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ANNUAL REPORT 2017

Pakistan State Oil

JOURNEYS BEYOND MEASURE

ANNUAL REPORT 2017

JOURNEYS BEYOND MEASURE

Each day, individuals across Pakistan begin different journeys. While each journey is different from the other, the common driving force behind every journey continues to be PSO. As the largest Oil Marketing Company of the country, PSO is proud to be the enabler and galvanizer of every journey and touching lives of millions of people across the country every day.

We are firm in our resolve to exceed the expectations of our customers and fuel Pakistan's journey of growth and prosperity.

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ABOUT THE REPORT

The purpose of this Integrated Report 2017 is to explain our stakeholders how PSO has been creating value over time, as we believe that they should be well informed about the Company and its developments. It is important to note that value is not created by or within an organization alone and is influenced by the external environment.

In 2016, we embarked upon a new path of integrated thinking and reporting which continued in 2017. We have continued with the integrated reporting model because it tells you about us, who we are, what we do, how we create value, our strategies, opportunities and risks, our business model, governance and our performance against the strategic objectives in a clear, concise and integrated manner that also gives our stakeholders a holistic view of PSO and its future.

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

The online version of this report is available on our corporate website and may be accessed at the following link:

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

We wish you a pleasant read.

MD & CEO'S MESSAGE

The journey of change that PSO embarked on in 2015, continues with multifaceted business achievements and transformational milestones. The Company continues to establish the foundation for sustainable growth of our businesses in addition to contributing to the socio-economic development of our fellow citizens.

In FY2017, PSO continued to remodel internally so as to emanate excellence externally. The year started with the execution of a major human resource refinement agenda; a revamp of the Company's performance management philosophy with a system of checks and balances to infuse professionalism, meritocracy, transparency and accountability across the organization. The results evolving are a disciplined alignment of individuals' performance evaluation with the challenging priorities of the Company in a system that does not compromise on our ethical values. It ended with employees being given responsibility and authority to perform effectively along with emphasis on skill set development under a defined competency model.

This year we reestablished HSE as an overriding value and team PSO continuously aspires to upgrade our safety management systems to achieve a zero injuries goal. PSO spearheaded efforts of GoP for a reduction in the carbon footprint with the introduction of improved petroleum products AltronX High Performance and Altron Premium, as well as low-sulphur Action+ Diesel which is Euro II compliant with 500 ppm.

PSO's supply chain repeatedly proved its robustness come strike or storm. Our logistics and operations teams worked round the clock to ensure fuel availability across the nation as demand grew and it is a matter of pride for PSO that it continued to meet all of its customers' needs.

Business performance of our Retail, Lubricants and Commercial Fuels has resulted in healthy profitability by increasing customers and penetrating new segments. Moreover, the Company successfully increased LNG volumes to six cargoes from Qatar Petroleum early this year.

We have also placed focus on innovative offerings that will redefine customer experience at our retail stations. The Shop Stop model is being rejuvenated to transform outlets to a one-stop solution for our customer's needs. The initiative is being strengthened through branchless banking services to enable customers to carry out basic financial transactions while their vehicles are refueled. This facilitation will also bring the unbanked population of the country within the fold of the mainstream financial system.

Going forward, PSO will continue to reinvent itself to become a world class organization. I would like to thank our stakeholders for their continued support and our employees as team PSO takes the Company to new heights in the coming months from its revenue base of over USD 10.5 billion and bottom line growth of 162.7% over the last two years.

Sheikh Imranul Haque
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, based on:

- Professionally trained, high-quality, motivated workforce that works 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 teamwork. This is inculcated in the organization through effective communication.

RESPECT

We are an Equal Opportunity Employer attracting and recruiting the finest people from around the country. We value 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 hallmark of our success. Open and transparent business practices are based on ethical values and respect for employees, communities and the environment.

INNOVATION

We are committed to continuous improvement, both in new product and processes as well as those existing already. We encourage creative ideas from all stakeholders.

CORPORATE RESPONSIBILITY

We promote Health, Safety and Environment culture both internally and externally. We emphasize on Community Development and aspire to make our society a better place to live in.

CODE OF CONDUCT

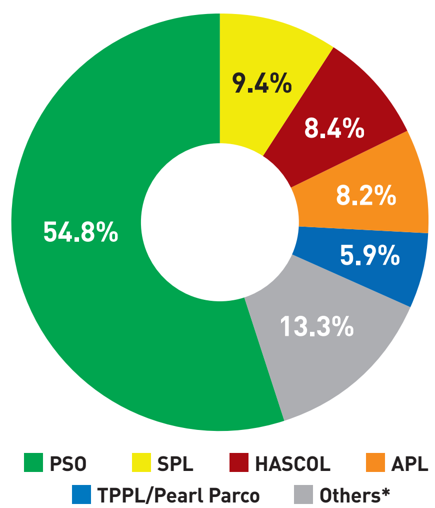
In line with management's effort to maintain the decorum and ensure an environment that is cohesive to the development and success of our people, a Code of Conduct has been put in place where the following activities can result in disciplinary action:

- Unsatisfactory and negligent job performance.
- Excessive and unauthorized absence from duty.
- Unsatisfactory safety performance.
- Reporting on duty under the influence of drug or intoxicants.
- Absence from duty without notice or permission from the supervisor unless the cause of absence prevents giving notice.
- Using influence for promotion, transfer or posting.
- Conduct that violates common decency and morality.
- Engaging in a fight or in activity that could provoke fighting on company premises.
- Insubordination or deliberate refusal to comply with reasonable requests or instructions.
- Use or possession of weapons, ammunition, explosives, intoxicants, illicit drugs or narcotics on site.
- Acts of "horse play"on company premises.
- Gambling on company premises or bringing illegal gambling paraphernalia on to the site.
- Theft or unauthorized removal of company property or property belonging to a company employee, contractor, or vendor.
- Intentional damage to site, employee, contractor or vendor property.
- Dishonest act or fabrication of records, including the giving of false information when required.
- Bringing combustible material on site or having any type of match sticks, cigarette lighter or flame-producing device in restricted areas.
- Smoking except in designated areas.
- Using or divulging without permission, any confidential information gained through employment at the site.
- Physical, mental or sexual harassment of a fellow employee including threat to do bodily harm.
- Crime involving fraud, indecency, breach of dignity or public morals and other serious offences.
- Any other commission or omission that, in the opinion of the company, requires/justifies dismissal/termination of employment.

COMPANY PROFILE

Pakistan State Oil Company Limited (PSO) is the oil market leader in Pakistan with a 54.8% market share.

Liquid Fuel Market Share FY2017



*Others include COPL/TPML, BYCO, BAKRI, GNO, AGPL, OUTREACH, ASKAR, ZOOM, Quality 1, Horizon

Source: OCAC

The Company is engaged in import / storage / distribution and marketing of various petroleum products, including Mogas, HSD, Furnace Oil, Jet Fuel, LDO, SKO, Petro-Chemicals, LPG, LNG and CNG. This blue chip company has a market capitalization of over Rs 100 billion and has been the winner of "Karachi Stock Exchange Top Companies Award". It has also been a topic of case studies by various Business schools in Pakistan and abroad.

In 2016, PSO entered into a 15 year Sales Purchase Agreement with Qatargas for the import of LNG under a G2G arrangement and also executed a 5 year Term Agreement with M/s Gunvor under compliant process. The Company has successfully imported 110 ships of LNG since then and Pakistan has been successfully recognized in the LNG world as a reliable buyer.

PSO serves a wide range of customers throughout Pakistan, including retail, industrial, aviation, marine, and defence sectors. The Company strives to provide unmatched and diverse services to the customers in line with best international practices. PSO has been meeting the country's liquid fuel needs by merging sound business sense with its national obligation. The Company imported 67% of the industry imports in FY2017 through 181 vessels. In order to satisfy the customers' needs while ensuring the highest quality of products and services, PSO conforms to the prescribed standards and specifications across the whole range of activities from receipt, storage, transportation and delivery of products as the cornerstone of PSO's quality management system. In addition to quality assurance in upkeep and maintenance of existing facilities, compliance with quality standards is ensured in development of new facilities across the country.

INFRASTRUCTURE

- 3489 retail outlets spread across Pakistan
- Equipped with multiple facilities, including car wash, convenience stores and business centers
- 1 million MTs of storage capacity (68% of OMCs storage)
- Over 144 Shop Stops at retail outlets throughout the country
- Refuelling facilities at 10 airports and 2 sea ports
- Twenty-four ISO 9000 certified Mobile Quality Testing Units ensure that customers get quality products
- Network of 255 CNG facilities over 34 cities
- Fuel cards portfolio include Fleet Cards, Corporate Cards and Loyalty Cards, each providing a unique proposition for different market segments

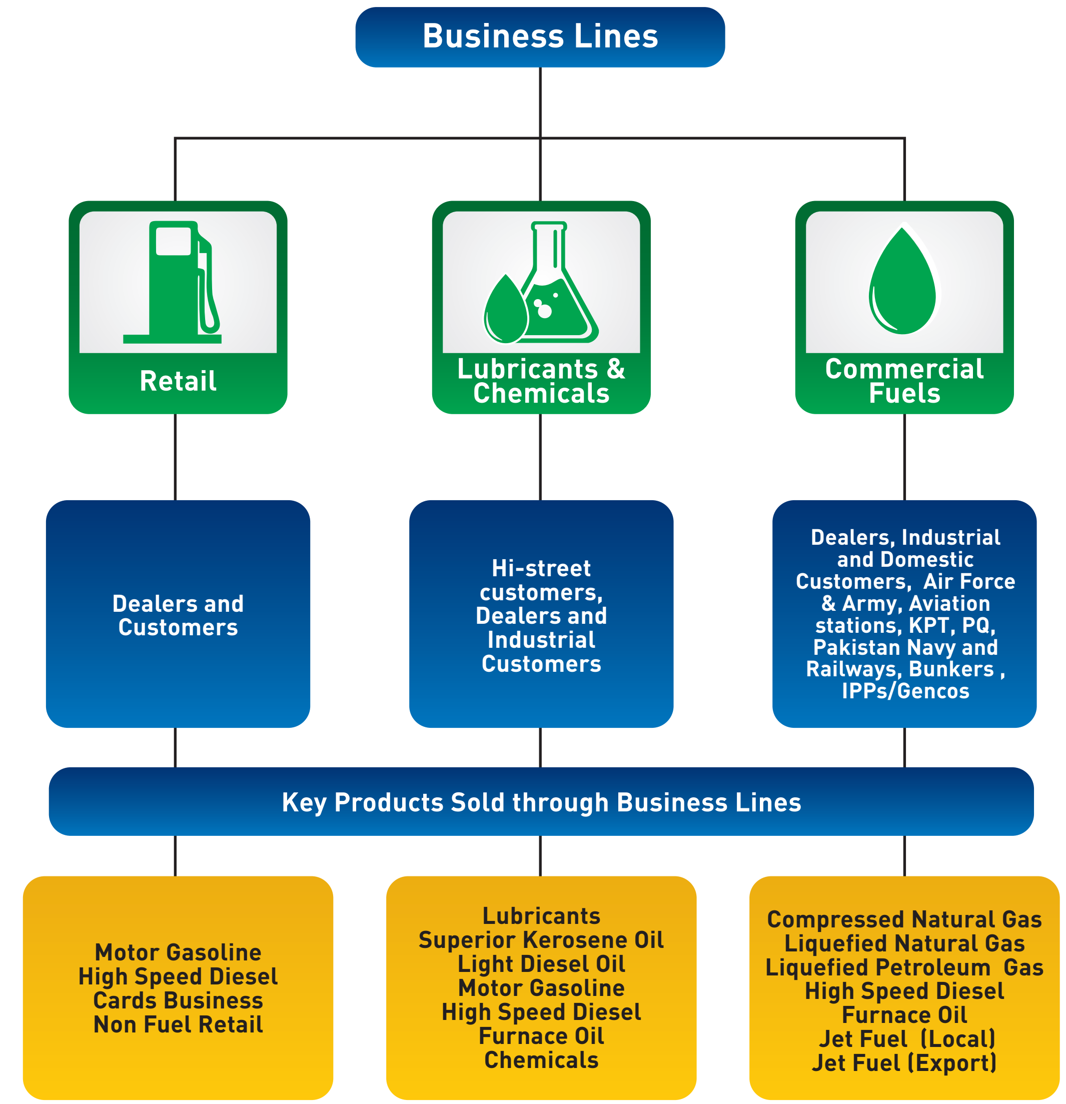
Ensuring the health and safety of PSO employees, contractors, customers and members of the public likely to be affected by the Company's operations is one of the prime corporate objectives. Accordingly, it is the Company's policy to perform work in the safest possible manner, consistent with the best industrial practices while adhering to the requirements of health and safety codes and practices. The Company's Health, Safety & Environment (HSE) Steering Committee monitors ongoing HSE compliance and all departments ensure that the standards are met at all operating locations, including Depots, Terminals, Plants, Retail Outlets and Airports.

Under the CSR umbrella, PSO has supported sustainable social development activities nationwide through the PSO Impact Program, by partnering with reputable charitable organizations working across Pakistan in the fields of healthcare, education and community building. The company's financial contribution (1% of profit before tax) is invested and mobilized in various social and community development projects.

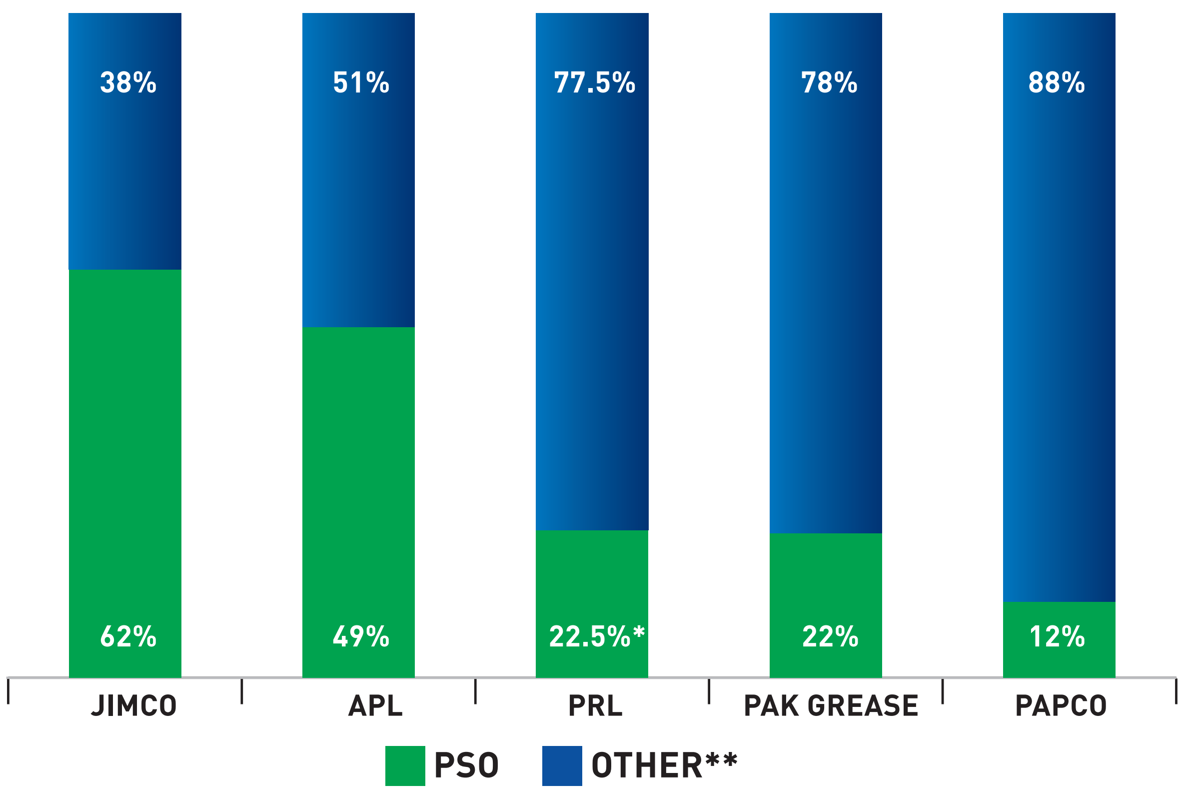
The company continues to undertake initiatives to ensure induction and training of professionals with the objective of ensuring a high level of professionalism and productivity across the Company.

For efficient handling of customer complaints, queries and suggestions, PSO has 24-hour Customer Service Center, and a comprehensive PSO website (www.psopk.com) that provides Company news and information.

PSO's organizational structure serves a wide range of customers throughout Pakistan through Retail, Lubricants & Chemicals and Commercial Fuels.

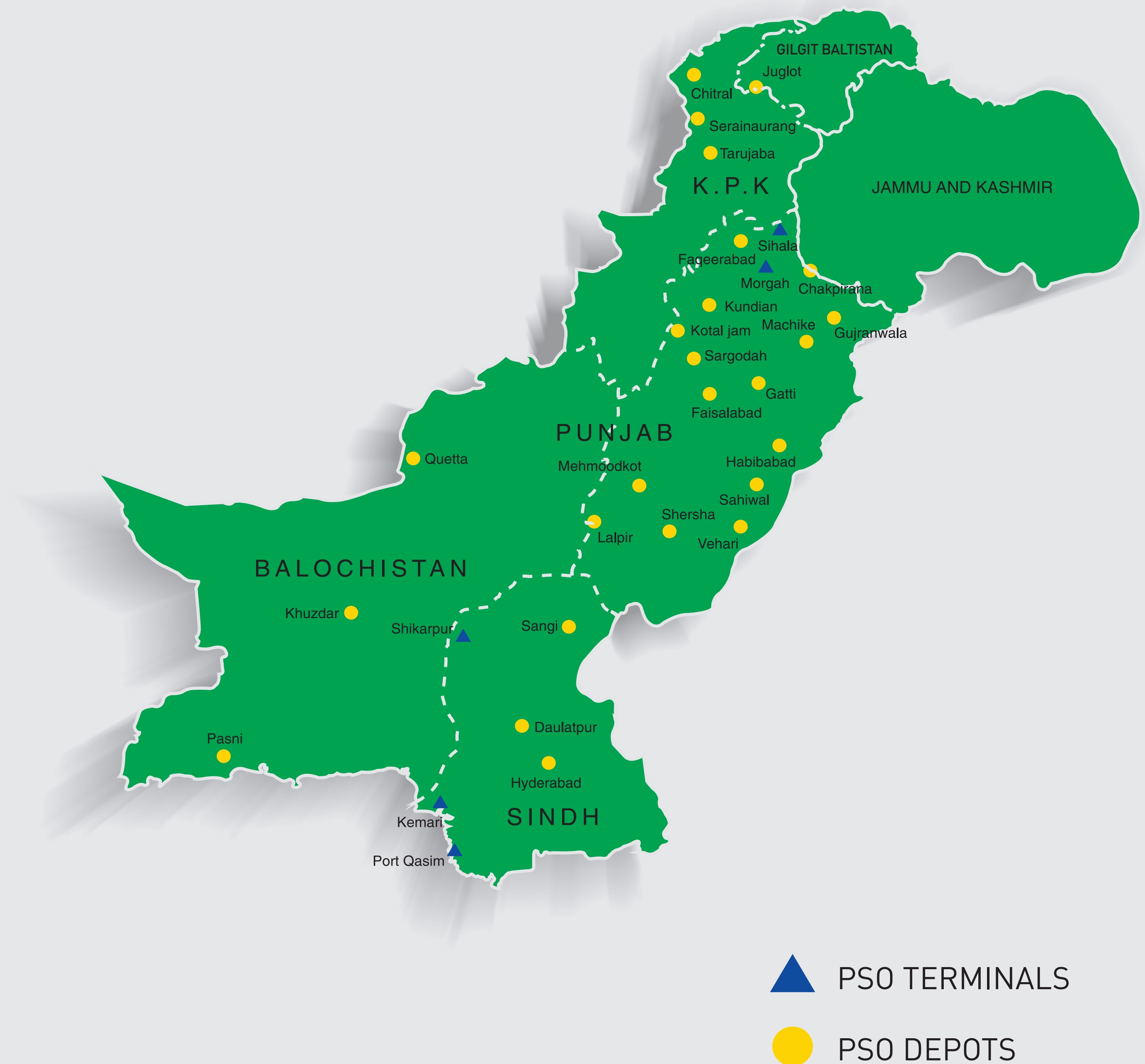


STRATEGIC INVESTMENTS



*Effective holding is 24.11% (Refer Note 6.2 to the Financial Statements)
**Notes:
Joint Installation of Marketing Companies (JIMCO) - Others include SPL (25%) & TPML (13%), Managed by PSO
Asia Petroleum Limited (APL) - Others include Industrial Petro. Group (12.5%), Veco Int'l (12.5%), Infravest (26%)
Pakistan Refinery Limited (PRL) - Others include SPL (30%), CGEI (8%), Hascol (14%) and others (25%)
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



REGULATORY FRAMEWORK

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

The Company is regulated by the SECP and also has to fulfil the listing requirements of the Stock Exchange. PSO is primarily regulated under the provisions of the 1974 Act which takes precedence over the provisions contained in the repealed Companies Ordinance, 1984 (now Companies Act, 2017) in case of any conflict.

Public Procurement Regulatory Authority

PSO is required to ensure regulatory compliance with the rules and regulations issued by the Public Procurement Regulatory Authority (PPRA) 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 Oil and Gas Regulatory Authority (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. Recently, OGRA notified new Oil Rules on February 03, 2016.The local Oil industry, however, proposed amendments in the same to OGRA and the revised Oil Rules are now awaited, which will then govern mid and downstream oil sectors.

Regarding pricing, except for price of Furnace Oil (FO) which has been deregulated by GoP on July 1, 2000, OGRA was mandated by the Federal Government vide Cabinet`s decision No. 41/03/2006, dated 02-03-2006, to fix prices of petroleum products with effect from 01-04-2006. The cost of supply, however, is based on OMC's actual cost of import/purchase and the same was allowed by the Federal Government with effect from 01-06-2011. The margins are regulated and the Federal Government notifies these on a time to time basis.

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

MAJOR EVENTS

October 07, 2016
PSO wins Best Corporate Report Award held jointly by ICAP and ICMAP

October 21, 2016
40th Annual General Meeting

November 01, 2016
Transport agreement with National Logistics Cell (NLC)

November 06, 2016
PSO imports higher grade RON fuels

January 07, 2017
PSO imports first vessel of environment friendly low-sulfur Euro II diesel 'Action+Diesel'

January 19, 2017
PSO and Allied Bank sign agreement for ABL ATMs at PSO's outlets

February 2017
PSO acquires business of Serene Air operating from Karachi, Lahore, Islamabad and Peshawar

April 17, 2017
PSO recaptures business of AACO (including Air Arabia, Saudi Airline, Gulf Air, Kuwait Air & Oman Air) in Karachi & Islamabad and won business of Thai Air in Islamabad

May 22, 2017
PSO and Lahore Waste Management Company ink fuel purchase contract.

May 24, 2017
PSO signs landmark fuel transportation agreement with Pakistan Railways

June 13, 2017
PSO inks fuel and lubricants supply agreement with Pakistan Railways

June 19, 2017
PSO & UBL sign agreement for Branchless Banking

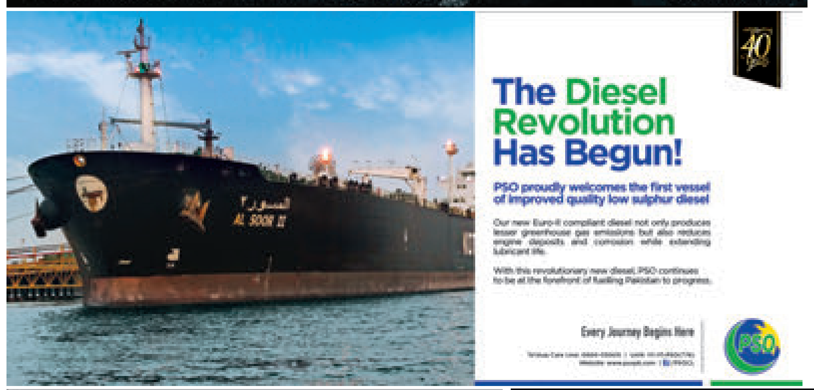
June 19, 2017
PSO & Telenor sign agreement for Branchless Banking

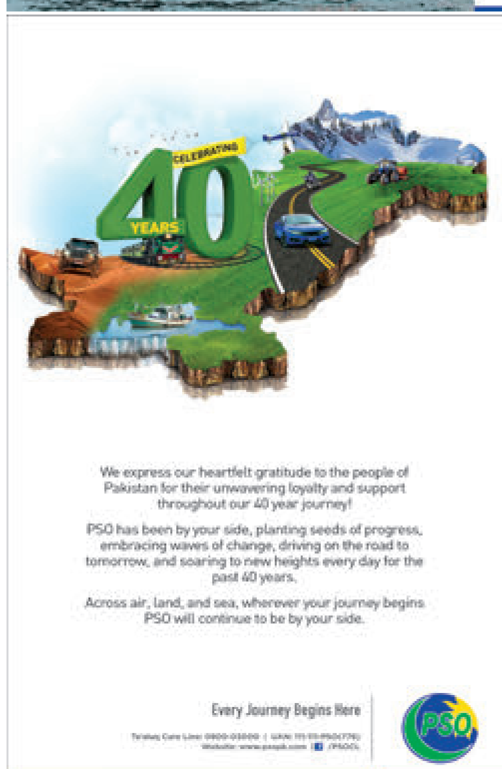
June 2017
PSO commissions fuel farm facility at the new Islamabad airport

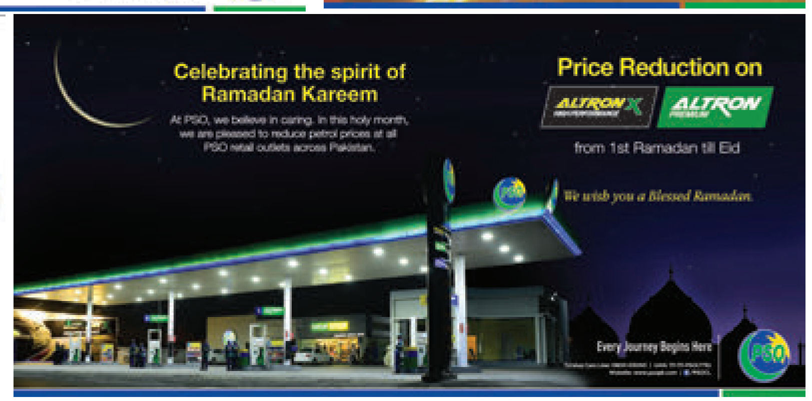
Launch of upgraded RON Retail Fuels (November 16, 2016)

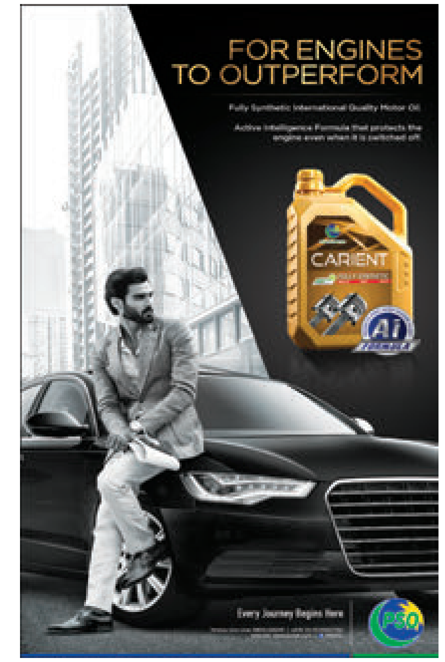
Inaugration of Shop Stop (May 16, 2017)

MARKETING INITIATIVES









THE LEGACY BEHIND OUR JOURNEY

Established in 1976, PSO has proudly fulfilled the fuelling needs of the nation across every sector since its inception. Today, as the largest Oil Marketing Company in Pakistan, with a retail network of over 3,400 retail outlets spread across the country, we aim to enrich each journey through increased efficiency, excellence in service and continued innovation.

INTEGRATED BUSINESS MODEL

INPUT	ACTIVITIES	OUTPUT
Financial Capital • Funding from banks • Operating Cashflows	• Bank borrowing at competitive rates • 14 million MTs of liquid fuels distributed across the country • Recovery of outstanding dues • Cost rationalization and margin improvement • Furnace Oil supply to cash customers (increase of 35.5%) • Ramp up of quantities from 400 MMCFD to 600 MMCFD of LNG • Timely payments to suppliers	**Financial Capital** • Profit growth (77%) • Maximizing Shareholders' value through Earnings per share increase • Operating and Finance cost reduction (2.2%)
Infrastructure Capital • Retail Outlets • Storage • Supply Chain • Distribution network	• Development of over 60 new vision retail outlets • Storage rehabilitation of 102 KMTs • Preventive Maintenance Plan enforcement • Increase in product sourcing through local refineries by 7% • 5 years contract with Pakistan Railways for POL products • Cloud based card system	**Infrastructure Capital** • Round the clock operations • Uninterrupted product supply • Railways utilization for 1.17 million MTs product movement • 24KMTs of FO supply in a day and 7KMTs of average Mogas supply and 10KMTs of average HSD supply
Human Capital • Merit based hiring and promotion • Policy Revision • Performance based evaluation	• Recruitment for vacant Management positions • Policy revisions after 5 years • Core Competency Framework development • Career development and succession planning initiation • 16 training hours per employee	**Human Capital** • Organization Development • Employees reassignment

INPUT	ACTIVITIES	OUTPUT
Intellectual Capital • 40 years' Experience • Technology • Cards Business	• No tolerance for unsafe and unethical practices • Security and vigilance • Quadrennial Business Practices Review initiated • Steps to increase footprint at Retail outlets • B2C cards plan finalized	**Intellectual Capital** • Institutionalizing reforms • Corporate Governance enforcement
Social and Relationship Capital • CSR • Quality Assurance	• Establishment of CSR Trust • Customer protection measures through quality and quantity check • Product and corporate branding building • ISO certification initiated Lab certification initiated	**Social and Relationship Capital** • Healthcare • Community building • Education • Quality enforcement
Natural Capital • HSE • Business Development	• Introduction of improved fuels • Management of Change System implemented and HAZOP • Solar Power initiative	**Natural Capital** • HSE Culture reinforcement • Carbon footprints reduction

STRATEGIC OBJECTIVES

S.No.	Strategic Focus	Objective
1	Enhance Shareholder value	• Market leadership through enriched customer services • Quality product and services for sales enhancement • Profitable growth through portfolio rationalization • Responsible corporate citizen
2	Enhance supply chain efficiency	• Economical mode of product supply and distribution • Infrastructure rehabilitation and expansion
3	Process improvement	• Operational efficiency • Business processes alignment and transparency for improved governance
4	Pursuing best HSE practices	• Compliance
5	Optimum utilization of resources	• Training and development • Non Fuel Retail activities

MANAGEMENT PLANS

Our efforts are focused on enhancing customer services and strengthening supply chain while adhering to our values. By keeping abreast with latest developments and opportunities in the market, the Company is profound to retain its leadership position.

PSO is cognizant that there is increasing competition with entry of new players in the market and IFEM mismanagement. The Company is dedicated to improve its products, processes and services to ensure institutionalization of reforms. The review mechanism is constantly being strengthened to closely monitor the business performance and assess improvements. Cohesiveness among all stakeholders is being maintained through recognition of their contributions to business improvement and team work.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM THE PREVIOUS YEAR

PSO's business activities were planned considering the opportunities and market dynamics. The Company will continue to make improvements in its operational processes to meet business requirements and develop reforms for an innovative organization.

In a change of strategy PSO has devised plans for a cost effective and sustainable supply chain. Efforts were focused for profitable growth in all segments through diversified products and services. Employee engagement activities, operational efficiencies and organization development have delivered results. Adherence and good governance principles resulted in increased shareholder wealth.

RELATIONSHIP BETWEEN RESULTS AND OBJECTIVES

The Company achieved a Profit after Tax, 77% higher than last year and a market share of 54.8% that included impact of volumetric growth of 10.5% in Black Oil products and 5.0% in White Oil products. And PSO continued to retain its leadership position.

The Company has reinforced HSE compliance in operations through training, inspections and audit. Additionally, during the year, PSO reinforced its commitment to quality assurance by carrying out extensive quality and quantity tests at numerous locations through its MQTU network. Moreover, it makes continuous improvements in business processes through technological initiatives, building corporate reforms and taking steps to strengthen human capital.

Construction, rehabilitation and upgrading of infrastructure continued; strategic partnership initiatives commenced for Non Fuel Retail activities; and PSO as a responsible corporate citizen continues to fulfil its responsibilities towards internal and external stakeholders by supporting projects in health care, community building and education.

CRITICAL PERFORMANCE INDICATORS

PSO has established a performance review mechanism whereby the corporate performance is measured against the set goals and objectives. This mechanism helps in identifying the critical areas and in managing the risks and making improvements. However, the thrust of the performance objectives is to excel in delivering value to customers in terms of quality and timeliness, while maximizing shareholders value.

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

MANAGEMENT REVIEW & REPRESENTATION

BUSINESS CONTINUITY PLAN AND SAFETY PROCEDURES FOR DATA PROTECTION

PSO has a comprehensive disaster recovery plan in place which entails backup facilities at two separate locations. This system is subject to regular drills and system checks to ensure continued effectiveness and uptime in case of an emergency.

Detailed Standard Operating Procedures and ready reference checklists have also been developed wherein situations including areas of high risk that could affect company operations are identified proactively.

Accordingly, plans are updated to manage strategic business risks of the Company.

INFORMATION TECHNOLOGY GOVERNANCE

In order to achieve better performance and develop a system of oversight across the organization, PSO has implemented a Governance policy which defines the scope and outlines the responsibility, authority and communication across the Company.

A balanced Score Card based performance assessment and evaluation system has been implemented.

An Information System Steering Committee has been formed to oversee ICT strategies and ensure alignment with the company's vision & mission, review recommendations for improvements in business processes and to digitalize retail operations.

RISK AND OPPORTUNITY REPORT

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

With the passage of time, the risk profile of the Company is changing 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 four risk types:

a. **Strategic risks:** related to customers, competitors and investors;

b. **Commercial risks:** arising from company-specific business activities affecting its revenue and cost of doing business;

c. **Operational risks:** arising from the Company's processes, systems, people and overall value chain of the business;

d. **Financial risks:** stemming from volatility in markets, economy and liquidity.

Risk Description	Risk Mitigation
STRATEGIC RISKS	
Customer demand for petroleum products exceeding supply	The Company's commitment to its customers is the primary element of its core competence. Its stringent supply planning process, reliable and diversified sourcing and increasing inventory reserves are successfully contributing towards meeting customer demand.
Changing regulatory and legislative environment affecting business strategy and plans	The Company's management, under the supervision and direction of the BOM, is pro-actively engaged with respective authorities at different levels and forums to secure the interest of all the stakeholders. The effect of potential changes is measured and reflected in the 3 years' business strategy.
Increased competition affecting the Company's market share in petroleum products	Growing local demand and low entry barrier have increased the challenges for PSO to address the competition in its business strategy. The Board and the management have embraced the competition as an opportunity to enhance the Company's financial and operational efficiencies through innovation and integration, and protecting its intellectual property.
COMMERCIAL RISKS	
Increased trade receivables from the power sector and PIA significantly affecting the liquidity position of the Company	It is the most daunting area of the Company which is growing with the passage of time. The management is actively following up with the respective authorities for settlement of dues and is managing its working capital requirement through credit facilities obtained from the financial institutions and support of MoE and MoF.

RISK AND OPPORTUNITY REPORT

Risk Description	Risk Mitigation
Increasing cost of supply due to port capacity limitations	Insufficient number of oil jetties in the ports of Karachi and addition of a number of new OMCs in the past couple of years have significantly increased the demurrage cost of the Company. The management is working on strategic solutions actively to reduce the cost of supply. One of the strategic initiatives taken is to increase the storage capacity to ensure availability of adequate stocks.
Complete dependency on contract carriages for the transmission of MOGAS and Furnace Oil	A single strike call of cartage contractors halts the movement of MOGAS and Furnace Oil for days and causes dry-outs in the country. PSO and respective government authorities always strive for quick resolution through timely negotiations. PSO and government authorities understand the severity of this risk and are working towards permanent risk mitigation plans, including pipelines, railways and development of storage capacity.
Ageing assets increasing the reliability risk and cost of the business	Asset condition assessments are performed periodically for all of the critical assets and pipelines and solutions are developed and implemented. In addition, the maintenance plan of the Company's assets and facilities is effectively contributing to increasing the reliability and availability of the assets to meet customer demand.

OPERATIONAL RISKS

Risk Description	Risk Mitigation
Fire and explosion due to technical failures or human error may lead to regulatory fines, legal liability, incremental cost and reputation damage	PSO is highly committed to maintain HSE standards in all of its operating areas. The Board and the management have always kept HSE as a top priority in its business strategy and objectives. The Company's HSE control environment has significantly improved over the years and its compliance is being strictly monitored at every facility.
Disruption to business and operations from disaster events	The Company has an effective disaster recovery plan in place for its critical operations which is tested on a periodic basis. In addition, adequate and comprehensive insurance coverage exists for the Company's assets against such events. Also, coordinated security measures are in place and periodic mock drills conducted to test the adequacy of the Company's security protocols.
Supplying customers with off-specification products may damage reputation and lead to regulatory fines and legal liabilities	PSO's state-of-the-art laboratory network and mobile quality testing units are ensuring product quality, as per the GoP specifications across Pakistan. The Quality Assurance team measures the quality of all PSO products at different stages of the Company's supply chain. Also, the Company takes care of its end customers by measuring the accuracy of product dispensing units installed at its fueling stations to ensure that the right quantity is delivered to its valued customers.

FINANCIAL RISKS

Risk Description	Risk Mitigation
Foreign exchange rate fluctuations impacting the company's profitability	A significant portion of product purchases are from international suppliers in USD which are exposed to foreign exchange risk until settled. Also, the Company has booked FE-25 loans of US$ 706.5 million, outstanding as at June 30, 2017. The GoP has committed in writing to defray any extra costs and risks in an event of depreciation of rupee.

RISK AND OPPORTUNITY REPORT

Risk Description	Risk Mitigation
Interest rate movements affecting the company's profitability	Borrowings from Financial Institutions to meet working capital requirements, due to mounting trade receivables in circular debt, raise the interest rate risk. Interest rate fluctuations were at a minimum in FY17, however, due to rising pressure on economy the required rate of return on similar credit rated instrument is likely to be increased resulting in more costly funds. The treasury is continually monitoring the interest rate gap in the Company's balance sheet and negotiating the lowest possible rates with FIs, thus keeping the spread to a minimum.
International oil price fluctuations affecting the company's profitability	The Company is managing the risk of unexpected inventory loss through effective supply planning and inventory management. Expected increase in storage capacity will further help the management maneuver it better. Prices are set by GoP and the increases are generally being passed through to the customers.

MATERIALITY APPROACH ADOPTED BY THE MANAGEMENT

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. Powers included in LAM are in line with the repealed Companies Ordinance, 1984 (now Companies Act, 2017), the Code of Corporate Governance, the Articles of Association of the Company, the Marketing of Petroleum Products (Federal Control) Act, 1974, the PPRA rules, guidelines and frameworks issued by professional bodies and best practices.

NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of the Company will be held at Pearl Continental Hotel, "Ball Room", Club Road, Karachi on Friday, October 20, 2017 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 40th Annual General Meeting held on October 21, 2016.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 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, 2018.

4. To approve payment of final cash dividend of Rs. 15/- per share i.e., 150% in addition to the interim cash dividend of Rs. 10/- per share i.e., 100% already paid, thereby making a total cash dividend of Rs. 25/- per share i.e., 250%.

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 ordinary resolution:

   "RESOLVED THAT

   (a) A sum of Rs. 543,371,880 out of the free reserves of the Company be capitalized and applied towards the issue of 54,337,188 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 13, 2017;

   (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, 2017;

   (c) Members entitled to fraction of shares as a result of their holding shall be given the sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold on the Pakistan Stock Exchange;

   (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."

6. To approve transmission of Annual Audited Financial Statements of the Company to members either through CD/DVD or USB at their registered addresses as allowed by the SECP vide its SRO 470(I)/2016 dated May 31, 2016 and to pass with or without any amendment / modification following resolution as an ordinary resolution:

   "RESOLVED THAT the consent and approval of the members of Pakistan State Oil Company Limited be and is hereby accorded for transmission of the Annual Balance Sheet, Profit and Loss Account, Auditors' Report, Report to Shareholders and ancillary statements / notes / documents ("Annual Audited Financial Statements") along with the Notice of General Meeting in electronic form to members through CD/DVD or USB at their registered address instead of transmitting the same in the shape of hard copy.

NOTICE OF MEETING

FURTHER RESOLVED THAT the Managing Director & CEO and / or the Company Secretary be and are hereby singly or jointly authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution."

OTHER BUSINESS

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

By Order of the Board

August 07, 2017
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 13, 2017 to October 20, 2017 (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 12, 2017 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 (Mandatory):

The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (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, M/s. THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan's (SECP) Notification SRO 831(I)/2012 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

7. Payment of Dividend through electronic mode (Mandatory):

Under 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 bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company, 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 Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

8. Revision of Withholding Tax on Dividend Income:

Please further note that under section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2017, withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint Shareholder(s) based on their shareholding proportions, in case of joint accounts.

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

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

Note: The required information must reach our Share Registrar by October 12, 2017; 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 at 15% instead of 20%, shareholders are requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website http://www.fbr.gov.pk/ as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate entities (non-individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in

ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

9. Tax On Bonus Shares

As required by Section 236M of the Income Tax Ordinance, 2001, the Company will be required to withhold five percent (5%) of the bonus shares issued to every Member. The bonus shares withheld will only be issued to a Member if the Company collects from such Member tax equal to five percent (5%) of the value of bonus shares issued to such Member, including the bonus shares withheld, determined on the basis of day-end prices on the first day of closure of books. The tax under Section 236M of the Income Tax Ordinance, 2001, as described in the preceding sentence, will be required to be collected by the Company within fifteen (15) days of the first day of closure of books. If a Member fails to make the payment of such tax, within fifteen (15) days or the Company fails to collect the said tax within fifteen (15) days, the Company shall deposit the bonus shares withheld in the Central Depository Company of Pakistan Limited (CDC) or any other entity as may be prescribed. Bonus shares deposited in the CDC or other entity shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner Inland Revenue by way of credit to the Federal Government.

The letters for collection of tax amount on 5% bonus shares will be dispatched to all entitled shareholders separately within the specified time frame prescribed by FBR.

10. 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

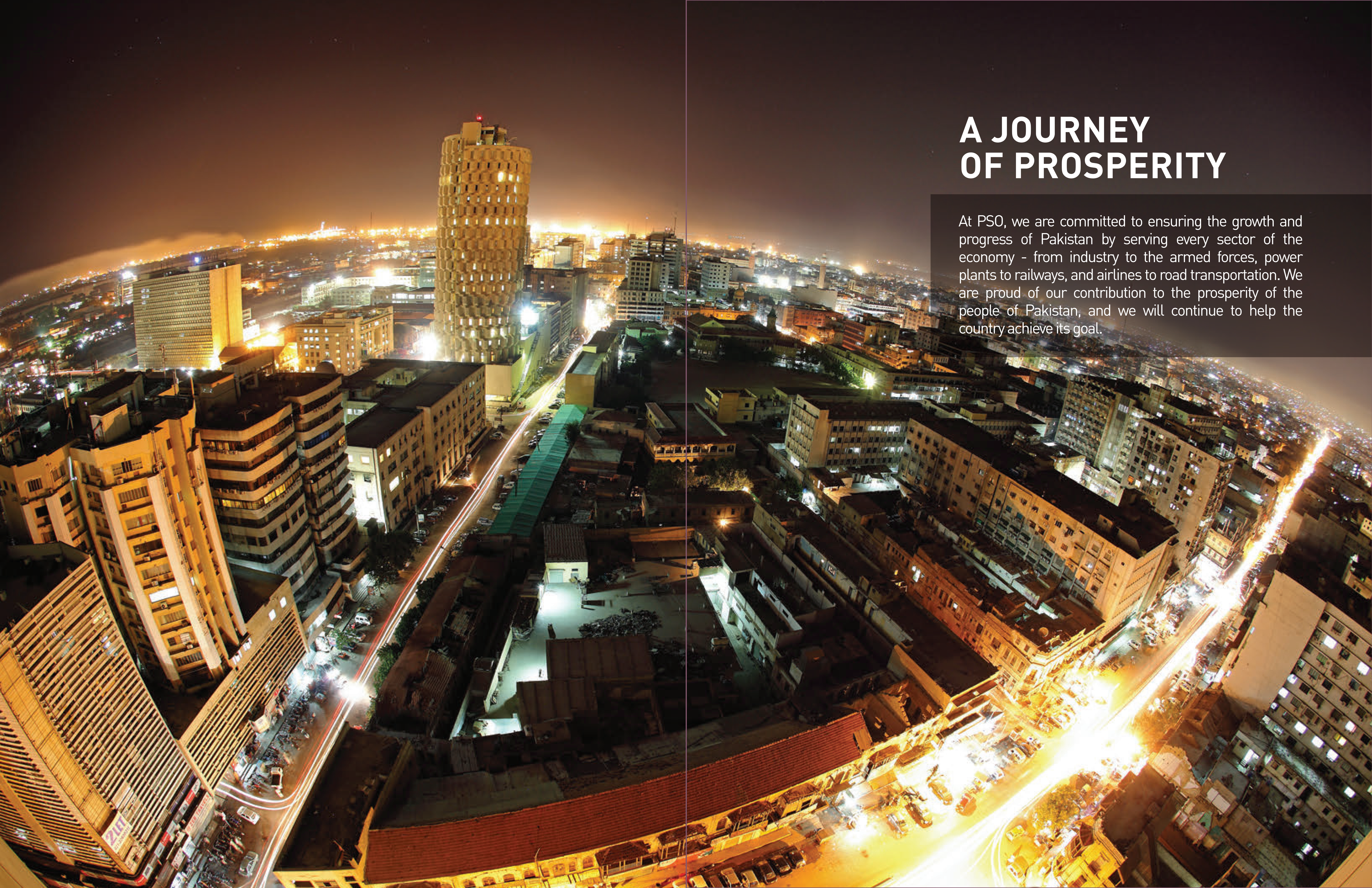
This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 20, 2017.

ITEM 5 OF THE AGENDA

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. 543,371,880 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 13, 2017. The Members of the Board of Management are interested in the business to the extent of their shareholding in the Company, if any.

ITEM 6 OF THE AGENDA

To give effect to the Notification SRO 470(I)/2016 dated May 31, 2016 of the Securities and Exchange Commission of Pakistan, consent of the members is being sought for transmission of the Annual Audited Financial Statements of the Company through CD/DVD or USB to all members of the Company at their registered addresses. The Company however, shall place on its website a Standard Request Form to enable those members requiring a hard copy of the Annual Audited Financial Statements instead of through CD/DVD or USB, to intimate the Company of their requirement, along with the postal and email address of the Company Secretary / Share Registrar to whom such requests shall be sent.



A JOURNEY OF PROSPERITY

At PSO, we are committed to ensuring the growth and progress of Pakistan by serving every sector of the economy - from industry to the armed forces, power plants to railways, and airlines to road transportation. We are proud of our contribution to the prosperity of the people of Pakistan, and we will continue to help the country achieve its goal.

COMPANY INFORMATION

BOARD OF MANAGEMENT
Sheikh Imranul Haque
(Managing Director & CEO)
Dr. Musadik Malik
(Non-Executive Member)
Mr. Zahid Mir
(Non-Executive Member)
Mr. Abdul Jabbar Memon
(Non-Executive Member)
Mr. Muhammad Anwer
(Non-Executive Member)
Mr. Amjad Nazir
(Non-Executive Member)
Mr. Sabino Sikandar Jalal
(Non-Executive Member)

DEPUTY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER
Mr. Yacoob Suttar

COMPANY SECRETARY
Mr. Rashid Umer Siddiqui

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

M/s. EY Ford Rhodes
Chartered Accountants

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

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

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

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

BOARD OF MANAGEMENT PROFILES

SHEIKH IMRANUL HAQUE | MD & Member, BOM

Sheikh Imranul Haque is a magna cum laude Mechanical Engineering graduate with Member Master of Science in Industrial Engineering (major in Engineering Administration) - both from Syracuse University, New York.

Imran began his career in 1979 with Niagara Mohawk and worked with Bechtel in the USA till 1981 before joining Exxon Chemical Pakistan Ltd. in 1987 after a business development stint in the construction sector of Iraq and Pakistan.

He has held leadership roles with Engro/Exxon Chemical including New Venture Division, Market Development, Information Technology and Maintenance Manager. He also has experience in Supply Chain and Terminal Operations.

Imran was instrumental in obtaining allocation of permeate/offgas for a 210MWpower project (USD 225m investment); feed gas for the Enven 1.1 mtpa fertilizer project (USD 1.2b investment), in acquisition of a control engineering company, in developing the business plan for mobile telephone services and integrated voice, data and video, implementing SAP for Finance and HR functions and managing the largest maintenance turnaround of 60 days to implement the capacity increase at Engro Fertilizer.

He was Chief Executive Officer of Engro Vopak Terminal Limited (2006) and Senior Vice President of Engro Corporation Limited (2014) and pursued growth initiatives in marketing RLNG and importing LNG as CEO of Elengy Terminal Pakistan Limited (2012). As CEO of Engro Elengy Terminal, he spearheaded and commissioned the first 4.5mtpa LNG import infrastructure for Pakistan in a world record 300 days (March 2015). The project and strategies laid the foundation for growth of EVTL and ETPL.

Imran has served on the Boards of Inbox Technologies, Avanceon, Engro Energy and Pakistan Steel Mill, EETL, EVTL and ETPL. He was Chairman of Petroleum Institute of Pakistan in 2015 and joined PSO in September 2015. Currently, he is also serving on the Boards of:

- Pakistan Refinery Limited
- Pak-Arab Pipline Company Limited
- Pak Grease Manufacturing Company (Private) Limted
- Oil Companies Advisory Council
- Petroleum Institute of Pakistan

BOARD OF MANAGEMENT PROFILES

DR. MUSADIK MALIK | Member

Dr. Musadik Malik has extensive international experience in public policy with a focus on economic transformation, industrial development, labor reform, employment generation, education, and healthcare. He is an Adjunct Professor of Strategy at King Saud University (Saudi Arabia) and Visiting Professor at the National School of Public Policy (Pakistan). Until recently, he was the Managing Director of a leading public sector strategy consulting firm. He has served as an advisor to government bodies in North America, Middle East and South Asia. He has also advised private sector organizations ranging from the Fortune 500 companies in the US to the largest publically traded corporations in the GCC through various stages of transformation.

He has led significant projects including the national innovation and research strategy for the Sultanate of Oman; energy / oil & gas innovation strategy for the Sultanate of Oman; six sector-specific innovation strategies for the Sultanate of Oman including industries, ICT, health, education and agriculture; the national labor reform strategy for the Kingdom of Saudi Arabia; industrial manufacturing development strategy for the Kingdom of Saudi Arabia; higher education strategy for the Kingdom of Saudi Arabia; knowledge-based industrial clusters strategy for the Kingdom of Saudi Arabia; national judicial reform strategy for the Kingdom of Saudi Arabia; science and technology based economic transformation strategy for the Government of Puerto Rico; alternative dispute resolution strategy for the Kingdom of Bahrain, corporate strategy for Bahrain Bourse (stock exchange), and industrial strategy for the Kingdom of Bahrain.

He has provided advice to global leaders including the Crown Prince of Bahrain; Ministers of the Kingdom of Saudi Arabia (Labour, Commerce and Industry, Education); Cabinet members in Oman (Minsters of National Economy, Energy / Oil and Gas, Industry, Healthcare, Social Development, Agriculture, and Education); the Secretary General of the Research Council - Oman; Minister of Industries & Commerce – Bahrain; Minister of Transportation and Cabinet Affairs – Bahrain; COO of the EDB – Bahrain; and the Governor of Puerto Rico. Dr. Malik has previously served as the Vice President and Regional Director for the Middle East for Charles River Associates (CRA International) and in senior positions at Arthur D. Little (USA) and SRI International (USA).

Dr. Musadik Malik finished his Post-Doctoral Fellowship at the University of Illinois-College of Medicine -in Health Economics and Medical Decision Making. He obtained Ph.D. and M.S. in Healthcare Administration and Policy; and an MBA from the University of Illinois. He has taught and supported undergraduate and graduate courses in public policy and management. He has widely presented his policy frameworks and recommendations at international conferences and in front of senate and cabinet members across various countries. Currently, he is also serving as the Chairman of Pakistan LNG Limited.

MR. ZAHID MIR | Member

Mr. Zahid Mir is a Petroleum Engineer with 30 years of experience in the oil and gas industry with assignments relating to onshore and offshore operations having been involved at a senior level in all stages of upstream operations. He has strong HSE background, extensive experience as an oil and gas commercial negotiator and business developer, strategy, joint ventures and license management, new ventures, economic evaluations, mergers and acquisitions.

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

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

Mr. Zahid Mir is currently serving as the Managing Director & CEO of Oil & Gas Development Company Limited. He is also a director on the Board of Mari Petroleum Company Limited.

MR. ABDUL JABBAR MEMON | Member

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

MR. AMJAD NAZIR | Member

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

MR. MUHAMMAD ANWER | Member

Mr. Muhammad Anwer is a senior civil servant, currently posted as 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.

Currently, Mr. Anwar is serving on the Boards of the following Companies:

- Multan Electricity Company Limited
- Gujranwala Electricity Company Limited
- Lahore Electricity Company Limited
- K-Electric Limited
- GENCO Holding Company Limited

MR. SABINO SIKANDAR JALAL | Member

Mr. Sabino Sikandar Jalal is the Joint Secretary, Ministry of Energy (Petroleum Division), Government of Pakistan. Being a senior Civil Servant, he possesses over 20 years of experience of working in Federal Government and various agencies including appointments as Joint Secretary-Ministry of Communications, Director General (Corporate Affairs)-Competition Commission of Pakistan, Joint Secretary-Ministry of Defence, Member Finance / Director Finance-Heavy Industries Taxila and Deputy Financial Advisor-Defense Production & Procurement. He has also served as the Managing Director of Government Holdings (Private) Limited.

He holds a master's degree in English Literature (silver medalist) from University of the Punjab. He has also attended numerous courses and trainings pertaining to governance, management, public policy, public administration, and public finance, in Pakistan and abroad.

Currently, he is serving on the Boards of the following Companies:

- Mari Petroleum Company Limited
- Pakistan Petroleum Limited

BOARD COMMITTEES

BOARD FINANCE AND RISK MANAGEMENT COMMITTEE

Mr. Zahid Mir	Chairman
Dr. Musadik Malik	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Dr. Musadik Malik	Chairman
Mr. Zahid Mir	Member
Mr. Abdul Jabbar Memon	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

1. Review organization structure periodically to:
    a. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
    b. Establish plans and procedures that provide an effective basis for management control over Company manpower.
    c. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
2. Review the employees' development system to ensure that it:
    a. Foresees the Company's senior management requirements.
    b. Provides for early identification, development, and succession of key personnel and leadership positions.

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

d. Training and development plans.

3. Compensation and Benefits:

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

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

BOARD AUDIT AND COMPLIANCE COMMITTEE

Mr. Zahid Mir	Member
Mr. Abdul Jabbar Memon	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

Audit

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

Compliance

1. Review Code of Conduct and related policies applicable to employees, officers, and directors and other agents and associates of the Company at least annually and make recommendations to the Board as appropriate.
2. Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by Company employees, officers, directors and other agents and associates of the Company law, regulation, Company policy, special conditions imposed on the Company by any licensing authorities, and the Code of Conduct.
3. The Whistle blowing unit will report to the Audit & Compliance Committee.
4. Review and evaluate, at least annually, the performance of the Committee, including compliance by the Committee with this Charter.
5. Review and assess, at least annually, the adequacy of this Charter and submit any proposed changes to the Board for approval.
6. Review resources assigned to the Compliance program to assess their adequacy relative to the program's effectiveness.
7. Receive such reports of relevant conduct, misconduct and other issues as appropriate to the Committee.
8. Perform any other activities consistent with this Charter and the Company's Bylaws and Certificate of Incorporation, as the Committee may deem necessary or appropriate for the fulfilment of its responsibilities under this Charter or as required by applicable law or regulation, or as may be determined by the Board.
9. Do every other act incidental to, arising out of or in connection with, or otherwise related to the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.
10. Notwithstanding any of the foregoing, the legal liability of any of the Committee members shall not be greater than that of other members of the Board.

BOARD PROCUREMENT COMMITTEE

Mr. Abdul Jabbar Memon	Chairman
Dr. Musadik Malik	Member
Mr. Zahid Mir	Member
Company Secretary	Secretary

Terms of Reference

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Approve procurement awards for capital and revenue expenditure for amounts in excess of Rs. 100 million for local procurement and US$ 5 million for foreign procurement (other than product procurement). Awards requiring urgent approval will be approved through circulation to all members.
3. Provide advice on procurement related matters and approval processes as and when required.

Note:
Throughout the financial year 2016-17 there were at least 3 Non-Executive Members in all Board Committees. The composition of the Board Audit & Compliance Committee and Board Finance & Risk Management Committee reduced to 2 members due to Mr. Haque Nawaz's retirement in August 2017. The vacant positions in the committees will be filled in the next board meeting.

ROLE OF CHAIRMAN AND CEO

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

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

CEO'S PERFORMANCE REVIEW BY THE BOARD

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

EVALUATION OF BOARD'S PERFORMANCE

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

FORMAL ORIENTATION AND TRAINING OF THE BOARD MEMBERS

PSO organizes orientation sessions and training for Board Members. During last few months, new members have been appointed on the Board of Management. Orientation sessions and training programmes will be organized for Board Members in due course.

COMPANY'S POLICY FOR SAFEGUARDING OF RECORDS

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

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

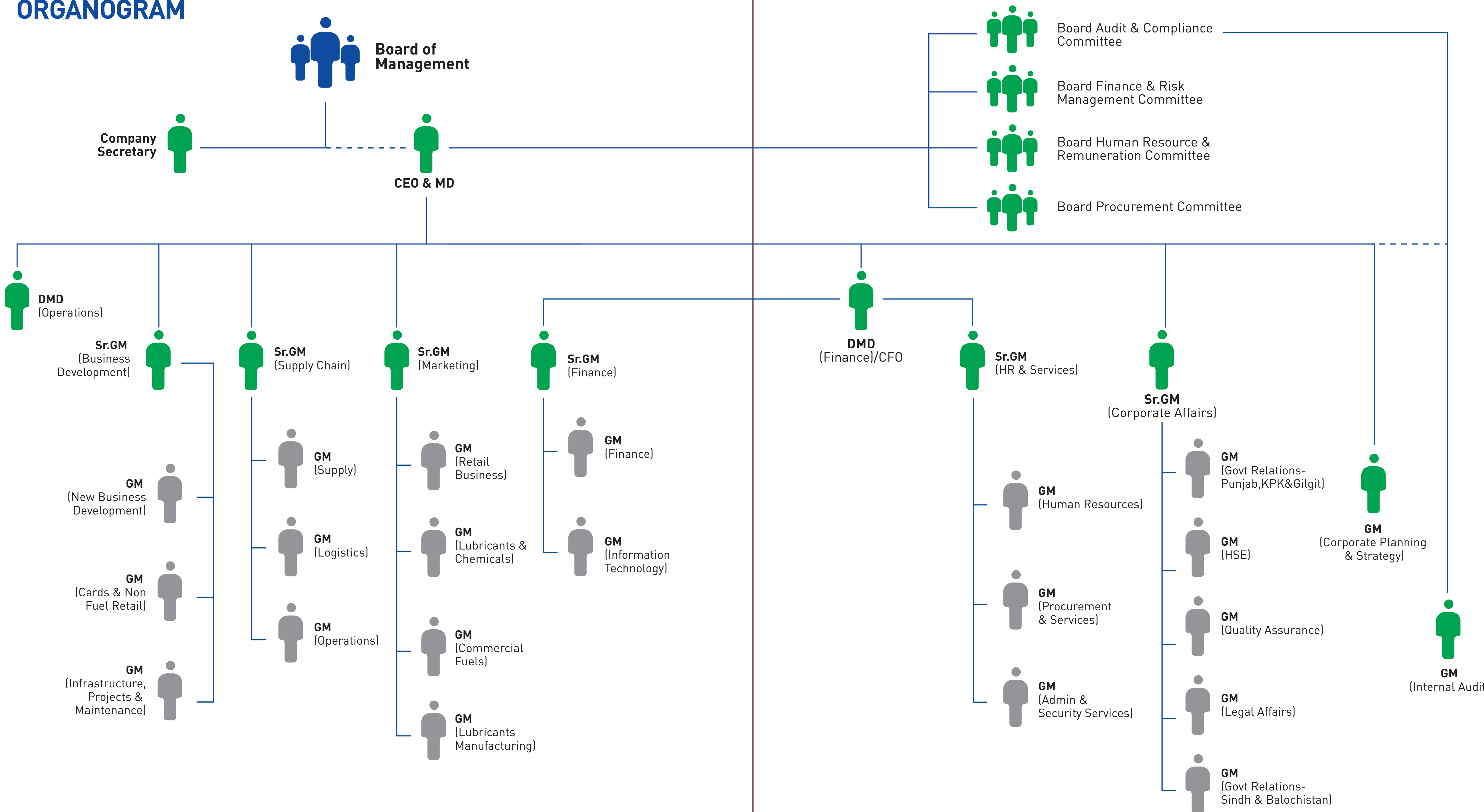
Company Secretariat continuously engages with the investors and responds to their queries and requests for information and their grievances through PSO's Registrar.

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 regulary 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'.**

CORPORATE GOVERNANCE

ORGANOGRAM



MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

Management Committee is the prime management body which meets primarily to steer and review all key projects from conceptualization to implementation. It also reviews the elements of Corporate Plan, including performance targets and budgets. Upon its approval, a final plan is prepared and sent for Board's approval. It also conducts periodic review of various business matters and 37 meetings were held during FY2017.

EXECUTIVE COMMITTEE

Executive Committee reviews the department/business performance on quarterly basis. The Committee stewards the performance against the targets and objectives set in the annual plan. 03 meetings were held during FY2017.

COMPENSATION, ORGANIZATION & EMPLOYEE DEVELOPMENT COMMITTEE

Compensation, Organization & Employee Development Committee reviews matters pertaining to human resources such as recruitment, transfers, disciplinary actions, promotions and employee benefits. 43 meetings were held during FY2017.

A JOURNEY OF PROGRESS

At PSO, we believe in the power of sustaining growth in order to benefit our today as well as our tomorrow. Touching the lives of approx 3 million Pakistanis on a daily basis, we are constantly in pursuit of improving and growing further, with our ever-increasing customer base serving as a testament to our dedication and commitment.

STAKEHOLDERS' ENGAGEMENT

PSO's stakeholders are central to its operations. PSO recognizes the value of transparent and open communication with all its stakeholders, both formally and informally, on a regular basis. Such communications with stakeholders are in line with the regulatory considerations and ensure maintenance of corporate confidentiality. We acknowledge that consistent, coherent and clear communications help to reinforce the sound reputation of the Company and its management. Accordingly, your Company aims to promote dialogue with investors, analysts and other stakeholders.

The wide stakeholder community includes, but is not limited to:

a) Institutional Investors / Shareholders
b) Customers and Suppliers
c) Regulators
d) Banks
e) Media
f) Analysts
g) Employees

INSTITUTIONAL INVESTORS / SHAREHOLDERS

The Company follows best practices and guidelines with respect to maintaining healthy relationships with institutional investors, corporations and other shareholders. A number of leading financial and other institutions are among the shareholders of the Company. In order to facilitate investors it is ensured that all Company related relevant information is uploaded on PSO's website and is updated on a regular basis. Further, quarterly/annual financial statements and notices are also uploaded on the website of the stock exchange. The Company as a matter of good governance encourages active participation of the Institutional investors in the Annual General Meetings and the 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.

CUSTOMERS AND SUPPLIERS

At PSO, customer service is at the heart of everything we do. PSO's Customer Service Department provides after sales complaint and query services to existing and prospective customers. The Company's customers include dealers, distributors and industries. The customer engagements are ongoing in nature, however, specific periodic engagements are held with dealers and distributors through dealer/distributor conferences to identify customer needs and expectations.

PSO's continued growth is also attributable to selection of reputable and dependable suppliers as business partners. The suppliers' interactions are ongoing in nature, however, various Pre-bid and informal meetings are held with suppliers to strengthen relationships and to communicate the Company's requirements.

REGULATORS

The Company continually engages with the Government of Pakistan, OGRA, Ministries and other regulatory bodies at local, provincial and federal levels. PSO's senior management is in close liaison with government officials on various issues with respect to the Company and the oil industry.

BANKS

PSO's treasury department maintains healthy business relationship with banks and engages with them on a continuous basis for strategic and operational matters. It further interacts frequently with banks to explore efficient cash management, availability of credit lines at comptitive rates and trade financing options etc. Healthy working relationships with banks helps the Company to negotiate lower interest rates, better financing terms and effective customer services thereby improving the EPS.

MEDIA

Your Company engages with print and electronic media through regular press releases, TVCs, social media and website to inform the public about its brands, key achievements, results, CSR activities and other corporate events. This creates awareness in the public about the Company's products and services, and enhances the brand image of the Company.

ANALYSTS

The management realizes the role of analysts and their views on the future outlook of the Company. The Company conducts quarterly security analyst briefings in order to share details pertaining to results announced and to respond to any queries relating to results and other public information. This helps the Company in attracting potential investors.

EMPLOYEES

A motivated and competent work force is at the core of PSO's human resource strategy. The Company concentrates on regular employee engagements as it is a key to performance. PSO has invested in a health & recreational club and a medical center to cater to the health and fitness needs of its employees. PSO focuses on employee development through trainings and cross functional engagements. The Company has an open door policy for its employees which ensures continuous interactions of employees at all levels.

REPORT OF THE BOARD AUDIT & COMPLIANCE COMMITTEE

The Board Audit & Compliance Committee including its Chairman comprises three non-executive members. The Chairman of the Committee who chaired the meetings during FY 2017 had relevant financial and accounting background.

The Committee met three times during the year ended June 30, 2017 after its constitution on September 24, 2016. Except for the first quarter results, the meetings of the Committee were held prior to approval of interim and final results of the Company as required by the Code of Corporate Governance (CCG). Meetings were also held to review other matters as per the Terms of Reference (TOR) of the Committee.

Regular attendees at Committee meetings, on the invitation of the Committee, included the Head of Internal Audit, Chief Executive Officer/ MD (CEO) and Chief Financial Officer (CFO). 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.

The Head of Internal Audit has also direct access to the Committee. Audit observations along with the compliance status are regularly presented to the Committee.

The role of the Head of Internal Audit is to ensure compliance of the TOR of the Board Audit Committee as approved by the Board of Management (BOM). The functions performed by the Committee are given below:

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, estimates and judgments applied in preparing the financial information.

ASSESSMENT OF INTERNAL AUDIT FUNCTION AND CONTROL FRAMEWORK AND THE REVIEW OF MAJOR AUDIT OBSERVATIONS

The Committee has an established process to review the effectiveness of the Internal Control system/ framework and the Internal Audit Function. The Committee reviewed and approved the risk based internal audit plan covering all the business activities. Furthermore, the Committee also reviewed, on a quarterly basis, the status of planned versus actual audit activities.

The Committee also reviewed the major internal audit observations and the status of decisions made in the previous Committee meetings.

The Committee recommends improvements in internal controls and gives directives for corrective actions where required.

WHISTLE BLOWING

As per the Whistle Blowing Policy approved by BOM, 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, 2017, three complaints were reviewed by Whistle Blowing Unit and reported to Board Audit & Compliance Committee.

REVIEW OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

APPOINTMENT OF EXTERNAL AUDITORS

As per the requirements of the CCG and the TOR approved by the BOM, the Committee recommended, for BOM's approval, the appointment of external auditors and their remuneration. The Committee also reviews the work undertaken by the external auditors and assesses their independence, objectivity and performance.

REVIEW OF EXTERNAL AUDITORS' MANAGEMENT LETTER

The Committee also reviews the Management Letter issued by the external auditors wherein control weaknesses are highlighted. Compliance status of previously highlighted observations by the external auditors is also reviewed and corrective measures are discussed to improve overall control environment.

STATEMENT OF COMPLIANCE

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

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "The Rules") and the Code of Corporate Governance, 2012 (the Code), issued by the Securities and Exchange Commission of Pakistan (SECP) and included in the Rule Book of Pakistan Stock Exchange Limited 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 Code.

Pakistan State Oil Company Limited (the Company/PSO) is primarily regulated under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the 1974 Act") which takes precedence over the provisions contained in the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Rules and the Code promulgated by the SECP have laid down certain criterion for the election, functioning and responsibilities of the Board of Directors and the election of the Chairman and the appointment of the Chief Executive Officer. However, the said criterion of the Rules and the Code 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 Code in the following manner:

1. 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.

2. The Chairman of the BOM has not been nominated by the Federal Government. However, the functions of MD remain separate from the functions of the Chairman.

3. (a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website (www.psopk.com).

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

4. 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.

5. The Company has 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.

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

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

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

9. 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.

10. The BOM has developed a vision / mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.

11. 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.

12. (a) The BOM has met sixteen 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.

13. The BOM monitored and assessed the performance of senior management. According to the Amended Public Sector Companies (Corporate Governance) Rules 2013, the responsibility for performance evaluation of members of the Board including the Chairman and the Chief Executive has been entrusted with the Government. No such evaluation was carried out by the Government during the year.

14. The BOM reviewed and approved the related party transactions placed before it after recommendations of the audit committee except in case of first quarter as Board Audit and Compliance Committee was re-constituted on September 24, 2016. Hence related party transactions of first quarter were directly approved by the BOM. A party wise record of transactions entered into with the related parties during the year has been maintained.

15. (a) The BOM has approved the profit and loss account for, and balance sheet as at the end of the first, second and third quarters of the year as well as for the financial year end, and has placed the annual financial statements on the Company's website.

    (b) During the year monthly accounts were prepared and circulated to the BOM members in a timely manner. However, in April 2017, this requirement has been withdrawn through an amendment made in the Public Sector Companies (Corporate Governance) Rules, 2013.

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

Committee	No. of Members	Name of Chair
Board Human Resource & Remuneration Committee	3	Mr. Hassan Nawaz Tarar / Dr. Musadik Malik
Board Audit & Compliance Committee	3	Mr. Haque Nawaz
Board Finance & Risk Management Committee	3	Mr. Zahid Mir
Board Procurement Committee	4	Dr. Musadik Malik

17. The members of the Board Audit & Compliance Committee as at June 30, 2017 were as follows:

Name	Category
Mr. Haque Nawaz	Non-executive
Mr. Zahid Mir	Non-executive
Dr. Musadik Malik	Non-executive

18. The BOM approved the appointment of the Company Secretary and the Head of Internal Audit during the year along with their remuneration and terms and conditions of employment, and as per their prescribed qualifications. There was no change in the position of the Chief Financial Officer during the year.

19. The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of section 234 of the repealed Companies Ordinance, 1984 (the repealed Ordinance), for preparation and presentation of its financial statements.

20. The Report to the Shareholders for current year has been prepared in compliance with the requirements of the repealed Ordinance and the Rules and fully describes the salient matters required to be disclosed.

21. The members of the BOM, MD and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

22. The responsibility for fixing the remuneration packages of MD and 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 fix fee for each meeting attended. The said fees are decided upon by the BOM collectively.

23. The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before approval of the BOM.

24. The BOM has set up an effective internal audit function, with an audit charter, duly approved by the Board Audit & Compliance Committee in prior years, and which worked in accordance with the applicable standards.

25. The Company has appointed its external auditors in line with the requirements envisaged under the Rules.

26. 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.

27. The external joint auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.

28. The Company has complied with all the significant corporate and financial reporting requirements of the Rules, except for the requirements which are not considered applicable to the Company to the extent of overriding provisions of the 1974 Act and Board of Management Regulations, 1974.

Additional requirements under the Code:

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2013 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 Code applicable for listed companies for which parallel provisions do not exist in the Rules.

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

b) 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 MD 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.

c) A casual vacancy occurred during the year and was filled timely. During the month of May 2017, a new member of BOM was appointed.

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

g) Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchanges.

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

i) The Company has complied with the corporate and financial reporting requirements of the Code.

Explanation of Non-compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

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

Sr. No.	Rule/Sub Rule No.	Reason for Non-Compliance	Future Course of Action
1.	11(3) of PSC(CG)	Annual orientation course in respect of responsibilities concerning the use of public resources, to act in good faith and in the best interest of the public sector Company for all Board Members was not held during the year.	An orientation course of the Board of Management will be undertaken in due course.
2.	Clause (xi) of CCG	The mandatory certification under any directors' training programme was not obtained for BOM members.	The management will plan a training programme for the new members, if applicable, in due course.

Sheikh Imranul Haque
Managing Director & CEO
September 13, 2017
Karachi

Zahid Mir
Member-Board of Management

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

EY Ford Rhodes
Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 and the Code of Corporate Governance (both herein referred to as 'Codes') prepared by the Board of Management – Oil (BOM) of Pakistan State Oil Company Limited (the Company), for the year ended June 30, 2017 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange where the Company is listed and the 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 Audit Committee, and upon recommendation of the Audit 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. As stated in paragraph 14 of the Statement of Compliance, the related party transactions were approved by the BOM of the Company till the reconstitution of the Board Audit & Compliance Committee on September 24, 2016. 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 Code of Public Sector Companies (Corporate Governance) Rules, 2013 requires the Board 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, 2017 except that certain clauses are considered inapplicable due to overriding provisions of Marketing of Petroleum Products (Federal Control) Act, 1974 applicable to the Company, as explained in the enclosed Statement of Compliance.

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

A. F. Ferguson & Co.
Chartered Accountants
Waqas A. Sheikh

EY Ford Rhodes
Chartered Accountants
Shariq Ali Zaidi

Date: September 15, 2017
Place: Karachi

ATTENDANCE AT THE BOARD AND COMMITTEE MEETINGS

For the year ended June 30, 2017

Attendance at Board of Management Meetings

Names of Members	Total No. of Board Meetings*	Number of Meetings attended
Mr. Sheikh Imranul Haque	16	15
Dr. Musadik Malik	16	16
Mr. Zahid Mir	16	16
Mr. Haque Nawaz	16	16
Mr. Hassan Nawaz Tarar	14	14
Mr. Abdul Jabbar Memon	-	-

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

Attendance at Board Audit and Compliance Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Mr. Haque Nawaz	3	3
Mr. Zahid Mir	3	3
Dr. Musadik Malik	2	2
Mr. Hassan Nawaz Tarar	1	1

Attendance at Board Human Resource and Remuneration Committee Meetings

Names of Members	Total No. of Meetings*	Number of Meetings attended
Dr. Musadik Malik	3	3
Mr. Zahid Mir	3	3
Mr. Haque Nawaz	1	-
Mr. Hassan Nawaz Tarar	2	2

Attendance at Board Finance and Risk Management Committee Meetings

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

Attendance at Board Procurement Committee Meetings

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

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

A JOURNEY OF COMMITMENT

The force behind PSO's success has always been the determination of its people. It is their commitment to customer service that has enabled us to be present at some of the highest and most remote locations in Pakistan, such as our outlet at Sost, at an elevation of 2,408 meters above sea level.

REPORT TO SHAREHOLDERS

The Board of Management is pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2017. The Report provides an in-depth view of the company's Marketing, Financial, Supply Chain and Technological Performance.

PSO ended FY2017 by successfully maintaining its market leadership position in liquid fuels with strong volumetric growth in all products despite stiff competition and induction of new players in oil marketing.

In FY2017 PSO took the lead and became the first Oil Marketing Company to introduce the higher grade RON environment-friendly gasoline brands Altron Premium and Altron X High Performance in November 2016 in line with the GOP's objective of improving the quality of fuels for the public.

The first few days of November 2016 mark the historic days when the first ships carrying higher grade RON were decanted at the Keamari terminal and the outlets in Karachi started receiving the new fuel first. Simultaneously, locations across Pakistan were delivered the new fuel through Tank Lorries for onward delivery to retail outlets.

In January 2017 PSO introduced Action+ Diesel, a superior quality and environment friendly Euro-II compliant diesel.

With these two launches, PSO reinforced its commitment to enhance the economic well-being of the people, and helping the Pakistani economy to flourish and grow.

During the year, the Company reported sales revenue of Rs 1.1 trillion (USD 10.5 billion) as compared to Rs 0.9 trillion (USD 8.8 billion) during FY2016, registering a growth of 21.0% due to increase in sales volume coupled with positive price variance arising on account of increase in POL prices. After tax earnings witnessed an increase of 77.4% thereby rising to Rs 18.2 billion as compared to Rs 10.3 billion in FY2016. Earnings per share increased to Rs 67.1 in FY2017 from Rs 37.8 in FY2016.

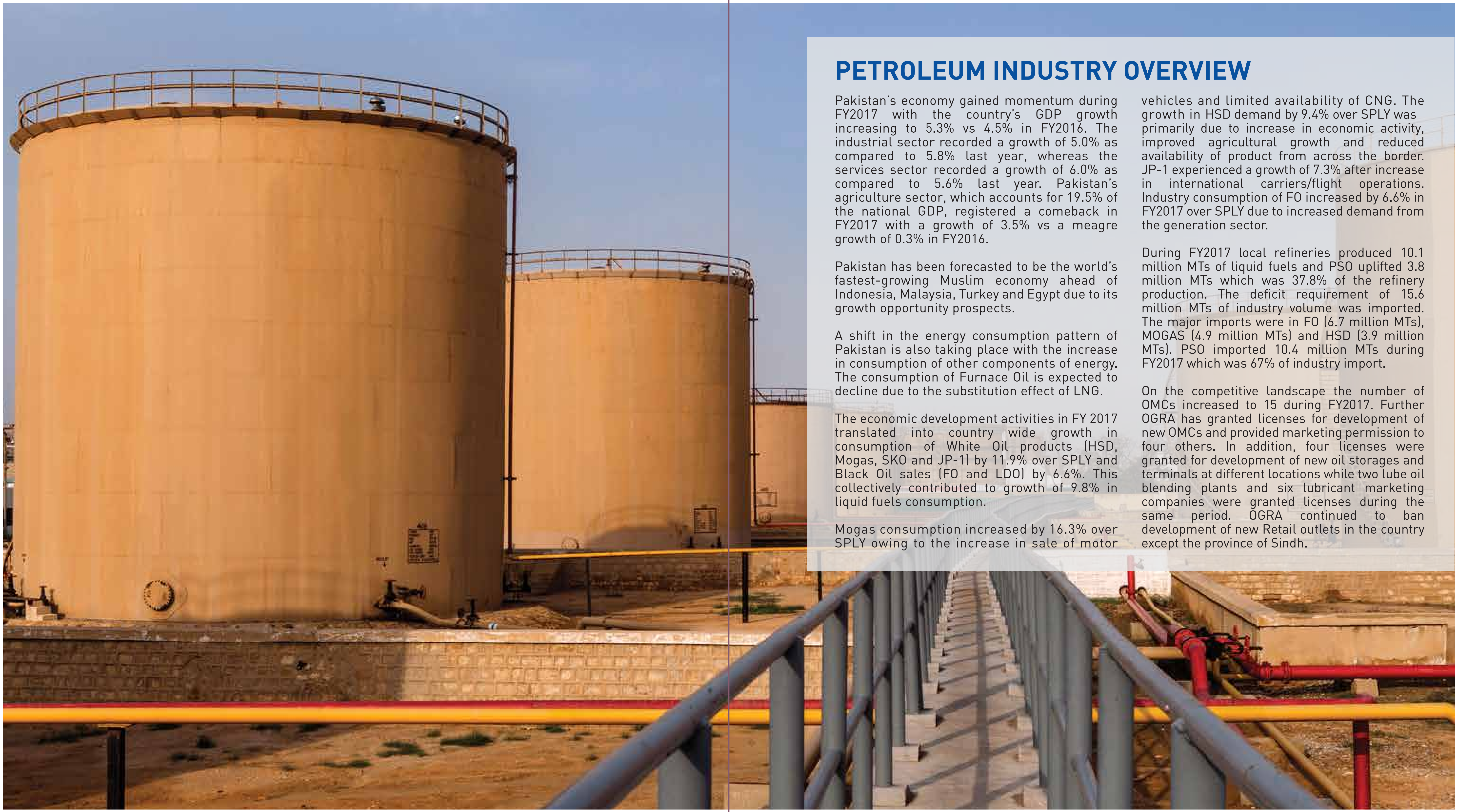
The main factors contributing to this increase in bottom line are increase in sales volume and margins of both white oil and black oil, coupled with a reduction in finance cost by 17.2% partially offset by a decline in other income by 16% and an increase in operating costs by 6%.

On February 3rd, 2017 PSO's share price closed at Rs 486.05 per share which was the highest since May 2008. Share price remained at Rs 387.35 per share at the end of FY2017.

WORLD OIL MARKET REVIEW

Crude oil prices rose 8% in the first quarter (q/q) of Calendar Year (CY) 2017, averaging $52.9/bbl, following agreements by OPEC and some non-OPEC producers to cut output in the first half of 2017. Prices traded in a narrow range near $54/bbl for much of the quarter on expectations that output cuts would draw down stocks and rebalance the market in coming months. This did not happen, prices dropped sharply in the second week of March as sizeable long positions on futures markets were liquidated.

Crude oil prices are projected to average $55/bbl in CY 2017, as global supplies fall short of demand. Stocks are expected to fall, especially in the second half of the year, assuming continuation of OPEC/non-OPEC production restraint. The Government of Pakistan has passed on the increase in global oil prices gradually and partially from January 2017 onwards, which has been helpful in diluting the second-round impact of rising fuel prices and taming inflation. Regardless of the pace of pass-through in Pakistan, trends in global oil will continue to influence the country's domestic prices.



PETROLEUM INDUSTRY OVERVIEW

Pakistan's economy gained momentum during FY2017 with the country's GDP growth increasing to 5.3% vs 4.5% in FY2016. The industrial sector recorded a growth of 5.0% as compared to 5.8% last year, whereas the services sector recorded a growth of 6.0% as compared to 5.6% last year. Pakistan's agriculture sector, which accounts for 19.5% of the national GDP, registered a comeback in FY2017 with a growth of 3.5% vs a meagre growth of 0.3% in FY2016.

Pakistan has been forecasted to be the world's fastest-growing Muslim economy ahead of Indonesia, Malaysia, Turkey and Egypt due to its growth opportunity prospects.

A shift in the energy consumption pattern of Pakistan is also taking place with the increase in consumption of other components of energy. The consumption of Furnace Oil is expected to decline due to the substitution effect of LNG.

The economic development activities in FY 2017 translated into country wide growth in consumption of White Oil products (HSD, Mogas, SKO and JP-1) by 11.9% over SPLY and Black Oil sales (FO and LDO) by 6.6%. This collectively contributed to growth of 9.8% in liquid fuels consumption.

Mogas consumption increased by 16.3% over SPLY owing to the increase in sale of motor vehicles and limited availability of CNG. The growth in HSD demand by 9.4% over SPLY was primarily due to increase in economic activity, improved agricultural growth and reduced availability of product from across the border. JP-1 experienced a growth of 7.3% after increase in international carriers/flight operations. Industry consumption of FO increased by 6.6% in FY2017 over SPLY due to increased demand from the generation sector.

During FY2017 local refineries produced 10.1 million MTs of liquid fuels and PSO uplifted 3.8 million MTs which was 37.8% of the refinery production. The deficit requirement of 15.6 million MTs of industry volume was imported. The major imports were in FO (6.7 million MTs), MOGAS (4.9 million MTs) and HSD (3.9 million MTs). PSO imported 10.4 million MTs during FY2017 which was 67% of industry import.

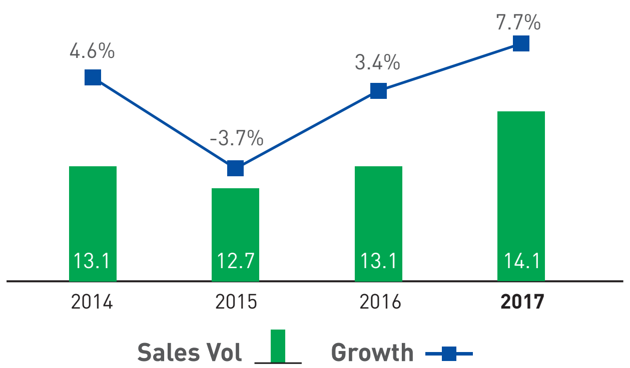
On the competitive landscape the number of OMCs increased to 15 during FY2017. Further OGRA has granted licenses for development of new OMCs and provided marketing permission to four others. In addition, four licenses were granted for development of new oil storages and terminals at different locations while two lube oil blending plants and six lubricant marketing companies were granted licenses during the same period. OGRA continued to ban development of new Retail outlets in the country except the province of Sindh.

SALES PERFORMANCE & BUSINESS LINES PERFORMANCE

PSO continued to lead the liquid fuel market with an overall market share of 54.8% despite the challenges of IFEM mismanagement and physical reporting, development of additional storage tanks at existing locations with NOC of Ministry of Defence, port constraint, increasing import infrastructure cost, last day sales capping and impact of dumping on Retail Outlets enforced primarily on PSO, and delay in settlement of IFEM receivables pending since 2008.

Total Liquid Fuels

(Vol in Million MTs)



Source: OCAC

FY2017 marked a growth of 5% in White Oil and 10.5% in Black Oil over FY2016

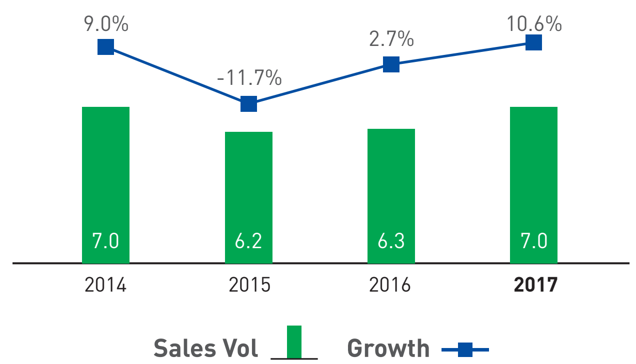
The market share of Black Oil rose to 73.1% from 70.5% SPLY, whereas the market share in White Oil (Mogas, HSD, SKO, Jet Fuel) stood at 43.9% vs 46.8% SPLY.

Growth of 9.4% in Mogas, 10.6% in FO, 18.9% in JP-1, 27.9% in Lubricants , 105.9% in LPG in FY2017 vs FY2016

PSO retained its market leadership position in FO with an increase in market share to 73.1% in FY 2017 from 70.5% during SPLY. The Company focused on profitable growth by increasing the number of cash customers.

Furnace Oil (FO)

(Vol in Million MTs)

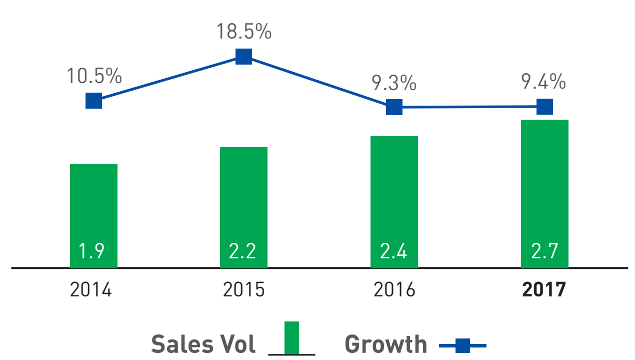


Source: OCAC

Mogas business has been competitive due to aggressive competition in the retail sector, the addition of new OMCs and refining the back-up of certain OMCs. However, the Company in addition to volumetric growth in FY 2017 achieved a market share of 39.6%. Whereas HSD sales witnessed an increase of 0.9% over SPLY and PSO achieved a market share of 44.4% in FY 2017.

Motor Gasoline (Mogas)

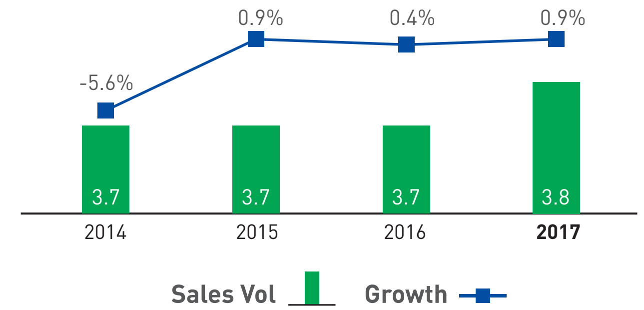
(Vol in Million MTs)



Source: OCAC

High Speed Diesel (HSD)

(Vol in Million MTs)

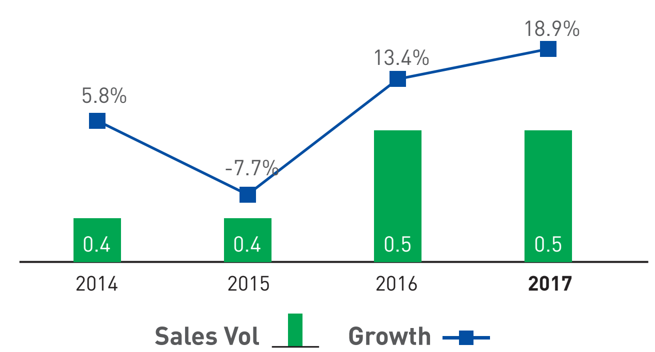


Source: OCAC

PSO retained its market leadership position in JP-1 with an increase in market share to 73.5% in FY 2017 from 66.3% during SPLY. The Company focused on profitable growth by increasing the number of cash customers.

JP-1

(Vol in Million MTs)

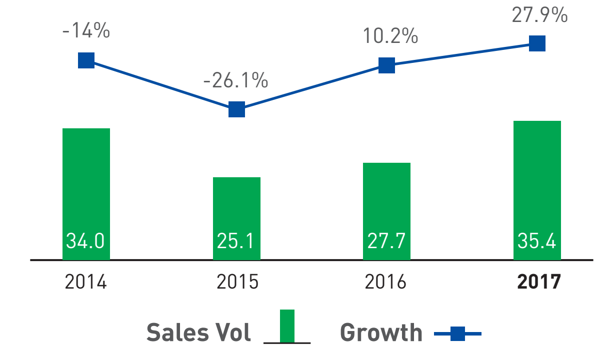


Source: OCAC

PSO also improved its sales volume to 35.4KMTs in the highly competitive lubricant segment by achieving an approximate market share of 9.2% in an estimated market of 385 KMTs.

Lubricants

(Vol in Thousand MTs)

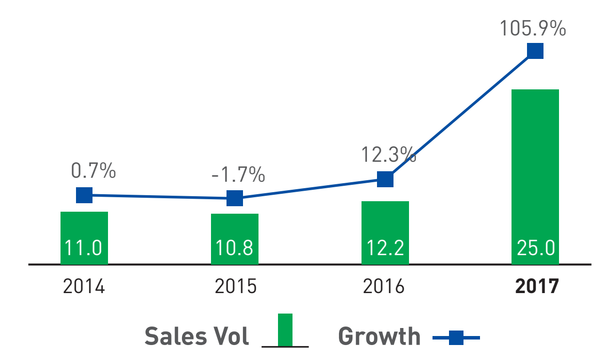


Source: OCAC

FY2017 had been extremely promising for LPG business with a sales volume of 25 KMTs marking a growth of 106% over SPLY.

LPG

(Vol in Thousand MTs)



Source: OCAC

RETAIL BUSINESS

PSO's nationwide retail outlet network was expanded with the addition of more than 60 New Vision Retail Outlets (NVROs) making a grand total of 3,489 sites as of FY2017.

The Company operates 26 flagship sites namely Company Owned and Company Operated (COCO) stations 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 deployed an Online Ordering Management System (OOMS) at 1735 outlets. Keeping up with international quality standards, PSO's deployed Mobile Quality Testing Unit (MQTU) network carried out random checks at retail outlets to provide products in the right quality and quantity to its customers.

During the period under review, a total of 885,316 customers were served via outbound/inbound calls, e-mails, faxes and Automated Lubricant Secure Code Application through SMS Service. Ta'aluq Customer Services is one of the contributors to the brand equity for the Company and goes beyond all means to satisfy customers. The Customer Management system was further enriched and improved by sharing multiple reports with the Departmental Heads and the Management on weekly basis. The unresolved complaints were highlighted to the departmental heads and as a result of rigorous follow-up with various departments. The unresolved complaints were reduced by approx. 85%.

Furthermore, expanding on its customer care services, PSO launched its Station-Finder App to help customers find outlets near them and also released its web-based application for the development of new retail outlets wherein the applicant is able to keep a track / status of the application through a tracking number. Extensive training programs were held at various retail outlets to ensure that the Company's valued customers receive superior quality service.

Non Fuel Retail

Besides its core business of fuelling, the Company is focusing on a customer centric approach and therefore looks forward to reap maximum margins from space available at Retail outlets by offering value added Non-Fuel services through strategic partners.

The modernization of the convenience stores was initiated to improve overall service quality and ambiance while satisfying growing needs of our valued customers. The stores are to make a transition from a conventional, more subtle layout to state of the art, modern day convenience stores meeting international standards of quality. The aim is to revitalize the "Shop Stop" brand image and to make the stores appear more attractive by enhancing the outlook and overall store decor.

PSO has entered into valuable alliances with various companies to offer more products categories to customers at C stores which as an initiative to transform the stations into more add value places.

Branchless Banking

PSO has recently signed agreements with leading financial institutions to implement revolutionary concept of providing financial services at its retail outlets which shall eventually lead to increased customer facilitation and strengthen the concept of secure and convenient financial / banking services across the stations through an integrated alternate service delivery channel.

Branchless Banking is a convenient alternative to conventional branch-based banking that allows financial institutions and other commercial players in the economy to offer financial services outside traditional bank premises by using alternate delivery channels like retail agents, mobile phone etc.

Other Services

The Company has taken first mover advantage in the industry and initiated the concept of vending machines at fuel stations. The Company has also formed valuable alliances with various banks for deployment of ATMs at PSO's retail outlets to facilitate customers and general public to perform the financial transactions in a safe & secure environment.

Cards Business

Leading its customer focused approach; PSO has been continuously innovating and updating its products to enable simpler customised solutions for its customers. Following this, PSO card section which already has market leadership in the category has been striving to provide innovative solutions.

PSO upgraded its cards infrastructure to cloud based system with Payment Card Industry Data Security Standards (PCIDSS) certification enabling faster processing and value addition for customers, reducing transaction processing by 4 times and consequently improving operational efficiency by reducing turnaround time. In addition, PSO is the first company to introduce Europay Master Visa (EMV) complaint proprietary chip cards in Pakistan with compliance of combined/ dynamic data authentication, dual way cryptography and dynamic customer verification method.

It is the only OMC in Pakistan with cards acceptability across the country due to its extensive network connectivity enabling customers to use cards facility hassle free at remote locations and we are constantly expanding to reach out more locations. PSO upgraded new system has functionality to offer customised solutions with online management of card transactions.

REPORT TO SHAREHOLDERS

COMMERCIAL FUELS

Power Sector

PSO achieved 12.5% increase in Furnace Oil sales to the power sector over SPLY. The growth mainly came from Cash customers with 35.5% increase, whereas Credit customers' growth was 5.3% over last year. Despite the challenges in the area of receivables from the Power Sector, PSO managed to continue supplies in order to enable more Power Generation in the Country and to contribute in reducing the electricity load-shedding for the masses. The increasing receivables form the Power Sector however, pose greater challenge for the cash-flow management, which needs to be addressed by the GoP.

Aviation, Marine and Exports

Aviation, Marine & Export business achieved the highest ever domestic sales of 547.5 KMTs of Jet A-1 in FY2017, thus further strengthening its market leadership in the Aviation Fuels business with an increase in market share by 7.2% vs SPLY. The growth came from both International and Domestic Airlines through competitive pricing and better services.

It recaptured the business of AACO (includes Air Arabia, Saudi Airline, Gulf air, Kuwait Air & Oman air) from the competition. During the period under review, PSO also acquired the new aviation business of KAM Air and Thai Airways at Islamabad and 50% business of Fly Dubai at Karachi airport. We also acquired the business of a new domestic Airline 'Serene Air', which started its operation in 3Q of FY2017, operating from Karachi, Lahore, Islamabad, and Peshawar.

PSO successfully commissioned the fuel farm facility of 10.0 KMTs at the new Islamabad airport, with the allied pipeline network and infrastructure. The new airport facility is expected to commence operations during FY2018. PSO has a 50:50 Joint Venture with APL at the facility. The new airport is equipped with state of the art infrastructure and refuelling equipment, compliant to international standards.

In Jet Fuels Export, PSO strengthened its market position and achieved a market share of more than 70%. PSO was the only OMC from August 2016 to June 2017 exporting JP-8 fuel. In the Marine sector, PSO achieved strong growth of 27% in sales volumes of FO, entire HSD business of fuelling Pakistan Naval fleet is also with PSO.

LNG

The LNG business continued with PSO for the whole year; with 58 LNG vessels supplied during the year carrying 186,672,980 MMBTU, without incurring any demurrage by managing a seamless supply chain operation.

On an average, 400 MMCFD of RLNG was supplied to Sui Northern from Jul 2016 up to Jan 2017. It was further ramped up to 600 MMCFD from Feb 2017 that is crucial in the energy equation of the country.

LPG

With increased strategic focus, FY2017 had very strong growth over SPLY. PSO's LPG business, branded "Pak Gas", is among the top 10 companies now, having strategically located 05 LPG Storage & Bottling facilities and a network of over 150 distributors across the country. Renewed focus resulted in the execution of an MoU with OGDCL for Surplus LPG. PSO also won 02 bidding contracts for the supply of LPG by OGDCL, securing LPG supply allocations from OGDCL's KPD & Adhi Fields resulting in additional confirmed allocations for the next 5 years.

CNG

The Company maintained its market position in terms of the number of CNG Stations under PSO Franchise system. No new CNG stations were added due to continued ban on developing new CNG Stations by the GoP. Availability of Natural Gas at CNG stations, particularly in Punjab remained a challenge, where CNG Stations were not supplied with System Gas but the situation is expected to improve in the future.

LUBRICANTS & CHEMICALS

PSO's lubricants business had very strong growth of 27.9% vs last year in a market that grew by an estimated 10%. The business improved its gross profits by 40%, and unit contribution margin by 10% vs last year. On the back of this competitive growth, PSO is now amongst the top three Lubricants companies in Pakistan.

PSO surpassed performance across all segments of the market, despite tough challenges and stiff competition. The company's multi-channel strategy resulted in a growth of over 100% in the High Street channel vs last year. The marketing team took various steps to improve product penetration in the market by introducing seasonal and off-season trade marketing campaigns in High Street and Retail Channels.

A key element in the revitalization of the Lubricants business was continuous product improvement. The Company successfully introduced an improved motorcycle oil Blaze 4T (3D PROTECT), launched with a 360 media campaign and new packaging across the country. This delivered approximately 40% growth in Blaze sales vs last year.

In the Industrial segment a major break-through was achieved by the industrial team by winning a long term contract worth Rs 75 Billion with Pakistan Railways for all POL products, of which approximately 10% will be Lubricants. PSO aggressively pursued opportunities in the Sugar Mill Oil segment for a growth of more than 75% Vs last year. The agricultural sector was targeted as well with various programs built around the DEO brand. PSO also ventured into the Transformer Oil business.

The Company also continued to be the POL supplier of major national accounts such as the Armed Forces, Railways, NLC, POF, OGDC, and the Agriculture Department etc. Special focus remained on new opportunities where the Company signed multiple sales agreements with various companies; Thar Coal and various CPEC projects across Pakistan were key focus areas.

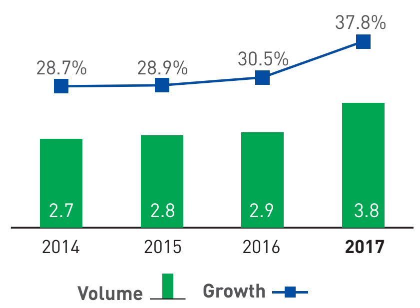
As part of the ongoing effort to engage with our dealers and improve their knowledge of PSO Lubricants, training programs were conducted by the marketing team across the country to train over 3000 dealers on lubricants and product features. High Street distributors were reorganized and mechanics training program was started in all major cities of Pakistan. Oil advisors were also deployed at selected outlets to facilitate customers.

INFRASTRUCTURE CAPITAL

SUPPLY

During the period under review, PSO sourced a record volume of 14.2 million MTs through local refineries and imports vs sourcing of 13.5 million MTs last year. Sourcing through imports constituted 10.4 million MTs imported via 181 vessels while upliftment from refinery contributed 3.8 million MTs. This is the highest recorded refinery upliftment in last 5 years against the refinery production of liquid fuel.

PSO Refinery Upliftment



REPORT TO SHAREHOLDERS

Our buying method, based on strategic allocation of buyers coupled with an accurate forecasting mechanism enabled us to purchase competitively at one of the lowest rates in the industry. Consequently PSO developed a smooth supply of higher quality RON and Euro-II HSD (500 ppm).

Future supply chain plans at highly competitive costs have been ensured through long term procurement agreements with local refineries securing additional local product sourcing for PSO in years ahead. Further product ordering cycle on imports reduced from 60 to 30 days to gain operational efficiency.

LOGISTICS

PSO maintained uninterrupted POL supplies to all its customers including defence, power, retail, industrial, aviation and marine customers throughout the year.

In view of increased Mogas demand across the country, PSO arranged movement of 2.3 million MTs of petrol through tank lorries which is 7% higher compared with preceding year, resulting in maintaining optimum level of inventory at all depots/installations. Similarly keeping in view the need of continual fuel oil supply to the power sector particularly in wake of energy crunch scenario, PSO ensured round-the-clock fuel oil availability to its power sector customers.

During FY2017 PSO signed a landmark long term fuel transportation agreement with Pakistan Railways to enhance and expedite its supply chain operation in the country. Through this agreement, PSO will transport around 2 million MTs of products per year via Railways in cost-effective and efficient manner as compared to road transportation. During FY2017 PSO transported over 1 million MTs of business transportation volumes through Pakistan Railways thus achieving record aggregate growth of over 700% in last five years. Furthermore, PSO also commenced negotiations with railways for HSD transportation through tank wagons.

Following its tank lorries upgrading plan introduced in January 2017, 254 tank lorries were upgraded in FY2017. In continuation of its "Road Transportation Management System" program aimed to improve safety standards for tank lorries and their crew, in FY2017, 80 Drivers Training/Awareness Sessions were conducted at all logistics locations wherein more than 1800 drivers were imparted with HSE/Safe driving techniques and information. PSO with the joint efforts of the National Highway & Motorway Police (NH&MP) has already initiated a proactive two days safety training program on defensive driving.

INFRASTRUCTURE PROJECTS & MAINTENANCE

During FY2017, PSO successfully built and commissioned over 60 Retail Outlets in line with its New Vision Retail Outlet program to further enhance sales network and reinforce PSO's market dominance.

During the period under review, stringent measures were put into place that included rehabilitation activities of POL Storage Tanks at different operative locations of PSO, testing & commissioning of New Loading Gantry with metering Systems and Fire Fighting Foam Induction System at JIMCO. In view of the congestion of traffic situation at Keamari Port, the LSFO Storage and Operations was shifted to Zulfiqarabad Oil Terminal.

A comprehensive engineering study was carried out at KTA, KTB, KTC, Shikarpur, Daulatpur, Sanghi, Machike, MehmoodKot, Habibabad, Chakpirana, Serainaurang to review the existing firefighting facilities and identify any gaps as per local regulatory requirements and International codes such as NFPA. This study was part of overall firefighting improvement plan to bring our depots/installations at par with the international standards by removing the gaps and subsequently, execution works have been planned accordingly to ensure safe operations from our locations.

Substantial increase in the consumption of Petroleum Products especially Mogas in the country compelled to increase day cover of product stocks availability as per requirement of OGRA. Accordingly, PSO has planned to build additional storages of petroleum products across the country. The company has issued Letter of Intent for a two year contract to a Joint Venture of China Petroleum Pipeline Bureau and Business Supply Technology (BST) for development of new storages and rehabilitation.

PAKISTAN REFINERY LIMITED (PRL)

PSO increased its equity stake, in PRL from 18% to 22.5% in FY2014. In FY2015 PSO signed a Share Purchase Agreement ("SPA") with Shell for the acquisition of 84 million Shares of PRL. Upon finalization of the acquisition deal PSO's shareholding in PRL will increase to 49.2%.

Competition Commission of Pakistan (CCP) in 2016, has given PSO an unconditional approval for the acquisition of 63 million shares out of the 84 million shares. As per CCP decision, acquisition of remaining 21 million shares is conditional upon the final decision of the litigation pending before Sindh High Court M/s. Hascol Petroleum Limited (HASCOL) had challenged the aforesaid order of CCP before the Competition Appellate Tribunal (CAT), which decided the matter in favour of PSO. Subsequently, HASCOL filed an appeal in the Honourable Supreme Court of Pakistan, however, the same was later withdrawn by HASCOL on May 22, 2017.

OPERATIONS

PSO effectively handled RON 92/95 post its introduction in November 2016 and ensured uninterrupted supply across the country even on public holidays and Sundays. Compliance of safety culture across the board was focused on. Rigorous training sessions were conducted of the SOPs for our depot staff in the light of compliance of Personal Protective Equipment (PPEs) and HSE. To better equip personnel with any untoward situations, regular incident reviews and learning sharing was done at sites along with more structured ERP drills.

To cater for challenging and dynamic business needs, improved depot infrastructure and product handling system development of 26-point new loading gantry and improvement in PMG handling systems were executed at Mehmood Kot, at Machike and for FO at Lalpir. Furthermore, 12,500 MT was added into the system with the commissioning of the new Faisalabad Depot. In addition to this, non-IFEM depots were successfully re-opened and operated at Sanghi, Khuzdar, Daulatpur, Habibabad, Kundian, Kohat and Serai Naurang.

FINANCIAL CAPITAL

Finance is one of the core functions which has geared up to act as a strategic business partner to other business and support functions within the Company. During the year, the team abreast itself with the new pronouncements in the area of financial accounting, reporting and management for application of knowledge and skills in various day to day business and decision making scenarios.

Submission of timely and accurate information about oil imports to OGRA was ensured for updating fuel prices in the country. The Team actively followed up recovery of IFEM receivables and also played a pivotal role in submitting various proposals to the GoP for settlement of circular debt. Rigorous follow-ups resulted in injection of Rs. 20 billion in February 2017 and Rs 18 billion in June 2017, in addition to the normal daily payments against fuel supply to the Power Sector.

PSO's Treasury function is the largest corporate treasury in Pakistan. The team not only ensured smooth business operations despite challenges on the liquidity front but also kept Finance Cost at a lower level by effective and efficient funds management and robust decision making.

The Online Order Management System network was expanded to add more dealers, who are now managing their orders and payments in a secured and hassle free manner. Further, online system for cartage contractors' bills management was also rolled out. These projects were implemented in close co-ordination with the IT, Retail and Logistics teams.

PSO's Team proved its mettle once again by securing a position in Best Corporate Report Awards in the Oil and Gas Sector, jointly held by ICAP and ICMAP, for the 7th consecutive year. Further, a Certificate of Appreciation was also received from South Asian Federation of Accountants during FY17. PSO has taken the initiative to start using Integrated Reporting Framework issued by the International Integrated Reporting Council, UK in its Annual Report.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

PSO continued to be one of the largest tax contributors to the national exchequer:

	2016-17	2015-16
	Rs. in Billion	
Sales Tax	201	211
Petroleum Levy	71	70
Other Duties and Taxes	47	33
Total	319	314

ANALYSIS OF LIQUIDITY SITUATION AND CASH FLOWS

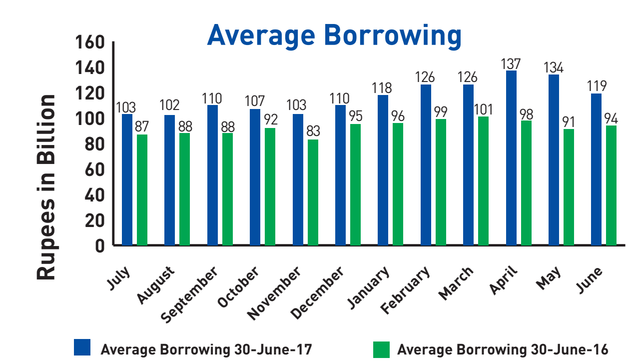
The Company closed the financial year under review with receivables from Power Sector amounting to Rs. 176 billion against Rs. 147 billion as of June 30, 2016. The increase in receivables from Power Sector was attributed to the circular debt situation which resulted in short payments against supply of Furnace Oil. During the financial year 2016-2017, PSO supplied Furnace Oil worth Rs. 233 billion against which it received total payments of Rs. 204 billion, resulting in a deficit of Rs. 29 billion for the year. The receivables from PIA and SNGPL against jet fuel and LNG supplies respectively also increased during the year.

The management had made relentless efforts for reduction in circular debt and submitted various proposals to the GoP, which if implemented, would have improved the liquidity position. The company proactively managed the liquidity requirements by ensuring that adequate credit lines remain available for meeting its commitments towards local and international suppliers. Further, the Company regularly apprised the GoP of its liquidity position and constantly remained in touch with the Ministry of Energy, Ministry of Finance, PIA and SNGPL for early release of funds.

For Direct Cash Flows Statement, please refer Section 6.

FINANCING ARRANGEMENTS

During the financial year under review, average borrowing cost remained at 4.72% which was 89 basis points lower Vs SPLY despite high borrowing levels (Average FY 2016-17: Rs. 116.3 billion v/s Rs. 92.7 billion in FY 2015-16). The significant reduction in effective interest rates was attributed to robust negotiations with the banks and using a combination of local and foreign currency borrowing.



STRATEGY TO OVERCOME LIQUIDITY CHALLENGES AND MANAGEMENT OF DEBTS

The Company expects that the GoP, PIA and SNGPL will not only pay on time for the supplies to be made in FY 2017-18 but also settle the outstanding balance as at June 30, 2017 at the earliest. The Company in the meantime, will continue to manage the liquidity pressure by adopting a combination of following key measures:

- Robust financial and working capital management
- Incremental operational cash flow generation through business growth
- Enhanced focus on cash customers
- Close liaison with the GoP and other customers for payment of dues
- Monitoring credit lines to ensure adequacy and timely availability

CREDIT RATING

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

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

DIVIDEND AND OTHER APPROPRIATIONS

Based on the performance of the company, the Board of Management has declared a final cash dividend of Rs 15 per share (150%) and stock dividend 20% which is in addition to the interim cash dividend of Rs 10 per share. The dividend (including stock dividend) for the financial year 2017 stands at Rs 27 (270%) per share vs. Rs 12.5 (125%) per share in FY 2016 translating into a total payout of Rs 7.3 billion vs. Rs 3.4 billion in FY 2016 to the shareholders.

INTELLECTUAL CAPITAL

INFORMATION TECHNOLOGY

PSO's Information Technology Department endeavours to become a strategic department by initiating, implementing and supporting best solutions, services to ensure continuous improvement, automation efficiency and in time delivery of services to the business.

For improved check and balance system on the field force of the company, an initiative was taken to keep track of all the field employees which will help to gauge the performance of employees working in the field along with better monitoring and control. An SMS based alert notification system was developed to facilitate PSO valued dealers notifying order creation, delivery, invoice creation and payment reminders.

Automation of cartage contractor's bills has been completed and launched through development of online portal for bill submission that allows the cartage contractors to submit and review their bills online remotely and track the bills more efficiently. Real-time Dashboards were developed for Logistics department to display product availability and stock movement at a particular location. A comprehensive training was also provided to different employees to develop dashboards of their respective department.

PSO successfully performed the upgrade of SAP back-end database to the latest release i.e. Oracle 12c Database which provides enhanced security, performance and continuous availability. Other new features which are being utilized include enhanced database performance, database management & availability. The latest release provides better support, new functionalities and reliability for continued business operations on a 24x7 basis.

With continuous enhancement in network and applications, IT security has become a key factor to ensure data integrity and availability of the IT services 24x7 without outages. Enterprise class Next generation Firewalls & an E-mail protection server was deployed to protect IT network from external / internal cyber threats and keep the network secured & available 24x7 to support business operations. ICT also initiated a project for revamping of the legacy network infrastructure at the head office which has been completed. PSO Intranet portal server has been upgraded to avail new and enhanced portal features such as workflow applications, document library management, better enterprise and customized search options, news feed and other social features etc.

BUILDING REFORMS

Among the various systems and models put in place by the in-house team includes the development and implementation of Corporate and Business Scorecard, streamlining corporate performance review, and Quadrennial Business Practices Review (42 sessions were conducted across PSO). This was in addition to the rationalization of Cross Functional teams at PSO to have diversified functional expertise in decision making.

In-house procurement committee was constituted to review and approve joint recommendations of concerned functions for transparent, fair and cost effective award of work for procurement of Goods, Services and Works. Efforts were also made during the year to achieve substantial procurement savings through consolidation of requisitions and increased participation of vendors resulted in healthy competition, better pricing and improved terms and conditions.

An independent Market Research function was established in PSO to have a centralized unit with the purpose to share information with stakeholders within the company.

Furthermore, an independent Risk Management function has also been established to identify the risks to facilitate the Management in devising mitigation strategy.

Brand Building was strengthened through various corporate and product branding initiatives.

Corporate Branding

- Marketing campaign 'Leading the Fuel Revolution' was launched across TV, Print and Radio in June 2016.
- Corporate campaign 'Every Journey Begins Here' executed on TV and print mediums.
- Title sponsorship of 'Jhal Magsi Desert Challenge 2016' and 'Lawari Snow Jeep Rally 2017'.
- PSO 40th anniversary and Pakistan Day campaigns executed in print media.

Product Branding

- Inauguration of Altron Premium and AltronX High Performance in Lahore and Karachi.
- AltronX High Performance, Action+ Diesel and DEO Consumer Promotion campaigns executed on print and radio.
- Blaze 4T campaign executed entailing airing TV, print and digital ads.
- Ramadan and Eid Consumer Offer campaigns executed on TV, print and radio.
- Champions Trophy and Eid-ul-Fitr campaigns executed on print media.

QUALITY ASSURANCE OF PRODUCTS

PSO has a fleet of 25 MQTUs (24 + 1 CNG Inspection Unit) dedicated for the product testing at door step of customers as well as for checking the product at our retail outlets network. During the year MQTUs had 20,398 retail outlets visits, 492 PSO Depots & Installations visits and 67 CNG stations visits across Pakistan. For the better services and maintaining the Health, safety and Environmental (HSE) standards, the MQTUs have also carried out 1609 HSE audits of retail outlets against the PSO corporate HSE requirements.

Being fully aware of the contemporary techniques introduced in the field of petroleum products, 9 new equipments were provided at laboratories. ISO 9001:2015 certification process was also initiated. PSO's laboratories (LMT and KTA) participated and qualified in the Inter-Laboratory Correlation Program (ILCP) of British Petroleum (UK) which consisted of 109 laboratories globally and whose tests results were compared for reliability and correctness. It evaluates adherence or compliance to international quality requirements and standards. QA Department also conducted trainings for 14 defence personnel on different POL testing methods in FY2017.

NATURAL CAPITAL

HEALTH, SAFETY AND ENVIRONMENT (HSE)

During the year certain new initiatives were introduced by the company to improve the HSE assurance framework and measure performance in the area including regular general communication meetings on the departments' Safety Observation Reporting procedure etc. These initiatives improved HSE culture of the company i.e. increasing general awareness in employees about the use of HSE tools in their tasks, interest of supervisors and managers in HSE trainings of their staff and use of innovative solutions to address the challenges faced by the company.

FY2017 showed a remarkable improvement through reduction in incident rate to 0.07/200,000 working hours as compared to 0.37/200,000 working hours in FY 2016 worked out as per Occupational Safety & Health Administration (OSHA) definition.

Process Safety Management Drive

PSO initiated process safety management drive to mitigate the risk of any catastrophic failure at its facilities that, inter-alia, covers the review of processes changes through an in-house Management of Change Committee, updating Piping and Instrumentation Diagram (P&ID) of facilities and review of Emergency Response Plans.

HAZOP studies at facilities were conducted and action plans for implementation of recommendations were developed. A system is in place to ensure compliance on continuous basis. Identification of Safety Critical Equipment (SCE) through Risk Based Approach was prioritized in the local Preventive Maintenance Plans for top notch safety performance.

Employee Engagement Programs

Employees were engaged in various HSE drives such as Hazard Hunt Program, 'Meri Koshish' (My Contribution), Peer Reviews, Housekeeping Competition, Best SOR Reward, HSE Performance Management for Facilities, Safety Observation & Recommendation (SOR), HSE Group Communication Meetings etc.

In addition, the major trainings / workshops conducted in-house by HSE staff include HSE Culture Transformation for senior management, HSE Back to Basics Program - For every staff member, HSE Skill Development Programs (Permit to Work, HSE Risk Management, Lifting Operations, Confined Space Entry, Management of Change) – For all operation facilities staff, Training on Standard Operating Procedures - For operation facilities staff, Retail Dealers HSE Workshop, Tank Truck Cartage Contractor HSE Workshop, Motor bike awareness session conducted for staff at facilities and PSO House and Medical Camps at Facilities and Offices.

Environment Protection

Environmental Assessments at facilities are in place to comply with the regulatory requirements. A meeting was held at OCAC regarding marine oil spill equipment and a plan has been formulated to adequately manage the same. Environmental Management and Waste Management Trainings have also been done in the past for our staff.

PSO's initiative to introduce higher grade RON environmental friendly gasoline and Euro II compliant diesel determines its support towards environmental friendly products and processes.

Industrial Effluents

National Environmental Quality Standards (NEQS) tests are also being conducted at our major facilities for emissions, effluent and noise monitoring and measures are being taken at facility level to improve on the results of the same. Drinking water tests are being conducted at our facilities so that safe drinking water is available at all facilities and offices.

Occupational Health (OH) is being focused through development of OH Baseline. Beutene, Toulene, Ethyl-Benzene, and Xylene (BTEX) monitoring of our exposed staff was also conducted as well as particulate monitoring at facility. An OH Management Plan has been developed and will be implemented accordingly to manage the occupational health risk.

Energy Conservation

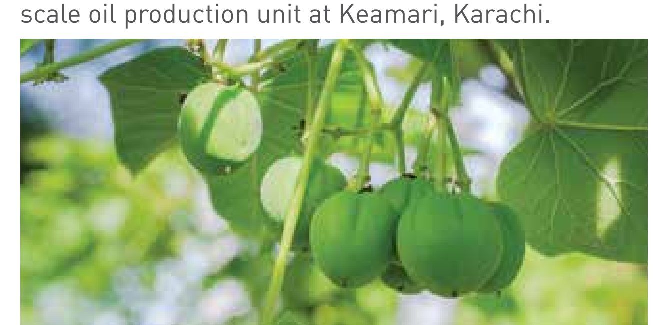
Solar Power Project

During the year PSO has embarked on an initiative to install environmental friendly solar energy generation units at its various operation locations and retail outlets across the country, where feasible. The projects would be rolled out in phases starting off with implementation on operation locations and retail outlets.

LED Tubelights at NVROs are being installed as an energy saving measure. Lighting system at around 100 outlets was converted into LED lights during FY2017.

Bio-Diesel Project

PSO continued to pursue government's vision of blending 10% of Country's total petro-diesel consumption with Biodiesel. Currently the company has developed a model farm for plants' cultivation near its PMY Oil storage facility and has set up a small scale oil production unit at Keamari, Karachi.



HUMAN CAPITAL

The HR strategy of PSO is to develop human capital to align with business objectives and drive improvement across the company.

HR MANAGEMENT POLICIES

PSO has a comprehensive HR manual that is being updated periodically in line with best practices. Striving for operational efficiency and effectiveness, HR policies & processes were benchmarked and modified in alignment with business needs during FY2017. Some significant policy revamped/developed includes recruitment policy, early retirement policy and Potential Assessment Policy. The process is still ongoing and is aimed to bring all policies and procedures as per the best market practices. An important initiative in the form of employee communication was also undertaken whereby exclusive sessions on different company policies and procedures were conducted with the employees throughout Pakistan. This has helped in improving the 'Connect' between employees and HR and served as an effective tool to address their grievances during face to face sessions. Due to increased employee engagement, the attrition rate has been sustained at 3% approx.

In order to maximize reach, efforts were undertaken for employer brand improvement through touch-point mapping. Participation in career fairs of top tier universities and exclusive on-campus sessions were conducted across the country to liaise and build communication channels with talent hubs. A proactive approach was adopted wherein the required gaps in manpower needs were analyzed and future hiring plans were developed.

Transparency in HR processes has ensured by putting in place a promotion policy that outlines a criteria that supports merit and fair assessment. Performance Management system is also being improved.

Furthermore, **Succession Planning** is being prioritized through development of a potential assessment criteria that will be a prerequisite of the eligibility criteria for elevated positions. The same is being supported through rotation plans to enhance employee engagement. Policies, procedures and criteria for career management of employees were prepared in line with the future goals of the company.

RECRUITMENT

Talent management was ensured through hiring of talent at critical leadership positions and creating a value stream of professionals' induction at middle & entry level. During the year, 12 senior management positions were filled on merit through transparent recruitment processes. Also, diversified talent in the fields of Engineering, Marketing, Finance, Human resources and Information Technology were hired at various levels. The company's management cadre consists of professionals possessing qualifications such as CA/CMA/ACCA, PhD, MBA, and BE amongst others. Most modern and scientifically proven assessment techniques such as competency based interviews and assessment centers were introduced to ensure the hiring of best talent and ensuring right fit for the job.

Employment of Special Persons is carried out through a structured and well defined recruitment process. Special/ differently-abled persons are encouraged to be a part of the process. Currently there are 21 special/differently abled employees working at PSO that are an integral part of the team, with some of them employed at senior management positions.

PSO has a proactive and interactive communication culture in place and industrial peace has been maintained through its well established Industrial Relations function. With the close coordination among functional segments of the company as well as CBA, there was no strike, call-out or slow down.

TRAINING AND ORGANIZATIONAL DEVELOPMENT

As part of organizational development, a well-defined 'competency framework' was developed that outlines each individual competency required by employees working in various functions of the organization at different levels.

Investing in our People

During the period under review the focus was on functional skills development and training on Standard Operating Procedures of the Company. The other key focus areas were Business Operations and HSE related skills development. Employees were also trained through flagship programs from key management institutes such as Institute of Business Administration (IBA), Management Association of Pakistan (MAP), Pakistan Society for Training and Development (PSTD) and Octara among others.

MAP selected one of PSO's employees on a pre-defined criteria to participate in the 22nd Tun Razzaq **Leadership Award** program (TRYLA) that is held by Malaysian Institute of Management (MIM) in collaboration with Outward Bound Malaysia (OBML) and is designed to develop emerging leaders from diverse ethnic backgrounds to inculcate a spirit of unity and build superior leadership characteristics, while providing opportunities to realise their leadership potential and excellence.

For the first time TRYLA programme had international participants who were nominated by National Management Organization under the Asian Association of Management Organizations (AAMO). In total, 24 participants attended the program with five international participants. PSO's nominated employee was the only participant from Pakistan.

Other key training programs that were executed during FY2017 for relationship building, inter-alia, included Toastmasters Sessions, Series of Breakfast Training Sessions and Uplifting Services by Ron Kaufman. Functional skills were developed through training programs on Enterprise Risk Management, Behavioural Based Management, Crisis Management and Leadership Grid.

A thorough five day orientation program was conducted for 28 new inductees during FY2017 to facilitate the employees in learning the culture and company's policies and procedures.

Internship Program

The internship process has been revamped as learning based through inclusion of learning matrix. An online on campus test was conducted in 32 different universities from all over Pakistan covering approximately 3000 students. Based on the results 27 interns were inducted and later assessed on the basis of predefined projects and activities.

POL Training Program for Armed Forces: 165 Armed Forces personnel were trained through various courses such as Advanced POL Course and Orientation Visits. The personnel included military delegations from Command & Staff College Quetta, Army Supply Corps (ASC) School, Nowshera and Army School of Logistics, Kuldana Murree.

SOCIAL & RELATIONSHIP CAPITAL

CUSTOMER PROTECTION MEASURES

Customer protection measures are being ensured through our Quality Assurance function that check product quality throughout the supply chain using its MQTU network and 07 stationary laboratories across Pakistan. The later checks the quality of incoming product to safeguard the customer and to comply with the statutory requirements. During FY2017, the stationary laboratories tested 84,002 POL samples. This was in addition to the support extended to other departments through developing 1569 POL blends.

Furthermore, a 16-digit secure code is printed on rear label of Lubricant cans to confirm the high quality of PSO's genuine products, ensuring that the purchased product is high quality PSO lubricant. In addition, as part of its customer care PSO has a Ta'aluq Care Line and PSO's customer services department that provides after sales, complaint resolution services to existing and new customers. The department is a full-fledged inbound/outbound call centre to ensure all calls are answered before the predefined threshold time.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Under the CSR umbrella, PSO has supported sustainable social development activities nationwide by partnering with reputable charitable organizations working across Pakistan in the fields of Healthcare, Education and Community Building.

REPORT TO SHAREHOLDERS

PSO's CSR Trust was registered during the period under review. The focus of the Trust is to support public charitable projects in the areas of education, skill development, healthcare, community building, environment, disaster management as well as to contribute to the wellbeing and upliftment of the people of Pakistan on an individual basis too. The Trust will be financed and supported by the donation/fund by PSO and its employees as well as the donations and funding received from donor agencies or collected from other organizations and the public at large, through campaigns.

Social and Environmental Responsibility Policy

The company contributes 1% of its profit before tax to CSR activities.

Cause Donation

During FY2017, PSO has moved beyond business to interact with the communities in which it operates by reinventing and revitalizing the CSR function. An online application has also been launched through the corporate website and social media to garner ideas and facilitate two way communications between internal/external stakeholders and the CSR Team.

As a leading national company, PSO extended support worth Rs 103 Million from its total CSR budget to various causes and organizations nationwide.

STATEMENT OF CHARITY ACCOUNT

Healthcare

In its efforts to improve healthcare coverage across Pakistan, PSO has provided assistance of approximately Rs 84 million for the purchase of medical equipment as well as for treatment of needy patients to various hospitals and medical organizations.

This included support for dialysis machine at Fatima Kidney Care Hospital, purchase of Auto-Ref-Keratometer at Vision Foundation, Chemotherapy Medicines at Kiran Patients Welfare Society etc. Support for equipment was also provided to National Institute of Cardiovascular Diseases, LRBT, The Indus Hospital, Children Cancer Foundation Trust etc. The company also supported Health Education Livelihood Promoters to set up

medical camps at underprivileged areas. Monetary donations for the treatment of patients was provided to various institutions including Old Associates of Kinnaird Society, Bait-ul-Sukoon Cancer Hospital, Afzaal Memorial Thalassemia Foundation, Aiwan-e-Tijarat-O-Sanat Hospital Trust Karachi, Al-Ehsan Eye Hospital, Al-Umeed Rehabilitation Association, Mayo Hospital Lahore (PWA), Arthritis Care Foundation, Fatimid Foundation, Jinnah Hospital, Karwan-e-Hayat, AKUH, Care For Special Persons Foundation etc.

Education

PSO has extended significant support of approximately Rs 12 million to various organizations working in this field in the form of donations and endowment funds. This included financial assistance to educational institutions in urban areas such as ICAP, and IBA as well as organizations working in **rural areas** such as Family Education Services Foundation, Community Based Education Society

Dolomutch Chitral, Zindagi Trust, Cadet College Larkana etc. The importance of education for special children was also reflected in PSO's donor list with donations dedicated to NGOs like Pakistan Centre for Autism, Pakistan Disabled Foundation and Special School Children at PNAD Mauripur.

Community Building & Investment

PSO encouraged organizations through contributions of approximately Rs 7 million to organizations such as Dar-ul-Sukun, Panah Shelter Home, Taraqee Foundation, Shinaki Area Development Organization, Make-A-Wish Foundation, Disabled Welfare Association, and Hyderabad Welfare Association of the Blind amongst others.

The Company reinforced environmental conservation activities in various parts of the country by supporting organizations like Pakistan Village Development Program.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

Whistle Blowing Policy	Provides PSO employees, Board members, related officers, contractors, service users, customers or any member of public ("the Whistle Blower") an avenue to highlight any improper conduct or/ wrong doing.
Business Principles and Ethics Policy	Aims at guiding the employees to observe the highest ethical standards in the conduct of all their business and professional activities in the interest of the company, in consonance with its core values and to exclusion of the consideration of personal gain.
Conflict of Interest Policy	Outlines specific situations that clash directly with the interests of the company. An exercise is conducted on yearly basis to keep record of any possible conflict case.
Risk-based audits of business functions	Provides independent and objective appraisal and analysis of the operations, systems and internal controls.

OTHER MATTERS

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

- Note 12.2 – Non provisioning of past due receivables from Power Generation Companies aggregating to Rs. 125,181 million (net of provision of Rs. 515 million); inclusive of Rs. 13,002 million received subsequent to the balance sheet date.
- Note 15.1 – Receivable from GoP on account of import price differential on motor gasoline aggregating to Rs. 1,351 million.
- Note 15.2 – Receivable from GoP on account of price differential on local High Speed Diesel aggregating to Rs. 603 million.
- Note 15.3 – Receivable from GoP on account of price differential on of supply of furnace oil to K – Electric Limited at Natural Gas prices aggregating to Rs. 3,909 million.
- Note 15.4 – Receivable from GoP on account of price differential between the products Low Sulphur Furnace Oil and High Sulphur Furnace Oil aggregating to Rs. 3,407 million.
- Note 24.1.1 – Non accrual of markup on delayed payments for reasons given in the aforementioned note.
- Note 24.1.2 – Tax implication of Rs. 958 million on the Company for the assessment years 1996-97 and 1997- 98.

AUDITORS

The Board of Management has endorsed the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants and M/s EY Ford Rhodes, Chartered Accountants as joint auditors of the Company for the year ending June 30, 2018.

CHANGES IN THE BOARD OF MANAGEMENT

During the year Mr. Hassan Nawaz Tarar resigned as a Member Board of Management and Mr. Abdul Jabbar Memon joined the Board as a new Member. Subsequent to year end, Mr. Muhammad Anwer joined the Board in place of Mr. Haque Nawaz who had retired from the Government service. Mr. Sabino Sikandar Jalal and Mr. Amjad Nazir were also appointed as new Members of the Board. The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members Mr. Hassan Nawaz Tarar and Mr. Haque Nawaz and welcomes the new Members.

ASSOCIATED COMPANIES

Asia Petroleum Limited

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

Pak Grease Manufacturing Company (Private) Limited

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

Pakistan Refinery Limited

Pakistan Refinery Limited (PRL) was incorporated in Pakistan as a public limited company in May 1960 and is quoted on the Pakistan Stock Exchange. The Refinery is situated on the coastal belt of Karachi, Pakistan and is designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. PSO holds a 22.5% equity stake in PRL, however, effective holding is 24.11% due to the reasons mentioned in note 6.2 to the financial statements.

Corporate and Financial Reporting Framework

PSO's Board is fully cognizant of its responsibility as recognized by Code of Corporate Governance, detailed in listing regulations and Public Sector Companies (Corporate Governance) Rules, 2013 issued by Securities & Exchange Commission of Pakistan.

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

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

	Rs. in million
PSOCL Management Employees' Pension Fund	7,645
PSOCL Workers' Staff Pension Fund	2,956
PSOCL Staff Provident Fund	2,710
PSOCL Employees' Provident Fund	1,468
PSOCL Employees' Gratuity Fund	4,973

- During the year, sixteen meetings of the Board of Management were held and the attendance by each member is given on Page 61.
- The pattern of shareholding is annexed.

COMPANY'S PERFORMANCE AGAINST FORWARD LOOKING DISCLOSURES MADE LAST YEAR

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

- PSO retained leadership position in oil market by achieving a market share of 54.8% in liquid fuels, with 43.9% share in White Oil market & 73.1% share in Black Oil market.
- Maximized shareholders wealth through profitable growth in all products and reduction in operating and financial cost. Earnings from Furnace Oil and Jet Fuels through increase in sales volume of cash customers. Volumetric growth of 28% and 106% in Lubricants and LPG business respectively over SPLY. Ramp up of LNG volumes to 600 MMCFD post February 2017.
- Streamlined the supply chain by increasing refinery upliftment by 7%, long term fuel transportation agreement with Pakistan Railways for product transportation, improving operation facilities, rehabilitation of 102 KMTs of storage and integrating into refining business through additional stake in PRL. In addition the operational infrastructure was also improved through construction of retail outlets.
- Organization development through recruitment for vacant positions, restructuring, career development activities and trainings across the company at various levels.
- Brand equity enhancement through launch of web based applications, increasing footprints and migration to cloud based card system. Various brand building initiatives through product and corporate branding were also undertaken.
- Contributed to society through CSR activities in the areas of community development, education and environment. Supported government's energy sector reform initiative and introduced higher grade RON environment-friendly gasoline brands and superior quality and environment friendly Euro-II compliant diesel. Encouraged adherence to HSE standards by taking action against the observed non-compliances, safety & environmental audits and customized trainings to all internal and external stakeholders.
- Institutionalized the reform processes through setting up a monitoring mechanism, scorecard development and implementation, initiation of quadrennial business process review, development of CSR trust, reconstitution of Cross Functional teams, process automation, upgrading of IT infrastructure and quality checks.

FORWARD LOOKING STATEMENT

The expansion of Pakistan economy witnessed during FY2017 and promise of sector deregulation marks immense opportunities for growth in the coming years. The economic fundamentals are gaining strength and maintenance of macro-economic stability as international oil price rise trends will be a challenge combined with the need for affordable and sustainable sources of energy within the country.

The positive improvements in the economy drove growth in the oil industry with a consumption of 25.7 million MTs (10% more than SPLY) of liquid fuels in FY2017.The induction of new oil marketing players and increasing competition, requires Regulator to be vigilant in monitoring the practice of the industry. PSO on its part is focusing on operational efficiencies, innovation and implementing best business practices.

We continued to play a pivotal role in maintaining the supply chain of the country by importing 67% of industry imports and marketing 55% of the liquid fuels across Pakistan in FY2017. PSO's unmatched performance with profitable growth in all segments including Lubricants, LPG and LNG was primarily due to the strategic direction and prudent reforms and initiatives undertaken to provide the best value to customers and increase footprints.

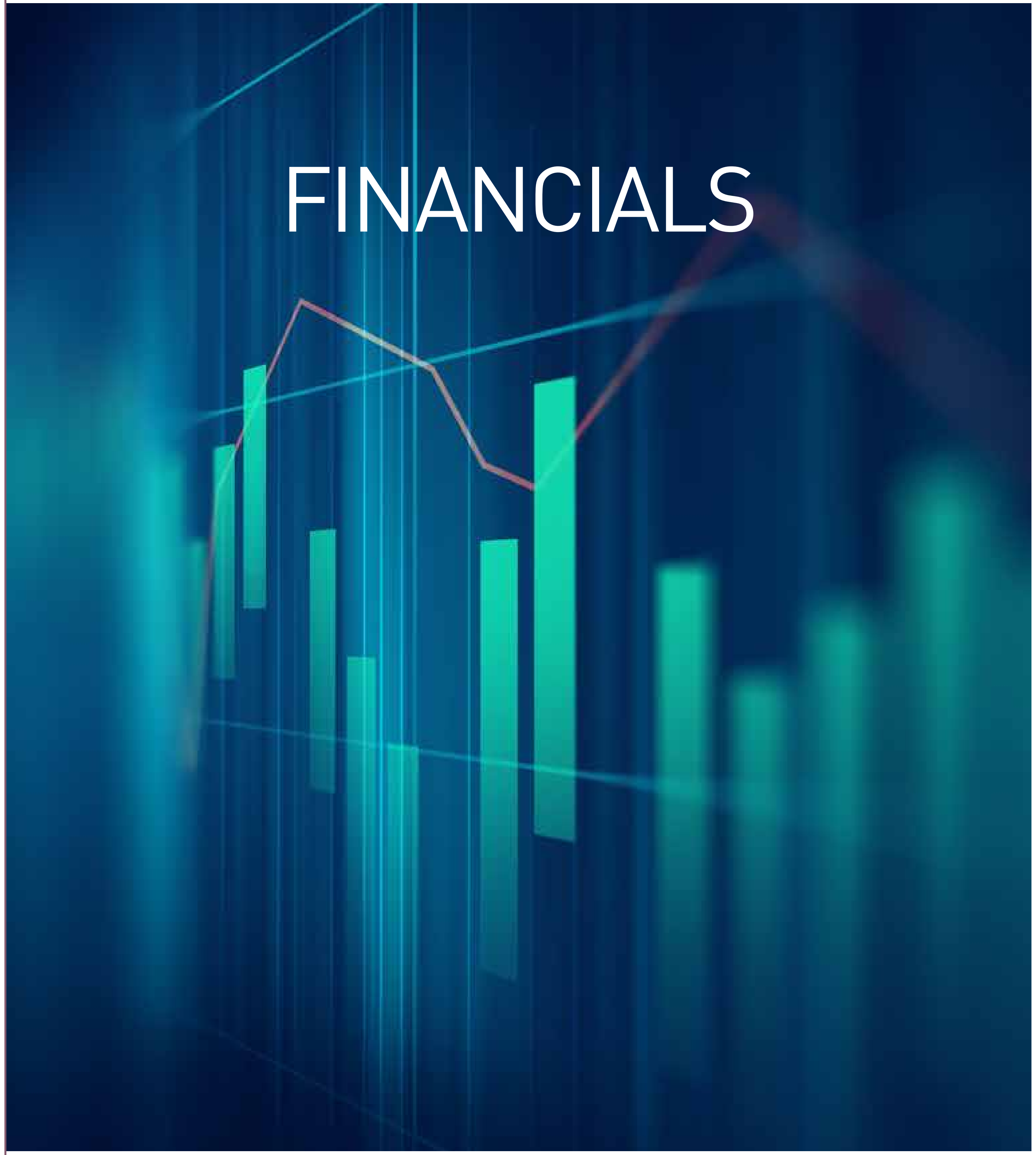
Management is aware of the challenges in the changing regulatory situation, increasing port & storage constraints, deregulated environment and IFEM related misuse. While reinforcing safety and security standards as per the best industry practices amidst challenging business dynamics, the Management Team PSO expects to:

- Increase shareholders wealth by sustainable growth in earnings; market leadership in all products; establishing itself as a brand of choice for customers; automating operations and providing value added services by making up for revenue reductions due to portfolio change.
- Streamline the supply chain to have cost effective sourcing and distribution channels by investing over next three years.
- Rationalize operational infrastructure for sustainable, efficient and reliable operations across the country and exploring investment opportunities.
- Redefine and realign the processes within the company with best international practices.
- Implement skills enhancement and management development programs through internal and external trainings by investing in our human capital.
- Invest in upstream and downstream business with strategic partners.

Sheikh Imranul Haque
Managing Director & CEO

August 07, 2017

Zahid Mir
Member-Board of Management

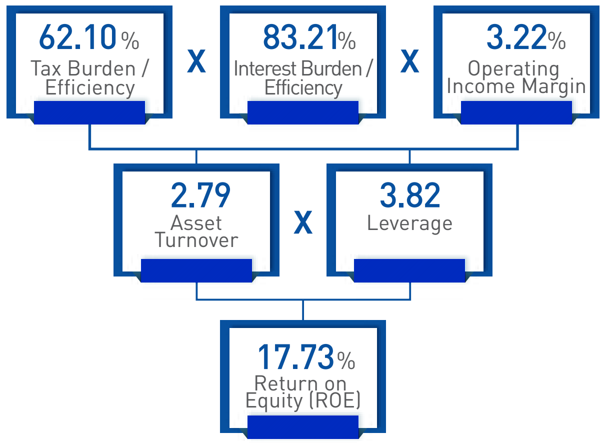


FINANCIALS

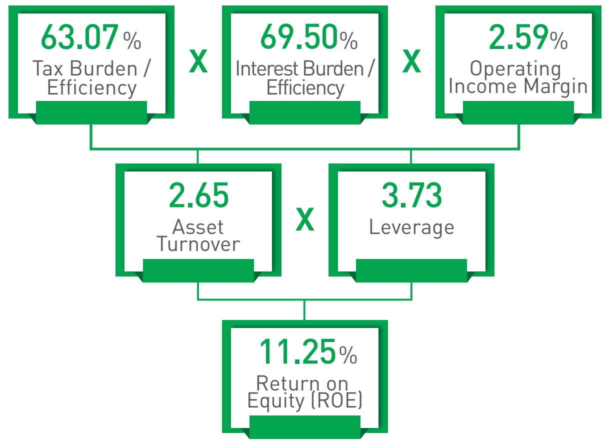
DuPont Analysis

	2017	2016	
Tax Burden / Efficiency (Net Income / PBT)	**62.10%**	63.07%	Decreased mainly due to bigger contribution of the LNG segment to the net income. LNG is subject to higher rate of tax, deducted at import stage. The effective tax rate of the Company has therefore increased despite 1% reduction in corporate tax rate.
Interest Burden /Efficiency (PBT/EBIT)	**83.21%**	69.50%	Improved mainly due to reduction in finance cost by 17% on account of lower effective interest rates and efficient treasury management .
Operating Income Margin (EBIT/Sales)	**3.22%**	2.59%	Improved due to increase in EBIT by 50% vs. 21% increase in Sales. The primary reason for increase in EBIT is higher gross margins.
Asset Turnover (Sales /Assets)	**2.79**	2.65	Improved due to increase in sales by 21% on account of both price and volume variance which is offset by a sizeable extent due to increase in assets by 15%.
Leverage Ratio (Assets /Equity)	**3.82**	3.73	Improved due to increase in assets by 15% whereas the corresponding equity has increased by 12%. The total assets have increased due to increase in current assets.
Return on Equity (ROE)	**17.73%**	11.25%	Improved mainly due to increase in net profit after tax by 77%.

2017



2016



SHARE PRICE SENSITIVITY ANALYSIS

PSO's shares are traded on Pakistan Stock Exchange. During the year, 198 mn Company shares were traded on the exchange. Your Company's profitability and performance is exposed to various internal and external factors which can significantly impact the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's share price may respond (but not limited) to the following events and changes in business environment:

a) Sales Volume

The Company's sales volume are primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Increase in business activity, decreasing reliance on CNG by automotive sector, expected stability in price and prevailing power crisis situation is expected to increase the volumes of white and black oil products. Further, diversification into LNG business is expected to contribute significantly to the overall profitability of the Company. All these factors 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 the Company and consequently the share price. Increase in oil prices will improve black oil and LNG margins and consequently the Company's financial performance and vice versa. Further, any change in oil prices may impact on inventory gain/loss and consequently on financial performance of the Company.

c) Circular Debt

The 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.

d) 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 will remain sensitive to any increase or decrease in discount rates announced in the monitory policy statement by the GoP.

e) Rupee devaluation

The Company imports approximately 49% of the total white oil imported in the Country with credit period of 30 days, which exposes the Company to currency risk on account of Rupee devaluation. This may have a negative effect on the Company's financial performance and consequently its share price.

f) 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.

Share Price Analysis

KEY SOURCES OF UNCERTAINTY

The use of estimates, judgements and assumptions is an integral part of preparation of the financial statements. The key sources of uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

a) Valuation of stock in trade

The Company's stock in trade is valued at lower of average cost or cost on first-in-first-out basis and net realizable value.

b) Provision for impairment of trade debts and other receivables

The Company recognizes provision for impairment on its trade debts and other receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

c) Provision for retirement and other service benefits

The Company operates pension funds, gratuity fund and medical benefit schemes for different employees. The amounts recognized in respect of the above schemes represent the present value of defined benefit obligations adjusted for unrecognized actuarial gains and losses as reduced by the fair value of plan assets.

d) Taxation

The Company has recognized deferred taxation of Rs. 11.9 billion as at June 30, 2017 on the assumption that sufficient taxable profits will exist in future periods to utilize this deferred tax asset. Further, significant judgments have been applied in determining the provision for income taxes.

e) Property, plant and equipment and intangibles

The Company has estimated the recoverable amount of assets for assessing the impairment of assets. Further appropriateness of depreciation and amortization methods, useful lives and residual values are assessed annually.

CAPITAL STRUCTURE

The Company's objective is to maintain an optimal capital structure whereby the cost of capital is reduced in order to provide adequate returns to its shareholders. The Company's shareholders' equity has increased from Rs. 91.6 billion in FY2016 to Rs. 102.8 billion in FY2017. This increase is mainly due to net profits retained in the business after appropriations.

The Company finances its operations through retained earnings, short term overdraft facilities / loans and efficient management of working capital. Consistent with other companies in the industry, the Company monitors its capital structure on the basis of gearing ratio to ensure appropriate mix between debt and equity.

The gearing ratio for the current year is 55.13% as compared to 52.04% last year due to increase in year-end net debt from Rs. 99.4 billion to Rs. 126.4 billion as of June 30 2017.

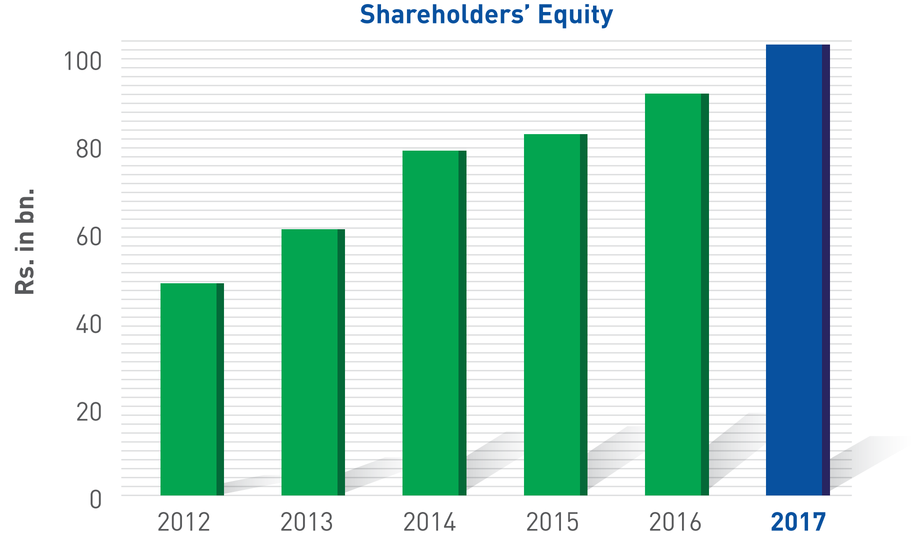
SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

Description	FY17	FY16
Petroleum products	**84.94%**	90.90%
Liquified Natural Gas	**14.83%**	8.89%
Other products	**0.23%**	0.21%
Total	**100.00%**	**100.00%**

SIGNIFICANT CHANGES IN FINANCIAL POSITION

	2017	2016	2015	2014	2013	2012
			(Rupees in mn.)			
Balance Sheet						
Shareholders' Equity	**102,850**	91,581	82,310	78,621	60,643	48,334
Non-Current Assets	**23,883**	68,142	65,559	58,637	57,593	10,469
Current Assests	**368,560**	274,174	275,749	313,514	224,356	337,796
Total Liabilities	**289,593**	250,735	258,997	293,530	221,307	299,931



Analysis

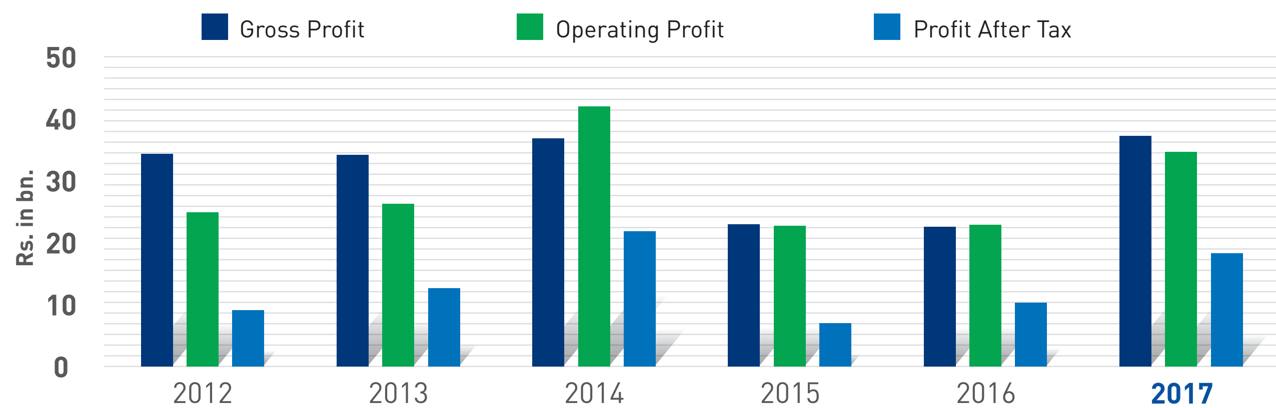
As of June 30, 2017, variation as compared to FY 2016 is because of the following:

- Shareholders equity rose by Rs 11.3 bn. due to net retained income generated during the year.
- Total non-current assets decreased by Rs. 44.3 bn. mainly due to the reclassification of PIB Investment into Current assets on account of maturity in July 2017.
- Current assets increased by Rs. 94.4 bn. mainly due to the following:
  - Increase in stock in trade by Rs. 15.5 bn. owing to higher stock levels and upward trend in international oil prices.
  - Reclassification of PIB Investment into current assets by Rs. 43.9 bn. on account of maturity in July 2017.
- Increase in trade debts by Rs. 34.4 bn. primarily due to increase in receivables of Power Sector, PIA and SNGPL as compared to last year.
- Total liabilities increased by Rs. 38.9 bn. primarily due to increase in short-term borrowings, trade and other payables and retirement and other service benefits.

RATIOS AND ANALYSIS

SIGNIFICANT CHANGES IN FINANCIAL PERFORMANCE

	2017	2016	2015	2014	2013	2012
			(Rupees in mn.)			
Profit & Loss Account						
Gross Sales Revenue	**1,096,543**	906,177	1,114,411	1,410,095	1,295,783	1,201,166
Net Sales Revenue	**878,147**	677,940	913,094	1,187,639	1,100,122	1,024,424
Gross Profit	**37,199**	22,525	22,921	36,824	34,161	34,323
Other Income (including share of profit of associates) - net of tax	**11,353**	13,411	14,314	20,059	6,510	10,154
Marketing & Administrative Expenses	**11,301**	10,511	10,672	10,480	10,207	9,871
Other Expenses	**1,981**	1,986	3,513	3,890	3,664	9,272
Operating Profit	**34,662**	22,826	22,671	41,972	26,230	24,864
Finance Cost	**5,923**	7,150	11,017	9,544	7,591	11,659
Profit before Tax	**29,347**	16,289	12,033	32,969	19,210	13,674
Profit after Tax	**18,226**	10,273	6,936	21,818	12,638	9,056
Earning before Interest, taxes, depreciation & Amortization (EBITDA)	**36,322**	24,464	24,050	43,567	27,960	26,476



Analysis

The Company's after tax profitability was up by 77% in FY 2017 as compared to FY 2016, mainly due to the following:

- Increase in Gross Profit by 65% primarily due to 17% higher volumes coupled with increase in margins of black and white oils.
- Decrease in Finance Cost by 17% on account of reduction in average borrowing rates due to effective and efficient treasury management.

However, the increase in Company's profitablilty was partly offset by the following factors:

- Decrease in other income (including share of profit of associate) by 15% mainly due to lower receipt of interest from IPPs.
- Increase in marketing and administrative expenses by 8% primarily due to various branding activities carried out during the year.
- Increase in taxation by Rs. 5.1 billion primarily due to increase in profit and higher effective tax rate.

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM REPORTS

Qtr 1: PAT increased by Rs. 1.1 bn. vs. same period last year (SPLY) mainly due to after tax inventory gain of Rs. 1.1 bn. Vs. loss of Rs. 8 mn. in Q1 FY 2016, revision in white oil margins and decline in finance cost.

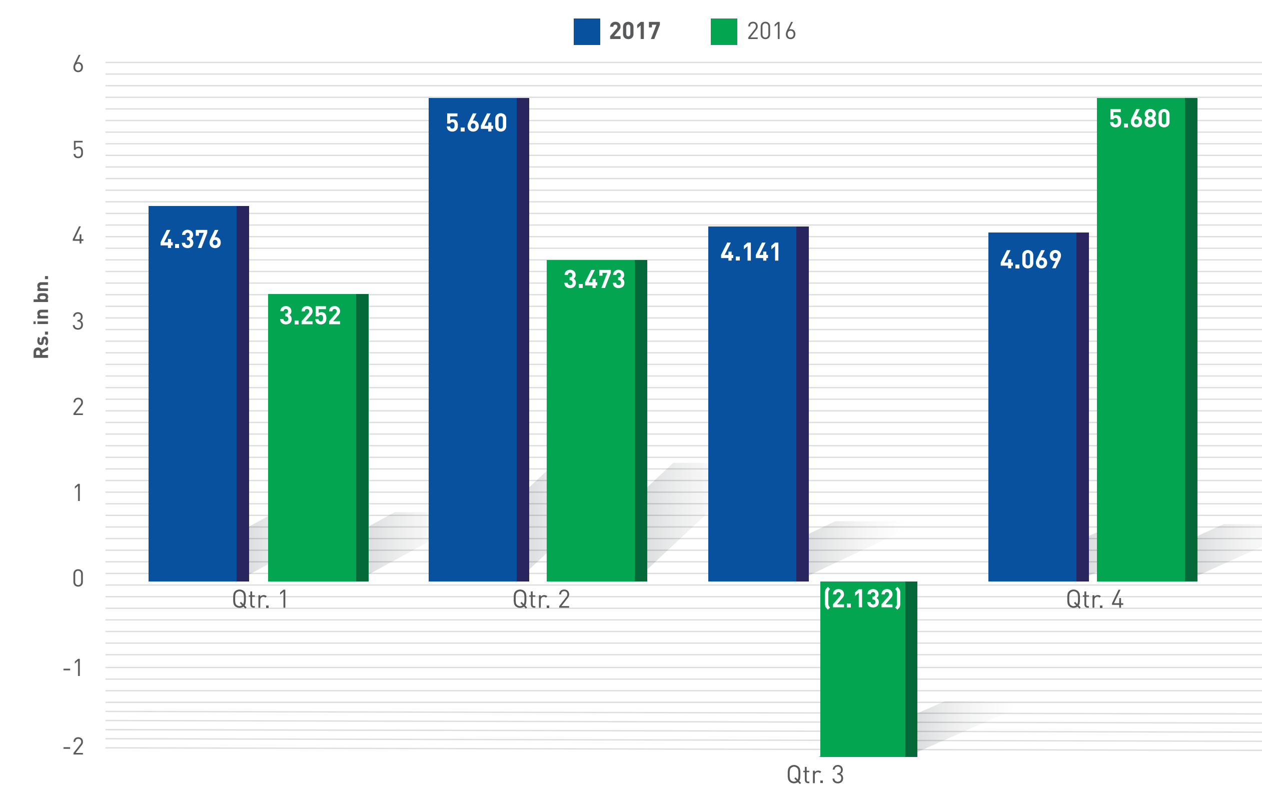
This increase has been partly offset by provision against doubtful debts and non receipt of late payment interest income on receivables vs. SPLY.

Qtr 2: PAT increased by Rs. 2.2 bn. Vs. SPLY mainly due to growth in overall volumes, revision in white oil margins, higher LPI income and reversal of provision against doubtful debts. This increase has been partly offset by higher inventory losses and decline in black oil margins on account of dip in oil prices.

Moreover, higher finance cost on account of delay in payment from power sector and PIA also affected the bottom line.

Qtr 3: The PAT increased by Rs. 6.3 bn. primarily due to after tax inventory gain of Rs. 0.5 bn. as compared to huge after tax inventory losses of Rs. 5 bn. during SPLY due to dip in oil prices. Further, increase in white and black oil margins also contributed positively to the bottom line.

Qtr 4: The PAT decreased by Rs. 1.6 bn. in the fourth quarter as compared to SPLY primarily due to decrease in late payment surcharge income from IPPs and PIA, however, this was partially offset by decline in finance cost and improvement in white oil and black oil margins.



SUMMARY OF CASH FLOW STATEMENT

	2017	2016	2015	2014	2013	2012
			(Rupees in mn.)			
Net cash (outflow) / inflow from operating activities	**(27,965)**	(994)	(29,574)	(62,367)	79,444	(21,327)
Net cash inflow / (outflow) from investing activities	**3,925**	4,098	3,490	4,281	(46,107)	5
Net cash inflow / (outflow) from financing activities	**12,812**	6,206	(22,619)	63,682	(11,698)	22,737
Cash & cash equivalents at end of the year	**(41,502)**	(30,274)	(39,584)	9,119	3,523	(18,116)

Analysis

The variation in cash flows as compared to FY 2016 is because of the following:

Operating Activities

Cash outflow from operating activities has deteriorated mainly due to the following reasons:

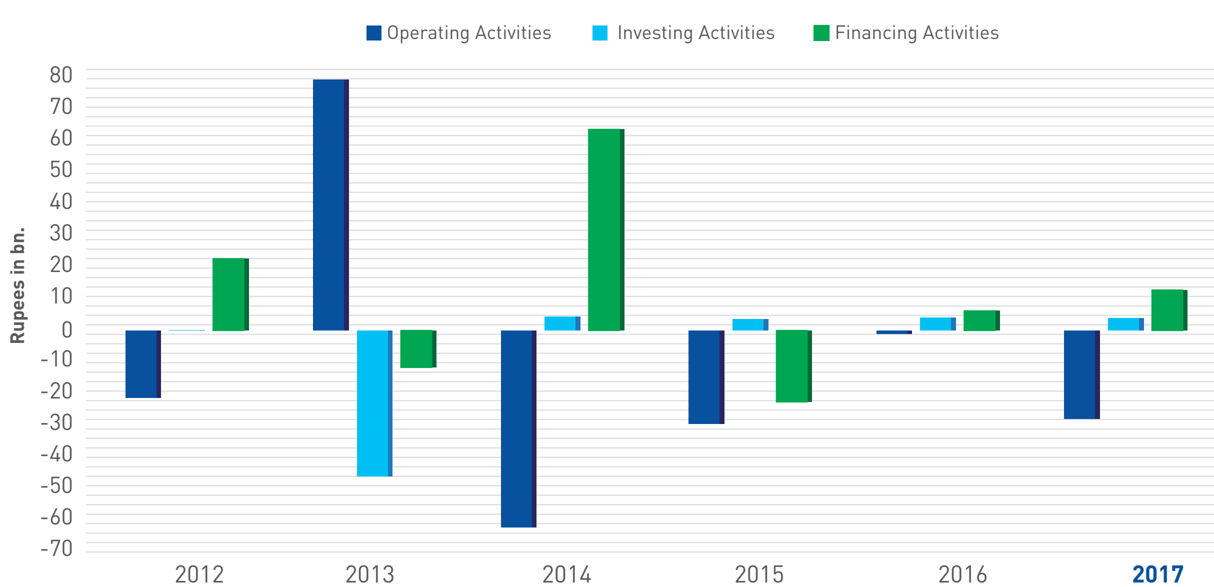
- Increase in stock in trade balances by Rs. 15.5 bn. due to increase in oil prices and higher inventory levels in FY 2017 as compared to FY 2016.
- Increase in trade debts by Rs. 34.4 bn. due to delay in payments by power sector and PIA.

Investing Activities

Cash inflows from investing activities have decreased marginally by Rs 0.2 mn. owing to less dividend received this year as compared to last year.

Financing Activities

Cash flows from financing activities increased on account of higher short term borrowings.



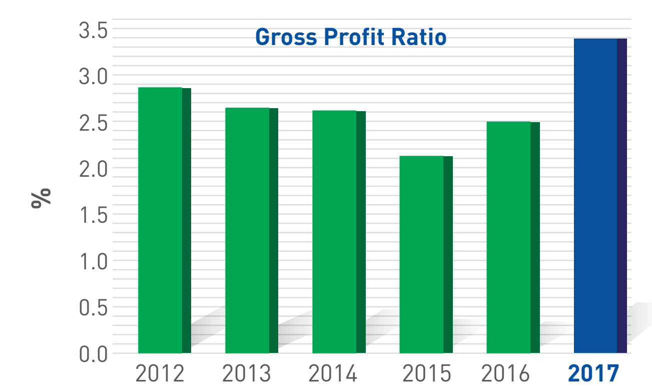
KEY FINANCIAL RATIOS WITH ANALYSIS

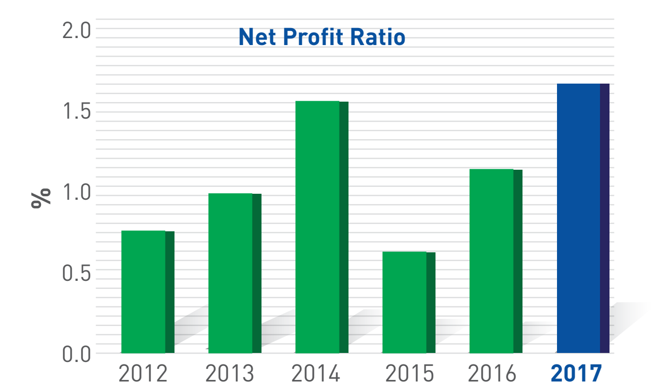
		2017	2016	2015	2014	2013	2012
Profitabiltiy Ratios							
Gross Profit ratio	%	**3.39**	2.49	2.06	2.61	2.64	2.86
Net Profit ratio	%	**1.66**	1.13	0.62	1.55	0.98	0.75
EBITDA margin	%	**3.31**	2.70	2.16	3.09	2.16	2.21
Return on Shareholders' Equity	%	**17.72**	11.22	8.43	27.75	20.84	18.74
Return on total assets	%	**4.64**	3.00	2.03	5.86	4.48	2.60
Return on capital employed	%	**31.79**	23.96	25.43	50.73	41.29	47.52
Operating Leverage Ratio	%	**240.28**	(9.03)	218.63	659.57	73.42	(65.90)

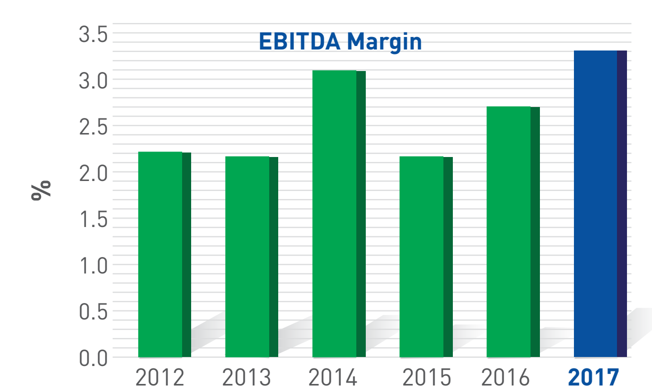
Analysis

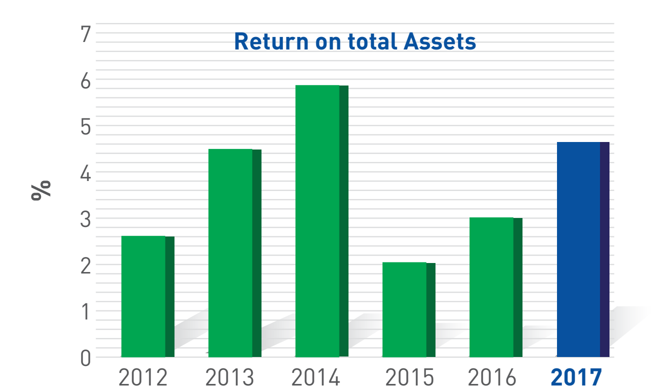
The variation in ratios as compared to FY 2016 is because of the following:

- The GP and EBITDA ratio of FY 2017 has increased by 36% and 23% as compared to last year due to improvement in gross margins.
- NP ratio has also increased by 47% mainly due to decrease in finance cost and increase in gross profit.
- The return on shareholders' equity, return on total assets & return on capital employed have increased by 58%, 55% & 33% respectively due to increase in net profit as mentioned above.
- The increase in operating leverage ratio is due to more proportionate increase in EBIT as compared to sales on account of increase in margins.









RATIOS AND ANALYSIS

Capital Structure Ratios

		2017	2016	2015	2014	2013	2012
Interest Cover ratio	(x)	**5.95**	3.28	2.09	4.45	3.53	2.17
Operating Gearing ratio	(x)	**55.13**	52.04	54.79	47.70	16.57	47.74
Financial Leverage ratio	(x)	**1.27**	1.15	1.24	1.17	0.28	0.95
Weighted Average Cost of Debt	%	**4.58**	5.99	9.58	13.57	8.78	10.62

Analysis

The variation in ratios as compared to FY 2016 is because of the following:

- Interest cover ratio has increased due to increase in EBIT by 50.5% and decrease in finance cost by 17.2%.
- Operating gearing ratio and financial leverage ratio have increased primarily due to increase in Short-term borrowings.
- Weighted average cost of debt has decreased by 23.5% due to decline in effective borrowing rates.

Liquidity Ratios

		2017	2016	2015	2014	2013	2012
Cash to Current Liabilities	(x)	**(0.15)**	(0.12)	(0.16)	0.03	0.02	(0.06)
Cash Flow from Operations to Sales	(x)	**(0.026)**	(0.001)	(0.03)	(0.04)	0.06	(0.02)
Current Ratio	(x)	**1.31**	1.12	1.10	1.09	1.03	1.15
Quick Ratio	(x)	**1.07**	0.91	0.87	0.79	0.54	0.85

Analysis

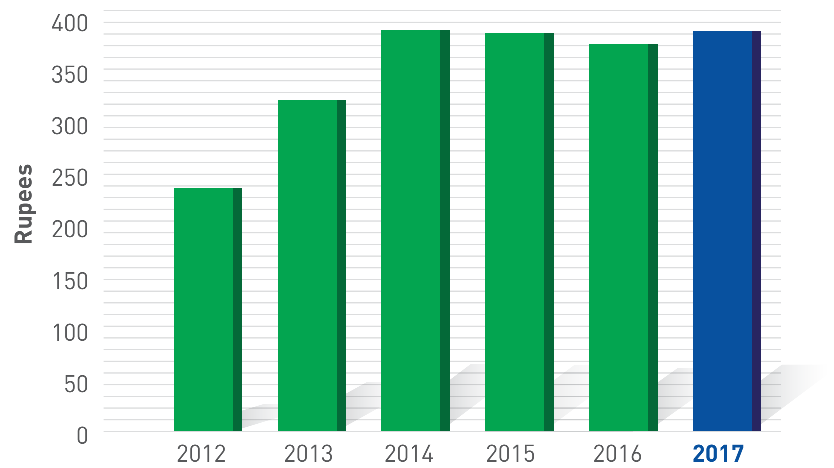
The variation in ratios as compared to FY 2016 is because of the following:

- Cash to current liabilities has deteriorated by 25.0% mainly due to increase in current liabilites on account of higher short term borrowings.
- Cash Flow from Operations to Sales has decreased due to detrioration in operational cashflows and increase in sales.
- Current and Quick ratio has increased mainly due to increase in current assets due to reclassfication of PIBs from non-current assests.

Investment / Market Ratios

		2017	2016	2015	2014	2013	2012
Earning per share	Rs.	**67.08**	37.81	25.53	80.31	50.84	52.80
Earning per share (Diluted)	Rs.	**67.08**	37.81	25.53	80.31	46.52	33.34
Market value per share (Year End)	Rs.	**387.35**	375.46	385.79	388.85	320.38	235.84
Highest Price	Rs.	**486.05**	399.55	408.05	452.43	334.88	270.77
Lowest Price	Rs.	**380.91**	287.00	325.63	262.10	184.67	205.67
Break-up value	Rs.	**378.12**	337.09	302.96	289.05	245.52	281.01
Price earning ratio (P/E)	(x)	**5.77**	9.93	15.11	4.84	6.30	4.47
Cash dividend per share	Rs.	**25.00**	12.50	10.00	8.00	5.00	5.50
Bonus share	%	**20.00**	-	-	10.00	20.00	20.00
Dividend payout (including bonus)	%	**40.25**	33.06	39.17	11.21	13.77	14.20
Dividend yield (including bonus)	%	**6.97**	3.33	2.59	2.31	2.18	3.18
Dividend cover ratio (including bonus)	(x)	**2.48**	3.02	2.55	8.91	7.31	7.04

MARKET VALUE PER SHARE - YEAR END



Analysis

The variation in ratios as compared to FY 2016 is because of the following:

- Price earnings ratio has decreased due to marginal increase in market value per share as compared to 77% increase in EPS.
- The dividend payout percentage has increased primarily due to increase in cash dividend by Rs. 12.5 per share together with bonus share issue at the rate of 20%.
- The dividend yield percentage is showing an increasing trend due to increase in dividend per share.
- The dividend cover ratio has decreased due to increase in dividend by 116% as compared to increase in profit by 77%.

RATIOS AND ANALYSIS

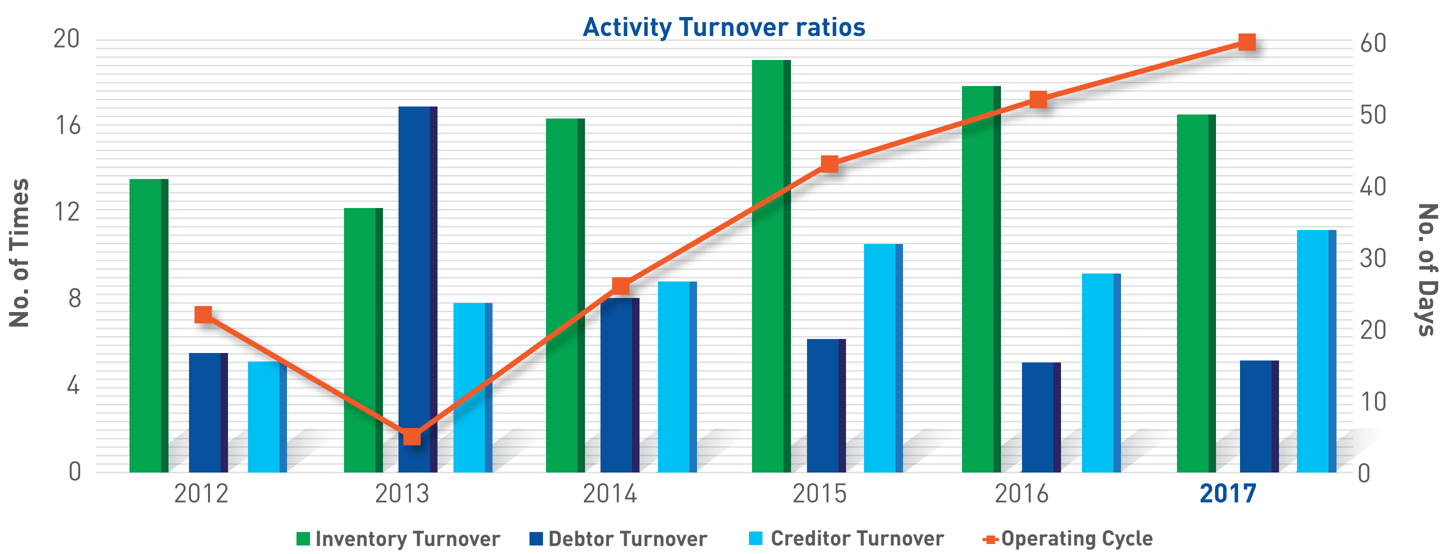
		2017	2016	2015	2014	2013	2012
Activity / Turnover Ratios							
Inventory turnover ratio*	(x)	**16.53**	17.83	19.05	16.33	12.20	13.55
No. of days in Inventory	No.	**22**	20	19	22	30	27
Debtor turnover ratio*	(x)	**5.16**	5.08	6.16	8.04	16.90	5.50
No. of days in Receivables	No.	**71**	72	59	45	22	66
Creditor turnover ratio*	(x)	**11.19**	9.17	10.54	8.80	7.82	5.11
No. of days in Creditors	No.	**33**	40	35	41	47	71
Total asset turnover ratio	(x)	**2.98**	2.65	3.12	4.31	4.11	3.93
Fixed asset turnover ratio	(x)	**160.93**	138.97	181.35	246.04	226.77	200.39
Operating Cycle	No.	**60**	52	43	26	5	22

* Note: Inventory, debtor and creditor turnover ratios have been calculated on the basis of closing values rather than the average values.

Analysis

The variation in ratios as compared to FY 2016 is because of the following:

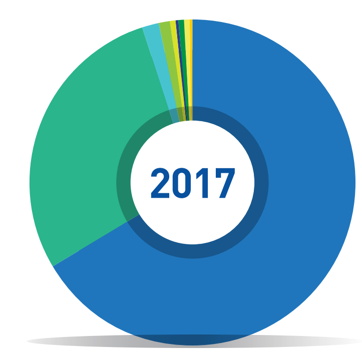
- Inventory turnover ratio has decreased by 7% due to increase in stock in trade by 30% which is partly offset by increase in sales by 21%.
- Debtors turnover ratio has increased by 2% due to more proportionate increase in sales as compared to trade debts.
- Creditors turnover ratio has increased by 22% primarily due to increase in purchases.
- Total assets and fixed assets turnover have increased by 12% and 16% respectively mainly due to increase in sales by 21%.
- The operating cycle has witnessed an increase by 8 days mainly on account of due to timely payments made by the Company to maximise product upliftment from local refineries.

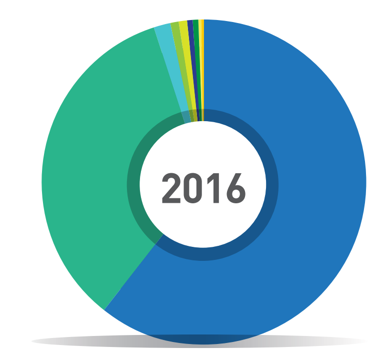


STATEMENT OF VALUE ADDITION

For the year ended June 30, 2017

	2017 (Rupees in mn.)	%	2016 (Rupees in mn.)	%
WEALTH GENERATED				
Sales (net of discount / allowances)	**1,096,470**	**98.98**	906,177	98.54
Other income	**11,353**	**1.02**	13,411	1.46
	1,107,823	**100.00**	919,588	100.00
DISTRIBUTION OF WEALTH				
Cost of sales (excluding duties)	**736,019**	**66.44**	559,328	60.82
Government taxes	**319,066**	**28.80**	314,480	34.20
Inland freight equalization margin	**17,442**	**1.57**	17,237	1.87
Retained for future growth	**10,890**	**0.98**	6,877	0.75
Finance costs	**5,923**	**0.53**	7,150	0.78
Distribution, marketing, administrative expenses & other expenses	**4,474**	**0.40**	4,671	0.51
Employees' remuneration	**6,571**	**0.59**	6,363	0.69
Dividend to shareholders	**7,336**	**0.66**	3,396	0.37
Contribution to society	**103**	**0.01**	86	0.01
	1,107,824	**100.00**	919,588	100.00

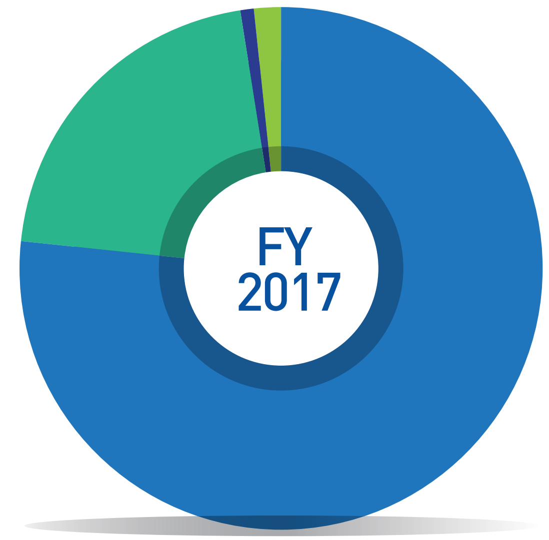




DIRECT CASH FLOW STATEMENT
For the year ended June 30, 2017

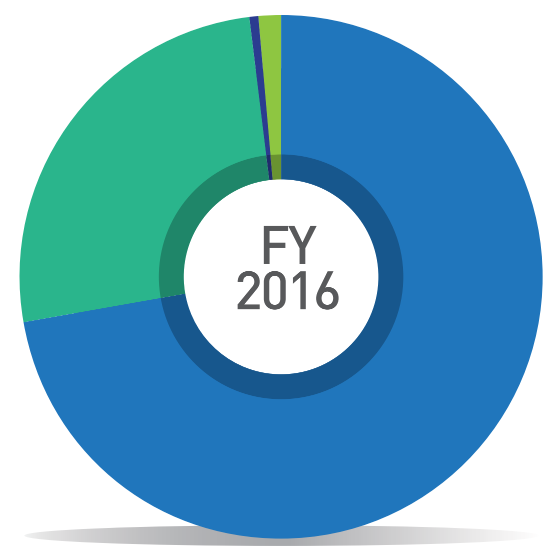
	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,062,195,628	908,684,465
Cash paid to supplier, services providers and employees	(1,068,596,159)	(895,430,408)
Taxes, WPPF and WWF paid	(15,726,793)	(8,034,225)
Finance costs paid	(5,178,816)	(5,438,283)
Retirement and other service benefits paid	(658,554)	(775,928)
Net cash used in operating activities	(27,964,694)	(994,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
-property, plant and equipment	(1,377,275)	(1,280,273)
-intangibles	(8,038)	(19,797)
Proceeds from disposal of operating assets	29,203	35,632
Interest income from Pakistan Investment Bonds	5,041,232	5,020,514
Dividends received	239,527	342,248
Net cash generated from investing activities	3,924,649	4,098,324
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	15,762,335	8,923,486
Dividends paid	(2,950,706)	(2,717,031)
Net cash generated from financing activities	12,811,629	6,206,455
Net (decrease) / increase in cash and cash equivalents	(11,228,416)	9,310,400
Cash and cash equivalents at beginning of the year	(30,273,825)	(39,584,225)
Cash and cash equivalents at end of the year	(41,502,241)	(30,273,825)

PROFIT AND LOSS - VERTICAL ANALYSIS



(% OF GROSS SALES)

Cost of goods sold	76.7%
Taxes and IFEM	20.9%
Total Expenses (Net of other income)	0.7%
Profit After Tax	1.7%



(% OF GROSS SALES)

Cost of goods sold	72.3%
Taxes and IFEM	25.8%
Total Expenses (Net of other income)	0.8%
Profit After Tax	1.1%

HORIZONTAL AND VERTICAL ANALYSIS - PROFIT AND LOSS

For the year ended June 30, 2017

VERTICAL ANALYSIS

	2017	2016	2015	2014	2013	2012
Sales	**100%**	100%	100%	100%	100%	100%
Sales tax	**18.32%**	23.28%	16.50%	14.50%	13.79%	13.66%
IFEM/Levies	**1.59%**	1.90%	1.56%	1.25%	1.23%	0.97%
Net sales	**80.09%**	74.81%	81.94%	84.26%	84.98%	85.37%
Cost of products sold	**76.70%**	72.33%	79.88%	81.64%	82.35%	82.51%
Gross Profit	**3.39%**	2.49%	2.06%	2.61%	2.64%	2.86%
Other Income	**0.98%**	1.41%	1.25%	1.38%	0.46%	0.81%
Administrative & Marketing Expenses	**1.03%**	1.16%	0.96%	0.74%	0.79%	0.82%
Other expenses	**0.18%**	0.22%	0.32%	0.28%	0.28%	0.77%
Total Operating Costs	**1.21%**	1.38%	1.27%	1.02%	1.07%	1.60%
Profit from operations	**3.16%**	2.52%	2.03%	2.98%	2.03%	2.07%
Finance cost	**0.54%**	0.79%	0.99%	0.68%	0.59%	0.97%
Share of Profit of Associates	**0.06%**	0.07%	0.03%	0.04%	0.04%	0.04%
Profit before taxation	**2.68%**	1.80%	1.08%	2.34%	1.48%	1.14%
Taxation	**1.01%**	0.66%	0.46%	0.79%	0.51%	0.38%
Profit after tax	**1.66%**	1.13%	0.62%	1.55%	0.98%	0.75%

HORIZONTAL ANALYSIS

	2017	2016	2015	2014	2013	2012
Sales	**91%**	76%	93%	117%	108%	100%
Sales Tax	**123%**	129%	112%	125%	109%	100%
IFEM/Levies	**150%**	148%	150%	151%	136%	100%
	124%	130%	115%	126%	111%	100%
Net sales	**86%**	66%	89%	116%	107%	100%
Cost of products sold	**85%**	66%	90%	116%	108%	100%
Gross Profit	**108%**	66%	67%	107%	100%	100%
Other Income	**111%**	132%	144%	202%	61%	100%
Administrative & Marketing Expenses	**114%**	106%	108%	106%	103%	100%
Other expenses	**21%**	21%	38%	42%	40%	100%
Total Operating Costs	**69%**	65%	74%	75%	72%	100%
Profit from operations	**139%**	92%	91%	169%	105%	100%
Finance cost	**51%**	61%	94%	82%	65%	100%
Share of Profit of Associates	**130%**	130%	81%	115%	122%	100%
Profit before taxation	**215%**	119%	88%	241%	140%	100%
Taxation	**241%**	130%	110%	241%	142%	100%
Profit after tax	**201%**	113%	77%	241%	140%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

GROSS SALES REVENUE

Gross sales revenue has increased from Rs 0.91 trillion in 2016 to Rs 1.1 trillion in 2017 registering a growth of 21%. Increase in FY17 vs. FY16 is due to increase in overall volumes and selling price based on international oil prices.

GROSS PROFIT

Gross profit for FY 2017 is higher vs. FY 2016 and highest in last five years as per vertical and horizontal analysis primarily due to increase in gross profit by 65 % vs. last year on account of inventory gains, higher volumes and margins.

OTHER INCOME

Other income has witnessed a decrease as per vertical and horizontal analysis which is mainly on account of decline in receipt of interest income from power sector and PIA.

TOTAL OPERATING COST

Total operating cost has shown an increasing trend as compared to FY16 as per horizontal analysis which is mainly attributable to various branding activities carried out during the year. However, it has declined from 1.38% to 1.21% as per vertical analysis primarily due to increase in sales by 21% vs. 6.3% increase in total operating cost.

FINANCE COST

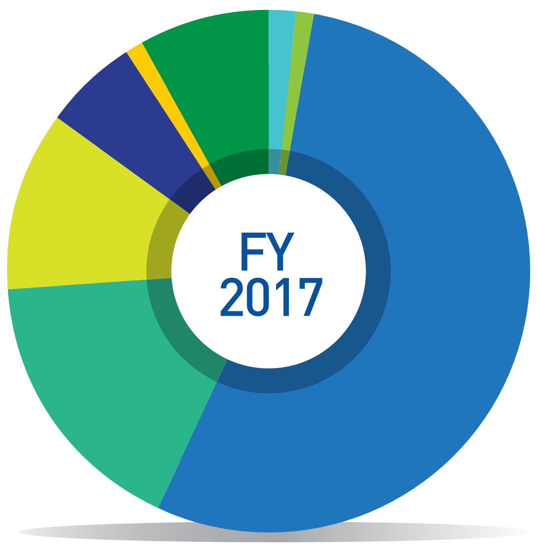
Finance cost has declined vs. FY 2016 and it is lowest in last five years as per horizontal and vertical analysis primarily due to lower interest rates coupled with effective and efficient treasury management.

PROFIT AFTER TAX

Profit after tax (PAT) is higher vs. FY 2016 and in last five years as per vertical and horizontal analysis. This is mainly due to increase in gross profit on account of inventory gains, volumetric growth, higher margins and lower finance cost.

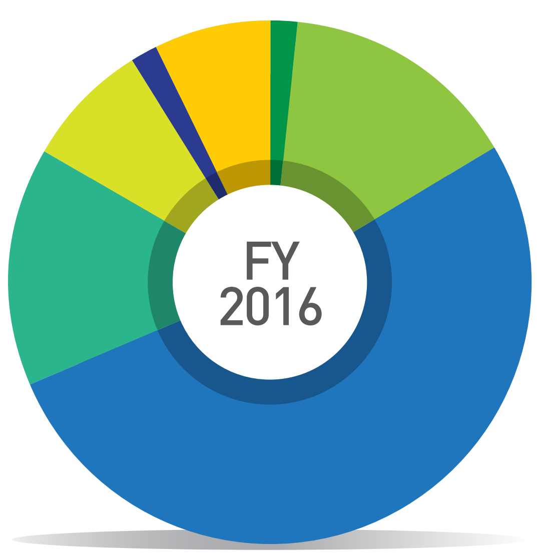
RATIOS AND ANALYSIS

COMPOSITION OF BALANCE SHEET - VERTICAL ANALYSIS



Assets

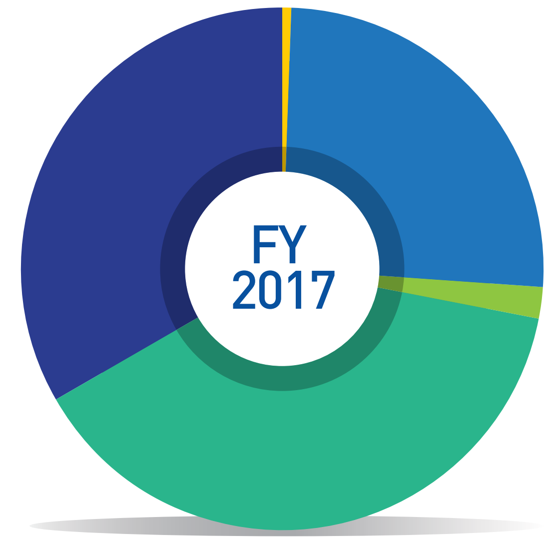
Property Plant and Equipment	1.8%
Long-term Investment	1.1%
Trade Debts	54.2%
Stock-in-Trade	16.9%
Current maturity of Long-term Investments	11.2%
Other Receivable	5.9%
Cash and Bank Balances	1.1%
Others	7.8%



Assets

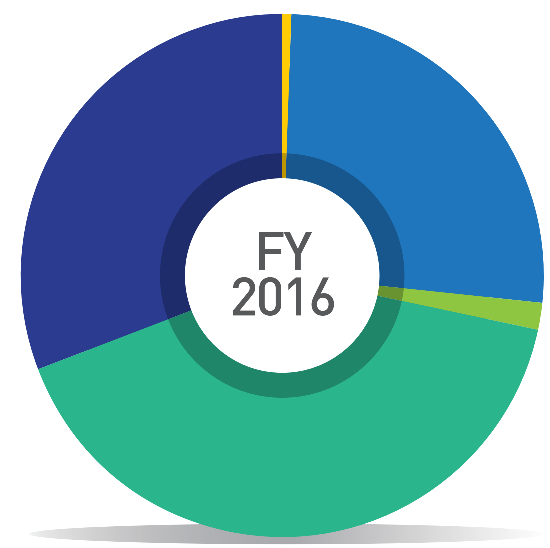
Property Plant and Equipment	1.9%
Long-term Investment	14.7%
Trade Debts	52.1%
Stock-in-Trade	14.9%
Current maturity of Long-term Investments	0%
Other Receivable	7.7%
Cash and Bank Balances	1.7%
Others	7.0%

COMPOSITION OF BALANCE SHEET - VERTICAL ANALYSIS



Equity and Liabilities

Share Capital	0.7%
Reserves	25.5%
Long-term Liabilities	2.1%
Trade and other payable	38.4%
Short term borrowings	33.3%



Equity and Liabilities

Share Capital	0.8%
Reserves	26.0%
Long-term Liabilities	1.9%
Trade and other payable	40.6%
Short term borrowings	30.7%

HORIZONTAL AND VERTICAL ANALYSIS - BALANCE SHEET

For the year ended June 30, 2017

	2017	2016	2015	2014	2013	2012
VERTICAL ANALYSIS						
ASSETS						
Property, plant and equipment	1.78%	1.94%	1.87%	1.59%	1.97%	1.68%
Long-term investments	1.12%	14.65%	14.85%	12.30%	17.11%	0.57%
Long-term loans, advances and receivables	0.10%	0.10%	0.09%	0.09%	0.13%	0.11%
Long term deposits and prepayments	0.05%	0.06%	0.05%	0.04%	0.04%	0.04%
Deferred tax	3.04%	3.15%	2.35%	1.74%	1.17%	0.61%
Total Non-Current Assets	6.09%	19.91%	19.21%	15.76%	20.43%	3.01%
Stores, spares and loose tools	0.05%	0.06%	0.06%	0.05%	0.05%	0.04%
Stock-in-trade	16.90%	14.85%	17.14%	23.19%	37.63%	25.42%
Trade debts	54.18%	52.08%	52.97%	47.13%	27.17%	62.60%
Loans and advances	0.48%	0.55%	0.63%	0.15%	0.17%	0.15%
Deposits and short-term prepayments	1.42%	0.78%	0.56%	0.66%	0.85%	0.73%
Accrued Interest	0.58%	0.66%	0.66%	0.60%	0.80%	0.00%
Current maturity of long - term investments	11.20%	0.00%	0.00%	0.00%	0.00%	0.00%
Other receivables	5.89%	7.63%	5.73%	5.67%	9.42%	6.06%
Taxation - net	2.16%	1.80%	2.38%	1.26%	1.63%	1.53%
Cash and bank balances	1.05%	1.68%	0.68%	5.54%	1.85%	0.47%
Total Current Assets	93.92%	80.10%	80.79%	84.24%	79.57%	96.99%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
EQUITY AND LIABILITIES						
Share Capital	0.69%	0.79%	0.80%	0.73%	0.88%	0.49%
Reserves	25.52%	25.96%	23.32%	20.40%	20.63%	13.39%
Total Shareholders' Equity	26.21%	26.75%	24.12%	21.13%	21.51%	13.88%
Retirement and other service benefits	2.06%	1.82%	2.44%	1.39%	1.51%	1.43%
Trade and other payables	38.03%	40.28%	43.08%	52.13%	70.45%	71.19%
Provisions	0.13%	0.20%	0.20%	0.19%	0.24%	0.20%
Accrued interest / mark-up	0.32%	0.24%	0.25%	0.36%	0.15%	0.16%
Short-term borrowing	33.25%	30.71%	29.91%	24.81%	6.13%	13.14%
Total Current Liabilities	71.73%	71.43%	73.45%	77.48%	76.98%	84.69%
Total Liabilities	100%	100%	100%	100%	100%	100%

HORIZONTAL ANALYSIS	2017	2016	2015	2014	2013	2012
Property, plant and equipment	119%	114%	109%	101%	95%	100%
Total Non-Current Assets	228%	651%	626%	560%	550%	100%
Stock-in-trade	75%	57%	66%	97%	120%	100%
Trade debts	98%	82%	83%	80%	35%	100%
Other receivables	110%	124%	93%	100%	126%	100%
Cash and bank balances	254%	353%	142%	1269%	322%	100%
Total Current Assets	109%	81%	82%	93%	66%	100%
Total Assets	113%	98%	98%	107%	81%	100%
Share Capital	158%	158%	158%	158%	144%	100%
Reserves	215%	191%	171%	163%	125%	100%
Total Shareholders' Equity	213%	189%	170%	163%	125%	100%
Total Long-term Liabilities	162%	125%	167%	104%	86%	100%
Trade and other payables	60%	56%	59%	78%	80%	100%
Provisions	71%	100%	100%	100%	100%	100%
Total Current Liabilities	95%	83%	85%	98%	74%	100%
Total Equity & Liabilities	113%	98%	98%	107%	81%	100%

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

TOTAL NON CURRENT ASSETS

Total non-current assets have decreased vs. FY 2016 as per vertical and horizontal analysis primarily due to reclassification of PIBs amounting to Rs. 43.9 billion from non-current to current assets.

STOCK IN TRADE

Stock in trade balances have shown an increasing trend as compared to last year, mainly due to increase in international oil prices and higher inventory in hand. The vertical analysis also depicts an increasing trend for reasons mentioned above.

TRADE DEBTS

Trade debts are on higher side vs. FY 2016 as per vertical and horizontal analysis due to delay in payments by Power Sector, PIA and SNGPL.

SHAREHOLDERS' EQUITY

Total Shareholders' equity has increased vs. FY 2016 as per horizontal analysis mainly due to retention of profits. However, it has declined as per vertical analysis due to increase in total liabilities by 15% vs. increase in equity by 12%.

TRADE AND OTHER PAYABLES

Trade and other payables have increased as per horizontal analysis primarily due to increase in trade payables on account of higher inventory levels and oil prices. However, it is down as per vertical analysis mainly due to increase in total liabilties by 15% vs. increase in trade and payables by 8%.

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan State Oil Company Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the repealed Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, 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.

Emphasis of matter

We draw attention to the following matters:

- Notes 15.1 to 15.4 to the financial statements. The Company considers the aggregate amount of Rs. 9,270 million due from the Government of Pakistan as good debts and current receivable for the reasons given in the aforementioned notes;

- Note 12.2 to the financial statements. The Company considers the aggregate amount of Rs. 125,181 million (net of provision of Rs. 515 million); inclusive of Rs. 13,002 million received subsequent to the balance sheet date, due from Power generation companies as good debt and no provision has been made thereagainst for the reasons given in the aforementioned note;

- Note 24.1.1 to the financial statements regarding contingent liability in respect of non-accrual of mark-up on delayed payments amounting to Rs. 8,400 million for the reasons given in the aforementioned note; and

- Note 24.1.2 to the financial statements regarding tax implication of Rs. 958 million on the Company for income tax assessment years 1996-97 and 1997-98, for which the case is pending in the Supreme Court of Pakistan.

Our report is not qualified in respect of the aforementioned matters.

A. F. Ferguson & Co.
Chartered Accountants
Waqas A. Sheikh

EY Ford Rhodes
Chartered Accountants
Shariq Ali Zaidi

Date: September 15, 2017
Place: Karachi

BALANCE SHEET
As at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,944,509	6,607,396
Intangibles	5	29,409	47,329
Long - term investments	6	4,388,257	50,132,753
Long - term loans, advances and other receivables	7	411,777	346,639
Long - term deposits and prepayments	8	196,816	219,790
Deferred tax assets - net	9	11,912,602	10,788,227
		23,883,370	68,142,134
Current assets			
Stores, spares and loose tools	10	203,542	218,978
Stock-in-trade	11	66,333,048	50,834,033
Trade debts	12	212,619,281	178,271,018
Loans and advances	13	1,873,942	1,896,038
Short - term deposits and prepayments	14	5,583,577	2,671,725
Current maturity of long - term investments	6.1	43,954,641	-
Mark-up / interest receivable on investments		2,258,196	2,251,290
Other receivables	15	23,130,041	26,125,589
Taxation - net		8,472,290	6,168,926
Cash and bank balances	16	4,131,036	5,736,213
		368,559,594	274,173,810
Net assets in Bangladesh	17	-	-
TOTAL ASSETS		392,442,964	342,315,944
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,716,860	2,716,860
Reserves	19	100,132,742	88,864,465
		102,849,602	91,581,325
Non-current liabilities			
Retirement and other service benefits	20	8,089,633	6,234,132
Current liabilities			
Trade and other payables	21	149,247,461	137,887,407
Provisions	22	490,972	688,512
Accrued interest / mark-up	23.3	1,266,793	811,639
Short - term borrowings	23	130,498,503	105,112,929
		281,503,729	244,500,487
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		392,442,964	342,315,944

The annexed notes 1 to 46 form an integral part of these financial statements.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

PROFIT AND LOSS ACCOUNT
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Net sales	25	878,146,786	677,939,877
Cost of products sold	26	(840,948,073)	(655,414,551)
Gross profit		37,198,713	22,525,326
Other income	27	10,744,932	12,798,264
Operating costs			
Distribution and marketing expenses	28	(8,822,106)	(8,088,492)
Administrative expenses	29	(2,478,797)	(2,422,738)
Other expenses	30	(1,980,999)	(1,986,064)
		(13,281,902)	(12,497,294)
Profit from operations		34,661,743	22,826,296
Finance costs	31	(5,923,256)	(7,149,592)
Share of profit of associates - net of tax	6.3.1	608,380	612,504
Profit before taxation		29,346,867	16,289,208
Taxation	32	(11,121,242)	(6,016,078)
Profit for the year		18,225,625	10,273,130
		(Rupees)	
Earnings per share - basic and diluted	33	67.08	37.81

The annexed notes 1 to 46 form an integral part of these financial statements.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Profit for the year		**18,225,625**	10,273,130
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	6.3.1	**(24,466)**	-
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	20.1.6	**(1,312,379)**	2,605,600
Less: Taxation thereon		**404,116**	(838,323)
		(908,263)	1,767,277
Items that may be reclassified subsequently to profit or loss:			
Share of unrealised (loss) / gain due to change in fair value of available-for-sale investments of associates - net of tax	6.3.1	**(2,650)**	1,179
Amortisation of unrealised gain due to reclassification of investment from available-for-sale to held-to-maturity	6.1	**(1,838,255)**	-
Unrealised loss due to change in fair value of long-term available-for-sale investments		**-**	(506,885)
Less: Taxation thereon		**570,791**	181,502
		(1,267,464)	(325,383)
Total comprehensive income for the year		**16,022,782**	11,716,203

The annexed notes 1 to 46 form an integral part of these financial statements.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Share capital	Reserves						
		Capital reserves			Revenue reserves			
		Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of available-for-sale investments	Company's share of unrealised gain / (loss) on available-for-sale investment of associates	General reserve	Un-appropriated profit	Sub-total	Total
	(Rupees in '000)							
Balance as at July 1, 2015	2,716,860	3,373	1,658,020	566	25,282,373	52,649,104	79,593,436	82,310,296
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	10,273,130	10,273,130	10,273,130
Other comprehensive income								
Unrealised loss due to change in fair value of available-for-sale investments - net of tax	-	-	(325,383)	-	-	-	(325,383)	(325,383)
Share of unrealised gain due to change in fair value of available-for -sale investment of associates - net of tax	-	-	-	1,179	-	-	1,179	1,179
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	1,767,277	1,767,277	1,767,277
	-	-	(325,383)	1,179	-	1,767,277	1,443,073	1,443,073
	-	-	(325,383)	1,179	-	12,040,407	11,716,203	11,716,203
Transactions with the owners								
Final dividend for the year ended June 30, 2015 @ Rs. 4 per share	-	-	-	-	-	(1,086,744)	(1,086,744)	(1,086,744)
Interim dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	-	(1,358,430)	(1,358,430)	(1,358,430)
	-	-	-	-	-	(2,445,174)	(2,445,174)	(2,445,174)
Balance as at June 30, 2016	**2,716,860**	**3,373**	**1,332,637**	**1,745**	**25,282,373**	**62,244,337**	**88,864,465**	**91,581,325**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	**18,225,625**	**18,225,625**	**18,225,625**
Other comprehensive income								
Amortisation of unrealised gain due to reclassification of investment from available-for-sale to held-to-maturity - net of tax	-	-	**(1,267,464)**	-	-	-	**(1,267,464)**	**(1,267,464)**
Share of unrealised loss due to change in fair value of available-for-sale investment of associates - net of tax	-	-	-	**(2,650)**	-	-	**(2,650)**	**(2,650)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	**(908,263)**	**(908,263)**	**(908,263)**
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	**(24,466)**	**(24,466)**	**(24,466)**
	-	-	**(1,267,464)**	**(2,650)**	-	**(932,729)**	**(2,202,843)**	**(2,202,843)**
	-	-	**(1,267,464)**	**(2,650)**	-	**17,292,896**	**16,022,782**	**16,022,782**
Transactions with the owners								
Final dividend for the year ended June 30, 2016 @ Rs. 7.5 per share	-	-	-	-	-	**(2,037,645)**	**(2,037,645)**	**(2,037,645)**
Interim dividend for the year ended June 30, 2017 @ Rs. 10 per share	-	-	-	-	-	**(2,716,860)**	**(2,716,860)**	**(2,716,860)**
	-	-	-	-	-	**(4,754,505)**	**(4,754,505)**	**(4,754,505)**
Balance as at June 30, 2017	**2,716,860**	**3,373**	**65,173**	**(905)**	**25,282,373**	**74,782,728**	**100,132,742**	**102,849,602**

The annexed notes 1 to 46 form an integral part of these financial statements.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

CASH FLOW STATEMENT
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	34	**(8,511,087)**	12,794,032
Long-term loans, advances and other receivables		**(65,138)**	(24,130)
Long-term deposits and prepayments		**22,974**	(63,680)
Taxes paid		**(13,574,073)**	(7,486,390)
Finance costs paid		**(5,178,816)**	(5,438,283)
Retirement and other service benefits paid		**(658,554)**	(775,928)
Net cash used in operating activities		**(27,964,694)**	(994,379)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
-property, plant and equipment		**(1,377,275)**	(1,280,273)
-intangibles		**(8,038)**	(19,797)
Proceeds from disposal of operating assets		**29,203**	35,632
Interest income from Pakistan Investment Bonds		**5,041,232**	5,020,514
Dividends received		**239,527**	342,248
Net cash generated from investing activities		**3,924,649**	4,098,324
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		**15,762,335**	8,923,486
Dividends paid		**(2,950,706)**	(2,717,031)
Net cash generated from financing activities		**12,811,629**	6,206,455
Net (decrease) / increase in cash and cash equivalents		**(11,228,416)**	9,310,400
Cash and cash equivalents at beginning of the year		**(30,273,825)**	(39,584,225)
Cash and cash equivalents at end of the year	35	**(41,502,241)**	(30,273,825)

The annexed notes 1 to 46 form an integral part of these financial statements.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2017

(Amounts in Rs. '000)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The Board of Management - Oil (BOM) nominated by the Federal Government under section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the repealed Companies Ordinance, 1984 (now 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), Companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provision of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates, assumptions and judgments

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

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

(Amounts in Rs. '000)

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. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

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. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

2.4.3 Provision for impairment of trade debts and other receivables

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

2.4.4 Income taxes

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

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.

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

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

The following new standards and amendments with respect to the approved accounting standards as applicable in Pakistan are effective for the first time for the year ended June 30, 2017 and are relevant to the Company:

- **Amendments to IFRS 11 - Joint Arrangements**

  This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendment does not have any significant impact on the Company's financial statements.

(Amounts in Rs. '000)

- **IAS 1 - Presentation of Financial Statements**

  The amendments provide clarification on number of issues, including:

  Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

  Disaggregation and subtotals: line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

  Notes: confirmation that the notes do not need to be presented in a particular order.

- **IAS 16 - Property, Plant and Equipment & IAS 38 - Intangible Assets**

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment does not have any significant impact on the Company's financial statements.

- **IAS 19 - Employee benefits**

  The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. The standard does not have any significant impact on the Company's financial statements.

- **Amendments to IAS 27 - Equity method in separate financial statements**

  This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment will not have any significant impact on the Company's financial statements.

- **Amendments to IAS 34 - Interim financial reporting**

  This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. This amendment will only affect the disclosures in the Company's financial statements.

(Amounts in Rs. '000)

The other new standards, amendments to published standards and interpretations that are mandatory for the first time for financial year beginning on July 01, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following standards, amendments and interpretations to standards are only effective for accounting periods, beginning on or after July 1, 2017 and have not been early adopted by the Company:

- **Amendments to IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard (effective from accounting period beginning on or after 1 January 2017)**

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

- **Amendments to IAS 7, Statement of cash flows on disclosure initiative (effective from accounting period beginning on or after 1 January 2017)**

  These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosures can be improved. The amendment will not have any significant impact on the Company's financial statements.

- **Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealized losses (effective from accounting period beginning on or after 1 January 2017)**

  These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendment will not have any significant impact on the Company's financial statements.

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

  This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments / receipts are made. The guidance aims to reduce diversity in practice. The amendment will not have any significant impact on the Company's financial statements.

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

(Amounts in Rs. '000)

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not yet been notified for adoption by the SECP:

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

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 1, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual financial statements.

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

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

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization 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 in June 2011 vide SRO 587(I)/2001; on receiving representations from some of entities covered under the Scheme and after having consulted the ICAP, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, as per the Ministry of Finance's letter dated May 19, 2014, the Scheme is being revamped.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(Amounts in Rs. '000)

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 are stated at cost less 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 and loss account 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. 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 depreciation rates are reviewed, and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit and loss account. 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, thereon.

Intangible asset is amortized 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

3.3.1 Financial assets

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

(Amounts in Rs. '000)

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

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

- **Loans and receivables**

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

- **Available-for-sale**

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

- **Held-to-maturity**

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

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

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

3.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly

(Amounts in Rs. '000)

attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

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 and loss account and its share in associates' post acquisition comprehensive income is recognised in Company'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 Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

The carrying amount of the investment is tested for impairment, by comparing it's 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 and loss account.

3.5 Stores, spares and loose tools

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

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 comprise 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 the profit and loss account. 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.

3.7 Trade debts, loans, advances and other receivables

Trade debts, loans, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade debts, loans, advances and other receivables is established where there is objective evidence that the

(Amounts in Rs. '000)

Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the profit and loss account. Trade debts, loans, advances and other receivables are written off when considered irrecoverable.

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

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 balance sheet.

3.9 Impairment

3.9.1 Financial assets

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

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

All impairment losses are recognised in the profit and loss account. 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 the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cashflow 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 and loss account.

3.10 Share capital

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

3.11 Retirement and other service benefits

3.11.1 Defined benefit plans

Pension funds

The Company operates approved funded defined benefit pension schemes separately for both management and non-management employees except for those employees who joined the Company after November 16, 2012. 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 balance sheet 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 expenses.

Gratuity fund

The Company also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the balance sheet 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 expenses.

Medical benefits

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

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.

3.11.2 Defined contribution plan

Provident fund

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

(Amounts in Rs. '000)

3.12 Trade and other payables

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

3.13 Provisions

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

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

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

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 the profit and loss account except to the extent it relates to items recognised directly in other comprehensive income in which case it is also 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 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 utilized. 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 realized. 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 the profit and loss account except to the extent it relates to items recognised directly in equity / other comprehensive income in which case it is also recognised in equity / other comprehensive income.

(Amounts in Rs. '000)

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 balance sheet 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 and loss account. Non monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

3.17 Offsetting of financial instruments

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

3.18 Revenue recognition

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

- Sales are recorded when the significant risks and rewards of ownership of the goods have passed to the customers which coincides with the dispatch of goods to the customers.
- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.
- Mark-up / interest on debt securities is recognised on time proportion basis using effective interest rate method.
- 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.

3.19 Borrowing costs

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

3.20 Segment reporting

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

(Amounts in Rs. '000)

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.

3.21 Interest in joint arrangements

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

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

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Operating assets	4.1	**5,804,945**	5,415,554
Capital work-in-progress	4.3	**1,139,564**	1,191,842
		6,944,509	6,607,396

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, 2015													
Cost	208,872	128,417	621,075	1,194,239	3,619,622	9,308,246	3,446,582	284,198	1,245,840	680,469	53,267	143,568	20,934,395
Accumulated depreciation	-	(32,106)	(532,890)	(650,131)	(3,216,592)	(7,395,016)	(2,670,184)	(221,857)	(950,387)	(559,737)	(52,890)	(127,164)	(16,408,954)
Net book value	208,872	96,311	88,185	544,108	403,030	1,913,230	776,398	62,341	295,453	120,732	377	16,404	4,525,441
Year ended June 30, 2016													
Opening net book value	208,872	96,311	88,185	544,108	403,030	1,913,230	776,398	62,341	295,453	120,732	377	16,404	4,525,441
Additions	21,047	-	169,422	115,083	302,511	626,516	486,816	23,055	92,157	57,126	-	2,553	1,896,286
Disposals (note 4.2)													
Cost	-	-	-	(1,898)	(447)	(49,968)	(5,984)	(2,097)	(16,906)	(6,963)	-	(12,412)	(96,675)
Accumulated depreciation	-	-	-	1,768	447	49,707	5,910	1,909	11,295	6,946	-	11,035	89,017
	-	-	-	(130)	-	(261)	(74)	(188)	(5,611)	(17)	-	(1,377)	(7,658)
Depreciation charge (note 4.1.1)	-	(1,705)	(25,968)	(55,731)	(83,824)	(440,584)	(203,840)	(18,406)	(105,738)	(59,440)	(191)	(3,088)	(998,515)
Closing net book value	229,919	94,606	231,639	603,330	621,717	2,098,901	1,059,300	66,802	276,261	118,401	186	14,492	5,415,554
As at June 30, 2016													
Cost	229,919	128,417	790,497	1,307,424	3,921,686	9,884,794	3,927,414	305,156	1,321,091	730,632	53,267	133,709	22,734,006
Accumulated depreciation	-	(33,811)	(558,858)	(704,094)	(3,299,969)	(7,785,893)	(2,868,114)	(238,354)	(1,044,830)	(612,231)	(53,081)	(119,217)	(17,318,452)
Net book value	229,919	94,606	231,639	603,330	621,717	2,098,901	1,059,300	66,802	276,261	118,401	186	14,492	5,415,554
Year ended June 30, 2017													
Opening net book value	229,919	94,606	231,639	603,330	621,717	2,098,901	1,059,300	66,802	276,261	118,401	186	14,492	5,415,554
Additions	9,019	-	125,508	47,294	201,206	440,824	336,460	14,294	96,730	85,423	-	72,795	1,429,553
Disposals (note 4.2)													
Cost	-	-	-	(15)	(6,995)	(54,907)	(58,101)	(3,420)	(39,065)	(14,008)	-	(312)	(176,823)
Accumulated depreciation	-	-	-	15	5,906	52,937	56,720	3,253	29,886	13,970	-	88	162,775
	-	-	-	-	(1,089)	(1,970)	(1,381)	(167)	(9,179)	(38)	-	(224)	(14,048)
Depreciation charge (note 4.1.1)	-	(1,705)	(24,899)	(58,285)	(106,986)	(393,017)	(232,569)	(19,595)	(111,091)	(71,796)	(55)	(6,116)	(1,026,114)
Net book value	238,938	92,901	332,248	592,339	714,848	2,144,738	1,161,810	61,334	252,721	131,990	131	80,947	5,804,945
As at June 30, 2017													
Cost	238,938	128,417	916,005	1,354,703	4,115,897	10,270,711	4,205,773	316,030	1,378,756	802,047	53,267	206,192	23,986,736
Accumulated depreciation	-	(35,516)	(583,757)	(762,364)	(3,401,049)	(8,125,973)	(3,043,963)	(254,696)	(1,126,035)	(670,057)	(53,136)	(125,245)	(18,181,791)
Net book value	238,938	92,901	332,248	592,339	714,848	2,144,738	1,161,810	61,334	252,721	131,990	131	80,947	5,804,945
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)

4.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2017	2016
Cost of products sold	26	**72,763**	76,304
Distribution and marketing expenses	28	**876,924**	839,762
Administrative expenses	29	**76,427**	82,449
		1,026,114	998,515

4.1.2 Service and filling stations include cost of Rs. 9,792,023 (2016: Rs. 9,425,439) incurred by the Company on underground storage tanks, dispensing units and other equipment, and construction and related work. It also includes cost incurred on modernization and development under the "New Vision Scheme" on approximately 1,947 (2016: 1,906) out of the total 3,489 (2016: 3,503) 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 repealed Companies Ordinance, 1984. Furthermore, gas cylinders costing Rs. 206,190 (2016: Rs. 133,709) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 14,061,342 (2016: Rs. 13,005,567).

4.1.4 Included in operating assets are assets having net book value of Rs. 251,366 (2016: Rs. 121,473) in respect of Company's share in the joint operations.

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
Vehicles	1,537	871	666	666	Company Policy	Mr. Hasan Ali Hamdani Ex-employee
	1,653	303	1,350	1,405	Company Policy	Mr. Arif Rasheed Khan Ex-employee
	1,779	356	1,423	1,423	Company Policy	Mr. Hasan Ali Hamdani Ex-employee
	1,643	164	1,479	1,479	Company Policy	Mr. Rifat A Khan Ex-employee
	1,643	329	1,314	1,478	Company Policy	Mr. Tariq H Mehesar Ex-employee
	1,643	301	1,342	1,396	Company Policy	Mr. Musheer Haider Ex-employee
	1,672	1,449	223	332	Company Policy	Mr. Arif Naseeb Ex-employee
	1,672	1,366	306	445	Company Policy	Mr. Amjad Mehmood Ex-employee
	1,537	1,281	256	302	Company Policy	Mr. Asad Raza Faiz Employee
	1,662	1,275	387	415	Company Policy	Mr. Syed Tariq Hassan Rizvi, Ex-employee
	16,441	7,695	8,746	9,341		

(Amounts in Rs. '000)

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
Service and filling stations	1,080	52	1,028	1,180	Company Policy	M/s China East Resources Import & Export Corporation 447-G, Phase V, DHA, Lahore
	837	467	370	165	Tender	M/s Umair Brothers Gulshan-e-Shujat Colony, Islamabad
	1,439	1,079	360	521	Company Policy	M/s Ravi Trucking Station Gulshan-e-Shujat Colony, Islamabad
	3,356	1,598	1,758	1,866		
Tanks and pipelines	2,736	1,664	1,072	346	Tender	M/S New Tech Engineering 31 Rahim Avenue Nasirabad, Muzaffargarh
Plant and machinery	30,808	29,573	1,235	61	Tender	M/S Fahad Khan & Co L-841 Shireen Jinnah Colony No-4, Karachi
	328	257	71	1		M/S United Autos Shop no. 12, Pilot House, Karachi
	31,136	29,830	1,306	62		
Items having book value of less than Rs. 50 each	123,154	121,988	1,166	17,588		
June 30, 2017	**176,823**	**162,775**	**14,048**	**29,203**		
June 30, 2016	96,675	89,017	7,658	35,632		

4.3 Capital work-in-progress

	2017	2016
Tanks and pipelines	**419,194**	836,910
Service and filling stations	**21,552**	27,096
Plant and machinery	**407,864**	15,722
Furniture, fittings and equipment	**6,486**	6,730
Advance to suppliers and contractors for tanks, pipelines and storage development projects	**29,373**	9,278
Capital spares	**255,095**	296,106
	1,139,564	1,191,842

(Amounts in Rs. '000)

4.3.1 Includes capital work-in-progress amounting to Rs. 444,625 (2016: Rs. 163,792) in respect of Company's share in joint operations.

5. INTANGIBLES

	Note	2017	2016
Net carrying value			
Net book value at beginning of the year		**47,329**	54,342
Additions at cost		**8,038**	19,797
Amortisation charge for the year	5.2 & 29	**(25,958)**	(26,810)
Net book value at end of the year		**29,409**	47,329
Gross carrying value			
Cost		**406,445**	398,407
Accumulated amortisation		**(377,036)**	(351,078)
Net book value		**29,409**	47,329

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

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

6. LONG-TERM INVESTMENTS

	Note	2017	2016
Investment in related parties			
In Government securities - Pakistan Investment Bonds			
- Held-to-maturity	6.1	**-**	46,295,212
Availabe-for-sale investment in an unquoted company - at cost			
- Pak-Arab Pipeline Company Limited Equity held 12% (2016: 12%) No. of shares: 8,640,000 (2016: 8,640,000) shares of Rs. 100 each		**864,000**	864,000
		864,000	47,159,212
Investment in associates			
In a quoted company			
- Pakistan Refinery Limited Equity held 24.11% (2016: 24.11%) No. of shares: 70,875,000 (2016: 70,875,000) shares of Rs. 10 each	6.2 & 6.3	**1,950,550**	1,733,917
In unquoted companies			
- Asia Petroleum Limited, Equity held 49% (2016: 49%) No. of shares: 46,058,570 (2016: 46,058,570) shares of Rs. 10 each	6.3	**1,505,679**	1,170,179
- Pak Grease Manufacturing Company (Private) Limited, Equity held 22% (2016: 22%) No. of shares: 686,192 (2016: 686,192) shares of Rs. 10 each	6.3	**68,028**	69,445
		1,573,707	1,239,624
		4,388,257	50,132,753

(Amounts in Rs. '000)

6.1 This represents investment in Pakistan Investment Bonds (PIBs) amounting to Rs. 45,906,112 made in June 2013 in accordance with plan duly approved by the Economic Coordination Committee (ECC) - Government of Pakistan (GoP) out of the proceeds received against partial settlement of circular debt issue then prevailing in the energy sector. The face value of these PIBs and premium paid by the Company is Rs. 43,836,800 and Rs. 2,069,312, respectively.These PIBs carry markup rate of 11.50% per annum which is receivable on six monthly basis. These PIBs were issued on July 19, 2012 for a period of five years and are maturing on July 19, 2017 and, accordingly, have been classified as short-term investments.

As at June 30, 2016, these PIBs were reclassified as held-to-maturity investments based on the Company's intention to retain the same till the date of maturity. Accordingly, the fair value of these PIBs as at June 30, 2016 amounting to Rs. 46,295,212 was recognised as its amortised cost upon reclassification from available-for-sale to held-to-maturity. Further, amortisation of premium amounting to Rs. 502,315 (2016: Rs. 508,243) has been recognised in the profit and loss account and amortisation of unrealised gain amounting to Rs. 1,838,255 (2016: Nil) has been recognised in other comprehensive income during the year.

As at June 30, 2017, these PIBs have been collateralised with National Bank of Pakistan - a related party against borrowing facilities obtained by the Company.

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

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

(Amounts in Rs. '000)

6.3 Investments in associates

6.3.1 Movement of investment in associates

	2017				2016			
	PRL	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning of the year	**1,733,917**	**1,170,179**	**69,445**	**2,973,541**	991,586	810,798	74,228	1,876,612
Investment made during the year (Note 6.3.2)	**-**	**-**	**-**	**-**	630,000	-	-	630,000
Share of profit / (loss) of associates:								
- current year - unaudited	**265,179**	**347,437**	**8,493**	**621,109**	70,125	497,557	3,327	571,009
- adjustment for last year profit based on audited financial statements	**(1,807)**	**(11,937)**	**1,015**	**(12,729)**	41,902	-	(407)	41,495
	263,372	**335,500**	**9,508**	**608,380**	112,027	497,557	2,920	612,504
Unrealised (loss) / gain on associates' investments (available-for-sale) - unaudited	**(635)**	**-**	**(2,015)**	**(2,650)**	304	-	875	1,179
Share of actuarial loss on remeasurement of staff retirement benefits of associates - unaudited	**(24,133)**	**-**	**(333)**	**(24,466)**	-	-	-	-
Dividend income	**(21,971)**	**-**	**(8,577)**	**(30,548)**	-	(138,176)	(8,578)	(146,754)
Balance at end of the year	**1,950,550**	**1,505,679**	**68,028**	**3,524,257**	1,733,917	1,170,179	69,445	2,973,541

6.3.2 This represents investment made by the Company against issue of 63 million right shares at the rate of Rs. 10 per share. The allotment / transfer of these shares in the name of the Company was made on July 16, 2015.

(Amounts in Rs. '000)

6.3.3 The summarized financial information of the associates, based on their financial statements is as follows:

	2017			2016		
	PRL	APL	PGMCL	PRL	APL	PGMCL
	Un-audited			Audited		
Revenue	69,900,000	1,452,761	138,843	64,732,948	1,843,188	123,996
Profit for the year	1,100,000	709,054	38,608	283,391	991,062	19,538
Other comprehensive income	(802)	-	(3,799)	(100,679)	-	(2,699)
Total comprehensive income	1,099,198	709,054	34,809	182,712	991,062	16,839
Non-current assets	9,185,823	1,248,251	251,100	8,977,477	1,331,700	201,709
Current assets	13,460,794	2,081,813	84,148	12,301,776	1,229,553	138,202
	22,646,617	3,330,064	335,248	21,279,253	2,561,253	339,911
Non-current liabilities	(1,861,903)	-	(1,310)	(2,261,495)	-	(832)
Current liabilities	(21,107,095)	(257,250)	(24,719)	(20,348,197)	(197,493)	(25,682)
	(22,968,998)	(257,250)	(26,029)	(22,609,692)	(197,493)	(26,514)
Net assets / (liabilities)	(322,381)	3,072,814	309,219	(1,330,439)	2,363,760	313,397
Fair value based on quoted share price	3,774,803	N/A	N/A	2,918,633	N/A	N/A

6.3.4 Reconciliation of carrying amount of investment

	PRL 2017	APL 2017	PGMCL 2017	PRL 2016	APL 2016	PGMCL 2016
Net assets (Note 6.3.3)	(322,381)	3,072,814	309,219	(1,330,439)	2,363,760	313,397
Company's Holding in % (Note 6.2)	24.11%	49%	22%	24.11%	49%	22%
Company's share of investment in associate	(77,717)	1,505,679	68,028	(320,731)	1,158,242	68,947
Impact of change in holding %	160,901	-	-	160,901	-	-
Impact of fair value reserve	843,251	-	-	843,251	-	-
Unrealised gain on investments	1,025,061	-	-	1,025,061	-	-
Adjustments based on audited financial statements	-	-	-	26,381	11,937	498
Others	(946)	-	-	(946)	-	-
Carrying amount of investment	1,950,550	1,505,679	68,028	1,733,917	1,170,179	69,445

(Amounts in Rs. '000)

7. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2017	2016
Loans - considered good (secured)			
Executives	7.1, 7.2 & 7.4	236,122	166,634
Employees	7.2	61,696	42,904
		297,818	209,538
Current portion shown under current assets	13	(70,446)	(77,317)
		227,372	132,221
Advances - considered good (secured)			
Employees	7.3	89,269	100,394
Current portion shown under current assets	13	(33,174)	(31,085)
		56,095	69,309
Other receivables			
- considered good		128,310	145,109
- considered doubtful		8,143	8,143
		136,453	153,252
Provision for impairment		(8,143)	(8,143)
		128,310	145,109
		411,777	346,639

7.1 Reconciliation of carrying amount of loans to executives:

	2017	2016
Balance at beginning of the year	166,634	142,288
Disbursements	170,133	85,923
Repayments	(100,645)	(61,577)
Balance at end of the year	236,122	166,634

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 two to six years.

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

7.4 The maximum aggregate amount outstanding at the end of any month during the year in respect of loans to executives was Rs. 294,193 (2016: Rs. 232,671).

8. LONG-TERM DEPOSITS AND PREPAYMENTS - Considered good

	Note	2017	2016
Long-term deposits	8.1	152,945	144,019
Prepaid rentals		148,866	174,885
Less: Current portion shown under current assets	14	(104,995)	(99,114)
		43,871	75,771
		196,816	219,790

8.1 This includes interest free deposits amounting to Rs. 132,551 (2016: Rs. 123,864) paid to related parties.

(Amounts in Rs. '000)

9. DEFERRED TAX ASSETS - NET

	2017	2016
Deductible temporary differences in respect of:		
Provision for:		
- retirement and other service benefits	**1,108,815**	973,008
- doubtful trade debts	**1,260,407**	1,425,588
- doubtful other receivables	**596,945**	550,517
- impairment of stores and spares	**9,682**	10,005
- excise, taxes and other duties	**21,850**	22,578
- impairment of stock-in-trade	**6,437**	6,651
- tax amortisation	**414**	1,114
Liabilities offered for taxation	**9,494,150**	8,841,428
Others	**2,443**	2,524
	12,501,143	11,833,413
Taxable temporary differences in respect of:		
- accelerated tax depreciation	**(367,634)**	(357,879)
- investments in associates accounted for under equity method	**(192,976)**	(88,585)
- unrealised gain due to change in fair value of long-term 'available-for-sale' securities	**(27,931)**	(598,722)
	(588,541)	(1,045,186)
	11,912,602	10,788,227

The net change of Rs. 1,124,375 (2016: Rs. 2,776,914) in the deferred tax asset for the year has been recognised as follows:

	Note	2017	2016
- Profit and loss account	32	**471,931**	2,527,454
- Other comprehensive income		**652,444**	249,460
		1,124,375	2,776,914

10. STORES, SPARES AND LOOSE TOOLS

	2017	2016
Stores	**221,876**	236,163
Spares and loose tools	**13,940**	15,089
	235,816	251,252
Provision for impairment	**(32,274)**	(32,274)
	203,542	218,978

(Amounts in Rs. '000)

11. STOCK-IN-TRADE

	Note	2017	2016
Petroleum and other products (gross)	11.1	**44,747,360**	36,718,046
Less: Stock held on behalf of third parties	11.2	**(1,303,157)**	(2,247,901)
		43,444,203	34,470,145
Provision for slow moving products		**(21,456)**	(21,456)
Provision for write-down to net realisable value		**(26,661)**	-
	11.3	**43,396,086**	34,448,689
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited		**16,317,904**	10,808,061
		59,713,990	45,256,750
Add: Charges incurred thereon		**6,619,058**	5,577,283
		66,333,048	50,834,033

11.1 Includes stock-in-transit amounting to Rs. 21,651,157 (2016: Rs.14,623,793) and stocks held by:

	2017	2016
Pakistan Refinery Limited - associated undertaking	**107,529**	107,529
Shell Pakistan Limited	**171,651**	232,559
Byco Petroleum Pakistan Limited	**2,745**	2,466
	281,925	342,554

11.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2016: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs. 22,115 (2016: Rs. 40,518).

11.3 Includes Rs. 795,129 (2016: Nil) in respect of stocks carried at net realisable value.

12. TRADE DEBTS

	Note	2017	2016
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	12.1	**41,792**	24,739
- Unsecured	12.2 & 12.4	**144,216,774**	129,780,399
		144,258,566	129,805,138
- Due from other customers			
- Secured	12.1	**2,277,525**	937,411
- Unsecured	12.2 & 12.4	**66,083,190**	47,528,469
		68,360,715	48,465,880
		212,619,281	178,271,018
Considered doubtful		**4,201,355**	4,598,671
Trade debts - gross		**216,820,636**	182,869,689
Provision for impairment	12.2, 12.3 & 12.4	**(4,201,355)**	(4,598,671)
Trade debts - net		**212,619,281**	178,271,018

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. 176,119,670 (2016: Rs. 146,525,466) due from Water and Power Development Authority (WAPDA), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO). These include overdue debts of Rs. 105,001,399 (2016: Rs. 97,418,727), Rs. 38,755,969 (2016: Rs. 36,081,348) and Rs. 16,899,845 (2016: Rs. 758,230) from WAPDA, HUBCO and KAPCO respectively, based on the agreed credit terms.

Based on the Company's provisioning policy, receivables of Rs. 84,966,897 (2016: Rs. 72,108,220), Rs. 27,056,772 (2016: Rs. 29,830,783) and Rs. 13,671,975 (2016: Nil) from WAPDA, HUBCO and KAPCO respectively, are past due out of the aforementioned overdue balances. The Company carries a specific provision of Rs. 515,080 (2016: Rs. 532,139) against these debts and did not consider the remaining aggregate past due balance as at June 30, 2017 of Rs. 125,180,565 (against which subsequent receipts of Rs. 8,850,000 from WAPDA, Rs. 3,510,000 from HUBCO and Rs. 641,654 from KAPCO have been made) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) is confident that the aforementioned debts will be received in due course of time.

Further, as at June 30, 2017 against the remaining trade debts aggregating Rs. 8,772,639 (2016: Rs. 8,975,851), which were past due, the Company carries a provision of Rs. 3,686,275 (2016: Rs. 4,066,532). The impaired debts relate to various customers which are facing difficult economic conditions. The Company monitors risk profile of the customer considering ageing of existing balances and past payment history and makes appropriate provision against impaired debts based on time based criteria and other specific factors relevant to the customers. The ageing of these past due trade debts is as follows:

	2017	2016
3 to 6 months	73,813	19,332
More than 6 months	8,698,826	8,956,519
	8,772,639	8,975,851

Based on the past experience, past track record and recoveries, the Company believes that the above past due trade debts do not require any additional provision for impairment except as provided for.

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

	Note	2017	2016
Balance at beginning of the year		4,598,671	4,525,553
Provision recognised during the year		45,972	346,945
Reversal due to recoveries during the year		(443,288)	(273,827)
	30	(397,316)	73,118
Balance at end of the year		4,201,355	4,598,671

12.3.1 Provision has been recognised against trade debts as follows:

	2017	2016
3 to 6 months	14,010	3,780
6 months to 1 year	1,523,727	1,377,641
1 year to 2 years	515,118	819,787
More than 2 years	2,148,500	2,397,463
	4,201,355	4,598,671

(Amounts in Rs. '000)

12.3.2 As at June 30, 2017, remaining trade debts aggregating to Rs. 13,498,330 (2016: Rs. 12,406,982) were over due but not impaired. These relate to a number of government agencies and other customers. The ageing analysis of these trade debts is as follows:

	2017	2016
Up to 1 month	8,241,824	9,876,086
1 to 3 months	2,039,927	76,404
3 to 6 months	3,216,579	2,454,492
	13,498,330	12,406,982

12.4 Amounts due from related parties, included in trade debts, are as follows:

	Up to 6 months	More than 6 months (Past due)	Total 2017	Total 2016
Water and Power Development Authority	31,857,058	84,966,898	116,823,956	106,239,609
Sui Northern Gas Pipeline Limited	14,004,389	-	14,004,389	11,066,558
Pakistan International Airlines Corporation	6,407,773	6,905,769	13,313,542	12,322,618
K-Electric Limited	1,523,996	-	1,523,996	1,204,192
Pakistan Railways	874,432	32	874,464	846,789
Kot Addu Power Company Limited	6,791,063	10,108,782	16,899,845	758,230
Oil & Gas Development Corporation Limited	268,172	-	268,172	207,651
National Logistic Cell	224,046	43,555	267,601	248,250
Pakistan Petroleum Limited	31,382	-	31,382	43,076
Sui Southern Gas Company Limited	-	-	-	2,860
Pakistan Steel Mills Corporation Limited	106	-	106	525
Civil Aviation Authority	983	-	983	457
Asia Petroleum Limited	5,521	-	5,521	2,407
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	61,988,921	102,027,057	164,015,978	132,945,243
Provision for impairment (note 12.4.1)			(2,531,218)	(2,698,407)
Net receivable from related parties			161,484,760	130,246,836

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

	2017	2016
Balance at beginning of the year	2,698,407	2,493,622
Provision during the year	-	284,062
Reversal due to recoveries during the year	(167,189)	(79,277)
	(167,189)	204,785
Balance at end of the year	2,531,218	2,698,407

(Amounts in Rs. '000)

13. LOANS AND ADVANCES - Considered good (interest free)

	Note	2017	2016
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs.76,834 (2016: Rs. 55,009) to executives	7	**103,620**	108,402
- Short-term loans		**67,588**	64,065
		171,208	172,467
Advance against shares under Share Purchase Agreement	13.1	**1,680,000**	1,680,000
Unsecured			
Advance to suppliers		**16,102**	36,690
Advance for Company-owned filling stations		**6,632**	6,881
		22,734	43,571
		1,873,942	1,896,038

13.1 This represents advance paid against purchase of 84 million right shares of Pakistan Refinery Limited (PRL) at the rate of Rs. 20 per share from Shell Petroleum Company Limited (Shell). These shares comprise 26.66% shareholding of PRL and advance has been made in accordance with the Share Purchase Agreement (SPA) dated June 16, 2015 entered into between the Company and Shell. In accordance with the SPA, the Company paid Rs. 840,000 to PRL on June 16, 2015 as advance consideration to Shell at the face value of Rs.10 per share and deposited the remaining Rs. 840,000 in the 'Escrow Account' maintained with Standard Chartered Bank (Pakistan) Limited. Currently, these 84 million shares have also been placed in Escrow Account in accordance with the terms of SPA.

Last year, the Competition Commission of Pakistan (CCP), vide its order dated March 1, 2016, provided unconditional approval for the acquisition of 63 million shares out of the aforementioned 84 million shares. However, the acquisition of remaining 21 million shares has been made subject to the final decision of Honourable High Court of Sindh. Further, Hascol Petroleum Limited (HASCOL) vide appeal dated April 26, 2016 had challenged the aforesaid order of CCP before the Competition Appellate Tribunal (CAT).

During the year, the CAT decided the appeal in favour of the Company vide its order dated December 21, 2016. On January 4, 2017, HASCOL filed an appeal thereagainst in the Honourable Supreme Court of Pakistan which, however, was subsequently withdrawn by HASCOL on May 22, 2017.

14. SHORT - TERM DEPOSITS AND PREPAYMENTS

	Note	2017	2016
Deposits - interest free			
Duty and development surcharge		**5,150,871**	2,288,209
Deposit against court orders		**53,006**	53,006
		5,203,877	2,341,215
Prepayments			
Rentals and others		**274,705**	231,396
Current portion of long-term prepaid rentals	8	**104,995**	99,114
		379,700	330,510
		5,583,577	2,671,725

(Amounts in Rs. '000)

15. OTHER RECEIVABLES - unsecured

	Note	2017	2016
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
- Water and Power Development Authority (WAPDA) receivables	15.4	**3,407,357**	3,407,357
		9,297,419	9,297,419
- Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty	15.5	**662,882**	659,287
- Sales tax refundable		**7,161,212**	8,643,173
		17,121,513	18,599,879
Provision for impairment	15.6	**(37,112)**	(37,112)
		17,084,401	18,562,767
Handling and hospitality charges		**806,710**	850,121
Product claims - insurance and other - considered doubtful		**90,201**	90,201
Provision for impairment	15.6	**(90,201)**	(90,201)
		-	-
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party) - net of provision		**2,564,206**	3,765,905
Others			
- Considered good	15.7	**2,674,724**	2,946,796
- Considered doubtful		**1,834,676**	1,620,721
		4,509,400	4,567,517
Provision for impairment	15.6	**(1,834,676)**	(1,620,721)
		2,674,724	2,946,796
		23,130,041	26,125,589

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 landed costs and the ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Company alongwith another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost at the time of filing of cargo documents with Customs, as imports were being made on MoP&NR's instruction.

(Amounts in Rs. '000)

The Company continued to follow up this matter with MoP&NR for an early settlement of these claims and the concerned ministry has 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 Committe (ECC's) decision whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Out of total claim of Rs. 6,350,961, the Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter No. PL-7(4) / 2012-13 dated March 1, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation. The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General Pakistan (AGPR).

During the year, the Company continously followed up with MoP&NR and MoF through various letters for early settlement of the claim. MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Audit Committe (DAC) meeting dated March 2, 2017 wherein the DAC had advised MoP&NR to allow the cost of incidental charges of import cost of the claim, based on actual cost incurred rather than being formula based. Accordingly, the Company has appointed an independent firm of Chartered Accountants, which is currently in the process of verfiying the cost of actual incidental charges of the claim. Once the audit is complete, the Company will submit the audit report to MoP&NR for reimbursement of the remaining amount of the claim, including the cost of incidental charges at actual.

15.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. These claims have arisen on instructions of MoP&NR for keeping the consumer prices of HSD products stable.

The GoP vide letter No. 2(5)/2008-BR-1/398 dated April 25, 2012 directed the Company to adjust an amount of Rs. 514,600 against dividends payable to GoP. Accordingly, the Company adjusted entire amount of Rs. 514,600 out of dividends paid subsequent to that direction.

The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

During the year, the Company continously followed up with MoP&NR and MoF through various letters for early settlement of the claim. MoP&NR through its letter dated March 31, 2017 communicated the directives of DAC meeting dated March 2, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 9, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC. The Company will continue to pursue the matter with MoP&NR once this claim is cleared by the DAC.

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 were received from MoF in June 2010.

(Amounts in Rs. '000)

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter No. DOM-3(17) / 2013 dated April 19, 2013 has also requested MoF to process the claim of PSO at the earliest. During the year ended June 30, 2013, the Company vide its letter No. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. Last year, the Company requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017.

During the year, the Company continously followed up with MoP&NR, MoW&P and MoF through various letters for early settlement of the claim. 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. 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.

15.4 WAPDA - 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 WAPDA was advised to absorb the price differential between the two products. However, later on in accordance with the decision of ECC dated November 4, 2003, the Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence the Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Company continued to follow up the matter with MoP&NR. In 2005, the Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with WAPDA 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 WAPDA. Subsequently, on February 3, 2007 the Company and WAPDA agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter No. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

During the year ended 30 June 2014, MoP&NR vide its letter No. PL-7(4)/2012-13 dated September 23, 2013 requested MoW&P to take up the matter with MoF to settle this long outstanding issue. The Company vide its letter No. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Further, MoP&NR had also issued a letter dated June 20, 2014 to MoW&P on said claim that till date no payment has been received by the Company, hence the said claim may also be recommended to MoF for budgetary provision.

(Amounts in Rs. '000)

In prior year, the Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter No. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Company vide its letter No. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however the said claim was not included in the Federal Budget 2015-16.

During the year, the Company continously followed up with MoP&NR, MoW&P and MoF through various letters for early settlement of the claim. MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. The Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlment of this claim, however it was not included in the budget for FY 2017-18. 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 During the year ended June 30, 2015, the Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 4, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 1, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty had been rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act 2016 imposed 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).

During the year, 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 finalized in this respect. The audit report has been submitted to OGRA on June 13, 2017. In this respect, the Company has recognised Rs. 391,273 (2016: 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 and a recovery mechanism is finalized by OGRA.

15.6 As at June 30, 2017, receivables aggregating to Rs. 2,007,989 (2016: Rs. 1,794,034) were deemed to be impaired, and hence provision has been made there against as follows:

	Note	2017	2016
Provision against receivable from GoP		**83,112**	83,112
Provision against product claims		**90,201**	90,201
Provision against other receivables		**1,834,676**	1,620,721
		2,007,989	1,794,034
The movement in provision for impairment is as follows:			
Balance at beginning of the year		**1,794,034**	1,568,669
Provision recognised during the year		**441,000**	287,000
Reversals during the year		**(227,045)**	(61,635)
	30	**213,955**	225,365
Balance at end of the year		**2,007,989**	1,794,034

15.7 Includes receivables of Rs. 23,429 (2016: Rs. 35,042) on account of facility charges due from Asia Petroleum Limited (a related party).

(Amounts in Rs. '000)

15.8 As at June 30, 2017, receivables other than freight equalization, Petroleum Development Levy (PDL), custom duty and sales tax refundable aggregating Rs. 12,778,853 (2016: Rs. 13,094,336) were past due but not impaired. The ageing of these receivables (net of provision) is as follows:

	Note	2017	2016
Up to 3 months		**368,406**	360,847
3 to 6 months		**224,851**	1,017,304
More than 6 months		**12,185,596**	11,716,185
		12,778,853	13,094,336

16. CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		**9,664**	9,537
Cash-in-transit		**-**	3,447,000
Cash at banks:			
- in current accounts	16.1	**1,960,630**	2,277,413
- in saving accounts	16.2	**2,160,742**	2,263
		4,121,372	2,279,676
	16.3	**4,131,036**	5,736,213

16.1 Includes Rs. 1,002,873 (2016: Rs. 1,267,081) 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 mark-up ranging from 3.7% to 4% (2016: 4% to 7%) per annum.

16.3 Includes Rs. 49,339 (2016: Rs. 9,679) in current account and Rs. 1,805,708 (2016: Nil) in saving account maintained with National Bank of Pakistan - a related party.

17. NET ASSETS IN BANGLADESH

	2017	2016
Property, plant and equipment - at cost	**46,968**	46,968
Accumulated depreciation	**(16,056)**	(16,056)
	30,912	30,912
Capital work-in-progress	**809**	809
Debtors	**869**	869
Long-term loans relating to assets in Bangladesh	**(4,001)**	(4,001)
	28,589	28,589
Provision for impairment	**(28,589)**	(28,589)
	-	-

The Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

(Amounts in Rs. '000)

18. SHARE CAPITAL

18.1 Authorized capital

2017	2016		2017	2016
(Number of shares)				
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

2017	2016		2017	2016
(Number of shares)				
3,000,000	3,000,000	Ordinary shares of Rs. 10 each issued for cash	30,000	30,000
7,694,469	7,694,469	Ordinary shares of Rs. 10 each issued against shares of the amalgamated companies	76,945	76,945
260,991,470	260,991,470	Ordinary shares of Rs. 10 each issued as bonus shares	2,609,915	2,609,915
271,685,939	271,685,939		2,716,860	2,716,860

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

19. RESERVES

	Note	2017	2016
Capital reserve			
Surplus on vesting of net assets	19.1	3,373	3,373
Revenue reserves			
Unrealised gain on revaluation of available-for-sale investments - net of tax		65,173	1,332,637
Company's share of unrealised (loss) / gain on available-for-sale investment of associates		(905)	1,745
- General reserve		25,282,373	25,282,373
- Unappropriated profit		74,782,728	62,244,337
		100,129,369	88,861,092
		100,132,742	88,864,465

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	2017	2016
Gratuity	20.1.1	560,339	292,375
Pension	20.1.1	3,833,244	2,698,398
Medical benefits	20.1.1	3,371,441	2,861,692
Compensated absences		324,609	381,667
		8,089,633	6,234,132

(Amounts in Rs. '000)

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, 2017 under the Projected Unit Credit Method are as follows:

20.1.1 Balance sheet reconciliation

	Note	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Present value of defined benefit obligations	20.1.2	5,533,523	5,150,030	14,433,857	12,284,584	3,371,441	2,861,692
Fair value of plan assets	20.1.3	(4,973,184)	(4,857,655)	(10,600,613)	(9,586,186)	-	-
Net liability at end of the year	20.1.8	560,339	292,375	3,833,244	2,698,398	3,371,441	2,861,692

20.1.2 Movement in present value of defined benefit obligations

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Present value of defined benefit obligations at beginning of the year	5,150,030	5,809,804	12,284,584	12,928,359	2,861,692	2,415,925
Current service cost	230,681	307,369	389,135	341,082	81,275	53,719
Interest cost	443,711	527,330	1,085,625	1,106,956	253,192	237,970
Benefits paid during the year	(439,822)	(241,535)	(444,197)	(416,366)	(96,893)	(72,447)
Remeasurement: Actuarial loss / (gain)	148,923	(1,252,938)	1,118,710	(1,675,447)	272,175	226,525
Present value of defined benefit obligations at end of the year	5,533,523	5,150,030	14,433,857	12,284,584	3,371,441	2,861,692

20.1.3 Movement in fair value of plan assets

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Fair value of plan assets at beginning of the year	4,857,655	4,550,332	9,586,186	8,720,698	-	-
Expected return on plan assets	422,477	453,583	860,355	870,756	-	-
Contributions made by the Company	112,899	212,539	390,815	390,094	-	-
Benefits paid during the year	(439,822)	(241,535)	(444,197)	(416,366)	-	-
Remeasurement: Actuarial (loss) / gain	19,975	(117,264)	207,454	21,004	-	-
Fair value of plan assets at end of the year	4,973,184	4,857,655	10,600,613	9,586,186	-	-

20.1.4 Expense recognised in profit and loss account

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Current service cost	230,681	307,369	389,135	341,082	81,275	53,719
Net interest expense	21,234	73,747	225,269	236,200	253,192	237,970
Expense for the year	251,915	381,116	614,404	577,282	334,467	291,689

20.1.5 Actual return on plan assets

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Actual return on plan assets	442,452	336,319	1,067,809	891,760	-	-

(Amounts in Rs. '000)

20.1.6 Remeasurement loss / (gain) recognised in other comprehensive income

	Gratuity fund		Pension funds		Medical benefits	
	2017	2016	**2017**	2016	**2017**	2016
Actuarial loss / (gain) on defined benefit obligation	**148,923**	(1,252,938)	**1,118,710**	(1,675,447)	**272,175**	226,525
Actuarial loss / (gain) on fair value of plan assets	**(19,975)**	117,264	**(207,454)**	(21,004)	**-**	-
Remeasurement loss / (gain)	**128,948**	(1,135,674)	**911,256**	(1,696,451)	**272,175**	226,525

20.1.7 The actuarial (gain) / loss occurred on account of following:

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
- Financial assumptions	**-**	(790,195)	**1,045,706**	(1,780,064)	**-**	-
- Experience adjustments	**148,923**	(462,743)	**73,004**	104,617	**272,175**	226,525
	148,923	(1,252,938)	**1,118,710**	(1,675,447)	**272,175**	226,525

20.1.8 Net recognised liability

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016	Medical benefits 2017	Medical benefits 2016
Net liability at beginning of the year	**292,375**	1,259,472	**2,698,398**	4,207,661	**2,861,692**	2,415,925
Expense recognised in profit and loss account	**251,915**	381,116	**614,404**	577,282	**334,467**	291,689
Contributions during the year	**(112,899)**	(212,539)	**(390,815)**	(390,094)	**(96,893)**	(72,447)
Remeasurement loss / (gain) recognised in other comprehensive income	**128,948**	(1,135,674)	**911,256**	(1,696,451)	**272,175**	226,525
Net liability at end of the year	**560,339**	292,375	**3,833,243**	2,698,398	**3,371,441**	2,861,692

20.2 Plan assets comprise of following

	Gratuity fund 2017	Gratuity fund 2016	Pension funds 2017	Pension funds 2016
Special Saving Certificates	**2,422,840**	3,851,673	**4,938,513**	6,481,701
Mutual funds	**1,402,707**	704,405	**2,384,982**	1,254,209
Pakistan Investment Bonds	**124,356**	182,297	**308,787**	811,141
Term deposits	**888,000**	-	**-**	-
Treasury Bills	**49,968**	-	**1,919,640**	-
Quoted shares	**-**	-	**817,906**	758,105
Term Finance Certificates	**52,979**	76,434	**95,937**	123,952
Accrued income	**5,354**	9,792	**12,217**	36,489
Cash and cash equivalents (after adjusting liabilities)	**25,866**	33,054	**114,423**	120,589
Other receivables	**1,114**	-	**8,208**	-
Fair value of plan assets at end of the year	**4,973,184**	4,857,655	**10,600,613**	9,586,186

20.2.1 Plan assets include the Company's ordinary shares with a fair value of Rs. 173,687 (2016: Rs. 180,182).

(Amounts in Rs. '000)

20.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2017, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Discount rate per annum (%)	**9.25**	9.00	**9.25**	9.00	**9.25**	9.00	**9.25**	9.00
Expected per annum rate of return on plan assets (%)	**9.25**	9.00	**9.25**	9.00	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**9.25**	9.00	**9.25**	9.00	**-**	-	**9.25**	9.00
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**7.25**	7.00	**-**	-
- pensioners	**-**	-	**-**	-	**9.25**	9.00	**-**	-
Indexation of pension (%)	**-**	-	**5.00**	4.00	**-**	-	**-**	-
Expected mortality rate	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	**Age dependent**	Age dependent	**Age dependent**	Age dependent	**Age dependent**	Age dependent	**Age dependent**	Age dependent

20.3.1 The plans expose the Company to the actuarial risks such as:

Salary risks
The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks
The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks
The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

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 2017 consist of Special Saving Certificates, Mutual Funds and Treasury bills.

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, 2017 are Rs. 152,646 and Rs. 366,350 (2016: Rs. 239,213 and Rs. 635,494) respectively.

(Amounts in Rs. '000)

20.4.3 Historical information of staff retirement benefits

	2017	2016	2015	2014	2013
Pension Plans Funded					
Present value of defined benefit obligation	14,433,857	12,284,584	12,928,359	7,800,697	6,268,180
Fair value of plan assets	(10,600,613)	(9,586,186)	(8,720,698)	(6,069,623)	(4,586,850)
Deficit	3,833,244	2,698,398	4,207,661	1,731,074	1,681,330
Gratuity Plan Funded					
Present value of defined benefit obligation	5,533,523	5,150,030	5,809,804	3,951,877	3,172,309
Fair value of plan assets	(4,973,184)	(4,857,655)	(4,550,332)	(2,818,267)	(2,204,324)
Deficit	560,339	292,375	1,259,472	1,133,610	967,985

20.4.4 Defined contribution plans

An amount of Rs.127,594 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)	5,137,772	12,568,523	2,871,970
Discount rate (1% decrease)	5,984,734	16,765,861	4,009,338
Future salary increase rate (1% increase)	6,006,717	15,207,336	-
Future salary increase rate (1% decrease)	5,111,753	13,736,175	-
Future pension increase rate (1% increase)	-	15,994,745	-
Future pension increase rate (1% decrease)	-	13,095,955	-
Medical cost trend rate (1% increase)	-	-	3,528,664
Medical cost trend rate (1% decrease)	-	-	3,237,684

If longevity increases by 1 year, obligation increases by Rs. 427,982.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity, pension and medical benefits recognised within the balance sheet. There has been no change in assumptions and methods used in preparing the sensivity 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.

(Amounts in Rs. '000)

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

	Gratuity fund	Pension funds	Medical benefits
Less than a year	561,104	1,602,346	121,817
Between 1-2 years	451,413	2,151,813	167,762
Between 2-3 years	474,333	2,165,222	185,774
Between 3-4 years	406,537	2,083,222	121,161
Between 4-5 years	500,021	2,443,030	206,866
Between 6-10 years	2,737,685	13,662,019	1,164,010
Over 10 years	8,104,570	43,497,485	2,261,821

21. TRADE AND OTHER PAYABLES

	Note	2017	2016
Local creditors	21.1 & 21.2	11,692,854	11,320,552
Foreign creditors	21.1 & 21.3	64,823,987	59,308,410
		76,516,841	70,628,962
Security deposits	21.4	3,126,191	2,831,756
Accrued expenses and other liabilities	21.5, 21.6 & 21.7	56,707,341	52,166,046
Due to OMCs and refineries		268,318	712,867
Advances			
- from customers		2,969,715	4,502,832
- against equipments		1,810	1,743
		2,971,525	4,504,575
Taxes and other government dues			
- Excise, taxes and other duties		5,167,677	4,254,941
- Octroi		51,590	31,590
- Income tax deducted at source		47,843	89,721
		5,267,110	4,376,252
Workers' Profits Participation Fund	21.8	243,651	852,720
Workers' Welfare Fund		1,143,858	553,221
Unclaimed dividends		2,977,860	1,174,061
Others		24,766	86,947
		149,247,461	137,887,407

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.

(Amounts in Rs. '000)

21.2 This includes amounts payable to the following related parties:

	2017	2016
Pak-Arab Refinery Company Limited	**5,287,073**	4,476,976
Pakistan Refinery Limited - associated undertaking	**1,897,731**	2,155,417
Pak Grease Manufacturing Company (Private) Limited - associated undertaking	**3,146**	-
	7,187,950	6,632,393

21.3 This includes amount of Rs. 7,228,442 (2016: Rs. 5,963,146) in respect of import of LNG.

21.4 Security deposits

	Note	2017	2016
Dealers	21.4.1	**724,801**	680,667
Equipment	21.4.2	**258,729**	188,709
Cartage contractors	21.4.3	**626,343**	630,924
Card holders	21.4.4	**1,258,639**	1,059,262
Suppliers	21.4.4	**185,429**	190,172
Others	21.4.4	**72,250**	82,022
		3,126,191	2,831,756

21.4.1 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.

21.4.2 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.

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

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

21.5 Includes Rs. 2,022,271 (2016: Rs. 1,140,391) 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. 17,438,912 (2016: Rs. 17,221,222).

21.7 Includes favourable exchange difference of Rs. 2,353,884 (2016: Rs. 2,536,634) arising on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions to be provided by the MoF - GoP.

21.8 Workers' Profits Participation Fund

	Note	2017	2016
Balance at beginning of the year		**852,720**	183,264
Add: Allocation for the year	30	**1,543,651**	852,720
		2,396,371	1,035,984
Less: Payments during the year		**(2,152,720)**	(183,264)
Balance at end of the year		**243,651**	852,720

(Amounts in Rs. '000)

22. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims will not give rise to any significant loss beyond those provided for.

The movement in provisions during the year is as follows:

	Note	2017	2016
Balance at beginning of the year		**688,512**	688,512
Reversals during the year		**(197,540)**	-
Balance at end of the year		**490,972**	688,512

23. SHORT-TERM BORROWINGS - secured

	Note	2017	2016
Short-term finances			
- Local currency	23.1, 23.2, 23.3 & 23.4	**10,702,873**	22,667,081
- Foreign currency	23.3 & 23.5	**74,162,353**	46,435,810
		84,865,226	69,102,891
Finances under mark-up arrangements	23.1, 23.3 & 23.4	**45,633,277**	36,010,038
	23.6	**130,498,503**	105,112,929

23.1 The total outstanding balance is against the facilities aggregating Rs. 100,540,000 (2016: Rs. 91,302,000) available from various banks. These facilities are secured by way of floating / pari passu charge on Company's stocks, receivables, collateralized PIBs and trust receipts.

23.2 This includes Rs. 4,700,000 (2016: Nil) outstanding against Islamic financing facilities.

23.3 As at June 30, 2017 accrued mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,266,793 (2016: Rs. 811,639).

23.4 The rate of mark-up on short-term finance facilities ranges from Re. 0.03 to 0.17 (2016: Re.0.03 to 0.17) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.18 to 0.24 (2016: Re. 0.18 to 0.24) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

23.5 The rate of mark-up for this facility ranges from Re. 0.08 to 0.10 (2016: Re. 0.08 to 0.11) per Rs. 1,000 per day. This facilty 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.

23.6 This includes Rs. 60,120,972 (2016: Rs. 34,603,127) under finances obtained from National Bank of Pakistan - a related party.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

The Company has contingent liabilities in respect of legal claims in the ordinary course of business.

(Amounts in Rs. '000)

24.1.1 Claims against the Company not acknowledged as debts amount to Rs. 16,848,062 (2016: Rs. 17,171,192) other than as mentioned in note 24.1.18. This includes claim amounting to Rs. 8,400,460 (2016: Rs. 8,649,123) in respect of delayed payment charges on the contention that these will be payable only when the Company will fully realise delayed payment charges due from its customers (which is more than the above amount). Charges claimed by the Company for delayed payments by the customers due to circular debt are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

24.1.2 In the assessment years 1996-97 and 1997-98, the taxation authorities applied presumptive tax on the Company to the value of petroleum products imported by the Company on behalf of the GoP by treating the Company as the importer of such products. The Income Tax Appellate Tribunal (ITAT) cancelled the order of the assessing officer, and as a consequence of the order of the ITAT, an amount of Rs. 958,152 became refundable to the Company, which was adjusted against the tax liability of the subsequent years. The department had filed an appeal with the High Court of Sindh against the aforesaid decision of the ITAT, which was adjudicated against the Company. The Company filed petition for leave to appeal with the Supreme Court of Pakistan against the aforementioned decision, which was granted by the Supreme Court of Pakistan through its order dated March 7, 2007 and the Supreme Court also suspended the operation of the impugned judgment of the High Court of Sindh. The management maintains that the Company was merely acting as a handling agent on behalf of GoP, which was in fact the importer of the products. Hence, the ultimate liability, if any, is recoverable from GoP, for which the management is in communication with the MoP & NR. Based on the merits of the case and opinion of its 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 this respect in these financial statements.

24.1.3 The taxation officer passed assessment orders in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in an additional tax demand of Rs. 1,733,038. These orders were later rectified and amended to Rs. 1,389,050. The Company filed appeals against these orders before Commisioner Inland Revenue Appeals CIR (A) which were decided in favour of the Company on several points. The Company has received revised orders in which effects of matters decided in favour of the Company by CIR (A) were incorporated resulting in tax refunds of Rs. 420,385 which were adjusted against the tax liability for tax year 2015. During the year, the Company received another rectified order for the tax year 2006 resulting in a refund of Rs. 4,628 which has been adjusted against the tax liability of tax year 2017. The Company has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against disallowances / add backs which were upheld in order of CIR (A) for these years. The appeals with ATIR are pending for hearing except for the tax year 2008 which was decided against the Company during last year. The Company has filed an appeal there against before the Sindh High Court during the year. Based on views of the tax advisor, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these financial statements.

24.1.4 The taxation officer passed assessment orders in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in an additional tax demand of Rs. 4,598,246. The Company filed appeals against these orders before CIR (A) who decided certain matters in favour of the Company. During the year ended June 30, 2013, the Company received revised orders showing a demand of Rs. 740,871 after taking into effect for matters decided in favour of the Company by CIR (A). The Company has filed appeals before ATIR for remaining points adjudicated against the Company by CIR (A) which are 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 these financial statements.

(Amounts in Rs. '000)

24.1.5 Assistant Commissioner Inland Revenue (ACIR) through his orders made certain additions and disallowances in respect of tax year 2012 and 2013 raising the tax demand of Rs. 3,096,173. The Company had filed appeals there against the aforesaid orders before CIR (A) which were decided against the Company. Thereafter, the Company has filed appeals before the ATIR. 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 these financial statements.

24.1.6 ACIR through his orders made certain additions and disallowances in respect of tax year 2014 and 2015 thereby creating tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerized balloting, the Company was selected for audit of tax year 2014 by Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR during the year for tax year 2014. The Company has filed appeals against these orders before the CIR (A) which are pending for hearing. Based on the views of tax advisors 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 these financial statements.

24.1.7 ACIR through his order dated February 27, 2017 made certain additions and disallowances in respect of tax year 2016 and raised tax demand of Rs. 1,721,529. The Company has filed an appeal against that order before the CIR (A) 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 respect in financial statements.

24.1.8 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 ATIR in the High Court of Sindh which is pending for hearing. The management believes that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these financial statements.

24.1.9 A sales tax order-in-original No.01/2011 dated June 30, 2011 was issued by the DCIR, FBR in respect of sales tax audit of the Company for tax year 2008. Under the said order, a demand of Rs. 643,759 was raised on account of certain matters and penalty of Rs. 32,188 was imposed. The Company filed an appeal against the said order before the CIR (A) which was decided in favor of the Company through order No.11 of 2012 dated September 27, 2012. The department has filed an appeal against the said order before the ATIR which is pending for adjudication. Based on the view of tax advisor of the Company, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

24.1.10 A sales tax show cause notice dated April 11, 2014 was issued by the ACIR, FBR in respect of sales tax audit of the Company for tax year 2010. Under the said show cause notice, the ACIR has shown the intention to impose a demand of Rs. 5,426,874 on account of certain matters. Further the show cause notice also includes default surcharge and penalty which will be imposed at the time of payment. The Company filed a suit against the said show cause notice before the Honourable High Court of Sindh. The High Court of Sindh vide an order suit No.753/2014 dated May 8, 2014 has restrained the tax authorities from issuing any final order and taking any adverse action against the Company and has further instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. Based on the views of tax advisors of the Company, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

(Amounts in Rs. '000)

24.1.11 A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to International Airlines for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 alongwith default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Company based on the advice of its tax consultants believe that it has correctly treated the aforesaid supplies as being 'zero' rated. Accordingly, the Company filed a suit against the said order before the High Court of Sindh which has provided a stay order in respect of this demand and restrained the tax authorities from taking any adverse action against the Company. The Company has also filed an appeal against the said order before the CIR (A) which is pending for hearing. Based on the views of tax advisors of the Company, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

24.1.12 A sales tax order No. 01/2012 dated January 16, 2013 was issued by 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 (A) which was decided against the Company. The Company, accordingly, filed an appeal against the aforesaid order of CIR (A) before 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 CIR (A) 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 the matters will ultimately be decided in favour of the Company. Accordingly, no provision in this respect has been made in these financial statements.

24.1.13 Sales tax show cause notices dated May 9, 2017 and June 30, 2017 were issued by the Deputy Commissioner, Large Tax payers Unit (LTU), Karachi in respect of non-payment of sales tax on PDC / subsidies by the Company involving Rs. 35,696,013. The Company has filed a petition in the Sindh High Court against these show cause notices, against which the High Court has passed a stay order restraining the department from issuing any final order and has instructed the Company to cooperate with the tax authorities in respect of proceedings relating to show cause notice. Based on the views of legal advisor of the Company, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

24.1.14 In the year 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 honorable Appellate Tribunal Inland Revenue who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisors, 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.

(Amounts in Rs. '000)

24.1.15 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. 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, 2017, the management has deposited Rs. 81,700 in cash and provided bank guarantee amounting to Rs. 81,700 with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these financial statements.

24.1.16 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 Kemari terminal land rented by the Company from Karachi Port Trust (KPT). The Company has filed a suit in the Sindh High Court 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 advisors, the management believes that the matter will ultimately be decided in favour of Company. Accordingly, no provision has been made in this respect in these financial statements.

24.1.17 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 and, 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 favor of the Company and based on the views of its legal advisors, there will be no financial implication on the Company. Accordingly, no provision has been made in this respect in these financial statements.

24.1.18 As at June 30, 2017 certain legal cases amounting to Rs. 3,472,044 (2016: Rs. 3,676,967) 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.

(Amounts in Rs. '000)

24.2 Commitments

24.2.1 Commitments in respect of capital expenditure contracted for but not as yet incurred is as follows:

	Note	2017	2016
Property, plant and equipment		**1,207,567**	1,134,781
Intangibles		**16,660**	34,213
		1,224,227	1,168,994
24.2.2 Letters of credit		**27,007,387**	15,498,665
24.2.3 Bank guarantees		**1,637,559**	1,190,860
24.2.4 Standby letters of credit		**18,169,706**	8,241,605
24.2.5 Post-dated cheques		**5,700,000**	5,779,000

25. NET SALES

Gross sales	**1,096,543,891**	906,177,185
Less:		
- Discount / allowances	**(73,513)**	(176)
- Sales tax	**(200,881,325)**	(210,999,957)
- Inland Freight Equalization Margin (IFEM)	**(17,442,267)**	(17,237,175)
	(218,397,105)	(228,237,308)
Net sales	**878,146,786**	677,939,877

26. COST OF PRODUCTS SOLD

	Note		
Opening stock		**50,834,033**	58,492,301
Add: Purchases during the year	26.1 & 26.2	**856,447,088**	647,756,283
		907,281,121	706,248,584
Less: Closing stock	11	**(66,333,048)**	(50,834,033)
		840,948,073	655,414,551

26.1 Includes cost incurred on manufacturing of lubricants amounting to Rs. 5,111,765 (2016: Rs. 4,573,562).

26.2 Includes depreciation amounting to Rs. 72,763 (2016: Rs. 76,304).

(Amounts in Rs. '000)

27. OTHER INCOME

	Note	2017	2016
Income from financial assets			
Mark-up on delayed payments		**3,094,712**	5,863,705
Mark-up / interest on PIBs - net of amortisation	27.1	**4,545,823**	4,526,083
Mark-up on savings bank accounts	27.1	**43,388**	32,797
Dividend income from available-for-sale investments	27.2	**208,979**	195,494
		7,892,902	10,618,079
Income from non-financial assets			
Handling, storage and other services		**1,838,099**	1,550,483
Income from Compressed Natural Gas (CNG) operators		**188,829**	321,268
Income from non-fuel retail business		**83,405**	74,571
Income from retail outlets - net		**87,918**	57,318
Scrap sales		**18,809**	7,220
Gain on disposal of operating assets		**15,155**	27,974
Penalties and other recoveries		**112,586**	103,314
Others	27.3	**507,229**	38,037
		2,852,030	2,180,185
		10,744,932	12,798,264

27.1 This represents mark-up income on facilities and investments under conventional mode.

27.2 This includes dividends received from Pak-Arab Pipeline Company Limited - related party.

27.3 This includes reversal of unclaimed advances from customers and tax related provisions.

28. DISTRIBUTION AND MARKETING EXPENSES

	Note	2017	2016
Salaries, wages and benefits	20.1.4 & 29.1	**4,815,901**	4,612,485
Transportation costs		**342,837**	270,897
Depreciation	4.1.1	**876,924**	839,762
Security and other services		**215,096**	171,021
Rent, rates and taxes		**509,932**	340,072
Repairs and maintenance		**921,060**	818,384
Insurance		**96,752**	94,635
Travelling and office transport		**191,522**	189,756
Printing and stationery		**23,380**	17,980
Communication		**26,134**	26,740
Utilities		**206,721**	237,009
Storage and technical services		**70,798**	368,394
Sales promotion and advertisement		**511,397**	91,582
Fees and subscription		**13,652**	9,775
		8,822,106	8,088,492

(Amounts in Rs. '000)

29. ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, wages and benefits	20.1.4 & 29.1	**1,755,234**	1,750,170
Depreciation	4.1.1	**76,427**	82,449
Amortisation	5	**25,958**	26,810
Security and other services		**23,900**	20,211
Rent, rates and taxes		**4,732**	6,059
Repairs and maintenance		**85,033**	70,051
Insurance		**100,721**	88,021
Travelling and office transport		**52,037**	58,742
Printing and stationery		**12,060**	12,405
Communication		**11,454**	19,638
Utilities		**77,642**	69,616
Storage and technical services		**79,397**	13,705
Legal and professional		**28,802**	81,935
Auditors' remuneration	29.3	**25,510**	24,880
Contribution towards expenses of Board of Management - Oil (a related party)		**9,538**	3,440
Donations		**102,740**	86,073
Fees and subscription		**7,612**	8,533
		2,478,797	2,422,738

29.1 Salaries, wages and benefits also include Rs. 127,594 (2016: Rs. 132,401) and Rs. 810 (2016: Rs. 44,809) in respect of Company's contribution towards provident funds and staff compensated absences, respectively.

29.2 Remuneration of Managing Director, Directors and Executives

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

	2017		2016	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	**24,541**	**1,254,590**	20,451	1,139,491
Housing and utilities	**13,498**	**706,516**	11,248	639,495
Performance bonus	**-**	**258,211**	-	323,569
Other allowances and benefits	**16,832**	**707,970**	15,590	651,322
Retirement benefits	**-**	**690,143**	-	730,161
Leave encashment	**-**	**12,459**	-	56,360
	54,871	**3,629,889**	47,289	3,540,398
Number, including those who worked part of the year	**1**	**1,013**	1	955

(Amounts in Rs. '000)

29.2.2 The amount charged in respect of fee to 4 non-executive directors (2016: 4) aggregated to Rs. 5,188 (2016: Rs. 2,125).

29.2.3 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.

29.3 Auditors' remuneration

	2017			2016		
Fee for the:	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
- audit of annual financial statements	**2,650**	**2,650**	**5,300**	2,650	2,650	5,300
- review of half yearly financial information	**1,060**	**1,060**	**2,120**	1,060	1,060	2,120
Certification of claims, tax and other advisory services	**14,544**	**443**	**14,987**	13,843	2,164	16,007
Out of pocket expenses	**1,709**	**1,394**	**3,103**	884	569	1,453
	19,963	**5,547**	**25,510**	18,437	6,443	24,880

30. OTHER EXPENSES

	Note	2017	2016
Workers' Profit Participation Fund	21.8	**1,543,651**	852,720
Workers' Welfare Fund		**590,637**	524,981
Exchange loss arising on currency fluctuations - net		**30,072**	313,505
(Reversal of provision) / Provision against doubtful trade debts - net	12.3	**(397,316)**	73,118
Provision against doubtful other receivables - net	15.6	**213,955**	225,365
Reversal of provision against stores, spares and loose tools		**-**	(3,625)
		1,980,999	1,986,064

31. FINANCE COSTS

	Note	2017	2016
Mark-up on short-term borrowings			
- Local currency		**3,785,335**	3,878,671
- Foreign currency	31.1	**1,511,104**	1,158,830
		5,296,439	5,037,501
Bank charges on accounts under Islamic mode		**194,890**	165,993
Late payment and other bank charges		**431,927**	1,946,098
	31.1 & 31.2	**5,923,256**	7,149,592

31.1 Includes mark-up amounting to Rs. 93,800 (2016: Rs. 61,569) on facilities under Islamic mode.

31.2 Includes mark-up and bank charges amounting to Rs. 2,537,906 (2016: Rs. 805,913) on facilities obtained from National Bank of Pakistan - a related party.

(Amounts in Rs. '000)

32. TAXATION

	Note	2017	2016
Current			
- for the year	32.1	**11,373,178**	8,819,984
- for prior years		**219,995**	(276,452)
		11,593,173	8,543,532
Deferred	9	**(471,931)**	(2,527,454)
		11,121,242	6,016,078

32.1 Includes Rs. 988,954 (2016: Rs. 851,558) on account of Super Tax for the tax year 2017, which has been levied through Finance Act, 2017 for the rehabilitation of temporary displaced persons.

32.2 Relationship between accounting profit and tax expense

	2017	2016
Accounting profit before taxation	**29,346,867**	16,289,208
Tax at the applicable tax rate of 31% (2016: 32%)	**9,097,529**	5,212,547
Tax effect of:		
- Presumptive Tax Regime and income subject to lower tax rate	**819,431**	471,469
- Permanent differences	**31,849**	26,581
- Adjustments relating to prior years	**219,995**	(276,452)
- Change in rate of tax	**106,743**	(118,348)
- Super tax	**988,954**	851,558
- Others	**(143,259)**	(151,277)
	11,121,242	6,016,078

32.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at the rate of 7.5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Company is confident that it will be able to distribute atleast 40 percent of its after tax profits of current year, in line with requirements of section 5A of the Ordinance, and accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

33. EARNINGS PER SHARE

	2017	2016
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year	**18,225,625**	10,273,130
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	**271,685,939**	271,685,939

(Amounts in Rs. '000)

	Note	2017	2016
		(Rupees)	
Earnings per share - basic and diluted		**67.08**	37.81

34. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2017	2016
Profit before taxation		**29,346,867**	16,289,208
Adjustments for:			
Depreciation	4.1.1	**1,026,114**	998,515
Amortisation of intangibles	5	**25,958**	26,810
Markup / interest on investment - net of amortisation	27	**(4,545,823)**	(4,526,083)
(Reversal of provision) / Provision against doubtful trade debts	30	**(397,316)**	73,118
Provision against other receivables	30	**213,955**	225,365
Reversal of provisions	22	**(197,540)**	-
Reversal against stores, spares and loose tools	30	**-**	(3,625)
Retirement and other services benefits accrued		**1,201,676**	1,294,896
Gain on disposal of operating assets		**(15,155)**	(27,974)
Share of profit from associates - net of tax	6.3.1	**(608,380)**	(612,504)
Dividend income	27	**(208,979)**	(195,494)
Finance costs	31	**5,923,256**	7,149,592
		2,417,766	4,402,616
Working capital changes	34.1	**(40,275,720)**	(7,897,792)
		(8,511,087)	12,794,032

34.1 Working capital changes

	2017	2016
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	**15,436**	(7,660)
- Stock-in-trade	**(15,499,015)**	7,658,268
- Trade debts	**(33,950,947)**	2,434,162
- Loans and advances	**22,096**	239,127
- Short - term deposits and prepayments	**(2,911,852)**	(768,365)
- Other receivables	**2,781,593**	(6,818,945)
(Decrease) / increase in current liability:		
- Trade and other payables	**9,266,969**	(10,634,379)
	(40,275,720)	(7,897,792)

35. CASH AND CASH EQUIVALENTS

	Note	2017	2016
Cash and cash equivalents comprise of the following items included in the balance sheet:			
- Cash and bank balances	16	**4,131,036**	5,736,213
- Finances under mark-up arrangements	23	**(45,633,277)**	(36,010,038)
		(41,502,241)	(30,273,825)

(Amounts in Rs. '000)

36. SEGMENT INFORMATION

36.1 Segment wise results are as follows:

	2017				2016			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG (Restated)	Others	Total
	(Rupees in millions)							
Net sales	**737,094**	**138,956**	**2,097**	**878,147**	607,525	68,853	1,562	677,940
Cost of goods sold	**(703,355)**	**(135,747)**	**(1,846)**	**(840,948)**	(587,340)	(66,880)	(1,195)	(655,415)
Gross profit	**33,739**	**3,209**	**251**	**37,199**	20,185	1,973	367	22,525
Other income	**4,747**	**-**	**5,998**	**10,745**	6,955	-	5,843	12,798
Admin and selling expenses	**(10,467)**	**(581)**	**(253)**	**(11,301)**	(9,876)	(369)	(266)	(10,511)
Other expenses	**(1,604)**	**(119)**	**(258)**	**(1,981)**	(1,141)	(119)	(726)	(1,986)
Operating cost	**(12,071)**	**(700)**	**(511)**	**(13,282)**	(11,017)	(488)	(992)	(12,497)
Finance cost	**(5,689)**	**(234)**	**-**	**(5,923)**	(6,545)	(605)	-	(7,150)
Share of profit of associate - net of tax	**-**	**-**	**608**	**608**	-	-	613	613
Profit before tax	**20,726**	**2,275**	**6,346**	**29,347**	9,578	880	5,831	16,289
Taxation	**(7,302)**	**(1,784)**	**(2,035)**	**(11,121)**	(3,309)	(886)	(1,821)	(6,016)
Profit for the year	**13,424**	**491**	**4,311**	**18,226**	6,269	(6)	4,010	10,273

36.2 During the year, the Company has adopted the policy for reporting business segments, as referred in note 3.20. As per the policy, 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.

36.3 Out of total sales of the Company, 99.47% (2016: 99.62%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2017 are located in Pakistan.

36.4 The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to four major customers of the Company are approximately 36% during the year ended June 30, 2017 (2016: 29%).

37. FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets as per balance sheet

	Note	2017	2016
Held-to-maturity			
- In Government securities - Pakistan Investment Bonds	6.1	**43,954,641**	46,295,212
Available-for-sale			
- Pak-Arab Pipeline Company Limited	6	**864,000**	864,000
Loans and receivables at amortised cost			
- Loans and receivables		**1,816,453**	1,833,252
- Deposits	8	**152,945**	144,019
- Trade debts	12	**216,820,636**	182,869,689
- Mark-up / interest receivable		**2,258,196**	2,251,290
- Other receivables		**14,703,730**	14,805,258
- Cash and bank balances	16	**4,131,036**	5,736,213
		239,882,996	207,639,721
		284,701,637	254,798,933

37.2 Financial liabilities as per balance sheet

	2017	2016
Financial liabilities measured at amortised cost		
- Trade and other payables	**139,621,317**	127,600,639
- Accrued interest / mark-up	**1,266,793**	811,639
- Short-term borrowings	**130,498,503**	105,112,929
	271,386,613	233,525,207

37.3 Fair values of financial assets and liabilities

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in Pak-Arab Pipeline Company Limited held at cost as its fair value cannot be reasonably determined. However, the management believes that its fair value is more than its carrying value.

(b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the balance sheet 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).

(Amounts in Rs. '000)

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2017, the Company does not have any financial instruments carried at fair value.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial risk factors

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

Financial risk factors and risk management framework

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Management - Oil through specific directives. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company's finance and treasury department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(Amounts in Rs. '000)

(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$). As at year end, the total exposure against foreign suppliers amounts to US$ 617,518 (2016: US$ 566,731) equivalent to Rs. 64,823,987 (2016: Rs. 59,308,410) and advances amounting to US$ 4,542 (2016: US$ 9,082) equivalent to Rs. 476,792 (2016: Rs. 950,415). The average rates applied during the year is Rs. 104.76 / US$ (2016: Rs. 103.27 / US$) and the spot rate as at June 30, 2017 was Rs. 104.97 / US$ (2016: Rs. 104.65 / US$).

The Company manages its currency risk by close monitoring of currency markets. As per central bank regulations, the Company cannot hedge its currency risk exposure. The Company has incurred exchange loss of Rs. 30,072 (2016: Rs. 313,631).

At June 30, 2017, 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. 2,252,877 (2016: Rs. 2,048,800), 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, 2017. However, there is no foreign currency risk involved on these loans as detailed in note 21.7.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from local creditors, security deposits, short-term borrowing and running finance facilities amounting to Rs. 142,817,700 (2016: Rs. 117,064,405). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Variable rate instruments	2017	2016
	Carrying Amount	
Financial assets		
- Saving accounts	**2,160,742**	2,263
Financial liabilities		
- Short-term borrowings	**(130,498,503)**	(105,112,929)
- Local creditors	**(11,692,854)**	(11,320,552)
- Security deposits	**(626,343)**	(630,924)
	(142,817,700)	(117,064,405)
Net financial liabilities at variable interest rates	**(140,656,958)**	(117,062,142)

(Amounts in Rs. '000)

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. 970,111 (2016: Rs. 796,023). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2016.

(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, 2017, there are no equity investments of the Company measured at fair value, hence no equity price risk exists.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations 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:

	2017		2016	
	Balance sheet	Maximum exposure	Balance sheet	Maximum exposure
Held to maturity				
- PIBs including accrued mark-up	**46,212,837**	**-**	48,546,502	-
- Loans, advances and other receivables	**1,816,453**	**1,816,453**	1,833,252	1,833,252
- Deposits	**152,945**	**152,945**	65,521	65,521
- Trade debts	**216,820,636**	**40,700,965**	182,869,689	38,828,352
- Other receivables	**14,703,730**	**5,406,311**	14,924,822	5,627,403
- Bank balances	**4,121,372**	**4,121,372**	5,726,676	5,726,676
	283,827,973	**52,198,046**	253,966,462	52,081,204

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 144,258,566 (2016: Rs. 129,805,138). 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.

(Amounts in Rs. '000)

Ageing of the trade debts (net of provision) which includes past due balances are as follows:

	2017					
	Less than 3 months	3 to 6 months	6 months to 1 year	1 year to 2 years	More than 2 years	Total
Trade debts - gross	**53,130,373**	**51,263,419**	**77,176,192**	**30,168,128**	**5,082,524**	**216,820,636**
Provision	**-**	**(14,010)**	**(1,523,727)**	**(515,118)**	**(2,148,500)**	**(4,201,355)**
Trade debts - net	**53,130,373**	**51,249,409**	**75,652,465**	**29,653,010**	**2,934,024**	**212,619,281**
	2016					
Trade debts - gross	56,312,516	25,900,420	75,791,791	22,464,620	2,400,342	182,869,689
Provision	-	(3,780)	(1,377,641)	(819,787)	(2,397,463)	(4,598,671)
Trade debts - net	56,312,516	25,896,640	74,414,150	21,644,833	2,879	178,271,018

Based on the past experience, past track records of recoveries, the Company believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating Short term	Rating Long term
Allied Bank Limited	June, 2017	PACRA	A1+	AA+
Askari Bank Limited	June, 2017	JCR-VIS	A1+	AA+
Bank Al Habib Limited	June, 2017	PACRA	A1+	AA+
Bank Alfalah Limited	June, 2017	PACRA	A1+	AA+
Bank Islami Pakistan Limited	June, 2017	PACRA	A1	A+
Citibank N.A.	December, 2016	Moody's	P-1	A1
Faysal Bank Limited	June, 2017	PACRA	A1+	AA
Habib Bank Limited	June, 2017	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2017	PACRA	A1+	AA+
MCB Bank Limited	June, 2017	PACRA	A1+	AAA
Meezan Bank Limited	June, 2017	JCR-VIS	A-1+	AA
National Bank of Pakistan	June, 2017	JCR-VIS	A-1+	AAA
NIB Bank Limited	June, 2017	PACRA	A1+	AA-
Samba Bank Limited	June, 2017	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2017	PACRA	A1+	AAA
United Bank Limited	June, 2017	JCR-VIS	A-1+	AAA

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 these, monitoring balance sheet 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 balance sheet date to the contractual maturity date and represents the undiscounted cash flows.

	2017	2016
	Contractual maturity Up to three months	
Financial liabilities		
Trade and other payables	**139,621,317**	127,600,639
Accrued interest / mark-up	**1,266,793**	811,639
Short-term borrowings	**84,865,226**	69,102,891
Finances under mark-up arrangements	**45,633,277**	36,010,038
	271,386,613	233,525,207

In respect of above there were no liabilities with contractual maturity of more than three months.

The Company has access to financing facilities as described in note 23; of which Rs. 71,648,850 (2016: Rs. 32,624,881) are unused at the reporting date. The Company expects to meet its obligation from the operating cash flows and proceeds of maturity of financial assets.

(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.

(Amounts in Rs. '000)

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

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

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

38.2 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 2016.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as sum of equity shown in balance sheet and net debt.

The gearing ratios as at June 30, 2017 and 2016 were as follows:

	Note	2017	2016
Short-term borrowings	23	**130,498,503**	105,112,929
Less: Cash and bank balances	16	**(4,131,036)**	(5,736,213)
Net debt		**126,367,467**	99,376,716
Total equity		**102,849,602**	91,581,325
Total capital		**229,217,069**	190,958,041
Gearing ratio		**55.13%**	52.04%

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)

39. TRANSACTIONS WITH RELATED PARTIES

39.1 Related parties comprise of associated companies, retirement benefit funds, state owned / controlled entities, common directorship companies, GoP and its related entities, and key management personnel.

Details of transactions with the related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	2017	2016
Associates			
- Pakistan Refinery Limited	Purchases	**34,706,365**	17,456,798
	Dividend received	**21,971**	-
	Other expense	**-**	381,349
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**71,330**	28,676
	Dividend received	**8,578**	8,578
- Asia Petroleum Limited	Income (Facility charges)	**145,276**	184,319
	Dividend received	**-**	138,176
	Pipeline charges	**1,568,982**	1,953,779
Retirement benefit funds			
- Pension Funds	Charge for the year	**614,404**	577,282
	Contributions	**390,815**	390,094
- Gratuity Fund	Charge for the year	**251,915**	381,116
	Contributions	**112,899**	212,539
- Provident Fund	Contributions	**127,594**	132,402
Key management personnel	Managerial remuneration	**160,318**	124,798
	Housing and utilities	**88,175**	68,639
	Performance bonus	**23,987**	34,156
	Other allowances and benefits	**106,749**	84,920
	Retirement benefits	**57,017**	54,967
	Leave encashment	**-**	7,210
	Vehicles having net book value of Rs. 7,574 (2016: Rs. 5,611) transferred under employee car scheme (sale proceeds)	**9,341**	5,680

39.2 Related parties by virtue of common directorship and GoP holdings

"The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Company's issued share capital and is entitled to appoint members of the Board of Management – Oil under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties."

(Amounts in Rs. '000)

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:

		2017	2016
- Government of Pakistan	Dividend paid	**1,068,474**	549,501
	Income from PIBs	**5,048,138**	5,034,326
- Board of Management - Oil	Contribution towards expenses of BOM	**9,538**	3,440
- Benazir Employees' Stock Option Scheme	Dividend paid to the trust	**144,452**	65,003
- Pak-Arab Pipeline Company Limited	Pipeline charges	**3,394,997**	3,640,338
	Dividend received	**208,979**	195,494
- Water and Power Development Authority	Sales	**112,366,998**	73,223,370
	Utility charges	**121,031**	101,287
- Kot Addu Power Company Limited	Sales	**51,067,205**	46,032,463
	Other income	**1,046,000**	123,000
	Pipeline income	**124,851**	143,075
- Pakistan International Airlines Corporation	Sales	**11,898,813**	10,281,041
	Purchases	**5,375**	7,327
	Other income	**506,000**	1,322,000
- Pak-Arab Refinery Company Limited	Purchases	**107,467,523**	72,983,254
	Pipeline charges	**495,498**	570,261
	Other expense	**238,275**	731,768
- Sui Northern Gas Pipeline Limited	Sales	**162,451,029**	77,667,215

The transactions described below are collectively but not individually significant to these financial statements and therefore have been described below:

(i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.

(ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue, Provincial Revenue Authorities and Customs 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.

(Amounts in Rs. '000)

(iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company of Pakistan.

(v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited (PARCO) and Pak-Arab Pipeline Company Limited (PAPCO) for delivery / movement of its product.

(vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Company sells fuel oil and other allied products to KEL and receives pipeline income as per agreed terms and conditions.

(viii) The Company has obtained various financing facilities from National Bank of Pakistan.

(ix) The Company also pays dividend to various government related entities who are shareholders of the Company.

39.3 The status of outstanding receivables and payables from / to related parties as at June 30, 2017 are included in respective notes to the financial statements.

39.4 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.

39.5 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.

40. PROVIDENT FUND RELATED DISCLOSURES

The Company operates approved funded contributory provident funds for both its management and non-management employees. Details of net assets and investments based upon the un-audited financial statements of the Company's provident funds as at June 30, 2017 and latest audited financial statements as at June 30, 2016 are as follows:

	Note	2017	2016
Size of the fund - net assets		**4,436,554**	4,179,823
Cost of the investment made		**4,074,801**	3,784,151
Percentage of the investment made (based on fair value)		**94%**	91%
Fair value of the investment made		**4,177,733**	3,826,142

(Amounts in Rs. '000)

40.1 The break up of fair value of investments is as follows :

	2017		2016	
	Amount	%	Amount	%
Share in the listed companies	**51,269**	**1%**	55,760	1%
Bank balances	**89,171**	**2%**	171,875	4%
Government securities	**2,493,983**	**60%**	2,431,557	64%
Debt securities	**365,373**	**9%**	294,279	8%
Mutual fund	**1,177,937**	**28%**	864,384	23%
	4,177,733		3,817,855	

40.2 The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the repealed Companies Ordinance, 1984 and the Rules formulated for this purpose.

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Description	Reclassified From	To	Amount
Transportation cost	Distribution and marketing expenses	Net sales	27,000
Product cost	Distribution and marketing expenses	Cost of products sold	21,000
Manufacturing expenses	Distribution and marketing expenses	Cost of products sold	289,800
Prepayments	Other receivables	Short - term deposits and prepayments	119,564
Deposit to supplier	Loans and advances	Long - term deposits and prepayments	63,112
Deposit to supplier	Trade and other payables	Long - term deposits and prepayments	15,386
Provision for doubtful Other receivable	Trade and other payables	Other receivable	18,172

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Management - Oil in its meeting held on August 07, 2017 proposed (i) a final cash dividend of Rs. 15 per share amounting to Rs. 4,075,289 (ii) 20% bonus shares (54,337,188 shares) i.e. one share for every five ordinary shares held, for approval of the members at the Annual General Meeting to be held on October 20, 2017.

(Amounts in Rs. '000)

43. CAPACITY AND ACTUAL PERFORMANCE

	Metric Ton
Available capacity	70,000
Actual production	42,504

The above pertains to lube manufacturing plant of the Company and the production is carried out as per the sales requirements.

44. NUMBER OF EMPLOYEES

	2017	2016
Total employees as at June 30	**1,828**	1,926
Average number of employees during the year	**1,883**	1,913

45. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue on August 07, 2017 by the Board of Management - Oil.

Sheikh Imranul Haque
Mananging Director & CEO

Zahid Mir
Member-Board of Management

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
4,604	1	100	140,321
2,879	101	500	794,039
1,410	501	1,000	1,073,234
2,806	1,001	5,000	6,369,871
616	5,001	10,000	4,438,753
241	10,001	15,000	2,984,783
115	15,001	20,000	2,005,214
96	20,001	25,000	2,153,580
61	25,001	30,000	1,720,362
50	30,001	35,000	1,578,972
23	35,001	40,000	861,965
17	40,001	45,000	725,143
21	45,001	50,000	1,010,982
18	50,001	55,000	945,354
15	55,001	60,000	864,593
14	60,001	65,000	875,312
17	65,001	70,000	1,159,068
7	70,001	75,000	510,743
9	75,001	80,000	705,997
6	80,001	85,000	491,332
2	85,001	90,000	172,601
7	90,001	95,000	642,212
9	95,001	100,000	887,487
6	100,001	105,000	622,421
9	105,001	110,000	969,290
2	110,001	115,000	224,816
5	115,001	120,000	588,838
6	120,001	125,000	742,807
5	125,001	130,000	639,200
1	130,001	135,000	130,500
3	135,001	140,000	414,242
3	140,001	145,000	422,748
3	145,001	150,000	447,625
1	150,001	155,000	154,600
4	155,001	160,000	632,549
3	160,001	165,000	484,186
3	165,001	170,000	496,900
2	170,001	175,000	344,500
1	175,001	180,000	179,200
2	180,001	185,000	363,260
2	185,001	190,000	375,100
1	190,001	195,000	190,400
2	195,001	200,000	397,300
2	205,001	210,000	414,937
1	210,001	215,000	214,100
1	215,001	220,000	216,992
2	220,001	225,000	445,292

PATTERN OF SHAREHOLDING

As at June 30, 2017

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
1	225,001	230,000	227,630
1	230,001	235,000	235,000
1	235,001	240,000	236,580
2	250,001	255,000	503,472
2	255,001	260,000	517,400
1	275,001	280,000	279,280
1	285,001	290,000	287,000
1	290,001	295,000	293,500
6	295,001	300,000	1,796,992
1	300,001	305,000	300,078
2	305,001	310,000	616,240
1	315,001	320,000	316,800
2	320,001	325,000	647,861
2	325,001	330,000	660,000
3	335,001	340,000	1,011,086
1	340,001	345,000	340,686
1	345,001	350,000	348,693
1	360,001	365,000	362,500
1	370,001	375,000	374,600
3	375,001	380,000	1,132,000
1	380,001	385,000	384,947
1	390,001	395,000	391,836
4	395,001	400,000	1,590,354
1	400,001	405,000	404,039
1	405,001	410,000	405,200
1	420,001	425,000	422,920
1	425,001	430,000	425,900
1	430,001	435,000	433,133
1	435,001	440,000	436,800
2	445,001	450,000	895,745
3	460,001	465,000	1,385,534
1	465,001	470,000	467,855
1	470,001	475,000	474,700
2	495,001	500,000	1,000,000
1	500,001	505,000	501,600
1	505,001	510,000	505,100
1	525,001	530,000	527,950
1	530,001	535,000	533,010
2	545,001	550,000	1,099,800
1	555,001	560,000	558,800
1	570,001	575,000	575,000
1	585,001	590,000	588,000
2	615,001	620,000	1,235,937
2	635,001	640,000	1,276,692
1	675,001	680,000	675,500
1	685,001	690,000	689,666
1	695,001	700,000	697,590
1	705,001	710,000	705,244
1	725,001	730,000	727,028
1	765,001	770,000	765,067
1	830,001	835,000	833,500
1	835,001	840,000	835,100
1	845,001	850,000	850,000
1	850,001	855,000	852,000
1	860,001	865,000	864,500
1	895,001	900,000	900,000
1	935,001	940,000	937,800
1	1,000,001	1,005,000	1,003,596
1	1,080,001	1,085,000	1,084,840
2	1,105,001	1,110,000	2,213,656
1	1,230,001	1,235,000	1,232,100
1	1,340,001	1,345,000	1,344,325
1	1,485,001	1,490,000	1,486,500
1	1,600,001	1,605,000	1,603,385
1	1,715,001	1,720,000	1,719,951
1	1,925,001	1,930,000	1,929,138
1	2,045,001	2,050,000	2,050,000
1	2,210,001	2,215,000	2,212,241
1	2,570,001	2,575,000	2,573,547
1	2,795,001	2,800,000	2,796,811
1	4,515,001	4,520,000	4,519,223
1	5,920,001	5,925,000	5,922,149
1	8,250,001	8,255,000	8,254,381
1	13,095,001	13,100,000	13,095,147
1	15,835,001	15,840,000	15,836,172
1	18,405,001	18,410,000	18,408,788
1	40,775,001	40,780,000	40,779,388
1	61,055,001	61,060,000	61,055,634
13,216			**271,685,938**

Shareholders' Categories

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive Officer and their spouse and minor children	2	20,378	0.01
Associated companies, undertakings and related parties:			
Government of Pakistan	1	61,055,634	22.47
GoP's indirect holding:- PSOCL Employee Empowerment Trust	1	8,254,381	3.04
NIT and ICP	2	250,441	0.09
Banks, Development Financial Institutions, Non-Banking Financial Institutions	42	13,416,352	4.94
Insurance Companies	17	23,013,098	8.47
Modarabas and Mutual Funds	96	44,160,678	16.25
Shareholders holding 10% or more:			
NBP, Trustee Department	1	40,779,388	15.01
General Public:			
Resident	12,346	37,756,558	13.90
Non-resident	285	1,041,756	0.38
Others:			
Non-Resident Companies	150	19,547,590	7.20
Public Sector Companies & Corporations and Joint Stock Companies	177	18,957,896	6.98
Employee Trusts / Funds etc.	96	3,431,788	1.26
	13,216	271,685,938	100.00

Additional Information

Information on shareholding required under reporting framework of the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules is as follows:

Categories of Shareholders	No. of Shareholders	No. of Shares Held
Associated companies, undertakings and related parties:		
Government of Pakistan	1	61,055,634
GoP's indirect holding:- PSOCL Employee Empowerment Trust	1	8,254,381
Mutual Funds (namewise details are given on next page)	93	44,147,316
Members - Board of Management and their spouse and minor children:		
Mr. Haque Nawaz	1	1,267
Mrs. Amina Haque	1	19,111
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies ,Takaful, Modarabas and Pension Funds	69	37,060,538

Shareholders holding five percent or more voting rights	No. of Shareholders	No. of Shares Held
Government of Pakistan	1	61,055,634
National Bank of Pakistan (Trustee Wing)	1	40,779,388
State life Insurance Corporation of Pakistan	1	18,408,788
CDC Trustee PICIC Growth Fund	1	15,836,172

PATTERN OF SHAREHOLDING

As at June 30, 2017

Name-wise details of Mutual Funds

Sr. No.	Name	Shareholding
1	First Capital Mutual Fund Ltd.	1
2	CDC Trustee PICIC Growth Fund	15,836,172
3	CDC Trustee PICIC Investment Fund	5,922,149
4	Prudential Stocks Fund Ltd (03360)	8,078
5	CDC - Trustee MCB Pakistan Stock Market Fund	600
6	MCBFSL - Trustee JS Value Fund	160,450
7	Golden Arrow Selected Stocks Fund Limited	158,200
8	CDC - Trustee JS Large Cap. Fund	23,500
9	CDC - Trustee Atlas Stock Market Fund	293,500
10	CDC - Trustee Meezan Balanced Fund	395,204
11	CDC - Trustee UBL Growth And Income Fund	16,000
12	CDC - Trustee First Dawood Mutual Fund	5,000
13	CDC - Trustee JS Islamic Fund	128,400
14	CDC - Trustee Alfalah GHP Value Fund	90,500
15	CDC - Trustee Unit Trust of Pakistan	140,500
16	CDC - Trustee AKD Index Tracker Fund	27,356
17	CDC - Trustee PICIC Energy Fund	165,900
18	CDC - Trustee AKD Opportunity Fund	675,500
19	CDC - Trustee NAFA Income Opportunity Fund	833,500
20	CDC - Trustee Al Meezan Mutual Fund	765,067
21	CDC - Trustee Meezan Islamic Fund	4,519,223
22	CDC - Trustee UBL Stock Advantage Fund	617,700
23	CDC - Trustee Atlas Islamic Stock Fund	235,000
24	CDC - Trustee Al-Ameen Shariah Stock Fund	705,244
25	CDC - Trustee NAFA Stock Fund	689,666
26	CDC - Trustee NAFA Multi Asset Fund	79,152
27	CDC - Trustee First Habib Income Fund	14,000
28	CDC - Trustee Askari Asset Allocation Fund	7,700
29	CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	433,133
30	CDC - Trustee APF-Equity Sub Fund	30,000
31	CDC - Trustee JS Pension Savings Fund - Equity Account	10,000
32	CDC - Trustee Alfalah GHP Islamic Stock Fund	474,700
33	CDC - Trustee HBL - Stock Fund	436,800
34	CDC - Trustee NAFA Islamic Asset Allocation Fund	1,003,596
35	CDC - Trustee APIF - Equity Sub Fund	27,000
36	MCBFSL - Trustee JS Growth Fund	330,000
37	CDC - Trustee HBL Multi - Asset Fund	31,100
38	CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	19,100
39	CDC - Trustee Alfalah GHP Stock Fund	97,700
40	CDC - Trustee Pakistan Income Enhancement Fund	20,000
41	CDC - Trustee Alfalah GHP Alpha Fund	67,200
42	CDC - Trustee NIT State Enterprise Fund	467,855
43	CDC - Trustee NIT-Equity Market Opportunity Fund	1,603,385
44	CDC - Trustee ABL Stock Fund	864,500
45	CDC - Trustee First Habib Stock Fund	18,500
46	CDC - Trustee Lakson Equity Fund	395,150
47	CDC-Trustee NAFA Asset Allocation Fund	116,720
48	CDC-Trustee NAFA Savings Plus Fund - MT	22,500

Name-wise details of Mutual Funds

Sr. No.	Name	Shareholding
49	CDC - Trustee MCB Dynamic Cash Fund - MT	100
50	CDC-Trustee HBL Islamic Stock Fund	74,000
51	CDC - Trustee PICIC Stock Fund	37,900
52	CDC - Trustee HBL IPF Equity Sub Fund	12,100
53	CDC - Trustee HBL PF Equity Sub Fund	15,200
54	CDC - Trustee Askari Equity Fund	9,000
55	CDC - Trustee Alfalah GHP Income Fund - MT	700
56	CDC-Trustee First Habib Islamic Stock Fund	23,000
57	CDC - Trustee Atlas Income Fund - MT	61,900
58	MCBFSL - Trustee ABL Islamic Stock Fund	374,600
59	CDC - Trustee UBL Asset Allocation Fund	77,600
60	CDC - Trustee PIML Strategic Multi Asset Fund	15,500
61	CDC - Trustee First Capital Mutual Fund	15,500
62	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	187,100
63	CDC - Trustee NAFA Islamic Principal Protected Fund - I	1,480
64	CDC - Trustee PIML Islamic Equity Fund	30,000
65	CDC-Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	103,950
66	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	104,100
67	CDC - Trustee PICIC Islamic Stock Fund	49,500
68	CDC - Trustee Askari High Yield Scheme - MT	119,400
69	CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	12,500
70	CDC - Trustee ABL Pension Fund - Equity Sub Fund	12,000
71	CDC - Trustee NAFA Islamic Stock Fund	639,300
72	CDC - Trustee NAFA Income Opportunity Fund - MT	1,700
73	CDC - Trustee PIML Value Equity Fund	26,000
74	CDC - Trustee NIT Islamic Equity Fund	462,300
75	CDC-Trustee NITIPF Equity Sub-Fund	9,000
76	CDC-Trustee NITPF Equity Sub-Fund	13,000
77	MCBFSL - Trustee NAFA Income Fund - MT	36,400
78	CDC - Trustee Alfalah GHP Income Multiplier Fund - MT	6,600
79	MCBFSL Trustee MCB Pakistan Frequent Payout Fund	7,500
80	CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1,106,456
81	CDC - Trustee PIML Asset Allocation Fund	40,000
82	CDC - Trustee NAFA Islamic Active Allocation Equity Fund	362,500
83	CDC - Trustee HBL Islamic Asset Allocation Fund	62,000
84	CDC - Trustee Meezan Asset Allocation Fund	63,200
85	CDC - Trustee NAFA Islamic Energy Fund	447,500
86	CDC - Trustee Lakson Tactical Fund	52,930
87	MCBFSL Trustee JS Capital Proctected Fund V	2,000
88	CDC - Trustee Lakson Islamic Tactical Fund	9,599
89	CDC - Trustee Meezan Energy Fund	85,000
90	MCBFSL Trustee ABL Islamic Dedicated Stock Fund	378,000
91	CDC - Trustee United Growth And Income Fund - MT	12,100
92	CDC - Trustee AGIPF Equity Sub-Fund	2,500
93	CDC - Trustee AGIPF Equity Sub-Fund	2,400
		44,147,316

SHAREHOLDERS AND INVESTORS INFORMATION

Annual General Meeting

The annual shareholders' meeting will be held at 11:00 a.m., October 20, 2017 at Ballroom, 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:

Ms. THK Associates Private Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.
UAN: +92 21 111 000 322
Telephone: +92 21 3416 8266-68-70
Fax: +92 21 3416 8271

Quarterly Reports

The Company publishes interim reports at the end of the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at PSO's website www. psopk.com or printed copies may be obtained by writing to the Company Secretary.

Annual Report

The Annual Report of the Company summarizes the Company's performance during the year and provides an outlook in the future.

The Annual Report may be downloaded from the Company's website www.psopk.com or printed copies may be obtained by writing to the Company Secretary.

Stock Exchange Listing

Pakistan State Oil's shares are traded on Pakistan Stock Exchange. The symbol code for dealing in shares of Pakistan State Oil Company Limited is "PSO".

GLOSSARY

Automated Teller Machines (ATMs)
Board of Management (BoM)
Capital Expenditure (Capex)
Company-owned and Company-operated (Co-Co)
Compressed Natural Gas (CNG)
Consumer Price Index (CPI)
Corporate Social Responsibility (CSR)
Managing Director (MD)
Earnings before Interest, taxes, depreciation and amortization (EBITDA)
Economic Coordination Committee (ECC)
National Bank of Pakistan (NBP)
Financial Year (FY)
Furnace Oil (FO)
Gross Domestic Product (GDP)
Gross Profit (GP)
Habib Bank Limited (HBL)
High Speed Diesel (HSD)
Independent Power Producers (IPPs)
International Monetary Fund (IMF)
Jet Fuel (JP-1)
Liquified Natural Gas (LNG)
Memorandum of Understanding (MoU)
Million British Thermal Unit (MMBTU)
Million Metric Tons (MMTs)
Metric Tons (MTs)
Mobile Quality Testing Units (MQTUs)
Motor Gasoline (Mogas)
Net profit (NP)
New Vision Retail Outlet (NVRO)
Non-Fuel Retail (NFR)
Oil Marketing Company (OMC)
Pakistan Investment Bonds (PIBs)
Pakistan State Oil (PSO)
Petroleum, Oil and Lubricant (POL)
Price Earning Ratio (P/E)
Profit after tax (PAT)
Quarter (Qtr)

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:

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مستقبل کے بارے میں پیش بینی

مالی سال 2017 میں پاکستان کی معیشت میں وسعت اور آنے والے سالوں میں شعبے کی ڈی ریگولیشن کے وعدوں سے ترقی کے بہت زیادہ مواقعوں کے نشانات مشاہدے میں آئے۔ معیشت کی بنیادی اکائیاں اور میکرو اکنامک اسٹیبلیٹی کی برقراریت استحکام حاصل کررہی ہیں، جبکہ بین الاقوامی سطح پر آئل کے نرخ میں اضافے کا رجحان ایک چیلینج کی صورت میں سامنے موجود ہے اور ساتھ ہی ملک میں قابل استطاعت اور مستحکم توانائی کے ذرائع کی ضرورت بھی موجود ہے۔

مالی سال 2017 میں مائع ایندھن کے 25.7 ملین میٹرک ٹن (SPLY سے 10% زیادہ) کے استعمال کے ساتھ تیل کی صنعت میں ترقی سے معیشت پر بہتری کے مثبت اثرات مرتب ہوئے۔ نئے آئل مارکیٹنگ پلیئرز کی شمولیت اور بڑھتا ہوا مسابقتی رجحان متقاضی ہے کہ ریگولیٹر انڈسٹری میں جاری کام کی نگرانی کو مؤثر طریقے سے انجام دے۔ PSO اپنے حصے کے طور پر آپریشنل کارکردگی، جدت اور بہترین کاروباری عمل کے اطلاق پر اپنی توجہ مرکوز کئے ہوئے ہے۔

ہم نے مالی سال 2017 میں مسلسل پاکستان بھر میں اس صنعت کا 67% درآمد کرکے نیز مائع ایندھن کی 55% مارکیٹنگ کے ذریعے ملک کی سپلائی چین کو برقرار رکھنے میں اہم کردار ادا کیا۔ PSO کی تمام شعبہ جات بشمول لبریکنٹس، ایل پی جی اور ایل این جی میں نفع بخش بڑھوتری کے ساتھ بے مثال کارکردگی، صارفین کو بہترین سہولیات کی فراہمی اور فٹ پرنٹس کو بڑھانے کے لیے ابتدائی طور پر اٹھائے جانے والی اسٹریٹجک ڈائیریکشن اور اہم ریفارمز اور اقدامات کی وجہ سے تھی۔

انتظامیہ بدلتے ہوئے ریگولیٹری کے حالات، پورٹ اور اسٹوریج کی بڑھتی ہوئی رکاوٹوں، ڈی ریگولیٹڈ ماحول اور IFEM سے متعلق غلط استعمال کے حوالے سے درپیش مسائل سے بخوبی واقف ہے۔ جبکہ PSO کی انتظامی ٹیم انڈسٹری کی بہترین پریکٹسز کے ساتھ سیفٹی اور سیکیورٹی کے اسٹینڈرز پر زور دیتے ہوئے یہ توقع کرتی ہے کہ وہ:

- آمدن میں مستحکم بڑھوتری، تمام پراڈکٹس میں مارکیٹ لیڈرشپ، خود کو صارفین کے انتخاب کا برانڈ بناتے ہوئے، پورٹ فولیو کی تبدیلی کی وجہ سے آمدن میں تخفیف کے حوالے سے بہتر لاکر اضافی اور بہترین سروسز کی فراہمی اور کام کے عمل کو خودکار نظام کے تحت چلاتے ہوئے حصص یافتگان (شیئر ہولڈرز) کے سرمائے میں اضافہ کرے۔
- آئندہ تین سال میں سرمایہ کاری کے ذریعے ارزاں لاگت ذرائع اور ڈسٹری بیوشن چینلز کو ہموار اور سہل کرے۔
- ملک بھر میں مستحکم، مؤثر اور قابل بھروسہ کام کی انجام دہی اور سرمایہ کاری کے مواقعوں کی تخلیق کے لیے آپریشنل انفرااسٹرکچر کا معقول بندوبست کرے۔
- کمپنی کے اندر بہترین بین الاقوامی مشقوں کے ساتھ طریقہ کار کو دوبارہ وضع اور استوار کرے۔
- افرادی قوت میں سرمایہ کاری کے ذریعے اندرونی اور بیرونی تربیت کے ذریعے مہارتوں کو بڑھانے اور مینجمنٹ ڈیولپمنٹ پروگرامز کا اطلاق کرے۔
- اسٹریٹیجک پارٹنرز کے ساتھ اپ اسٹریم اور ڈاؤن اسٹریم امور میں سرمایہ کاری کرے۔

شیخ عمران الحق
مینجنگ ڈائریکٹر اینڈ سی ای او

07 اگست، 2017

زاہد میر
ممبر۔ بورڈ آف مینجمنٹ

دیگر معاملات

ہم مالی گوشواروں کے مندرجہ ذیل نکات پر آپ کی توجہ مبذول کرانا چاہتے ہیں، جو بیرونی آڈیٹرز کی جانب سے ان کی آڈٹ رپورٹ میں وضع کئے جانے والے امور کی معلومات اور وضاحتوں پر مشتمل ہے:

- نوٹ 12.2۔ پاور جنریشن کمپنیز سے مجموعی طور پر 125.181 ملین روپے (515 ملین روپے کی اضافی فراہمی) بشمول بیلنس شیٹ ڈیٹ کے ساتھ ساتھ وصول شدہ 13.002 ملین روپے کے واجبات کی عدم وصولی۔
- نوٹ 15.1. مجوعی طور پر 1,351 ملین روپے کے موٹر گیسولین کے نرخ کے فرق کے حوالے سے حکومت پاکستان پر واجبات
- نوٹ 15.2 مجوعی طور پر 603 ملین روپے کے مقامی ہائی اسپیڈ ڈیزل کے نرخ کے فرق کے حوالے سے حکومت پاکستان پر واجبات
- نوٹ 15.3 کے الیکٹرک لمیٹڈ کو مجوعی طور پر 3,909 ملین روپے کی قدرتی گیس کی فراہمی کے نرخ کے فرق کے حوالے سے حکومت پاکستان پر واجبات
- نوٹ 15.4 مجوعی طور پر 3,407 ملین روپے کے لوسلفر فرنس آئل اور ہائی سلفر فرنس آئل پراڈکٹس کے درمیان نرخ کے فرق کے حوالے سے حکومت پاکستان پر واجبات
- نوٹ 24.1.1 مذکورہ بالا نوٹ میں درج شدہ وجوہات کی وجہ سے ادائیگی میں تاخیر پر مارک اپ کا عدم حصول
- نوٹ 24.1.2 کمپنی پر 958 ملین روپے کے محصول کا اطلاق برائے زیر تجزیہ سال 1996-97 اور 1997-98

آڈیٹرز

بورڈ آف مینجمنٹ نے میسرز اے ایف فرگیوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائی فورڈ روہڈز چارٹرڈ اکاؤنٹنٹس کو سال مختتمہ 30 جون، 2018 کے حوالے سے شریک آڈیٹرز کے طور پر تقرری کی اجازت دی ہے۔

بورڈ آف مینجمنٹ میں تبدیلی

دوران سال جناب حسن نواز نے بورڈ کے رکن کی حیثیت سے استعفیٰ دے دیا اور جناب عبدالجبار میمن نئے رکن کی حیثیت سے بورڈ سے منسلک ہوگئے ہیں۔ بعد ازاں سال کے اختتام پر جناب محمد انور، جناب حق نواز کی جگہ بورڈ کے ساتھ منسلک ہوئے ہیں، جو سرکاری ملازمت سے ریٹائرڈ ہوئے تھے۔ جناب سینیٹر سکندر جلال کی اور جناب امجد نذیر بھی بورڈ کے نئے اراکین کے طور پر تقرری عمل میں آئی تھی۔ بورڈ جانے والے اراکین جناب حسن نواز تارڑ اور جناب حق نواز کی خدمات کے اعتراف کو ریکارڈ پر لانے کے ساتھ ساتھ نئے اراکین کو خوش آمدید کہتا ہے۔

شریک ادارے

ایشیاء پٹرولیم لمیٹڈ

ایشیاء پٹرولیم لمیٹڈ (APL) کا پاکستان میں قیام 17 جولائی، 1994 کو ایک غیر مندرجہ پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بنیادی طور پر کمپنی کا قیام حب میں واقع حب پاور لمیٹڈ کو "ریزیڈیول فیول آئل" کی ترسیل کے لیے عمل میں آیا۔ اس مقصد کے لیے کمپنی نے ایک زیر زمین پائپ لائن ڈالی، جو پپری میں پاکستان اسٹیٹ آئل لمیٹڈ کے ذوالفقار آباد ٹرمینل سے شروع ہوکر حب میں حبکو تک ڈالی گئی۔ APLPSO میں 49% ایکویٹی اسٹیک کی حامل ہے۔

پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ

پاکستان میں پاک گریس مینوفیکچرنگ کمپنی لمیٹڈ (PGMCL) کا قیام 10 مارچ، 1965 کو بطور پرائیویٹ لمیٹڈ کمپنی عمل میں آیا۔ کمپنی کا بنیادی کام پٹرلیم گریس پراڈکٹس کی تیاری اور فروخت ہے۔ PSO، PGMCL میں 22% ایکویٹی اسٹیک کی حامل ہے۔

پاکستان ریفائنری لمیٹڈ

پاکستان میں پاکستان ریفائنری لمیٹڈ (PRL) کا قیام مئی، 1960 میں بطور پبلک لمیٹڈ کمپنی عمل میں آیا اور یہ پاکستان اسٹاک ایکسچینج میں درج شدہ ہے۔ یہ ریفائنری کراچی، پاکستان کی ساحلی پٹی پر واقع ہے اور اسے ملک کی اسٹریٹجک اور مقامی ایندھن کی ضرورت کو پورا کرنے کے لیے مختلف درآمد شدہ اور مقامی خام تیل کو پراسس کرنے کے لیے ڈیزائن کیا گیا ہے۔ PSO، PRL میں 22.5% ایکویٹی اسٹیک کی حامل ہے، ہر چند یہ کہ مؤثر ہولڈنگ 24.11% کی سطح پر ہے، جس کی وجوہات مالی گوشواروں کے نوٹ 6.2 میں درج شدہ ہے۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک

PSO کا بورڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری شدہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 اور لسٹنگ ریگولیشنز میں تفصیل شدہ کارپوریٹ گورننس (ضابطہ اخلاق) کے ذریعے تفویض شدہ ذمہ داری سے بخوبی آگاہ ہے۔

کارپوریٹ گورننس کے اعلیٰ معیار اور بہتری کے تسلسل کی جانب PSO کے وعدوں کے اعتراف پر آراء درج ذیل ہیں:

- کارپوریٹ گورننس (ضابطہ اخلاق) کے متعلقہ اصولوں کا کمپلائنس بنایا گیا ہے اور غیر تعمیل شدہ قوانین کی شناخت کی گئی ہے اور ساتھ ہی اس عدم تعمیل کی مدت اور وجوہات معلوم کی گئی ہیں۔
- کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالیاتی گوشوارے، اس کے معاملات کی صورتحال، اس کے آپریشنز کے نتائج، زرنقد کی روانی، جامع آمدن کے گوشوارے اور ایکویٹی میں ہونے والی تبدیلی کو بہتر انداز میں ظاہر کرتی ہے۔
- کمپنی کی مخصوص اکاؤنٹس کی بکس بھی باقاعدگی سے تیار کی گئی ہیں۔
- مالی گوشواروں کی تیاری میں مخصوص اکاؤنٹنگ پالیسیز کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات موزوں اور محتاط تصفیہ کی بنیاد پر ہیں۔
- مالی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی بھی اخراج کو موزوں طور پر ظاہر کیا گیا ہے
- اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستحکم ہے اور اسے مؤثر طریقے سے لاگو کرنے کے ساتھ ساتھ نگرانی کی جاتی ہے۔
- نان ایگزیکٹیو BOM اراکین کو مقررہ مشاہرہ نہیں دیا جاتا ہے اور انہیں ہر شرکت شدہ اجلاس کے حوالے مقررہ فیس کی ادائیگی کی جا رہی ہے۔ مذکورہ فیس مجموعی طور پر تمام BOM کی جانب سے فیصلے کے مطابق لاگو کی جاتی ہے۔
- کمپنی کو اسی طرح جاری رکھنے کی اس کی صلاحیت پر کسی قسم کا اہم شک وشبہ نہیں ہے۔
- لسٹنگ ریگولیشنز اور پبلک سیکٹر کمپلائنس (کارپوریٹ گورننس) رولز ۔ 2013 میں مذکور تفصیلات کے مطابق کارپوریٹ گورننس کے بہترین کاموں میں کوئی میٹرئل ڈپارچر نہیں ہوا ہے۔
- گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی کوائف خلاصے کی شکل میں ساتھ منسلک ہیں۔
- 30 جون، 2017 کو متعلقہ غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ اور پینشن فنڈز کی سرمایہ کاری کی ویلیو مندرجہ ذیل ہے:

	روپے ملین میں
PSOCL مینجمنٹ ایمپلائیز پینشن فنڈ	7,645
PSOCL ورکرز اسٹاف پینشن فنڈ	2,956
PSOCL اسٹاف پراویڈنٹ فنڈ	2,710
PSOCL ایمپلائیز پراویڈنٹ فنڈ	1,468
PSOCL ایمپلائیز گریجویٹی فنڈ	4,973

- دورانِ سال بورڈ آف مینجمنٹ کے 16 اجلاس منعقد ہوئے اور ہر رکن کی جانب سے دی جانے والی حاضری صفحہ نمبر 59 پر دی گئی ہے۔
- شیئر ہولڈنگ کا طریقہ کار ساتھ منسلک ہے۔

گزشتہ سال پیش بنی انتباہ کے حوالے سے کمپنی کی کارکردگی

گزشتہ سال کی سالانہ رپورٹ میں ظاہر شدہ پیش بنی کے اسٹیٹمنٹ کے حوالے سے کمپنی کی کارکردگی ذیل میں فراہم کی گئی ہے:

- PSO نے مائع ایندھن میں 54.8% مارکیٹ شیئر، ساتھ ہی وائٹ آئل مارکیٹ میں 43.9% شیئر اور بلیک آئل مارکیٹ میں 73.1% شیئر کے ذریعے اپنی لیڈرشپ پوزیشن کو برقرار رکھا۔
- تمام پراڈکٹس میں نفع بخش بڑھوتری اور کام کرنے اور مالیاتی لاگت میں کمی کے ذریعے شیئر ہولڈرز کی رقم کو زیادہ سے زیادہ بڑھایا۔ نقدی صارفین کے سیلز کے حجم میں اضافے کے ذریعے فرنس آئل اور جیٹ فیولز سے آمدنی حاصل کی۔ SPLY پر لبریکنٹس اور LPG کے کاروبار پر بالترتیب 28% اور 106% کی وولیومیٹرک گروتھ حاصل کی۔ فروری 2017 کے بعد LNG کے حجم کو 600 MMCFD تک اوپر لے جایا گیا۔
- پراڈکٹ ٹرانسپورٹیشن، بہتر آپریشن کی سہولیات، 102 KMTs اسٹورتج کی بحالی اور PRL میں اضافی اسٹیک کے ذریعے ریفائننگ کے کاروبار کے ساتھ الحاق کے لیے پاکستان ریلویز کے ساتھ ایک طویل المدت فیول ٹرانسپورٹیشن کے معاہدہ 7% تک ریفائنری میں اضافے کے ذریعے سپلائی چین کو ہموار کیا گیا۔ علاوہ ازیں ریٹیل آؤٹ لیٹس کی تعمیر کے ذریعے آپریشنل انفرااسٹرکچر میں بھی بہتری آئی۔
- خالی اسامیوں پر بھرتی، ری اسٹرکچرنگ کے عمل، کیریئر ڈیولپمنٹ کے کام اور تربیتی نشستوں کے ذریعے پوری کمپنی میں مختلف سطحوں پر ادارے کے ترقیاتی کام۔
- ویب بیسڈ ایپلیکیشنز کے آغاز، بڑھتے ہوئے فٹ پرنٹس اور کلاؤڈ بیسڈ کارڈ سسٹم پر منتقلی کے ذریعے برانڈ ایکویٹی کی بڑھوتری۔ پراڈکٹ کے ذریعے مختلف برانڈ بلڈنگ ایکٹی ویٹیز اور کارپوریٹ برانڈنگ کی انجام دہی بھی کی گئی۔
- کمیونٹی ڈیولپمنٹ، تعلیم اور ماحول کے شعبوں میں CSR کے کاموں کے ذریعے سوسائٹی کی معاونت کی۔ گورنمنٹ انرجی سیکٹر ریفارم کے اقدامات میں معاونت کی اور ہائر گریڈ RON ماحول دوست گیسولین برانڈز نیز اعلیٰ معیار کی اور ماحول دوست یورو۔II سے ہم آہنگ ڈیزل متعارف کرایا۔ مشاہدہ جاتی عدم تعمیلات، سیفٹی اور انوائرمنٹل آڈٹس کے خلاف اقدامات کرتے ہوئے HSE اسٹینڈرز پر عمل اور تمام اندرونی اور بیرونی اسٹیک ہولڈرز کی ضرورت کے مطابق تربیت کی حوصلہ افزائی کی۔
- نگرانی کے میکانزم، اسکور کارڈ کی تیاری اور اطلاق، کواڈرینیل بزنس پراسس ریویو کے آغاز، کراس فنکشنل ٹیمز کے دوبارہ قیام، آئی ٹی انفرااسٹرکچر کی اپ گریڈنگ اور کوالٹی چیک کے ذریعے ریفارم کے طریقہ کار کا آغاز کیا۔

اس کے علاوہ PSO کی اصل پراڈکٹ کی جانچ اور اعلیٰ معیار کی تصدیق کے لیے ایک 16 ہندسوں پر مشتمل سیکیورٹی کوڈ لیبلز پیکٹس کے اگلے حصے پر طباعت شدہ ہے، جو اس بات کی یقین دہانی ہے کہ خریدی گئی پراڈکٹ PSO کے اعلیٰ معیار کی پراڈکٹ ہے۔ اس کے علاوہ PSO میں کسٹمر کیئر کے حوالے سے ایک تعلق کیئر لائن موجود ہے، جو صارفین کو اطمینان فراہم کرتی ہے نیز PSO کا کسٹمر سروسز ڈپارٹمنٹ موجودہ اور نئے کسٹمرز کو بعد از فروخت، شکایت کے ازالے کی خدمات بھی بہم فراہم کرتا ہے۔ یہ ڈپارٹمنٹ کلی طور پر ایک ان باؤنڈ اور آؤٹ باؤنڈ کال سینٹر پر مشتمل ہے، جس میں تمام کالز پر پہلے سے طے شدہ مقررہ وقت سے قبل جواب دیا جاتا ہے۔

سماجی خدمت کی ذمہ داری (CSR)

PSO، CSR کی چھتری تلے، پاکستان بھر میں صحت، تعلیم اور کمیونٹی بلڈنگ کے شعبوں میں کام کرنے والے اچھی ساکھ کے سماجی بہبود کے اداروں کے ساتھ شراکت کے ذریعے قومی سطح پر مستقل سماجی خدمات میں معاونت کرتا ہے۔

PSO کی CSR ٹرسٹ زیر تجزیہ مدت میں رجسٹرڈ ہوئی۔ اس ٹرسٹ میں تعلیم، اسکل ڈیولپمنٹ، ہیلتھ کیئر، کمیونٹی بلڈنگ، انوائرمنٹ، ڈیزاسٹر مینجمنٹ کے شعبوں میں عوامی بہبود کے فلاحی پراجیکٹس میں معاونت اور انفرادی بنیاد پر بھی پاکستان کی عوام کو خوشحال اور بہتر بنانے میں اپنا کردار ادا کرنے پر توجہ مرکوز ہے۔ ٹرسٹ کو PSO اور اس کے ملازمین، زر تعاون اور ڈونر اداروں سے حاصل ہونے والی فنڈنگز یا اداروں اور پبلک کی جانب سے بڑی سطح پر مہم کے ذریعے حاصل ہونے والے فنڈز سے مالی معاونت (فنانس) فراہم کیا جائے گا۔

سماجی اور ماحولیاتی ذمہ داری کی پالیسی

کمپنی اپنے منافع کے قبل از محصول کا 1% CSR کے کاموں میں لگاتی ہے۔

بامقصد عطیات

مالی سال 2017 کے دوران PSO کاروبار کی حدوں سے آگے کی جانب گامزن رہا تاکہ اپنے حلقہ کار میں CSR کے کاموں کی انجام دہی کے ذریعے کمیونٹیز کے ساتھ روابط قائم کرے۔ آئیڈیاز کو جمع کرنے اور اندرونی / بیرونی اسٹیک ہولڈرز اور CSR ٹیم کے درمیان دوطرفہ گفت وشنید کی سہولت بہم فراہم کرنے کی غرض سے کارپوریٹ ویب سائٹ اور سوشل میڈیا کے ذریعے ایک آن لائن درخواست فارم کی شروعات کی گئی۔

ایک اہم قومی ادارہ ہونے کے ناطے، PSO نے 103 ملین روپے مالیت کے اپنے مجموعی CSR بجٹ کو مختلف مقاصد اور ملک بھر کے اداروں کی معاونت میں استعمال کیا۔

فلاحی اکاؤنٹ کو گوشوارہ

حفظانِ صحت

پاکستان بھر میں حفظانِ صحت کی سہولت کو بہتر بنانے کے لیے کی جانے والی اپنی کاوشوں کے حوالے سے PSO نے مختلف اسپتالوں اور طبی اداروں کو طبی آلات کی خریداری اور ساتھ ہی ضرورت مند مریضوں کو علاج کی سہولت کی فراہمی کے لیے تقریباً 84 ملین روپے کی معاونت فراہم کی ہے۔

اس مالی معاونت میں فاطمہ کڈنی کیئر اسپتال میں ڈائیلائیسس مشین کی خرید، ویژن فاؤنڈیشن میں Auto-Ref-Keratometer کی خرید، کرن پیشنٹس ویلفیئر سوسائٹی وغیرہ میں Chemothery Medicine کی خرید شامل ہیں۔ نیشنل انسٹی ٹیوٹ آف کارڈیوویسکولر ڈیزیز، LRBT، دی انڈس ہاسپٹل، چلڈرن کینسر فاؤنڈیشن ٹرسٹ وغیرہ کو بھی آلات کی خرید میں معاونت فراہم کی گئی۔ ہیلتھ ایجوکیشن لیولی ہڈ پروموٹرز کو پسماندہ علاقوں میں طبی کیمپس کے قیام کے لیے معاونت فراہم کی گئی۔ مختلف اداروں کو مریضوں کے علاج معالجے کے لیے مالی عطیات فراہم کئے گئے، جن میں Old Associates of Kinnaird Society، بیت السکون کینسر ہاسپٹل، افضال میموریل تھیلیسیما فاؤنڈیشن، ایوانِ تجارت وصنعت ہاسپٹل ٹرسٹ کراچی، الاحسن آئی ہاسپٹل، الامید ری ہیبلیٹیشن ایسوسی ایشن، میو اسپتال لاہور (PWA)، اتھرائیٹس کیئر فاؤنڈیشن، فاطمید فاؤنڈیشن، جناح اسپتال، کاروان حیات، AKUH، کیئر فار اسپیشل پرسنز فاؤنڈیشن وغیرہ شامل ہیں۔

تعلیم

PSO نے اس شعبے میں کام کرنے والے مختلف اداروں کو بطور عطیہ اور بیوہ فنڈز تقریباً 12 ملین روپے کی معاونت فراہم کی ہے۔ ان میں شہری علاقوں کے تعلیمی ادارے جیسے ICAP، IBA اور دیہی علاقوں میں کام کرنے والے ادارے جیسے فیملی ایجوکیشن سروسز فاؤنڈیشن، کمیونٹی بیسڈ ایجوکیشن ڈویلوپ چترال، زندگی ٹرسٹ، کیڈٹ کالج لاڑکانہ وغیرہ کو مالی معاونت کی فراہمی شامل ہے۔ PSO کے عطیات کی فہرست میں خصوصی بچوں کی تعلیم کو بھی انتہائی اہمیت دی گئی ہے اور جن فلاحی اداروں کو عطیات دیئے گئے ان میں پاکستان سینٹر فار آٹزم، پاکستان ڈس ایبلڈ فاؤنڈیشن، اسپیشل اسکول چلڈرن واقع PNAD ماڑی پور شامل ہیں۔

کمیونٹی کی تعمیر اور سرمایہ کاری

PSO تقریباً 7 ملین روپے کی مالی معاونت سے جن فلاحی اداروں کی حوصلہ افزائی کرتا ہے، ان میں دارالسکون، پناہ شیلٹر ہوم، ترقی فاؤنڈیشن، شنا کی ایریا ڈیولپمنٹ آرگنائزیشن، میک اے وش فاؤنڈیشن، ڈس ایبلڈ ویلفیئر ایسوسی ایشن، حیدرآباد ویلفیئر ایسوسی ایشن آف بلائنڈ وغیرہ شامل ہیں۔

کمپنی ملک کے مختلف حصوں میں ماحولی کے بچاؤ کے حوالے سے کئے جانے والے کاموں میں بھی مختلف اداروں جیسے پاکستان چیلنج ڈیولپمنٹ پروگرام کو معاونت فراہم کرتی ہے۔

کاروباری ضابطہ اخلاق اور اقدامات برائے انسداد بدعنوانی

PSO میں شفافیت کو یقینی بنانے اور کارکردگی کو بڑھانے کے حوالے سے اپنی پالیسیز / طریقہ کار موجود ہے، جن پر عمل کیا جارہا ہے:

وسل بلوئنگ پالیسی	PSO کے ملازمین، بورڈ کے اراکین، متعلقہ افسران، ٹھیکیداران، سروس یوزرز، کسٹمرز اور کسی بھی عوامی رکن (وسل بلوور) کو کسی بھی غلط عمل کی نشاندہی کرنے کا موقع فراہم کرتا ہے۔
کاروبار کے اصول اور ضابطہ اخلاق کی پالیسی	اس کا مقصد ملازمین کو اپنے تمام امور میں بلند ترین ضابطہ اخلاق اور کمپنی کے مفاد میں پیشہ ورانہ سرگرمیوں کی بہتر طرز پر انجام دہی میں راہنمائی کرنا ہے، جو کہ اس کی بنیادی اقدار کے مطابق ہوں اور ذاتی مفاد سے بالاتر ہو۔
مفاد کی پالیسی میں تضاد	یہ ان تمام ممنوعہ حالات کی نشاندہی کرتا ہے، جو براہ راست کمپنی کے مفاد سے متصادم ہو۔ کسی بھی ممکنہ تضاد کا ریکارڈ رکھنے کے لیے وقتاً فوقتاً ایک مشق کا انعقاد کیا جاتا ہے۔
کاروباری امور کا رسک بیسڈ آڈٹ	یہ آپریشنز، سسٹمز اور انٹرنل کنٹرولز کی انفرادی اور بامقصد تشخیص اور جائزہ فراہم کرتا ہے۔

مینجمنٹ پلان مرتب کیا گیا ہے، جسے اس کے مطابق لاگو کیا جائے گا۔

توانائی کی بچت

سولر پاور پراجیکٹ

دوران سال PSO نے ملک بھر میں اپنے آپریشنز کے مختلف مقامات اور ریٹیل آؤٹ لیٹس (جہاں موزوں ہو) پر ماحول دوست سولر انرجی جنریشن یونٹس کی تنصیب کا آغاز کیا ہے۔ یہ پراجیکٹ مختلف فیز میں شروع کیا جائے گا، جس کا آغاز آپریشنز کے مقامات اور ریٹیل آؤٹ لیٹس پر اطلاق کے ساتھ کیا جائے گا۔

بجلی بچانے کے اقدامات کے طور پر NVROs پر **LED** ٹیوب لائٹس کے بلیو بار نصب کردیئے گئے ہیں۔ مالی سال 2017 میں تقریباً 100 آؤٹ لیٹس کے لائٹنگ سسٹم کو LED پر منتقل کردیا گیا ہے۔

بایوڈیزل پراجیکٹ

PSO، ملک میں پٹرول۔ڈیزل کے مجموعی استعمال کے 10% کو بایوڈیز کے ساتھ تبدیل کرنے کے حوالے سے حکومت کے نظریے کی تقلید جاری رکھے ہوئے ہے۔ حال ہی میں کمپنی نے پودوں کی کاشت کے لیے اپنی PMY آئل اسٹوریج سہولت کے قریب ایک ماڈل فارم تیار کیا ہے اور ساتھ ہی کیماڑی کراچی میں چھوٹے پیمانے پر آئل کی پیداوار کا ایک یونٹ قائم کیا ہے۔

افرادی قوت کا سرمایہ

PSO کے HR کی یہ حکمت عملی ہے کہ وہ پورے ادارے میں کاروباری اہداف سے ہم آہنگ ہونے اور بہتری لانے کے لیے افرادی قوت کے سرمائے کو تیار کرے۔

HR کی انتظامی پالیسیاں

PSO ایک جامع HR مینول کا حامل ہے، جسے بہترین کاموں کے ساتھ ساتھ وقتاً فوقتاً اپ ڈیٹ کیا جارہا ہے۔ کام کی کارکردگی کو بڑھانے اور مؤثر بنانے کے لیے، HR کی پالیسیز اور طریقہ کار کو اصل معیار بنایا گیا اور مالی سال 2017 کے دوران اس میں ضرورت کے مطابق ترمیم کی گئی۔ چند اہم پالیسیز، جن میں بھرتی کی پالیسی، قبل از وقت ریٹائرمنٹ کی پالیسی اور کارکردگی کی تشخیص کی پالیسی شامل ہیں، میں بہتری لائی گئی۔ یہ عمل جاری ہے اور اس کا مقصد پالیسیز اور طریقہ کار کو مارکیٹ کی بہترین پریکٹس کے مطابق بنانا ہے۔ ملازمین سے گفت وشنید کی شکل میں ایک اہم اقدام بھی لیا گیا ہے اور ساتھ ہی پاکستان بھر میں ملازمین کے ساتھ مختلف کمپنیز کی پالیسیز اور طریقہ کار پر منفرد نشستوں کا بھی انعقاد کیا گیا۔ اس سے نہ صرف ملازمین اور HR میں رابطے کو بہتر بنانے میں مدد ملی بلکہ آمنے سامنے ہونے والی نشست کے ذریعے ان کے مسائل کے مؤثر حل کی جانب بھی پیش قدمی کی گئی۔ ملازمین کے ساتھ بڑھتے ہوئے رابطوں کی وجہ سے ادارہ چھوڑنے کی شرح تقریباً 3% پر قائم ہے۔

رسائی میں اضافے کی غرض سے اہم مقامات کی میپنگ کے ذریعے برانڈ کی امپرومنٹ کے کام کی انجام دہی کے لیے کوششیں کی گئیں۔ اعلیٰ درجے کی یونیورسٹیوں کے کیریئر فیئر میں شرکت اور ملک بھر میں منفرد آن کیمپس سیشنز کا انعقاد بھی کیا گیا تاکہ کمیونیکیشن چینلز کے درمیان ربط کو برقرار رکھا جائے۔ افرادی قوت کی ضرورت کے حوالے سے مطلوب خلاء کا تجزیہ کرتے ہوئے ایک فعال طریقہ کار اپنایا گیا اور ساتھ ہی مستقبل میں ہائرنگ کے منصوبے بھی تیار کئے گئے۔

HR کے طریقہ کار میں میرٹ اور درست تشخیص کے ساتھ اہلیت کے معیار کی پروموشن پالیسی پر عمل درآمد کے ذریعے شفافیت کو یقینی بنایا جاتا ہے۔ پرفارمنس مینجمنٹ سسٹم کو بھی مزید بہتر بنایا جارہا ہے۔

مزید یہ کہ **سکسیشن پلاننگ** کو صلاحیت کی تشخیصی معیار کے ذریعے ترتیب دیا گیا ہے، جو اہم عہدوں کے لیے اہلیت کے معیار کی شرطِ اول ہے۔ ملازمین کی دلچسپی کو بڑھانے کے لیے روٹیشن پلانز کے ذریعے معاونت فراہم کی جارہی ہے۔ ملازمین کے کیریئر مینجمنٹ کے حوالے سے پالیسیز، طریقہ کار اور اہلیت کو کمپنی کے مستقبل کے اہداف کے مطابق تیار کیا گیا ہے۔

بھرتی کا عمل (ریکروٹمنٹ)

پیچیدہ اور اہم عہدوں پر ٹیلنٹ کی بھرتی کو ٹیلنٹ مینجمنٹ کے ذریعے یقینی بنایا جاتا ہے اور درمیانے اور ابتدائی درجے پر شمولیت کے لیے ویلیو اسٹریم تخلیق دی جاتی ہے۔ دوران سال میرٹ پر بھرتی کے شفاف طریقہ کار کے ذریعے 12 اہم سینئر مینجمنٹ کے عہدوں کو پر کیا گیا۔ اس کے علاوہ مختلف سطحوں پر انجینئرنگ، مارکیٹنگ، فنانس، ہیومن ریسوسز اور انفارمیشن ٹیکنالوجی کے شعبوں میں مختلف ٹیلنٹس کو بھرتی کیا گیا۔ کمپنی کا مینجمنٹ کیڈر اعلیٰ قابلیت جیسے CA/CMA/ACCA، PhD، MBA اور BE کے حامل پیشہ ور افراد پر مشتمل ہے۔ بہترین ٹیلنٹ کی بھرتی اور اسامی پر درست انتخاب کو یقینی بنانے کے لیے مسابقتی بنیادوں پر انٹرویوز اور تشخیصی سینٹرز جیسی جدید اور سائنسی طور پر ثابت شدہ تشخیصی تیکنیک کو متعارف کرایا گیا۔

خصوصی افراد کی بھرتی ایک طے شدہ اور واضح بھرتی کے طریقہ کار کے تحت عمل میں آتی ہے۔ اسپیشل رمختلف طرز پر قابل افراد کی اس طریقہ کار کا حصہ بننے کی حوصلہ افزائی کی جاتی ہے۔ اس وقت 21 اسپیشل ملازمین PSO میں کام کررہے ہیں اور ٹیم کا اہم حصہ ہیں، جبکہ ان میں سے کچھ سینئر انتظامی عہدوں پر فائز ہیں۔

PSO میں کمیونیکیشن کا ایک فعال اور مربوط کلچر موجود ہے اور اس کے بہترین **انڈسٹریل ریلیشن فنکشنز** کے ذریعے انڈسٹریل پیس کو بھی برقرار رکھا جاتا ہے۔ کمپنی کے کام کرنے والے شعبوں بشمول CBA کے درمیان قریبی تعاون اور تعلق کے باعث دوران سال کسی قسم کی ہڑتال، کال آؤٹ یا سست روی نہیں ہوئی۔

تربیت اور ادارتی سطح پر ارتقاء

ادارتی ارتقاء کے جزو کے طور ایک بہترین ڈیزائن شدہ مسابقتی فریم ورک تیار کیا گیا، جو ادارے میں مختلف سطح پر مختلف کام انجام دینے والے ملازمین کو مطلوب ہر ایک کی انفرادی صلاحیت کا خاکہ بناتا ہے۔

اپنے لوگوں پر سرمایہ کاری

زیر تجزیہ مدت کے دوران کام کرنے کی صلاحیتوں کی ترویج اور کمپنی کے اسٹینڈرڈ آپریٹنگ طریقوں پر توجہ مرکوز رہی۔ دیگر اہم توجہ طلب شعبوں میں اسکلز ڈیولپمنٹ سے متعلق بزنس آپریشنز اور HSE شامل تھے۔ ملازمین کو اہم مینجمنٹ اداروں جیسے انسٹی ٹیوٹ آف بزنس اینڈ منسٹریشن (IBA)، مینجمنٹ ایسوسی ایشن آف پاکستان MAP، پاکستان سوسائٹی فار ٹریننگ اینڈ ڈیولپمنٹ (PSTD) اور Octara سے کمپنی کے فلیگ شپ پروگرامز کے تحت تربیت بھی دی جاتی تھی۔

MAP نے **22 ویں تن رزاق لیڈرشپ ایوارڈ** پروگرام (TRYLA) میں شرکت کے لیے پہلے سے طے شدہ اہلیت کے معیار پر PSO کے ایک ملازم کا انتخاب کیا۔ یہ ایوارڈ پروگرام آؤٹ ورڈ باؤنڈ ملیشیاء (OBML) کے تعاون سے ملائیشین انسٹی ٹیوٹ آف مینجمنٹ (MIM) کی جانب سے منعقد کیا جاتا ہے اور یہ پسماندہ پس منظر کے حامل لوگوں میں ابھرتے ہوئے لیڈرز کو تیار کرنے کے لیے ڈیزائن کیا گیا ہے تاکہ اتحاد کے جذبے کو نقش کرتے ہوئے ان میں اعلیٰ درجے کے اوصاف پیدا کئے جائیں اور انہیں اپنی قائدانہ صلاحیتوں کے اظہار کے مواقع فراہم کئے جائیں۔

TRYLA کے پروگرام میں پہلی مرتبہ بین الاقوامی شرکاء نے شرکت کی، جنہیں نیشنل مینجمنٹ آرگنائیزیشن نے ایشین ایسوسی ایشن آف مینجمنٹ آرگنائیزیشن (AAMO) کے تحت نامزد کیا تھا۔ پانچ بین الاقوامی شرکاء کے ساتھ 24 شرکاء نے پروگرام میں شریک ہوئے۔

پاکستان سے شریک ہونے والوں میں PSO کا ملازم واحد فرد تھا۔

مالی سال 2017 کے دوران ریلیشن شپ بلڈنگ کے حوالے سے منعقد کئے جانے والے دیگر اہم تربیتی پروگرامز میں ٹوسٹ ماسٹرز، سیشنز، سیریز آف بریک فاسٹ ٹریننگ سیشن اور Ron Kaufman کی اپ لفٹنگ سروسز شامل ہیں۔ تربیتی پروگرامز کے ذریعے فنکشنل اسکلز پیدا کی گئیں، جن میں انٹرپرائز رسک مینجمنٹ، Behaviour مینجمنٹ، کرائیسس مینجمنٹ اور لیڈرشپ گرڈ شامل ہیں۔

مالی سال 2017 میں ملازمین کو کمپنی کی روایات اور پالیسی نیز طریقہ کار سکھانے کے حوالے سے 28 نئے ملازمین کے لیے ایک جامع پانچ روزہ اورینٹیشن پروگرام منعقد کیا گیا۔

انٹرن شپ پروگرام

مالی سال 2018 کے حوالے سے انٹرن شپ کا طریقہ کار تبدیل کردیا گیا ہے، اور اس میں لرننگ میٹرکس کو شامل کرکے اسے مکمل طور پر تدریس اور سیکھنے کی بنیاد پر وضع کیا گیا ہے۔ پاکستان بھر میں 32 مختلف یونیورسٹیز میں ایک آن لائن آن کیمپس ٹیسٹ کا انعقاد کیا گیا جس میں تقریباً 3000 طلبا نے شرکت کی۔ پہلے سے وضع شدہ پراجیکٹس اور کام کی بنیاد پر 27 انٹرنز کو شامل کیا گیا اور ان کی تشخیص کی گئی۔

مسلح افواج کے لیے POL تربیتی پروگرام

مسلح افواج کے 165 جوانوں کو مختلف کورسز جیسے ایڈوانس POL کورس، اورینٹیشن وزٹ اینڈ اسٹڈی کے ذریعے تربیت دی گئی۔ مسلح افواج کے وفود میں کمانڈ اینڈ اسٹاف کالج کوئٹہ، آرمی سپلائی کراپس (ASC) اسکول نوشہرہ، آرمی اسکول آف لاجسٹکس کلدانہ مری کے اشخاص شامل تھے۔

سماجی اور تعلقات عامہ کی سرمایہ کاری

کسٹمر کے تحفظ کے لیے اقدامات

ہمارے کوالٹی ایشورنس کے کام کے ذریعے کسٹمر کے تحفظ کے اقدامات کو یقینی بنایا جاتا ہے۔ جس میں اپنے MQTU نیٹ ورک اور 07 غیر محرک لیبارٹریز کے ذریعے پوری سپلائی چین پر پراڈکٹ کے معیاد کو جانچتے ہیں۔ مالی سال 2017 کے دوران، ان غیر محرک لیبارٹریز نے 84,002 کی تعداد میں POL کے نمونہ جات کی جانچ کی۔ یہ سب 1569 کی تعداد میں POL بلینڈز کی تیاری کے ذریعے دیگر شعبوں کو دی جانے والی معاونت کے علاوہ تھا۔

کرتا ہے۔استعمال ہونے والی دیگرنئ خصوصیات میں ڈیٹا بیس پرفارمنس، ڈیٹا بیس مینجمنٹ اوراس کی دستیابی شامل ہیں۔حالیہ ریلیز 24x7 کی بنیاد پر کاروباری سرگرمیوں کو جاری رکھنے کے لیے بہتر معاونت، نئےفنکشنز اوراعتماد فراہم کرتی ہے۔

نیٹ ورک اور ایپلیکیشنز میں مسلسل اضافے کے ساتھ، IT سروسز کی 24x7 بلا رکاوٹ دستیابی اورڈیٹا کی سالمیت کویقینی بنانے کے لیے IT سیکیورٹی ایک ایک اہم جزو بن گیا ہے۔ بیرونی/اندرونی سائبر تھریٹس سے IT نیٹ ورک کی حفاظت، نیٹ ورک کومحفوظ رکھنے اور کاروباری امور میں معاونت کے لئے 24x7 دستیابی کے لیے انٹر پرائز کلاس نیکسٹ جنریشن فائروالزاورای میل پروٹیکشن سرورنصب کیا گیا ہے۔ ICT نے ہیڈ آفس میں موجودہ نیٹ ورک انفرااسٹرکچر کی بہتری کے لیے بھی اقدامات کئے، جومکمل ہو چکے ہیں۔ PSO انٹرا نیٹ پورٹل کو بھی اپ گریڈ کردیا ہے تا کہ نئے اور اضافی پورٹل فیچرز جیسے ورک فلو ایپلیکیشنز، ڈاکیومنٹ لائبریری مینجمنٹ، بہتر انٹر پرائز اورضرورت کے مطابق سرچ آپشنز، نیوزفیڈ اوردیگرسوشل فیچرز وغیرہ سے فائدہ اٹھایا جائے۔

اصلاحات کا عمل

ان ہاؤس ٹیموں کے ذریعے مختلف سسٹمز اور ماڈلز کوایک جگہ پر رکھا گیا بشمول کارپوریٹ اور بزنس اسکورکارڈ کی ڈیولپمنٹ اوراطلاق، کارپوریٹ کارکردگی پرنظر ثانی کے عمل کو ہموار کرنا، کاروباری کارکردگی پرنظر ثانی، Quadrennial بزنس پریکٹیسز ریو (اندرون PSO 42 سیشنز کا انعقاد کیا گیا)۔فیصلہ سازی میں ہمہ جہت پیشہ ورانہ مہارت کے لیے PSO میں مختلف کام کرنے والی ٹیموں کے لیے یہ ایک اضافی سہولت ہے۔

اشیاء، سروسز اورکام کی فراہمی کے لیے کام کی تفویض کے شفاف، درست اورارزاں لاگت پر متعلقہ کاموں کی مشترکہ اجازت پر نظر ثانی اور منظوری کے لیے ایک ان ہاؤس پروکیورمنٹ کمیٹی قائم کی گئی تھی۔سال کے دوران Requisitions کے انضمام کے ذریعے قابل قدر سیونگز کے حصول کی ہرممکن کاوش کی گئی اوروینڈرز کی اضافی شراکت داری کے نتیجے میں صحت مندانہ مقابلہ، بہتر نرخ اورزیادہ موزوں شرائط وضوابط سامنے آئے۔

PSO میں مرکزی یونٹ کے لیے پہلی بار ایک علیحدہ مارکیٹ ریسرچ فنکشن کا قیام عمل میں آیا، جس کا مقصد کمپنی میں اسٹیک ہولڈرز کے ساتھ معلومات کوشیئر کرنا تھا۔

اس کے علاوہ، خطرات کی نشاندہی کے لئے ایک خودمختار رسک مینجمنٹ فنکشن بھی قائم کیا گیا ہے جو تخفیفی لائحہ عمل مرتب کرنے میں انتظامیہ کی معاونت کرے گا۔

مختلف کارپوریٹ اور پروڈکٹ برانڈنگ اقدامات کے ذریعے برانڈ بلڈنگ کو مستحکم کیا گیا۔

کارپوریٹ برانڈنگ

- "لیڈنگ دی فیول ریوولوشن" کے نام سے جون 2016 میں ٹی وی، پرنٹ اور ریڈیو پر مارکیٹنگ مہم کا آغاز کیا گیا۔

"Every Journey Begins here" کے نام سے ٹی وی اور پرنٹ میڈیمز پر ایک کارپوریٹ مہم چلائی گئی۔

- جھل مگسی ڈیزرٹ چیلنج 2016 اورلواری اسنو جیپ ریلی 2017 کی ٹائٹل اسپانسرشپ
- پرنٹ میڈیا میں PSO کی چالیسویں سالگرہ اور یوم پاکستان کی مہمیں چلائی گئیں

پروڈکٹ برانڈنگ

- لاہوراورکراچی میں Altron-Premium اور Altron-X کا افتتاح
- پرنٹ اور ریڈیو پر Altron-X، Action+ Diesel اور Deo کنزیومر پروموشن کیمپینز چلائی گئیں
- ٹی وی، پرنٹ اور ڈیجیٹل اشتہارات کے ساتھ Blaze 4T کی مہم چلائی گئی
- ٹی وی، پرنٹ اور ریڈیو پر رمضان اور عید کنزیومر آفر کیمپینز چلائی گئیں
- پرنٹ میڈیا پر چیمپیئنز ٹرافی اور عیدالفطر کی مہم چلائی گئیں

پراڈکٹس کے معیار کو یقینی بنانا

PSO کے پاس 25 MQTUs (24+1 سی این جی انسپیکشن یونٹ) کا فلیٹ ہے، جو کسٹمرز کی جگہ اور ہمارے ریٹیل آؤٹ لیٹس نیٹ ورک پر پراڈکٹ کی جانچ کے لیے مخصوص ہے۔دوران سال MQTU نے پاکستان بھر میں 20,398 ریٹیل آؤٹ لیٹس، 492 PSO ڈپوز اور 67 سی این جی اسٹیشنز کو وزٹ کیا۔بہتر خدمات اورصحت، حفاظت اور ماحولیاتی (HSE) معیارات کو برقرار رکھنے کے لیے MQTUs نے PSO کارپوریٹ HSE کی ضروریات کے حوالے سے ریٹیل آؤٹ لیٹس کے HSE 1609 آڈٹس بھی کئے ہیں۔

پٹرولیم پراڈکٹس کے شعبے میں متعارف کرائی گئی جدید تیکنیک سے مکمل طور پر باخبر ہونے کے ناطے، لیبارٹریز کو 09 نئے ایکویپمنٹ فراہم کئے گئے ۔ ISO 9001:2015 سرٹیفیکیشن کے عمل کا بھی آغاز کیا گیا۔PSO کی لیبارٹریز (LMT اور KTA) نے برٹش پٹرولیم (UK) کے انٹر لیبارٹری کوریلیشن پروگرام (ILCP) میں شرکت کی اوراہل قرار پائی۔اس میں دنیا بھر سے 109 لیبارٹریز شامل تھیں اوران کے ٹیسٹس کے نتائج کا اعتماد اور درستگی کے حوالے موازنہ کیا گیا۔یہ بین الاقوامی طور پر مطلوبہ معیارات سے مطابقت کی تشخیص کرتی ہے۔مالی سال 2017 میں QA ڈپارٹمنٹ نے ڈیفنس کے 14 افراد کے لیے مختلف POL ٹیسٹنگ کے طریقوں کے حوالے سے تربیت کا بھی انتظام کیا۔

نیچرل کیپیٹل

ہیلتھ، سیفٹی اینڈ انوائرمنٹ (HSE)

دوران سال کمپنی نے HSE ایشورنس فریم ورک کو بہتر بنانے اور ڈپارٹمنٹس پر عمومی کمیونیکیشن میٹنگز، سیفٹی آبزرویشن رپورٹ کے طریقہ کار وغیرہ کے شعبوں میں کارکردگی کی جانچ کے لیے مخصوص نئے کام متعارف کرائے۔ان اقدامات سے کمپنی میں HSE کا کلچر بہتر ہوا، جس سے ملازمین میں اپنے کام کے دوران HSE کے استعمال سے متعلق آگاہی میں اضافہ ہوا، HSE کی اپنے عملے کوتربیت دینے کے حوالے سے سپروائزرز اور مینیجرز کی دلچسپی بڑھی نیز کمپنی کودرپیش مسائل سے نبٹنے کے لیے جدید حل کا استعمال شروع ہوا۔

آکیوپیشنل سیفٹی اینڈ ہیلتھ ایڈمنسٹریشن (OSHA) کی وضاحت کے مطابق مالی سال 2017 نے 0.07/200,000 اوقات کار کے ساتھ حادثات کی شرح میں کمی کے ذریعے غیر معمولی بہتری کا مظاہرہ کیا، جبکہ مالی سال 2016 میں یہ اعداد وشمار 0.37/200,000 اوقات کار تھے۔

پروسیس سیفٹی مینجمنٹ ڈرائیو پر عمل

PSO نے سہولیات کے کسی بھی قسم کی پریشان کن بندش کے خطرے کوکم کرنے کے لیے سیفٹی مینجمنٹ ڈرائیو پرعمل کا آغاز کیا، جومنجملہ دیگر کے ساتھ ساتھ چینج کمیٹی کی ان ہاوس انتظامیہ کے ذریعے تبدیلی کے طریقہ کار پر نظر ثانی کا احاطہ کرتا ہے،سہولیات کی پائپنگ اورانسٹرومینٹیشن ڈائی گرام (P&ID) کواپ ڈیٹ کرتا ہے اورایمرجنسی رسپانس پلانز پر نظرثانی کرتا ہے۔

سہولیات کے حوالے سے HAZOP اسٹڈیز کا انعقاد کیا گیا ورساتھ ہی HAZOP کی سفارشات کوتیارکرتے ہوئے اس کے اطلاق کے لیے لائحہ عمل طے کیا گیا۔اس کی تعمیل کویقینی بنانے کے لیے مسلسل بنیادوں پرنظر ثانی کا نظام بھی ترتیب دیا گا۔سیفٹی کی اعلیٰ درجے کی کارکردگی کے حوالے سے مقامی پیشگی مرمتی منصوبوں میں ترجیحی بنیاد پر رسک بیسڈ اپروچ کے ذریعے سیفٹی کریٹیکل ایکویپمنٹ (SCE) کی نشاندہی کی گئی۔

ملازمین کی مصروفیت کے پروگرام

ملازمین کومختلف HSE ڈرائیوز جیسے خرانے کی تلاش کا پروگرام، میری کوشش (میرا کردار)، Peer Reviews، ہاؤس کیپنگ کمپیٹیشن، بیسٹ SOR ریوارڈ، HSE پرفارمنس مینجمنٹ برائے سہولیات، سیفٹی آبزرویشن اینڈ ریکومنڈیشن (SOR)، HSE گروپ کمیونیکیشن میٹنگز میں مصروف رکھا گیا۔

اس کے ساتھ ساتھ HSE کے عملے کی جانب سے اہم تربیتی ورکشاپس کا انعقاد بھی عمل میں آیا، جس میں سینئر مینجمنٹ کے لیے HSE کلچر ٹرانسفارمیشن، HSE بیک ٹو بیسک پروگرام برائے ہر ایک ملازم، HSE اسکل ڈیولپمنٹ پروگرامز (کام کی اجازت، HSE رسک مینجمنٹ، لفٹنگ آپریشنز، کنفائنڈ اسپیس انٹیٹی، مینجمنٹ آف چینج)، تمام آپریشنز کی سہولیات فراہم کرنے والے عملے کے لیے اسٹینڈرڈ آپریٹنگ طریقہ کار، آپریشنز کی سہولیات فراہم کرنے والے عملے کے لیے، ریٹیل ڈیلرز HSE ورکشاپ، ٹینک ٹرک کارٹیج کنٹریکٹر HSE ورکشاپ، موٹر بائک سے متعلق آگاہی کی نشست برائے عملہ اور PSO اور سہولیات اوردفاتر پر میڈیکل کیمپس شامل ہیں۔

ماحول کی حفاظت

ماضی میں قواعد کی مطلوبہ ضرورت کی تعمیل کے لیے فیسلیٹیز پر ماحولیاتی تشخیص کا انعقاد کیا جاتا رہا ہے۔میرین آئل اسپل ایکوپمنٹ کے حوالے سے OCAC میں ایک میٹنگ منعقد کی گئی تھی اوراس کے موزوں انتظام وانصرام کے لیے ایک منصوبہ تشکیل دیا گیا ہے۔ ماضی میں ہمارے عملے کے لیے انوائرمینٹل مینجمنٹ اینڈ ویسٹ مینجمنٹ کی تربیتی نشستوں کا بھی انعقاد کیا گیا ہے۔

PSO کی جانب سے ہائر گریڈ RON انوائرمینٹل گیسولین اوریورو II کمپلائنٹ ڈیزل کو متعارف کرانے کے لیے اٹھایا جانے والا قدم ماحول دوست پراڈکٹس اورطریقہ کار کے حوالے سے معاونت کی عکاسی کرتا ہے۔

صنعتی اخراج

اخراج اور شور شرابے کوکنٹرول کرنے اور اس کی نگرانی کے لیے نیشنل انوائرمینٹل کوالٹی اسٹینڈرڈز (NEQS) ٹیسٹوں کا انعقاد بھی کیا گیا تا کہ اس سے حاصل ہونے والے نتائج کو بہتر بنایا جائے ۔سہولیات کے مقامات پر پینے کے پانی کی جانچ کے ٹیسٹ بھی کئے جارہے ہیں تا کہ تمام جگہوں اوردفاتر میں صاف اورمحفوظ پانی دستیاب رہے۔

کام سے متعلق صحت (آکوپیشنل ہیلتھ) OH

تھرڈ پارٹی کے ذریعے حاصل شدہ معلومات کے ذریعے OH کے بنیادی ڈھانچے کی تشکیل میں کام سے متعلق صحت (OH) پر توجہ مرکوز رکھی گئی ہے۔ہمارے منکشف شدہ عملے کی بیوٹین ،ٹولین ایتھائیل بینزین، زائلین (BETX) نگرانی کے ساتھ ساتھ کام کی جگہ کی بھی خاص نگرانی کی جاتی ہے۔کام سے متعلق صحت کے بہتر انتظام وانصرام کے لیے ایک OH

دیکھا جاتا ہے اور اس نے حاصل ہونے والی معلومات کو سائٹس پر نہ صرف ایک دوسرے سے شیئر کیا جاتا ہے بلکہ ساتھ ہی مزید بہتر ERP ڈرلز کا بھی انعقاد کیا جاتا ہے۔

چیلنج کی حامل اور محرک کاروباری ضرورت کو پورا کرنے کے لیے ڈپو کے انفرااسٹرکچر اور پراڈکٹ کی سنبھال کے نظام کو نئی لوڈنگ گینٹری کے 26 پوائنٹس پر بہتر بنایا گیا اور محمود کوٹ، مچیکی اور لعل پیر پر PMG ہینڈلنگ سسٹمز کی بہتری عمل میں لائی گئی۔ مزید برآں، نیو فیصل آباد ڈپو کے آغاز کے ساتھ سسٹم میں MT12,500 شامل کیے گئے۔ ان کے ساتھ ساتھ نان IFEM ڈپوؤں کو کامیابی کے ساتھ دوبارہ کھولا گیا اور انہیں سانگھی، خضدار، دولت پور، حبیب آباد، کنڈیان، کوہاٹ اور سرائے نورنگ میں چلایا جا رہا ہے۔

مالی سرمایہ

مالیات ایک اہم ترین جز کی حیثیت رکھتا ہے لہٰذا دیگر کاروباروں میں اسٹریٹجک پارٹنر کے طور پر عمل کرنے اور اندرون کمپنی امور میں معاونت کے لئے اس کا موزوں انتظام و انصرام کیا گیا۔ سال کے دوران ٹیم نے مالیاتی اکاؤنٹنگ، رپورٹنگ اور مینجمنٹ کے نئے اعلانات سے خود کو ہم آہنگ رکھا، ان روزمرہ کاروباری امور اور فیصلہ سازی کے مواقعوں پر معلومات اور مہارت کا اطلاق کیا۔

ملک میں فیول کی قیمتوں میں تبدیلی کے لئے آئل درآمدات کی بروقت اور درست معلومات اوگرا کو فراہم کی گئیں۔ ٹیم نے فعال انداز میں IFEM وصولیوں کے لئے فالو اپ کیا اور گردشی قرضہ کے تصفیہ کے لئے حکومت پاکستان کو مختلف تجاویز جمع کروانے میں بنیادی کردار ادا کیا۔ موئثر فالو اپ کے نتیجے میں فروری 2017 میں 20 بلین روپے اور جون 2017 میں 18 بلین روپے حاصل ہوئے جو کہ پاور سیکٹر کو فیول سپلائی پر عمومی وصولیوں کے علاوہ ہیں۔

PSO کا ٹریژری فنکشن پاکستان میں سب سے بڑا کارپوریٹ ٹریژری ہے۔ کمپنی نے لیکویڈیٹی کے مسائل کے باوجود روزمرہ کاروباری امور کو بہترین طریقے سے چلایا بلکہ فنڈز مینجمنٹ اور موئثر فیصلہ سازی کی بدولت فنانس لاگت کو کم سطح پر قائم بھی رکھا۔

آن لائن آرڈرز مینجمنٹ سسٹم نیٹ ورک کو وسیع کر کے اس میں مزید ڈیلرز کو شامل کیا گیا ہے جو اب اپنے آرڈرز اور ادائیگیاں محفوظ اور باسہولت انداز میں انجام دے رہے ہیں۔ مزید برآں کارٹیج کونٹریکٹرز کی بل مینجمنٹ کے لئے انڈسٹری کے پہلے آن لائن سسٹم کا آغاز کیا گیا ہے۔ مذکورہ پروجیکٹس آئی ٹی، ریٹیل اور لوجسٹکس ٹیمز کی مشترکہ کاوشوں کا نتیجہ ہیں۔

PSO کی ٹیم نے ICAP/ICMA کی جانب سے آئل اور گیس سیکٹر میں لگاتار ساتویں سال کارپوریٹ رپورٹ ایوارڈ جیت کر اپنی اعلیٰ صلاحیتوں کا لوہا منوایا ہے۔ مزید برآں سال 2017 میں کمپنی کو ساؤتھ ایشیئن فیڈریشن آف اکاؤنٹینٹس کی جانب سے تعریفی سند ملی۔ PSO نے اپنی سالانہ رپورٹ میں انٹرنیشنل انٹیگریٹڈ رپورٹنگ کاؤنسل، یوکے کا جاری کردہ مربوط رپورٹنگ طریقہ کار شروع کرنے کا قدم بھی اٹھایا ہے۔

قومی خزانہ میں حصہ ڈالنا

PSO آج بھی قومی خزانہ میں ٹیکس جمع کروانے والے بڑے اداروں میں شامل ہے اور ہماری حصہ داری درج ذیل ہے:

	2016-2017	2015-2016
	روپے بلین میں	
سیلز ٹیکس	201	211
پیٹرولیئم Levy	71	70
دیگر ڈیوٹیاں اور ٹیکسز	47	33
کل	319	314

لیکویڈیٹی کی صورتحال اور کیش فلوز

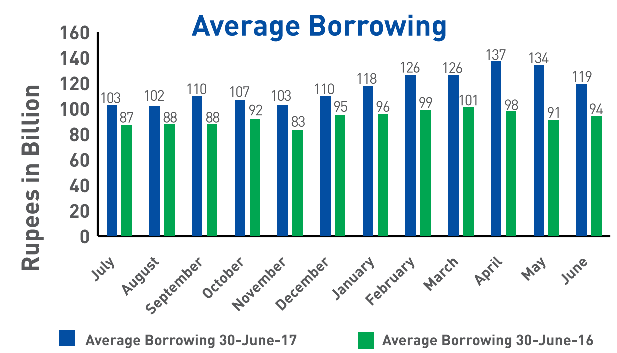
کمپنی کے زیر تجزیہ مالی سال کو پاور سیکٹر سے 30 جون 2016 کے مطابق 147 بلین روپے کے مقابل 176 بلین روپے کی قابل وصولیابی پر بند کیا گیا۔ پاور سیکٹر کی جانب سے ادائیگیوں میں تاخیر سے گردشی قرضوں میں اضافہ ہوتا ہے جس کے نتیجے میں فرنس آئل کی ادائیگی میں قلت ہوئی۔ سال 2016-2017 کے دوران، PSO نے 233 بلین مالیت کا فرنس آئل فراہم کیا اور اس کے عواض کل 204 بلین روپے وصول کئے جس کے نتیجے میں سال کا خسارہ 29 بلین رہا۔ PIA اور SNGPL کو بالترتیب جیٹ فیول اور LNG سپلائیز کے عوض واجب الوصول رقم میں بھی اضافہ ہوا ہے۔

انتظامیہ نے گردشی قرضے میں کمی کے لئے انتھک محنت کی اور اس کے لئے حکومت پاکستان کو متعدد سفارشات پیش کیں، جن پر عملدرآمد سے لیکویڈیٹی صورتحال میں خاطر خواہ بہتری سامنے آئے گی۔ کمپنی نے لیکویڈیٹی تقاضوں کو موئثر انداز میں پورا کیا اور اس کے لئے اپنے مقامی اور بین الاقوامی سپلائرز کی ضروریات کے مطابق مناسب کریڈٹ لائن کو برقرار اور دستیاب رکھا۔ مزید برآں، کمپنی نے اپنی لیکویڈیٹی صورتحال سے حکومت پاکستان کو باقاعدگی سے باخبر رکھا اور بروقت فنڈز کی فراہمی کے لئے وزارت توانائی، وزارت مالیات، PIA اور SNGPL سے مسلسل رابطے میں رہی۔

ڈائریکٹ کیش فلو اسٹیٹمنٹ کے لئے برائے مہربانی سیکشن 6 ملاحظہ کیجئے۔

مالیاتی انتظام کاری

زیر تجزیہ مالیاتی سال کے دوران، اوسط قرضہ جاتی لاگت 4.72% پر برقرار رہی جو کہ قرضہ جاتی بلند شرح (اوسط مالی سال 2016-2017 میں 116.3 بلین روپے بمقابلہ مالی سال 2015-16 میں 92.7 بلین روپے) کے باوجود SPLY کے مقابلے میں 89 Basis پوائنٹس کم رہی۔ شرح سود میں نمایاں کمی کے نتیجے میں بینکوں سے کامیاب مذاکرات ہوئے اور مقامی اور غیر ملکی قرضہ جات کا استعمال ہوا۔



لیکویڈیٹی چیلنجز اور قرضوں کی انتظام کاری کا لائحہ عمل

کمپنی یہ توقع رکھتی ہے کہ حکومت پاکستان، PIA اور SNGPL مالی سال 2017-18 میں سپلائیز کی فراہمی کی بروقت ادائیگی کریں گے بلکہ 30 جون 2017 تک واجب الاداء رقم کی ادائیگی بھی جلد سے جلد کریں گے۔ اس دوران کمپنی لیکویڈیٹی کے دباؤ کی انتظامی کاری کے لئے درج ذیل اہم اقدامات بروئے کار لائے گی:

- فنانشل اور ورکنگ کیپیٹل کی موئثر انتظام کاری
- کاروباری نمو کے ذریعے آپریشنل کیش فلو میں بہتری
- نقد صارفین پر زیادہ توجہ
- واجبات کی وصولی کے لئے حکومت پاکستان اور دیگر کسٹمرز سے موئثر رابطہ کاری
- بروقت دستیابی کے لئے کریڈٹ لائنز کی نگرانی

کریڈٹ ریٹنگ

پاکستان کریڈٹ ایجنسی لمیٹڈ (PACRA) کی جانب سے ہماری کمپنی کی حالیہ ریٹنگز درج ذیل ہیں:

قلیل مدتی	A1+
طویل مدتی	AA
امکانات/منظرنامہ	مستحکم

منافع منقسمہ اور دیگر مفروضات

کمپنی کی کارکردگی کی بنیاد پر انتظامی بورڈ نے -/15 روپے فی حصص (150%) کے حتمی زر نقد منافع منقسمہ اور 20% اسٹاک منافع منقسمہ کا اعلان کیا ہے، جو 10 روپے فی حصص کے عبوری زر نقد منافع منقسمہ میں ایک اضافہ ہے۔ مالی سال 2017 کے حوالے سے منافع منقسمہ (بشمول اسٹاک منافع منقسمہ) -/27 روپے (270%) فی حصص کی سطح پر کھڑا ہے جو کہ مالی سال 2016 میں -/12.5 روپے (125%) فی حصص تھا، جو حصص یافتگان کو 7.3 بلین روپے کی ادائیگی میں تبدیل ہوا جو کہ مالی سال 2016 میں 3.4 بلین روپے تھی۔

انٹی لیکچوئل کیپیٹل

انفارمیشن ٹیکنالوجی

PSO انفارمیشن ٹیکنالوجی ڈپارٹمنٹ، کاروباری طبقے کو مسلسل بہتر، خودکار، مؤثر اور بروقت ترسیل کی خدمات کی فراہمی کو یقینی بناتے ہوئے اور بہترین حل کی شروعات، اطلاق اور معاونت کے ذریعے اسٹریٹیجک ڈپارٹمنٹ بننے کے لیے کوشاں ہے۔

کمپنی کی فیلڈ فورس پر بہتر چیک اینڈ بیلنس سسٹم کے لیے، تمام ملازمین کو فیلڈ میں ٹریک کرنے کے حوالے سے ایک جامع قدم اٹھایا گیا ہے، جو بہتر نگرانی اور کنٹرول کے ساتھ فیلڈ میں کام کرنے والے ملازمین کی کارکردگی کو جانچنے میں معاون ہوگا۔ PSO کے معزز ڈیلرز کے لئے آرڈر دینے، ڈیلیوری، انوائس بنانے اور ادائیگی کی یاددہانی جیسی سہولیات کی بہم فراہمی کے لیے ایک SMS بیسڈ نوٹیفیکیشن الرٹ سسٹم تیار کیا گیا۔

کارٹیج کنٹریکٹر بلز کا خودکار نظام مکمل ہوگیا ہے اور بل جمع کرانے کے لیے آن لائن پورٹل کی تیاری کے ذریعے اس کا آغاز کردیا گیا ہے۔ اس کے ذریعے کارٹیج کنٹریکٹر کسی بھی جگہ پر اپنے بلز دیکھ کر زیادہ مؤثر انداز میں انہیں ٹریک کرسکتا ہے۔ پراڈکٹ کی دستیابی اور مخصوص مقام پر اسٹاک کی منتقلی کو ظاہر کرنے لاجسٹکس ڈپارٹ کے لیے ایک ریئل ٹائم ڈیش بورڈ تیار کیا گیا ہے۔ مختلف ملازمین کو اپنے ڈپارٹمنٹ کے ڈیش بورڈ کی تیاری کے لیے جامع تربیت بھی فراہم کی گئی۔

PSO نے اپنے SAP بیک اینڈ ڈیٹا بیس کو Oracle 12C ڈیٹا بیس کی حالیہ ریلیز پر کامیابی کے ساتھ اپ گریڈ کیا، جو بہتر سیکیورٹی، کارکردگی اور مسلسل موجودگی کی سہولت فراہم

سے Blaze کی فروخت میں گزشتہ سال کے مقابلے میں تقریباً %40 اضافہ ہوا۔ زرعی شعبے کو بھی ہدف بنایا گیا اور DEO برانڈ کے ساتھ مختلف پروگرامز کا انعقاد کیا گیا۔

انڈسٹریل ٹیم کی جانب سے تمام POL پراڈکٹس، جس میں تقریباً %10 لبریکنٹس ہوں گے، کے حوالے سے پاکستان ریلوے کے ساتھ 75 بلین روپے مالیت کے طویل المدت کنٹریکٹ کا حصول صنعتی شعبے میں ایک اہم پیش رفت تھی۔ PSO نے گزشتہ سال کے مقابلے میں %75 سے زائد بڑھوتری کے لیے شوگر مل آئل سیگمنٹ میں مواقعوں کا جارحانہ انداز میں تعاقب کیا۔ اس کے علاوہ DEO برانڈ پر مختلف پروگرامز تشکیل دے کر زرعی شعبے پر بھی توجہ مرکوز کی گئی۔ PSO ٹرانسفارمر آئل بزنس میں بھی داخل ہو گیا ہے۔

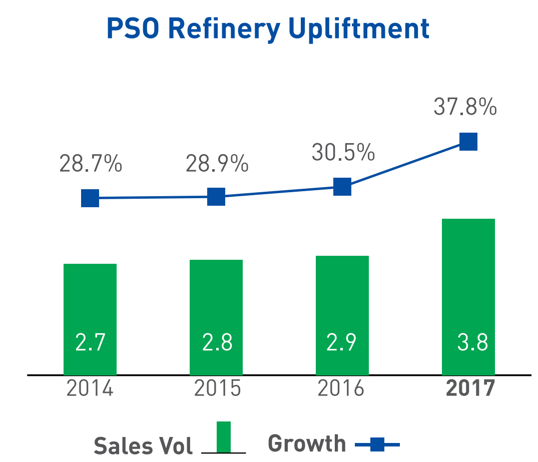
کمپنی اہم قومی اکاؤنٹس جیسے مسلح افواج، ریلویز، NLC، POF، OGDC اور زرعی ڈپارٹمنٹ وغیرہ کے POL فراہم کنندہ کے طور پر خود کو برقرار رکھے ہوئے ہے۔ کمپنی اُن نئے مواقع پر توجہ مرکوز رکھے ہوئے ہے، جس کے تحت کمپنی نے مختلف اداروں کے ساتھ مختلف سیلز معاہدے کئے ہیں۔ تھرکول اور پاکستان بھر میں مختلف CPEC پراجیکٹس کمپنی کی بھرپور توجہ کا مرکز رہے۔

اپنے ڈیلرز کو اپنے ساتھ منسلک کرنے اور PSO لبریکنٹس کے حوالے سے ان کی معلومات میں اضافے کے لیے جاری کاوشوں کے جزو کے طور پر ملک بھر میں لبریکنٹس اور پراڈکٹ کی خصوصیات کے حوالے سے 3000 سے زائد ڈیلرز کو تربیت دینے کے لیے مارکیٹنگ ٹیم کی جانب سے تربیتی پروگرامز کا انعقاد کیا گیا۔ ہائی اسٹریٹ ڈسٹری بیوٹرز کو دوبارہ منظّم کیا گیا اور پاکستان کے تمام اہم شہروں میں مکینکس کا تربیتی پروگرام شروع کیا گیا۔ کسٹمرز کی معاونت کے لئے منتخب آؤٹ لیٹس پر آئل ایڈوائزرز بھی تعینات کئے گئے۔

انفرااسٹرکچر کیپیٹل

سپلائی

زیر تجزیہ مدت کے دوران، PSO نے مقامی ریفائنریز اور درآمد کنندگان کے ذریعے 14.2 ملین MTs کا سورسڈ حجم ریکارڈ کیا، جو کہ گزشتہ سال 13.5 ملین MTs تھا۔ درآمدات کے ذریعے قائم شدہ سورسنگ، 181 ویسلز کے ذریعے 10.4 ملین MTs تھی جبکہ ریفائنری کی جانب سے ارتقائی عمل میں 3.8 ملین MTs کا کردار ادا کیا گیا۔ گزشتہ پانچ سالوں میں یہ لیکویڈ فیول کی ریفائنری پیداوار کے مقابلے میں ریفائنری کی اٹھان کی بلند ترین سطح ہے۔



ہمارا خریداری کا طریقہ کار، درست پیش بینی پر مبنی میکانیت کے ساتھ خریداروں کی مخصوص حکمت عملی کے تحت تقرری کی بنیاد پر ہے، جس نے ہمیں انڈسٹری میں کم ترین اور مسابقتی نرخ پر خریداری کے قابل بنایا۔ اسی تسلسل میں PSO نے اعلیٰ ترین معیار کے RON اور یورو II- HSD (500 ppm) کی ہموار اور سہل انداز میں فراہمی کا طریقہ کار وضع کیا۔

آنے والے سالوں میں PSO کے لیے اضافی مقامی پراڈکٹ سورسنگ کو محفوظ بناتے ہوئے مقامی ریفائنریز کے ساتھ طویل المدت معاہدوں کے ذریعے بلند ترین مسابقتی لاگت پر مستقبل کے سپلائی چین منصوبوں کو یقینی بنایا گیا۔ مزید یہ کہ عملی کارکردگی بہتر بنانے کے لئے درآمدات پر پراڈکٹ آرڈر کرنے کا عمل 60 دنوں سے کم ہو کر 30 دن ہو گیا۔

لاجسٹکس

PSO نے اپنے تمام صارفین بشمول ڈیفنس، پاور، ریٹیل، انڈسٹریل، ایوی ایشن اور میرین صارفین کو پورا سال POL کی بلاتعطل فراہمی کو جاری رکھا۔

ملک بھر میں Mogas کی بڑھتی ہوئی طلب کے پیش نظر، PSO نے ٹینک لاریز کے ذریعے پٹرول کے 2.3 ملین MTs کی تحریک کا انتظام و انصرام کیا، جو گزشتہ سال کے مقابلے میں %7 زائد ہے۔ اس کے نتیجے میں تمام ڈپوز/تنصیبات پر انوینٹری کی سطح بلند ترین سطح پر برقرار رہی۔ اسی طرح پاور سیکٹر کو مسلسل ایندھن کی فراہمی کی ضرورت بالخصوص توانائی کے بحران کی صورت کے پیش نظر PSO نے اپنے تمام پاور سیکٹر کے صارفین کو چوبیس گھنٹے ایندھن کی فراہمی کو یقینی بنایا۔

مالی سال 2017 کے دوران ملک بھر میں سپلائی چین آپریشن کو بڑھانے اور اس عمل کو تیز کرنے کے لیے پاکستان ریلویز کے ساتھ ایک طویل المدت معاہدہ کیا گیا۔ اس معاہدے کے ذریعے PSO، پاکستان ریلویز کے ذریعے روڈ ٹرانسپورٹیشن کے مقابلے میں کم لاگت اور مؤثر طریقے سے تقریباً 2 ملین MTs سالانہ کی پراڈکٹس کی ترسیل کرے گا۔ مالی سال 2017 کے دوران PSO نے ایک ملین MTs کے کاروباری حجم کو پاکستان ریلویز کو منتقل کیا، جس سے گزشتہ پانچ سالوں میں مجموعی طور پر %700 سے زائد کی بڑھوتری حاصل ہوئی۔ مزید یہ کہ PSO نے ٹینک ویگنز کے ذریعے HSD کی ترسیل کے حوالے سے بھی ریلویز سے بات چیت کا آغاز کر دیا ہے۔

جنوری 2017 میں متعارف کرائے جانے والے اپنے ٹینک لاریز اپ گریڈنگ منصوبے پر عمل کرتے ہوئے، مالی سال 2017 میں 254 ٹینک لاریز اپ گریڈ کئے گئے۔ ٹینک لاریز اور ان کے عملے کی حفاظت کے عمل کو بہتر بنانے کے مقصد کے تحت بنائے گئے اپنے "روڈ ٹرانسپورٹ مینجمنٹ سسٹم" پروگرام کے تسلسل میں، مالی سال 2017 میں تمام لاجسٹکس مقامات پر 80 ڈرائیورز کی تربیتی/آگاہی نشستوں کا انعقاد کیا گیا، جس میں 1800 ڈرائیورز کو HSE/محفوظ ڈرائیونگز کی تیکنیک اور معلومات فراہم کی گئیں۔ PSO نے نیشنل ہائی وے اور موٹروے پولیس کے ساتھ اشتراکی کوششوں (NH&MP) کے ساتھ محفوظ ڈرائیونگ پر دو روزہ سیفٹی ٹریننگ پروگرام کا پہلے ہی آغاز کر دیا ہے۔

انفرااسٹرکچر پراجیکٹس اور مینٹیننس

مالی سال 2017 کے دوران، PSO نے نیو ویژن ریٹیل آؤٹ لیٹ پروگرام کے تسلسل میں کامیابی کے ساتھ 60 ریٹیل آؤٹ لیٹس تعمیر کئے تاکہ نہ صرف سیلز نیٹ ورک کو مزید بڑھایا جائے بلکہ ساتھ ہی PSO کے مارکیٹ میں تسلط کو بھی یقینی بنایا جائے۔

زیر تجزیہ مدت کے دوران سخت اقدامات کئے گئے، جن میں PSO کے مختلف جاری مقامات پر POL اسٹوریج ٹینکس کی بحالی کے کام شامل ہیں۔ JIMCO پر نئے لوڈنگ گینٹری مع نصب شدہ میٹرنگ سسٹم کی جانچ اور فراہمی اور فائر فائٹنگ فوم انڈکشن سسٹم کی فراہمی کی گئی۔ کیماڑی پورٹ پر ٹریفک کے ازدہام کے پیش نظر، LSFO اسٹوریج اور آپریشنز کو حال ہی میں ذوالفقار آباد آئل ٹرمینل منتقل کر دیا گیا تھا۔

موجودہ فائر فائٹنگ سہولیات پر نظر ثانی کے لیے KTA، KTB، KTC، شکارپور، دولت پور، سانگھی، مچیکی، محمود کوٹ، حبیب آباد، چک پرانہ، سرائے نورنگ میں ایک جامع انجینئرنگ اسٹڈی کا انعقاد کیا گیا اور اس میں مقامی قواعد کی مطلوبہ ضروریات اور بین الاقوامی کوڈز جیسے NFPA میں موجود خلاء کی نشاندہی کی گئی۔ یہ مطالعاتی عمل کلی طور پر فائر فائٹنگ کی بہتری کے لیے کیا گیا تاکہ خلاء کو ختم کرتے ہوئے اپنے ڈپوز/تنصیبات کو بین الاقوامی معیارات کے مطابق لایا جائے اور بعد ازاں اس کے مطابق عمل درآمد کا منصوبہ بنایا گیا ہے تاکہ اپنے تمام مقامات پر محفوظ کام کو یقینی بنایا جائے۔

ملک میں پٹرولیم پراڈکٹس بالخصوص موگیس کے استعمال میں قابل غور اضافے نے OGRA کے پیشگی طلب کی پراڈکٹ اسٹاک کی مطلوبہ یومیہ ضرورت کو بڑھانے پر زور دیا۔ جس کے مطابق PSO نے ملک بھر میں اضافی پٹرولیم پراڈکٹس کے اسٹوریج کی منصوبہ بندی کی۔ کمپنی نے نئے اسٹوریجز کی تیاری اور بحالی کے لیے چائنہ پٹرولیم پائپ لائن بیورو اور بزنس سپلائی ٹیکنالوجی (BST) کے ساتھ دو سالہ اشتراکی معاہدے کے حوالے سے اپنے رجحان کا مراسلہ جاری کیا۔

پاکستان ریفائنری لمیٹڈ (PRL)

PSO نے پاکستان ریفائنری لمیٹڈ (PRL) میں اپنے ایکویٹی اسٹیک کو مالی سال 2014 میں %18 سے بڑھا کر %22.5 تک کر دیا ہے۔ مالی سال 2015 میں PSO نے PRL کے 84 ملین حصص کے حصول کی غرض سے Shell کے ساتھ ایک حصص کی خرید کا معاہدہ ("SPA") پر دستخط کئے۔ اس ڈیل کی تکمیل پر PSO کی PRL میں شیئر ہولڈنگ بڑھ کر %49.2 ہو جائے گی۔

مالی سال 2016 میں کمپیٹیشن کمیشن آف پاکستان (CCP) نے PSO کو 84 ملین حصص میں سے 63 ملین حصص کے حصول کی غیر مشروط منظوری دی ہے۔ CCP کے فیصلے کے مطابق، بقیہ 21 ملین حصص کا حصول معزز عدالت عالیہ سندھ میں زیر التوا مقدمے کے حتمی فیصلے سے مشروط ہے۔ میسرز ہیسکول پٹرولیم لمیٹڈ (HASCOL) نے CCP کے مذکورہ بالا احکامات کو کمپیٹیشن اپیلیٹنٹ ٹریبونل (CAT) کے پاس چیلنج کیا تھا جس نے PSO کے حق میں فیصلہ دیا۔ اس کے بعد ہیسکول نے معزز عدالت عظمٰی پاکستان میں ایک اپیل فائل کی، ہر چند یہ کہ وہ ہیسکول کی جانب سے مورخہ 22 مئی، 2017 کو واپس لے لی گئی۔

آپریشنز

PSO نے RON 92/95 کو نومبر 2016 میں اس کے تعارف کے بعد مؤثر طریقے سے سنبھالا اور ملک بھر میں بلاتعطل، تعطیلات اور اتوار کے روز بھی فراہمی کو یقینی بنایا۔ پورے بورڈ میں سیفٹی کلچر کی تعمیل پر توجہ مرکوز رکھی گئی۔ PPEs اور HSE کی تعمیل کے حوالے سے ڈپو کے عملے کے لیے مختص شدہ SOPs کے لیے سخت تربیتی نشستوں کا انعقاد کیا گیا۔ کسی بھی ناخوشگوار حالات سے خود کو بہتر طور پر آراستہ رکھنے کے لیے باقاعدہ بنیادوں پر واقعات کو

ملک بھر میں اپنے صارفین کو مزید سہولت فراہم کرے۔ کمپنی صارف پر توجہ مرکوز رکھنے کے عمل پر کارفرما ہے اور اسی لیے اپنے اسٹریٹیجک پارٹنرز کے ذریعے فائدہ مند نان فیول سروسز کی پیشکش کے ذریعے ریٹیل آؤٹ لیٹس پر دستیاب جگہ سے زیادہ سے زیادہ فائدہ حاصل کرنے کی جانب گامزن ہے۔

مجموعی طور پر سروس کے معیار اور ماحول کو بہتر بنانے اور ساتھ ہی اپنے معزز صارفین کی بڑھتی ہوئی ضروریات کے اطمینان کے لیے سہولت اسٹورز کو جدید بنانے کا آغاز کیا گیا۔ اسٹورز کو روایتی انداز سے تبدیل کر کے فن مہارت کے جدید سہولت اسٹورز میں تبدیل کیا گیا جو بین الاقوامی معیارات پر پورا اترتے ہیں۔ اس کا بنیادی مقصد شاپ اسٹاپ کے برانڈ کی ساکھ کو بہتر بنانا اور بیرونی طور پر تزئین اور مجموعی اسٹور کے آرائش کے ذریعے اسٹورز کو مزید پرکشش بنانا ہے۔

PSO نے C اسٹورز پر صارفین کو مزید پراڈکٹس کی کیٹیگریز کی پیشکش کے لیے مختلف معروف ٹوبیکو اور بیوریج کمپنیز کے ساتھ اہم اشتراک کئے ہیں، جو اسٹیشنز کو مزید قابل قدر جگہ میں تبدیل کرنے کا قدم ہے۔

برانچ لیس بینکنگ

PSO نے اپنے ریٹیل آؤٹ لیٹس پر مالیاتی خدمات کی فراہمی کے انقلابی تصور کے اطلاق کے لیے اہم مالیاتی اداروں سے حال ہی میں معاہدے کیے ہیں، جو ایک مربوط اور متبادل سروس ڈیلیوری چینل کے ذریعے تمام اسٹیشنز پر کسٹمر کو سہولیات کی بہم فراہمی میں اضافے کے ساتھ ساتھ محفوظ اور سہل مالیاتی / بینکاری کی خدمات کے تصور کو مزید مستحکم کریں گے۔

برانچ لیس بینکاری، روایتی بینکاری کا ایک سہل اور آسان متبادل ہے جو مالیاتی اداروں اور معیشت کی دیگر تجارتی اکائیوں کو متبادل ڈیلیوری چینلز جیسے ریٹیل ایجنٹس، موبائل فون وغیرہ کے ذریعے روایتی بینک کی جگہ کے باہر بھی اپنی مالیاتی خدمات کی پیشکش کرنے کی اجازت دیتا ہے۔

خدمات

کمپنی نے پہل کرنے کا فائدہ اٹھاتے ہوئے فیول اسٹیشنز پر وینڈنگ مشینوں کے طریقہ کی شروعات کی۔ کمپنی نے صارفین اور عوام الناس کو سہولت فراہم کرنے اور مالیاتی لین دین کے لیے محفوظ ماحول فراہم کرنے کے لیے PSO پر مختلف بینکوں کے ATMs نصب کئے۔ کمپنی نے حال ہی میں مختلف پمپس پر ATM کی تنصیب کے لیے مختلف بینکوں سے معاہدے کئے ہیں۔

کارڈ بزنس

صارفین پر توجہ مرکوز رکھنے کی روایت کو برقرار رکھتے ہوئے، PSO اپنی پراڈکٹس میں جدت لانے اور انہیں اپ ڈیٹ کرنے پر مسلسل گامزن ہے تاکہ صارفین کو ان کی ضرورت کے مطابق سادہ ترین حل فراہم کرنے کے قابل ہوسکیں۔

PSO نے اپنے کارڈ انفرااسٹرکچر کو پیمنٹ کارڈ انڈسٹری ڈیٹا سیکیورٹی اسٹینڈرڈز (PCIDSS) سرٹیفیکیشن کے ساتھ کلاؤڈ بیسڈ پر اپ گریڈ کردیا ہے تاکہ کسٹمر کو تیز تر کارروائی اور اضافی خدمات کی فراہمی، ٹرانزیکشن کے عمل میں 4 گنا تک کمی اور نتیجتاً ٹرن اراؤنڈ ٹائم میں تخفیف کے ذریعے کام کی کارکردگی کو بہتر بنانے کے عمل کو یقینی بنایا جائے۔ اس کے علاوہ، PSO وہ پہلا ادارہ ہے جس نے پاکستان میں CDA/DDA (کمبائنڈ / ڈائنامک ڈیٹا اتھنٹیکیشن) سے ہم آہنگ یوروپے ماسٹر ویزا (EMV) کمپلائنٹ پروپرائٹری چپ کارڈز، دوطرفہ Cryptography اور ڈائنامک کسٹمر ویری فیکیشن میتھڈ کو متعارف کرایا۔

PSO پاکستان میں وہ واحد OMC ہے جو اپنے وسیع نیٹ ورک کنیکٹیویٹی کی وجہ سے ملک بھر میں کارڈز قبول کرتی ہے، تاکہ کسٹمر کو کارڈز کی سہولت کے استعمال کے ذریعے دیہی مقامات پر پریشانی سے مبراء سہولت سے استفادہ حاصل کرنے کے قابل بنایا جائے نیز یہ کہ ہم اپنے نیٹ ورک کو مزید مقامات تک وسعت دینے کے لیے مستقل بنیادوں پر کوشاں ہیں۔

تجارتی ایندھن

پاور سیکٹر

PSO نے SPLY پر پاور سیکٹر کو FO (فیول آئل) کی فروخت کو 12.5% تک بڑھایا ہے۔ یہ بڑھوتری بالخصوص نقد صارفین سے حاصل ہوئی جو کہ 35.5% سے زائد ہے، جبکہ کریڈٹ کسٹمرز کی شرح 5.3% سے زائد ہے۔ پاور سیکٹر کی جانب سے وصولیوں کے مسائل کے باوجود، PSO نے سپلائز کی فراہمی جاری رکھی تاکہ ملک میں توانائی کی پیداوار میں اضافہ ہو اور عوام کے لئے لوڈ شیڈنگ میں کمی میں معاونت کی جاسکے۔ دیگر پاور سیکٹر پر واجب الاداء رقم میں اضافہ کیش فلو مینجمنٹ کے لئے آئندہ سنجیدہ مسائل پیدا کرسکتا ہے، جس کے لئے حکومت پاکستان کو اپنا کردار ادا کرنا ہوگا۔

ایوی ایشن، میرین اور ایکسپورٹس

مالی سال 2017 میں ایوی ایشن، میرین اور ایکسپورٹس کے کاروبار نے مقامی طور پر جیٹ A-1 کے 547.5 KMTs کی بلند ترین فروخت کا ہدف حاصل کیا، جس نے ایوی ایشن فیول بزنس میں SPLY کے مقابلے میں مارکیٹ شیئر میں 7.2% تک اضافہ کرتے ہوئے مارکیٹ لیڈرشپ کو مزید مستحکم کیا۔ یہ اضافہ مسابقتی نرخ اور بہتر خدمات کی فراہم کے ذریعے بین الاقوامی اور مقامی دونوں ایئر لائنز سے حاصل ہوا۔

PSO نے مقابلے سے AACO (جس میں ایئر عربیہ، سعودی ایئر لائن، گلف ایئر، کویت ایئر اور عمان ایئر) کے کاروبار پر دوبارہ اپنا تسلط قائم کیا ہے۔ زیر تجزیہ مدت کے دوران، PSO نے اسلام آباد میں KAM ایئر اور تھائی ایئر ویز اور کراچی ایئر پورٹ پر فلائی دبئی کے 50% ایوی ایشن کے کاروبار کو بھی حاصل کرلیا۔ ہم نے نئی مقامی ایئر لائن "Serene Air" کا ایوی ایشن بزنس بھی حاصل کرلیا ہے، جس نے اپنے کام کا آغاز مالی سال 2017 کے تیسرے عشرے میں کراچی، لاہور، اسلام آباد اور پشاور سے شروع کیا۔

PSO نے نیو اسلام آباد ایئر پورٹ پر منسلک پائپ لائن نیٹ ورک اور انفرااسٹرکچر کے ساتھ 10.0 KMTs کی فیول فارم سہولت کا اختیار تفویض کیا۔ نئے ایئر پورٹ پر سہولت کا آغاز مالی سال 2018 کے دوران متوقع ہے۔ PSO اس سہولت پر APL کے ساتھ 50:50 کے تناسب سے شراکت دار ہے۔ نیا ایئر پورٹ فن مہارت کے آلات اور ری فیولنگ ایکویپمنٹ سے آراستہ ہے جو کہ عالمی معیارات کے عین مطابق ہیں۔

جیٹ فیول ایکسپورٹ میں، PSO نے اپنی مارکیٹ پوزیشن کو مستحکم کیا اور مارکیٹ شیئر کا 70% حاصل کیا اور PSO اگست، 2016 سے جون 2017 تک وہ واحد OMC تھی جو کہ JP-8 فیول برآمد کرتی ہے۔ میرین سیکٹر میں PSO نے FO کے فروختگی کے حجم میں 27.0% کا مستحکم اضافہ حاصل کیا۔ پاکستان نیول فلیٹ کو ایندھن کی فراہمی کا پورا HSD بزنس بھی PSO کے پاس ہے۔

ایل این جی

LNG کا کاروبار سال بھر PSO کے پاس رہا، جس کے تحت ادارے نے دوران سال 186,672,980 MMBTU لے جانے والے 58 عدد LNG ویسلز، سپلائی چین آپریشن کو ہموار طریقے سے منظّم رکھتے ہوئے، کسی بھی خسارے کے بغیر جاری رکھا۔

جولائی 2016 سے جنوری 2017 تک سوئی نادرن کو RLNG کے اوسطاً 400 MMCFD فراہم کئے گئے۔ ان میں فروری 2017 سے 600 MMCFD تک کا مزید اضافہ کیا گیا جو کہ ملک میں توانائی کے توازن کے لئے اہم ثابت ہوا۔

ایل پی جی

مالی سال 2017، مزید بہتر انداز میں توجہ مرکوز رکھتے ہوئے SPLY سے زیادہ مستحکم انداز میں بڑھا۔ PSO کا LPG بزنس، برانڈڈ "پاک گیس" اس وقت 10 سرفہرست کمپنیوں میں شمار کیا جاتا ہے جو 5 عدد ایل پی جی اسٹوریج اور باٹلنگ کی سہولات کے ساتھ ساتھ اسٹریٹجک انداز میں واقع ہے اور ملک بھر میں اس کے 150 ڈسٹری بیوٹرز ہیں۔ بھرپور توجہ کے نتیجے میں اضافی LPG کے لیے OGDCL کے ساتھ ایک باہمی اشتراک کی معاہدہ (MoU) عمل میں آیا۔ PSO نے OGDCL سے LPG کی فراہمی کے حوالے سے 2 عدد بڈنگ کنٹریکٹس بھی جیتے، جس کے ذریعے OGDCL کے KPD اور Adhi فیلڈز سے LPG کی فراہمی کے تعین کو محفوظ بنایا گیا، جس کے نتیجے میں آئندہ پانچ سالوں کے لیے اضافی طور پر ایلوکیشنز کی تصدیق ہوئی۔

سی این جی

کمپنی نے PSO فرنچائز نظام کے تحت CNG اسٹیشنز کی تعداد کے حوالے سے اپنی مارکیٹ پوزیشن کو برقرار رکھا۔ نئے CNG اسٹیشنز کی تعمیر پر حکومت پاکستان کی جانب سے پابندی برقرار رکھنے کی وجہ سے کوئی نیا CNG اسٹیشن قائم نہیں کیا گیا۔ خصوصاً پنجاب میں CNG اسٹیشنز پر قدرتی گیس کی دستیابی کا مسئلہ برقرار ہے، جہاں CNG اسٹیشنز کو سسٹم گیس فراہم نہیں کی گئی مگر مستقبل میں صورتحال بہتر ہونے کی توقع ہے۔

لبریکنٹس اور کیمیکلز

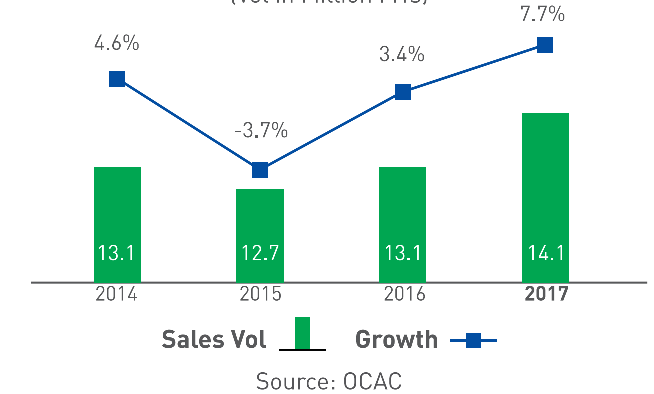
PSO کے لبریکنٹس بزنس نے گزشتہ سال کے مقابلے میں مارکیٹ میں 27.9% کی مستحکم نمو حاصل کی تھی، جو تقریباً 10% تھی۔ کاروبار کے مجموعی منافع میں 40% تک کا اضافہ ہوا اور یونٹ کنٹری بیوشن مارجن میں گزشتہ سال کے مقابلے میں 10% تک کا اضافہ ہوا۔ اس مسابقتی ترقی کی بنیاد پر، آج PSO پاکستان میں سرفہرست تین لبریکینٹ کمپنیز میں شامل ہے۔

PSO نے سخت مشکلات اور شدید مسابقتی مقابلوں کے باوجود مارکیٹ کے تمام سیگمنٹس میں بہترین کارکردگی کا مظاہرہ کیا۔ کمپنی کی جانب سے طے شدہ کثیر الجہتی حکمت عملی کے نتیجے میں ہائی اسٹریٹ چینل میں گزشتہ سال کے مقابلے میں 100% سے زائد اضافہ ہوا۔ مارکیٹنگ ٹیم نے ہائی سٹریٹ اور ریٹیل چینلز میں سیزنل اور آف سیزن مارکیٹنگ کی مہمات کو متعارف کراتے ہوئے مارکیٹ میں پراڈکٹ کے نفوذ کو بہتر بنانے کے لیے مختلف اقدامات کئے۔

پراڈکٹ کے معیار میں مسلسل بہتری لبریکنٹس کے کاروبار کو جلا بخشنے کا اہم جزو ہے۔ کمپنی نے پہلے سے بہتر خوبیوں کا حامل موٹر سائیکل آئل Blaze 4T (3D PROTECT) متعارف کرایا، جس کا آغاز ملک بھر میں 360 میڈیا مہم اور نئی پیکیجنگ کے ساتھ کیا گیا۔ اس

مجموعی مارکیٹ شیئر کے ساتھ مائع ایندھن کی مارکیٹ میں اپنی برتری کے تسلسل کو برقرار رکھا۔

Total Liquid Fuels
(Vol in Million MTs)



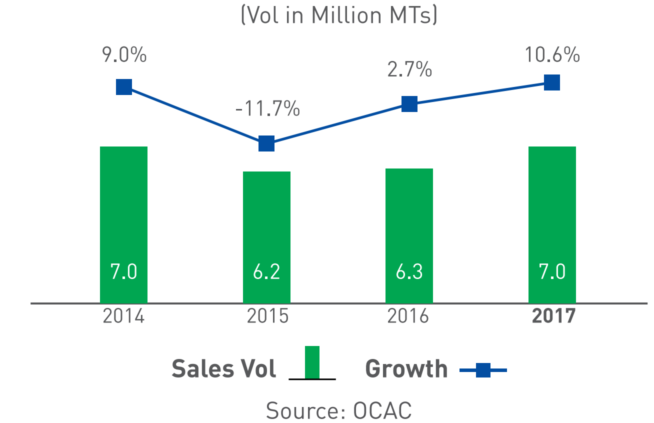
مالی سال 2017 میں وائٹ آئل میں 5% بڑھوتری اور مالی سال 2016 میں بلیک آئل میں 10.5% کی بڑھوتری عمل میں آئی۔

بلیک آئل کا مارکیٹ شیئر SPLY 70.5% سے بڑھ کر 73.1% رہا، جبکہ وائٹ آئل (MOGAS،HSD،SKO،Jet Fuel) میں مارکیٹ شیئر SPLY 46.8% کے مقابلے میں 43.9% پر رہا۔

مالی سال 2016 کے مقابلے میں مالی سال 2017 میں MOGAS میں 9.4%، FO میں 10.6%، JP-1 میں 18.9%، لبریکنٹس میں 27.9%، LPG میں 105.9% کی بڑھوتری ہوئی۔

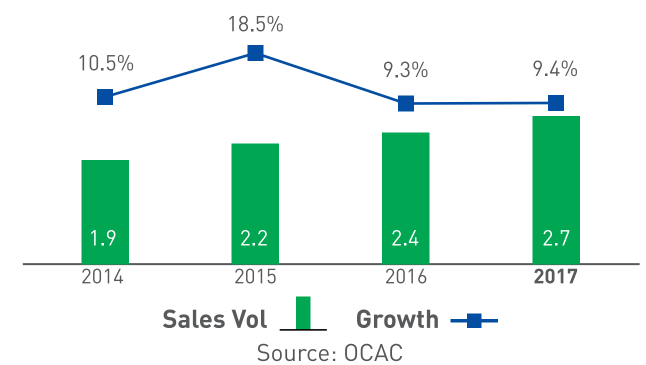
PSO نے SPLY کے دوران 70.5% سے مالی سال 2017 میں 73.1% تک کی سطح تک مارکیٹ شیئر میں بڑھوتری کے ساتھ FO میں اپنی لیڈرشپ پوزیشن کو برقرار رکھا۔ کمپنی نے نقد صارفین کی بڑھتی ہوئی تعداد کے ذریعے نفع بخش بڑھوتری پر توجہ مرکوز رکھی۔

Furnace Oil (FO)
(Vol in Million MTs)

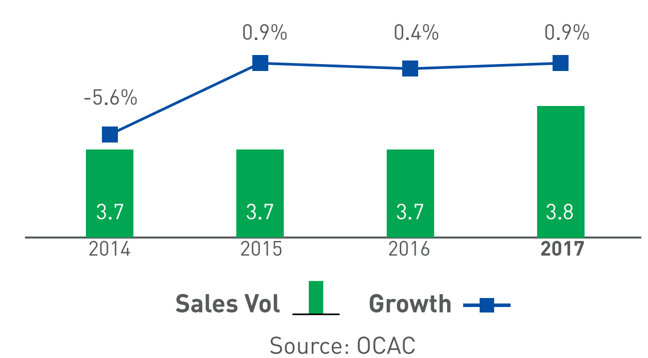


MOGAS کا کاروبار ریٹیل سیکٹر، نئے OMCs اور مخصوص OMCs کے ریفائننگ بیک اپ میں جارحانہ مسابقتی رجحان کی وجہ سے مقابلے پر رہا۔ ہر چند یہ کہ مالی سال 2017 میں کمپنی کے اضافی حجم کی شرح نمو میں 39.6% کا مارکیٹ شیئر حاصل ہوا۔ جبکہ HSD سیلز میں SPLY پر 0.9% کا اضافہ دیکھا گیا اور مالی سال 2017 میں 44.4% کا مارکیٹ شیئر حاصل ہوا۔

Motor Gasoline (Mogas)
(Vol in Million MTs)

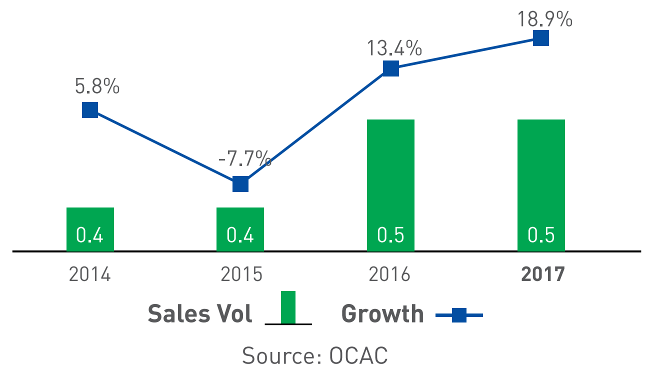


High Speed Diesel (HSD)
(Vol in Million MTs)



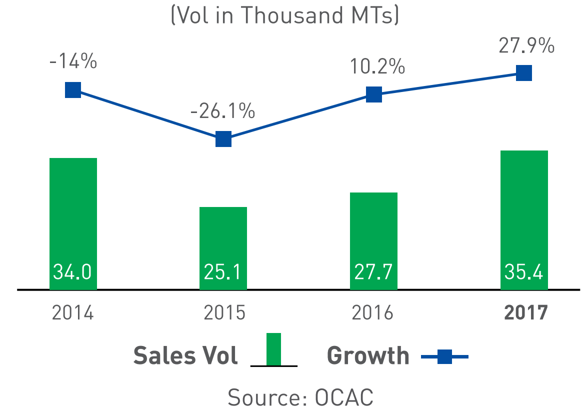
PSO نے SPLY کے دوران 66.3% سے مالی سال 2017 میں 73.5% تک کی سطح تک مارکیٹ شیئر میں بڑھوتری کے ساتھ JP-1 میں اپنی لیڈرشپ پوزیشن کو برقرار رکھا۔ کمپنی نے نقد صارفین کی بڑھتی ہوئی تعداد کے ذریعے نفع بخش بڑھوتری پر توجہ مرکوز رکھی۔

JP-1
(Vol in Million MTs)



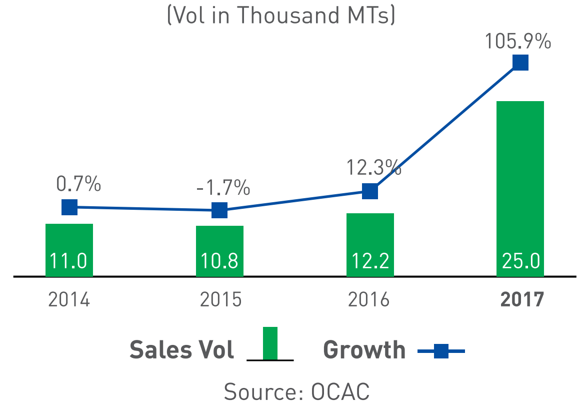
PSO نے 35.4KMTs کے تخمینی مارکیٹ شیئر میں سے تقریباً 9.2% کے مارکیٹ شیئر کے حصول کے ذریعے بلند پائے کے مسابقتی لبریکنٹ میں 385KMTs کے سیلز حجم کو بھی بہتر بنایا۔

Lubricants
(Vol in Thousand MTs)



مالی سال 2017، SPLY پر 106% بڑھوتری ظاہر کرتے ہوئے 25KMTs کے سیلز حجم کے ساتھ LPG کے کاروبار کے لیے انتہائی منفعت بخش تھا۔

LPG
(Vol in Thousand MTs)



خوردہ کاروبار

PSO کا ملک بھر میں موجود ریٹیل آوٹ لیٹ نیٹ ورک، مالی سال 2017 میں مجموعی طور پر 60 سے زائد نئے ویژن ریٹیل آوٹ لیٹس (NVROs) کے اضافے کے ساتھ وسعت اختیار کر کے مجموعی 3,489 سائٹس پر پہنچ گیا۔

کمپنی 26 اہم سائٹس، جو کمپنی کی زیر ملکیت اور کمپنی کی جانب سے چلائے جانے والے (COCO) اسٹیشنز کو چلاتے ہوئے بہترین سروسز اور کسٹمر کیئر فراہم کرتی ہے۔ سیلز آرڈر پراسس کو خودکار اور سیلز کے عمل کو سہل بنانے نیز ڈیلرز کو سہولت بہم فراہم کرنے اور روایتی مینول آرڈرنگ سسٹم کو تبدیل کرنے کی غرض سے کی جانے والی اپنی کوششوں کے جزو کے طور پر، کمپنی نے 1735 آوٹ لیٹس پر آن لائن آرڈرنگ مینجمنٹ سسٹم (OOMS) نصب کیا۔ عالمی معیار کے تسلسل کو جاری رکھتے ہوئے، PSO کے مقرر شدہ موبائل کوالٹی ٹیسٹنگ یونٹ (MQTU) نیٹ ورک نے اپنے صارفین کو درست معیار اور مقدار کی فراہمی کے لیے ریٹیل آوٹ لیٹس پر بے ترتیب جانچ کی شروعات کی۔

زیر نظر مدت کے دوران، آوٹ باؤنڈ/ان باؤنڈ کالز، ای میلز، فیکس اور ایس ایم ایس سروس کے ذریعے خودکار لبریکنٹ حفاظتی کوڈ ایپلیکیشن کے ذریعے مجموعی طور پر 885,316 کو خدمات فراہم کی گئیں۔ تعلق کسٹمر سروسز کمپنی کے لیے برانڈ ایکویٹی کا ایک اہم کردار ہے، جو تمام طریقوں سے آگے رہ کر صارفین کو مطمئن کرتا ہے۔ کسٹمر مینجمنٹ سسٹم، ڈپارٹمنٹ ہیڈز اور انتظامیہ سے ہفتہ وار بنیادوں پر کثیر الجہتی رپورٹ شیئر کر کے مزید مستحکم اور بہتر ہوا۔ غیر حل شدہ شکایات کو ڈپارٹمنٹل ہیڈز کو بتائی گئیں اور شکایت کے بروقت حل کے لیے مختلف ڈپارٹمنٹس کے ساتھ سخت پیروی کے نتیجے میں، غیر حل شدہ شکایات کی تعداد میں تقریباً 85% تک کمی واقع ہوئی۔

مزید یہ کہ، اپنی کسٹمر کیئر سروسز کو وسعت دیتے ہوئے، PSO نے صارفین کے لیے قریب ترین آوٹ لیٹس کی معلومات میں معاونت کے لیے اپنی اسٹیشن فائنڈر ایپ کا آغاز کیا اور اس کے ساتھ ہی نئے ریٹیل آوٹ لیٹس کی تیاری کے لیے اپنی ویب بیسڈ ایپلی کیشن بھی جاری کی، جس میں درخواست گزار ایک ٹریکنگ نمبر کے ذریعے درخواست کے اسٹیٹس کی معلومات/ٹریک کرنے کے قابل ہو جاتا ہے۔ کمپنی کے معزز صارفین کو اعلیٰ معیار کی خدمات کی فراہمی کو یقینی بنانے کے لیے مختلف ریٹیل آوٹ لیٹس پر وسیع تربیتی پروگرامز منعقد کیے گئے۔

نان فیول ریٹیل

اپنے ایندھن کے اہم کاروبار کے علاوہ، کمپنی نے نان فیول کے کاروبار میں قدم جمائے تا کہ

انتظامی بورڈ سال مختتمہ 30 جون 2017 کے حوالے سے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشواروں کو فخریہ طور پر پیش کرتا ہے۔ رپورٹ کے ذریعے کمپنی کی مارکیٹنگ، فنانشل، سپلائی چین اور ٹیکنالوجی کے شعبوں میں کارکردگی کا تفصیلی جائزہ پیش کیا جاتا ہے۔

PSO نے ختم شدہ مالی سال 2017 میں سخت مسابقتی رجحان اور آئل مارکیٹنگ میں نئے کرداروں کی آمد کے باوجود مارکیٹ میں اپنی تمام پراڈکٹس کے حجم میں مستحکم نمو کے ساتھ مائع ایندھن کو حاصل لیڈرشپ پوزیشن کو کامیابی سے برقرار رکھا ہے۔

PSO، مالی سال 2017 میں عوام الناس کو ایندھن کی بہتر معیار کی فراہمی کے حوالے سے حکومت پاکستان کے ہدف کے تحت وہ پہلی آئل مارکیٹنگ کمپنی تھی جس نے **نومبر 2016 میں ہائر گریڈ کے RON ماحول دوست گیسولین الٹرون پریمیم اور الٹرون ایکس ہائی پرفارمنس** متعارف کرانے کا قدم اٹھایا۔

نومبر 2016 کے پہلے چند دنوں میں ہی اس وقت ایک تاریخ رقم ہوئی جب کیماڑی ٹرمینل پر ہائر گریڈ RON کا حامل پہلا جہاز لنگر انداز ہوا اور سب سے پہلے کراچی میں قائم PSO کے آؤٹ لیٹس کو یہ نیا ایندھن ملنا شروع ہوا۔ اسی طرح پاکستان بھر میں یہ نیا ایندھن، ریٹیل آؤٹ لیٹس تک پہنچانے کی غرض سے ٹینکروں کے ذریعے بھیجا گیا۔

جنوری 2017 میں PSO نے **اعلیٰ ترین معیار کا حامل اور ماحول دوست یورو-II سے ہم آہنگ Action+Diesel** متعارف کرایا۔

PSO کی جانب سے ان دونوں پراڈکٹس کو متعارف کرانے کا عمل عوام الناس کی معاشی حالت کو بہتر بنانے اور پاکستان کی معیشت کو مستحکم بنانے اور اسے بڑھانے کے حوالے سے کیے جانے والے وعدوں پر مہر ثبت کرتا ہے۔

سال رواں کے دوران، کمپنی نے POL کے نرخوں میں اضافے کے حوالے سے ظاہر ہونے والے مثبت متبادل نرخ کے ساتھ سیلز کے حجم میں اضافے کی وجہ سے 21% بڑھوتری کے ساتھ 1.1 ٹریلین روپے (10.5 بلین امریکی ڈالر) کا سیلز ریونیو ظاہر کیا، جو کہ گزشتہ سال 0.9 ٹریلین روپے (8.8 بلین امریکی ڈالر) تھا۔ بعد از محصول آمدنی 77.4% اضافے کے ساتھ 18.2 بلین روپے تک بڑھی، جو کہ مالی سال 2016 میں 10.3 بلین روپے تھی۔ فی حصص آمدن میں مالی سال 2017 میں 67.1 روپے کا اضافہ ہوا جو کہ مالی سال 2016 میں 37.8 روپے تھا۔

ذیلی سطح پر بڑھوتری میں اہم کردار ادا کرنے والے عوامل میں سیلز کے حجم اور وائٹ آئل اور بلیک آئل دونوں میں اضافہ نیز مالی لاگت میں 17.2% تک کی شامل ہیں۔ مذکورہ بالا عوامل کی وجہ سے ذیلی سطح میں اس اضافے کو بالخصوص دیگر آمدن میں 16% تک کمی اور کام کی لاگت میں 6% تک اضافے سے تقویت ملی۔

03 فروری 2017 کو PSO کے حصص کے نرخ 486.05 روپے فی حصص پر بند ہوئے، جو مئی 2008 سے اپنی بلند ترین سطح پر تھے۔ مالی سال 2017 کے اختتام پر حصص کے نرخ 387.35 روپے فی حصص پر برقرار رہے۔

عالمی سطح پر آئل مارکیٹ کا تجزیہ

رواں سال 2017 کی پہلی سہ ماہی میں OPEC اور چند Non-OPEC تیار کنندگان کی جانب سے سال 2017 کے پہلی سہ ماہی میں پیداوار کو کم کرنے کے لئے کئے جانے والے معاہدوں پر عمل کرتے ہوئے خام تیل کی قیمتوں میں 8% تک اضافہ ہوا، جو اوسطاً 52.9/bbl$ تھا۔ آنے والے مہینوں میں اسٹاک کو نیچے لانے اور مارکیٹ کو دوبارہ متوازن کرنے کے حوالے سے توقعات پر مزید ایک سہ ماہی تک نرخ 54/bbl$ کی سطح کے قریب رہے۔ یہ نہیں ہوا اور مارچ کے دوسرے ہفتے میں قیمتیں تیزی سے گریں کیونکہ مستقبل کی مارکیٹس کی وسیع طویل پوزیشنز لیکویڈیٹ ہو گئیں۔

رواں سال 2017 میں عالمی سطح پر طلب کے لحاظ سے ہونے والی فراہمی میں کمی کے باعث خام تیل کی قیمتیں 55bbl$ کی اوسط سطح پر بڑھیں۔ OPEC یا Non-OPEC پیداواری حد بندی کی تسلسل میں بالخصوص سال کے دوسرے حصے میں اسٹاکس میں کمی متوقع ہے۔ حکومت پاکستان نے جنوری 2017 سے اب تک عالمی سطح پر ہونے والے آئل کے نرخوں کے لحاظ سے بتدریج اضافے (اور جزوی طور پر) کی منظوری دی ہے، جو کہ ایندھن کے نرخوں میں اضافے کے دوسرے راؤنڈ کے اثر کو کم کرنے اور مقامی صارفین کی جانب سے افراط زر کی توقعات کو سنبھالنے میں معاون ثابت ہوا ہے۔ پاکستان میں جاری تسلسل سے قطع نظر، عالمی سطح پر آئل کے حوالے سے جاری روش اور رجحانات ملک کے مقامی نرخوں پر اپنے اثرات جاری رکھیں گے۔

پٹرولیم کی صنعت کا تجزیہ

مالی سال 2017 کے دوران پاکستان کی معیشت نے ملک کی 5.3% کی GDP کی شرح نمو (جو کہ مالی سال 2016 میں 4.5% تھا) کے ساتھ بہتر کارکردگی کا مظاہرہ کیا۔ صنعتی شعبے میں 5.0% کی بڑھوتری ریکارڈ کی گئی جو کہ گزشتہ سال 5.8% تھی۔ جبکہ سروسز کے شعبے میں 6.0% کی بڑھوتری ریکارڈ کی گئی جو کہ گزشتہ سال 5.6% تھی۔ پاکستان کا زرعی شعبہ، جو قومی GDP کے 19.5% کا حصہ دار ہے، نے مالی سال 2017 میں 3.5% کی بڑھوتری ریکارڈ کی، جو کہ مالی سال 2016 میں 0.3% کی معمولی تھی۔

پاکستان کے حوالے سے انڈونیشیا، ملائیشیا، ترکی اور مصر سے بڑھ کر، دنیا کی تیزی سے ترقی کرنے والی مسلم معیشت ہونے کی پیش گوئی کی گئی ہے۔ پاکستان کو نئی تیزی سے ترقی کرتی معیشت میں شامل کرنے کی بنیادی وجہ اس کی اہم ترقیاتی مواقع ہیں۔

توانائی کے دیگر ذرائع کے استعمال میں اضافے کے ساتھ پاکستان میں توانائی کے استعمال میں ایک تبدیلی بھی ظاہر ہو رہی ہے۔ LNG کے متبادل استعمال کی وجہ سے فرنس آئل کے استعمال میں کمی کی توقع ہے۔

مالی سال 2017 میں معاشی ترقیاتی سرگرمیاں، وائٹ آئل پراڈکٹس (HSD، Mogas، SKO اور JP-1) SPLY پر 11.9% تک اور بلیک آئل سیلز (FO اور LDO) 6.6% تک استعمال میں بڑھوتری کے ساتھ ملک کے وسیع و عریض ارتقاء میں منتقل ہوئی۔ اس سے مائع ایندھن کے استعمال میں 9.8% کی مجموعی نمو واقع ہوئی۔

گاڑیوں کی فروخت میں اضافے اور CNG کی عدم دستیابی سے Mogas کے استعمال میں SPLY پر 16.3% تک اضافہ ہوا۔ HSD کی طلب میں SPLY پر 9.4% تک بڑھوتری ابتدائی طور پر معاشی سرگرمی، بہتر زرعی نمو اور سرحد پار سے پراڈکٹ کی کم مقدار میں دستیابی کی وجہ ہوئی۔ بین الاقوامی کیریئرز فلائٹ آپریشنز میں اضافے کے بعد JP-1 میں 7.3% کی بڑھوتری مشاہدے میں آئی۔ مالی سال 2017 میں بجلی کی پیداوار کے شعبے کی طلب میں اضافے کی وجہ سے SPLY پر انڈسٹری میں FO کے استعمال میں 6.6% اضافہ ہوا ہے۔

مالی سال 2017 کے دوران مقامی ریفائنریز نے لیکویڈ فیولز کی 10.1 ملین میٹرک ٹن کی پیداوار کی اور PSO نے 3.8 ملین میٹرک ٹن کا اضافہ کیا جو کہ ریفائنری پروڈکشن کا 37.8% تھا۔ جبکہ 15.6 ملین ٹن کی کمی کی طلب کو درآمد کیا گیا۔ اہم درآمدات میں FO (6.7 ملین میٹرک ٹن)، موگیس (4.9 ملین میٹرک ٹن) اور ایچ ایس ڈی (3.9 ملین میٹرک ٹن) شامل تھی۔ PSO نے مالی سال 2017 کے دوران 10.4 ملین میٹرک ٹن کی درآمدات کیں جو کہ انڈسٹری درآمدات کا 67% تھیں۔

مسابقتی سطح پر مالی سال 2017 کے دوران OMCs کی تعداد میں بڑھ کر 15 ہو گئی اور اوگرا نے نئے OMCs کی ڈیولپمنٹ کے لیے اجازت نامہ جاری کر دیا اور دیگر چار کو بھی مارکیٹنگ کی اجازت دے دی۔ اس کے علاوہ نئے آئل اسٹوریجز اور مختلف مقامات پر ٹرمینلز کے ارتقاء کے لیے چار لائسنس جاری کئے گئے، جبکہ اسی مدت کے دوران دو عدد لیوب آئل بلینڈنگ پلانٹس اور چھ عدد لبریکینٹ مارکیٹنگ کمپنیز کو بھی لائسنس کا اجراء کیا گیا۔ اوگرا نے صوبہ سندھ کے علاوہ ملک کے دیگر حصوں میں نئے ریٹیل آؤٹ لیٹس کی تعمیر پر پابندی کو برقرار رکھا۔

سیلز کی کارکردگی اور بزنس لائنز کی کارکردگی

PSO نے مادی رپورٹنگ، موجودہ مقامات پر اضافی اسٹوریج ٹینکوں کی تیاری مع وزارت دفاع سے اس کی NOC، پورٹ کی پابندیوں/رکاوٹوں، درآمدات کے انفرااسٹرکچر کی بڑھتی ہوئی لاگت، آخری دن کی سیلز کیپنگ اور PSO پر ابتدائی طور پر لاگو ریٹیل آؤٹ لیٹس پر ڈمپنگ کے اثرات نیز سال 2008 سے واجب الاداء IFEM کی وصولیوں کے تصفیہ جات میں تاخیر جیسے درپیش چیلنجز کے باوجود **54.8%** کے

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ اکتالیسواں سالانہ اجلاس عام۔2017

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 جمعہ 20 اکتوبر 2017 کو صبح 11:00 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 41ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے ______________ 2017 کو دستخط کئے گئے۔

5 روپے کا رسیدی
ٹکٹ چسپاں کریں

گواہان:

1 دستخط ______________

نام: ______________

CNIC نمبر: ______________

پتہ: ______________

____

2 دستخط ______________

نام: ______________

CNIC نمبر: ______________

پتہ: ______________

____

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کئے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام پی ایس او ہاؤس، خیابان اقبال، کلفٹن، کراچی میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

ELECTRONIC CREDIT MANDATE FORM

To

Date: ______________

Subject: **Bank account details for payment of Dividend through electronic mode**

Dear Sir/Madam,

I/We/Messrs.,____, being a/the shareholder(s) of Pakistan State Oil Company Limited [**the "Company"**], hereby, authorize the Company, to directly credit cash dividends declared by it, in my/our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No./CDC IAS/Folio No.	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank Account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company informed in case of any changes in the said particulars in future.

Yours truly,

____

Signature of Shareholder

(Please affix company stamp in case of a corporate entity)

Note:

1. Please provide complete IBAN, after checking with your concerned bank/branch to enable electronic credit directly into your bank account.
2. In case of shares held in electronic form, this letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by PSO from time to time.
3. In case of shares held in paper certificate form, this letter must be sent to the Company's Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.

PAKISTAN STATE OIL COMPANY LIMITED
Forty-first Annual General Meeting - 2017

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 Paricipant 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 41st Annual General Meeting of the Company to be held on Friday, October 20, 2017 at 11:00 am and at any adjournment thereof.

Signed by me/us this ______________ day of ______________ 2017.

Witnesses:

1. Signature ______________
   Name: ______________
   CNIC No: ______________
   Address: ______________
   ____

2. 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)

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.