ایس او نے ایوی ایشن فیولز انڈسٹری میں اپنی غالب حیثیت کو مستحکم بنانے کا سلسلہ جاری رکھا اور مضبوط انفراسٹرکچر کی مدد سے جدید ترین ری فیولنگ ایکویپمنٹ کے ذریعے اعلیٰ ترین معیار کی مصنوعات فراہم کیں۔ پی ایس او، ایئرنوٹل انٹرنیشنل کے لائسنس کا حامل ہے جو پی ایس او کو ایوی ایشن بزنس کے سلسلے میں اپنی تکنیکی معاونت اور بین الاقوامی مہارت فراہم کرتا ہے۔

گزشتہ سالوں کے مقابلے میں مالی سال 2019 میں پی ایس او کی جیٹ اے ون کی سیلز 618 کے ایم ٹی کی بلند ترین سطح کو پہنچ گئی اور اس نے پاکستان کے ایوی ایشن بزنس میں اپنی قائدانہ حیثیت برقرار رکھی اور مارکیٹ شیئر 94 فیصد تک بڑھالیا۔ پی ایس او نے غیر ملکی کیریئرز کو مجموعی سیلز تقریباً 26 فیصد تک بڑھالیں۔ اس عرصے کے دوران پی ایس او کے غیر ملکی کسٹمرز میں سات نئے کسٹمرز شامل ہوئے۔

مقامی جیٹ طیاروں سے پی ایس او کا جے پی ون والیوم 342 کے ایم ٹی رہا جو گزشتہ سال 368 کے ایم ٹی رہا تھا۔ زیر جائزہ مدت میں یہ کمی ایک مقامی ایئرلائن کے آپریشنز بند ہونے کی وجہ سے ہوئی۔

حج آپریشنز کو رواں طریقے سے چلانے میں مدد دینے کے لئے پی ایس او ہر سال حج پروازوں کی ری فیولنگ پر ترجیحی توجہ دیتا ہے۔ اس سال کے حج آپریشنز کے دوران پی ایس او نے 454 پروازوں کی ری فیولنگ کی۔

افغانستان کو جے پی ایٹ کی برآمدات کا 100 فیصد مارکیٹ شیئر پی ایس او کے حصے میں آنے سے یہ برآمدی کسٹمرز کو ایندھن سپلائی کرنے والی واحد آئل مارکیٹنگ کمپنی بن گئی ہے۔

میرین کسٹمرز کو ایچ ایس ڈی سیلز مالی سال 2019 میں 44 کے ایم ٹی رہیں جو گزشتہ سال کی نسبت 47 فیصد زیادہ ہے۔

بجلی کا شعبہ

فرنس آئل کا استعمال بجلی اور صنعتی شعبوں میں ہوتا ہے۔ شعبہ بجلی کے صارفین میں جینکوز، کے الیکٹرک اور نیشنل گرڈ سے منسلک نجی شعبے کے مختلف بجلی پیدا کرنے والے ادارے ہیں۔ صنعتی شعبے کے صارفین میں ٹیکسٹائل ملز، سیمنٹ، کھاد، چینی، کیپٹیو پاور پروڈیوسرز، اور متفرق صنعتیں شامل ہیں۔

ملک میں قدرتی گیس کی سپلائی کی صورتحال کے پیش نظر اور حکومت کی طرف سے موجودہ پاور پلانٹس کو آر ایل این جی / قدرتی گیس پر منتقل کرنے کی حکمت عملی اور ملک میں کوئلے / گیس / متبادل توانائی کے پاور پلانٹس کی تنصیب سے انڈسٹری میں فرنس آئل کی طلب میں نمایاں کمی آئی ہے۔ حکومت پاکستان نے فرنس آئل کا استعمال کم کرنے کے لئے مختلف اقدامات کرتے ہوئے درآمدات پر پابندی عائد کردی ہے اور سستے ایندھن کے ذرائع والے پاور پلانٹس کو لوڈ کی تخصیص میں ترجیحی حیثیت دی جارہی ہے۔ نتیجتاً توقع ہے کہ فرنس آئل کے پاور پلانٹس صرف گرمی کے دنوں میں طلب کی انتہائی سطح کو پہنچنے پر جزوی طور پر چلائے جائیں گے۔ لہٰذا، انڈسٹری کی کھپت مالی سال 2019 میں 52.2 فیصد کمی کے ساتھ 3.5 ملین میٹرک ٹن پر آگئی جو مالی سال 2018 میں 7.4 ملین میٹرک ٹن تھی۔

انڈسٹری میں کمی کے اس رجحان کے باعث پی ایس او کا فرنس آئل کا سیلز والیوم مالی سال 2019 میں 1.8 ملین میٹرک ٹن تک کم ہوگیا جو مالی سال 2018 میں 4.9 ملین میٹرک ٹن تھا۔ تاہم پی ایس او نے اس شعبے میں مارکیٹ لیڈر کے طور پر اپنی حیثیت برقرار رکھی ہوئی ہے اور اس کا مارکیٹ شیئر 52.2 فیصد ہے۔

مالی سال 2019 کے دوران بلند واجب الادا رقوم، فرنس آئل کی غیر یقینی طلب اور فرنس آئل کی قیمت میں اضافے سمیت تمام تر چیلنجوں کے باوجود پی ایس او پوری مستعدی کے ساتھ بلاتعطل سپلائی برقرار رکھنے میں کامیاب رہا اور ایک حقیقی قومی ادارے کی حیثیت سے اس نے اپنی تمام تر ذمہ داریاں پوری کیں۔

ایل این جی

پی ایس او ایل این جی کی درآمد کے ذریعے قدرتی گیس کی طلب اور رسد کے درمیان فرق کو دور کرنے میں کلیدی کردار ادا کرتا چلا آرہا ہے۔ مالی سال 2019 میں پی ایس

او نے 74 ایل این جی ویسلز منگوائے جن کے ذریعے 236,496,743 ایم ایم بی ٹی یوز (تقریباً 4.6 ملین میٹرک ٹن) ایل این جی درآمد کی گئی۔ ایس این جی پی ایل پر ایل این جی کے بڑھتے ہوئے واجبات کے باوجود متعلقہ فریقین کے ساتھ باہمی رابطے کے ذریعے سپلائی چین کی تمام سرگرمیوں کو ہموار طریقے سے جاری رکھا گیا۔

ایل پی جی

مختلف چیلنجوں کے باوجود پی ایس او نے اپنا مارکیٹ شیئر 2.8 فیصد تک بہتر کیا جو گزشتہ مالی سال 2.7 فیصد تھا۔ ایل پی جی انڈسٹری میں 10.3 فیصد تک کمی واقع ہوئی جبکہ پی ایس او کی ایل پی جی سیلز میں گزشتہ سال کی نسبت 6.1 فیصد تک منفی افزائش دیکھنے میں آئی۔

مالی سال 2019 میں مختلف نئی مشکلات اور چیلنج سامنے آئے اور چیلنج پیدا کرنے والے بڑے عوامل میں نہ صرف درآمدی اور مقامی پروڈکٹ کی قیمتوں میں فرق اور درآمدات کی سمندر سے زمینی راستے یعنی تافتان سرحد کی جانب منتقلی شامل ہیں تاہم سمارٹ پرائسنگ سٹریٹجی کی بدولت پی ایس او اپنی انونٹری لیول منافع بخش حد تک برقرار رکھنے میں بڑی حد تک کامیاب رہا۔ اس پرائسنگ سٹریٹجی کا نتیجہ مثبت منافع بعد از ٹیکس کی شکل میں سامنے آیا اور ایک دہائی بعد پی ایس او کے ایل پی جی بزنس نے مثبت منافع بعد از ٹیکس حاصل کرلیا۔ پی ایس او نے ایل پی جی کی 184 کمپنیوں میں سے چھ بڑی مارکیٹنگ کمپنیوں میں اپنی جگہ بنالی ہے۔ پی ایس او نے اپنے ڈسٹری بیوشن نیٹ ورک میں 53 ڈسٹری بیوٹرز شامل کئے اور یوں ملک بھر میں ڈسٹری بیوٹرز کی کل تعداد 234 تک پہنچ گئی۔ انڈسٹریل کسٹمر کا شعبہ جس میں پی ایس او نے 2018 میں قدم رکھا، اس میں مزید بہتری دیکھنے میں آئی اور کمپنی نے پانچ نئے انڈسٹریل کسٹمر حاصل کئے۔

سی این جی

پی ایس او فرنچائز ماڈل کے تحت سی این جی مارکیٹ میں شرکت کا سلسلہ جاری ہے اور کمپنی نے انڈسٹری میں اپنا مقام برقرار رکھا ہے۔ موجودہ نیٹ ورک کو مزید بہتر بنانے کے لئے نجی سی این جی سٹیشنوں کو پی ایس او کے ریٹیل آؤٹ لیٹس میں تبدیل کرکے انہیں عمدہ طریقے سے بروئے کار لایا جارہا ہے۔ پنجاب کے سی این جی سٹیشنوں پر آر ایل این جی کی دستیابی نے اس انڈسٹری کی پائیداری میں اپنا کردار ادا کیا اور توقع ہے کہ مستقبل میں اس میں مزید بہتری آئے گی۔

لبریکنٹس اور کیمیکلز

لبریکنٹس کی مارکیٹ میں زیر نظر سال کے دوران تقریباً 10 فیصد تک کی کمی کا رجحان رہا۔ پی ایس او لبریکنٹس سٹریٹجی میں آمدنی کو بہتر بنانے پر زور دیا گیا جس سے پی ایس او لبریکنٹس ٹیم یونٹ مارجن کو بڑھانے کی حکمت عملی کے ذریعے اس سال زیادہ منافع حاصل کرنے میں کامیاب ہوا۔

رواں سال پی ایس او نے اپنی پروڈکشن سہولیات کے ذریعے 40,000 میٹرک ٹن سے زائد لبریکنٹس تیار کئے۔ پی ایس او نے صنعتی، ریٹیل اور ہائی سٹریٹ کے شعبوں میں اپنی مصنوعات اور خدمات کو بہتر بنانے پر توجہ مرکوز رکھی۔ ان اقدامات کے ذریعے پی ایس او، پاکستان کی تین بڑی لبریکنٹ کمپنیوں میں اپنا مقام برقرار رکھنے میں کامیاب رہا۔

پی ایس او نے سخت مقابلے اور سیلز کے تمام شعبوں میں مختلف اندرونی اور بیرونی چیلنجوں سے بھرپور کئی محاذوں پر اپنی مقابل کمپنیوں کے ساتھ مقابلہ کیا اور مارکیٹ میں کمی کے رجحان کے باوجود اپنے آگے بڑھنے کا سلسلہ جاری رکھا۔ برانڈ سے متعلق کیمپین اور ہائی سٹریٹ اور ریٹیل چینلز میں سیزن اور آف سیزن کی ٹریڈ مارکیٹنگ کیمپینز کے ذریعے مارکیٹ میں برانڈ کی آگاہی اور پروڈکٹ کی موجودگی کو اُجاگر کیا گیا۔ اس کے علاوہ سیلز کو فروغ دینے اور برانڈ کی آگاہی بڑھانے کے لئے ملک بھر کے مختلف ریٹیل ریجن میں مقامی سطح کی ریٹیل فورکورٹ کیمپینز چلائی گئیں۔

گزشتہ مالی سال میں لبریکنٹس کے شعبے نے اپنی لبریکنٹ لائن کے بارے میں آگاہی بہتر بنانے اور لبریکنٹ کسٹمرز کی معاونت کے لئے مختلف اے ٹی ایل اور بی ٹی ایل سرگرمیوں کا اہتمام کیا۔ اعلیٰ سطح کے برانڈز سے متعلق کمپنی کی مسلسل کوششوں کا نتیجہ اس کی سیلز اور منافع میں غیر معمولی اضافے کی صورت میں برآمد ہوا۔

پی ایس او نے دوست پروگرام اور آئل ایڈوائزر پروگرام جیسی سرگرمیوں کے ذریعے اپنے چینل پارٹنرز اور صارفین کے ساتھ اپنے تعلقات کو مزید مستحکم بنایا۔ یہ پروگرام ڈیلروں، مکینکس اور کمپنی کے درمیان اشتراک عمل کی عمدہ مثال ہیں اور مارکیٹ میں ان کا تاثر بہت اچھا رہا ہے۔

مالی سال 2019 میں کمپنی نے ٹرانسفارمر آئل بزنس میں اپنی کوششوں کا سلسلہ جاری رکھا جس کے نتیجے میں گزشتہ سال کے والیوم کے مقابلے میں والیوم میں 43 فیصد افزائش دیکھنے میں آئی جو اس شعبے میں پی ایس او کے لئے عمدہ مواقع پیدا کرنے سے ممکن ہوا۔

ریٹیل بزنس

30 جون 2019 تک پی ایس او نے اپنے نیٹ ورک میں 70 نیو وژن ریٹیل آؤٹ لیٹس (این وی آر او) کا اضافہ کیا اور یوں سائٹس کی کل تعداد 3,487 تک پہنچ گئی۔ کمپنی نے گوادر میں بڑھتی کاروباری سرگرمیوں اور خطے میں عوام الناس کی ضروریات کے پیش نظر وہاں پہلا نیو وژن ریٹیل آؤٹ لیٹ قائم کیا۔

کمپنی کی 23 فلیگ شپ سائٹس کے ذریعے صارفین کو بہترین معیار کی خدمات فراہم کی جا رہی ہیں۔ سیلز آرڈر کی کارروائی کو خودکار خطوط پر ڈھالنے اور ڈیلروں کو بھرپور سہولت فراہم کرنے کے ساتھ ساتھ آرڈر دینے کے روایتی مینوئل نظام کو تبدیل کرنے کی کوششوں کے تحت کمپنی نے اپنے 1800 آؤٹ لیٹس پر آن لائن آرڈرنگ مینجمنٹ سسٹم کا آغاز کر دیا ہے۔ بین الاقوامی معیار کے تقاضوں کو پیش نظر رکھتے ہوئے پی ایس او کی طرف سے قائم کئے گئے موبائل کوالٹی ٹیسٹنگ یونٹ نے صارفین کو درست معیار اور مقدار کی مصنوعات کی فراہمی کے لئے ریٹیل آؤٹ لیٹس پر 14,723 چیکس کئے اور مصنوعات کا تجزیہ کیا۔

نان فیول ریٹیل

نان فیول ریٹیل کے شعبے کی بدولت پی ایس او کے فورکورٹس میں خدمات کا دائرہ وسیع کرنے میں مدد ملی ہے جس کے تحت کسٹمرز کو ایک چھت تلے خدمات فراہم کی جاتی ہیں اور یوں کسٹمرز پی ایس او کے آؤٹ لیٹس کو ترجیح دیتے ہیں۔

پی ایس او کے نان فیول ریٹیل شعبے کی طرف سے پیش کی جانے والی خدمات درج ذیل ہیں:

سی سٹور ری ماڈلنگ۔ شاپ سٹاپس

نان فیول ریٹیل کے شعبے نے کسٹمرز کو پی ایس او فورکورٹس میں عمدہ خدمات کی فراہمی کے لئے پی ایس او کنوینینس سٹور (سی سٹور) نیٹ ورک کی تزئین نو کی ہے اور اسے وسعت دی ہے جس کی بدولت یہ ایک پریمیم برانڈ کے طور پر ابھر کر سامنے آیا ہے اور ان سٹورز کو ایک نئی پہچان ملی ہے۔

'شاپ سٹاپ' کے برانڈ نام سے سی سٹورز کے تمام تر ماحول کو ایک نئے رنگ میں ڈھال دیا گیا ہے۔ عام استعمال کی اشیاء ہوں یا ذاتی استعمال کی چیزیں، مشروبات ہوں یا سنیکس یا بیکری مصنوعات، سی سٹورز کسٹمرز کی ہر ضرورت کو احسن طریقے سے پورا کرتے ہیں۔

پی ایس او کے نان فیول ریٹیل کے شعبے نے 30 جون 2019 تک 40 سی سٹورز کی تزئین نو کی ہے اور یوں پی ایس او کے فورکورٹس میں بین الاقوامی معیار کی مصنوعات اور خدمات فراہم کی جا رہی ہیں۔ شاپ سٹاپس کی ری ماڈلنگ سے نئے کسٹمرز بھی ان کی طرف مائل ہو رہے ہیں اور موجودہ کسٹمرز یہاں فراہم کی جانے والی اعلیٰ ترین معیار کی سہولیات پر انتہائی مطمئن ہیں جس کی بدولت ریونیو کے مزید ذرائع پیدا ہوں گے اور شاپ آپریٹنز پر کنٹرول بڑھانے میں مدد ملے گی۔

مزید برآں، پی ایس او نے منتخب سی سٹورز پر شاپ-ان-شاپ کا تصور بھی متعارف کرایا ہے۔
اس مقصد کے لئے پی ایس او نے ڈنکن ڈونٹس (Dunkin Donuts)، ایسپریسو ٹو گو (Espresso2go)، گرین بینز (Green Beans)، ژوپ (Xoop) کوریئر سروسز اور دیگر اداروں کے ساتھ پارٹنرشپ کی ہے جس کے تحت یہ کمپنیاں سی سٹورز میں اپنے آؤٹ لیٹس بنائیں گی اور چلائیں گی۔

تجارتی سرگرمیوں کے الائنس

پی ایس او اپنے "شاپ سٹاپ" کنوینینس سٹورز پر معیاری خدمات فراہم کرنے کے لئے بڑی ایف ایم سی جی کمپنیوں کے ساتھ مل کر بھی کام کر رہا ہے۔ آئس کریم ہو یا بیوریجز یا پھر کوریئرز، ہر طرح کی مصنوعات پیش کرنے والی بڑی کمپنیوں کے ساتھ پارٹنرشپ کی بدولت سی سٹورز پر کسٹمرز کو ہر طرح کی مصنوعات پیش کی جا رہی ہیں۔

برانچ لیس بینکنگ اور اے ٹی ایم سہولیات

پی ایس او اپنے کسٹمرز کی مالی ضروریات پوری کرنے کے لئے اپنے وسیع تر ریٹیل آؤٹ لیٹ نیٹ ورک پر برانچ لیس بینکنگ اور اے ٹی ایم سہولیات بھی فراہم کرتا ہے۔ معاشرے کے تمام طبقات کی طرف سے برانچ لیس بینکنگ کے بڑھتے استعمال اور اس کی بدولت ملنے والی سہولت کے پیش نظر پی ایس او نے 30 جون 2019 تک 300 آؤٹ لیٹس پر یہ سہولیات فراہم کر دی ہیں۔

پی ایس او نے کسٹمرز اور عام لوگوں کو محفوظ ماحول میں مالی لین دین کی سہولیات فراہم کرنے کے لئے اپنے ریٹیل آؤٹ لیٹس پر اے ٹی ایم کی تنصیب کے لئے مختلف بینکوں کے ساتھ قابل قدر الائنس بنائے ہیں۔ کمپنی نے حال ہی میں اپنے مختلف ریٹیل آؤٹ لیٹس پر اے ٹی ایم کی تنصیب کے لئے مختلف بینکوں کے ساتھ معاہدے کئے ہیں۔ یہ سہولت اس وقت تقریباً 150 ریٹیل فیول سٹیشنوں پر دستیاب ہے۔

کارڈز کا بزنس

مالی سال 2019 جدت اور کسٹمرز کی زندگیوں میں بہتری لانے کے اعتبار سے پی ایس او کارڈز بزنس کے لئے شاندار سال رہا ہے۔ گزشتہ سال پی ایس او کے کارڈز بزنس نے ایک بڑا قدم اٹھاتے ہوئے ایک نئی پروڈکٹ متعارف کرائی ہے جس کے بارے میں توقع ہے کہ یہ کسٹمرز کے فیول کی خریداری کے بنیادی تصورات کو بدل کر رکھ دے گی۔

مالی سال 2019 میں پی ایس او کارڈز ڈویژن نے 61.1 بلین روپے کی سیلز کی جو کہ مالی سال 2018 کی سیلز 48.3 بلین روپے کے مقابلے میں 28 فیصد زیادہ ہے۔ تقریباً 600 نئے کسٹمر اکاؤنٹس بنائے گئے، کارڈ کی قبولیت 1,350 سے زائد آؤٹ لیٹس پر دستیاب رہی اور مجموعی طور پر فعال کارڈ ہولڈرز کی تعداد 200,000 کا سنگ میل عبور کر گئی۔

ڈیجی کیش

پی ایس او کارڈز پاکستان میں فیول کارڈز متعارف کرانے والا پہلا کارڈ ہے اور مختلف اداروں، کارپوریشنوں اور اداروں کو ملک بھر میں فیول مینجمنٹ سلیوشن فراہم کر رہا ہے۔ اپنے وسیع تجربہ کو بروئے کار لاتے ہوئے پی ایس او کارڈز بزنس کی شکل میں کسٹمرز کے لئے ایک انتہائی باسہولت پروڈکٹ متعارف کرائی گئی ہے جس نے ایندھن بھروانے کے روایتی طریقہ کار کو بدل کر رکھ دیا ہے۔ مارکیٹ ریسرچ کے نتائج سے ظاہر ہوتا ہے کہ کسٹمرز اس پروڈکٹ کو پسند کرتے ہیں اور اس کی تائید بھی کرتے ہیں جس سے ملنے والی حوصلہ افزائی کی بنیاد پر پی ایس او نے عوام کے لئے ایک نئی پروڈکٹ متعارف کرائی ہے۔

"پی ایس او ڈیجی کیش" کارڈ تین ماہ کے آزمائشی تجربے کے بعد 2 جون 2019 کو متعارف کرایا گیا جس کا مقصد اس بات کو یقینی بنانا ہے کہ اپنے معزز صارفین کو ایک آزمودہ پروڈکٹ پیش کی جائے۔

ڈیجی کیش چپ سے کام کرنے والا کارڈ ہے جسے دوبارہ لوڈ کیا جا سکتا ہے اور جس کے لئے ایپلی کیشن کے ذریعے آن لائن درخواست دی جا سکتی ہے یا پی ایس او کے شریک 1000 فیول سٹیشنوں سے بھی فوری طور پر حاصل کیا جا سکتا ہے۔ یہ کارڈ کسٹمرز کے ڈیبٹ کارڈ، کریڈٹ کارڈ یا ایزی پیسہ موبائل اکاؤنٹ کے ذریعے آن لائن یا پھر پی ایس او کے متعلقہ سٹیشن سے انتہائی باسہولت طریقے سے ٹاپ اپ کرایا جا سکتا ہے۔ ہر بار پی ایس او سے فیول اور لبریکنٹ کی خریداری پر کسٹمر کو لائلٹی پوائنٹس ملتے ہیں جن کی بدولت وہ مختلف ہوٹلوں، سیلونز وغیرہ پر مختلف ڈیل اور ڈسکاؤنٹ حاصل کر سکتے ہیں۔ 30 جون 2019 تک 87.2 ملین روپے کا بیلنس صارفین لوڈ کروا چکے ہیں۔

پی ایس او فیولنگ ایپلی کیشن

ڈیجی کیش کے ساتھ ایک انتہائی باسہولت موبائل ایپلیکیشن پی ایس او فیولنگ بھی متعارف کرائی گئی ہے جو اینڈرائڈ اور آئی او ایس دونوں طرح کے موبائل صارفین کے لئے دستیاب ہے۔

پی ایس او فیولنگ کی بدولت فیول مینجمنٹ مکمل طور پر صارفین کے اختیار میں آ جاتی ہے۔ کسٹمر اپنے ایندھن کے اخراجات کو بہتر طور پر کنٹرول کرنے کے لئے ٹاپ اپ، ایندھن سے متعلق لین دین، لائلٹی پوائنٹس، پوائنٹس وصولی کی تفصیلات وغیرہ سمیت تمام معلومات حاصل کر سکتے ہیں۔ مختلف پہلوؤں مثلاً پراڈکٹ، اس کی خریداری کے تواتر اور سٹیشنوں کی تفصیل پر مبنی تجزیہ کی رپورٹیں بھی فراہم کی جاتی ہیں۔ فیول مینجمنٹ کے ساتھ اس میں دیگر منفرد خصوصیات بھی فراہم کی گئی ہیں جن میں آپ کے اردگرد کے سٹیشن کی معلومات یا بہترین ڈیلز کے بارے میں معلومات، وہیکل مینجمنٹ سسٹم جو تیل تبدیلی کے وقت اور گاڑی کی مینٹی ننس کے بارے میں کسٹمرز کو الرٹ بھی دیتا ہے، شکایات پورٹل، اور ڈیلز اور ڈسکاؤنٹ کے بارے میں باقاعدہ اپ ڈیٹ بھی فیولنگ ایپلی کیشن پر دستیاب ہوتی ہیں۔

اجراء کے پہلے ماہ کے اندر ہی ڈیجی کیش استعمال کرنے والے کسٹمرز کی تعداد پندرہ ہزار تک پہنچ گئی جو اس بات کا ثبوت ہے کہ اس پروڈکٹ کا لوگوں نے بھرپور خیر مقدم کیا ہے۔

کارپوریٹ کسٹمرز کے لئے فیولنگ پورٹل

مالی سال 2019 میں پی ایس او کے کارپوریٹ اکاؤنٹ ہولڈرز کی جانب سے فیولنگ پورٹل کے استعمال میں شاندار اضافہ دیکھنے میں آیا۔ رپورٹنگ، تجزیہ رپورٹس اور ای بل جیسی سہولیات حاصل کرنے کے لئے کسٹمرز نے کارڈز کے لئے درخواستیں دیں اور فیولنگ پورٹل کے ذریعے محدود نظر ثانی پر کارروائی کی گئی۔ پی ایس او کا مقصد فیولنگ ایپلی کیشن کے ذریعے کسٹمرز کی درخواستوں پر کارروائی کا سلسلہ جاری رکھنا ہے جس سے ممکنہ حد تک بغیر کاغذ کے کام کرنے اور مزید ماحول دوست اقدامات اپنانے کی حوصلہ افزائی ہوگی۔

پاکستان میں پہلی بار سمارٹ ٹرمینل

پی ایس او ڈیجی کیش کے اجراء کے ساتھ ہی پی ایس او اپنے ریٹیل آؤٹ لیٹس پر اینڈرائڈ پر مبنی سمارٹ پی او ایس ٹرمینل متعارف کرانے والی پہلی پاکستانی کمپنی بن گئی ہے جو اپنے ڈیلروں کو مختلف سہولیات پیش کرتی ہے جن میں کسٹمرز کی فوری آن بورڈنگ، ٹاپ اپ ٹرانزیکشنز، مکمل کیمپین مینجمنٹ، تجزیہ رپورٹس وغیرہ شامل ہیں۔

سیلز کارکردگی اور بزنس لائنز کی کارکردگی

پی ایس او نے لیکوئڈ فیولز میں مارکیٹ لیڈر کی حیثیت برقرار رکھی اور اس کا مجموعی مارکیٹ شیئر 42.4 فیصد رہا۔ پی ایس او نے مالی سال 2019 کے دوران وائٹ آئل میں گزشتہ سال کی نسبت 14.9 فیصد منفی افزائش رہی جس میں بنیادی طور پر موگیس کی 4.8 فیصد، ایچ ایس ڈی کی 25.5 فیصد منفی افزائش اور جے پی ون کی 3.4 فیصد کی مثبت افزائش نے اپنا کردار ادا کیا حالانکہ انڈسٹری کے سیلز والیوم میں 12.8 فیصد کی افزائش دیکھنے کو ملی۔ بیرونی عوامل اور مقابلے میں اضافے، سمگل شدہ مصنوعات کی دستیابی میں اضافے اور لیکوئڈ فیولز کی مارکیٹ میں مجموعی مقابلے جیسے چیلنجوں کے باعث ہونے والے نقصان کو پی ایس او نے کم سے کم کرنے کی بھرپور کوشش کی۔

کمپنی نے وائٹ آئل کے شعبے میں اپنی مارکیٹ لیڈر شپ برقرار رکھنے کے لئے مختلف کوششیں کیں جن میں مارکیٹنگ کی متعدد سرگرمیاں مثلاً نئے ریٹیل آوٹ لیٹس کا اضافہ، جدت آمیز مصنوعات مثلاً ''ڈیجی کیش'' کا اجراء، سی سٹورز کی تزئین نو اور پروموشن کی دیگر مختلف سرگرمیاں وغیرہ شامل ہیں۔

تاہم سپلائی کی صورتحال اور ملک میں آر ایل این جی / قدرتی گیس کی دستیابی اور حکومت کی طرف سے موجودہ پاور پلانٹس کو آر ایل این جی / قدرتی گیس پر منتقل کرنے کی حکمت عملی (میرٹ آرڈر)، کے باعث بلیک آئل کی طلب نمایاں طور پر متاثر ہوئی۔ نتیجتاً پی ایس او کے فرنس آئل کے سیلز والیوم میں مالی سال 2019 میں گزشتہ سال کی نسبت 62.6 فیصد کمی آئی۔

ذریعہ: آئل کمپنیز ایڈوائزری کونسل

مالی سال 2019 کے دوران وائٹ آئل میں 14.9 کی منفی افزائش دیکھنے میں آئی (سات سال بعد منفی افزائش) جبکہ بلیک آئل 62.5 فیصد تک نیچے آگیا۔ وائٹ آئل کا مارکیٹ شیئر گزشتہ سال کی نسبت 42.9 فیصد سے کم ہو کر 40.2 فیصد پر آگیا جبکہ بلیک آئل کا مارکیٹ شیئر 66.7 فیصد سے کم ہو کر 52.0 فیصد رہ گیا۔ مالی سال 2018 کے مقابلے میں مالی سال 2019 کے دوران موگیس میں 4.8 فیصد، ایچ ایس ڈی میں 25.5 فیصد، لبریکنٹس میں 10.8 فیصد اور ایل پی جی میں 6.1 فیصد کی منفی افزائش جبکہ جے پی ون میں 3.4 فیصد کی مثبت افزائش دیکھنے میں آئی۔

پی ایس او نے فرنس آئل میں مارکیٹ لیڈر کے طور پر اپنی حیثیت برقرار رکھی اور مالی سال 2019 میں اس کا مارکیٹ شیئر 52.2 فیصد رہا۔

ذریعہ: آئل کمپنیز ایڈوائزری کونسل

ریٹیل فیول کے میدان میں شدید مقابلہ دیکھنے میں آیا اور نئی کمپنیوں اور مقابل کمپنیوں کی طرف سے خاطر خواہ رعایتی پیشکشوں، سمگل شدہ مصنوعات کی یلغار وغیرہ کی وجہ سے مشکلات پیش آئیں۔ سمگل شدہ مصنوعات کی یلغار اور معاشی اشاریوں کی درگتی نے بنیادی طور پر انڈسٹری پر بحیثیت مجموعی اثرات مرتب کئے۔ مالی سال 2019 میں گزشتہ سال کی نسبت موگیس کی سیلز میں 4.8 فیصد کی منفی افزائش رہی جبکہ مارکیٹ شیئر 36.4 فیصد رہا اور ایچ ایس ڈی میں گزشتہ سال کی نسبت 25.5 کی منفی افزائش رہی اور مارکیٹ شیئر 39.1 فیصد رہا۔

ذریعہ: آئل کمپنیز ایڈوائزری کونسل

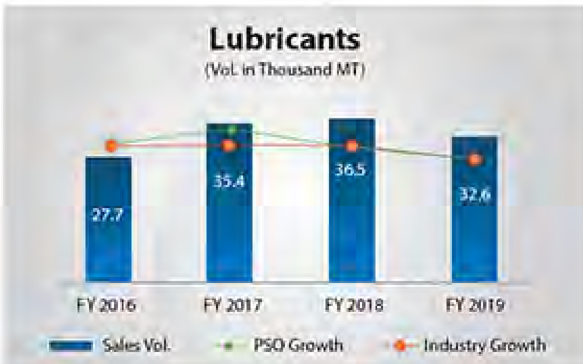
ذریعہ: آئل کمپنیز ایڈوائزری کونسل

پی ایس او نے جے پی ون میں بھی اپنی غالب حیثیت مستحکم کرنے کا سلسلہ جاری رکھا اور مالی سال 2019 میں اپنا مارکیٹ شیئر 94.0 فیصد تک بڑھا لیا جو گزشتہ سال 79.2 فیصد تھا۔ والیوم میں افزائش اور مارکیٹ شیئر میں اضافہ ملکی اور غیر ملکی دونوں طرح کی شیڈولڈ ایئر لائنوں سے بزنس کے حصول، نیو اسلام آباد ایئر پورٹ پر آپریشنز کے آغاز اور دفاعی شعبے کے کسٹمرز کی جانب سے والیوم میں اضافہ کی بدولت ممکن ہوا۔

ذریعہ: آئل کمپنیز ایڈوائزری کونسل

مارکیٹ سائز مجموعی طور پر سکڑنے سے لبریکنٹس کا کاروبار بھی متاثر ہوا جس میں گزشتہ سال کی نسبت 10.8 فیصد کی منفی افزائش ریکارڈ کی گئی اور مقابلے سے بھرپور لبریکنٹ انڈسٹری میں سیلز والیوم 32.6 کے ایم ٹی اور مارکیٹ شیئر 8.8 فیصد رہا۔

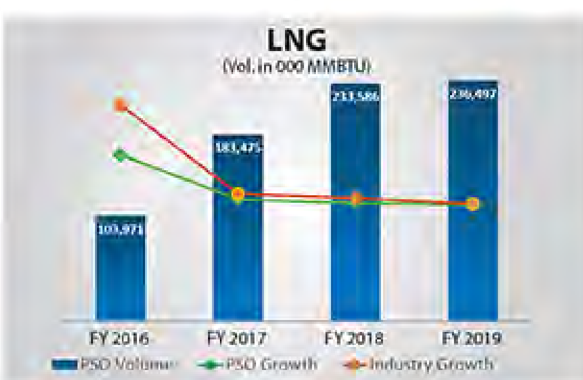
ایل پی جی انڈسٹری میں گزشتہ سال کی نسبت 10.3 فیصد تک کمی آئی جس میں پی ایس او کی سیلز میں 6.1 فیصد کی منفی افزائش دیکھنے میں آئی اور والیوم 29.7 کے ایم ٹی رہا اور یوں مالی سال 2019 کے دوران مارکیٹ شیئر 2.8 فیصد تک پہنچ گیا جو مالی سال 2018 میں 2.7 فیصد تھا۔



ذریعہ: آئل کمپنیز ایڈوائزری کونسل

ذریعہ: آئل کمپنیز ایڈوائزری کونسل

پی ایس او نے مجموعی طور پر 236,496,743 MMBTUs (تقریباً 4.6 ملین ایم ٹی ایس) کے ساتھ 74 جہازوں کی خریداری کی۔ پی ایس او نے مالی سال 2019 میں اپنی مارکیٹ کی قیادت کو 68 فیصد کے حصص کے ساتھ برقرار رکھا۔



ذریعہ: آئل کمپنیز ایڈوائزری کونسل

چیئرمین کا جائزہ

بحیثیت ایک ذمہ دار کارپوریٹ کمپنی کے، پی ایس او کی جانب سے کارپوریٹ سوشل ریسپانسبلٹی ٹرسٹ کے ذریعے عوامی فلاحی کاموں میں تعاون کیا گیا اور سی ایس آر کی مد میں تقریباً 230 ملین روپے وقف کیے گئے۔

موجودہ بورڈ آف منیجمنٹ حکومت پاکستان کی جانب سے فروری 2019 میں تشکیل دیا گیا۔ اس دورانیے میں آپ کے بورڈ آف منیجمنٹ نے کارکردگی کی جائزہ کمیٹی سمیت کئی کمیٹیاں تشکیل دیں جس کا بنیادی مقصد گورننس اور کمپنی کی سٹریٹیجک پالیسی پر عمل درآمد ہے تاکہ شیئر ہولڈرز کے لیے بہتر نتائج حاصل کیے جا سکیں۔ مالی سال 2020 کے لیے بورڈ آف منیجمنٹ کی جانب سے کمپنی منیجمنٹ کو مارکیٹ شیئر کو دوبارہ بڑھانے، بہتر منصوبہ بندی، بہتر کسٹمر تجربہ اور ایمپلائی ڈیویلپمنٹ اور کاروبار کے معاملات میں آٹومیشن کے حوالے سے رہنمائی فراہم کی گئی ہے۔

آپ کے بورڈ آف منیجمنٹ کو اس بات کا ادراک ہے کہ انڈسٹری کا منظرنامہ دو اور ممکنہ طور پر تین اسباب کی بناء مسلسل تبدیل ہو رہا ہے۔

1۔ مسابقتی ماحول: نئی کمپنیوں کے آنے سے پی ایس او نے اگر اپنے مارکیٹ شیئرز کی صورتحال کے لحاظ سے اپنی حکمت عملی تشکیل نہ دی تو مشکل حالات کا سامنا کرنا پڑے گا۔ اس سے انڈسٹری کنسولیڈیشن کا موقع بھی فراہم ہوگا جو مرجرز اور ایکوزیشنز کی شکل میں نکلے گا جیسا کہ موبائل ٹیلی کام انڈسٹری میں دیکھا گیا۔

2۔ ٹیکنالوجی میں ترقی کے باعث بھی ایندھن کی کھپت متاثر ہو رہی ہے جیسا کہ الیکٹرک کارز اور الیکٹرک بائیک۔

3۔ تھرکول کا استعمال: اس بات کا امکان ہے کہ حکومت یہ فیصلہ کرے کہ آنے والے پانچ سے دس سالوں میں پاور پلانٹس کو ایل این جی کی بجائے تھرکول پر چلایا جائے تاکہ ایل این جی امپورٹ کو کم کرتے ہوئے زرمبادلہ میں بہتری لائی جا سکے۔ جیسا کہ ہم نے پہلے دیکھا کہ فرنس آئل کی جگہ ایل این جی کو لایا گیا اور پی ایس او کو نقصان ہوا۔ لہٰذا اسے بھی خارج از امکان نہیں سمجھا جا سکتا۔

ان تین فیکٹرز کی بدولت پیدا ہونے والے چیلنجز سے نمٹنے کے لئے پی ایس او کو تیار رہنا ہوگا تاکہ آئندہ دس سالوں میں جو مواقع ملیں ان سے فائدہ اٹھایا جا سکے۔ اسی کے نتیجے میں آپکا بورڈ آف منیجمنٹ وژن، مشن اور اقدار پر نظرثانی کر رہا ہے، اس کے علاوہ ادارے کی تشکیل نو اور فیصلہ سازی کے طریقہ کار پر بھی نظرثانی کر رہا ہے۔ ملازمین کی بہتری اور معیار میں بہتری کے لیے کوششیں کی جا رہی ہیں اور اس کے علاوہ مانیٹرنگ اور معلومات کے لیے انفارمیشن ٹیکنالوجی کے استعمال پر زور دیا جا رہا ہے۔

میں حکومت پاکستان خصوصاً وزارت توانائی (پیٹرولیم ڈویژن) کی جانب سے ہونے والے تعاون اور رہنمائی پر شکریہ ادا کرتا ہوں۔ میں انتظامیہ اور تمام ملازمین کو انتھک محنت اور لگن سے کام کرنے پر سراہتا ہوں اور اپنے شیئر ہولڈرز کو یقین دلاتا ہوں کہ پی ایس او کا بورڈ آف منیجمنٹ، کمپنی کی گورننس اور کارکردگی کو بہتر بنانے کے لیے اپنی کاوشیں جاری رکھے گا۔

ظفر الاسلام عثمانی

چیئرمین

27 ستمبر 2019

کراچی

رپورٹ برائے شیئر ہولڈرز

پاکستان سٹیٹ آئل کمپنی لمیٹڈ کے بورڈ آف منیجمنٹ نے کمپنی کی کارکردگی کا جائزہ لیا ہے اور 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے مالیاتی اور آپریشنل کارکردگی پیش کر رہی ہے۔

مالی سال 2019 کے دوران پاکستان کی تیل کی صنعت میں سمگل شدہ مصنوعات کی یلغار، معاشی اشاریوں کی درستگی اور پاکستان کے انرجی مکس میں تبدیلی سمیت متعدد بیرونی عوامل کے باعث منفی افزائش دیکھنے میں آئی۔ ان عوامل کا نتیجہ مجموعی طور پر مارکیٹ سائز میں گزشتہ سال کی نسبت 22 فیصد کمی کی صورت میں برآمد ہوا (وائٹ آئل کی منفی افزائش 9.3 فیصد تک اور بلیک آئل کی 52 فیصد تک رہی)۔ انڈسٹری کی منفی افزائش نے پی ایس او کے والیوم کی افزائش اور مارکیٹ شیئر پر بھی اپنا اثر دکھایا۔ بیرونی عوامل کے باوجود پی ایس او نے مالی سال 2019 کے دوران بھرپور کارکردگی کا سفر جاری رکھا۔ کمپنی نے ملک کے بدلے ہوئے انرجی مکس اور انڈسٹری میں آئل مارکیٹنگ کمپنیوں کی زیادہ تعداد کے درمیان جارحانہ مقابلے کے رجحان کے باوجود لیکوئڈ فیولز کی مارکیٹ میں اپنی قائدانہ حیثیت برقرار رکھی۔

مالی سال 2019 میں آئل انڈسٹری کے عمومی حالات کے تناظر میں کمپنی کی مالیاتی کارکردگی مستحکم رہی اور گزشتہ سال کے مقابلے میں سیلز ریونیو 9 فیصد اضافے کے ساتھ 1.2 ٹریلین روپے رہا۔ مالی سال 2019 میں کمپنی کا بعد از ٹیکس منافع 10.6 بلین روپے رہا جو کہ مالی سال 2018 میں 15.5 بلین روپے تھا۔ مالی سال 2019 میں فی شیئر آمدنی 27.06 روپے رہی جو مالی سال 2018 میں 39.52 روپے تھی۔ اس کمی کی بنیادی وجوہات میں بلیک آئل کی طلب میں کمی، روپے کی قدر میں نمایاں کمی کے سبب زرمبادلہ میں نقصان، مالیاتی لاگت میں 74 فیصد کا نمایاں اضافہ ہونا تھی جو ڈسکاؤنٹ ریٹ میں زبردست اضافے اور مجموعی طور پر کمپنی کے قرضہ جات کا بڑھنا شامل ہیں۔ بورڈ آف منیجمنٹ نے سوئی ناردرن گیس پائپ لائن لمیٹڈ کی جانب سے واجب الادا رقم میں اضافے پر تشویش کا اظہار کرتے ہوئے انتظامیہ کو ہدایت کی ہے کہ صارفین اور متعلقہ سرکاری محکموں/وزارتوں کے ساتھ مستقل رابطے کے ذریعہ وصولیابی کو ممکن بنایا جائے۔

پی ایس او نے لیکوئڈ فیولز میں 42.4 فیصد کے مجموعی مارکیٹ شیئر کے ساتھ اپنی قیادت برقرار رکھی ہے۔ وائٹ آئل کے سیلز والیوم میں 14.9 فیصد کی کمی دیکھنے میں آئی، موگیس میں 4.8 فیصد اور ہائی اسپیڈ ڈیزل کے سیلز والیوم میں 25.5 فیصد کمی ریکارڈ ہوئی۔ بلیک آئل کی طلب میں 62.5 فیصد کمی آئی جس کی وجہ ملک میں RLNG/قدرتی گیس کی دستیابی اور حکومت کی جانب سے موجودہ پاور پلانٹس کو RLNG/قدرتی گیس پر چلانے کی پالیسی تھی۔

مالی سال 2019 میں پی ایس او نے ڈیجی کیش "DigiCash" کا اجراء کیا جو اپنی نوعیت کی پہلی کنزیومر پروڈکٹ ہے جو صارف کو فیولنگ کی زیادہ سے زیادہ سہولت فراہم کرتا ہے۔ اور اس کو صارفین کی بھرپور پذیرائی حاصل ہوئی ہے۔ پی ایس او نے اپنے کاروباری لاگت کو کم سے کم کرنے کیلئے متعدد اقدامات اٹھائے ہیں۔ علاوہ ازیں ادارے میں سادگی کی مہم شروع کی گئی۔ اس کے نتیجے میں انتظامیہ اور مارکیٹنگ کے اخراجات میں مختص کی گئی رقم میں 17 فیصد کمی واقع ہوئی۔ مزید یہ کہ انتظامیہ کی جانب سے بہتر پلاننگ، بھرپور توجہ اور مانیٹرنگ کی بدولت گزشتہ مالی سال کے مقابلے میں فیول کارگوز کے ہرجانے (Demurrage) کے اخراجات میں 73 فیصد کمی ہوئی۔

تیل کی عالمی مارکیٹ کا جائزہ

مالی سال 2019 کے دوران عالمی مارکیٹ میں خام تیل کی اوسط قیمت 69 ڈالر فی بیرل کے لگ بھگ رہی۔ امریکہ کی ایران اور چین کے ساتھ عالمی کشیدگی کے ماحول میں تیل کی قیمتیں اسی دائرے میں رہنے کی متوقع ہیں۔ مقامی سطح پر کرنسی کی شرح تبادلہ میں اتار چڑھاؤ نے تیل کی قیمتوں پر نمایاں اثر دکھایا۔ پاکستان چونکہ اپنی پٹرولیم مصنوعات کی اکثر تر ضرورت درآمدات کے ذریعے پوری کرتا ہے اس لئے ڈالر کے مقابلے میں روپے کی قدر میں اتار چڑھاؤ سے توقع ہے کہ تیل کی قیمتوں پر مستقبل میں بھی اس کا اثر پڑے گا۔

پٹرولیم انڈسٹری کا جائزہ

پاکستان نے اپنے انرجی مکس میں نمایاں تبدیلی لاتے ہوئے تیل پر اپنا انحصار کم کیا ہے۔ اس کے علاوہ بیرونی عوامل مثلاً زوال پذیر معاشی اشاریوں کی شکل میں ظاہر ہونے والی معاشی درستگی اور سمگل شدہ مصنوعات کی یلغار کی وجہ سے بھی پٹرولیم مصنوعات کی طلب میں کمی آئی ہے۔

معاشی درستگی اور دیگر عوامل مثلاً سمگل شدہ مصنوعات کی یلغار کی وجہ سے وائٹ آئل کی مصنوعات (ایچ ایس ڈی، موگیس، ایس کے او اور JP-1) کی طلب میں گزشتہ سال کی نسبت 9.3 فیصد تک کمی آئی۔ مزید براں، ملک میں آر ایل این جی / قدرتی گیس کی دستیابی اور متبادل انرجی پاور پلانٹس کے آغاز کے باعث انڈسٹری میں بلیک آئل کی طلب نمایاں طور پر متاثر ہوئی ہے جس سے 52 فیصد تک کی کمی دیکھنے میں آئی ہے۔ نتیجتاً مالی سال 2019 میں لیکوئڈ فیولز کا مجموعی والیوم گزشتہ سال کی نسبت 22 فیصد تک کم ہو گیا۔

موگیس کے استعمال میں گزشتہ سال کی نسبت صرف 2.3 فیصد اضافہ ہوا جو گزشتہ دس سال میں سب سے کم ہے۔

چیئرمین کا جائزہ

معزز شیئر ہولڈرز۔

پی ایس او بورڈ آف مینجمنٹ کی جانب سے میں کمپنی کی مالی سال 2019 کی کارکردگی آپ کے سامنے پیش کر رہا ہوں۔

سال 2019 دراصل پی ایس او کے لئے ایک انتہائی چیلینجنگ سال رہا جس میں دو کلیدی عوامل انڈسٹری پر اثر انداز ہوئے۔ ایک طرف مسابقتی ماحول نہایت شدت اختیار کر گیا اور دوسری طرف معاشی صورتحال بھی چیلنجز سے دوچار رہی۔

اس وقت کل اکتیس آئل مارکیٹنگ کمپنیاں ہیں جو مارکیٹ میں کام کرنے کی مجاز ہیں۔ اس کے علاوہ اوگرا کی جانب سے اڑتیس مزید کمپنیوں کو بھی لائسنسوں کا اجراء کیا جا چکا ہے تاہم ان کو ابھی مارکیٹنگ شروع کرنے کی اجازت نہیں ہے۔ جیسے ہی نئی کمپنیاں مارکیٹ میں کام کرنا شروع کریں گی وہ مارکیٹ میں پہلے سے موجود بڑی کمپنیوں کے حصے میں شریک ہو جائیں گی۔

لیکوئڈ فیولز کی انڈسٹری کی سیلز میں گزشتہ ایک سال کے دوران 22 فیصد کی واقع ہوئی جس کی بنیادی وجوہات میں مصنوعات اور افراد کی ٹرانسپورٹیشن کم ہونے کے باعث ڈیزل کی طلب میں کمی اور حکومت کی جانب سے فرنس آئل کی بجائے آر ایل این جی کی طرف توجہ مرکوز کرنے کی پالیسی کے باعث فرنس آئل کی فروخت میں کمی۔

مالی سال کی پہلی ششماہی کے دوران لیکوئڈ فیولز کے شعبہ میں پی ایس او کے 14 فیصد مارکیٹ شیئرز کم ہو کر 41 فیصد پر پہنچ گئے تاہم کمپنی نے اگلے چھ ماہ میں بہتر کارکردگی کا مظاہرہ کرتے ہوئے 42.4 فیصد مارکیٹ شیئرز کے ساتھ مالی سال کا اختتام کیا۔ بہتر کارکردگی دراصل پی ایس او کی ٹیم اور مینجمنٹ کی جانب سے لگن اور محنت کے ساتھ کام کرنے کے ساتھ ساتھ بورڈ آف مینجمنٹ کے بھرپور تعاون کے باعث ممکن ہوئی۔

گزشتہ سال اسٹیٹ بینک آف پاکستان کی جانب سے ایک جرات مندانہ فیصلہ کیا اور شرح سود کو تقریباً دوگنا کرتے ہوئے 6.5 فیصد سے بڑھا کر 12.25 فیصد کر دیا۔ فروری 2019 تک گردشی قرضوں کی سطح بھی خاصی بلند رہی۔ ان دونوں بیرونی عوامل کی وجہ سے کمپنی کے منافع میں کمی واقع ہوئی۔ تاہم بہترین مینجمنٹ اور خصوصاً سال کی دوسری ششماہی میں پاور سیکٹر کمپنیوں سے وصولیابی کے نتیجے میں گردشی قرضوں اور ان سے منسلک دیگر مالی نقصانات کو کافی حد تک کنٹرول کر لیا گیا۔ مینجمنٹ اور بورڈ کی جانب سے متعلقہ وزارتوں سے تعاون کے لیے کوششیں جاری رہیں گی تاکہ گردشی قرضوں کے مسئلے کو جلد از جلد حل کیا جا سکے۔ خاص طور پر ایل این جی سپلائیز اور سوئی ناردرن گیس پائپ لائن لیمیٹڈ سے وصولیابی کے ساتھ ساتھ حکومت پاکستان کی ہدایت کے تحت حاصل کیے گئے ایف ای۔25 قرضے پر ایکسچینج نقصان کے لیے وزارت خزانہ سے بات چیت شامل ہے۔

کمپنی کی جانب سے بھرپور کوششیں کی جا رہی ہیں کہ ریٹیل صارفین کو نان ریٹیل سرگرمیوں کے ذریعے مزید بہتر تجربہ فراہم کیا جا سکے۔

شاپ ان شاپ کا تصور متعارف کروایا گیا اور اس کے ساتھ دیگر اقدامات بھی منصوبوں میں شامل ہیں۔ ان اقدامات کی بدولت نہ صرف صارفین کو بہتر تجربہ فراہم کیا جا سکے گا بلکہ صارفین کی تعداد میں بھی اضافہ ممکن ہو سکے گا۔ سی پیک کی اہمیت کو مدنظر رکھتے ہوئے کمپنی کی جانب سے گوادر میں ریٹیل آؤٹ لیٹ کا آغاز کرتے ہوئے اپنی برتری قائم رکھی۔ گوادر میں یہ کسی بھی آئل مارکیٹنگ کمپنی کی جانب سے قائم کیا جانے والا پہلا آؤٹ لیٹ ہے۔

حکومت سے حکومت معاہدے کے تحت پی ایس او کی جانب سے سعودی ارامکو کے ساتھ کام کا آغاز کیا گیا ہے جس کے ذریعے جدید ترین ریفائنری اور پیٹروکیمیکل کمپلیکس لگایا جائیگا تاکہ ملک میں پیٹرولیم مصنوعات کی بلاتعطل ترسیل کو یقینی بنانے کے ساتھ ساتھ کمپنی کے کاروبار کو مختلف جہتوں سے مستحکم کیا جا سکے۔

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.

PAKISTAN STATE OIL COMPANY LIMITED

Forty-Third Annual General Meeting - 2019

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 43rd Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 01:45 pm and at any adjournment thereof.

Signed by me/us this ____________ day of ____________ 2019.

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.

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

تینتالیسواں سالانہ اجلاسِ عام-2019

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 پیر 28 اکتوبر 2019 کو دوپہر 01:45 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 43 ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے ____________ 2019 کو دستخط کیے گئے۔

گواہان:

1) دستخط: ____________
نام: ____________
CNIC نمبر: ____________
پتہ: ____________
____

2) دستخط: ____________
نام: ____________
CNIC نمبر: ____________
پتہ: ____________
____

5 روپے کا رسیدی ٹکٹ چسپاں کریں

____
ممبر کے 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 کیے 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، خیابانِ 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
PSO House, Khayaban-e-Iqbal, Clifton
Karachi-75600, Pakistan.
UAN: (92-21) 111-111-PSO (776)
Ta'aluq Care Line: 0800-03000
Email: taaluq@psopk.com
Fax: (92) 9920-3721
Website: www.psopk.com