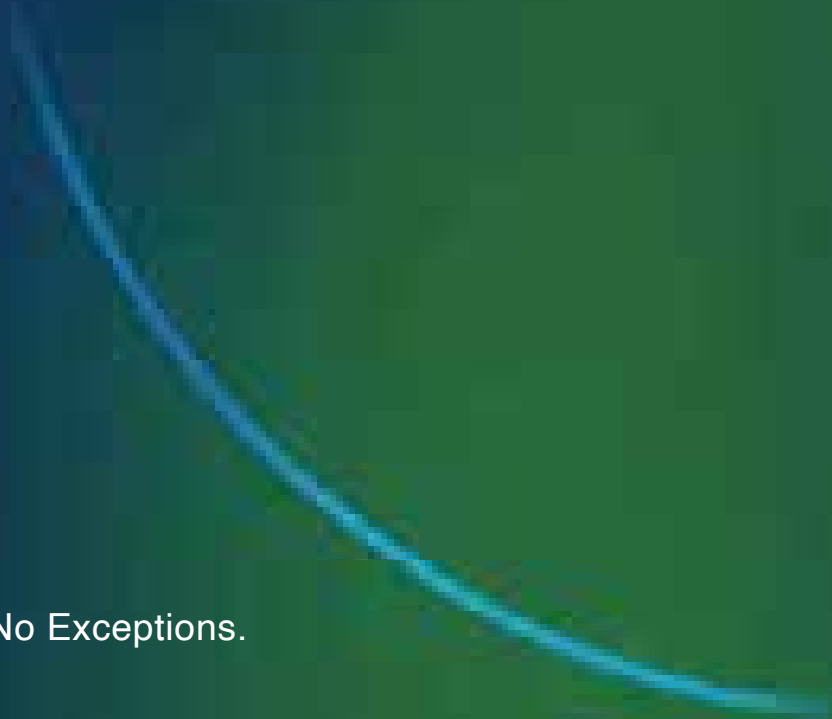


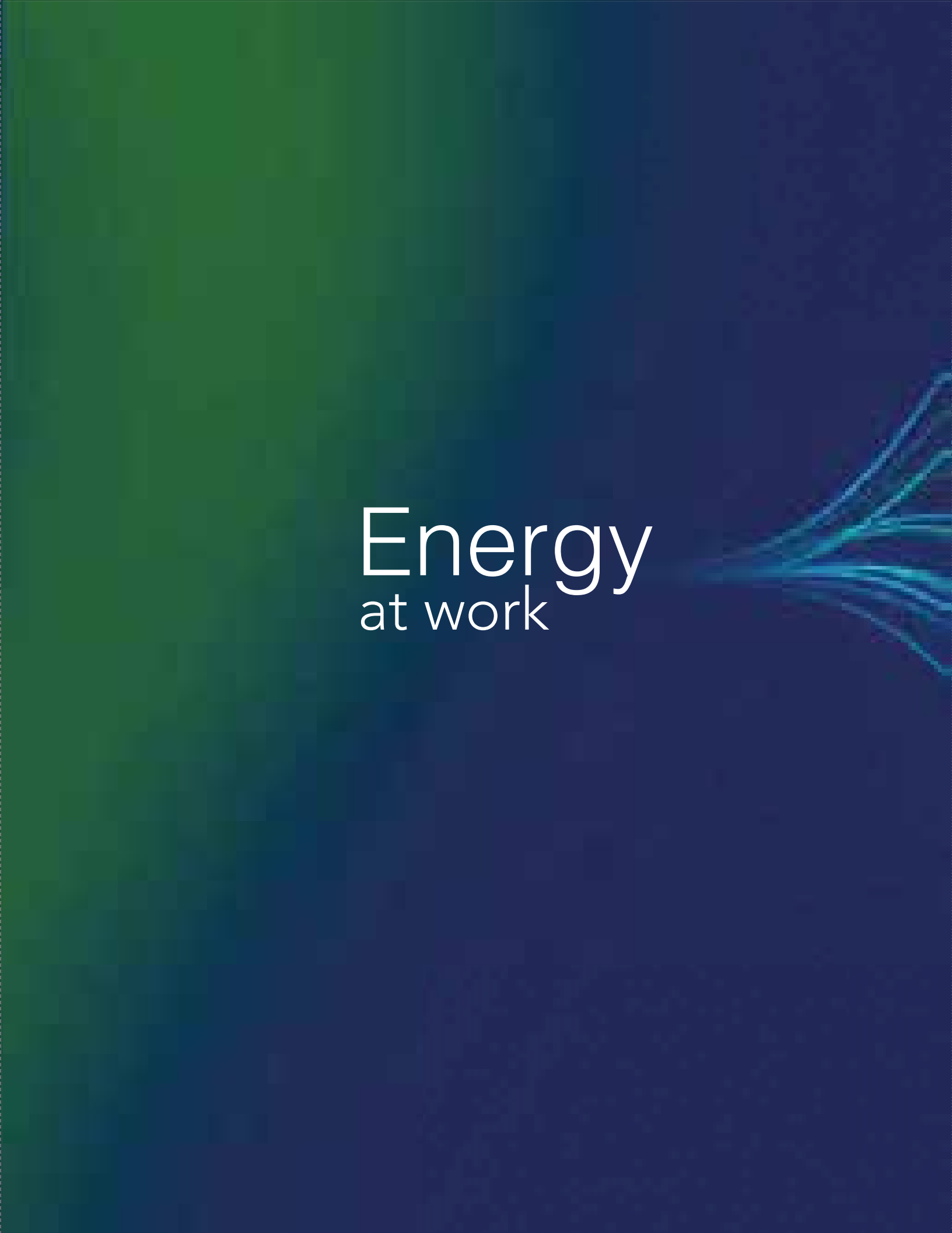


Energy at work

Annual Report 2026



Energising Pakistan. Every Day. No Exceptions.



Energy at work

Energising Pakistan. Every Day. No Exceptions.

It is our privilege to present Pakistan State Oil's (PSO) Annual Report for the financial year 2026, a year defined by strategic momentum, operational resilience and transformative achievement.

Our theme, **"Energy at Work"**, captures the spirit of an organisation in continuous motion: the alignment of our vision, operational strength and nationwide infrastructure to keep essential energy flowing to every corner of the country, even as one of the most severe supply shocks in recent memory disrupted the Strait of Hormuz.

The same mindset carries us beyond conventional distribution. It shapes our move into renewable energy, fintech and electric mobility, accelerates digital modernisation and creates lasting impact through community development.

Above all, Energy at Work is our promise to the nation: beyond financial performance, it reflects PSO's role as the backbone of the economy, energising vital industries and generating sustainable value for all stakeholders.

As we look ahead, we remain committed to harnessing our collective strength to power Pakistan into a sustainable, high-performing future.

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About The REPORT

The FY26 Annual Report covers PSO's operations and strategic developments for the period from 01 July 2025 to 30 June 2026, together with significant events occurring after the balance sheet date up to the date of publication. Built around our theme, Energy at Work, it reviews the company's business trajectory, financial performance, strategy, risks and opportunities, governance and sustainability progress, and the value created over the past twelve months for shareholders, investors, customers, employees and the wider community. The report has been prepared in compliance with the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the State-Owned Enterprises (Governance and Operations) Act, 2023 and the applicable financial reporting framework, and is guided by the International Integrated Reporting Framework to give a concise, complete and connected account of how PSO creates value. Disclosure parameters are applied consistently to allow year-on-year comparison.

The complete document is available on our investor platform at <https://www.psopk.com/en/investors/financial>.

We trust this report gives readers a clear picture of PSO's continuing drive to fuel national development and serve the communities we reach.



Key Highlights

FY26 tested Pakistan's energy supply chain like few years before it: the Strait of Hormuz, which carries nearly 80% of the country's import supplies, was disrupted and regional diesel prices briefly tripled. PSO's answer defines this year's highlights: uninterrupted fuel for the nation, market leadership extended, the country's highest credit rating secured, and new businesses launched for the energy landscape ahead.

01 SAFETY, PEOPLE AND PLANET



Zero

FATAL ACCIDENTS

48M+ safe man-hours across some of the country's most safety-sensitive infrastructure.



6,500+

HSE TRAINING HOURS

From accredited first aid to advanced firefighting and HAZOP leadership.



HSE ProGen

AI-ENABLED SAFETY, NATIONWIDE

PSO's indigenous digital HSE platform rolled out across the country.



PKR 665M

CSR INVESTMENT

Up 33% year on year, the investment supported healthcare, education, disaster relief and environmental initiatives.

02 MARKET LEADERSHIP

Market share, FY26

Aviation



99.2%

Near-total market leadership, earning US\$363.5 million in foreign exchange for Pakistan with the country's first JIG certification of aviation fuel quality at Lahore, Sialkot and Multan airports.

White oil



42.7%

The nation's clear market leader by a decisive margin over every competitor.

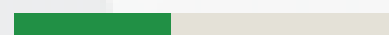
Diesel



42.5%

Leadership held against intensifying competition, with approximately 2.9 million tonnes delivered.

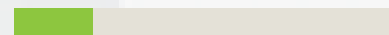
Motor Gasoline



38.1%

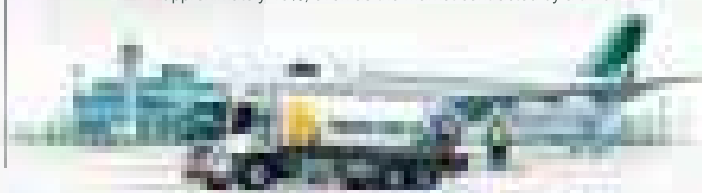
Approximately 3.0 million tonnes supplied across cities, highways and remote communities.

Furnace oil



19.0%

Share rose from 13.6% to 19.0%, an increase of approximately 40%, even as the market contracted by a third.



03 ENERGY SECURITY UNDER PRESSURE



Uninterrupted

NATIONAL FUEL SUPPLY

The country kept fully supplied through the Strait of Hormuz disruption, with alternative sourcing activated from Oman, Fujairah, Yanbu and the Far East.



6.61M MT

FUEL SOURCED

3.18 million metric tonnes imported and 3.43 million metric tonnes uplifted from domestic refineries through disciplined, diversified sourcing.



79 Cargoes

LNG IMPORTED

Approximately 4.76 million tonnes delivered without interruption despite Gulf tensions, under long-term QatarEnergy agreements.



39K MT

STORAGE CAPACITY REHABILITATED

Critical storage returned to service, reinforcing the strategic buffer of 1.23 million tonnes behind national energy security.

04 FINANCIAL STRENGTH

AAA

CREDIT RATING

VIS upgraded PSO to the highest possible rating, AAA, with a stable outlook.



PKR 901B

CONTRIBUTION TO THE NATIONAL EXCHEQUER

PSO is among Pakistan's largest taxpayers, with its contribution up PKR 35 billion year on year.



PKR 22.7B

REDUCTION IN TRADE RECEIVABLES

Circular-debt discipline that translated into a 24% reduction in finance cost.

05 GROWTH AND DIVERSIFICATION



3x

CHEMICALS GROWTH

A record 5,200 metric tonnes sold, up from 1,705 metric tonnes, marking the strongest year in the business's history.



44K MT

LUBRICANTS SALES

Up 6% with approximately 28% market share; premium Carient S-PRO sales doubled.



58K MT

LPG SALES

Second-highest annual volume ever, with cylinder exchange now at 132 outlets nationwide.



3,688

RETAIL OUTLETS

92 new stations added, deepening the nation's largest fuel retail network.



302+

CONVENIENCE STORES

37 new Shop Stops and 6 premium VIBE outlets, with VIBE e-commerce piloted in Karachi.



2.25 MW

INSTALLED SOLAR CAPACITY

Clean energy across PSO facilities, with entry into battery energy storage underway.

06 CUSTOMERS AND DIGITAL



NET PROMOTER SCORE (NPS)

Reflecting exceptionally strong customer advocacy.



441K+

CUSTOMERS SERVED

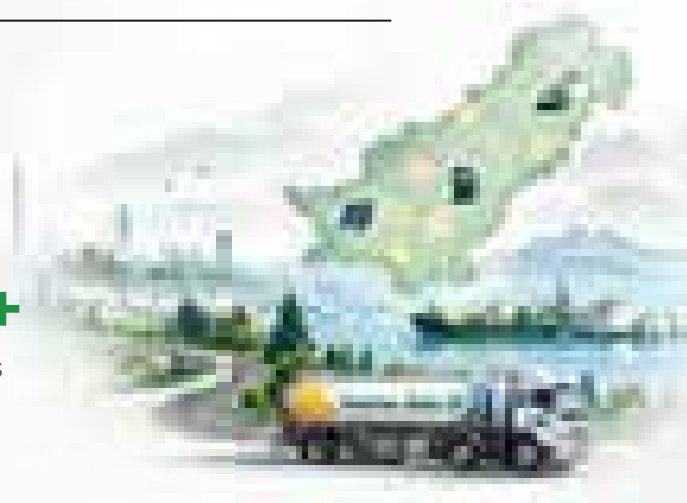
22,458 complaints resolved through an integrated omnichannel service ecosystem.



81.6K+

DIGICASH & B2B FUEL CARD USERS

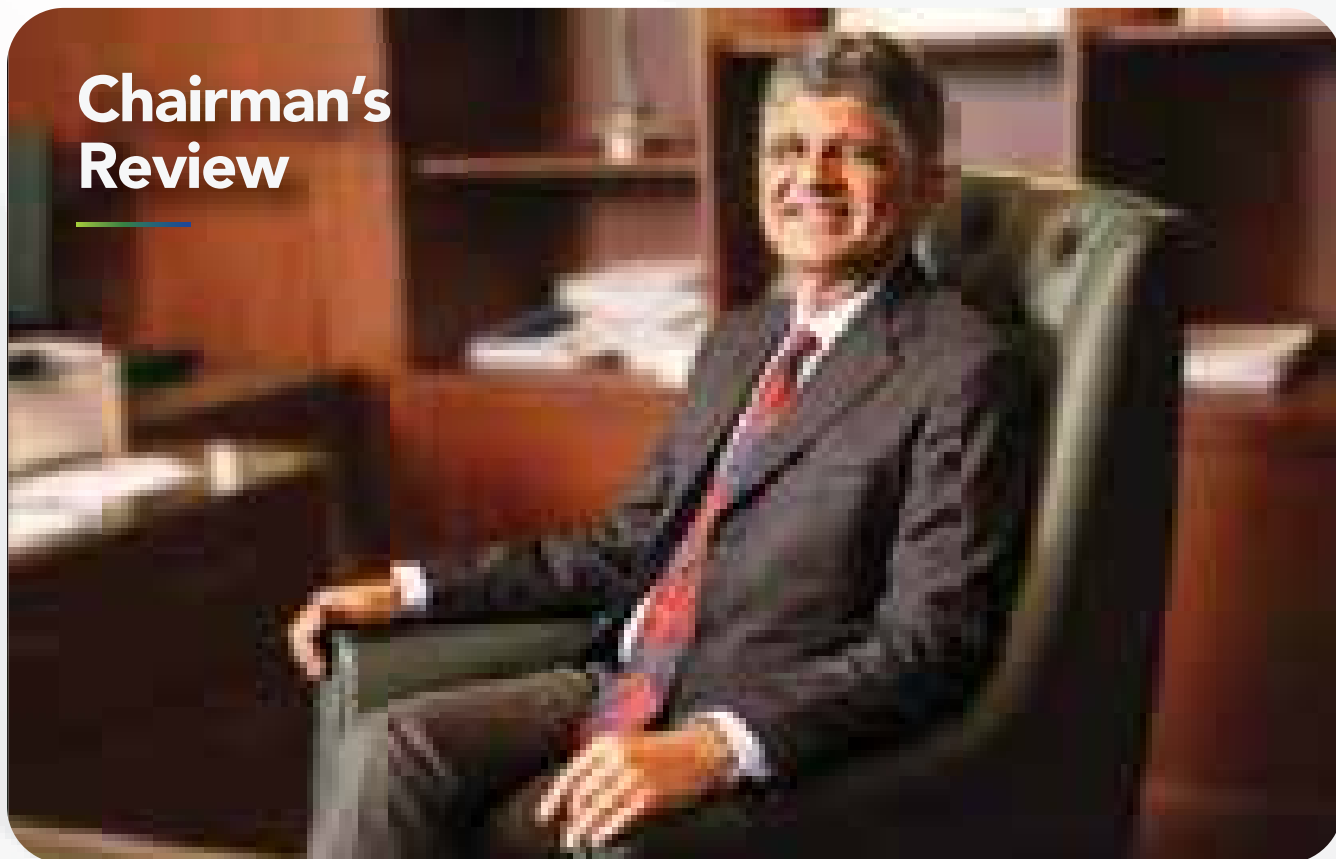
A growing digitally enabled payments and engagement platform.





LEADERSHIP PERSPECTIVE

Chairman's Review



Dear Shareholders,

On behalf of the Board of Management, I am pleased to present my review of the performance of Pakistan State Oil Company Limited (PSO) and its subsidiaries - Pakistan Refinery Limited (PRL), Cerisma (Pvt.) Ltd. and PSO Renewable Energy (Pvt.) Ltd. (PSORE), for the financial year ended 30 June 2026.

Some years are measured by what a company builds; others by what it withstands. FY26 was the second. Global growth slowed, conflict in the Middle East disrupted the Strait of Hormuz and lifted crude, freight and insurance costs, and the pricing formula was revised more than once. These were not market events alone; they tested balance-sheet resilience, supply governance and the company's capacity to adapt at speed. The Board remained closely engaged throughout, on liquidity, inventory and the company's dealings with Government and regulators. Oversight, in a year of extreme volatility, meant standing alongside Management rather than behind it.

GROUP PERFORMANCE

PSO delivered gross revenue of PKR 3.25 trillion and a profit after tax of PKR 15.07 billion, translating into earnings per share of PKR 32.1. On a consolidated basis, PSO's share in the Group's profit after tax amounts to PKR 25.49 billion, with earnings per share of PKR 54.29. The Board has recommended a final

dividend of PKR 10 per share for approval by shareholders.

Our Chief Executive has set out the year's results in detail, and I want to highlight the quality of the underlying performance. Gross profit rose despite a substantial decline in LNG contribution, and the base business met that decline and grew in spite of it. The Board regards the company's reduced dependence on any single stream as the most significant structural gain of the year. Liquidity and receivables were under regular Board review through the year, and the reduction in finance costs reflects that attention. The larger constraint remains outside the company's control: circular debt continues to hold capital that would otherwise fund the Group's growth, and the Board supports Management's continued engagement with Government towards a durable resolution.

GROUP STRATEGY

The Group spans businesses at very different stages of development. PSO's core business remains the earnings engine, and PRL contributes to Group earnings. Around them stand newer ventures in renewable energy and fintech, together with strategic initiatives such as midstream logistics, each built towards strengthening the Group's competitiveness. Governing across that range, rather than treating the Group as a single business, has been the substance of the Board's strategic work this year.

Within PSO, the Board's attention is on the unregulated portfolio. Lubricants, LPG, chemicals, premium fuels, non-fuel retail, cards and digital QR acceptance are the pools where disciplined investment converts directly into shareholder return, and the Board has asked that they be resourced and measured as businesses in their own right rather than as extensions of fuel volume. In the core fuel business, discounting by trader-backed OMCs has cost the company share. The response has been structural: a revised organisational chart realigning commercial responsibilities, a renewed retail network plan, and reset forecourt service standards.

As PSO approaches its 50th anniversary, the Board has supported a refresh of the brand to reflect the company's ambitions for the next fifty years, proceeding from the conviction that the customer is the measure of this Company and that quality in what we promise and how we market it is what earns continued preference. The Board has also kept close focus on the digitisation agenda running from port to pump, and on the business process re-engineering that must accompany it.

Alongside the core, the Board has been building the Group's alternative revenue streams: businesses that draw on PSO's scale, customer base and balance sheet but earn outside the regulated fuel margin. The Board remained closely engaged with PRL through the year. Its expansion and upgrade project, described in the Chief Executive's review, is directed at reducing the Group's reliance on imported product and the supply corridors that reliance depends on, while drawing refining and marketing closer together.

PSORE, being branded as PSO Power, opens a revenue stream in electrical power. Its integrated solar, battery storage and micro-grid offering allows the Group to earn from a customer's full energy requirement rather than the fuel portion alone, and to hold that customer through a range of competitors are not equipped to serve. The Board's direction has been that the business be built with world-class partners in energy storage and energy management, so that the company brings established capability to a domestic market rather than developing it from a standing start; joint ventures to that end are in process.

Two initiatives illustrate the ambition for PSORE. The first reimagines the grid itself: a system built to aggregate surplus generation, particularly from solar and wind, and deliver it to commercial entities facing a shortfall, converting stranded renewable capacity into a saleable product rather than a network loss.

The second reimagines mobility: pilots now underway are testing how sharply the cost of powering logistics fleets, two- and three-wheelers, buses and farm equipment can be reduced, with the economics designed to deliver high margins for PSO even as they lower costs for the customer. Each is capable of building a PSO-centric network of material scale, extending the Board's direction on moving surplus power to deficit areas and the electrification of transport. The Board expects the coming year to convert the pilots into delivered projects and realised returns.

Cerisma (Pvt.) Ltd. opens a further stream, in financial services. It received State Bank approval during the year and commenced pilot operations, positioning the Group at the point of transaction rather than only the point of sale, and creating a platform on which loyalty, fleet credit and consumer payments can converge. The Board's ambition is that PSO become THE digital financial highway for Pakistan, and the strengths supporting it are already in place: a treasury larger than the largest banks, a customer base of 120 million, and a network of more than 3,600 outlets handling cash transactions of approximately PKR 6.5 billion daily. The Board's direction has been to pursue joint ventures and collaborations that pair this reach with financial partners, extending service to customers the sector has long underserved.

The midstream White Oil Pipeline consortium, renewed during the year with construction planned for FY2027, extends the same logic to logistics. Each of these draws on something the company already owns, and none competes with the core for the customer's attention.

PERFORMANCE OF THE BOARD

The Board's year was defined by two themes running in parallel: oversight of a business operating in a demanding environment, and the appointment of the leadership that will shape the company's future. In holding Management to account for performance, examining emerging risk, and satisfying itself as to the resilience of the company's operations, the Board convened fourteen meetings during FY26, supported by twenty-six meetings of its committees, each discharging its mandate under documented terms of reference.

The selection and appointment of the Chief Executive Officer was critical for PSO's future. Given the significance of the office to PSO's leadership and continuity, the Board constituted a six-member Special Committee for CEO Selection & Appointment to oversee the process end to end, conducted in full conformity with the SOE Act, 2023, the SOE Policy, 2023 and the CMU's C-Level Appointments Guidelines, 2024. It culminated in the appointment of Mr. Jawwad Ahmed Cheema, who assumed office in April 2026. Mr. Cheema brings nearly three decades in downstream energy across five countries, including twenty-six years with Shell and its leadership in Pakistan. A record of transformation and portfolio discipline, matched by a deep understanding of Pakistan's energy landscape, makes him the right leader for this Company at this point in its journey. The transition was achieved on merit and without disruption to the business.

The Board records its appreciation for Syed Muhammad Taha, who led the company as MD & CEO for six years. He took charge in February 2020 and steered PSO through the petroleum crisis of that year, the pandemic, and the foreign exchange stresses that followed, averting supply disruption on each occasion. Under his stewardship, shareholders' equity more than doubled, the retail network was extended across the country, and the company's core systems were rebuilt for a

digital operating model. The Board thanks him for carrying the company through a period of considerable change, and for the resilient institution he leaves behind.

The year also brought significant change to the Board's composition, and with it renewed depth around the table. Dr. Ayesha Waqar joined as an independent member, bringing academic and economic expertise and strengthening gender representation in the boardroom. Mirza Nasiruddin Mashhood Ahmad joined as an ex-officio member, bringing three decades in public sector governance and, as Special Secretary, Petroleum Division, close familiarity with energy policy. Mr. Usman Ahmed Chaudhry also joined ex-officio, bringing more than twenty-five years in public administration and public finance. Mr. Jawwad Ahmed Cheema joined as an executive member on assuming office as CEO. On behalf of the Board, I record our appreciation of the contribution made by Mr. Waheed Ahmed Shaikh, Mr. Shahbaz Tahir Nadeem and Mr. Usman Ahmed Chaudhry over the course of their tenure.

The annual Board Survey was undertaken during the year in a framework aligned to the SOEs Policy, 2023 and the CMU Guidelines. The findings were very positive, reflecting a strong level of satisfaction among Board Members.

BOARD'S STATEMENT ON INTERNAL CONTROL

The Board keeps the company's system of internal control and risk management under review. Financial reporting, internal audit and compliance are overseen by the Board Audit and Compliance Committee, and risk by the Board Finance and Risk Management Committee, with risk appetite set in alignment with the strategic plan. Having considered their adequacy and effectiveness during the year, the Board is satisfied that the system of internal control is sound in design and has been effectively implemented and monitored, and that it provides reasonable assurance against material misstatement or loss. It will continue to be reviewed as the business and its environment evolve.

SUSTAINABILITY, ESG AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability is not a separate agenda for the Board. It is a lens through which the durability of this business is assessed. Oversight vests with the Board Strategy Committee, whose remit places ESG alongside strategic direction, diversification and digital transformation. That placement is deliberate: sustainability considerations belong in the same forum where investment decisions are examined. The same discipline applies to community investment. The Board's view is that allocations of this scale should be directed towards high-impact, technology-enabled initiatives with measurable outcomes, so that the company makes a material difference to the communities it serves.

LOOKING AHEAD

The direction is settled: PSO is moving from an oil marketing company to an energy group, with refining, renewables and digital payments alongside the core. The Board has framed this as a multi-year undertaking, and the measure of its success is that PSO should emerge from that period with a retail network that fortifies its leadership in share as well as scale, a brand that commands preference and premium rather than recognition alone, a materially larger contribution from the unregulated portfolio, refining capacity that reduces exposure to imported product, and ventures in renewable energy and fintech that have matured from investment into earnings.

Each of these rests on advantages the company already holds and competitors cannot readily assemble: a national footprint, storage and logistics infrastructure of unmatched scale, a customer base that touches every segment of the economy, and a brand the country has relied upon in every circumstance. The Board's expectation is that these be capitalised upon, so that new ventures are built on what the company owns rather than acquired at cost.

The building blocks are in place. The leadership, resources and plans are set, and the Board looks to strong execution of the strategic priorities agreed with the leadership of PSO and its subsidiaries. Externalities will persist, including circular debt, financing costs and geopolitical volatility, but the Board is confident in the company's capacity to convert a demanding environment into durable advantage. Each year's progress is what makes the following year's ambition credible.

I thank our shareholders for their continued trust and confidence, and our Management Team for their dedication and resilience. I also acknowledge the continued support of the Government of Pakistan and the Ministry of Energy. With this support, the Board remains committed to strengthening the Group, creating sustainable shareholder value and serving Pakistan.

Pakistan Zindabad!



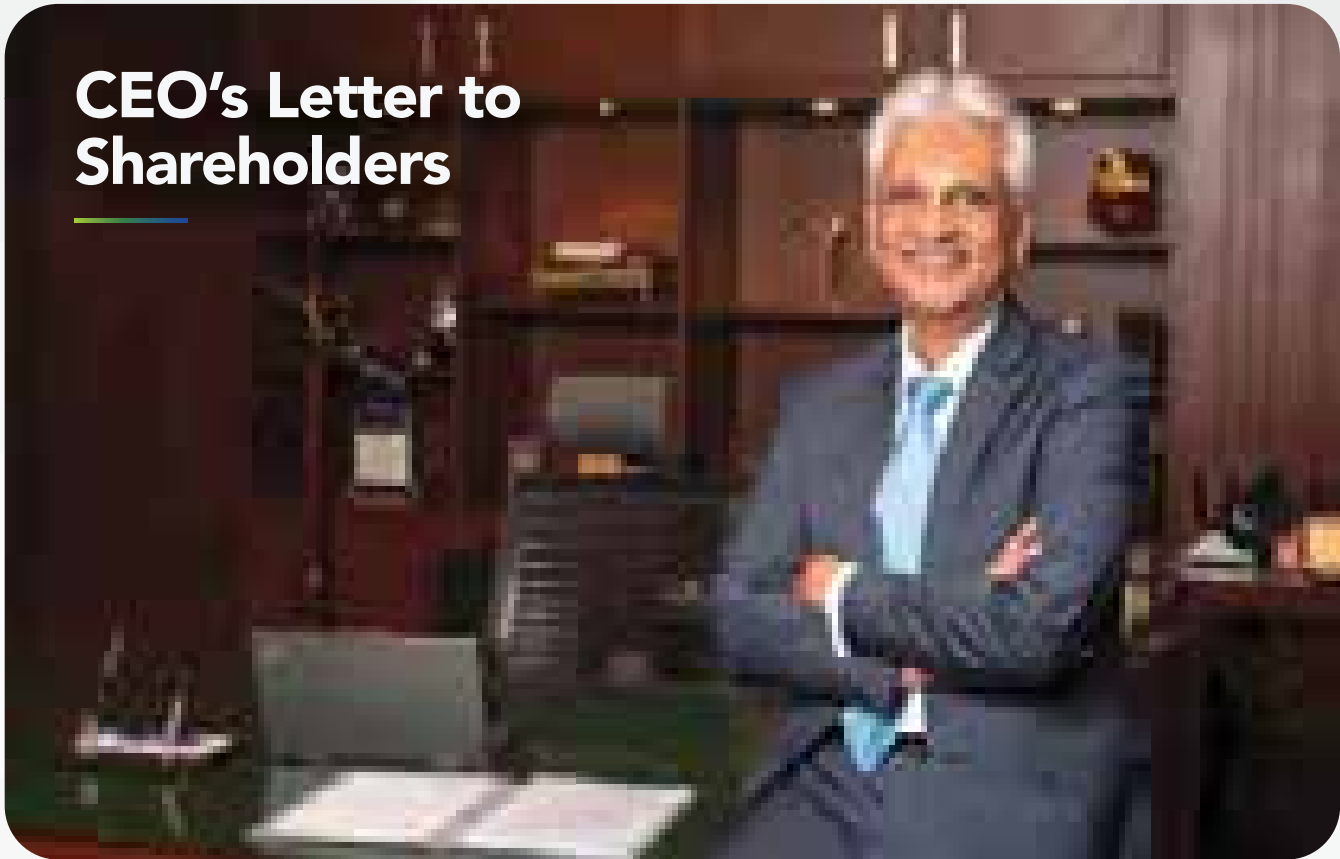
Asif Baigmohamed

Chairman, Board of Management

Karachi

25 September 2026

CEO's Letter to Shareholders



We are operating in a world defined by uncertainty. Geopolitics is fragmenting, energy markets are repricing risk in real time, and technology and climate pressures are reshaping how energy is produced, moved, and consumed. Energy sits at the heart of this changing world, and for a country like Pakistan, where industrial output, mobility, and household stability all rest on secure and affordable supply, that places PSO at the heart of it too. It is also changing what our customers ask of us. They no longer come to PSO simply for a product; they come to us for energy, and that is the company we are setting out to become.

FY26 tested your Company, and I am proud of how PSO responded. A sharp escalation in the Middle East and the temporary closure of the Strait of Hormuz repriced the entire barrel. Dubai crude rose from around US\$71 per barrel before the conflict to a peak above US\$170, and refined products moved far further: Arab Gulf diesel, assessed at US\$88.46 per barrel on 27 February, surged to US\$284.97 per barrel by early April, more than tripling its pre-war level. Most telling was the spread between crude and finished product. The diesel crack, which had run at roughly US\$17 per barrel, exceeded US\$140 at its peak. The market was charging not for oil alone but for the scarcity of product able to move through the Strait; for an importer of Pakistan's scale, this was the defining commercial fact of the year.

Through all of it, Pakistan's fuel supply was not interrupted for a single day, and PSO was pivotal in making that so. We did it safely:

FY26 closed with zero fatalities, more than 48 million safe man-hours, and lost-time injury and total recordable incident rates both at 0.07. That was a national effort: our supply chain, terminals, and retail network carried the load, but it was our people and our partners, Government, refineries, suppliers, carriers, dealers, and banks, who made continuity possible. My thanks go to all of them.

PSO delivered gross revenue of PKR 3.25 trillion and a profit after tax of PKR 15.07 billion. On a consolidated basis, PSO's share of the Group's profit after tax amounted to PKR 25.49 billion.

Gross profit for the year was PKR 99.9 billion, against PKR 96.7 billion last year. That headline understates what happened inside the business. Excluding LNG, gross profit rose 20.5% from PKR 67.9 billion to PKR 81.9 billion. Our core did not merely hold its ground in a difficult year; it grew strongly.

Liquid fuels delivered strong performance, and we held market leadership in white oil with a 42.7% share. We retained our position as Pakistan's aviation supplier of choice, with a 99.2% market share, generating US\$363.5 million in foreign exchange revenue through gross margins. High-Speed Diesel performance reflected the margin and inventory effects of an exceptionally volatile price cycle within a regulated pricing structure; diesel margin quality remains a specific focus for the year ahead.

Black oil returned decisively: industry furnace oil demand contracted 32.6%, yet when the national power system needed

volume at the height of the crisis, we redirected supply to keep generation running, lifting our share to 19.0%. This is what a national oil company is for.

Our higher-margin businesses performed as we need them to. Lubricants volumes rose 6% to 44,000 tonnes, with a 28% market share; LPG nearly tripled in contribution, with Pak Gas posting its second-highest volume on record. Chemicals delivered the best year in the business's history, with volumes up 205% to 5,200 metric tonnes, three times the prior year. These are the unregulated margin pools where PSO can genuinely improve profitability, and they are being resourced accordingly.

LNG was the year's exception, and the story it tells is a good one. Gross profit fell to PKR 18.1 billion from PKR 28.8 billion. This was not a failure of execution but a supply reality, as disruption around the Strait curtailed cargo availability and reduced RLNG volumes into Pakistan. We managed the portfolio, protected the country's gas system, and kept supply moving to power and to homes.

The more important point is what the numbers reveal about this Company: LNG contributed close to 30% of gross profit last year and 18% this year. We are materially less dependent on any single stream than we were twelve months ago: a stronger, better-balanced, more resilient enterprise.

THE DIRECTION WE ARE SETTING

We are setting a strategy built on a simple conviction: excellence in our core business is what earns PSO the right to lead everywhere else.

Fuels are that core. They are where our scale sits, where our infrastructure sits, where Pakistan's need is most immediate, and where we are strongest. Our priority is to defend and grow that franchise on the terms that matter: margin quality, network productivity, and supply chain discipline, not volume alone. Our terminals, storage, and logistics are among the most valuable commercial assets in this country, and we intend to work them like it.

Alongside that, we are building the profitable enterprise this Company should be in lubricants, LPG, premium fuels, non-fuel retail, and cards and digital payments, where margin is unregulated and disciplined investment converts directly into shareholder return.

Underneath both sits the customer. PSO's scale has too often been described in terms of what we own: outlets, terminals, tankage, market share. What matters is what the customer experiences: a forecourt clean, correctly priced, and properly served; the right quality and quantity, every time; an accurate invoice and a simple payment. Customer experience and ease of doing business with PSO are not marketing initiatives. They are fundamentals of this strategy.

Once you start from the customer, the definition of our business widens. A transport fleet needs diesel and lubricants, but also fuel cards, national credit, and data to manage consumption. A factory needs diesel, furnace oil, LPG, and gas today, and increasingly solar, battery storage, and a partner who can bridge the hours when the grid cannot. A household needs cooking fuel, mobility, light, and a simple way to pay for it.

None of these customers is asking for an oil marketing company. They are asking for an energy provider: one partner, accountable for the energy they need, in whatever form that need takes, with the payment and financial solutions that make it effortless to deal with us. That is the direction PSO is heading: from Pakistan's largest oil marketing company to Pakistan's energy company.

This is our core business extended, and we build it from a position of real strength. Our fuels business generates the cash to fund it, and our platform is unmatched in Pakistan: 3,688 retail outlets, 1.23 million metric tonnes of storage, a national logistics network, the country's aviation fuel system, and LNG and LPG supply chains serving Pakistan's power and industrial base.

Above all, we carry a brand Pakistanis have trusted for generations and people who know how to move energy across this country in every condition. These are precisely the capabilities an energy provider needs, and PSO already holds them. We will invest deliberately and in sequence, so that each step strengthens the core it grows from.

We hold all this together with a commitment that is not negotiable. PSO is Pakistan's national energy company, carrying obligations no competitor carries: supply of last resort, presence where the market alone would not go, and readiness when the country is under pressure.

Our national responsibility and our commercial strength come from the same place: every rupee of profit is capacity to hold inventory when supply tightens, to invest in terminals and networks, and to be there when the country needs us. The stronger PSO becomes as a business, the more it can deliver for Pakistan. That is the logic we intend to run this Company on.

Pakistan's Energy. Our Responsibility.

BUILDING FOR WHAT COMES NEXT

Financial discipline remained central. Trade receivables fell from PKR 437.5 billion to PKR 414.8 billion, with SNGPL alone down PKR 34.3 billion; together with lower discount rates, this reduced finance costs by 24%. Releasing capital trapped in receivables remains one of the largest levers available to us, and we continue to work with Government towards a durable resolution of circular debt.

We kept building. Storage capacity reached 1.23 million metric tonnes, supported by 39,000 metric tonnes of rehabilitated storage, our first bottom-loading system at Keamari/Port Qasim, and the Faisalabad Terminal's conversion to automated, SCADA-enabled operation.

We added 92 retail outlets, taking our network to 3,688 locations, and opened six VIBE stores and 37 Shop Stops, expanding our convenience network to more than 302 sites. We also launched Asaan Safar and extended our EV charging footprint, with these initiatives underpinned by our migration to SAP S/4HANA and the HSE ProGen safety platform.

We also deepened partnerships: the SOCAR and FWO consortium for

the Midstream White Oil Pipeline was renewed, with construction planned for FY2027; Cerisma (Pvt.) Limited received State Bank approval and began pilot operations under the PayVay brand; and PSO Renewable Energy now offers integrated solar, battery storage, and micro-grid solutions to commercial and industrial customers.

Beyond the balance sheet, we invested PKR 665 million in healthcare, education, community uplift, and disaster response, including a flood-relief Model Village in Dadu, Sindh.

Pakistan Refinery Limited, in which PSO holds 63.6%, remains central to our supply chain strategy. PRL is the only refinery to have signed the Government's Brownfield Refining Policy, and its Refinery Expansion and Upgrade Project will double capacity to 100,000 barrels per day, eliminate furnace oil production, and deliver Euro-V motor gasoline and diesel.

For PSO, this is more than a shareholding. It is domestic supply security, deeper integration between refining and marketing, and a structural reduction in our exposure to imported product and to the shipping corridors that proved so fragile this year. We remain committed to seeing the upgrade through.

Sustainability moved from ambition to structure this year. Our Board approved a three-year ESG roadmap, with the Board Strategy Committee overseeing ESG matters and ESG measures incorporated into corporate scorecards.

We built the reporting framework and the greenhouse gas baseline required for disclosure aligned to IFRS S1 and S2, and completed energy audits across seven sites, identifying around PKR 35 million in annual savings and a reduction of some 300 tonnes of carbon dioxide equivalent.

Solar capacity was extended across our facilities and retail network, and our first Green Procurement Policy carried these expectations into our supply chain. This is early work, and we treat it as such, but it is now governed, measured, and owned, which is what makes progress real.

THE YEAR AHEAD

Our agenda for FY2027 begins with getting the basics right. We must be relentless about what this Company is judged on: everyday safety without exception, product availability at every site, correct price and quantity at every pump, honest measurement, disciplined credit, and orders delivered when promised. Across 3,688 outlets and a national depot network, these are the hardest things we do and the foundation on which every growth ambition rests.

The second priority is driving integration across our supply chain. Refinery offtake, imports, storage, distribution, and commercial planning must operate as one system, planned backwards from what the customer needs. Integration is what converts our infrastructure from a cost base into the competitive advantage it should be: lower landed cost, higher availability, faster response, and a service promise we can sell to industrial and fleet customers.

On that foundation, we will grow our core fuel volumes with a sharper focus on margin, accelerate urban retail development, scale lubricants and LPG, advance our digital and payments platform, and deliver our key infrastructure commitments: the White Oil Pipeline, site solarisation, and EV charging.

Each is a step towards the same destination: a PSO that meets Pakistan's energy needs across the whole of the customer's demand, and earns a competitive return for doing it.

None of this is possible without our people. They have already shown what PSO is capable of under pressure; our task now is to build the capability that lets them lead in ordinary times as well. We are investing in technical and commercial skills, leadership development, succession, and digital fluency, alongside clearer accountability and a culture in which high standards are held and achievement is recognised.

Nor do we do this alone. Our progress rests on partnership with the Ministry of Energy (Petroleum Division), OGRA and our regulators, our refineries, suppliers, carriers and dealers, the banks that finance our trade, and the communities that host our operations. Some of the most important work ahead, including infrastructure, energy security, and the resolution of circular debt, can only be done together.

Fuelling Pakistan. Every Day. No Exceptions.



Jawwad Ahmed Cheema

Chief Executive Officer
25 September 2026
Karachi



Vision

We enrich lives
around the world just as
we do in our country.

Mission

To leverage our strengths
in order to grow, diversify,
and build value.

Our Values



INNOVATION

We are redefining leadership in energy to build an agile, creative, and future-focused organisation.



TEAMWORK

For sustainable productivity and efficiency, we leverage our strengths through coaching and collaboration.



INCLUSIVE LEADERSHIP

We welcome all voices and points of view to gain understanding and perspective in healthy interactions across our organisation.



CARING AND GIVING

We value our customers, employees, community and environment, and take pride in cultivating loyal relationships that foster outreach and cooperation.



INTEGRITY

We are unwavering and transparent, focusing on reliable and consistent quality practices in everything we do.

Code of Conduct

Forward-looking companies can only thrive when they have an inspiring vision and an aspirational code of conduct. PSO's code of conduct has been designed to help its people make the right decisions, stay true to the organisational goals, and envision the qualities the organisation wishes to foster in its future leaders.

Employees of the PSO Group are encouraged to uphold the Code of Conduct, fostering a positive, ethical and constructive workplace environment.

To maintain workplace decorum and ensure ethical conduct, the PSO Group clearly defines unacceptable behaviours that may result in disciplinary action.

1 Habitual lack of punctuality

2 Unauthorised or habitual absenteeism

3 Unsatisfactory or negligent performance

4 Smoking at all PSO locations/offices

5 Breaching safety regulations, HSE standards or policies

6 Breach of privacy and/or trust

7 Misusing confidential information or records

8 Falsification of records

9 Offering/accepting bribes/gifts

10 Intentional damage to company or individual property

11 Reporting for duty under the influence of alcohol or drugs

12 Activities bringing disrepute to the company

13 Use or possession of arms, explosives, alcohol, and drugs

14 Negligence causing loss of or damage to company property

15 Submitting false or forged testimonials or documents at the time of appointment or during employment

16 Bullying, intimidation, uncalled-for behaviour, mental harassment or gender-based harassment

17 Giving illegal or unreasonable directions to others, or misusing authority

18 Using influence or external pressure in company affairs

19 Conduct that violates decency and morality

20 Theft of property or assets from PSO locations or offices

21 Habitual resting or sleeping during working hours

22 Violation of policies/SOPs

23 Discrimination based on caste, creed, religion or gender

24 Undue patronage/nepotism (favouritism)

25 Using working hours for personal purposes

26 Mishandling or misusing company resources and property

27 Involvement in criminal activity within PSO locations or offices

28 Inappropriate public comments and/or rumour-mongering

29 Insubordination/failure to obey legitimate instructions

30 Non-disclosure of conflicts of interest

31 Misappropriation, misrepresentation of facts, fraud or financial embezzlement

32 Causing personal injury or loss of life, deliberately or through negligence



PSO at a Glance

Company Profile

For around five decades, Pakistan State Oil (PSO) has stood at the heart of the nation's energy landscape, powering the movement of people, businesses, industries and communities across Pakistan. As the nation's own energy company, PSO continued to play a pivotal role in meeting the country's evolving energy requirements during FY26, a year in which its supply chain, balance sheet and people were tested by exceptional geopolitical and market volatility.

During the year, PSO expanded its retail footprint by 92 outlets, taking its nationwide network to 3,688 stations. The company maintained its leadership in the white oil market with an approximate 42.7% market share, a decisive margin over other industry players, including 38.1% in MoGas and 42.5% in diesel. Sales volumes stood at approximately 3.0 million tonnes of motor gasoline and 2.9 million tonnes of diesel, reflecting the strength of PSO's nationwide distribution network and market presence. In a furnace oil market that contracted by around a third, PSO lifted its share from 13.6% to approximately 19%.

Ensuring the availability of energy across Pakistan remained a key priority for PSO throughout FY26. With storage capacity of 1.23 million metric tonnes providing a strategic buffer, the company strengthened supply resilience through disciplined sourcing and responsive supply-chain management, importing 3.18 million metric tonnes of petroleum products and sourcing a further 3.43 million metric tonnes from domestic refineries. When regional escalation disrupted the Strait of Hormuz, PSO rationalised imports, recalibrated refinery upliftment and activated alternative sourcing, preventing shortages, supporting refinery continuity and stabilising national inventories.

PSO continued to expand its portfolio and strengthen its presence across adjacent businesses. Lubricants sales rose 6% to 44 thousand tonnes, with a market share of approximately 28%; premium Carient S-PRO sales doubled and Blaze Xtreme extended the premium motorcycle range. Customer-focused vehicle care was enhanced through the introduction of PSO Autocare at 40 urban service hubs, offering upgraded oil-change, vehicle-care and diagnostic services. The Chemicals business achieved a record sales volume of 5,200 metric tonnes, compared with 1,705 metric tonnes in the preceding year, supported by locally sourced Mineral Turpentine Thinner and higher-value imported speciality chemicals.

In LPG, PAK GAS delivered 58,085 metric tonnes, the second-highest volume in its history, even as the broader LPG industry contracted amid Middle East supply disruptions. The company expanded access to regulated LPG through 51 additional cylinder-exchange locations, taking its nationwide footprint to 132 retail outlets, extended domestic home delivery from Karachi to Lahore and introduced commercial delivery in both cities, with orders now placed through the Fuelink app, the PSO website and the Ta'aluq Care Line.

As Pakistan's primary LNG importer, PSO imported 79 LNG cargoes totalling approximately 4.76 million tonnes during FY26 under two long-term Government-to-Government agreements with QatarEnergy,

securing a combined 6.75 million tonnes per annum through 2031. Despite disruptions arising from geopolitical developments in the Gulf, proactive risk mitigation and continuous stakeholder coordination kept supplies flowing uninterrupted, supporting continuity in the country's energy system.

The aviation business further strengthened its market leadership, accounting for approximately 99.2% of the domestic aviation fuel market and supplying nearly 677 thousand tonnes during the year. International airline refuelling generated approximately US\$363.5 million in foreign-exchange revenue for Pakistan. PSO achieved the country's first Joint Inspection Group (JIG) certification for aviation fuel farms at Lahore, Sialkot and Multan airports, earned "Excellent" ratings in TotalEnergies Aviation's annual global assessment, secured long-term supply agreements with leading carriers and completed a major capability expansion at the Skardu Aviation Facility.

PSO continued to enhance its customer proposition through the expansion of non-fuel retail and digital services. The company added 37 Shop Stop outlets and six premium VIBE stores, taking the combined footprint beyond 302 locations, while the VIBE e-commerce platform entered a structured pilot in Karachi with real-time inventory, Click & Collect and Home Delivery. Customer-service channels engaged more than 441,000 customers and resolved 22,458 complaints, and 97% of 130,888 Net Promoter Score respondents were Promoters. The Ta'aluq Chatbot now provides round-the-clock assistance.

The company also accelerated its diversification into emerging energy and digital businesses. PSO Renewable Energy developed an installed solar base of 2.25 MW, while electric-vehicle charging availability was expanded through 11 stations. In fintech, Cerisma commenced pilot operations under the PayVay brand following approval from the State Bank of Pakistan. Raast-enabled QR payment acceptance was also deployed across participating PSO retail merchants, supporting the adoption of convenient digital payment solutions.

PSO's role as the nation's own company extends beyond its commercial operations. Through the PSO CSR Trust, the company directed approximately PKR 665 million during FY26, an increase of 33% over the prior year, towards healthcare, education, community development, disaster response and environmental sustainability, reaching vulnerable communities in every province.

PSO remains committed to energising Pakistan today while advancing innovative energy solutions for a more resilient and sustainable energy future.

You can find us on social media platforms at:

 /psocl  /psopakistan  /psopakistan
 /psopakistan  /psopakistan

PSO at a Glance

Strategic Investments

With a forward-looking approach to Pakistan's evolving energy landscape, PSO continues to diversify and strengthen its investment portfolio, creating new avenues for sustainable growth while building resilience against emerging risks. Its investment priorities encompass infrastructure development and enhancement,

renewable energy, exploration and production opportunities, and technology-driven innovation, positioning the company to respond to changing market dynamics and support the country's evolving energy needs.



Ownership and Operating Structure

The Government of Pakistan holds a direct 22.47% shareholding in PSO, with combined direct and indirect holdings totalling 51%. PSO holds a 63.6% equity stake in Pakistan Refinery Limited, a subsidiary listed on the Pakistan Stock Exchange. The company's wholly owned subsidiaries, Cerisma (Private) Limited, established to operate an electronic money institution, and PSO Renewable Energy (Private) Limited, which undertakes renewable energy activities, are incorporated and operate in Pakistan, with their principal places of business in Sindh and their head offices in Karachi.

Value Chain

The oil industry comprises three core segments: upstream, midstream and downstream. Building on its established position in

oil marketing and its shareholding in Pakistan Refinery Limited (PRL), PSO maintains a strong presence across the midstream and downstream segments. This position is further strengthened by its significant investment in Pak-Arab Pipeline Company Limited (PAPCO), which operates a cross-country white oil pipeline.

During FY26, PSO further expanded its retail footprint with the addition of 92 new outlets, taking its nationwide network to 3,688 stations. Its integrated sourcing, storage, logistics and retail capabilities support the country's mobility, commercial activity and evolving energy requirements.



Business Lines

Liquid Fuel

Euro 5⁺
Octane+

Euro 5⁺
Premier

Euro 5⁺
Hi-Cetane Diesel



Jet A-1



Furnace Oil



SKO



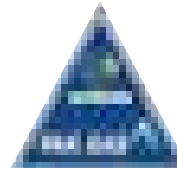
LDO

Industries Served:



Agriculture Power Industrial Consumer Automotive Motorcycle Marine Aviation

Gas Fuel



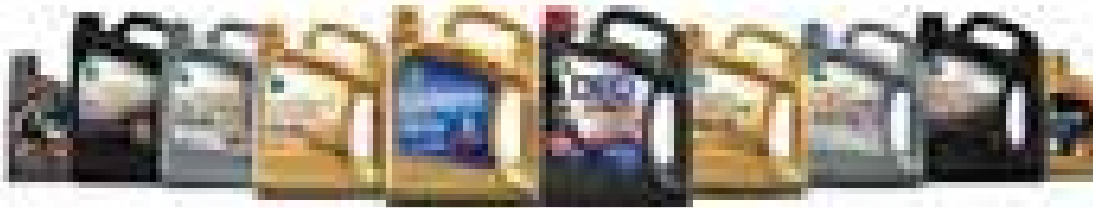
LNG

Industries Served:



Power Industrial Consumer

Lubricants



DEO
CARIENT
BLAZE

Industries Served:



Agriculture Aviation Industrial Automotive Motorcycle

Non-Fuel Retail

vibe

SHOP STOP

Electro
Electric Vehicle Charger

Industries Served:



Commercial Consumer

Cards



Industries Served:



Commercial Consumer

Regulatory Framework

Pakistan State Oil Company Limited (PSO) operates as a public limited company in the public sector under the Companies Act, 2017. As an entity listed on the Pakistan Stock Exchange (PSX), PSO complies with all applicable provisions of the PSX Rule Book.

Beyond the standard corporate regulatory framework, PSO is classified as a "Managed Company" under the Marketing of Petroleum Products (Federal Control) Act, 1974 (the "1974 Act"). Pursuant to Section 5 of the 1974 Act, the Federal Government, via the Ministry of Energy (Petroleum Division), assumed management control of PSO effective 30 December 1976, as formally notified through Notification S.R.O. 100 (I)/77 dated 31 January 1977.

Securities & Exchange Commission of Pakistan (SECP)



As a corporate entity, PSO operates under the regulatory oversight of the Securities and Exchange Commission of Pakistan (SECP). At the entity level, PSO complies with all applicable laws administered by SECP, including the Companies Act, 2017, the Securities Act, 2015, and all subordinate legislation. PSO remains committed to full regulatory compliance, ensuring operational transparency and efficiency across all management practices.

Public Procurement Regulatory Authority (PPRA)



As a public sector company, PSO strictly aligns its procurement processes with the provisions of the Public Procurement Regulatory Authority (PPRA) Ordinance, 2002, alongside its associated rules and regulations. This compliance framework spans the entire procurement lifecycle, including procurement planning, advertisements, pre-qualifications, bidding procedures, bid opening, evaluations, contract awards, and grievance redressal mechanisms.

Oil & Gas Regulatory Authority (OGRA)



As an oil marketing company, PSO operates under the regulatory jurisdiction of the Oil & Gas Regulatory Authority (OGRA). OGRA regulates PSO's commercial activities pursuant to the Oil & Gas Regulatory Authority Ordinance, 2002, the Pakistan Oil (Refining, Blending, Transportation, Storage, and Marketing) Rules, 2016, and relevant subordinate legislation. Domestic pricing for petroleum products is governed and determined in accordance with the Petroleum Products (Petroleum Levy) Ordinance, 1961, the Petroleum Products (Petroleum Levy) Rules, 1967, and the OGRA Ordinance, 2002.

Product pricing is regulated, reviewed, and communicated by OGRA based on PSO's cumulative landed import cost. Oil Marketing Company (OMC) and dealer margins are fixed and regulated by the Federal Government. OGRA also computes and notifies the Inland Freight Equalisation Margin (IFEM) for key petroleum products, including High-Speed Diesel, Motor Gasoline (MoGas), Kerosene, and Light Diesel Oil, upon every price revision. As an integral component of the final retail price, IFEM absorbs primary transportation costs across 23 designated locations to ensure uniform consumer pricing nationwide.

State-Owned Enterprises (Governance and Operations) Act, 2023

Designated as a State-Owned Enterprise under the State-Owned Enterprises (Governance and Operations) Act, 2023, PSO is mandated to comply with the national SOE Policy.

The Act establishes a framework for corporate governance best practices, enhanced operational transparency, and compliance with the Central Monitoring Unit (CMU). It also sets parameters for independent procurement policies and the fulfilment of public service obligations.

Geographical Presence





For location details, please refer to paras 1.2 & 1.3 of the Notes to the Unconsolidated Financial Statements.



Head Office



Terminals



Aviation Stations



Divisional Offices



Depots



LPG Plants & Hospitalities



Railway Refuelling Facilities

Major Events

30

JUNE
2026



Senate Standing Committee on Petroleum
Visits PSO House

19

JUNE
2026



Ittehad Retail Forecourt Inauguration

18

JUNE
2026



Corporate Briefing 2026

4

JUNE
2026



Celebrating World Environment Day
with SOS Village

21

MAY
2026



Lube Gala Event

12

MAY
2026



The Invisible Load

8

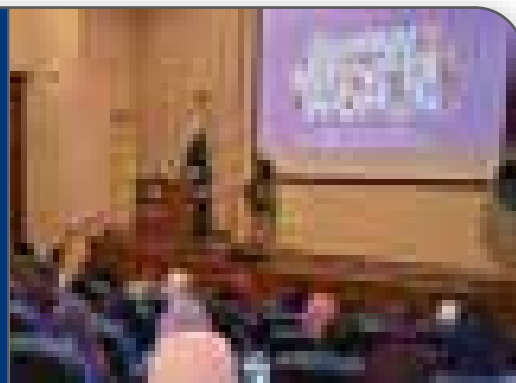
APRIL
2026



CBA Agreement Signing Ceremony for
Non-Management Employees

12

MARCH
2026



International Women's Day Celebration at PSO

24

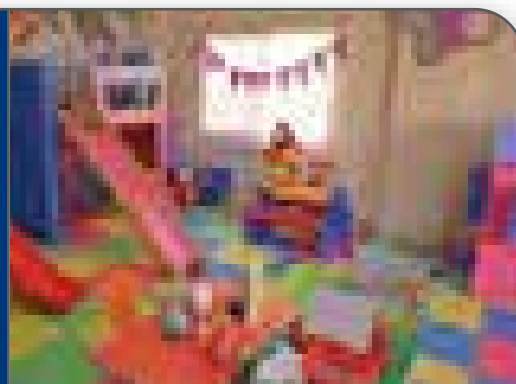
FEBRUARY
2026



Inauguration of Mobile Quality Testing Unit

23

FEBRUARY
2026



PSO x LRBT Children's Play Area
Inauguration

11

FEBRUARY
2026



Inauguration of QRK 4 Filling Station, Islamabad

15

DECEMBER
2025

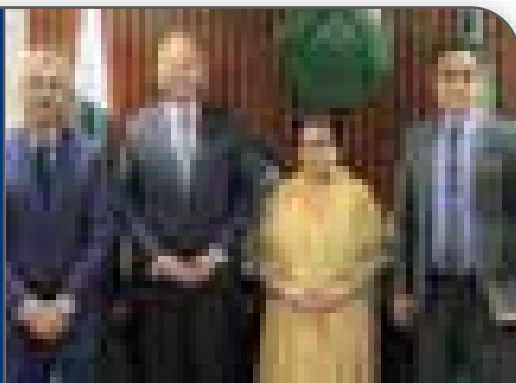


PSO Launches RISE Programme:
An Employee Wellness Initiative

Major Events

23

DECEMBER
2025



PSO Engages with Ministry of IT & Telecom
to Accelerate Pakistan's Digital Economy

12

DECEMBER
2025



VIBE Café Launch at Al-Askar
Service Station, Karachi

10

DECEMBER
2025



Inauguration of PSO Service Station 93,
Wall Street, Karachi

10

NOVEMBER
2025



SAP S/4HANA Implementation Team Appreciation
& Awards Ceremony

25

OCTOBER
2025



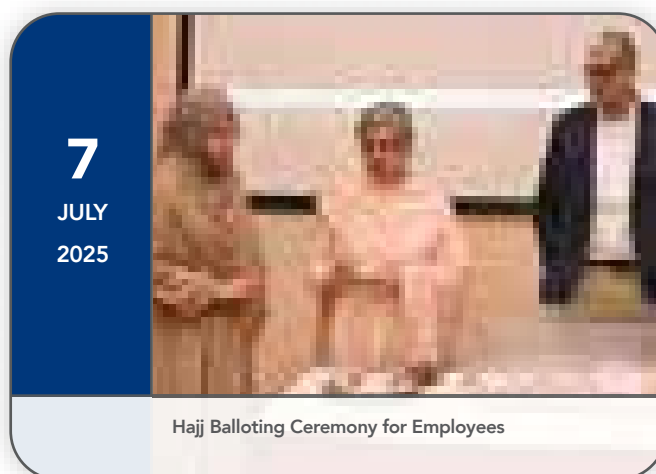
49th Annual General Meeting 2025

14

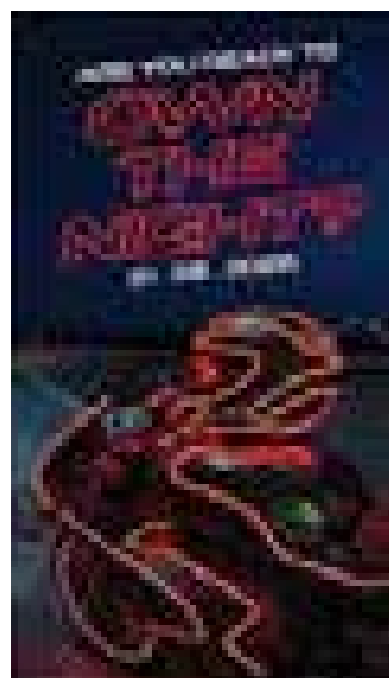
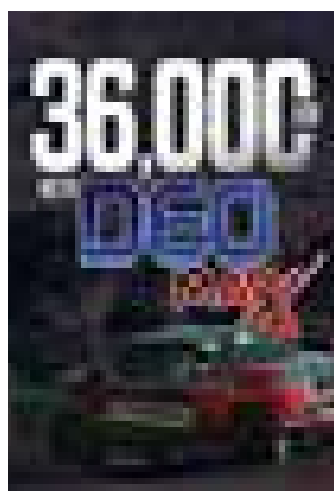
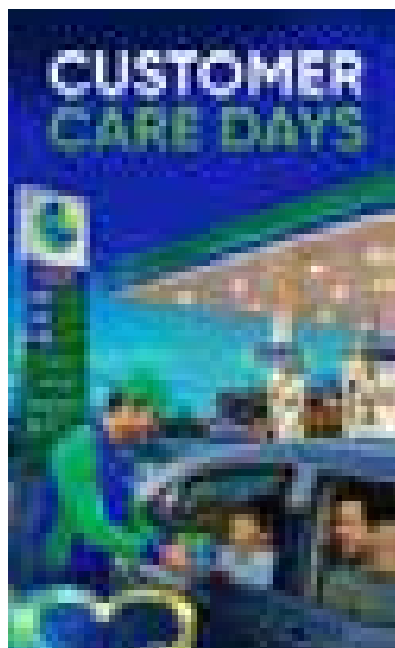
OCTOBER
2025

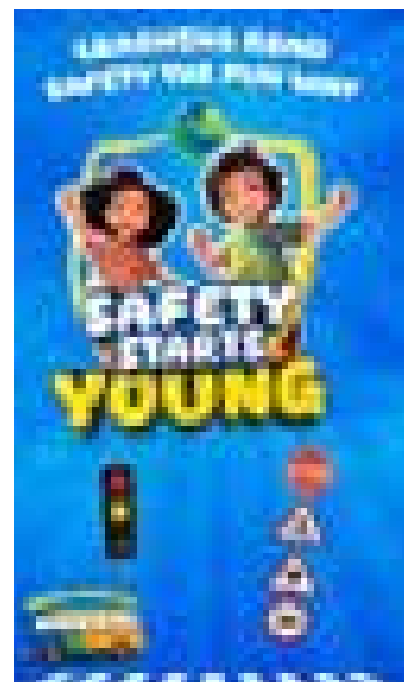
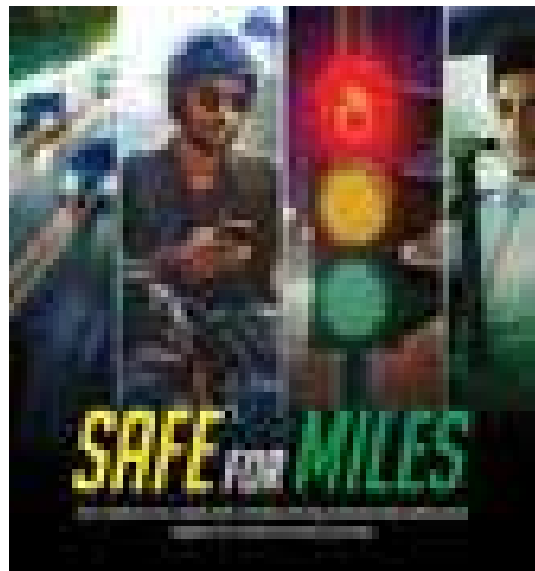


PSO Welcomes Asian Development
Bank (ADB) Delegation



Marketing Initiatives





Energy

for every *Journey*

Vertically integrated supply chain
securing the nation's mobility.



Integrated Business Model

PSO's business model, prepared with reference to the International Integrated Reporting Framework, draws on six capitals and converts them, through its business activities, into outputs and outcomes for stakeholders. Its integrated supply chain, encompassing

sourcing, refining through PRL, storage, distribution and retail, is supported by strategic partnerships and technology, and increasingly by investments in renewable energy, digital services and storage infrastructure.

Capital	Inputs	Business activities	Outputs	Outcomes
01 Financial 	• Largest corporate treasury in Pakistan • Balanced debt and equity • Strong cash cycle in white oil	• Collections and payments of over PKR 6.5 trillion a year • Timely supplier payments • Borrowing at competitive rates	• Smooth operations despite circular debt and high oil prices • Compliance with reporting standards • PKR 901B to the exchequer	• AAA credit rating • Finance cost down 24% • Capacity to fund growth
02 Infrastructure 	• Presence from Karachi to Gilgit • Largest retail network • Largest storage capacity • Supply and distribution network	• 92 outlets added • 39K MT storage rehabilitated • Terminal automation	• Round-the-clock operations • 302+ convenience stores • Largest OGRA-compliant tank-lorry fleet	• Uninterrupted national supply through the Hormuz disruption • Stronger energy security
03 Intellectual 	• 5 decades of leadership experience • IT systems and cards business • Licences and copyrights	• Business process re-engineering • Digital transformation • R&D • Disaster recovery readiness	• Expanded, digitised NFR • Premium lubricants to global standards • SAP S/4HANA and HSE ProGen	• Faster, data-driven decisions • New revenue lines • Stronger brand trust

Capital	Inputs	Business activities	Outputs	Outcomes
04 Human 	- Talent management and succession planning - Engagement and HR systems	- Skill-based rotations - Career paths for high potentials 39,000+ learning hours - Performance-based evaluation	- Organisational competence - Lower attrition - Ethical leadership	- Zero fatalities - Capable workforce ready for new businesses
05 Social and relationship 	- Stakeholder relationships - Long-term international contracts - Quality assurance - CSR Trust	- CSR initiatives - HSE and quality audits - Process safety drive - Vendor grievance redressal	- Healthcare, education and community programmes - Quality enforcement - Improved customer satisfaction	97% NPS Promoters - Community wellbeing - Trusted national supplier
06 Natural 	- HSE systems - Solar energy	- HSE audits - Energy conservation - Solarising facilities and outlets - Carbon footprint study	- Solar and EV infrastructure - Renewable projects - HSE culture	- Lower operational footprint - Scope 1 and 2 baseline for future targets

Significant Factors Affecting the External Environment

PSO's operating environment remains closely linked to developments in the domestic economy, global energy markets and the wider geopolitical landscape. Changes in economic activity, international oil prices, fiscal policies, cross-border product flows and geopolitical conditions influence fuel demand, consumer behaviour, operating dynamics and financial performance.

During FY26, petroleum demand showed modest improvement, with white oil consumption increasing by approximately 2.3%. Motor gasoline and high-speed diesel volumes grew by around 2.4% and 2.3%, respectively. Post-February 2026, growth rates accelerated to 6.5% for MoGas and 8.5% for HSD, supported by improving commercial activity, stronger automobile sales and tighter controls on unauthorised product inflows through the western border. However, escalating tensions in the Middle East and disruptions to the Strait of Hormuz pushed international oil prices higher, increased domestic fuel costs and contributed to weaker demand towards the end of the year.

The following external factors continued to influence the industry and PSO during the year:

Political Environment

Global geopolitical developments continued to influence the oil market during FY26, with supply routes, crude prices and import economics remaining particularly sensitive to regional instability. The escalation of the U.S.–Iran conflict and the temporary disruption of shipping through the Strait of Hormuz, which carries roughly a fifth of world oil consumption, had a pronounced impact on the energy sector. Brent crude peaked near US\$126 per barrel before strategic reserve releases and higher non-Gulf output contained the surge, while freight, insurance and import costs rose sharply. For Pakistan, higher landed fuel costs placed additional pressure on domestic prices, working-capital requirements and supply-chain planning.

Economic Environment

Pakistan's economy gained momentum in FY26, with real GDP growth rising to 3.70% from 3.18%, supported by recovery in large-scale manufacturing, a stable exchange rate, record workers' remittances and continued progress under the IMF Extended Fund Facility. Automobile sales recovered strongly, with passenger car sales up approximately 39%. The petroleum market nonetheless operated amid heightened competitive pressures, including cross-border product inflows and volatility in international oil prices. While motor gasoline and diesel demand recorded modest growth for much of the year, rising Middle East tensions increased import costs and domestic fuel prices, dampening consumer demand towards the end of the period and adding to working-capital requirements and inventory-management complexity.

Social Environment

Changing workforce dynamics are increasingly influencing the operating environment across Pakistan's industries. The growing need for skilled, adaptable and digitally capable talent, together with evolving workplace expectations and increasingly specialised technical requirements, is reshaping workforce requirements. For PSO, access to relevant skills and professional capabilities remains an important external consideration as the energy sector continues to modernise and diversify.

Technological Environment

Technology is increasingly transforming the way businesses operate, engage with customers and manage their value chains. In the petroleum downstream sector, the adoption of automation, digital platforms and data-driven systems is creating opportunities to enhance efficiency, reliability and service delivery. At the same time, the growing adoption of renewable energy, electric mobility and

lower-emission solutions is expected to influence future energy demand and gradually reshape the composition of the energy market.

Natural Environment

The global shift towards greater environmental responsibility is influencing business priorities, investment decisions and long-term planning across the energy sector. Increasing emphasis on emissions reduction, energy efficiency and responsible resource use, together with evolving regulatory expectations, including SECP SRO 920(I)/2024 on board oversight of sustainability-related risks and the move towards IFRS S1 and S2 disclosures, and greater attention to ESG considerations by financial institutions, is encouraging companies to strengthen environmental performance and adopt cleaner energy solutions. Physical climate risks, including flooding and extreme heat, also bear directly on logistics and infrastructure.

Legal Environment

PSO operates within a comprehensive regulatory framework overseen by key authorities, including the Securities & Exchange Commission of Pakistan (SECP), the Oil & Gas Regulatory Authority (OGRA) and the Public Procurement Regulatory Authority (PPRA), and complies with the State-Owned Enterprises (Governance and Operations) Act, 2023. Petroleum product prices and margins are determined by the Government, and changes in taxation policy bear directly on the company's operations and financial performance. The company remains committed to robust compliance and to conducting its operations in accordance with applicable laws, regulations, standards and directives.

The Company's Response

PSO navigated an exceptionally challenging operating environment in FY26, marked by heightened geopolitical tensions in the Middle East, significant volatility in international oil prices, supply-chain disruptions and continued liquidity pressures. The temporary disruption of the Strait of Hormuz affected almost 80% of Pakistan's import supplies, while Arab Gulf diesel prices peaked at US\$ 285/bbl, more than three times their pre-war level.

Despite these unprecedented challenges, Pakistan's fuel supply remained uninterrupted throughout the year. With the support of the Ministry of Energy and close coordination with key stakeholders, PSO played a pivotal role in maintaining reliable and uninterrupted energy supplies for customers across the country.

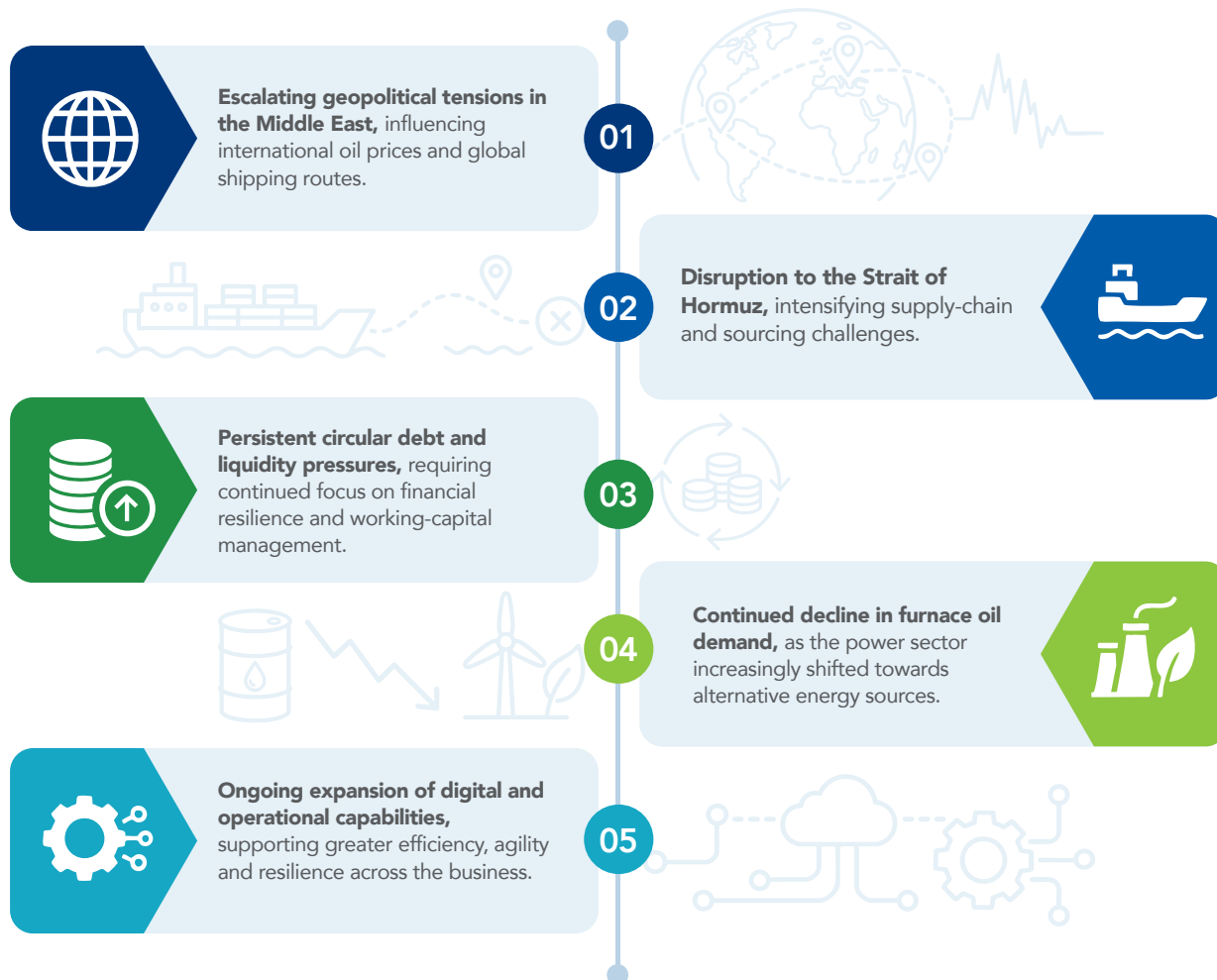
To mitigate supply risks arising from disruptions in the Strait of Hormuz, PSO implemented alternative import arrangements through tenders and direct contracting, securing prompt cargo deliveries from non-traditional sources outside the Strait of Hormuz region, including Oman, Fujairah, Yanbu and the Far East. A hybrid procurement model for PMG 92 RON, combining spot purchases with short-term tenders, added flexibility in cargo sizes, timing and terms, and at the height of the disruption PSO held market shares of 38.1% in MoGas and 42.5% in high-speed diesel.

Following the war, PSO remained focused on strengthening supply resilience and maintaining operational continuity amid a rapidly evolving external environment.

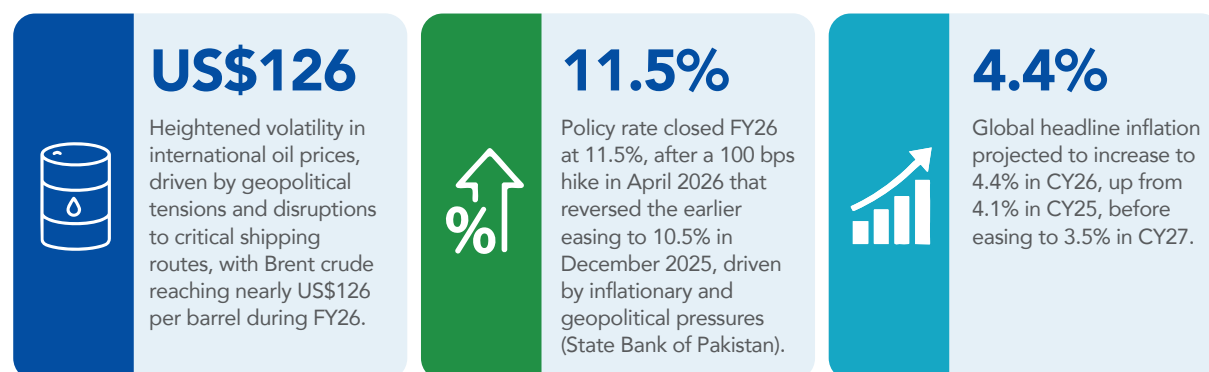
The company also remained actively engaged with the Government of Pakistan and key stakeholders to address circular debt and strengthen financial resilience. Total trade receivables declined by PKR 22.7 billion to PKR 414.8 billion, contributing to a 24% reduction in finance cost, while prudent working-capital management, disciplined supply planning and proactive stakeholder coordination supported the continuity of operations throughout the year.

Significant Events

During FY26, PSO navigated a range of significant developments that shaped its operating environment and strategic priorities. These developments reinforced the need for greater resilience, uninterrupted supply, financial discipline and continued adaptation to evolving market conditions.



Implications



SWOT Analysis

PSO's continued market leadership will depend on leveraging its core strengths, capitalising on emerging opportunities and responding to evolving challenges with agility. This approach will enable the company to

sustain its competitive advantage, strengthen resilience and create a foundation for long-term, sustainable growth.



Business Objectives and Strategy

Meeting Pakistan's evolving energy requirements while creating sustainable value for shareholders and stakeholders remains central to PSO's business objectives. The company is focused on sustaining its market leadership, strengthening its position across the energy sector and pursuing growth opportunities that support its long-term resilience and competitiveness.

To deliver on these objectives, PSO has adopted a multi-pronged strategy focused on sustaining and strengthening its market presence across key portfolios, deepening customer-centricity, pursuing strategic diversification and accelerating digital transformation to enable operational excellence.

Customer-centricity remains an integral part of this strategy. PSO continues to enhance the customer experience through superior service, innovative products and solutions, and stronger customer

relationships, supporting long-term loyalty, business growth and sustainable value creation.

These objectives flow directly from PSO's vision and mission, ensuring that strategy, resource allocation and performance measurement remain aligned with the company's overall purpose of delivering value to customers and the nation as an innovative and dynamic energy company.

Market and product development remain integral to this strategy: PSO continues to broaden its Euro-V-compliant fuel range, extend its premium lubricants and chemicals portfolios, scale non-fuel retail through Shop Stop and VIBE, and develop new customer propositions across EV charging, digital payments and e-commerce, while deepening penetration in the aviation, LPG and B2B segments.



Overview and Strategy

Company's Strategy on Market Development, Product and Service Development

PSO pursues sustainable growth by consolidating its market leadership, expanding higher-margin businesses, diversifying into emerging energy and technology-led opportunities, accelerating digital transformation and enhancing customer service. The strategy prioritises growth in Lubricants, LPG and Non-Fuel Retail while sustaining PSO's position in its core MoGas, Diesel and aviation-fuel markets. Customer-centricity remains central, supported by improved service delivery, innovative offerings and stronger customer relationships.

Geographic Expansion

During FY26, PSO added 92 new retail outlets, expanding its nationwide network to 3,688 stations. The broader footprint enhances customer access across major urban centres, highways, motorways and rural communities, while the Asaan Safar highway network grew by 8+ locations, integrated with Fuelink for route planning and stopover recommendations.

Digital Transformation

PSO enhanced digital customer engagement through the Fuelink app, the Ta'aluk Chatbot and WhatsApp-based Customer Engagement Platform, upgraded Card functionality and VIBE e-commerce services. Fintech capabilities advanced through Cerisma's PayVay platform, launched in October 2025 following SBP pilot approval, with Raast-enabled QR payments now operational across the PSO retail network. Internally, the brownfield migration to SAP S/4HANA was completed without interrupting business continuity, and SAP SuccessFactors implementation is underway to digitise the HR function.

Product Diversification & Innovation

- **Fuels:** PSO sustained its leadership in MoGas, diesel and aviation fuel, supported by offerings such as Octane+ Euro-V, Premier and Hi-Cetane Diesel.
- **Lubricants:** Sales rose 6% to 44 thousand tonnes, with premium Carient S-PRO sales doubling in the passenger car segment and Blaze Xtreme extending the premium motorcycle range. PSO Autocare was introduced across 40 urban service hubs, while research and development continued into sustainable, high-performance lubricant formulations.
- **Non-Fuel Retail:** PSO added 37 Shop Stop stores and six VIBE outlets, taking the network beyond 302 locations, refurbished 10+ sites and piloted VIBE e-commerce in

Karachi, introducing Click & Collect and Home Delivery alongside strategic brand partnerships across food, pharmacy, electronics and lifestyle.

- **Fuels Infrastructure:** The Faisalabad-to-Tarujabba White Oil Pipeline progressed during the year: the tripartite consortium agreement among SOCAR, FWO and PSO was renewed and shareholding-agreement discussions are at an advanced stage. Construction is set to begin next year, subject to tariff award and signature of the joint-venture agreement, shifting product movement to the north from road to pipeline.

Product Quality & Assurance

PSO maintained rigorous quality controls through 12 static laboratories and 26 Mobile Quality Testing Vans, in line with OGRA, Ministry of Energy, ASTM, API and Energy Institute standards. During FY26, the company conducted more than 16,500 field visits, analysed approximately 92,000 laboratory samples, oversaw 95+ ocean-tanker consignments at Keamari and Port Qasim and performed 9,000+ tank-lorry calibrations. Laboratories were modernised with automated vapour-pressure testing, automatic colour analysis and advanced micro-distillation, reinforcing product integrity, regulatory compliance and customer confidence.

Customer-Centric Approach

PSO continues to prioritise convenient, responsive customer service through telephone, email, social media, digital platforms and customer facilitation centres. During FY26, the company engaged with more than 441,000 customers, resolved 22,458 complaints, processed 6,772 LPG orders and supported over 81,600 DIGICASH and B2B Fuel Card users. Customer advocacy remained exceptional, with 97% of 130,888 Net Promoter Score respondents being Promoters, and the Ta'aluk Chatbot extended self-service support on a 24/7 basis.

PSO also expanded its Cards business across corporate and retail segments, including selected non-fuel transactions at VIBE Stores and Shop Stops, further improving customer convenience and engagement.

Effects of Key Factors on Company Strategy and Resource Allocation

Technological changes

- **Enterprise systems integration:** migration of the SAP landscape to SAP S/4HANA created an agile digital core with real-time analytics and better cross-functional integration.
- **Smart operations and inventory management:** real-time inventory monitoring, automated high-level alarms, Dispensing Unit Controllers and Auto Tank Gauging improved

operational visibility and control.

- **Automation for operational excellence:** the Terminal Automation System at Faisalabad and automated tank-lorry filling at Keamari Terminal C strengthened process control; a Computerised Maintenance Management System supports preventive maintenance and asset lifecycle planning.
- **Customer-centric digitalisation:** Ta'aluq Chatbot, Fuelink, VIBE e-commerce, enhanced cards, PayVay and Raast QR payments.
- **Electrification of mobility:** This is reflected in investment in EV charging infrastructure and in monitoring the adoption of electric two- and three-wheelers as a potential long-term demand risk.

Sustainability reporting and challenges

Sustainability is integrated into strategy through ESG governance, efficiency, renewable energy, responsible resource use and supply-chain resilience. PSO has established a three-year ESG roadmap, Board-level ESG oversight, ESG indicators in corporate scorecards and a digital ESG reporting platform aligned with IFRS S1 and IFRS S2 and the SECP's ESG disclosure framework. Its initiatives contribute to the UN Sustainable Development Goals:

- **SDG 6:** Clean water and sanitation: oil-water separators, reverse-osmosis plants and structured waste management support responsible water use and NEQS compliance.
- **SDG 12:** Responsible consumption and production: plastic recycling, paper reduction, cleaner fuels and resource efficiency, including converting lubricant-packaging waste into a sustainable road.
- **SDG 13:** Climate action: expanded solar and EV charging, Scope 1 and Scope 2 baselines and digital energy monitoring.

The principal challenges are building reliable emissions data across a dispersed network, developing climate-scenario capability for IFRS S2, and financing low-carbon investment while capital remains tied up in receivables.

Initiatives to promote and enable innovation

- **LPG service innovation:** cylinder orders and refills through Fuelink, the PSO website and the Ta'aluq Care Line, with home and commercial delivery.
- **E-commerce:** VIBE online store integrating real-time inventory and point-of-sale systems with flexible payment options.
- **Retail reinvention:** new store formats, site refurbishment and brand partnerships.
- **Indigenous digital solutions:** HSE ProGen and the Ta'aluq

Chatbot, developed in-house; structured pilots to test new businesses before scaling.

- **Business process re-engineering** to simplify workflows ahead of automation.

Resource shortages

The principal resource constraint is capital locked in circular-debt receivables, which limits investment capacity and is factored into the prioritisation of projects. Supply-side constraints highlighted by the Hormuz disruption are managed through:

- **Supplier diversification:** a balance of international imports and local refinery upliftment, with alternative sources activated during disruption.
- **Resource optimisation:** procurement aligned with demand and inventory needs; real-time monitoring and automation to improve asset utilisation.
- **Contingency planning:** business-continuity arrangements, emergency response and supply-chain contingencies.

Overview and Strategy

The Linkage of Strategic Objectives with the Company's Overall Mission, Vision and Objectives

Each strategic objective flows directly from PSO's vision and mission, so strategy, resource allocation and performance measurement stay aligned with the company's purpose.

Objective	Mission: grow, diversify, build value	Vision: enrich lives	Core Values
01 Safe operations	Protects the licence to operate on which growth depends.	Keeps employees, contractors and communities safe.	Caring and Giving; Integrity
02 Business enhancement	Grows market presence across fuels, LPG, lubricants and NFR.	Broadens access to energy and convenience services nationwide.	Innovation; Teamwork
03 Circular debt	Releases capital to build value and fund diversification.	Strengthens the national energy system.	Integrity
04 Digitisation	Builds value through efficiency and control.	Improves service reliability for customers.	Innovation
05 Human capital	Builds the capabilities growth requires.	Develops people and inclusive workplaces.	Inclusive Leadership
06 Diversification	Diversifies into renewables, EV, fintech and NFR.	Supports energy transition and sustainable development.	Innovation; Caring and Giving

Composition of Local vs. Imported Material and Sensitivity Analysis

PSO maintains supply reliability through a balanced sourcing strategy that combines imported products with product upliftment from domestic refineries. During FY26, the company sourced approximately 6.61 million metric tonnes of petroleum products, of which 3.18 million metric tonnes (around 48%) were imported and 3.43 million metric tonnes (around 52%) were uplifted from local refineries. Imported volumes are secured through spot purchases and short- and long-term contractual arrangements, while LNG is imported under long-term Government-to-Government agreements with QatarEnergy.

The sourcing mix is continuously assessed against key factors, including market demand, domestic and regional product availability, inventory requirements, international price movements, foreign-exchange conditions and financing capacity. This enables PSO to adjust the balance between imports and local refinery upliftment as required, maintain adequate stock levels and mitigate exposure to supply disruptions, price volatility and associated financial risks.

Sensitivity: the imported portion of the mix is exposed to movements in international product prices, freight and insurance costs and the PKR/US\$ exchange rate. For regulated products, price and exchange-rate movements are generally passed through the Government's pricing mechanism, containing direct margin exposure; their principal effects are on working-capital requirements, financing costs and inventory valuation. This was evident in FY26, when international prices rose sharply in the third quarter before declining towards year-end, a price path that penalises operators carrying substantial inventory and which PSO mitigated through proactive supply-chain and inventory management. A higher share of local refinery upliftment reduces foreign-exchange and freight exposure but depends on domestic refinery availability and product specifications.

Materiality Approach Adopted by Management

Materiality is assessed from both qualitative and quantitative perspectives. Matters are considered material where, individually or in aggregate, they could significantly affect the company's financial position, performance, profitability, or stakeholders' decisions.

Transactions and other matters are approved by Management and/or the BOM in accordance with the authority limits prescribed in the Limits of Authority Manual (LAM). The LAM has been developed with due consideration to the Companies Act, 2017, the

Listed Companies (Code of Corporate Governance) Regulations, 2019, the State-Owned Enterprises (Governance and Operations) Act, 2023, the company's Articles of Association, the Marketing of Petroleum Products (Federal Control) Act, 1974, applicable professional guidelines and relevant best practices.

The Annual Report discloses material matters that substantively affect the company's ability to create value over the short, medium, and long term.

International Integrated Reporting Framework

PSO's annual reporting integrates information on strategy, governance, the business model, performance, risks and opportunities, resource allocation and future outlook. This provides stakeholders with a connected view of how the company creates and preserves value over the short, medium and long term. Financial and operational results are presented alongside sustainability, governance, risk management and strategic priorities.

The annual report covers the following areas:

Organisational Overview and External Environment

The Overview and Strategy section establishes the context for understanding PSO and its operating environment. It outlines the company's principal activities, products and business lines, market position, geographic reach, ownership structure, strategic investments and stakeholder considerations, alongside external economic, regulatory and industry factors affecting performance. PSO's strategic direction centres on sustainable growth, customer-centricity, diversification, digital transformation and operational excellence.

Governance

The Corporate Governance section outlines the company's governance structure and framework, including the composition of the BOM and its committees, the respective roles and responsibilities of the Chairman and Chief Executive Officer, the BOM's oversight of strategy, risk, sustainability and technology, and disclosures concerning BOM remuneration.

Business Model

The Overview and Strategy section explains how PSO combines infrastructure, supply-chain capabilities, technology, human capital, stakeholder relationships and financial resources to deliver energy products and services. Its integrated business model encompasses sourcing, storage, distribution, retail and

Overview and Strategy

related businesses, while enabling diversification into renewable energy, fintech, EV charging and non-fuel retail.

Risks and Opportunities

The annual report identifies the principal financial, operational, market, regulatory, technological and sustainability-related risks and opportunities affecting PSO. It describes their nature, potential implications and the measures adopted to manage them. Risk management is integrated into strategic planning, business-continuity arrangements and operational decision-making to strengthen organisational resilience.

Strategy and Resource Allocation

PSO outlines its strategic objectives, resource priorities and performance measures, with emphasis on market growth, infrastructure reliability, digital transformation, operational efficiency and diversification. Resources are directed towards critical infrastructure, automation, product procurement, technology, renewable energy and financing requirements. The Business Plan links capital investment with portfolio expansion, customer experience, sustainability and process optimisation.

Performance

Performance disclosures cover operational, commercial, financial, safety, customer-service and sustainability outcomes. Measures include market share, business growth, financial results, infrastructure reliability, HSE outcomes, digital transformation and ESG performance. Progress against strategic objectives is monitored through regular reviews, corporate scorecards and defined KPIs.

Outlook

The Report to Shareholders summarises the company's performance and key developments during the reporting period, while outlining priorities and preparedness for the future. It addresses progress in strengthening the core business, improving infrastructure reliability and safety, accelerating automation and digitalisation, deepening customer relationships, and pursuing opportunities in renewable energy and other diversified businesses.

Basis of Presentation

The annual report explains how significant information is identified, assessed and presented to stakeholders. The Overview and Strategy section describes PSO's materiality approach and how matters that may affect performance, financial outcomes, decision-making or long-term value creation are considered. This approach is supported by governance, risk assessment, performance monitoring and periodic review mechanisms.

Value Creation by the Business Using its Resources

PSO leverages its extensive infrastructure, operational capabilities, human capital, technology and strategic partnerships to create value across its business and for the wider economy. In FY26, these resources enabled PSO to strengthen energy security, maintain reliable supply, enhance operational efficiency, uphold product quality and contribute to communities across Pakistan.

Amid heightened regional tensions during the year, PSO reinforced its role as a frontline energy partner in safeguarding Pakistan's fuel security. In coordination with the Ministry of Energy and the Oil Companies Advisory Committee, the company proactively strengthened strategic fuel stocks and reinforced its supply chain to ensure the uninterrupted availability of fuel for the armed forces, essential services and the general public. This enhanced preparedness demonstrated PSO's ability to maintain continuity of operations and fulfil its national responsibility during periods of elevated geopolitical uncertainty.

Product quality and reliability remained fundamental to PSO's value proposition. Rigorous quality assurance processes supported compliance with international benchmarks, strengthened customer confidence and contributed to the company's continued competitiveness across key fuel categories.

PSO also accelerated the application of technology to improve operational efficiency and environmental performance. Initiatives included the Terminal Automation System at Faisalabad, the first bottom-loading system at Keamari Terminal C, precision metering for fuel loading, wider implementation of Automated Queue Management Systems (AQMS) for tanker dispatch, automated high-level alarms on 25 additional tanks and real-time inventory monitoring on 16 more. These investments improved process efficiency, supported more effective resource utilisation and reduced operational and environmental impact.

Beyond its core business, PSO continued to deploy resources towards meaningful social impact through the PSO CSR Trust. Programmes across healthcare, education, community development, disaster response and environmental conservation supported communities in need across Pakistan, reinforcing the company's commitment to responsible corporate citizenship.

Through the effective deployment of its resources and capabilities, PSO created value not only for its business and stakeholders but also for the country it serves. FY26 demonstrated how operational resilience, quality, technology and responsible investment can translate into tangible contributions to Pakistan's

energy security, economic activity and social development. This continued focus on creating enduring value strengthens PSO's role as a dependable energy partner and a contributor to Pakistan's progress.

Competitive Landscape and Market Positioning

In FY26, PSO strengthened its market position by leveraging its extensive operating network, integrated supply-chain capabilities, infrastructure and deep customer reach to meet Pakistan's evolving energy requirements. Despite a challenging operating environment characterised by geopolitical uncertainty and supply disruptions, PSO maintained its leading position in the white oil market while ensuring continuity of fuel supplies through coordinated imports, local refinery sourcing and disciplined inventory management. Through agile supply-chain management and proactive planning, the company maintained uninterrupted nationwide fuel availability throughout the year.

PSO further expanded customer access by adding 92 retail outlets, bringing its nationwide network to 3,688 stations. The company also expanded its non-fuel retail proposition through the introduction of new Shop Stop and VIBE stores, while advancing the VIBE E-commerce Platform with Click & Collect and Home Delivery capabilities. These initiatives enhanced customer convenience, broadened the company's retail offering and supported the development of additional revenue streams beyond traditional fuel sales.

Operational reliability and product integrity remained key differentiators. During the year, PSO rehabilitated significant storage capacity and undertook inspections of critical tanks, piping systems and pipeline infrastructure. Real-time inventory monitoring and level-alarm coverage were also expanded to strengthen operational visibility and control. Complementing these efforts, the Quality Assurance function conducted extensive field inspections, laboratory testing and tank-lorry calibrations to maintain product quality, support regulatory compliance and reinforce customer confidence across the supply chain.

Digital transformation continued to enhance operational efficiency and business resilience. The successful migration to SAP S/4HANA strengthened real-time analytics, process integration and organisational agility. Terminal automation at Faisalabad and the deployment of digital preventive-maintenance solutions further improved operational oversight and asset management. In addition, the nationwide rollout of the AI-enabled HSE ProGen platform digitised key safety processes and enabled more transparent, data-driven risk identification and management.

PSO also continued to diversify its business portfolio in response to

emerging energy and technology trends. During FY26, the company expanded its renewable energy platform and EV charging network, while strengthening its fintech capabilities. Solar capacity increased through projects across operational locations, while strategic collaborations supported the addition of new EV charging stations. Cerisma also progressed pilot operations under the PayVay brand, extending PSO's capabilities into digital payments and supporting its broader transition towards technology-enabled and future-oriented businesses.

Value creation extended beyond PSO's commercial operations through the company's social investment initiatives. During FY26, approximately PKR 665 million was contributed through the PSO CSR Trust towards healthcare, education, community development, disaster management and environmental sustainability. These initiatives supported patients, students, flood-affected families and vulnerable communities across Pakistan, reflecting PSO's commitment to responsible and inclusive development.

PSO's FY26 performance reflects the strength of a business supported by scale, resilience, infrastructure, customer reach and the ability to adapt to changing market dynamics. By combining supply-chain reliability and market presence with digital transformation, business diversification, sustainability and social investment, the company continued to strengthen its competitive position while expanding the ways in which it creates value. These capabilities provide a strong foundation for PSO to respond to evolving customer expectations, emerging energy opportunities and Pakistan's changing energy landscape.

The intensity of competition in Pakistan's downstream market continues to rise. The entry of new OMCs, several backed by international trading houses, has heightened rivalry in the white oil segment, while unauthorised cross-border product inflows periodically distort competition in affected regions. The threat of substitutes is emerging gradually through electric mobility, gas-based fuels and distributed renewable generation, influencing the long-term composition of demand.

The bargaining power of customers is limited in regulated retail fuels, where prices and margins are determined by the Government, but is more pronounced in the commercial, industrial and lubricants segments, where buyers can switch between suppliers; the bargaining power of suppliers is mitigated by PSO's procurement scale, direct access to international markets, long-term Government-to-Government arrangements and established domestic refinery relationships. Against this landscape, PSO's integrated infrastructure, nationwide reach, brand equity and financial scale continue to provide durable advantages over both established and emerging competitors.

Overview and Strategy

Resource Allocation Plan

PSO allocates its resources with a clear focus on sustaining the country's energy supply today while investing in the capabilities required for tomorrow. The framework balances immediate business and operational requirements with strategic investments that strengthen resilience, improve efficiency, support diversification and create long-term value.

Resource allocation is guided by the scale and criticality of PSO's operations, national energy requirements, market conditions, supply-demand dynamics and the company's strategic priorities. Regular assessment of these factors enables PSO to redirect resources where they are most needed, respond to changing circumstances and maintain the flexibility required to manage operational and market-related risks.

Key initiatives to bolster operational resilience include:

- **Energy Supply & Working Capital:** Ensuring adequate resources for product procurement, imports, inventory management and other requirements essential to maintaining uninterrupted fuel availability across the country.
- **Infrastructure & Asset Reliability:** Investing in the rehabilitation, replacement and maintenance of critical storage, pipeline, terminal and retail infrastructure to enhance reliability, safety, capacity and operational continuity.
- **Technology & Digital Transformation:** Directing resources towards automation, digital platforms, data-driven systems and technology-enabled processes that improve efficiency, transparency, decision-making and operational control.
- **Business Growth & Diversification:** Supporting strategic opportunities in renewable energy, EV charging, non-fuel retail, digital payments and other emerging areas that can broaden PSO's business portfolio and strengthen future growth.
- **Human Capital & Organisational Capability:** Investing in employee development, technical capabilities, safety, wellbeing and workplace effectiveness to ensure the organisation has the skills and capacity required to deliver its strategic priorities.
- **Sustainability & Social Investment:** Allocating resources towards initiatives that improve environmental performance and contribute to healthcare, education, community development, disaster response and other areas of social impact.

The effectiveness of resource allocation is assessed not only by the level of investment but by the value and outcomes generated from it. Accordingly, PSO seeks to prioritise investments that strengthen

supply security, improve operational performance, enhance customer experience, manage risk, support sustainable growth and contribute to the country's economic and social development.

Through disciplined and strategic resource allocation, PSO strengthens operational resilience, supports sustainable growth and remains equipped to meet Pakistan's evolving energy needs.

Key Performance Indicators

PSO's performance management framework provides a clear view of progress against its strategic priorities and business objectives. It brings together financial, operational and non-financial measures to assess performance, strengthen accountability and support informed decision-making.

Key areas of measurement include financial performance, operational efficiency, market position, supply reliability, customer experience and effective resource utilisation. The framework also reflects PSO's priorities around health, safety and environment, digital transformation, sustainability, infrastructure reliability and organisational capability.

Performance is monitored through defined objectives, regular reviews and corporate scorecards, enabling management to identify areas requiring attention, track progress and align actions with business priorities. Sustainability and ESG considerations are also integrated into performance monitoring, reinforcing the link between business performance and responsible value creation.

The BOM oversees performance against strategic objectives through periodic management reporting and corporate scorecards, supported by its committees, promoting transparency, accountability and continued alignment with PSO's long-term direction.

Key indicators monitored during FY26 included market share across product lines, safe man-hours, Lost Time Injury frequency and Total Recordable Incident Rate, Net Promoter Score, trade receivables and finance cost, storage rehabilitation and automation coverage, learning hours and ESG scorecard indicators, each of which is reported in the relevant section of this annual report. The BOM considers these indicators appropriate to the company's strategy and expects them to remain relevant in future periods, subject to refinement as diversification initiatives mature.

The Legitimate Needs and Interests of Key Stakeholders and Industry Trends

As a national energy company, PSO recognises that long-term

success depends on understanding and responding responsibly to the legitimate needs and interests of its diverse stakeholders. These include shareholders, employees, customers, business partners, regulators and the communities in which PSO operates. The company is committed to building constructive, transparent and mutually beneficial relationships through sound governance, appropriate policies and meaningful engagement practices that reinforce trust, accountability and sustainable value creation.

At the same time, PSO continues to monitor evolving industry dynamics, market developments and changing stakeholder expectations. The energy sector is undergoing significant transformation, driven by growing emphasis on sustainability, cleaner energy solutions, digitalisation, evolving customer needs, technological advancement and increasingly stringent regulatory and ESG requirements. In response, PSO is expanding its strategic focus towards renewable energy, electric mobility, fintech and other diversified business opportunities, while continuing to strengthen its core energy business.

PSO also remains focused on operational resilience, infrastructure reliability, technology-enabled efficiency and effective risk management. These priorities are essential to maintaining continuity of supply, enhancing customer experience, strengthening operational performance and ensuring the company remains responsive to a rapidly changing energy and business environment.

By continuously aligning stakeholder interests with emerging industry trends and national energy priorities, PSO seeks to strengthen its role as a trusted energy partner, reinforce Pakistan's energy security and create sustainable long-term value for its stakeholders. This approach will enable PSO to respond to today's needs while preparing responsibly for the energy landscape of tomorrow.

Key Resources and Capabilities that Provide Sustainable Competitive Advantage

PSO's sustainable competitive advantage is underpinned by a distinctive combination of scale, physical infrastructure, supply-chain capabilities, nationwide market reach, technology, human capital and strategic partnerships. Together, these resources and capabilities enable the company to operate efficiently at scale, respond to changing market conditions and support Pakistan's energy requirements across multiple segments.

A key strength is PSO's extensive nationwide operating footprint. During FY26, the company further expanded its retail network to 3,688 stations, while continuing to invest in storage reliability, terminal automation, inventory monitoring and the rehabilitation of

critical infrastructure. These capabilities strengthen product availability, operational continuity and the efficient distribution of energy products across the country.

PSO's established sourcing arrangements and supply-chain management capabilities further reinforce its resilience and ability to respond to market disruptions. The company combines international imports with local refinery upliftment and maintains long-term LNG supply agreements with QatarEnergy. During periods of geopolitical disruption, alternative sourcing, import rationalisation and cargo optimisation helped maintain continuity of supply while enabling the company to manage changing market conditions effectively.

Technology and digitalisation are increasingly enhancing PSO's operational capabilities and decision-making. The migration to SAP S/4HANA, deployment of terminal automation, real-time inventory monitoring, digital preventive-maintenance solutions and the nationwide rollout of the AI-enabled HSE ProGen platform have enhanced operational visibility, process efficiency, safety oversight and data-driven decision-making across the organisation.

Human capital remains a critical capability supporting PSO's long-term performance. The company continues to invest in structured learning, leadership development, technical skills and specialised training to strengthen workforce readiness and build capabilities aligned with evolving business requirements. During FY26, learning programmes focused on functional excellence, digital transformation, technical capability and safety, supporting employees in adapting to changing industry requirements and new ways of working.

PSO's strong and diversified market presence across motor gasoline, diesel, aviation fuel, lubricants, LPG, LNG and non-fuel retail further strengthens its position within the energy sector. This broad operating base provides the company with multiple customer and market touchpoints, while continued expansion into renewable energy, EV charging and fintech is creating new avenues for growth and enabling PSO to respond to evolving customer needs and emerging opportunities.

The combination of infrastructure scale, sourcing strength, supply-chain resilience, technology, workforce capability, market reach and business diversification provides PSO with a strong foundation for sustainable competitive advantage. By continuously strengthening these capabilities and investing in new energy opportunities, PSO will enhance its resilience, deepen its market position and remain well equipped to meet Pakistan's evolving energy needs.

Risk and Opportunity Report

As Pakistan's leading OMC and a state-owned enterprise, PSO takes a prudent approach to risk, with emphasis on financial resilience, regulatory compliance and operational continuity. Risk

management is integrated into strategic planning, capital allocation and day-to-day decisions, and the risk profile is reviewed regularly as markets, regulation, geopolitics and infrastructure

Risk Management Framework

PSO's enterprise risk management (ERM) framework provides the structure through which risks are identified, assessed, treated, monitored and reported. Risks are evaluated for likelihood and magnitude against defined criteria, assigned to owners, and tracked through key risk indicators and tolerance thresholds under a BOM-approved risk appetite statement. The Board oversees the framework and the corporate risk radar, which is refreshed periodically to capture emerging exposures, while the Board Strategy Committee oversees sustainability, climate-related and

technology risks, including cybersecurity, which is embedded in the ERM framework. Significant matters are escalated to the BOM through defined reporting lines. Risk considerations are embedded in strategic planning, capital allocation and operational decision-making, and the adequacy of risk-transfer arrangements, including insurance and cyber cover, is kept under review.

Key risks identified in the company's corporate risk radar include:

Liquidity Risk

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Financial	Financial	Long-term	External	High	High

How PSO is managing this risk:

PSO continues to prioritise circular debt management by strengthening receivables discipline. Total trade receivables declined by PKR 22.7 billion to PKR 414.8 billion, while SNGPL receivables fell by PKR 34.3 billion, contributing to a 24% reduction in finance costs. PSO also continues to engage with the Government on a comprehensive and sustainable resolution of circular debt.

Uncaptured Investment Opportunities

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Financial	Financial	Long-term	External	High	High

How PSO is managing this risk:

PSO's ability to fully pursue strategic initiatives, including portfolio expansion, integration and diversification, remains constrained by capital locked in long-outstanding circular debt receivables. The company continues to engage closely with relevant Government authorities and stakeholders, submitting proposals and pursuing settlement mechanisms aimed at improving liquidity and releasing funds for strategic investment priorities.

High Cost of Finance

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Financial	Financial	Medium-term	External	High	High

How PSO is managing this risk:

Elevated receivable levels continue to increase the company's reliance on borrowings, resulting in higher financing costs. To mitigate this exposure, PSO's Treasury function actively manages its funding requirements and engages with financial institutions to secure borrowing arrangements on the most competitive terms available.

No LNG Contract at Buyer's End

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Strategic	Financial	Medium-term	External	High	High

How PSO is managing this risk:

PSO continues to procure LNG under two long-term Government-to-Government supply agreements with QatarEnergy, providing continuity at the supply end. However, the absence of a corresponding long-term contractual arrangement at the buyer's end continues to create commercial and financial exposure. During FY26, progress towards formalising the tripartite arrangement with SNGPL and SSGC remained limited. PSO continued to engage with relevant stakeholders to pursue contractual alignment while maintaining uninterrupted LNG operations through close coordination and effective supply-chain management.

Supply-Demand Imbalances

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Financial	Financial	Long-term	External	High	High

How PSO is managing this risk:

FY26 witnessed heightened supply-side pressures arising from geopolitical tensions in the Middle East, disruptions to scheduled cargo deliveries, sharp volatility in international crude and refined product prices, and changing market dynamics. These developments increased the risk of supply-demand imbalances and placed additional pressure on inventory planning, procurement costs and continuity of product availability. To manage these risks, PSO implemented a range of corrective and contingency measures, including import rationalisation, realignment of upliftment from local refineries and alternative sourcing arrangements. The company also adopted a mix of spot and short-term tender-based imports of MoGas 92 RON while optimising cargo sizes to enhance procurement efficiency, maintain optimum stock levels and support uninterrupted product availability across the country.

Foreign Exchange Rate Fluctuations

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Financial	Financial	Long-term	External	High	Low

How PSO is managing this risk:

PSO's substantial reliance on imported petroleum products exposes the company to foreign-exchange movements and potential currency-related cost pressures. During FY26, however, the PKR/US\$ exchange rate remained broadly stable, supported by improved external buffers and foreign-exchange market conditions. The impact of exchange-rate movements on regulated petroleum products is generally incorporated through the applicable pricing mechanism, helping contain the company's direct exposure. PSO continues to monitor currency movements and manage its import and financing requirements prudently to mitigate potential volatility.

Ageing Assets Increasing Reliability Risk

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Operational	Infrastructure	Medium	Internal	Medium	Low

How PSO is managing this risk:

PSO continues to address asset-ageing risks through a structured programme of infrastructure rehabilitation, inspection and modernisation. During FY26, nearly 39,000 metric tonnes of storage capacity was rehabilitated and more than 60 tanks, eight piping systems and one pipeline were inspected to international standards. The company also expanded automated high-level alarms to 25 additional tanks and real-time inventory monitoring to 16 more, and introduced a dedicated Computerised Maintenance Management System to support preventive maintenance and asset-lifecycle planning.

Natural and Man-made Disasters

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Operational	Human & Infrastructure	Short-term	Internal/ External	Low	Medium

How PSO is managing this risk:

PSO continues to strengthen its preparedness for natural and man-made emergencies through established HSE controls, business-continuity arrangements and coordinated emergency-response mechanisms. During FY26, the company reinforced readiness through Major Accident Emergency Response Plan drills involving external emergency agencies and participated in Exercise Barracuda-XIII, while deploying an Advanced Marine Oil Spill Response Kit at Keamari Terminal A. Proactive measures were also undertaken during periods of severe flood risk to safeguard personnel, protect critical assets and maintain continuity of fuel supply. These efforts are supported by regular HSE audits, emergency preparedness exercises and ongoing monitoring across operational locations.

Off-spec Product may Damage Brand Image

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Operational	Relationship	Medium-term	Internal	Low	Medium

How PSO is managing this risk:

PSO manages product-quality risk through an extensive quality-assurance network comprising 12 laboratories and 26 Quality Testing Vans, supported by controls aligned with OGRA, Ministry of Energy and relevant international standards. During FY26, the company conducted more than 16,500 field visits and analysed approximately 92,000 laboratory samples to identify product deviations and support timely corrective action. Quality oversight was further strengthened through witnessing over 95 ocean-tanker consignments and carrying out more than 9,000 tank-lorry calibrations, helping safeguard product integrity, quantity accuracy and customer confidence across the supply chain.

An Information Security Breach may Disrupt Operations

RISK TYPE	EFFECTED CAPITAL	NATURE	SOURCE	LIKELIHOOD	MAGNITUDE
Operational	Infrastructure	Short-term	External	Low	Medium

How PSO is managing this risk:

PSO's information-security framework is anchored in its ISO/IEC 27001:2022-certified Information Security Management System, with oversight by the Board Strategy Committee supported by the Board Audit & Compliance Committee. During FY26, Security Information and Event Management coverage was expanded to approximately 99% of digital assets, the Security Operations Centre issued regular Cyber Threat Bulletins, and a comprehensive Cybersecurity Incident Response Plan was implemented. Controls are validated through annual independent cybersecurity assessments, periodic Vulnerability Assessment and Penetration Testing, and reviews by professional services firms.

Business continuity and disaster recovery preparedness were strengthened through the modernisation of the Disaster Recovery site into a production-ready secondary data centre with active-active failover, and a zero-downtime ISP failover architecture that delivered 100% uptime for critical business systems. Scheduled failover exercises validate recovery capabilities against defined Recovery Time and Recovery Point Objectives, and mandatory role-based training mitigates human-factor cyber risk.

Adequacy of Capital Structure

The company's capital structure is adequate to absorb unexpected losses arising from its risk exposures and is monitored periodically, with particular attention to leverage, the working-capital cycle and headroom under secured credit lines of PKR 503.87 billion.

Sustainability-related Risks and Opportunities

Sustainability-related risks and opportunities have a material bearing on PSO's access to capital, financial performance and growth. Amid energy-market volatility, tightening climate regulation and Pakistan's evolving ESG disclosure regime, sustainability performance is central to the company's cost of capital, investor appeal and regulatory standing.

Risk / Opportunity	Description	Horizon	Management
Risk:			
01 Higher Cost of Capital	Weak ESG performance could raise borrowing costs, lower ratings and valuations and tighten lending terms	Medium	ESG roadmap, scorecard indicators and IFRS S1/S2-aligned disclosure
02 Reduced Investor Interest	A weak profile may limit capital for refining upgrades and low-carbon infrastructure	Medium-long	Transparent reporting; green investments via PSORE
03 Reputational Damage	Fuel-quality, emissions or social incidents could affect trust	Short	Quality assurance network; HSE controls; CSR
04 Climate Physical	Floods, cyclones and heatwaves can damage assets and disrupt logistics	Short-long	Emergency preparedness; business continuity; asset rehabilitation
05 Climate Transition	Carbon policy and EV adoption may reduce fossil-fuel demand	Long	Diversification into solar, BESS and EV charging
Opportunity:			
01 Lower Cost of Capital	Strong ESG practice and transparent reporting are rewarded by lenders and investors	Medium	ESG governance and reporting platform
02 Broader Investor Base	A credible sustainability profile attracts a wider pool of capital	Medium	Progress through PSORE and green initiatives
03 Low-Carbon Growth	New revenue from renewables and cleaner mobility	Medium-long	PSORE solar and BESS; EV network
04 Efficiency	Energy efficiency and resource optimisation cut costs	Short-medium	Solarisation; energy monitoring; 3R initiatives



Notice of Meeting

Notice is hereby given that the 50th Annual General Meeting ("AGM") of Pakistan State Oil Company Limited (the "Company") will be held on Wednesday, October 28, 2026, at 11:00 a.m. at the Company's Registered Office, PSO House, Karachi, as well as through video-conferencing facility, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 49th Annual General Meeting held on Friday, October 24, 2025.
2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial statements of the Company for the year ended June 30, 2026 together with the Report to the Shareholders and Auditors' Report thereon.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the audited financial statements of the Company have been transmitted to the Shareholders through QR enabled code and web link which can be accessed through the following QR enabled code and weblink: <https://psopk.com/files/financial-reports/annual/2026/PSO-Annual-Report-2026.pdf>



3. To consider and, if thought fit, approve and declare payment of final cash dividend of Rs. 10/- per share i.e. 100% for the year ended June 30, 2026, as recommended by the Board of Management.
4. To lay information before the members of the Company for the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2027.

By Order of the Board

Ambreen Ali
Company Secretary

October 07, 2026
Karachi

Notes:

1. Closure of Share Transfer Books

The Share Transfer books of the Company will remain closed from Wednesday, October 21, 2026 to Wednesday, October 28, 2026 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi up to the close of business on Tuesday, October 20, 2026 will be considered in time for the purposes of attending the AGM.

2. Circulation of Notice through Email:

Pursuant to S.R.O 452(I)/2025, the Notice of the AGM is being circulated to members at their registered email addresses provided to the Company, in accordance with applicable laws.

3. Participation in the AGM via physical presence or through video-link facility

- a) A member whose name appears in the Register of Members as at the close of business on Tuesday, October 20, 2026, being the last date of closure of the Share Transfer Books, and who is entitled to attend and vote at the meeting, may appoint any other member as his/her proxy to attend and vote on his/her behalf. A proxy form is enclosed.
- b) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarized/attested copy of power of attorney must be deposited at Company's registered office situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi 75600, at least 48 hours before the time of the AGM. i.e., latest by Monday, October 26, 2026.
- c) The members/proxies interested to participate through video-link are requested to register with the Company at least two days before the time of AGM by sending an email at info.shares@psopk.com with subject: "Registration for PSO AGM" along with a valid scanned copy of their Computerized National Identity Card (CNIC).

Shareholders are advised to provide the following details for registration:

Folio / CDS A/c No.	Company	Name of Shareholder	CNIC number	Cell number	Email address
	Pakistan State Oil Company Limited				

The meeting link for attending the AGM will be sent to the members at their provided email addresses. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings after completing all the required formalities.

- d) Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address info.shares@psopk.com.

4. Guidelines for CDC Account Holders

CDC account holders are requested to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan (the "SECP"):

A. For attending the meeting:

- 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 be required to authenticate his/her identity by showing his/her original valid CNIC or original passport at the time of attending the meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall have to be produced at the time of the meeting (unless shared earlier).

B. For appointing proxies:

- 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 be required to submit the proxy form accordingly.
- The proxy form must be witnessed by two persons whose names, addresses and valid CNIC numbers should be mentioned on the form.

- Attested copies of CNIC or the passport of the beneficial owners and the appointed proxies shall have to be furnished with the proxy form.
- The Proxy will be required to show his/her original valid CNIC or original passport at the time of the meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless provided earlier) along with proxy form to the Company.

5. Updation of Shareholder Contact Details

Members are requested to promptly notify the Company of any change in their registered postal address.

Further, in compliance with the requirements of Section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, all shareholders holding shares in physical or book-entry form are requested to provide their valid email address and mobile number, quoting their folio/CDC account number (as applicable), along with a copy of their valid CNIC, as follows:

- In case of physical shareholding: to the Company's Share Registrar, M/s. CDC Share Registrar Services Limited.
- In case of book-entry form (CDC): to the shareholder's respective Broker / Participant or to the CDC Investor Account Services (IAS).

6. Submission of copy of CNIC/NTN (Mandatory)

Members/shareholders who have not yet provided a copy of their valid CNIC to the Company, Share Registrar, or, in case of securities held through CDC, to their respective CDC Participant/Broker, are requested to submit the same at the earliest. Corporate Entities are requested to provide their NTN details. In all cases, the folio number/CDC account or participant details, as applicable, must be clearly mentioned with the CNIC/NTN submission. The names of members who have not submitted their CNIC copies are available on the Company's website.

7. Zakat Exemption

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In order to claim exemption from compulsory deduction of zakat, shareholders shall provide a

Notice of Meeting

duly notarized copy thereof, executed on Non-Judicial Stamp Paper of Rs. 200/-, to the Share Registrar.

Members holding shares in CDC and/or CDC sub-accounts should submit their declarations for the non-deduction of zakat, if applicable, with CDC participants/brokers/IAS duly mentioning CDS Account No. and name of shareholder for uploading on the CDS in the CDC account of the shareholder.

Further, non-Muslims are also required to file Solemn Affirmation with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC participant/IAS in case shares are in scripless form.

8. Payment of Cash Dividend Electronically (Mandatory)

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

In case of physical shareholding, to receive the dividend directly into their bank account, shareholders are requested to complete the "E-Dividend Mandate Form" available at www.psopk.com and submit it, along with a copy of their valid CNIC, to the Company's Share Registrar.

In case of shares held in the Central Depository System (CDS), the duly completed "E-Dividend Mandate Form" must be submitted directly to the shareholder's respective Broker/Participant or to the CDC IAS.

Please note that in accordance with Section 243 of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017, a listed company is entitled to withhold payment of dividend where the necessary information is not provided by the shareholders.

9. Withholding Tax on Dividend Income

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

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

In this regard, all shareholders holding shares jointly are requested to provide, in writing, the shareholding proportions of the Principal Shareholder and the Joint Shareholder(s) in respect of their shareholding, to the Company's Share Registrar, as per the following format:

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

Note: Shareholders are requested to provide the required information to the Company's Share Registrar by Tuesday, October 20, 2026; failing which, the shares will be deemed to be held equally by the Principal and Joint Shareholder(s).

To avail tax deduction at 15% (instead of 30%), shareholders must ensure their Filer status is updated on the Active Taxpayers List (ATL) available at www.fbr.gov.pk and that their CNIC/Passport (for individuals) or NTN (for corporates) is duly recorded with their respective Participant/IAS or, in case of physical shareholding, with the Company's Share Registrar.

Withholding tax exemption on dividend income shall be allowed only if a valid tax exemption certificate is provided to the Company's Share Registrar by Tuesday, October 20, 2026.

10. Electronic Transmission of Annual Report and Notice of AGM

In compliance with Section 223(6) of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023 the Company has electronically transmitted the Annual Report 2026 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. CDC Share Registrar Services Limited.

However, in cases where email addresses are not available with the Company's Share Registrar, printed copies of the notice of AGM containing the QR code and the weblink address to view and download the Annual Report 2026 (containing the annual audited financial statements) have been dispatched.

Not with standing the above, the Company will provide hard copies of the Annual Report 2026, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Members requiring printed copies of Annual Report 2026 may send a request using a "Standard Request Form" placed on the Company's website www.psopk.com.

11. Conversion of Physical Shares into Book Entry Form

Under Section 72(2) of the Companies Act, 2017, all companies are required to replace physical shares with book-entry form. SECP, through its letter dated March 26, 2021, has directed listed companies to pursue shareholders still holding physical shares to convert them into scripless form.

Shareholders holding physical shares are therefore requested to open a CDC sub-account with a broker or an Investor Account with CDC to dematerialize their shares. This ensures safe custody and ease of trading, as physical shares are not tradable on the Pakistan Stock Exchange.

12. Unclaimed Dividends and Share Certificates

Pursuant to Section 244 of the Companies Act, 2017, shares issued or dividends declared by the Company remaining unclaimed or unpaid for three years from the date due and payable are required to be deposited with the SECP for credit to the Federal Government, after notice to shareholders to submit their claims.

A Notice dated May 19, 2026, was sent by Registered Post acknowledgment due to shareholders at their last known addresses, allowing 90 days to submit claims. A Final Notice was also published on August 30, 2026, in Business Recorder and Daily Express in English and Urdu, respectively, in compliance with Section 244(1)(iii)(b).

Shareholders who have not yet submitted their claim are once again requested to file their claim with the Company's Share Registrar within the stipulated period. In the absence of a claim, the Company shall proceed, pursuant to Section 244(2), to deposit the unclaimed/unpaid dividend with the Federal Government.

Details of the unclaimed dividend are available on the Company's website.

13. Prohibition of Gifts

The SECP, vide S.R.O.452(1)/2025 has strictly prohibited companies from providing gifts or incentives, in lieu of gifts tokens/coupons /lunches/takeaway/ packages in any form or manner, to shareholders at or in connection with general meetings.

Energy

for Tomorrow

Loading Pakistan's transition to
sustainable, renewable mobility.



Corporate Governance

Company Information

Board of Management (BOM)

Chairman (Independent)

Mr. Asif Baigmoamed

Independent Members

Dr. Ayesha Waqar

Mr. Mushtaq Malik

Mr. Ahmed Jamal Mir

Ex-Officio Members

Dr. Muhammad Fakhre Alam Irfan

Mirza Nasiruddin Mashhood Ahmad

Mr. Sajjad Azhar

Chief Executive Officer

Mr. Jawwad Ahmed Cheema

Chief Financial Officer

Ms. Gulzar Khoja

Company Secretary

Ms. Ambreen Ali

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Legal Advisor

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)

Website: www.psopk.com

Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B

Block B, S.M.C.H.S.

Main Shahrah-e-Faisal

Karachi-74400, Pakistan

Tel.: 0800-CDCPL (23275)

Email: info@cdcsrsl.com

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited



THE BOARD OF MANAGEMENT PROFILES



Mr. Asif Baigmohamed

Chairman, BOM

Mr. Asif Baigmohamed took up the position of Chairman of the BOM of Pakistan State Oil Company Limited on May 29, 2023.

He is the Group Chief Executive Officer of Baigmohamed Group of Companies and Chief Executive Officer of ABM Investment, a private equity firm with interests in telecom, technology and construction.

He was previously Chief Executive Officer of Coca-Cola Southern Pakistan. During his tenure, the company ranked among the top ten in the world in plant ratings and sales growth. He has also served as Director of Pakistan Petroleum Limited and Pakistan LNG Limited.

He graduated from Brown University with honours in Economics and a minor in Applied Mathematics. His academic excellence and prowess were acknowledged by his selection for membership of Omicron Delta Epsilon, a prestigious American national honour society for achievement in the field of economics.





Mr. Jawwad Ahmed Cheema

CEO and Member, BOM

Mr. Jawwad Ahmed Cheema is a distinguished C-suite executive with over 28 years of experience in the downstream energy sector, including nearly 20 years in corporate leadership roles spanning five countries across Asia-Pacific, Europe, and South Asia. His career covers the full downstream value chain, including retail fuels, lubricants, storage infrastructure, supply chain management, strategy, and international portfolio management, with a consistent thread of strategic transformation, business turnaround, and large-scale organisational change running through every assignment.

The centerpiece of his career is a 26-year tenure with Royal Dutch Shell, one of the world's largest energy majors, during which he rose from frontline retail operations in Pakistan to the most senior levels of Shell's global leadership, progressing through Indonesia, Singapore, the Netherlands, and the United Kingdom, each assignment representing a substantive expansion of scope, complexity, and accountability.

As Managing Director & CEO of Shell Pakistan Limited, he led one of Pakistan's most prominent publicly listed energy companies through a period of significant strategic and operational transformation in one of the region's most complex and fast-evolving energy markets.

Internationally, as Vice President Strategy & Portfolio at Shell International B.V., The Hague, he directed global downstream infrastructure portfolio strategy across multiple continents, delivering significant enterprise value through network optimisation, asset rationalisation, and supply chain reconfiguration. As Vice President Shell Business Operations in Singapore, he transformed Shell's global Business Process Outsourcing function, driving large-scale workforce expansion and operational consolidation across a global network. Earlier, as Strategy & Management Consultancy Manager, he led business turnarounds, divestments, new market entries, and integrated downstream reviews across Asia-Pacific. As General Manager for Shell's Retail Fuels Market Entry in Indonesia, he led the company's end-to-end entry into a complex, high-growth emerging market.

Most recently, he served as CEO of Karachi Hydrocarbon Terminal (KHT), a strategic joint venture under the VTTI B.V. portfolio, managing Pakistan's primary petroleum import and distribution terminal at Port Qasim.

Across every role, Mr. Cheema has demonstrated a rare combination of commercial sharpness, strategic clarity, and the operational discipline to execute at scale in some of the most complex, regulated, and politically sensitive energy environments in the world. As Chairman of the Board of Shell Pakistan Limited and Director on the Boards of Pakistan Refinery Limited (PRL) and Pakistan Arab Pipeline Company (PAPCO), he has exercised governance authority over the most strategically significant nodes of Pakistan's downstream infrastructure. He is, in the fullest sense, a leader shaped by global standards and deeply rooted in Pakistan's energy reality.





Dr. Muhammad Fakhre Alam Irfan Member, BOM

Dr. Muhammad Fakhre Alam Irfan is a career civil servant with over 31 years of experience in key administrative and policymaking positions in the Government of Pakistan. He has been assigned responsibility as Secretary, Ministry of Energy (Power Division). He has also worked as Secretary, Ministry of Industries and Production, in addition to his responsibilities as Secretary, Ministry of National Food Security & Research; Chief Secretary, Government of Sindh; Secretary Ministry of Housing and Works, Secretary National Health Services Regulations and Coordination Division, Secretary Ministry of Poverty Alleviation and Social Safety, Additional Secretary Ministry of Interior.

He served as Secretary Revenue and Estate Department Government of Khyber Pakhtunkhwa, as Principal Secretary to Governor Khyber Pakhtunkhwa, Secretary Health Department Khyber Pakhtunkhwa, Commissioner of Malakand and Peshawar, Political Agent North Waziristan and Orakzai, Assistant Commissioner and Assistant Political Agent in Punjab and former FATA.

He holds an MBBS from Khyber Medical College, Peshawar, and an MBA (Public Service) from the University of Birmingham, UK.



Mirza Nasiruddin Mashhood Ahmad

Member, BOM

Mirza Nasiruddin Mashhood Ahmad is a senior civil servant and seasoned public policy professional with over three decades of experience in public sector governance, administrative reforms, human development, and public accountability. He has held key leadership positions at the Secretary, Special Secretary, Director General level across multiple federal ministries.

He is currently serving as Special Secretary, Petroleum Division, Ministry of Energy, where he contributes to policy formulation and strategic oversight in Pakistan's energy sector. Previously, he served as Special Secretary, Ministry of National Health Services, Regulations & Coordination, overseeing critical governance and regulatory functions.

He has extensive exposure to international human rights law, public sector management, national security and international cooperation, complemented by strong academic credentials. He holds an LL.M. in International Human Rights Law from the University of Essex, United Kingdom, as a British Council Chevening Scholar, and a Master's degree in International Relations from the University of Peshawar. His academic focus includes economic, social and cultural rights, refugee law, child law and peacekeeping.

His professional development includes completion of the Common Training Programme at the Civil Services Academy of Pakistan, as well as prestigious training programmes such as the National Security & War Course at the National Defence University, Islamabad, and the Senior Management Course at the National School of Public Policy, Lahore. He has also undertaken international management training in Australia.

He has served on the Boards of Oil & Gas Development Company Limited (OGDCL), Mari Energies Limited (MEL), Sui Southern Gas Company Limited and Pakistan Petroleum Limited (PPL), representing the Government of Pakistan.

BOM



Dr. Ayesha Waqar

Member, BOM

Dr. Ayesha Waqar serves as a Full Professor and permanent faculty member at the Lahore School of Economics, bringing over two decades of experience in economics, finance, and sustainable development. She is an established academic and policy advisor recognised for her leadership in advancing sustainable finance, green growth, and institutional reform across the public and financial sectors.

She has served on the Boards of Governors of Zarai Taraqati Bank Limited (ZTBL) and the Printing Corporation of Pakistan, where she has contributed to the Audit, Risk, and Human Resource Committees. Her board experience reflects her deep understanding of public-sector governance, ESG alignment, and financial accountability. She has provided strategic guidance on sustainable finance reforms and corporate governance transformation within state-owned enterprises.

A former Research Fellow at the University of Oxford, she has worked extensively on financial systems, sustainability, and economic growth in South and East Asia. Her advisory engagements include work with the Department of Finance, Government of Ras Al Khaimah (UAE), the Government of Punjab, and major development organisations such as the World Bank, USAID, and UNDP. She has advised on projects related to fiscal risk management, carbon insetting, rural energy transitions, and climate-linked finance.

Her research is internationally recognised in leading journals such as *Marine Policy*, *Resources Policy*, *Review of Accounting and Finance*, and *Management of Environmental Quality*. Her recent publications explore sustainable finance, the blue economy, and the integration of ESG frameworks within financial institutions.

She has been the recipient of multiple international awards for research excellence, including Best Paper Awards at global conferences in Italy and Sri Lanka. She also serves on the editorial boards of many esteemed international journals.

She holds a PhD in Economics with specialisation in Financial Economics, as well as MPhil and MSc degrees in Economics and Finance. She has also completed executive training in Case Method Teaching at Harvard Business School, the Director's Training Programme at LUMS, and certification in Inclusive Green Economy Indicators from the United Nations Institute for Training and Research.

BOM



Mr. Ahmed Jamal Mir

Member, BOM

Mr. Ahmed Jamal Mir is the Managing Director & Chief Executive Officer of Prestige Communications (Pvt.) Ltd., one of Pakistan's leading advertising agencies established in 1960. A graduate in Economics from the University of California, Los Angeles (UCLA), he assumed leadership of the company in 1986 and has since managed a diverse portfolio of multinational and local clients, including British American Tobacco, Procter & Gamble, Sony, Emirates, GSK, HBL, Jubilee Insurance, Milkpak and Packages amongst many others. Mr. Mir is known for fostering strong, long-term partnerships and for strengthening the agency's creative legacy — Prestige is credited with delivering several landmark campaigns.

He led Prestige's 20-year affiliation with the Grey Group (WPP) and has collaborated with global networks such as TD&A DDB, Fortune PromoSeven and APCO. He has held leadership positions including President of the American Business Council (2018–2019), Chairman of the Pakistan Advertising Association, and Director of NIB Bank, and is currently a member of the Executive Committee of the Pakistan–Turkish Business Council (FPCCI). He has also served as Media Consultant for the Pakistan Cricket Board.

In addition to his corporate roles, he actively supports charitable organisations including the Aga Khan University Hospital Annual Fundraising, Lady Dufferin Hospital, Layton Rahmatulla Benevolent Trust, and The Cardiovascular Foundation.



Mr. Mushtaq Malik

Member, BOM

Mr. Mushtaq Malik is a distinguished public sector professional with over three decades of experience in economic management, public finance, investment promotion, corporate governance, and development planning. He holds a Master's degree in Economics from the University of the Punjab, Lahore, an MAEP and an MBA; from Boston University, USA, an Executive Certificate in Project Investment and Management from Harvard Kennedy School, Harvard University, and a Postgraduate Diploma in Marketing Management from Delft University of Technology, the Netherlands. He has also completed specialised training on balance of payments & macroeconomic management and project planning, implementation and evaluation from the International Monetary Fund (IMF), Asian Development Bank (ADB), and The Korea Environment Institute (KEI).

He served in the Government of Punjab from 1986 to 2000 in various senior positions, including Director General Local Government & Rural Development, Director Industries & Mineral Development, Secretary Excise & Taxation, Secretary Environment Protection, Secretary Population Welfare, and Managing Director of key public sector corporations.

At the federal level, he served as Joint Secretary and Additional Secretary (External Finance), Ministry of Finance, Federal Secretary Board of Investment (BOI), Chairman Pakistan Electronic Media Regulatory Authority (PEMRA), and Member Federal Services Tribunal (FST).

From 2002 to 2006, he served as Economic Minister and Financial Advisor at the Embassy of Pakistan in Washington, D.C., representing Pakistan at the World Bank and IMF Annual and Spring Meetings, UNCTAD conferences, United Nations annual conferences, and Commonwealth Ministerial Conferences.

Since 2023, he has been serving as Project Director of the ASPIRE Project, a World Bank-funded programme supporting education sector reforms, improved learning outcomes, and innovative initiatives such as the Out-of-School Children (OOSC) Challenge Fund.

Mr. Malik currently serves on the Boards of Directors of Hinopak Motors Limited, Cnergyco PK Limited, and Pakistan State Oil (PSO). He has also served on the boards of Habib Bank Limited, Askari Bank Limited, ECO Bank (Istanbul), Sindh Insurance Limited, and GENCO Holding Company.

In addition, he serves as Chairman of the Awan Foundation of Pakistan, a non-profit organisation operating on a no-profit, no-loss basis. The Foundation runs Academy of Excellence schools in the rural districts of Chakwal and Talagang, providing educational opportunities to marginalised communities.

BOM



Mr. Sajjad Azhar

Member, BOM

Mr. Sajjad Azhar is an experienced civil servant from the Inland Revenue Service of Pakistan (28th Common Training Programme), having more than 22 years of experience in public financial management. He has served as Commissioner Inland Revenue and Additional Commissioner Inland Revenue in various field formations across Pakistan under the Federal Board of Revenue.

In addition to his experience of Inland Revenue policy and administration, Mr. Sajjad Azhar has also undertaken various important assignments in the Federal Secretariat. He has worked as Joint Secretary (Budget), Ministry of Finance, dealing with federal budget formulation, fiscal management, Treasury and Cash management etc. His other assignments include his incumbency as Joint Secretary (Medium Enterprises Development), Ministry of Industries and Production, where he supervised SME policy formulation and implementation, restructuring of small and medium-sized SOEs, international linkage creation etc.

Presently, he is serving as Joint Secretary (Corporate Finance), Ministry of Finance, dealing with the financial and corporate affairs of SOEs of various sectors including petroleum, power, minerals, aviation etc.

He has also worked as Executive District Officer (Finance & Planning) under the District Governments' devolution plan, thus having worked on provincial and local governments' revenue streams and expenditures, project planning and financing etc.

He holds a Master's degree in English and a bachelor's in Law from the University of the Punjab. He is a graduate of Civil Services Academy, The National Institute of Management/National School of Public Policy.

He has attended international seminars and workshops and undertaken visits covering various aspects of public financial management.

List of Board Members and their Directorships

Sr. No.	Name of Board Member	Other Engagements
1	Mr. Asif Baigmohamed Chairman (Independent)	Chief Executive Officer 1. ABM Investment Director 2. ABM Logistics 3. Marina City Developers Chairman 4. CERISMA (Pvt.) Limited
2	Dr. Muhammad Fakhre Alam Irfan (Ex-Officio Member)	Chairman 1. Power Holding Limited 2. Private Power & Infrastructure Board Director 3. Independent System & Market Operator 4. Public Procurement Regulatory Authority 5. K-Electric Limited
3	Mirza Nasiruddin Mashhood Ahmad (Ex-Officio Member)	Director 1. Pakistan Petroleum Limited 2. Sui Southern Gas Company Limited
4	Dr. Ayesha Waqar (Independent Member)	Director 1. Zarai Taraqiati Bank Limited
5	Mr. Mushtaq Malik (Independent Member)	Chairman 1. MM Management Consultants (Pvt.) Limited 2. Awan Foundation of Pakistan Director 3. Cnergyico Pk Limited 4. Hinopak Motors Limited 5. Project Coordinator Consultant, ASPIRE (a W.B. Project)
6	Mr. Ahmed Jamal Mir (Independent Member)	Managing Director & CEO 1. Prestige Communications (Pvt.) Limited
7	Mr. Sajjad Azhar (Ex-Officio Member)	Director 1. Sui Northern Gas Pipelines Limited 2. National Power Parks Management Company (Pvt.) Ltd 3. Power Information Technology Company
8	Mr. Jawwad Ahmed Cheema CEO (Executive Member)	Director 1. Pakistan Refinery Limited 2. CERISMA (Pvt.) Limited 3. PSO Renewable Energy (Pvt.) Limited 4. Pak-Arab Pipeline Company Limited 5. Asia Petroleum Limited 6. Petroleum Institute of Pakistan



BOARD COMMITTEES

Board Committees

Board Audit and Compliance Committee (BACC)

Mr. Mushtaq Malik	Chairman
Mirza Nasiruddin Mashhood Ahmad	Member
Dr. Ayesha Waqar	Member
Mr. Ahmed Jamal Mir	Member
Mr. Sajjad Azhar	Member

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 the audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Management shall act in accordance with the recommendations of the Board Audit & Compliance Committee in all these matters.

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

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

Audit

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of preliminary announcements of results prior to publication;
3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Management, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards; and
 - Compliance with listing regulations and other statutory and regulatory requirements.

4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of the 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, the accounting system and the 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 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 by-laws 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 Finance and Risk Management Committee (BFRMC)

Mr. Asif Baigmohamed	Member
Dr. Muhammad Fakhre Alam Irfan	Member
Mr. Sajjad Azhar	Member
Mr. Jawwad Ahmed Cheema	Member

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 the following activities and duties and making recommendations to the BOM for approval:

1. Reviewing Corporate strategy, Operational plans and Long-term projections of the company.
2. Reviewing proposals / Feasibility studies prepared by management for all major projects.
3. Reviewing the proposed annual Business plan and Budget and endorsing the same for approval by the BOM.
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 updates to the BOM on key risk management issues and the proposed mitigation measures.
6. Considering investments and disinvestments of funds outside the normal course 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 BOM.

Board Committees

Board Human Resource and Remuneration Committee (BHRRC)

Mr. Ahmed Jamal Mir	Chairman
Mr. Asif Baigmohamed	Member
Mirza Nasiruddin Mashhood Ahmad	Member
Dr. Ayesha Waqar	Member
Mr. Jawwad Ahmed Cheema	Member

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

- A sound plan of organisation for the company.
- An effective employee development programme.
- Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.

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

- 1. Review the organisational structure periodically to:**
 - a. Evaluate and recommend changes for approval in the organisation, 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. Includes training and development plans.
- 3. Compensation and Benefits:**
 - a. Review data on 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 Procurement Committee (BPC)

Mirza Nasiruddin Mashhood Ahmad	Chairman
Dr. Muhammad Fakhre Alam Irfan	Member
Mr. Mushtaq Malik	Member
Dr. Ayesha Waqar	Member
Mr. Sajjad Azhar	Member

The terms of reference of the Board Procurement Committee ("Committee") are as follows:

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Recommend procurement awards for capital and revenue expenditure for amounts in excess of PKR 200 million for local procurement and USD 5 million for foreign procurement (other than product procurement) for approval of the Board of Management. Awards requiring urgent approval will be approved through circulation to all members.
3. Recommend procurement of spot cargoes of Liquefied Natural Gas (LNG) for approval of the Board of Management.
4. Provide advice on procurement related matters and approval processes as and when required.

Board Strategy Committee (BSC)

Mr. Asif Baigmohamed	Chairman
Dr. Muhammad Fakhre Alam Irfan	Member
Mr. Mushtaq Malik	Member
Mr. Ahmed Jamal Mir	Member
Mr. Jawwad Ahmed Cheema	Member

1. Purpose and Mandate

The Committee is constituted to provide Board-level oversight, guidance, and recommendations on the company's strategic direction, diversification, investment initiatives, ESG matters, and digital transformation. It shall ensure these initiatives are aligned with long-term objectives, risk appetite, regulatory obligations, and sustainable value creation goals. In view of the evolving energy landscape and increasing competition in the oil and gas marketing sector, the Committee shall oversee formulation and execution of strategic growth initiatives for Board approval, and provide strategic oversight of technology, automation, digitalisation, and innovation to build competitive advantage and support informed decision-making.

2. Scope and Responsibilities

A) Strategy & Diversification:

The committee shall:

- Review the company's medium-to-long term investment diversification strategy and provide guidance to management on business and risk diversification.
- Formulate strategic investment guidelines for the company.
- Review proposals for business diversification and investment projects in the downstream sector.
- Assess growth opportunities in the oil and gas sector, including infrastructure development, LNG, LPG, downstream projects, and refining.
- Review feasibility studies for special projects to evaluate prospects for business expansion and investment.
- Recommend to the BOM potential projects and new avenues for diversified investment of the company's capital and financial resources, ensuring attractive returns.
- Monitor progress of ongoing key strategic and diversification projects in line with BOM approvals.
- Consider new business opportunities referred by the BOM or other stakeholders.

B) Environmental, Social & Governance (ESG):

The committee shall:

- Review, approve, and recommend changes to the company's ESG strategy to the Board, ensuring alignment with overall business objectives; provide oversight on the implementation of ESG initiatives and monitor progress towards ESG goals.
- Periodically identify and assess ESG-related risks and opportunities, oversee compliance with applicable regulations, standards, and reporting frameworks, ensure development and implementation of risk management processes, and proactively monitor ESG governance matters.
- Identify and address stakeholder concerns on ESG issues, and incorporate stakeholder feedback into the development and review of the ESG strategy.
- Promote and integrate technological advancements to strengthen leadership, oversee the development and execution of ESG KPIs, and approve the annual ESG report to ensure compliance with requirements.
- Ensure governance structures promote transparency, accountability, and ethical conduct in ESG matters.

- Stay informed on evolving ESG trends, requirements, and best practices; advise the BOM on potential impacts on business continuity; and update the BOM on ESG issues with regulatory, financial, or reputational implications.

C) Information Technology, Automation & Innovation:

The committee shall:

- Set, review and monitor implementation of automation and digital transformation goals and strategy of the company.
- Review and approve short-term, medium-term and long-term plans to fulfil the company's automation and digital transformation goals.
- Establish policies and guidelines to ensure security of all IT and automation systems, use of systems by all relevant management and employees in the company and build accountability, responsibility and ownership.
- Review business plans, budgets, project scopes, technologies and proposals/feasibility studies prepared by the management for all major automation and digital transformation projects, ensure alignment with corporate strategy, and endorse the same for approval of BOM.
- Review and ensure adequate resources are appropriately placed for the execution of all automation and digital integration initiatives.
- Provide regular updates to the BOM on key automation and integration hurdles and the proposed mitigation measures.
- Review exceptions, if any, presented for information and approval in terms of the automation and digital transformation policy guidelines.
- Undertake any other tasks assigned to the committee by the BOM and/or referred by other committees.

3. Meetings & Composition

- A quorum shall consist of at least two (2) Committee members.
- Decisions shall be taken by majority vote.
- The committee shall comprise a minimum of three members of the BOM, including at least one Independent Board Member. The Company Secretary shall act as secretary to the committee.

Corporate Governance

Board's Operating Style and Delegation to Management

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

The BOM has delegated certain responsibilities to its committees for review and recommendations to the BOM through their respective terms of reference. An agenda or matter that requires the BOM's approval is first presented to the respective committee by the management. After thorough deliberations, the final recommendations are presented to the BOM for approval.

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

Role of the Chairman of the BOM and the CEO

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

The CEO of PSO is responsible for the management of the company in accordance with all statutory obligations and subject to the oversight and directions of the BOM. His responsibilities, inter alia, include implementation of strategies and policies approved by the BOM.

CEO's Performance Review by the BOM

CEO has been appointed in accordance with the applicable C-Level Appointment Guidelines under a performance-based contract in accordance with Section 18 of the State-Owned Enterprises (Governance and Operations) Act, 2023. The BOM is responsible for ensuring that the performance of the CEO is monitored regularly against the agreed performance measures and for overseeing the CEO's development and succession planning.

Evaluation of Board's Performance and Annual Survey

The performance evaluation of the BOM and its members for FY2025 was carried out on the pro formas in Annexures 1 and 2 of the Directors' Appointment and Evaluation Guidelines issued by the Central Monitoring Unit (CMU), Finance Division, under the State-Owned Enterprises (Ownership & Management) Policy, 2023, Annexure-2 to which prescribes this review biennially. The annual Board Survey for FY2026, conducted on the

CMU-prescribed template, recorded an overall effectiveness score of 90.07%. The FY2025 evaluation results and the FY2026 Survey have been shared with the BOM and submitted to the Ministry of Energy (Petroleum Division) and the CMU.

Training of the BOM Members

As of 30 June 2026, eight (08) BOM members have a certification under SECP's approved Directors' Training Program (DTP) in compliance with the requirement of the DTP under the Regulations and the SOEs Act, 2023.

Orientation of BOM Members

During the approval of the Business Plan and Statement of Corporate Intent, a refresher session was provided to BOM members covering the organisational overview, legal framework, governance structure, competitive landscape, regulatory environment, stakeholder engagement, financial planning, implementation plan, performance monitoring & evaluation, and the sustainability, CSR & ESG matters.

Remuneration of Non-Executive (Including Independent) BOM Members

The Non-executive BOM members do not have fixed remuneration per se and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the BOM collectively.

Policy for Retention of Fee by an Executive Member

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

BOM's View on Diversity

PSO has a diversified and experienced BOM duly appointed by the Government of Pakistan. The members possess a mix of professional expertise in leadership, finance, economics, engineering and business management covering areas of PSO's business undertakings along with diversified experience from both the Public and Private sectors. As on 30 June 2026, the BOM consisted of 01 Executive Member i.e. the CEO, 04 independent and 04 ex-officio members including 01 Female member.

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

Policy for Safeguarding of Records

Safety of Records is a critical control procedure which requires attention at all levels. PSO has a detailed policy/standard operating procedure in respect of handling, retention and destruction of records and documents. The records have been kept in secure locations with adequate measures in place. Further, the company has a redefined IT policy that articulates corporate and information security governance, program management and cyber security management. PSO also has a Disaster Recovery Plan which entails necessary backup facilities.

Conflict of Interest Amongst BOM

Any conflict of interest relating to members of the BOM is managed in accordance with the provisions of the SOEs Act/Policy, 2023, company law, rules and regulations of the SECP and the Pakistan Stock Exchange.

Compliance with the Best Practices of the Code of Corporate Governance

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

External Oversight of Various Functions

Strong governance requires effective internal controls, complemented by appropriate oversight, review, and accountability mechanisms. To strengthen the credibility, transparency, and effectiveness of its internal systems, PSO has established management committees and functional oversight mechanisms covering strategic, tactical, and operational matters.

The CEO, supported by the Executive Leadership Team, provides overall strategic oversight of key functions, decision-making, and resource allocation. The following bodies support this governance framework:

Management Committee (ManCom):

The Management Committee (ManCom) is the principal management body responsible for the overall management and strategic direction of the organisation. It steers and oversees key projects from conceptualisation through implementation and reviews the organisation's annual plans, performance targets, budgets, and other matters within its authority under the Limits of Authority Manual (LAM).

Compensation, Organisation & Employee Development Committee (COED):

Provides oversight of Human Capital Management, including organisational development, employee progression and development, performance management, compensation, and HR governance.

Health, Safety & Environment (HSE) Committee:

Provides management oversight of PSO's HSE framework, with a focus on achieving a "Zero Incidents" culture. The Committee monitors compliance with safety and environmental standards, operational risks, and continuous improvement initiatives.

IT Committee:

Reviews technology-related challenges, proposed solutions, and digital initiatives to support operational effectiveness and ensure that PSO's technology capabilities remain aligned with evolving industry standards.

Functional Oversight:

Individual functions also maintain responsibility for implementing and monitoring activities within their respective areas:

- **Department Heads:** Implement departmental initiatives aligned with PSO's strategic objectives, monitor progress, and report performance.
- **Finance:** Ensure timely capital allocation and manage funding for capital-intensive projects.
- **Supply Chain & Logistics:** Oversee infrastructure development, distribution efficiency, logistics, and related technology initiatives.
- **HR & Operations:** Lead workforce development, digital training, and adoption of relevant technologies.
- **Sustainability & CSR:** Implement and monitor environmental, sustainability, and community development initiatives.

Data Collection Methods

PSO uses multiple data sources and collection mechanisms to support accurate performance monitoring and KPI tracking, including:

- **ERP Systems:** centralised collection of financial, operational, and customer data.
- **Surveys & Feedback:** Customer satisfaction surveys, employee engagement surveys, and stakeholder feedback.
- **IoT Sensors:** Real-time monitoring of fuel supply, emissions, and operational efficiency.
- **Third-Party Audits:** Independent assessments of environmental, sustainability, CSR, and other relevant performance areas.

Corporate Governance

Reporting Mechanisms

PSO promotes transparency and accountability through structured internal and external reporting, including:

- **Internal Reports:** Monthly and quarterly performance reporting to senior management and the BOM.
- **Public Reports:** Annual sustainability reporting aligned, where applicable, with recognised frameworks such as GRI and the UN Sustainable Development Goals.
- **Regulatory Reports:** Required compliance submissions to relevant regulatory authorities, including OGRA and SECP.
- **Investor Reporting:** Financial and business updates presented through AGMs and other appropriate disclosures.

Review and Updates

Given the dynamic nature of the energy sector, PSO maintains a structured review mechanism to ensure that its business plans remain relevant, responsive, and aligned with changing market conditions, regulatory requirements, and national priorities.

Performance Review Schedule

- **Quarterly Reviews:** Assess progress against key performance indicators (KPIs) and business objectives.
- **Annual Reviews:** Review and update the corporate business plan in light of national energy policies, market forecasts, and business priorities.
- **Ad Hoc Reviews:** Undertaken in response to significant regulatory, economic, operational, or global market developments.
- **Project-Specific Reviews:** Conducted for major initiatives, including infrastructure upgrades, renewable energy projects, and digital transformation programmes.

Forward Focus

PSO will continue to strengthen governance, improve process efficiency, and use digital transformation to enhance operational effectiveness. Over the medium to long term, the company will invest in human capital, develop skilled and diverse talent, and pursue strategic diversification to support sustainable growth and strengthen its role in Pakistan's evolving energy landscape.

Board Meetings Held Outside Pakistan

During the year, no board meeting was held outside Pakistan.

Related Parties

The names of related parties, the nature and basis of the relationships, and details of transactions with related parties are disclosed in Note 46 to the financial statements. Contracts and arrangements with related parties are entered into in the ordinary course of business and on an arm's-length basis. PSO's normal

policies and procedures also apply to such transactions, which are not subject to any special terms or conditions and are conducted on terms comparable to those applicable to transactions with unrelated parties.

BOM members are required to disclose any interests they may have in related party transactions or in any significant contracts/arrangements. During the year, no conflicts of interest arose in connection with related party transactions requiring monitoring or management.

Management Responsibility towards the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the relevant accounting and reporting standards, the requirements of the Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023.

Management is also responsible for implementing such internal controls as it determines are necessary to enable the preparation of financial statements that are free from material misstatement. In preparing the financial statements, management has to make various estimates and assumptions and exercise judgement that affect the application of accounting policies and reported amounts. The following are areas requiring significant judgement:

- Valuation of stock-in-trade;
- Valuation/impairment of trade debts and other receivables;
- Provision for retirement and other service benefits;
- Taxation including deferred taxation;
- Depreciation/amortisation methods and determination of the useful lives of property, plant and equipment and intangible assets;
- Right-of-use assets and corresponding lease liabilities.

The BOM is responsible for overseeing the company's financial reporting process and approving the financial statements.

Appointment of the Board Including Chairman

The Federal Government controls the management of affairs of the company under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974. Accordingly, the Chairman and all BOM members are appointed by the Federal Government.

Business Plan

PSO's Business plan provides a structured framework for translating the company's strategic priorities into financial, operational and investment objectives. It sets out annual and multi-year priorities, resource requirements and performance targets, while aligning capital allocation and investments with the company's strategic direction.

PSO prepares annual and multi-year capital expenditure budgets and financial forecasts covering infrastructure upgrades, digitalisation, retail network expansion and other strategic initiatives. The plan incorporates key financial and operational assumptions, project economics, estimated capital requirements, and principal inflows and outflows associated with major projects, providing a basis for resource allocation and performance monitoring.

The BOM has approved the Business plan, including the capital and operating expenditure budgets, revenue targets, strategic investments, CSR contributions and performance targets for the following year. The plan is focused on:

- Improving operational efficiency and productivity;
- Increasing revenue and profitability;
- Strengthening competitiveness and market position;
- Enhancing returns for shareholders; and
- Pursuing strategic and future-oriented growth opportunities.

The Business plan also incorporates the operational and financial plans of PSO's subsidiaries for the next three years, together with the projected financial performance of the Group, providing an integrated view of its medium-term outlook.

Board statement on the Integrity of the systems of internal control and policy

The BOM recognises the critical importance of maintaining a strong and reliable system of internal controls to safeguard the company's assets, ensure accurate financial reporting, and promote ethical business conduct. To oversee this, the BOM has instituted a structured process for reviewing the effectiveness of internal controls and the Internal Audit function through the Board Audit & Compliance Committee.

This system of internal controls is well-designed, effectively implemented, and continuously monitored to ensure its adequacy. The Audit & Compliance Committee, in line with its Terms of Reference, has identified opportunities for improvement in areas such as financial and operational controls, accounting processes, and reporting mechanisms, and has made recommendations to strengthen these areas.

PSO's Code of Conduct, along with supporting policies and procedures, is communicated throughout the organisation to instill a culture of integrity and compliance. In cases of any deviation or breach of the Code or internal controls, prompt and appropriate actions are taken, including thorough investigations and corrective measures, to uphold accountability and reinforce the company's ethical standards.

Through ongoing oversight and proactive enhancements, the BOM ensures that the internal control environment remains robust, fostering transparency and trust within PSO and among its stakeholders.

Board's Commitment to Upholding the Highest Standards of Ethics and Compliance

At PSO, ethical leadership, accountability, transparency, and sound corporate governance form the foundation of responsible business conduct. The BOM is committed to upholding these principles and ensuring that the company operates with integrity, complies with applicable legal and regulatory requirements, and remains focused on sustainable value creation for its stakeholders.

The BOM sets the tone at the top by providing strategic direction, exercising effective oversight, and promoting a culture of ethical conduct and accountability across the organisation. Through active engagement, the BOM reviews the company's operational and financial performance, deliberates on matters of strategic importance, approves key policies and decisions, and oversees compliance with its legal, regulatory, and fiduciary responsibilities.

Effective governance is supported by timely, transparent, and well-informed decision-making. Meeting agendas, financial statements, and relevant supporting materials are circulated to BOM members in advance, enabling thorough consideration of matters presented for deliberation and approval. The Chairman, BOM, ensures that board proceedings and decisions are appropriately recorded and communicated in a timely manner.

During the fiscal year, the board convened 14 meetings. In accordance with established governance practices, agendas and supporting papers were circulated at least one week before each meeting. In instances involving urgent matters, shorter notice was provided where circumstances warranted and the notice period was appropriately waived.

Through this continued commitment to integrity, oversight, transparency, and accountability, the BOM reinforces a governance framework that supports responsible decision-making, regulatory compliance, and the company's long-term sustainability.

Chairman's Significant Commitments

Chairman's significant commitments during the year included:

- Effective conduct of board meetings and decision-making.
- Review of strategies and the way forward for further increasing market share in all major product lines.
- Devising a strategic framework for future diversification projects.
- Review of the company's progress in strategic infrastructural projects.
- Efforts towards recovery of long-outstanding receivables.
- Chairman's engagements other than PSO has been disclosed on page no. 70.

Corporate Governance

Declaration by the Board u/s 25(3) of the SOEs Act, 2023

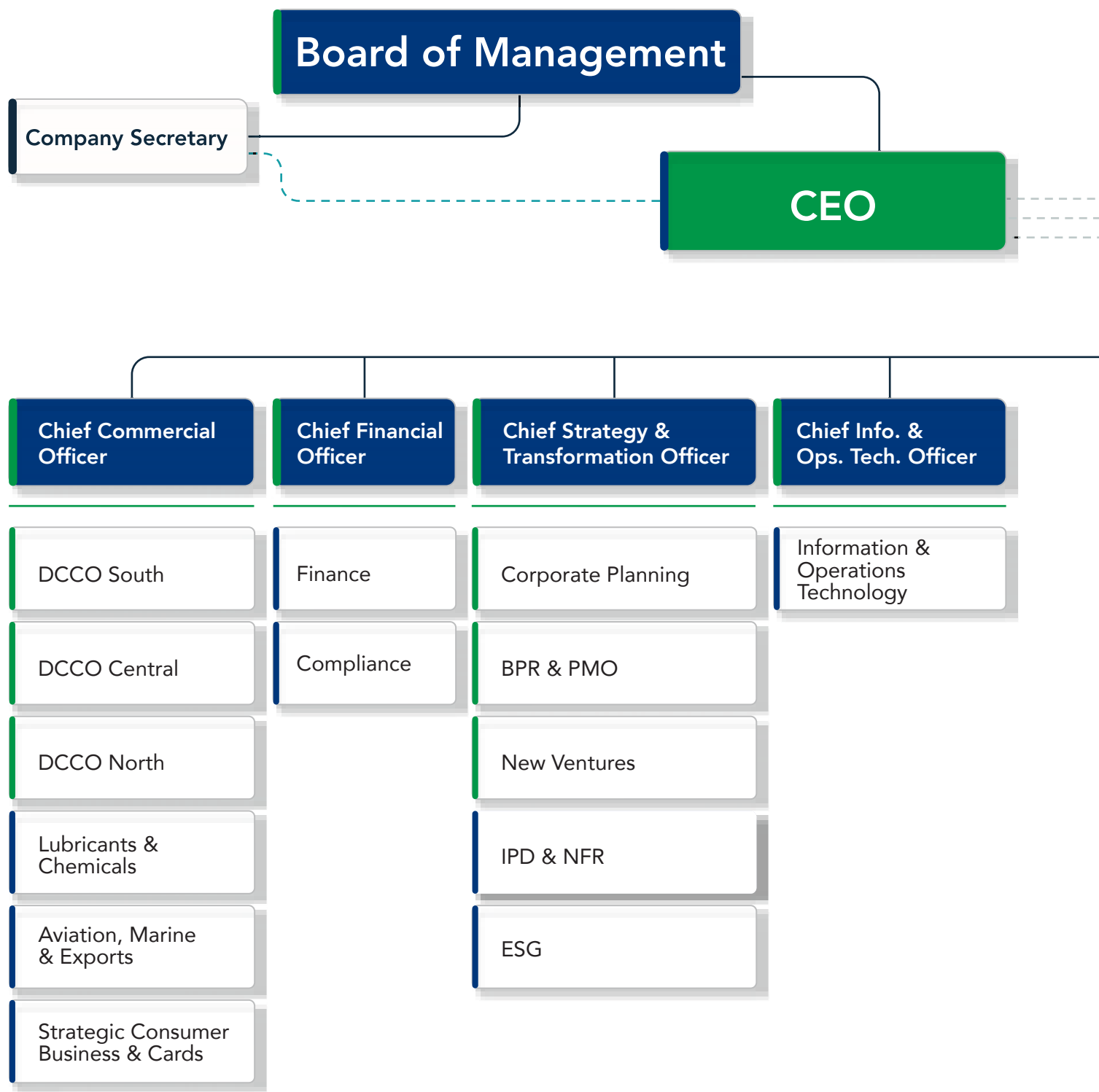
The BOM is of the opinion that there are reasonable grounds to believe that the company and its subsidiaries will be able to meet their financial obligations as and when they fall due. The financial statements have been prepared in compliance with the requirements of the SOEs Act, 2023, Companies Act, 2017, and in accordance with the accounting and reporting standards applicable in Pakistan. The applicable accounting and reporting standards comprise: International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017; Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023. Where provisions of and directives issued under the local laws differ from the requirements of IFRSs, the provisions of and directives issued under the local laws have been followed.



ORGANISATIONAL STRUCTURE

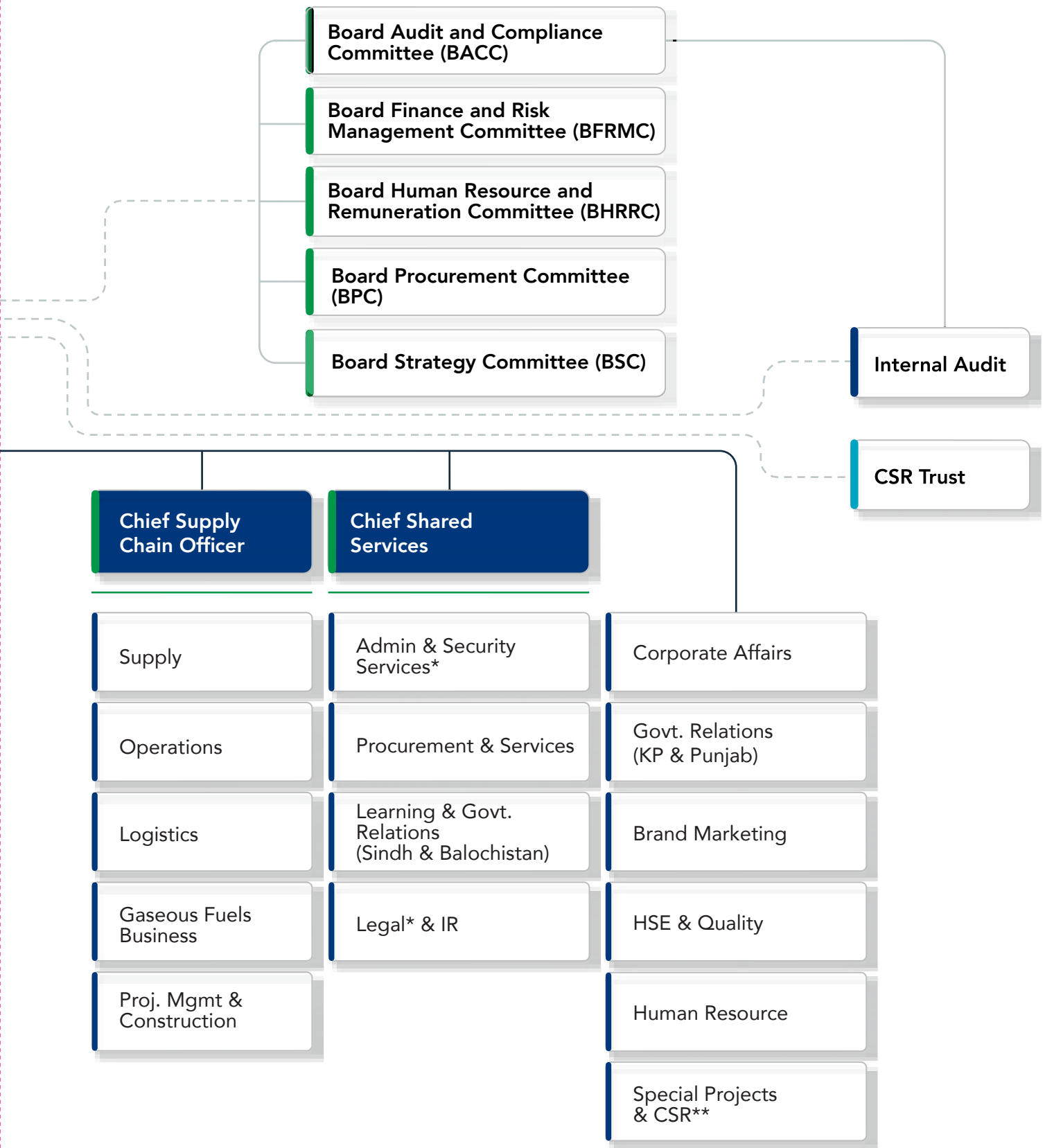
Organisational Structure

HoDs and Above / Company-wide reporting lines



A clear view of governance, accountability and functional leadership.

Board Committees



* The Legal and Security Services functions report directly to the CEO.

** The GM, Special Projects & CSR, reports directly to the Chairman, CSR.

Report of The Board Audit & Compliance Committee

The Board Audit & Compliance Committee (BACC) comprises five members, of whom three are independent members including the Chairman and two are ex-officio members. The Chairman BACC is financially literate and the Committee as a whole possesses economic, financial and business acumen.

The Committee met four (04) times during the year ended 30 June 2026 wherein various matters were taken up as per the Terms of Reference (TOR) of the Committee.

Regular attendees at Committee meetings, on the invitation of the Committee, included the Chief Executive Officer (CEO), Chief Internal Auditor (CIA) and Chief Financial Officer (CFO).

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with the Terms of Reference approved by the BOM, which included principally the items mentioned below and the actions taken by the Committee in respect of each of these responsibilities.

Summary of Key Activities:

The key functions performed by the Committee are given below:

Financial Reporting

- The Committee reviewed and recommended for BOM's approval, the draft annual and interim Unconsolidated and Consolidated Financial Statements of the company. The Committee discussed with the CFO and the statutory auditors, the significant changes made in International Financial Reporting Standards, Accounting Policies and Accounting Estimates used in the preparation of Financial Statements along with key audit matters and significant issues in relation to the Financial Statements and their addressal to the satisfaction of statutory auditors.
- The Committee also reviewed the Management Letter issued by the statutory auditors wherein control weaknesses were highlighted. Compliance status of highlighted observations by the statutory auditors is also reviewed and corrective measures are discussed / recommended to improve overall control environment.

Assessment of Internal Audit Function

- The Committee has an established process to review and ascertain the effectiveness of the Internal Control system and the Internal Audit Function. While carrying out its responsibilities in line with TOR, the Committee recommended various improvements including financial and operational controls, accounting system and reporting structure.

- The CIA has direct access to the Committee. The Committee also met the CIA in the absence of CEO and CFO in compliance with the requirements of the Code of Corporate Governance.
- The Committee reviewed that the Internal Audit function is adequately resourced with suitably, technically qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company.
- The Committee reviewed and approved the risk based internal audit plan covering all business activities.
- The Committee reviewed the status of planned versus actual audit activities along with major internal audit observations and implementation status of decisions made in the previous Committee meetings. The Committee involved the management in the implementation process with firm deadlines for all action items.

Whistle-blowing

As per the Whistle-Blowing Policy approved by BOM, the Committee is entrusted with the responsibility to monitor the effectiveness of the Whistle-Blowing Unit. Reports on the complaints received vis-à-vis the actions taken are presented in the Committee meetings. For the year ended 30 June 2026, no actionable complaint was received through Whistle-Blowing Unit.

Review of Compliance with The Code of Corporate Governance

The Committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the company's Compliance with the Code of Corporate Governance. The Committee reviewed the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 to be published in the Annual Report.

Appointment of Statutory Auditors

- A separate Policy governing audit related and additional services obtained from the Statutory Auditors is in place, which is approved by the Board, and is designed to safeguard Statutory Auditors objectivity and independence. The Committee reviewed the scope of work and fee of all services obtained by Management from the Statutory Auditors of the company in addition to the audit of its Financial Statements.

The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement.

- The statutory auditors of the company, M/s KPMG Taseer Hadi & Co. have completed their audit of the company's financial statements and review of the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the financial year ended 30 June 2026. M/s KPMG Taseer Hadi & Co. being eligible, have been recommended for appointment as statutory auditors of the company for the financial year ending June 30, 2027.
- M/s KPMG Taseer Hadi & Co. have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and are fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The Committee also met the Statutory Auditors separately in the absence of CEO and CFO to get their feedback on the overall control and governance structure within the company.
- The Audit Committee has discussed the audit methodologies being followed by the Statutory Auditors and the observations raised by them in their letter to the Board regarding the financial statements including compliance with the applicable regulations or any other issues.

Annual Report

- The company has issued a very comprehensive Annual Report which besides presenting the financial statements and the Member's Report of the company, also discloses other information over and above the regulatory requirements to

offer an in-depth understanding about management style, the policies set in place by the company, assessment of company's position, business model, its performance during the year and future prospects/ strategy to various stakeholders of the company.

- The information has been disclosed in the form of ratios, trends, graphs, analyses, explanatory notes, statements, etc. The Audit Committee believes that the Annual Report gives a detailed view of how the company has evolved, its state of affairs and future prospects.

Evaluation of Performance

The performance evaluation of the BOM and its members for FY2025 was carried out on the proformas at Annexures 1 and 2 of the Directors' Appointment and Evaluation Guidelines issued by the Central Monitoring Unit (CMU), Finance Division, under the State-Owned Enterprises (Ownership & Management) Policy, 2023, Annexure-2 to which prescribes this review biennially. The annual Board Survey for FY2026, conducted on the CMU-prescribed template, recorded an overall effectiveness score of 90.07%. The FY2025 evaluation results and the FY2026 Survey have been shared with the Board and submitted to the Ministry of Energy (Petroleum Division) and the CMU.



Mushtaq Malik
Chairman – Board Audit & Compliance Committee

25 September 2026
Karachi

Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company:

Pakistan State Oil Company Limited

Name of the line Ministry:

Ministry of Energy (Petroleum Division)

Year Ended:

30 June 2026

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") issued by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of the Regulations.

Pakistan State Oil Company Limited (the company/PSO) is primarily regulated under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the 1974 Act") which takes precedence over the provisions contained in the Companies Act, 2017 ("the Act"). The Regulations promulgated by the SECP have laid down certain criteria for the election, functioning and responsibilities of the Board of Directors and related administrative matters, the election of the Chairman and the appointment of the Managing Director. However, the said criteria of the Regulations are not considered applicable to the extent of overriding provisions contained in the 1974 Act and Board of Management Regulations, 1974 of the company. The company is managed by the Board of Management (BOM) appointed by the Federal Government under section 7 of the 1974 Act.

In addition to the above, as per Section 3(2) read with Schedule-I of the State-Owned Enterprises (Governance and Operations) Act, 2023 ("SOEs Act, 2023"), PSO is an SOE and endeavours to ensure compliance with the provisions of the SOEs Act, 2023, in addition to its existing statutory framework.

In view of the above, the company applied the principles contained in the Regulations in the following manner:

1. The total strength of the BOM is ten (10), of which nine (09) members held office as on 30 June 2026, as per the following:
 - a. Male: Eight (08)
 - b. Female: One (01)
2. The composition of the BOM as on 30 June 2026 was as follows:

Category	Name	Date of appointment
Independent Members	Mr. Asif Baigmohamed	May 29, 2023
	Mr. Ahmed Jamal Mir	May 29, 2023
	Mr. Mushtaq Malik	May 29, 2023
	Dr. Ayesha Waqar	November 4, 2025
Non-Executive / Ex-Officio Members	Mirza Nasiruddin Mashhood Ahmad	January 8, 2026
	Dr. Muhammad Fakhre Alam Irfan	April 24, 2025
	Mr. Usman Ahmed Chaudhry	August 12, 2025
	Mr. Sajjad Azhar	October 21, 2024
Executive Member	Mr. Jawwad Ahmed Cheema	April 27, 2026

3. The BOM members have confirmed that none of them is serving as a director on more than seven (07) listed companies, including this company. Furthermore, they have confirmed that none of them is serving as a director on more than five (05) state-owned enterprises simultaneously, including their subsidiaries, under Section 12 (3) of SOEs Act, 2023.
4. The Chairman of the BOM and the Chief Executive Officer (CEO) are separate persons. Furthermore, in compliance with Section 15 of the SOEs Act, 2023, their offices are separate and each person has distinct responsibilities.
5. The company has a Code of Conduct in place for its employees and has taken appropriate steps to disseminate the same throughout the company including the company's website www.psopk.com along with supporting policies and procedures including adequate systems and controls for the identification and redressal of grievances arising from unethical practices. Furthermore, in compliance with Section 19 (2) of the SOEs Act, 2023, the Board has a separate Code of Conduct for its Board members.
6. The company has in place the BOM's approved vision and mission statement, overall corporate strategy including Business Plan and Statement of Corporate Intent; and significant policies of the company. The BOM has ensured that a complete record of particulars of the significant policies along with their dates of approval and/or revision is maintained by the company.
7. BOM ensured compliance with the law as well as the company's internal rules and procedures relating to 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. Furthermore, in compliance with Section 17 (2) of the SOEs Act, 2023, the company submitted its Procurement Policy, duly approved by the BOM, to the Ministry of Energy for approval by the Federal Government.
8. All the powers of the BOM have been duly exercised and decisions on relevant matters have been taken by the BOM / shareholders as empowered by the relevant provisions of the SOEs Act, 2023, the 1974 Act, the Companies Act, 2017 and these Regulations;
9. BOM convened fourteen (14) meetings apart from its sub-committees' meetings during the year. The meetings were presided over by the Chairman, BOM. The BOM has complied with the requirements of the SOEs Act, 2023, the 1974 Act, the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
10. The responsibility for fixing the remuneration of the Chairman, BOM rests with the Federal Government under the Marketing of Petroleum Products (Federal Control) Act, 1974. The financial compensation of the CEO is determined by the BOM in accordance with Section 18 of the State-Owned Enterprises (Governance

and Operations) Act, 2023 and Section 26 of the State-Owned Enterprises (Ownership & Management) Policy, 2023. The independent and ex-officio BOM members do not have fixed remuneration per se and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the BOM collectively.

11. Eight (08) members of the BOM are certified under the Directors' Training Program (DTP) approved by the Securities and Exchange Commission of Pakistan (SECP) in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the State-Owned Enterprises (Governance and Operations) Act, 2023. In respect of Dr. Muhammad Fakhre Alam Irfan, the company made the requisite arrangements for his enrolment in an SECP-approved DTP for SOEs within six months of his appointment, as required under the State-Owned Enterprises (Ownership & Management) Policy, 2023. However, his official commitments as Secretary, Power Division have precluded completion of the enrolment and the company remains engaged in facilitating his participation. In addition, the following senior management executives of the company have completed the Directors' Training Program during the year: (i) Ms. Ayesha Afzal, General Manager – AM&E; and (ii) Raja Muhammad Faisal Abdullah, Acting DCCO – Central.
12. The BOM approved the appointment of the CEO during the year. There was no change in the position of the Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit during the year.
13. The CFO and CEO duly endorsed the financial statements before approval of the Board;
14. The BOM has monitored and assessed the performance of senior management on an annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.
15. The BOM has reviewed and approved the related party transactions placed before it after recommendations of the Board Audit & Compliance Committee. A party-wise record of transactions entered into with the related parties during the year has been maintained.
16. The BOM has in place the requisite committees. During the year under review, the BOM brought the Board Information Technology & Innovation Committee (BITIC) and the Board Strategy, Diversification & ESG Committee (BSDEC) under one umbrella by dissolving BITIC and integrating its Terms of Reference (TORs) into those of BSDEC. Subsequently, BSDEC was renamed as the Board Strategy Committee (BSC). The minutes of the meetings of the Board committees were circulated to all members of the BOM.
17. During the period under review, the BOM constituted a temporary committee, namely Special Committee for CEO Selection & Appointment, comprising six (06) Board members, in accordance with the State-Owned Enterprises (C-Level Appointments) Guidelines 2024 issued by the

Central Monitoring Unit, Finance Division, to oversee the process for the selection and appointment of the CEO. The Committee met seven (07) times during the year and discharged its mandate upon completion of the appointment process. The committee was unanimously dissolved by the BOM at its 361st meeting held on May 21, 2026.

18. The committees were chaired by the following independent or non-executive Board Members. The composition of the committees as on 30 June 2026 was as follows:

Committee	Name
Board Audit & Compliance Committee (BACC)	Mr. Mushtaq Malik Chairman
	Mirza Nasiruddin Mashhood Ahmad Member
	Mr. Ahmed Jamal Mir Member
	Dr. Ayesha Waqar Member
	Mr. Sajjad Azhar Member
Board Human Resource & Remuneration Committee (BHRRC)	Mr. Ahmed Jamal Mir Chairman
	Mirza Nasiruddin Mashhood Ahmad Member
	Mr. Asif Baigmohamed Member
	Dr. Ayesha Waqar Member
	Mr. Jawwad Ahmed Cheema Member
Board Procurement Committee (BPC)	Mirza Nasiruddin Mashhood Ahmad Chairman
	Dr. Muhammad Fakhre Alam Irfan Member
	Dr. Ayesha Waqar Member
	Mr. Mushtaq Malik Member
	Mr. Usman Ahmed Chaudhry Member
Board Finance & Risk Management Committee (BFRMC)	Mr. Sajjad Azhar Member
	Dr. Muhammad Fakhre Alam Irfan Member
	Mr. Asif Baigmohamed Member
	Mr. Usman Ahmed Chaudhry Member
	Mr. Sajjad Azhar Member
Board Strategy Committee (BSC)	Mr. Jawwad Ahmed Cheema Member
	Mr. Asif Baigmohamed Chairman
	Dr. Muhammad Fakhre Alam Irfan Member
	Mr. Mushtaq Malik Member
	Mr. Ahmed Jamal Mir Member
Special Committee for CEO Selection & Appointment (SC) (dissolved on May 21, 2026)	Mr. Usman Ahmed Chaudhry Member
	Mr. Jawwad Ahmed Cheema Member
	Mr. Asif Baigmohamed Chairman
	Dr. Muhammad Fakhre Alam Irfan Member
	Mirza Nasiruddin Mashhood Ahmad Member
	Dr. Ayesha Waqar Member
	Mr. Waheed Ahmed Shaikh Member
	Mr. Usman Ahmed Chaudhry Member

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

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

Statement of Compliance

Name	Category	Professional Background
Mr. Mushtaq Malik	Independent Chairman Servant	Retired Civil
Mirza Nasiruddin Mashhood Ahmad	Non-executive/ Ex-officio Member	Civil Servant
Mr. Ahmed Jamal Mir	Independent Member	Bachelor's degree in Economics
Dr. Ayesha Waqar	Independent Member	Professor/faculty member at the Lahore School of Economics
Mr. Sajjad Azhar	Non-executive/ Ex-officio Member	Civil Servant

20. The frequency of meetings of Board Committees held during the financial year was as follows:

Board Committee	No. of Meetings
Board Audit & Compliance Committee	4
Board Human Resource & Remuneration Committee	6
Board Procurement Committee	4
Board Finance & Risk Management Committee	2
Board Strategy Committee (formerly Board Strategy, Diversification & ESG Committee)	3
Special Committee for CEO Selection & Appointment (SC)	7

21. The BOM's attendance at the 49th AGM convened by the company on 24 October 2025 was as follows:

S. No.	Name	Designation	Attendance
1	Mr. Asif Baigmohamed	Chairman, BOM	In person
2	Dr. Muhammad Fakhre Alam Irfan	Member, BOM	via video-link
3	Mr. Waheed Ahmed Shaikh	Member, BOM	In person
4	Mr. Ahmed Jamal Mir	Member, BOM	via video-link
5	Mr. Mushtaq Malik	Member, BOM	via video-link
6	Mr. Shahbaz Tahir Nadeem	Member, BOM	In person
7	Mr. Usman Ahmed Chaudhry	Member, BOM	via video-link
8	Syed Muhammad Taha	MD & CEO/Member, BOM	In person

22. The Report to the Shareholders for the period under review has been prepared in compliance with the requirements of the Companies Act, 2017 as well as the SOEs Act, 2023 and fully describes the salient matters required to be disclosed.
23. The performance evaluation of the BOM and its members for FY2025 was carried out on the proformas at Annexures 1 and 2 of the Directors' Appointment and Evaluation Guidelines issued by the Central Monitoring Unit (CMU), Finance Division, under the State-Owned Enterprises (Ownership & Management) Policy, 2023, Annexure-2 to which prescribes this review biennially. The annual Board Survey for FY2026, conducted on the CMU-prescribed template, recorded an overall effectiveness score of 90.07%. The FY2025 evaluation results and the FY2026 Survey have been shared with the Board and submitted to the Ministry of Energy (Petroleum Division) and the CMU.

24. The BOM has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
25. The Board Audit & Compliance Committee met the external auditors, at least once a year, without the presence of the CFO, the Head of Internal Audit and other executives. The Board Audit & Compliance Committee met the Head of Internal Audit and other members of the internal audit function, at least once a year, without the presence of CFO and the external auditors.
26. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Member BOM.
27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
28. This Statement of Compliance underscores Pakistan State Oil Company Limited's unwavering commitment to robust corporate governance, transparent reporting, and adherence to the regulatory landscape, thus enhancing stakeholder confidence, ensuring fiscal discipline and contributing effectively to national objectives.
29. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with except where the requirements are inconsistent with the provisions of the 1974 Act.



Jawwad Ahmed Cheema
CEO

September 25, 2026
Karachi



Asif Baigmohamed
Chairman, BOM

Corporate Governance

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone: +92 (51) 282 3558, Fax +92 (51) 282 2671

Review Report to the Members

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (herein referred to as 'Code') prepared by the Board of Management (BOM) of Pakistan State Oil Company Limited (the company) for the year ended 30 June 2026 to comply with the requirement of regulation 36 of Listed Companies (Code of Corporate Governance) Regulations, 2019 along with the provisions of the State-Owned Enterprises Act, 2023 as referred to in Clause 7 of Chapter 2 of the SOE Policy.

The responsibility for compliance with the Code is that of the Board of Management 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Management'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 Code requires the company to place before the Board Audit and Compliance Committee, and upon recommendation of the Board Audit and Compliance Committee, place before the Board of Management for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the BOM upon recommendation of the Board Audit and Compliance Committee.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended 30 June 2026 except that certain clauses are considered inapplicable due to overriding provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 (the 1974 Act) and the Board of Management Regulations, 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 (the 1974 Act) and managed by the BOM appointed by the Federal Government under section 7 of the 1974 Act.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
October 5, 2026

UDIN: CR202610202FeA602nuP

* Members are nominated and withdrawn at the discretion of the Government of Pakistan. The table reflects attendance during each member's tenure in office.



STATEMENT OF CORPORATE INTENT

Statement of Corporate Intent

1. Name of the State-Owned Enterprise:

Pakistan State Oil Company Limited

2. Incorporated/established on:

June 03, 1974

3. Subsidiaries included in this statement of corporate intent:

- i. Pakistan Refinery Limited
- ii. Cerisma (Private) Limited
- iii. PSO Renewable Energy (Private) Limited

4. Description of the main business of the state-owned enterprise:

The principal activities of the company are procurement, storage, marketing and distribution of petroleum and related products. It also blends and markets various grades of lubricating oils.

5. Summary of the business goals of the state-owned enterprise:

- **Sustainable Business Growth:** PSO's business objectives and strategies are focused on ensuring sustainable growth, increasing market participation in key products, maintaining a prominent position in the energy sector and diversification into new businesses.
- **Enhancing value for stakeholders:** The company's primary objective is to meet the energy needs of the nation, while simultaneously maximising shareholder value. PSO aims for a disciplined approach to financial management, ensuring the company's continued ability to weather economic uncertainties and invest in strategic growth initiatives.
- **Operational Excellence and Digital Transformation:** The company's relentless pursuit of efficiency, safety, and service excellence will persist, driving continuous improvement across all aspects of its operations. Furthermore, the company continues to strengthen its digital transformation journey.
- **Social Responsibility:** PSO's social responsibility remains a priority as it strives to make a positive impact on community development and environmental sustainability.

The company plans to keep focusing on the above areas in the next three fiscal years.

6. Summary of the performance measures and benchmarks against the state-owned enterprise's business goals and its primary objective:

- **Sustain business growth by increasing market participation** in key products with a focus on growing its lubricants, LPG and chemicals businesses, expanding its retail network, and maintaining share/leadership in MoGas, Diesel and Jet Fuel.

- **The company aims to make new capital investments** (10% higher than last year) to consistently enhance value for stakeholders by expanding its retail network and maintaining assets in its existing portfolio:

- Approximately 60% of investment relates to enhancing the retail network and related upgrades.
- Approximately 15% of new investment relates to information technology upgrades, digital security, network/storage automation and optimisation of processes.
- Approximately 25% of investment relates to projects involving storage and infrastructure upgrades, asset reliability enhancements and maintenance, and HSE-related projects.
- Additionally, Diversification into new businesses also remains a priority, including equity investment in renewable and alternative energy solutions and innovative fintech business models.

The company plans to keep focusing on above areas in the next three fiscal years and intends to maintain its capital investments within a similar range over the next three fiscal years, adding inflation adjustments as needed.

- **Operational Excellence:** Ensure availability of operational storage facilities exceeds 90%.
- **Social Responsibility:** Support public charitable projects in the areas of education, healthcare, community building and disaster management, especially where PSO operates.

7. Summary of the strategies of the state-owned enterprise for achieving its business goals and primary objective:

- Ensure business assets and operational sites are safe for employees and customers through effective HSE compliance and implementation.
- PSO is planning to accelerate the execution of its long-term corporate strategy by expanding its presence in the fintech industry with Cerisma (Pvt.) Limited and developing and implementing renewable energy assets and commercial projects with PSO Renewable Energy (Pvt.) Limited.
- The company is placing great emphasis on customer-centricity, recognising that customer satisfaction is crucial for long-term success. Therefore, the company continually endeavours to provide superior customer service, develop innovative products, and build strong relationships with its customers. The focus shall be on rebranding and consolidating smaller brands under one umbrella, enhancing Autocare facilities to improve lubricant sales, expanding its EV charging footprint at its retail sites and increasing sales in the LPG and chemicals businesses while maintaining its leadership position.

- Strive to reduce the receivables from government entities by consistently following up with the relevant departments.
- Continue operational optimisation through investments in automation.

The company plans to keep pursuing the above strategies in the next three fiscal years.

8. The current or anticipated borrowing of the state-owned enterprise, including borrowing by a subsidiary:

As of 30 June 2026, PSO's borrowings stand at PKR 384 billion, whereas projected borrowings for the next year may vary between PKR 353 billion and PKR 366 billion. PRL's borrowings as of 30 June 2026, stands at PKR 16.6 billion and is projected to remain within the range of PKR 12 to 18 billion over the following year. There is no current or anticipated borrowing by the other two subsidiaries (Cerisma (Pvt.) Limited & PSO Renewable Energy (Pvt.) Limited).

9. The accounting policies that the state-owned enterprise will apply for financial records and reporting:

Accounting policies may be viewed in PSO's financial statements available on the company's website: www.psopk.com.

10. Summary indicative balance sheet and profit and loss statement for the state-owned enterprise:

Will be provided after approval from the BOM.

11. Consolidated summary indicative balance sheet and profit and loss statement for the state-owned enterprise and its subsidiaries as a group:

Will be provided after approval from the BOM.

12. The proposed dividend declaration and distribution policy of the state-owned enterprise:

As and when approved by the BOM.

13. Description of any public service obligations and their impact on the forecasted financial outcomes of the state-owned enterprise:

As the designated importer on behalf of the Government of Pakistan, PSO has two sale and purchase agreements with Qatar Energy for the import of LNG for onward sale to Sui companies. PSO is selling LNG to SNGPL since 2015 against which SNGPL has not been able to make the timely payments. As at 30 June 2026, the outstanding amount for LNG stands at PKR 276 billion which resulted in cash flow issues and high finance costs.

14. Any other matter directed to be included in this statement by the Federal Government:

None.

Corporate Governance

Management Committee (ManCom)

As the primary executive body, the Management Committee (ManCom) drives the company's strategic agenda and operational execution. ManCom guides key enterprise initiatives through every stage of development, providing direction, resource allocation and oversight from concept to completion. The committee consistently evaluates performance against annual business plans, reviewing strategy implementation, operational metrics, and financial budgets. During FY2026, ManCom convened 24 times to ensure effective governance and operational continuity.

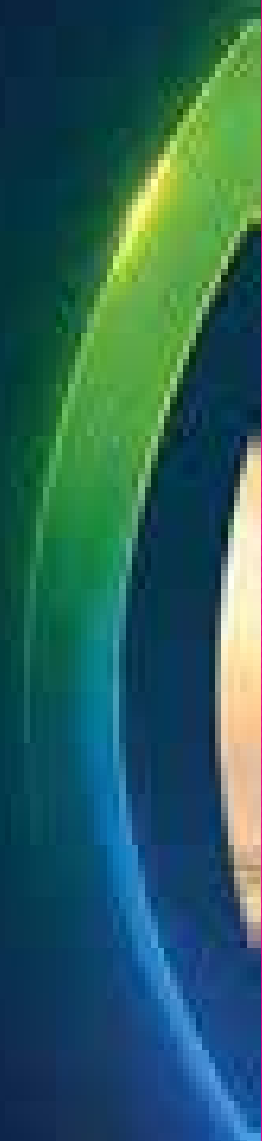


Corporate Governance

Compensation, Organisation & Employee Development Committee (COED)

The Compensation, organisation & Employee Development (COED) Committee shapes and oversees the organisation’s overarching human capital framework. Its mandate spans organisational development, talent progression, performance management, compensation, and HR governance. By aligning workforce strategy with long-term business goals and core values, the committee ensures the organisation remains agile and future-ready. The COED Committee held 17 meetings in FY2026 to drive progress on these strategic objectives.





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REPORT TO SHAREHOLDERS

The BOM is pleased to present the annual report of Pakistan State Oil Company Limited (PSO) together with the audited financial statements for the year ended 30 June 2026. This report sets out the company's performance, the environment in which it operated, its strategy, risks and opportunities, governance, sustainability progress and the outlook for the years ahead, and has been structured to give shareholders a concise, complete and connected account of how PSO creates value.

Health, Safety and Environment

For PSO, as an operator of some of the country's most safety-sensitive infrastructure, the ambition remains clear: zero harm to people, zero damage to assets and zero environmental incidents. In FY26, the company recorded zero fatal accidents and achieved more than 53.87 cumulative million safe man-hours. While HSE incidents were recorded during the year, PSO remains committed to strengthening preventive measures, enhancing operational controls and continuously improving its health, safety and environmental performance.

HSE audits covered 1,350+ retail outlets plus terminals, depots, aviation stations, LPG plants and the lubricants plant, with gaps tracked through the Corrective and Preventive Action framework. Process Safety Management reviewed and approved 70+ Management of Change cases, and controls over Permit to Work, energy isolation, emergency response and contractor safety were reinforced. Major Accident Emergency Response drills were conducted with Rescue 1122, fire brigades, police, other OMCs and relevant authorities.

The ISO 45001 certification footprint grew to 36 locations, including PSO House, with the HSE, Operations and Aviation & Marine departments separately certified. HSE ProGen, PSO's first indigenous digital HSE management system, was rolled out nationwide after an eight-location pilot, digitising Permit to Work, Management of Change, incident reporting and safety observations. More than 6,500 HSE training hours were delivered across accredited first-aid, advanced firefighting, HAZOP Leader and NFPA-based programmes.

Occupational health assessments were expanded to eight locations, with targeted medical screenings and new Occupational Hygiene Risk Assessments. Road safety remained a priority: 8,000+ tank lorries underwent third-party inspection and calibration, drivers received defensive-driving training, sessions were held with the National Highway & Motorway Police, and the Rehbar programme was expanded at forecourts.

Health, Safety & Environment Metric	Targets FY26	FY26
Fatality (own / contractor)	0	0
Major oil spills > 10 litres	0	7
Major fire incidents	0	1
Lost Time Injury (LTI) frequency	0	0.07
Total Recordable Incident Rate (TRIR)	0.2	0.07

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



ESG

FY26 marked the translation of ESG ambition into defined governance structures, operating systems and measurable action across six priorities: governance; transparent reporting and digital enablement; organisational capability; energy management and decarbonisation; sustainable procurement; and purposeful community engagement.

- The management embedded the ESG indicators in the corporate scorecard in accordance with the board-approved ESG Policy and the Implementation Roadmap;
- A comprehensive ESG reporting framework and greenhouse-gas baseline foundation; partnership with Spectreco for a digital reporting platform aligned with IFRS S1 and IFRS S2 (ISSB);
- Company-wide ESG capability building through LMS modules, department-specific training and executive training in materiality and double-materiality assessment; foundational work on a structured double-materiality assessment, producing an initial matrix of priority topics, with a completed matrix and stakeholder-mapping framework to be included in the forthcoming standalone ESG Report;
- Energy audits at seven sites identifying potential annual savings of ~PKR 35 million and ~299 tCO₂e of emissions reductions; a Scope 2 grid energy dashboard; Scope 1 and 2 baselining; automated energy-bill extraction and real-time monitoring;
- First Green Procurement Policy embedding ESG in supplier selection and laying groundwork for Scope 3 reporting; a Vendor Code of Conduct with ESG criteria in onboarding and evaluation;
- Community ESG engagement, including a World Environment Day roadshow at SOS Children's Village with tree plantation and environmental literacy sessions.

Environmental Initiatives — the 3Rs, Innovation and Resource Management

Guided by the principles of Reduce, Reuse and Recycle and aligned with SDGs 6, 12 and 13, PSO continues to strengthen resource conservation and environmental stewardship through oil-water separators, reverse-osmosis plants, structured waste management, plastic recycling and paper reduction. During the year, the company added solar capacity across facilities and retail sites, established a comprehensive Water Conservation Plan, and advanced innovative solutions such as converting plastic waste from lubricant packaging into a sustainable road.

PSO is also progressing cleaner energy and infrastructure initiatives to reduce its environmental footprint. These include the use of cleaner fuels, while the proposed White Oil Pipeline extension to Peshawar is expected to support more efficient fuel transportation and reduce associated environmental impacts.

Procurement, Waste and Emissions

PSO integrates environmental considerations into its procurement and operational practices, promoting responsible resource utilisation, waste minimisation and environmentally responsible disposal. Waste streams are managed through established processes for segregation, recycling and disposal, while material and resource consumption are monitored through energy dashboards, audits and environmental baselining.

Environmental performance is further supported through regular monitoring of air emissions and liquid effluents against applicable National Environmental Quality Standards (NEQS). These controls, together with ongoing resource-efficiency measures, help strengthen environmental compliance and manage the environmental impact of PSO's operations.

Strategy to Manage and Monitor Supply Chain Disruption from ESG Incidents

As an operator of nationally critical energy infrastructure, PSO recognises that ESG-related supply chain disruption carries consequences extending to the reliability of the country's fuel supply. The supplier base is exposed to environmental risks (climate-related disruption and natural disasters affecting logistics and storage; resource constraints among suppliers), social risks (labour disputes, community friction, human rights and health & safety concerns) and governance risks (bribery, corruption, ethics and regulatory failures).

Risks are assessed for likelihood and severity, and managed across the full supplier lifecycle through ongoing ESG risk identification; supplier due diligence formalised through the Green Procurement Policy; ethical sourcing commitments under the Vendor ESG Pledge introduced at the Procurement Sustainability Conference 2025; independent verification via the CIPS Ethics Register and renewed CIPS Corporate Ethics certification; contingency readiness integrated with business continuity planning; and a defined monitoring and escalation mechanism reporting significant matters through the ESG governance structure. Progressive supplier risk-tiering, deeper ESG integration in vendor evaluation and expanded supplier capability building will follow in the coming year.

Role of the Board on Sustainability-Related Risks and Opportunities (SECP SRO 920(I)/2024)

In line with the amendments to the Listed Companies (Code of Corporate Governance) Regulations, 2019 introduced through SECP SRO 920(I)/2024, the BOM maintains oversight of the company's sustainability-related risks and opportunities, including climate-related risks and opportunities.

The Board Strategy Committee oversees the ESG portfolio to embed sustainability principles into strategy and operations to increase corporate value. The company is also progressing adoption of the SECP's ESG Disclosure Guidelines for listed companies.

Sustainability-Related Risks and Opportunities Across the Value Chain, and Their Financial Impact

Sustainability-related risks and opportunities extend across PSO's value chain, from sourcing and refinery interfaces through storage, transportation and retail to customer use. The most significant exposures are extreme weather, changing temperature patterns, supply chain disruption, evolving climate regulation, stricter environmental requirements, technological change and rising stakeholder expectations, which may affect asset performance, operational continuity, compliance costs, capital requirements, product demand and long-term financial resilience across short, medium and long-term horizons.

- **Physical risks (acute and chronic):** Flooding, extreme heat and severe weather may disrupt logistics, damage infrastructure and affect operational reliability, with potential impacts on asset values, insurance costs and business continuity. Response: strengthening asset integrity of storage and transportation networks, and embedding climate considerations into risk assessment, business continuity planning and operational decisions.
- **Transition risks (policy, market, technology and reputation):** The shift to cleaner energy, changing customer preferences, emerging technologies and tightening environmental policy may compress long-run demand for conventional fuels and raise compliance costs. Response: energy efficiency, targeted emissions reduction, enhanced environmental governance and ongoing assessment of portfolio, capital-allocation and competitive implications across the planning horizons.
- **Opportunities:** The lower-carbon transition opens growth in renewable power, alternative and sustainable fuels, EV charging, energy-efficient technologies and digital solutions. Initiatives such as EV charging facilities, cleaner-burning Euro 5 fuels and VIBE retail platforms demonstrate PSO's evolving role in Pakistan's future energy and mobility ecosystem.

Managing these dynamics reduces exposure to carbon pricing, tighter environmental requirements and supply-chain disruption; investment in efficiency, supply-chain modernisation and asset integrity lowers structural costs and compliance impact; and diversification into renewables, green technologies and fintech creates new revenue streams supporting stronger margins, risk-adjusted returns and long-term competitiveness.

Four-Pillar Core Content: Governance, Strategy, Risk Management, Metrics and Targets

Governance

The BOM, supported by its sub-committees comprising the Audit & Compliance Committee, Human Resource & Remuneration Committee, Procurement Committee, Strategy Committee and Finance & Risk Management Committee, provides strategic oversight, promotes transparency, accountability, ethical conduct and regulatory compliance, and protects stakeholder interests.

Strategy

Aligned with Pakistan's energy security priorities and the UN Sustainable Development Goals, the agenda centres on energy diversification, enterprise digital transformation, nationwide infrastructure development and customer-focused innovation.

Risk management

The ERM framework identifies, assesses and manages financial, operational, environmental and geopolitical risks before they affect performance, integrating risk into strategic and operational decisions.

Metrics and targets

Company-specific metrics across financial, operational, environmental and social dimensions including the KPIs, HSE metrics, emissions baselines and energy-audit outcomes disclosed in this report.

These are systematically monitored and transparently reported to demonstrate performance and progress; key ESG indicators are embedded in corporate scorecards, directly linking management accountability with sustainability outcomes.

Strategic Initiatives

Committed to sustainable growth and business diversification, PSO is executing a portfolio of strategic initiatives that leverage its core strengths in infrastructure, logistics and nationwide customer access to build new engines of value creation:

- **Fintech:** PSO's fintech ambitions advanced decisively through Cerisma (Pvt.) Limited, which received State Bank of Pakistan approval to commence pilot operations in September 2025 and formally launched in October 2025 under the PayVay brand.

During the pilot, core payment capabilities, including QR-based acceptance via Raast, were successfully deployed and are now operational across the PSO retail network through onboarded merchants. In accordance with the EMI Regulations, the company has notified SBP of its readiness to proceed towards full commercial operations, positioning PayVay to convert PSO's daily forecourt footfall into a scalable digital payments franchise.

- **Renewable Energy:** PSO Renewable Energy (Private) Limited (PSORE) consolidated its position as the group's dedicated renewable energy platform, establishing an installed solar base of 2.25 MW during FY26 across nine operational sites.

These installations reduce grid dependence, lower energy costs and cut the operational carbon footprint. PSORE also advanced its strategic agenda for entry into the Battery Energy Storage System (BESS) segment, a natural extension that supports grid stability and PSO's transition towards a more diversified, sustainable energy portfolio.

- **White Oil Pipeline Extension:** The Midstream Faisalabad-to-Tarujabba White Oil Pipeline progressed well during the year: the tripartite consortium agreement among SOCAR, FWO and PSO was progressed during the year, while discussions on the shareholding agreement advanced significantly.

Construction is set to begin next year, subject to tariff award and signature of the shareholding agreement. Once operational, the pipeline will shift product movement from road to pipeline, improving the safety, efficiency and cost-effectiveness of supply to the north while reducing transport-related emissions.

- **EV Charging Infrastructure:** As part of its long-term vision for cleaner mobility, PSO strengthened its EV charging network through strategic collaborations, adding 11 charging stations in partnership with HUBCO Green. These deployments expand charging availability across PSO's retail network and reinforce the company's position as an evolving energy provider serving both conventional and electric mobility, securing an early presence in a market segment set to grow with Pakistan's vehicle electrification.



Corporate Social Responsibility

During FY26, the company directed PKR 665 million, an increase of 33% over the prior year, into structured programmes across healthcare, education, community development, disaster response and environmental sustainability.

Each programme is aligned with the UN Sustainable Development Goals and Pakistan's national development priorities, governed under the company's structured CSR management framework, and evaluated against defined KPIs and periodic impact assessments. Collectively, these initiatives reached vulnerable communities in every province, delivering measurable and enduring improvements in lives and livelihoods.

- **Healthcare and clean water (~PKR 114 million; 57,851 patients treated directly; an estimated 350,000 lives impacted annually):** The portfolio deliberately paired grassroots access with specialised tertiary capability. In Shikarpur, a free dispensary and RO filtration plant established with HANDS now serve 25,000+ residents and provide clean drinking water to 1,000+ households, addressing health and its most fundamental determinant together.

Nationally, PSO strengthened institutional capacity through a dedicated Vascular Surgery Department at JPMC via the Patient Aid Foundation (~2,000 patients per year); an operating theatre and diathermy machine at The Kidney Centre (~25,200 patients per year combined); advanced prosthetic limbs restoring mobility to 25 individuals through Bioniks; neonatal ventilators for Indus Hospital; breast cancer surgeries at Bait-ul-Sukoon; ophthalmic equipment for LRBT and Cancer Care Hospital; and a blood-collection vehicle for the Fatimid Foundation.

- **Education (~PKR 178 million; 3,500+ students empowered annually, 22,000+ wider beneficiaries):** An investment in human capital whose returns will compound across generations. PSO financed six PSO–TCF schools (10 units) and converted the PSO Training Institute in Badin into a new PSO–TCF school, transforming a corporate asset into a permanent community institution.

Merit scholarships at LUMS, IBA and the Professional Education Foundation opened the country's leading institutions to talented students from underserved

backgrounds, while inclusive education partnerships with KVTC, FESF, Tehzeeb-ul-Akhlaq Trust, Roshni Trust and the READ Foundation extended opportunity to differently abled children, deaf learners and orphaned girls. Learning quality was elevated through STEM investment at Sundar STEM School and 23 smart-display classrooms at the Commecs Educational Trust.

- **Community building and disaster relief (~PKR 360 million; 610,000+ people reached):** Immediate humanitarian response was combined with long-term resilience. The flagship PSO Model Village at Dadu delivered 101 fired-brick homes, each with a kitchen and washroom, supported by a shared water reservoir and filtration system, enabling flood-affected families to rebuild their lives with dignity.

Following the Punjab and KP floods, PSO provided relief to 2,200+ families and distributed 24,000+ ration bags under direct employee supervision with governance safeguards ensuring aid reached intended beneficiaries. Enduring interventions included water and borehole infrastructure in Balochistan, youth employability upgrades and teacher training for drug-prevention education.

- **Environment (PKR 13 million):** Complementing the company's operational decarbonisation agenda, PSO funded university-led green research, rehabilitated public parks in Islamabad and planted 10,500 trees at the Pipri Marshalling Yard, a plantation projected to sequester approximately 210,000 kg of CO₂ at maturity, converting an industrial site into a contributor to a greener landscape.

This impact earned external recognition at the 11th International EHS Awards, the 18th NFEH Awards (four awards across Education, Relief, Government Initiatives and Vocational Training) and the 15th Annual CSR Summit (Community Impact and DEI Awards). Employees brought the agenda to life through a blood donation drive with Indus Hospital, an Independence Day plant distribution with Saylani Welfare, a Discovery Day for 100+ children at the MagnifiScience Centre and the Bionic Heroes celebration honouring prosthetic users.

Board Statement on Adoption of CSR Best Practices and Their Effectiveness

The BOM firmly believes that enduring corporate success is linked to the prosperity of the communities PSO serves, stewardship of the environment and integrity of governance.

Sustainable practices also carry direct financial benefits: lower energy costs, reduced compliance exposure, stronger brand equity and improved access to opportunity. Effectiveness is assured through structured management oversight of programme design, execution, monitoring and evaluation; proactive stakeholder engagement so interventions address genuine socio-economic needs; and rigorous impact measurement through defined KPIs and periodic assessments.

Corporate and Financial Reporting Framework

The BOM recognises its responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan. In support of PSO's commitment to good governance, the BOM confirms that:

- The relevant principles of corporate governance have been complied with;
- The financial statements prepared by management present fairly the company's state of affairs, results of operations, cash flows, comprehensive income and changes in equity;
- Proper books of account have been maintained;
- Appropriate accounting policies have been applied consistently, and accounting estimates are based on reasonable and prudent judgement;
- International Financial Reporting Standards applicable in Pakistan have been followed, and any departure has been adequately disclosed;
- The system of internal control is sound in design and has been implemented and monitored effectively;
- Ex-officio Board members do not receive fixed remuneration and are paid a fixed fee for each meeting attended. These fees are determined collectively by the Board;
- There are no significant doubts about the company's ability to continue as a going concern;
- There has been no material departure from the best practices set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019; and
- A summary of key operating and financial data for the last six years is annexed to the report.

Funds

The values of investments held by the provident, pension and gratuity funds, based on unaudited accounts as at 30 June 2026, were as follows:

FUNDS	PKR million
PSOCL Management Employees' Pension Fund	9,471
PSOCL Workers' Staff Pension Fund	8,246
PSOCL Defined Contribution Pension Fund	7,507
PSOCL Employees' Gratuity Fund	9,050
PSOCL Staff Provident Fund	4,167
PSOCL Employees' Provident Fund	2,341

- During the year, 40 meetings of the BOM and its sub-committees were held and the attendance by each member is given on Page no. 90.
- As at 30 June 2026, the composition of the BOM was as follows:

The total strength of the BOM is ten (10), of which nine (09) members held office, as per the following:

Male: 09

Female: 01

Composition:

Category	Name
Independent Members	• Mr. Asif Baigmohamed
	• Mr. Mushtaq Malik
	• Dr. Ayesha Waqar
	• Mr. Ahmed Jamal Mir
Ex-officio Members	• Dr. Muhammad Fakhre Alam Irfan
	• Mirza Nasiruddin Mashhood Ahmad
	• Mr. Usman Ahmed Chaudhry
	• Mr. Sajjad Azhar
Executive Member	• Mr. Jawwad Ahmed Cheema

- The names of members of the Board Committees are given on pages no. 72 – 75.
- The pattern of shareholding is annexed on page no. 331.
- Details of the remuneration of BOM members and the CEO have been disclosed in note 35.2 to the unconsolidated financial statements.

Page no. 121 of the report include important disclosures by the Board regarding the utilisation of Enterprise Resource Planning (ERP), as well as cyber security measures and associated risks.

Compliance with Financial Accounting and Reporting Standards

The BOM has approved financial statements that fully comply with the accounting and reporting standards as applicable in Pakistan, comprising: IFRSs issued by the IASB as notified under the Companies Act, 2017; Islamic Financial Accounting Standards issued by ICAP as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017 and the State-Owned Enterprises (Governance and Operations) Act, 2023. Where local provisions and directives differ from IFRSs or IFAS, local provisions and directives have been followed.

Auditors

The external auditors identified the following key audit matters for FY26: overdue trade receivables and receivables from the Government of Pakistan (notes 13 and 16 to the unconsolidated financial statements); and recognition of revenue/income (notes 30 and 32). On the recommendation of the Board Audit & Compliance Committee, the BOM has approved the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors for the year ending June 30, 2027.

Credit Rating

VIS Credit Rating Company Limited upgraded PSO's long-term entity rating to 'AAA', indicating the highest possible credit quality with negligible risk, with a stable outlook, while reaffirming its short-term rating at 'A1+'.

Associates and Subsidiary Companies

- **Pakistan Refinery Limited (subsidiary, 63.6%):** PSX-listed refinery on Karachi's coastal belt, established May 1960, processing imported and domestic crude to serve the country's diverse fuel needs.
- **Cerisma (Private) Limited (wholly owned subsidiary):** established to own and operate an electronic money institution under the EMI Regulations; principal place of business in Sindh, Pakistan.
- **PSO Renewable Energy (Private) Limited (wholly owned subsidiary):** undertakes renewable energy activities including manufacturing, processing and installation; principal place of business in Sindh, Pakistan.
- **Asia Petroleum Limited (associate, 49%):** unlisted public company operating the underground pipeline transporting residual fuel oil from PSO's Zulfiqarabad Terminal at Pipri to HUBCO's facility at Hub, Balochistan.
- **Pak Grease Manufacturing Company (Private) Limited (associate, 22%):** established March 10, 1965 to produce and distribute high-quality petroleum grease products.

A flow chart of group shareholding and relationships, and disclosure of beneficial ownership, is presented on page no. 20 of this annual report.

Contribution to the National Exchequer and the Economy

PSO remains one of the largest contributors to Pakistan's national exchequer, contributing PKR 901 billion in taxes, duties and levies during FY26:

PKR. in Billion	2025-26	2024-25
Sales Tax	135	191
Customs Duty	105	120
Petroleum Levy	593	513
Other Duties and Taxes	68	42
Total	901	866

PSO ensures accurate and timely payment of all taxes, duties and levies within prescribed deadlines. Beyond its financial results, the company's operations generate substantial economic and social value through employment, export earnings and sustained community investment, which rose 33% during the year:

Economic & Social Impact	FY25-26	FY24-25
New job creation (Nos.)	57	157
Exports (PKR million)	4,130	5,413
Contribution to education, environment & community development (PKR million)	665	500

PSO's foreign exchange earnings from international airline refuelling (US\$363.5 million) and its role in fuel supply security further underpin its contribution to GDP and national development.

Government Policies and Their Impact

PSO operates in a highly regulated environment in which petroleum product prices and market specifications are determined by the Government.

In line with the global transition towards reduced carbon emissions, the Government is developing policies aimed at gradually reducing petroleum demand over the medium to long term; and as the petroleum sector remains a significant source of tax revenue, changes in taxation policy bear directly on PSO's operations and financial performance. The company manages these dynamics through active policy engagement, diversification into renewables, fintech and non-fuel retail, and disciplined cost and capital management.

Board Statement on Business Plan, Decisions and Strategic Outlook for the Group

PSO's Group Business Plan and Strategic Outlook set out the strategic direction for sustainable growth, enhanced competitiveness, financial resilience and long-term value creation in Pakistan's evolving energy landscape. In accordance with the requirements of the State-Owned Enterprises (Governance and Operations) Act, 2023, Management presented a forward-looking three-year plan covering the company, its subsidiaries and the Group. The plan outlines key strategic priorities, business objectives, growth opportunities and initiatives aimed at strengthening the Group's resilience and positioning it for sustainable future growth.

Management also presented Capital Expenditure (CAPEX) projections for key projects across PSO's core businesses and wholly owned subsidiaries, together with cash flow estimates for major investments. These projections provided the BOM with a basis to assess investment requirements, capital allocation and anticipated long-term returns in alignment with the Group's strategic priorities.

The BOM approved a business plan focused on strengthening the core business while pursuing disciplined diversification and sustainable growth. The principal areas of focus include:

- **Sustainable Business Growth:** Strengthening PSO's position across its core businesses and key products, maintaining market leadership and selectively expanding into emerging and adjacent energy opportunities. The Group will focus on resilient revenue streams, higher-value businesses and disciplined investments that support long-term competitiveness.
- **Strategic Capital Investment:** Directing CAPEX towards infrastructure modernisation, asset reliability, network development, process automation and strategically important projects across PSO and its subsidiaries, with investment decisions guided by business priorities, financial capacity and anticipated returns.
- **Stakeholder Value and Financial Resilience:** Creating sustainable value for shareholders and other stakeholders through prudent capital allocation, disciplined cost management, improved working capital efficiency and stronger financial resilience, while maintaining the capacity to invest in strategically important growth opportunities.
- **Diversification and Emerging Businesses:** Expanding selectively into renewable energy, electric vehicle solutions, fintech and other adjacent opportunities through PSO Renewable Energy (PSORE), Cerisma/PayVay and other strategic platforms, while continuing to strengthen the company's established energy businesses and infrastructure.
- **Operational Excellence and Digital Transformation:** Enhancing operational efficiency, safety, reliability and service quality across the Group through technology, automation, process re-engineering and digital transformation. These initiatives will support improved business performance, customer experience, decision-making and organisational effectiveness.

- **Sustained Market Leadership:** Maintaining PSO's leading positions in key petroleum products while strengthening the Lubricants and LPG businesses, expanding the retail network, improving retail automation and developing customer-focused propositions across consumer, commercial and industrial segments.
- **Responsible Business and Sustainable Impact:** Integrating sustainability, ESG considerations and responsible business practices into strategic and operational priorities, while continuing to support meaningful initiatives in community development, education, healthcare, disaster response and environmental sustainability.

The BOM will continue to oversee implementation of the Group's business plan and strategic priorities, with emphasis on disciplined execution, prudent capital allocation, operational resilience, financial sustainability and long-term value creation.

The Group will remain focused on strengthening its core businesses while developing the capabilities and new growth platforms required to respond to Pakistan's evolving energy and mobility needs.

Organisational Overview and External Environment

Global Economic Environment

The global economy balanced a modest recovery against a steadily more complicated geopolitical backdrop. The IMF's July 2026 World Economic Outlook Update projects global growth of 3.0% for CY26, down from 3.5% in CY25 and below the pre-pandemic average of 3.7%, while global headline inflation is expected to rise to 4.7% in CY26 before easing to 3.9% in CY27. Major central banks accordingly held back from easing, keeping financial conditions tight. Advanced economies expanded modestly on resilient labour markets; emerging markets fared somewhat better on firmer domestic demand.

For energy markets, the defining event of FY26 was the escalation of the U.S.–Iran conflict and the temporary disruption of the Strait of Hormuz, carrying roughly 20% of world oil consumption and a similar share of global LNG trade. Brent crude peaked near US\$126 per barrel before strategic reserve releases, inventory drawdowns and higher non-Gulf output contained the surge. World trade volumes are projected to grow 3.5% in CY26, held in check by elevated logistics costs and shipping-route disruption.

Risks remain tilted to the downside: continued Middle East tensions, uncertain navigation through the Strait of Hormuz and Bab el-Mandeb, shifting trade policies and supply-chain fragmentation all weigh on the outlook.

Pakistan's Economic Review

Pakistan's economy gained momentum in FY26, with real GDP growth rising to 3.70% from 3.18%, reflecting sound macroeconomic management, recovery in large-scale manufacturing, resilience in agriculture following the 2025 floods, a stable exchange rate and continued progress under the IMF Extended Fund Facility. Growth was broad-based: agriculture grew 2.89%, industry 3.51% and services 4.09%.

Fiscal consolidation continued, with the FY26 fiscal deficit estimated at 2.6% of GDP and a primary surplus of 2.9%. The current account recorded a modest US\$139 million deficit (FY25: US\$1.84 billion surplus), while record workers' remittances of US\$41.6 billion supported the external position. Throughout the adjustment, the Government protected vulnerable segments and preserved priority spending on human capital, infrastructure and climate resilience, demonstrating that stabilisation can be paired with a renewed growth agenda.

Petroleum Industry Overview

The petroleum sector continued to underpin transport, trade, industry and Pakistan's wider energy needs. Demand showed positive momentum for much of the year but slowed in the closing months as Middle East tensions pushed international prices, and therefore domestic fuel costs, higher. White oil consumption rose approximately 2.3% (MoGas +2.4%, high-speed diesel +2.3%), supported by stronger commercial and transport activity, higher automobile sales and tighter enforcement against unauthorised cross-border product movement. Black oil demand fell approximately 32%, in line with the 32.4% reduction in furnace oil-based power generation as producers shifted to hydel, LNG, coal and other sources. Total liquid fuel consumption reached approximately 16.4 million tonnes, marginal growth of around 0.4%. The automobile industry recovered strongly: PAMA data show passenger car sales up approximately 39% to around 155,631 units and total light vehicle sales up approximately 41%.

Seasonality of the Business

Demand for PSO's products follows seasonal patterns: high-speed diesel demand peaks during crop sowing and harvesting seasons and the associated transport activity; MoGas demand rises around holiday travel periods; furnace oil and LPG off-take strengthens in winter months when hydel generation recedes and heating demand rises; and the monsoon season can temporarily affect logistics and retail volumes. The company plans procurement, inventory and logistics to smooth these variations and maintain uninterrupted availability year-round.

Geopolitical Implications for the Industry

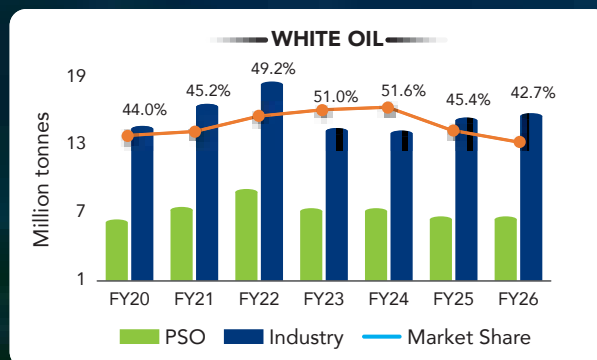
Escalating conflict and disruption of shipping through the Strait of Hormuz tightened global supply and drove significant crude price volatility, with Brent moving above

US\$120 per barrel before easing as diplomacy progressed. For Pakistan's oil marketing sector, sharp international price movements raised import costs and pressured working capital, inventory management and supply planning, while higher landed costs led to upward domestic price revisions that dampened demand late in the year.

Although conditions eased with the partial restoration of shipping routes, the market remains exposed to renewed escalation, which could again lift crude and product prices, freight and insurance costs, and delay product availability.

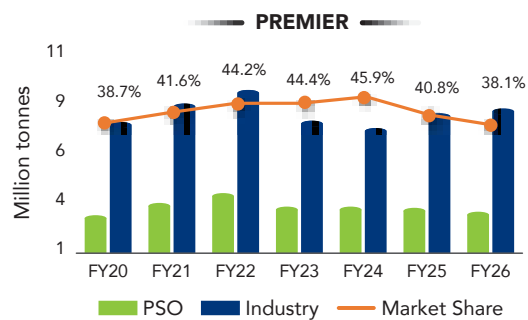
Company Performance

Against this challenging backdrop, PSO strengthened its standing as the nation's premier energy provider, holding the market-leading position in white oil with a 42.7% share — a decisive margin over other industry players. The company added 92 new retail outlets, taking its network to 3,688 stations nationwide, extending market reach and consumer access.



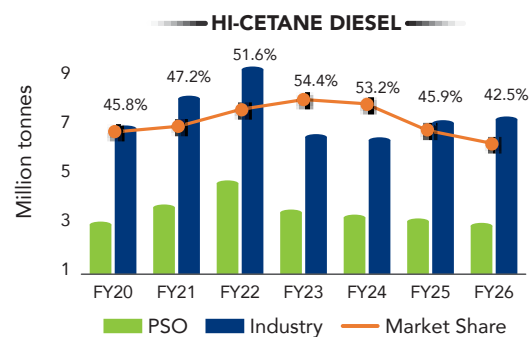
MoGas

PSO closed the year with a 38.1% market share, supplying approximately 3 million tonnes through its nationwide network and robust supply chain maintaining availability across major urban centres, highways and remote communities.



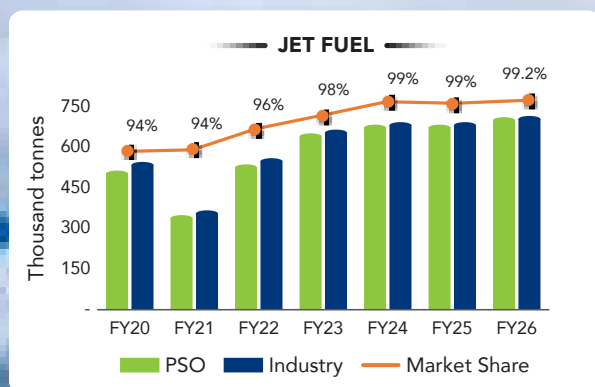
Diesel

PSO held its leading position despite intensifying competition, securing approximately 42.5% market share on sales of nearly 2.9 million tonnes, reflecting the strength of its supply network and established customer relationships.



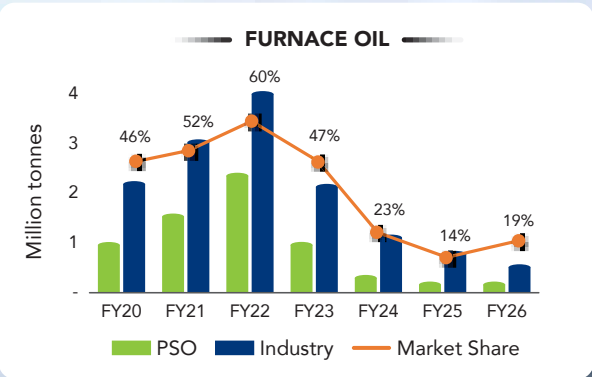
Jet Fuel

PSO consolidated its aviation fuel leadership with a 99.2% market share and nearly 677 thousand tonnes supplied, while international airline refuelling generated US\$363.5 million in foreign exchange revenue. The company achieved Pakistan's first Joint Inspection Group (JIG) certification at Lahore, Sialkot and Multan airports, earned "Excellent" ratings in TotalEnergies Aviation's annual global assessment, secured long-term supply agreements with leading carriers, deployed advanced overfill protection across airport storage, and completed a major capability expansion at the Skardu Aviation Facility.

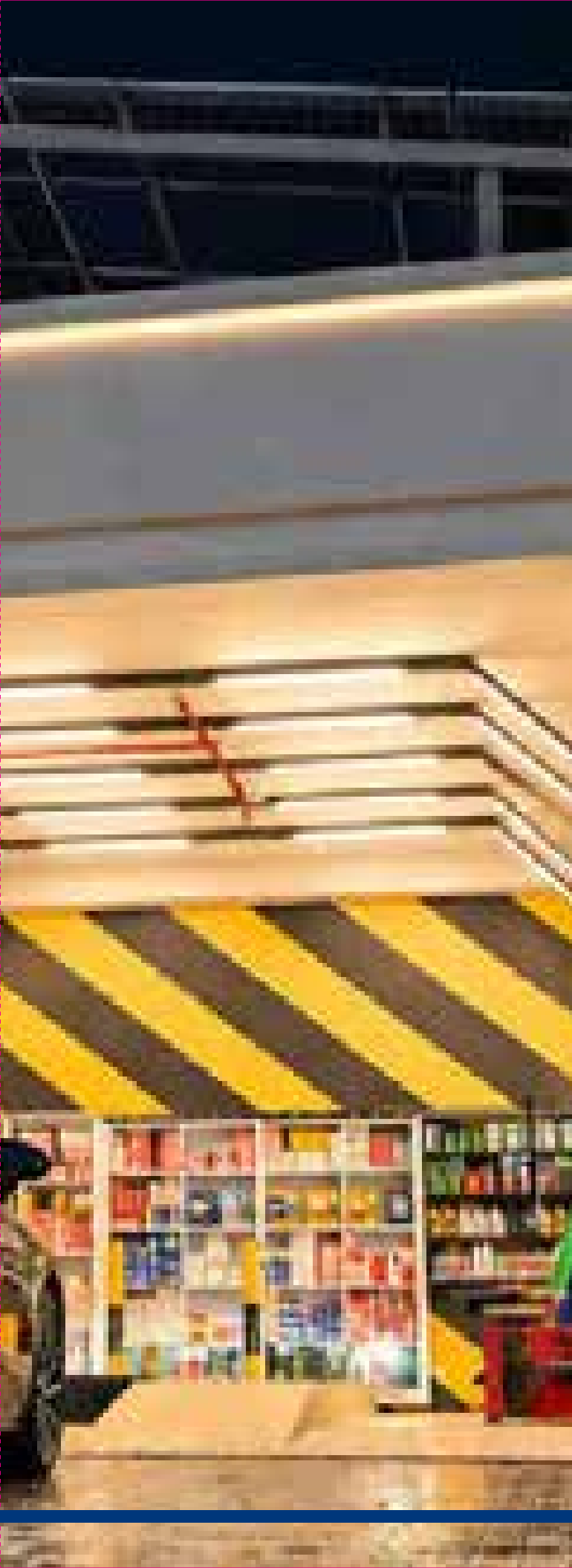


Furnace Oil

Industry furnace oil volumes declined approximately 32.4% as the power sector shifted towards nuclear, coal, hydel and renewables. PSO significantly outperformed the market, lifting its share from 13.6% to approximately 19%, aided by an April uplift as regional tensions sharpened the focus on fuel availability and energy security.

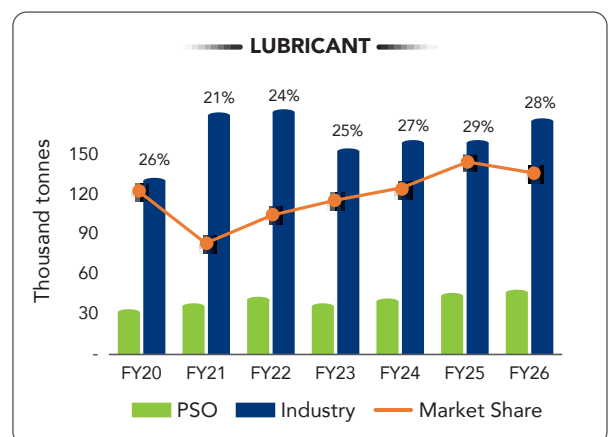






Lubricants

Sales volume rose 6% to 44 thousand tonnes on portfolio expansion, retail transformation and strategic partnerships, while market share moderated to 27.8%. Carient S-PRO sales doubled in the premium passenger car segment; the heavy-duty portfolio strengthened in agriculture and transport; and Blaze Xtreme extended the premium motorcycle range. PSO Autocare was introduced across 40 urban service hubs, supported by new model shops and nationwide trade partner branding, while key industrial sponsorships and motorsport platforms deepened the B2B presence.



Chemicals

The Chemicals business delivered a record year, with volumes up approximately 205% from 1,705 to 5,200 metric tonnes, the highest in its history, driven by a deliberate focus on non-fuel revenue diversification, portfolio expansion and customer acquisition. PSO launched locally sourced Mineral Turpentine Thinner through Pakistan Refinery Limited and Attock Refinery Limited and added higher-value imported specialty chemicals, including Ethylene Glycol Monoethyl Ether.

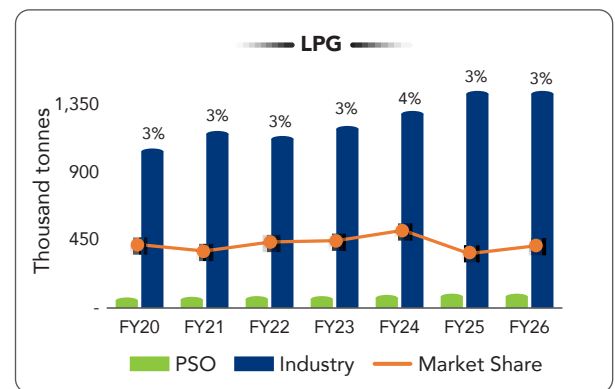




Liquefied Petroleum Gas

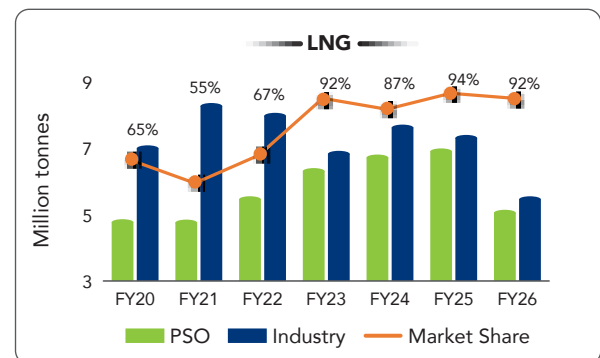
PAK GAS delivered 58,085 metric tonnes, the second-highest fiscal volume in its history, even as the broader LPG industry contracted approximately 14% amid Middle East supply disruptions. Cylinder-exchange services were added at 51 outlets, taking the service to 132 locations nationwide.

Home delivery was extended from Karachi to Lahore, while commercial delivery was introduced in both cities. Customers can now order cylinders and refills through the Fuelink app, PSO website and Ta'aluq Care Line, improving access to safe, quality-assured LPG at OGRA-regulated prices.



Liquefied Natural Gas

As Pakistan's primary LNG importer, PSO manages two long-term Government-to-Government supply agreements with QatarEnergy securing a combined 6.75 million tonnes per annum through 2031. The company imported 79 cargoes (~4.76 million tonnes) in FY26; proactive risk mitigation, agile supply-chain management and continuous stakeholder coordination kept supplies flowing uninterrupted despite Gulf tensions.



Fuel Cards & Fuelink

PSO strengthened its Cards business as a secure, digitally enabled payment and engagement platform upgrading the payment architecture, enhancing financial risk controls and expanding utility across corporate and retail segments. The corporate card was extended to selected non-fuel transactions at VIBE Stores and Shop Stops, and a lifestyle and wellness partnership added value-added benefits, moving the platform beyond transactions towards integrated mobility and retail payments.

Customer Service

An integrated omnichannel ecosystem spanning telephone, email, social media, digital platforms and facilitation centres engaged more than 441,000 customers, resolved 22,458 complaints and processed 6,772 LPG orders, with tailored support for over 81,600 DIGICASH and B2B Fuel Card users. Customer advocacy remained exceptional: 97% of 130,888 Net Promoter Score respondents were Promoters. The PSO Ta'aluq Chatbot now provides automated support around the clock.

Non-Fuel Retail

PSO accelerated the transformation of its forecourts into integrated destinations for mobility, convenience, food and everyday services. The VIBE e-commerce platform was piloted in Karachi with real-time inventory, POS integration and click and collect and home delivery, validating PSO's quick-commerce model.

The company added 37 Shop Stop stores and six premium VIBE outlets across Karachi, Lahore, Gujranwala, Islamabad, Peshawar and the M1 Motorway, taking the network beyond 302 locations, refurbished 10+ sites, and enriched the proposition through brand partnerships across food, pharmacy, electronics and lifestyle. The Asaan Safar highway network grew by 8+ locations, integrated with Fuelink for route planning and stopover recommendations.



Supply Chain

Product sourcing was managed as a strategic lever for market reliability and capital efficiency. PSO imported 3.18 million metric tonnes and sourced 3.43 million metric tonnes from domestic refineries, balancing international supply with support for local refining. When regional escalation disrupted the Strait of Hormuz in the third and fourth quarters, PSO rationalised imports, recalibrated refinery uplift and activated alternative sourcing.

These measures prevented shortages, supported refinery continuity, stabilised national inventories and reduced exposure to demurrage, adverse price movements and inventory valuation risk. A hybrid procurement model for PMG 92 RON, combining spot purchases with short-term tenders, added flexibility in cargo sizes, timing and terms. At the height of the disruption in March, PSO achieved market shares of 38.1% in MoGas and 42.5% in high-speed diesel.

Operations

With storage capacity of 1.23 million metric tonnes, PSO maintains a strategic buffer supporting national energy security. During the year the company rehabilitated nearly 39,000 metric tonnes of storage, inspected 60+ tanks, eight piping systems and one pipeline to international standards, and achieved ISO 45001 compliance across all active locations.

Automation advanced with the first bottom-loading system at Keamari Terminal C, a Terminal Automation System at Faisalabad, automated high-level alarms on 25 additional tanks, real-time inventory monitoring on 16 additional tanks, and a dedicated Computerised Maintenance Management System.

Two 500 kW solar projects at Machike and Zulfikarabad advanced the energy transition agenda, and next-generation plastic seals will strengthen supply chain security while reducing plastic waste. Emergency preparedness was reinforced through Exercise Barracuda XIII, an Advanced Marine Oil Spill Response Kit at Keamari Terminal A, and activation of risk protocols during market volatility and severe flood risk in Punjab.



Technology and Digital Transformation

During FY26, PSO advanced its technology capabilities across cyber security, business continuity, automation, artificial intelligence, digital services and enterprise transformation. These initiatives strengthened operational resilience and controls, improved efficiency and service delivery, and supported the transformation of business processes across the enterprise.

Board Responsibility and Oversight

Given the nationally critical nature of its energy infrastructure and the scale of one of the country's largest supply chains, the BOM regards PSO's digital and data ecosystems as strategic assets. Through the Board Strategy Committee, the Board provides oversight of IT governance, cyber security, digital transformation and AI. Cyber security is embedded in the enterprise risk management (ERM) framework and the risk appetite statement, supported by key risk indicators and tolerance thresholds.

PSO complies with applicable data privacy and cyber security laws, directives and regulatory requirements, including those issued by the National Cyber Emergency Response Team (NCERT), the Oil & Gas Regulatory Authority (OGRA) and other relevant authorities. Strategies, controls, investment priorities and security architecture are reviewed in light of evolving threats and business needs.

PSO's Enterprise AI strategy is aligned with the company's strategic objectives and digital transformation roadmap. AI adoption is guided by principles of lawfulness, transparency, explainability, human oversight and fairness, with use cases subject to appropriate risk classification and inventorying. High-risk applications are subject to appropriate assessment prior to deployment, while AI-related investments are aligned with the company's strategic priorities.

Material cyber security incidents, data breaches or AI-related failures are managed under the company's incident-response protocols, with containment, remediation and root-cause actions directed and reviewed by executive management. Notifications to regulators, affected stakeholders and capital markets are made within applicable prescribed timeframes.

IT Governance Framework, Programmes and Policies

PSO's IT governance framework establishes clear accountability, supports informed decision-making and aligns technology initiatives with business priorities. Comprehensive, independently assured IT and Operational Technology (OT) governance frameworks protect the confidentiality, integrity and availability of critical assets, including enterprise systems, industrial control systems, terminals, depots, pipeline interfaces and the retail network.

The framework is anchored in PSO's ISO/IEC 27001:2022-certified Information Security Management System (ISMS) and is being advanced through phased adoption of globally recognised practices relevant to critical energy infrastructure. Following the SAP S/4HANA implementation, governance priorities have shifted to application governance, continuous optimisation, enterprise integration, role-based access management, segregation of duties and value realisation.

The framework is reviewed regularly to address emerging technologies, cyber risks and changing business requirements.

Cyber Security Monitoring, Assurance and Incident Response

PSO maintains cyber security monitoring and response capabilities to identify, assess and address threats and incidents at an early stage.

Continuous Monitoring and Threat Intelligence

The enterprise Security Information and Event Management (SIEM) platform provides centralised monitoring, real-time event correlation and continuous threat detection. During FY26, coverage expanded to approximately 99% of digital assets across critical infrastructure, business applications, network devices, cloud services and security platforms. Detection rules, behavioural analytics and threat-intelligence integrations are regularly optimised.

The Security Operations Centre (SOC) issues Cyber Threat Bulletins on newly identified vulnerabilities, emerging threat actors, ransomware campaigns and active global incidents to support proactive mitigation.

Incident response

A comprehensive Cyber security Incident Response Plan implemented during the year standardises identification, containment, eradication, recovery and reporting. It defines incident classification, escalation protocols, communication procedures and stakeholder responsibilities, including timely escalation to executive management.

Independent security assessment

PSO validates cyber security controls, technology governance and regulatory compliance through annual independent cyber security assessments, periodic Vulnerability Assessment and Penetration Testing (VAPT) of critical assets, and reviews of IT General Controls, SAP configurable controls, segregation of duties, privileged access management and third-party technology risks.

Independent assurance includes periodic reviews by professional services firms such as PwC and KPMG. The ISMS is subject to surveillance and certification audits by accredited bodies, including SGS United Kingdom Ltd, supporting ISO/IEC 27001:2022 compliance across Head Office and Disaster Recovery facilities.

The most recent comprehensive independent assessment was conducted during FY26. Management reviews findings to support timely remediation and continuous improvement.

Business Continuity, Disaster Recovery and Cyber Insurance

The adequacy of PSO's business continuity and disaster recovery arrangements is ensured to protect critical operations and sustain essential services. During FY26, PSO strengthened its contingency and recovery capabilities through the following measures:

- **Production-ready Disaster Recovery (DR):** PSO modernised its DR site into a production-ready secondary data centre with enterprise-grade compute, storage, virtualisation, backup and network infrastructure.

An integrated active-active failover architecture enables automatic continuity of critical systems in the event of a primary-site disruption. Critical applications are continuously replicated to support rapid restoration against defined Recovery Time and Recovery Point Objectives (RTO/RPO). Redundant Multi-Factor Authentication (MFA) and Next-Generation Firewall (NGFW) capabilities further strengthen security and availability.

- **Network resilience and optimised connectivity:** PSO deployed a Zero-Downtime Internet Service Provider (ISP) Failover Architecture powered by Border Gateway Protocol (BGP), enabling seamless internet failover and ISP independence while eliminating single points of failure.

The architecture delivered 100% uptime for critical business systems, supporting the processing of more than 270,000 customer orders within six months. Global Server Load Balancing across the Primary Data Centre and DR site supports intelligent traffic distribution and automated failover. Secure connectivity with critical banking partners was established from the DR site, while dual-WAN architecture with secondary ISP connectivity at strategic locations further enhances network availability.

- **Testing and reporting:** Scheduled failover exercises, DR simulations and resilience testing validate recovery capabilities against defined RTO/RPO. Test results, readiness, identified gaps and remediation are reported to executive management under the Business Continuity Management framework.
- **Cyber insurance:** The adequacy of cyber risk-transfer arrangements, including insurance coverage, remains under review as part of enterprise risk management.

Board Statement on Business Continuity and Disaster Recovery Plan

The BOM oversees PSO's business continuity and operational resilience arrangements, including its Business Continuity and Disaster Recovery frameworks. These frameworks are designed to strengthen organisational preparedness, safeguard critical operations and assets, minimise the impact of disruptive events, and support the timely recovery and restoration of essential services.

- **Disaster Recovery:** Defined recovery arrangements are maintained for critical systems, infrastructure and services and are periodically tested and updated to strengthen preparedness, minimise downtime and support timely restoration following a disruption.
- **Asset Protection:** Insurance arrangements are maintained for key physical assets, facilities and inventory against material risks, including natural disasters, accidents and other unforeseen events.
- **Security Measures:** A multi-layered security framework is maintained across sensitive and high-risk facilities, supported by continuous monitoring, risk assessment and periodic enhancements to address evolving security risks and threats.

Digital Transformation and Industry 4.0

During FY26, PSO applied AI, computer vision, IoT, robotic process automation, SCADA/PLC automation, advanced analytics and cloud-enabled platforms to strengthen transparency, governance, operational performance and value creation.

AI and computer vision

An in-house Generative AI-powered assistant gives employees rapid access to HSE policies, procedures and operational guidelines. At Faisalabad Terminal, AI-enabled monitoring at access points and filling gantries provides continuous HSE compliance visibility and automated driver safety-gear monitoring, reducing manual intervention and operational risk.

Terminal and retail automation

Faisalabad Terminal was transformed into a digitally enabled hub through an integrated, SCADA-supported self-service Terminal Automation System. The system streamlines operations from vehicle entry to dispatch, reduces tank-lorry turnaround time and provides single-screen, real-time visibility.

SAP-integrated tank-lorry filling with PLC-automated motor controls was commissioned at Keamari Terminal C. The Karachi Ring-Fencing Project introduced Dispensing Unit Controllers for real-time fuel-dispensing monitoring, strengthening sales transparency, data integrity, protection against unauthorised diversion and regulatory compliance. An Auto Tank Gauging pilot was also initiated at company-operated (CORO) retail sites.

Low-code/no-code Development and Process Re-engineering

PSO's enterprise Low-Code/No-Code platform strengthened in-house software development and enabled delivery of:

- **Digital Inspection and Preventive Maintenance:** A platform that automates asset-inspection scheduling, execution, monitoring and reporting.
- **Non-Fuel Retail application:** A tool for standardised, real-time audits across VIBE and Shop Stop outlets nationwide.

The Business Process Re-Engineering (BPR) initiative progressed from design to execution, translating redesigned processes into end-to-end digitisation, standardisation, IoT-enabled data capture and AI-based solutions. HSE ProGen, developed collaboratively by BPR, PMO, IT and HSE teams, was rolled out nationwide on a centralised, multi-device platform following successful piloting, replacing a legacy system for critical processes.

The Supply System, covering product requirement planning and procurement execution across local and imported sources, was transformed into an integrated, paperless and control-driven process with embedded risk controls and digital archiving. This reduced turnaround time and strengthened governance.

Customer Service Delivery

Ta'aluq, PSO's WhatsApp-based Customer Engagement Platform, provides a digital channel for complaints, service requests and enquiries. Automated case registration and real-time tracking support improved response and resolution times and customer experience.

Secure, Scalable Connectivity

Enterprise Network Admission Control provides identity-based access, automated endpoint discovery and continuous compliance validation. DNS Security strengthens protection against network-borne threats, while Software-Defined Access across major locations enables centralised management, policy-based segmentation and automated provisioning, enhancing security, efficiency and scalability.

ERP System Utilisation and Strategic Alignment

PSO completed a brownfield migration of its SAP landscape to SAP S/4HANA 2023 without interrupting business continuity. The platform provides an agile, scalable digital core with real-time analytics and integrates finance, procurement, supply chain, sales, logistics, asset management, human resources and corporate support within a common enterprise environment.

The ERP ecosystem connects with commercial banks, 1LINK, Operational Technology systems, the Online Order Management System and third-party applications, enabling secure information exchange, workflow automation and end-to-end digital process orchestration.

Standardised processes, workflow automation, role-based access controls, segregation of duties, audit trails and automated compliance monitoring strengthen transparency, accountability, financial integrity and regulatory compliance. Following implementation, the focus has shifted to optimisation, enterprise integration, process re-engineering, advanced analytics, intelligent automation and measurable value realisation.

The ERP environment also provides a foundation for adopting AI, advanced analytics and low-code/no-code capabilities. Structured, role-based ERP training is delivered through the company's learning framework.

Cyber Security Education and Training

To mitigate human-factor cyber risk, the SOC operates a structured awareness programme comprising periodic security advisories and circulars on phishing, social engineering, password security, safe internet practices, data protection and secure use of enterprise technologies. Enterprise-wide awareness sessions and digital communications reinforce cyber hygiene, compliance with information security policies and a security-first culture.

Mandatory role-based training supports data protection and secure technology practices, complementing the company's broader approach to integrating people, processes and technology in its cyber security resilience framework.

The BOM, through established governance and oversight mechanisms, continues to oversee the adequacy and effectiveness of PSO's business continuity, disaster recovery and operational resilience arrangements, with emphasis on preparedness, effective response and timely recovery to support sustained business operations.

Investor Disclosure

Consistent with investor-protection guidance, PSO discloses IT governance and cyber security risks and incidents that are material to investors, while withholding sensitive roadmap or product-level details that could compromise security protections.





Quality Assurance

Supported by 12 static laboratories and 26 Mobile Quality Testing Vans, and aligned with OGRA, Ministry of Energy, ASTM, API and Energy Institute standards, the QA function carried out 16,500+ field visits and analysed ~92,000 laboratory samples, enabling early detection of deviations and rapid complaint resolution.

Laboratories were modernised with automated vapour-pressure testing, automatic colour analysis and advanced micro-distillation. QA oversaw 95+ ocean-tanker consignments at Keamari and Port Qasim and performed 9,000+ tank-lorry calibrations, securing supply chain integrity from import to final delivery.

Human Capital

PSO's people are fundamental to sustaining operational excellence, business continuity and long-term value creation. During FY26, Human Resources continued to evolve as a strategic business partner, aligning workforce planning and talent priorities with the company's business objectives and operating within the requirements of the State-Owned Enterprises (Governance and Operations) Act, 2023.

As at 30 June 2026, PSO employed 2,209 people across its operations. The company continued to strengthen workforce diversity, with women contributing in leadership and strategic roles and representing 7% of total inductions during the year. Targeted recruitment, mentorship and leadership development initiatives supported the development of a stronger and more diverse talent pipeline.

PSO continued to invest in its people through structured approaches to recruitment, development, retention, performance and reward. Human-capital-related costs, including recruitment, selection, hiring, training, development, retention, reward and workforce utilisation, are identified and monitored through established HR and financial reporting processes. These costs are recognised and measured in accordance with the applicable financial reporting framework.

Through these practices, PSO seeks to build a capable, engaged and future-ready workforce that can support the company's evolving business requirements and contribute to sustainable organisational performance.

- **Merit-based Recruitment and Talent Development:** An integrated talent framework spans data-informed recruitment, structured onboarding, career development and recognition, with cascaded objectives linking individual contribution to corporate priorities; ~39,000 learning hours were delivered, complemented by ISO 50001, NFPA, HAZOP and advanced electrical maintenance certifications;
- **Performance-based Appraisal, Promotion and Reward:** Appraisals link performance to defined objectives and KPIs; merit-based rewards reinforce ownership, with high performers honoured at a dedicated commendation ceremony and grievances heard formally through the Grievance Committee;
- **Succession Planning:** High-potential employees are systematically identified and prepared for critical roles through structured development, cross-functional exposure and targeted growth including the executive workshop 'Decision Making in a VUCA Environment' and the 'Breaking Barriers' pilot for women in middle management safeguarding continuity in business-critical roles;
- **Training, Digitisation and Development:** Sustained upskilling and reskilling in technical, functional, digital and behavioural capabilities; implementation of SAP SuccessFactors is underway to digitise the HR function itself;
- **Employee Wellbeing, Health and Safety:** An integrated physical, mental, emotional and social wellness framework; transition to a fully cashless, digitally integrated outpatient healthcare model with Pakistan's first end-to-end digital primary healthcare provider; women's wellness initiatives including art therapy, breast cancer awareness and 'The Invisible Load' programme for working mothers and caregivers;

- **Employee Engagement and Feedback:** HR Connect forums for women, junior management, management trainees and day-care users create direct feedback channels; the Women in Networking Breakfast with HRSI extended this engagement externally.

Diversity, Equity & Inclusion (DE&I) Policy and Disclosure of Periodic Review of Sustainability and DE&I Strategies and Performance

PSO believes that a diverse workforce, an equitable workplace and an inclusive culture are fundamental to sustained business success and long-term value creation. The company is committed to maintaining an equitable, safe and transparent workplace in which every individual is treated with dignity, fairness and respect.

Diverse perspectives, backgrounds, experiences and capabilities are valued, and employees are empowered to contribute at their best. This commitment is underpinned by the Code of Conduct and the company's DE&I framework, and applies across recruitment, development, promotion, remuneration and everyday workplace conduct.

Sustainability and DE&I are positioned as strategic imperatives embedded across all levels of the company. Guided by Environmental, Social and Governance (ESG) principles, these priorities are advanced in alignment with global frameworks and national development objectives, and the related strategies, priorities and performance targets are disclosed through regular reporting and stakeholder communications, reinforcing organisational accountability.

Strategic priorities include:

- Promoting workforce diversity and fostering an inclusive organisational culture in which every employee can contribute and advance on merit;
- Ensuring equitable access to opportunities, leadership positions and professional growth across all functions and organisational tiers;
- Supporting community development and social advancement through responsible corporate citizenship and targeted social investment;
- Reducing the environmental footprint through responsible energy management, resource efficiency and carbon reduction initiatives supporting the transition to a lower-carbon future;
- Performance against these strategies and targets is reviewed and monitored at the corporate level by the BOM through an integrated mechanism;
- Dedicated programmes and awareness initiatives deployed across all functions to integrate inclusive values and sustainable practices into daily operations and business processes;
- Regular review of internal policies and frameworks to ensure continued alignment with evolving ESG standards, regulatory expectations and global best practices; and
- Leadership accountability mechanisms, including performance objectives linked to sustainability and DE&I outcomes, reinforcing ownership and sustained commitment at every level of management.



PSO will continue to uphold merit as the basis of every people decision and safeguard employees against discrimination and harassment in any form. Through this integrated approach of strategy, periodic review, measurement and transparent disclosure, the company ensures that sustainability and DE&I remain living commitments, embedded in how the company operates rather than statements of intent, strengthening PSO's resilience, reputation and capacity to create value for all stakeholders.

Anti-Harassment Policy — Safeguarding Rights and Wellbeing of Employees

PSO maintains an absolute zero-tolerance stance towards harassment in any form, whether physical, verbal, psychological or digital. The company's Anti-Harassment Policy establishes clear standards of behaviour, confidential and accessible reporting channels, and a fair, time-bound inquiry process administered by a duly constituted Inquiry Committee, with investigations targeted for completion within 60 days and explicit protection against victimisation or retaliation during and after the complaint process. Regular harassment-awareness and gender-sensitisation sessions are conducted, and the policy and Committee details are accessible to all employees on the intranet.

Whistleblowing Policy

Transparency, accountability and ethical conduct are embedded throughout PSO's operations, supported by a robust Whistleblowing Policy that empowers and safeguards individuals who report potential wrongdoing or unethical behaviour.

The policy provides a secure and confidential avenue for employees, contractors, suppliers and other stakeholders to raise concerns about misconduct, including fraud, corruption and legal or regulatory violations. All reported matters are handled in a fair and transparent manner and subjected to thorough, impartial investigation, with complainants protected against victimisation or retaliation during and after the process.

Whistleblowing incidents are reported to the Board Audit & Compliance Committee, and the number of incidents reported during the year is disclosed in the Audit Committee's report. By actively promoting a speak-up culture, PSO cultivates an environment in which ethical behaviour is practised, not merely professed.

Business Principles and Ethics Policy

PSO's Business Principles and Ethics Policy establishes the foundation for decision-making and professional conduct across the company. It sets clear and uncompromising expectations of integrity, accountability and responsible business behaviour, requiring all employees to act in accordance with PSO's core values, avoid conflicts of interest and place the interests of the company above personal benefit at all times.

The policy provides a consistent and practical framework for navigating ethical considerations and exercising sound judgement. It reinforces transparency, fairness and individual accountability, thereby strengthening trust across the organisation, safeguarding stakeholder interests and reinforcing PSO's standing as a responsible corporate citizen.

At the leadership level, the BOM has adopted a Code of Conduct aligned with the governance standards applicable to State-Owned Enterprises. The Code defines the ethical obligations, fiduciary responsibilities and standards of

professional conduct expected of board members, reinforcing BOM-level oversight and accountability and setting an unequivocal tone from the top: ethical conduct is the standard by which the entire organisation is led.

Conflict of Interest Policy

The company's policy is designed to proactively identify specific situations that could potentially conflict with the company's interests. In order to maintain transparency and uphold the principles of fairness and impartiality in its decision-making processes, PSO conducts an annual review to update and maintain records of any potential conflicts. This practice guarantees that the employees are well-informed and equipped to address and resolve any conflicts that may arise. By consistently reviewing and addressing potential conflicts, PSO ensures a harmonious and ethical work environment, where all decisions are made with integrity and in the best interests of the company.

Gender Pay Gap

In compliance with SECP Circular No. 10 of 2024 dated April 17, 2024, the gender pay gap for FY26 is:

Measure	Formula	Result
Mean gender pay gap	$(A-B)/A \times 100$	-33.94%
Median gender pay gap	$(C-D)/C \times 100$	-0.50%

Description	PKR per hour	
Mean of Female Employee	1,249	B
Mean of Male Employee	932	A
Median of Female Employees	614	D
Median of Male Employees	611	C

Through sustained investment in its employer brand and employee value proposition, PSO continues to strengthen its position as an employer of choice in Pakistan's energy sector. By uniting talent, leadership, technology, wellbeing and inclusion behind a single business strategy, the company is building a capable, engaged and resilient workforce, one equipped not merely to respond to change, but to lead it, delivering sustainable growth and long-term value for all stakeholders.

Financial Performance

FY26 tested the resilience of the global energy supply chain, with the U.S.–Iran conflict constraining POL supply and driving pronounced price volatility that bore directly on profitability. Against this backdrop, PSO maintained uninterrupted national fuel supply and delivered a commendable result.

Profit after tax was PKR 15.07 billion (FY25: PKR 20.9 billion), translating into earnings per share of PKR 32.1 (FY25: PKR 44.5). On a consolidated basis, PSO's share of the Group's profit after tax amounted to PKR 25.49 billion (FY25: PKR 16.4 billion), with EPS of PKR 54.29 (FY25: PKR 35.03).

Circular debt management remained a key priority. Total trade receivables declined by PKR 22.7 billion, from PKR 437.5 billion at June 30, 2025 to PKR 414.8 billion at 30 June 2026, within which receivables from SNGPL fell by PKR 34.3 billion.

Lower average receivables, combined with declining discount rates, delivered a 24% reduction in finance cost: a direct translation of balance-sheet discipline into bottom-line benefit. PSO continues to engage the Government on a comprehensive, durable resolution of circular debt.

Sales tax receivables continued to build, reflecting a structural anomaly arising from zero-rating of sales tax on jet fuel supplied to airlines on international routes while jet fuel purchases remain taxable; with major POL products currently zero-rated, PSO cannot offset the imbalance as it historically did. The company is pursuing a resolution with the Government and is confident in the merits of its position.

International prices rose in the third quarter before declining sharply towards year-end, a price path that penalises operators carrying substantial inventory. PSO protected margins through both the upswing and the correction through prudent, proactive management of its supply chain and inventory positions.

The company's financial performance is further discussed through the six-year vertical and horizontal analysis, financial ratios, DuPont analysis, statement of value added, Economic Value Added and segmental analysis sections of this annual report.

Reflecting this performance and confidence in the underlying strength of the business, the BOM has announced a cash dividend of 100% (PKR 10 per share), a total pay-out of PKR 4.69 billion, reaffirming PSO's commitment to consistent shareholder returns.

Strategy to Overcome Liquidity Challenges and Management of Debts:

- Constant engagement with the GoP, power sector customers and SNGPL through proposals and detailed sessions to resolve circular debt and prevent further accumulation of receivables;
- Prudent working capital practices and secured credit lines: total facility limits of PKR 503.87 billion from banks as of 30 June 2026;
- Strong emphasis on cash customers to underpin financial stability and prompt payment;
- Exploration of new business models and lines of operation to diversify revenue streams.

Payment of Debts

PSO successfully navigated the challenge of long-outstanding circular debt through prudent measures and strategic initiatives during FY26. The company effectively managed and settled its debt obligations and remains confident in its ability to meet all future financial commitments, both domestic and international, in a timely manner, supported by the proactive measures undertaken.

Operational Profitability Outlook

The company remains confident of sustaining strong performance by strengthening market share, increasing the contribution of higher-margin products, optimising finance costs, exploring innovative business models and maintaining stringent cost discipline.

Other Matters

Changes in the BOM

During the year, the following changes were made in the composition of the BOM:

- Mr. Usman Ahmed Chaudhry joined as an ex-officio member on August 12, 2025, in place of Mr. Zafar Abbas. Mr. Usman Ahmed Chaudhry subsequently resigned from the Board with effect from August 31, 2026;
- Dr. Ayesha Waqar joined as an independent member on November 4, 2025, filling a casual vacancy;
- Mirza Nasiruddin Mashhood Ahmad joined as Ex-Officio member on January 8, 2026, in place of Mr. Shahbaz Tahir Nadeem;
- Mr. Waheed Ahmed Shaikh, Independent member, resigned with effect from June 11, 2026.
- Mr. Jawwad Ahmed Cheema was appointed as CEO of Pakistan State Oil Company Limited with effect from April 27, 2026, succeeding Syed Muhammad Taha, who resigned as MD & CEO of PSO with effect from March 30, 2026. Following his resignation, Mr. Abdus Sami, Chief Supply Chain Officer, served as Acting CEO from March 31, 2026 to April 26, 2026, in addition to his existing responsibilities.

The BOM wishes to place on record its appreciation for the valuable services rendered by the outgoing members, Mr. Waheed Ahmed Shaikh, Mr. Zafar Abbas, Mr. Shahbaz Tahir Nadeem and Mr. Usman Ahmed Chaudhry, and welcomes the new members.

The BOM thanks Syed Muhammad Taha, who led PSO as MD & CEO for six years for carrying the company through a period of considerable change, and for the resilient institution he leaves behind.

Performance Against Last Year's Forward-Looking Disclosures

PSO's BOM is fully cognisant of its responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the Securities and Exchange Commission of Pakistan.

Commitment made last year	FY26 Performance
Highest efficiency and safety across operations	Zero fatal accidents; 48 million+ safe man-hours; 6,500+ HSE training hours; 70+ MOC cases; nationwide AI-enabled HSE ProGen rollout; ISO 45001 at 36 locations
Maintain MoGas / Diesel share; grow Lubricants and LPG	White oil share 42.7%; MoGas 38.1% (~3 m tonnes); diesel 42.5% (~2.9 m tonnes); lubricants +6% to 44,000 tonnes (28% share); PAK GAS ~58,000 metric tonnes with 51 new cylinder-exchange outlets
Increase infrastructure capacity and reliability	~39,000 metric tonnes storage rehabilitated; 60+ tanks, 8 piping systems and 1 pipeline inspected; overfill protection on 17 tanks; alarms on 25 more; real-time monitoring on 16 additional tanks; Faisalabad terminal automation commissioned
Improve LNG business via tripartite agreement with SNGPL & SSGC	Progress on the formal tripartite agreement remained limited; nonetheless 79 cargoes (~4.76 m tonnes) imported despite Gulf disruptions, underpinned by two long-term QatarEnergy agreements (6.75 MTPA through 2031)
Enhance efficiency via BPR and digital transformation	SAP S/4HANA migration completed; HSE ProGen live; terminal automation and preventive-maintenance digitisation; Ta'aluq Chatbot launched
Prepare talent through structured learning	~39,000 learning hours across management and non-management; leadership, digital, technical and safety programmes; ISO 50001, NFPA and HAZOP certifications
Build partnerships supporting strategic growth	~125,490 metric tonnes HSD moved with Pakistan Railways; multi-year agreements securing 250 m+ litres of annual fuel business; PSORE solar expansion and BESS market engagement

Future Outlook

Forward-Looking Statement

PSO enters the next phase of its growth with a clear ambition to reinforce its position as Pakistan's leading energy company while preparing for a market being reshaped by technology, changing customer expectations and the transition towards a more diverse energy future.

FY26 reinforced the importance of resilience, agility and disciplined execution as the company navigated geopolitical uncertainty, supply chain pressures and evolving market dynamics. Against this backdrop, PSO strengthened operating reliability, expanded its commercial reach, accelerated digital transformation and advanced opportunities to support sustainable long-term growth.

The company's immediate priority is to build a stronger and more efficient core business while developing the capabilities required for the future. Investment will remain focused on infrastructure reliability, operational efficiency and safety, supported by automation, digitalisation and internationally aligned Health, Safety and Environment practices.

Terminal automation, real-time inventory monitoring, preventive maintenance systems, asset integrity initiatives and the continued expansion of ISO 45001 coverage will further strengthen business continuity, operational control and service reliability across PSO's nationwide network.

PSO will continue to pursue research and development initiatives aligned with its evolving business and long-term strategic priorities. Areas of focus will include digital technologies, energy efficiency, renewable energy, electric mobility, data-driven solutions and cleaner energy applications.

The company will evaluate these initiatives based on business needs, technical feasibility, value creation potential and alignment with its broader transformation agenda, including collaboration with technology providers, industry partners and other relevant stakeholders, where appropriate.

The company also intends to deepen customer relationships and unlock new commercial opportunities across consumer, retail and industrial markets. Digital platforms, improved service models, data-enabled decision-making and strategic partnerships will support more relevant customer experiences and enable PSO to respond more effectively to changing patterns of mobility, energy consumption and customer demand.

PSO will maintain a disciplined approach to capital allocation, cost management and portfolio optimisation. Greater focus on working capital efficiency, active receivables management and careful prioritisation of investments will support liquidity, strengthen financial flexibility and direct resources towards areas of strategic and commercial value.

The company will pursue cleaner energy solutions, digital services and fintech opportunities that build on its established capabilities in fuels, infrastructure, logistics and customer access. This measured approach to diversification will enable PSO to respond to emerging market needs, develop new revenue streams and strengthen its relevance within Pakistan's evolving energy ecosystem.

Sources of Information and Assumptions for Projections

Projections and forward-looking statements draw on reputable sources including the Government of Pakistan, the Pakistan Economic Survey, the Pakistan Automotive Manufacturers Association, OCAC industry data and the International Monetary Fund for global indicators, combined with the company's internal demand models.

Key assumptions include continuity of the IMF programme and macroeconomic stabilisation, no prolonged closure of key shipping corridors, broadly stable regulatory margins, and planned progression of diversification projects. No external consultant was engaged for these projections except as disclosed.

We express our gratitude to our shareholders, customers, business partners and employees for their unwavering support and trust, and thank the Government of Pakistan, particularly the Ministry of Energy (Petroleum Division), for its guidance and confidence.

The journey ahead is one of conviction: with a proven business model, a strengthened balance sheet and the trust of the nation behind us, we are committed to taking PSO beyond its achievements to date, setting new benchmarks for performance, innovation and leadership in Pakistan's energy future.



Jawwad Ahmed Cheema
Chief Executive Officer

25 September 2026



Asif Baig Mohamed
Chairman, BOM



AWARDS & ACCOLADES





ENVIRONMENT, HEALTH & SAFETY

International EHS Awards 2025

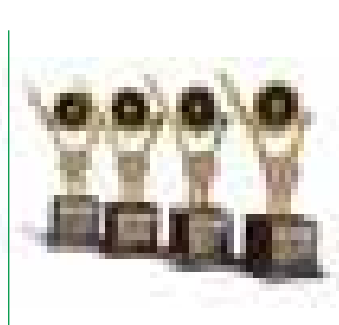
PSO CSR Trust was honoured at the 11th International EHS Awards 2025 for Best Environmental Practices and Support to Healthcare.



CORPORATE REPORTING

Best Corporate Report Award 2025

PSO secured the Best Corporate Report Award 2025 in the Fuel & Energy Sector, presented by ICAP and ICMAP.



CORPORATE SOCIAL RESPONSIBILITY

Recognised for Excellence in CSR

PSO received four prestigious honours at NFEH's 18th CSR Awards 2026, recognising its impactful contributions to education, relief efforts, vocational training and government initiatives.



FINANCIAL REPORTING

SAFA Gold Award for Excellence in Financial Reporting

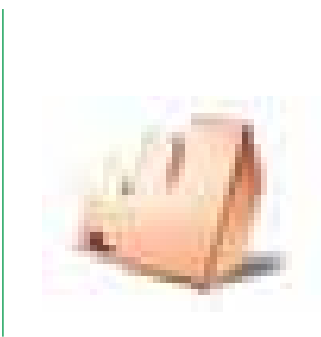
PSO secured the SAFA Gold Award for Best Presented Annual Report in the Public Sector category.



MARKETING

Dragons of Asia Awards

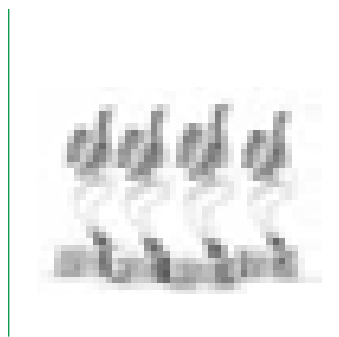
PSO's "Iqbal Day – Lab Pe Aati Hai Dua" campaign received international recognition, Gold at the Dragons of Asia Awards for Innovative Idea & Concept, celebrating creativity rooted in Pakistan's spirit and values.



MARKETING

Effie Awards

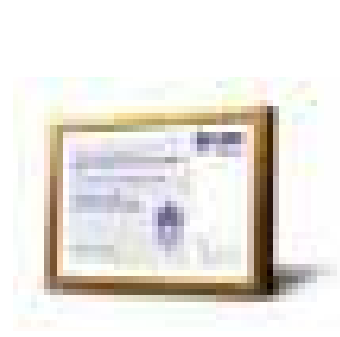
PSO won a Bronze Effie Award in the New Products & Services category for the Blue LPG campaign.



DIGITAL INNOVATION

Pakistan Digital Awards 2026

PSO won four prestigious trophies at the Pakistan Digital Awards 2026 across ESG, Creativity, CSR and Animation, recognising purpose-driven innovation through campaigns including Blue LPG, Safety Starts Young, Powerplay and Pak Gas.



ETHICS & GOVERNANCE

CIPS Ethics Register

PSO has earned a place on the CIPS Ethics Register, a global benchmark recognising commitment to ethical and sustainable procurement.

Energy

across every **Horizon**

Fueling the nation's mobility
across skies and seas.





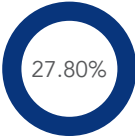
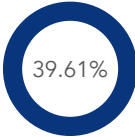
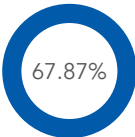
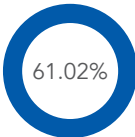
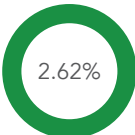
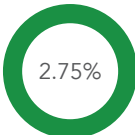
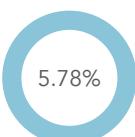
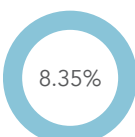
FINANCIALS



Ratios and Analysis

For the year ended June 30, 2026

Dupont Analysis

	FY 2026	FY 2025	
Tax Burden / Efficiency (Net Income / PBT)	 27.80%	 39.61%	The decline in the tax burden ratio reflects that a smaller proportion of pre-tax income is being retained as net income as a result of a higher effective tax rate.
Interest Burden / Efficiency (PBT / EBIT)	 67.87%	 61.02%	The interest burden ratio increased due to lower finance costs on account of decline in average borrowings and average interest rates.
Operating Income Margin (EBIT / Sales)	 2.62%	 2.75%	The slight decline in operating margin is due to an increase in operating expenses.
Asset Turnover (Sales / Assets)	 3.07	 3.09	The asset turnover ratio declined slightly due to a decline in LNG sales.
Leverage Ratio (Assets / Equity)	 3.80	 4.07	The decline in the leverage ratio is primarily due to a decrease in assets and an increase in equity.
Return on Equity (ROE)	 5.78%	 8.35%	The decline is due to a decrease in other income and increase in tax-related provisions.

Note: Profit before tax has been taken as profit before taxation, minimum tax differential and final taxes.

Ratios and Analysis

For the year ended June 30, 2026

MARKET SHARE INFORMATION

The Company's performance section of the Report to the Shareholders discloses the product wise market shares of the Company along with analysis. The market share data has been obtained from Oil Companies Advisory Council (OCAC) that is an independent source.

SHARE PRICE SENSITIVITY ANALYSIS

PSO is a public listed Company and accordingly its shares are traded on Pakistan Stock Exchange. The Company's profitability and performance is exposed to various internal and external factors which can significantly alter the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's market price was Rs. 342.35 as at year end. Change of 1% in market price from that prevailing at year end will result in change in market capitalization by Rs. 1.61 bn.

The Company's share price may respond (but not limited) to the following events and changes in business environment:

a. Sales Volume

Company's sales volume is primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Extent of business activity, smuggling, change in energy mix of the country and price volatility are important factors that will affect sales volume and will ultimately be reflected in the share price of the Company.

b. International Oil Prices

The trend of International Oil Prices impacts the financial performance of the Company and consequently the share price. Increasing trend of oil prices may improve the Company's financial performance and vice versa. However, price trend impacts the Company's performance in combination with stock in hand and sales situation.

c. Margin Revisions

The margins of the Company on its major products are regulated by government. Any decisions in respect of increase / decrease in margins or deregulation of margins can impact the share price of the Company.

d. Circular Debt

The Company's share price is highly sensitive to any development on the circular debt issue (especially relating to the Gas sector) prevailing in the country. The government's action with respect to circular debt resolution has previously led to share price increase and on the contrary, circular debt pile up has negatively impacted the share price. Accordingly, the decisions taken by the government in this respect are expected to impact share price of the Company.

e. Bank Borrowings & Finance Cost

Increase in bank borrowings will lead to higher finance cost and ultimately reduce the bottom line and have a negative impact on the share price of the Company. Further, due to substantial short-term borrowings, PSO's share price is sensitive to any increase or decrease in discount rates announced in the monetary policy statement by the Government of Pakistan.

Ratios and Analysis

For the year ended June 30, 2026

f. Rupee Devaluation

The Company imports majority of the total petroleum products imported in the Country, which exposes the Company to currency risk on account of Rupee devaluation. However, currency risks are generally covered in pricing of its regulated products.

g. Diversification

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

h. Government Policies and Regulations

Any change in government policies and regulation including on the taxation front relating to oil marketing sector may affect the Company's share price; positively or negatively, depending on whether the policy is in favour of or against the industry.



Ratios and Analysis

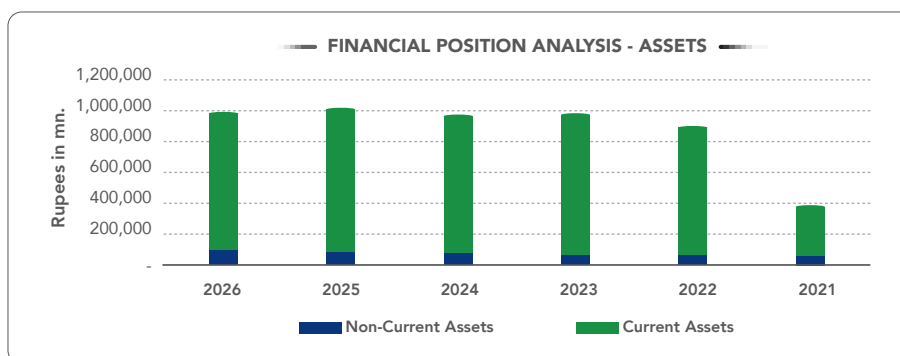
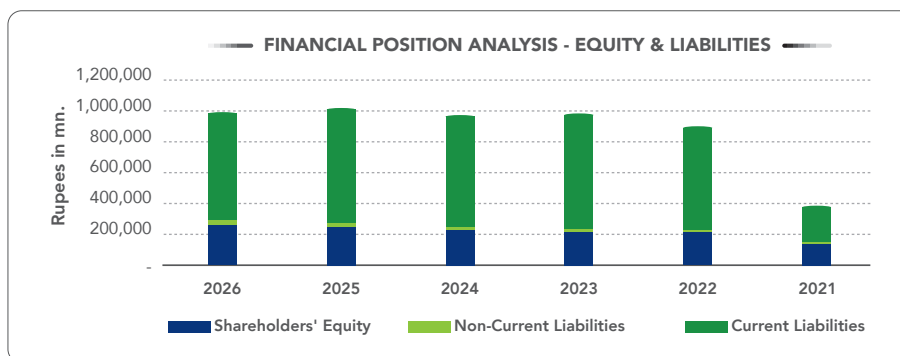
For the year ended June 30, 2026

Analysis of Financial Position

Rupees in mn.

Shareholders' Equity
Non-Current Assets
Current Assets
Non-Current Liabilities
Current Liabilities

	2026	2025	2024	2023	2022	2021
Shareholders' Equity	260,855	250,291	231,309	216,560	215,649	139,978
Non-Current Assets	93,443	81,430	68,126	60,047	53,624	51,297
Current Assets	898,660	937,648	906,322	923,349	845,830	327,962
Non-Current Liabilities	34,610	23,740	18,001	18,491	16,548	12,239
Current Liabilities	696,638	745,047	725,139	748,345	667,258	227,043



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

- Shareholders' equity increased by 4% compared to the previous year, primarily driven by growth in retained earnings. The increase strengthens the Company's financial position and enhances its capacity to support future growth and expansion.
- Non-current assets increased by 15% compared to the previous year, primarily driven by additions and modifications to retail sites. These investments strengthen the Company's operational footprint and support future growth in volumes and revenue.
- Current assets decreased by 4% compared to the previous year, mainly due to lower short-term investments and bank balances. The movement reflects the utilization and redeployment of available funds during the year.
- Current liabilities decreased by 6% compared to the previous year, primarily driven by lower trade payables. This reduction demonstrates the Company's focus on optimizing its liability structure and strengthening its overall financial position.
- Non-current liabilities increased by 46% compared to last year, primarily driven by higher lease liabilities as a result of addition in new sites and an increase in retirement benefit obligations as determined through actuarial valuations.

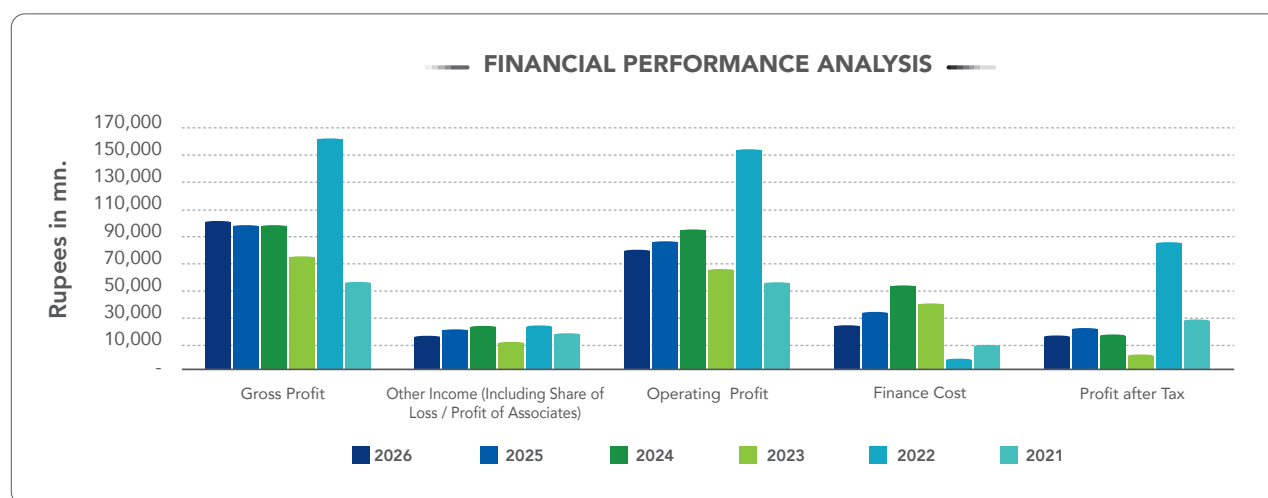
Ratios and Analysis

For the year ended June 30, 2026

Analysis of Financial Performance Past and Current Performance

Rupees in mn.

	2026	2025	2024	2023	2022	2021
Gross Sales	3,247,537	3,389,192	3,806,811	3,605,464	2,697,061	1,424,249
Net Sales	3,050,026	3,149,389	3,571,750	3,391,112	2,451,581	1,204,247
Gross Profit	99,938	96,710	96,661	74,847	160,995	54,609
Other Income (Including Share of Loss / Profit of Associates)	17,405	22,445	25,187	12,648	25,507	19,408
Marketing & Administrative Expenses	31,411	28,509	24,815	20,478	16,812	14,890
Other Expenses	6,076	4,135	3,908	2,317	17,114	4,829
Operating Profit	79,857	86,511	93,755	64,701	152,576	54,298
Finance Cost	25,655	33,718	52,338	40,335	4,721	10,242
Profit Before Tax	54,202	52,793	41,417	24,366	147,855	44,056
Profit After Tax	15,068	20,911	15,863	5,662	86,223	29,139
Earning Before Interest, Taxes, Depreciation & Amortization (EBITDA)	86,196	91,331	97,458	67,601	154,819	56,053



Analysis

In FY26, the Company reported a profit after tax of Rs. 15 bn, primarily driven by the following contributing factors:

- Gross sales stood at Rs. 3.2 trillion, compared to Rs. 3.4 trillion in FY25, mainly due to regional disruptions. Despite the challenging environment, the Company maintained a robust market position and continued to support demand across its key business segments.
- Gross profit increased to Rs. 99.9 bn from Rs. 96.7 bn in FY25, supported by stable white oil margins and effective cost management. The improvement reflects the Company's continued focus on cost discipline and operational efficiency.
- Other income amounted to Rs. 17.4 bn, reflecting lower interest and dividend income.
- Operating profit stood at Rs. 79.8 bn in FY26, declining by 8% compared to FY25, primarily due to inflationary pressures on administrative and marketing expenses, coupled with lower other income.
- Finance costs decreased substantially by 24% to Rs. 25.6 bn, compared to Rs. 33.7 bn in FY25, due to lower interest rates and reduced average borrowings, contributing positively to overall profitability.

Ratios and Analysis

For the year ended June 30, 2026

Analysis of Performance Against Target

Gross Profit

The Company's gross profit fell slightly short of budgeted expectations, primarily because regulated margins were not increased by government as anticipated.

Other Income

Other income exceeded expectations, primarily driven by higher interest income and recovery of line fill costs.

Operating Costs

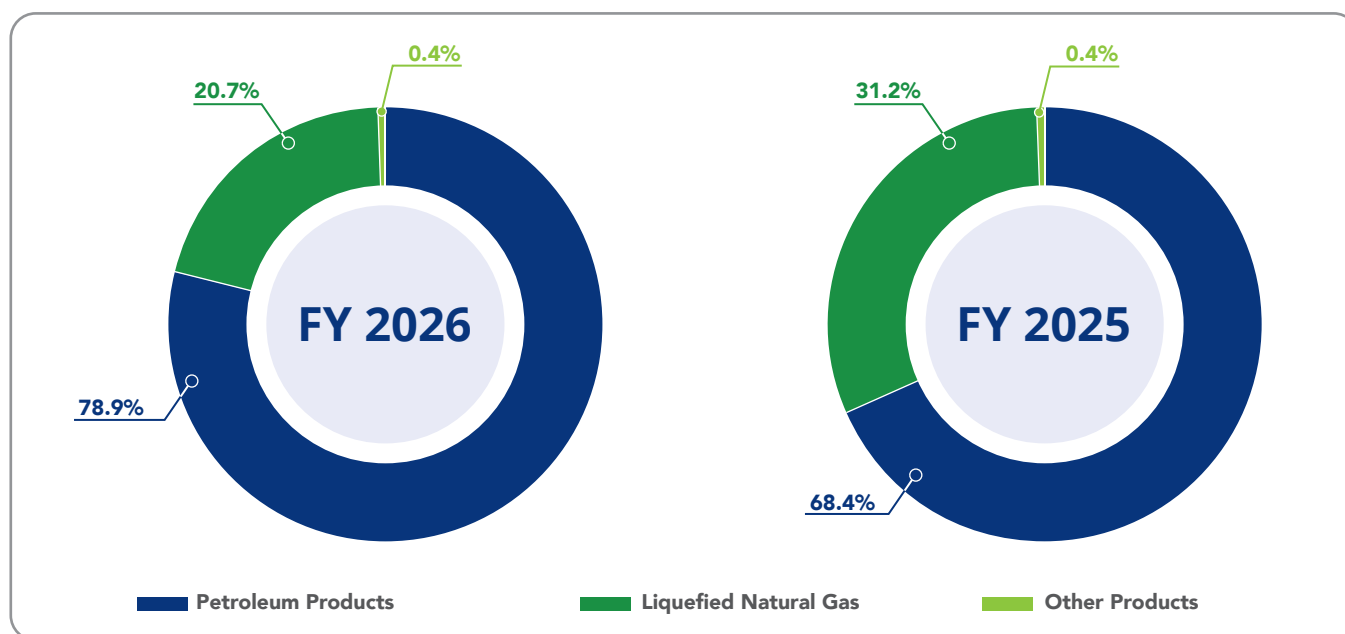
Operating costs remained impressively within budget, highlighting management efficiency and cost management.

Finance Costs

Finance costs on borrowings exceeded budget by small margin due to persistent circular debt challenges.

Segmental Review of Business Performance

PSO's financial statements comprises three reportable segments namely Petroleum Products, Liquefied Natural Gas and Others. The net sales revenue is divided into these categories as follows:



Business Segment

PSO maintained its leadership position in the energy sector. The Petroleum Products segment remained the principal driver of the Company's performance, contributing Rs. 20.6 bn to net profit in FY26.

The LNG segment reported a net loss of Rs. 7.8 bn in FY26, reflecting a marginal improvement compared to the Rs. 8.4 bn loss in FY25. The loss was primarily attributable to finance costs associated with outstanding receivables from SNGPL.

A detailed breakdown of segmental performance is provided in note 42 to the unconsolidated financial statements.

Non-Business Segment

In addition to its core operations, PSO continued to demonstrate its commitment to Corporate Social Responsibility, reinforcing its position as a responsible corporate citizen through initiatives in education, healthcare, and environmental sustainability with an allocation of Rs. 665 mn towards CSR activities during FY26 compared to Rs. 500 mn in FY25. Further details are provided on page 105 of the Report to Shareholders.

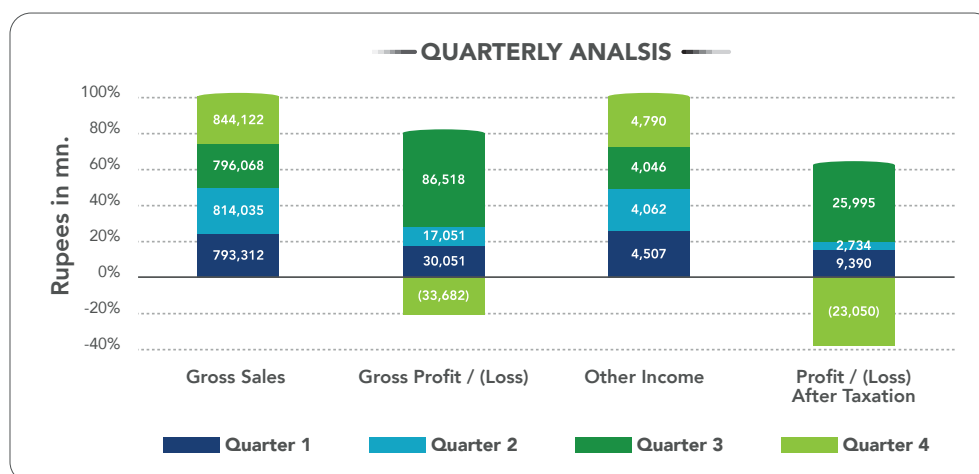
Ratios and Analysis

For the year ended June 30, 2026

Analysis of Results in Interim Period

Rupees in mn.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2026
Gross Sales	793,312	814,035	796,068	844,122	3,247,537
Gross Profit / (Loss)	30,051	17,051	86,518	(33,682)	99,938
Other Income	4,507	4,062	4,046	4,790	17,405
Operating Cost	(8,005)	(8,550)	(19,883)	(1,049)	(37,487)
Finance Cost	(5,953)	(5,446)	(5,887)	(8,369)	(25,655)
Profit / (Loss) Before Taxation	20,601	7,117	64,794	(38,309)	54,202
Taxation	(11,211)	(4,383)	(38,799)	15,259	(39,135)
Profit / (Loss) After Taxation	9,390	2,734	25,995	(23,050)	15,068



Gross Sales

Gross sales was highest in fourth quarter, driven by favorable price movement.

Gross Profit

Gross profit was highest in the third quarter, reflecting higher volumes and improved profitability.

Other Income

Other income was higher in fourth quarter mainly due to higher financial income pertaining to line fill cost.

Finance Costs

Finance cost was highest in the fourth quarter, primarily due to higher interest rates during the quarter and a higher average cost of borrowings.

Profit After Tax

Profit after tax was highest in third quarter, primarily driven by higher gross profit.

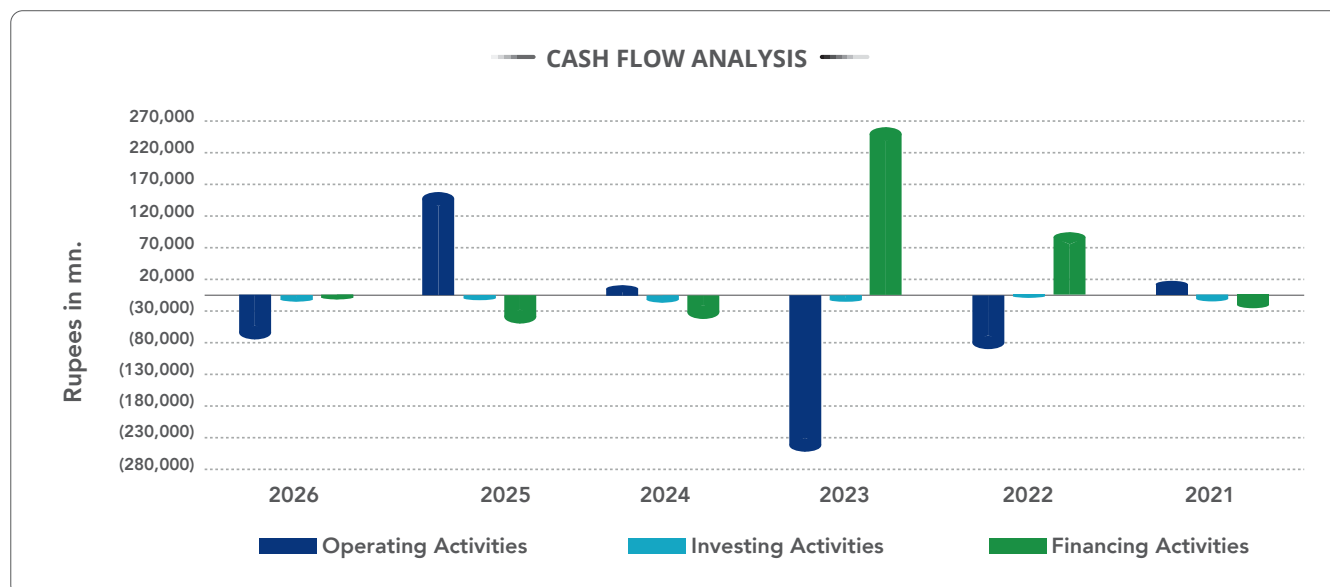
Ratios and Analysis

For the year ended June 30, 2026

Summary of Cashflow Statement

Rupees in mn.

	2026	2025	2024	2023	2022	2021
Cash and Cash Equivalents at Beginning of the Year	100,016	(1,671)	25,808	12,061	(5,917)	(881)
Net Cash (Outflow) / Inflow from Operating Activities	(74,432)	149,047	13,707	(241,282)	(80,974)	17,766
Net Cash Outflow from Investing Activities	(7,750)	(4,169)	(7,550)	(4,353)	(2,090)	(5,294)
Net Cash (Outflow) / Inflow from Financing Activities	(4,579)	(43,191)	(33,636)	259,382	101,042	(17,507)
	(86,761)	101,687	(27,479)	13,748	17,977	(5,036)
Cash and Cash Equivalents at End of the Year	13,255	100,016	(1,671)	25,808	12,061	(5,917)



Analysis

The cash flow statement for the past six years highlights the following fluctuations in the Company's cash flows:

Operating Activities

Operating cash flows were negative in FY 2026, primarily due to higher inventory levels and lower payables, resulting in increased working capital requirements. The movement reflects higher cash absorption within the operating cycle during the year.

Investing Activities

Negative cash flows from investing activities reflect the Company's continued investments in assets and strategic diversification initiatives, underscoring its commitment to expanding the operational base and strengthening long-term growth prospects.

Financing Activities

Negative financing cash flows primarily reflect dividend payments and lease payments during the year, representing the Company's ongoing distributions to shareholders and settlement of lease-related financial obligations.

Ratios and Analysis

For the year ended June 30, 2026

Cash Flows From Operating Activities

Receipts from customers	
Cash paid to supplier, services providers and employees	
WPPF paid	
Taxes paid	
Finance costs paid	
Retirement and other service benefits paid	
Net Cash (Used) / Generated From Operating Activities	

Cash Flows From Investing Activities

Capital expenditure	
Proceeds from disposal of operating assets	
Investment in subsidiaries	
Dividends received	

Net Cash Used in Investing Activities

Cash Flows From Financing Activities

Short-term borrowings - net	
Lease payments	
Dividends paid	

Net Cash Used in Financing Activities

Net (Decrease) / Increase in Cash and Cash Equivalents

Cash and cash equivalents at beginning of the year

Cash and Cash Equivalents at End of the Year

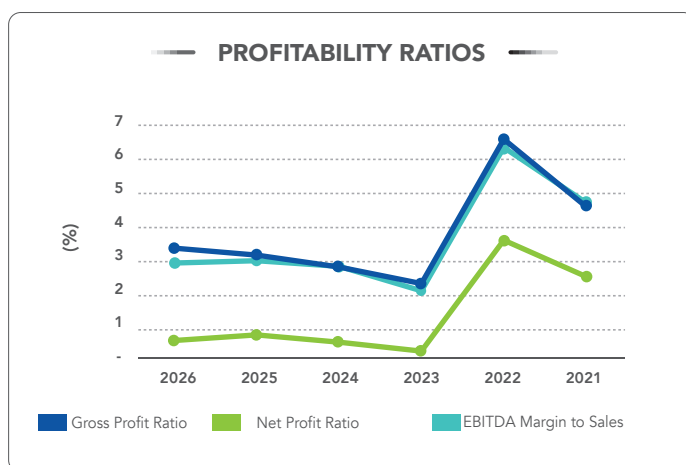
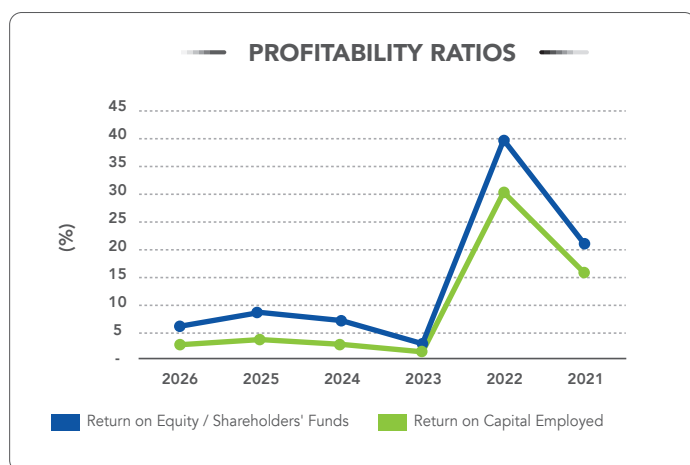
2026	2025
----- (Rupees in '000) -----	
3,270,735,709	3,435,601,158
(3,276,820,043)	(3,210,572,573)
(2,212,319)	(2,953,704)
(43,841,738)	(37,186,498)
(21,059,917)	(34,851,935)
(1,233,385)	(989,253)
(74,431,693)	149,047,195
(8,599,406)	(6,170,814)
104,943	137,537
(536,000)	(1,084,718)
1,280,421	2,949,169
(7,750,042)	(4,168,826)
4,022,550	(36,073,498)
(3,990,089)	(2,507,280)
(4,611,684)	(4,610,408)
(4,579,223)	(43,191,186)
(86,760,958)	101,687,183
100,016,361	(1,670,822)
13,255,403	100,016,361

Ratios and Analysis

For the year ended June 30, 2026

Profitability Ratios

		2026	2025	2024	2023	2022	2021
Gross Profit Ratio	%	3.28	3.07	2.71	2.21	6.57	4.53
Net Profit Ratio	%	0.49	0.66	0.44	0.17	3.52	2.42
EBITDA Margin to Sales	%	2.83	2.90	2.73	1.99	6.32	4.65
Return on Equity / Shareholders' Funds	%	5.78	8.35	6.86	2.61	39.98	20.82
Return on Capital Employed	%	2.41	3.37	2.49	1.12	30.39	15.52
Operating Leverage Ratio	(x)	2.44	0.65	8.43	(1.50)	1.75	64.12
Equity / Shareholders' Funds	Rs. in mn.	260,855	250,291	231,309	216,560	215,649	139,978
Return on Investment	%	3.44	5.65	5.66	2.35	23.95	18.32
Total Shareholder Return	%	(7.44)	135.57	47.65	(31.27)	(19.33)	47.49



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

Gross Profit Ratio & Net Profit Ratio

The gross profit ratio improved, driven by higher sales volumes and margins from Jet A1, Lubricants and LPG. The net profit ratio declined slightly due to higher other expenses and taxation and lower other income.

EBITDA Margin to Sales & Return on Shareholders' Equity

EBITDA margin remained resilient in FY26, reflecting operational efficiency and effective cost management. Return on Shareholders' Equity moderated with lower earnings but remained positive, demonstrating continued value generation for shareholders.

Return on Capital Employed & Operating Leverage Ratio

Return on Capital Employed declined marginally during the year, in line with lower profitability. The Operating Leverage Ratio increased significantly in FY26, reflecting a lower percentage change in net sales relative to the change in Earnings Before Interest and Tax.

Shareholders' Funds & Total Shareholder Return

Shareholders' funds strengthened during the year, reflecting a stronger equity base. Total Shareholder Return declined in FY26, primarily due to share price volatility amid prevailing geopolitical uncertainties globally.

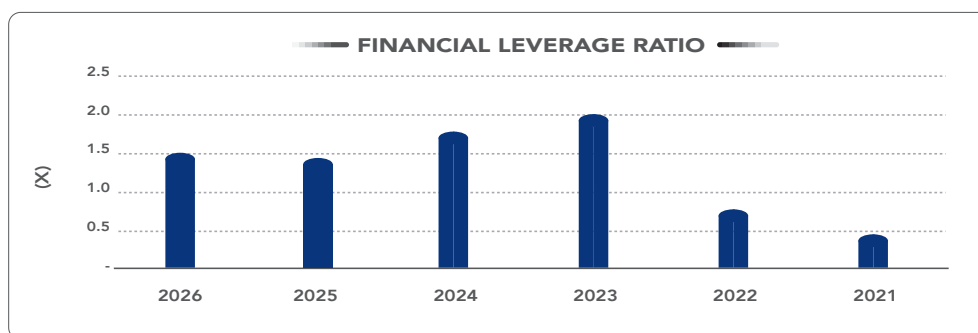
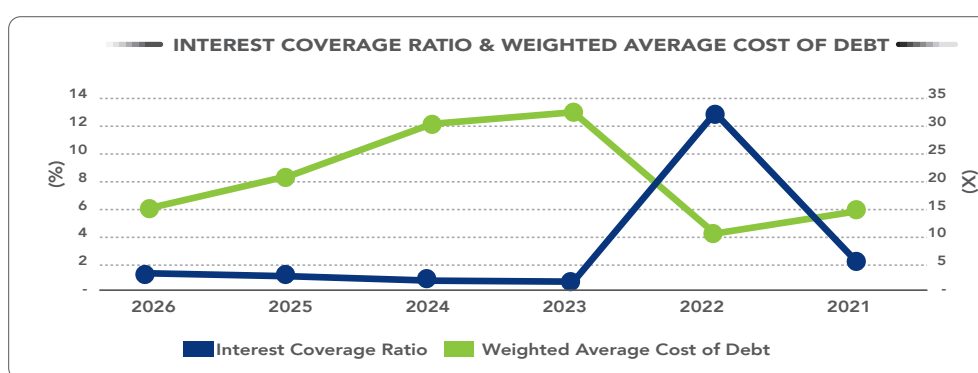
Ratios and Analysis

For the year ended June 30, 2026

Capital Structure Ratios

		2026	2025	2024	2023	2022	2021
Interest Cover Ratio	(x)	3.11	2.57	1.79	1.60	32.32	5.30
Net Assets Per Share	Rs.	555.63	533.13	492.70	461.28	459.34	298.16
Financial Leverage Ratio	(x)	1.47	1.42	1.74	1.95	0.72	0.40
Weighted Average Cost of Debt	%	5.99	8.37	12.13	12.97	4.14	5.75
Economic Value Addition	Rs. in mn.	(22,120)	(12,318)	(8,968)	(23,748)	42,536	17,648

Note: D/E ratio has not been calculated as the Company has no long-term debt.



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

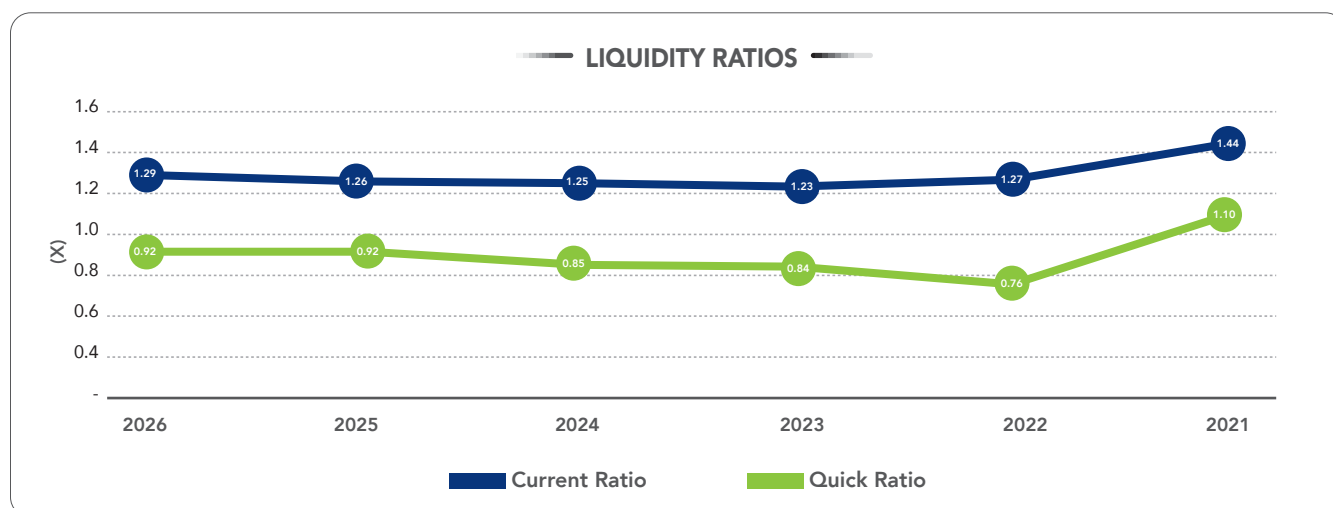
- Interest cover improved in FY26, supported by a notable reduction in finance costs.
- Net assets per share increased during the year, supported by growth in shareholders' equity and retained earnings, reinforcing the Company's financial strength and long-term value creation.
- The financial leverage ratio increased during the year, primarily due to higher short-term borrowings to support increased working capital requirements.
- The weighted average cost of debt declined in FY26, primarily due to lower interest rates, supported by improved borrowing conditions and more cost-efficient financing.

Ratios and Analysis

For the year ended June 30, 2026

Liquidity Ratios

		2026	2025	2024	2023	2022	2021
Cash to Current Liabilities	(x)	0.02	0.13	(0.002)	0.03	0.02	(0.03)
Cash Flow from Operating Activities	(x)	(0.11)	0.20	0.02	(0.32)	(0.12)	0.08
Cash Flow from Operations to Sales	(x)	(0.02)	0.05	0.004	(0.07)	(0.03)	0.01
Cash Flow to Capital Expenditure	(x)	(8.66)	24.15	2.24	(47.40)	(24.29)	3.19
Cashflow Coverage Ratio	(x)	(0.19)	0.42	0.03	(0.57)	(0.52)	0.32
Current Ratio	(x)	1.29	1.26	1.25	1.23	1.27	1.44
Quick Ratio	(x)	0.92	0.92	0.85	0.84	0.76	1.10
Free Cash Flows to the Firm	Rs. in mn.	(118,455)	173,285	33,086	(237,104)	(103,524)	6,118
Free Cash Flows to the Equity Holders	Rs. in mn.	(120,287)	123,407	(17,270)	22,005	1,419	(10,684)



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

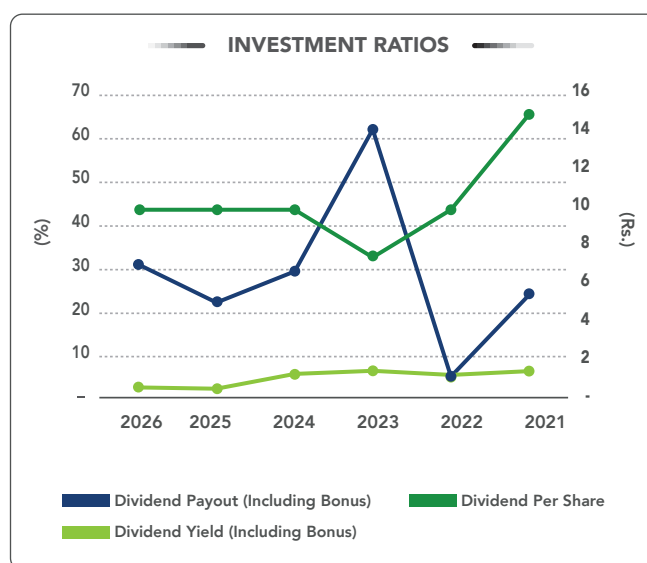
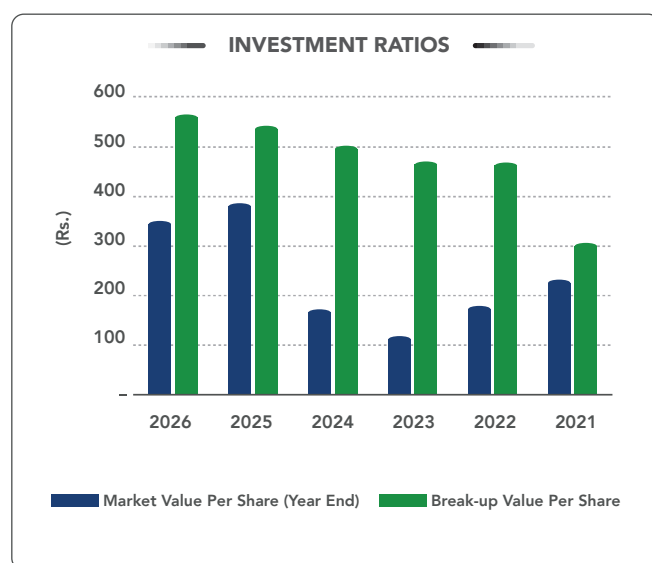
- The cash to current liabilities ratio declined in FY26 due to lower cash balances following payments towards trade payables. Operating cash flows also declined, mainly due to higher working capital requirements.
- In line with lower operating cash flows, the cash flow from operations to sales and cash flow to capital expenditure ratios declined during FY26.
- The cash flow coverage ratio declined significantly, primarily due to lower operating cash flows. The current ratio improved marginally, while the quick ratio remained stable, indicating a maintained liquidity position.
- Free Cash Flow to Firm declined during FY26, primarily reflecting higher investment and working capital requirements, while continuing to support the Company's ongoing operational and strategic needs.
- Free Cash Flow to Equity declined during FY26, primarily due to higher working capital and investment requirements, along with an increase in debt, while continuing to support the Company's financial and strategic objectives.

Ratios and Analysis

For the year ended June 30, 2026

Investment Ratios

		2026	2025	2024	2023	2022	2021
Earnings Per Share (Basic & Diluted)	Rs.	32.10	44.54	33.79	12.06	183.66	62.07
Market Value Per Share (Year End)	Rs.	342.35	377.53	166.21	111.01	171.84	224.25
Highest Price	Rs.	503.21	445.20	217.22	192.82	231.30	259.32
Lowest Price	Rs.	328.69	154.89	109.96	99.03	155.63	159.35
Break-up Value Per Share	Rs.	555.63	533.13	492.70	461.28	459.34	298.16
Price-to-Earnings Ratio (P/E)	(x)	10.67	8.48	4.92	9.20	0.94	3.61
Price-to-Book Ratio	(x)	0.62	0.71	0.34	0.24	0.37	0.75
Dividend Per Share	Rs.	10.00	10.00	10.00	7.50	10.00	15.00
Dividend Pay-out (Including Bonus)	%	31.16	22.45	29.60	62.19	5.44	24.17
Dividend Yield (Including Bonus)	%	2.92	2.65	6.02	6.76	5.82	6.69
Dividend Cover Ratio (Including Bonus)	(x)	3.21	4.45	3.38	1.61	18.37	4.14



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

Earnings Per Share (EPS) & Market Value per Share

Earnings per share declined to Rs. 32.1 in FY26 from Rs. 44.54 in FY25, reflecting lower profitability during the year. Market price per share at year end stood at Rs. 342.35, amid continued market volatility and prevailing global geopolitical uncertainties.

Price-to-Earnings (P/E) & Price-to-Book Ratios

The P/E ratio improved to 10.67 in FY26 from 8.48 in FY25, reflecting improved market valuation relative to earnings. The stock's Price-to-Book ratio of 0.62 reflects a market valuation considerably lower than its net asset value, implying undervaluation.

Dividend Analysis

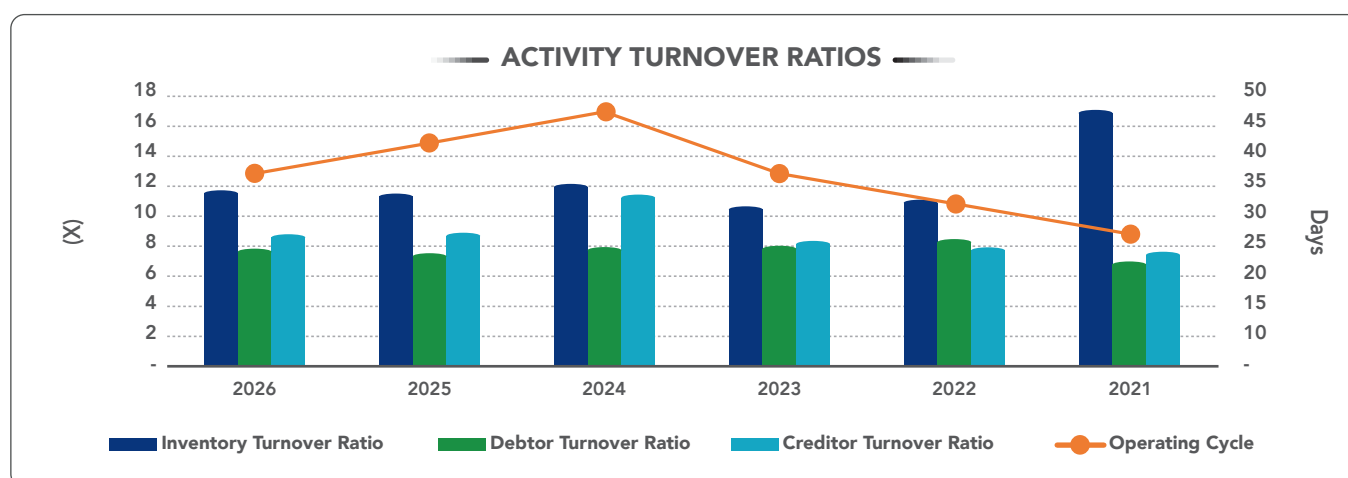
PSO declared a dividend of Rs. 10/- per share in FY26, supported by a healthy dividend cover ratio of 3.21, reflecting sustainable shareholder returns.

Ratios and Analysis

For the year ended June 30, 2026

Activity / Turnover Ratios

		2026	2025	2024	2023	2022	2021
Inventory Turnover Ratio	(x)	11.52	11.31	11.95	10.46	10.89	16.88
No. of Days in Inventory	Days	32.00	33.00	31.00	35.00	34.00	22.00
Debtor Turnover Ratio	(x)	7.62	7.32	7.74	7.78	8.28	6.83
No. of Days in Receivables	Days	48.00	50.00	48.00	47.00	45.00	54.00
Creditor Turnover Ratio	(x)	8.59	8.69	11.24	8.15	7.72	7.43
No. of Days in Creditors	Days	42.00	42.00	33.00	45.00	48.00	50.00
Total Asset Turnover Ratio	(x)	3.23	3.40	3.89	3.83	4.22	3.94
Fixed Asset Turnover Ratio	(x)	117.29	141.65	184.24	207.09	178.31	116.81
Operating Cycle	Days	37.00	41.00	46.00	37.00	31.00	26.00



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

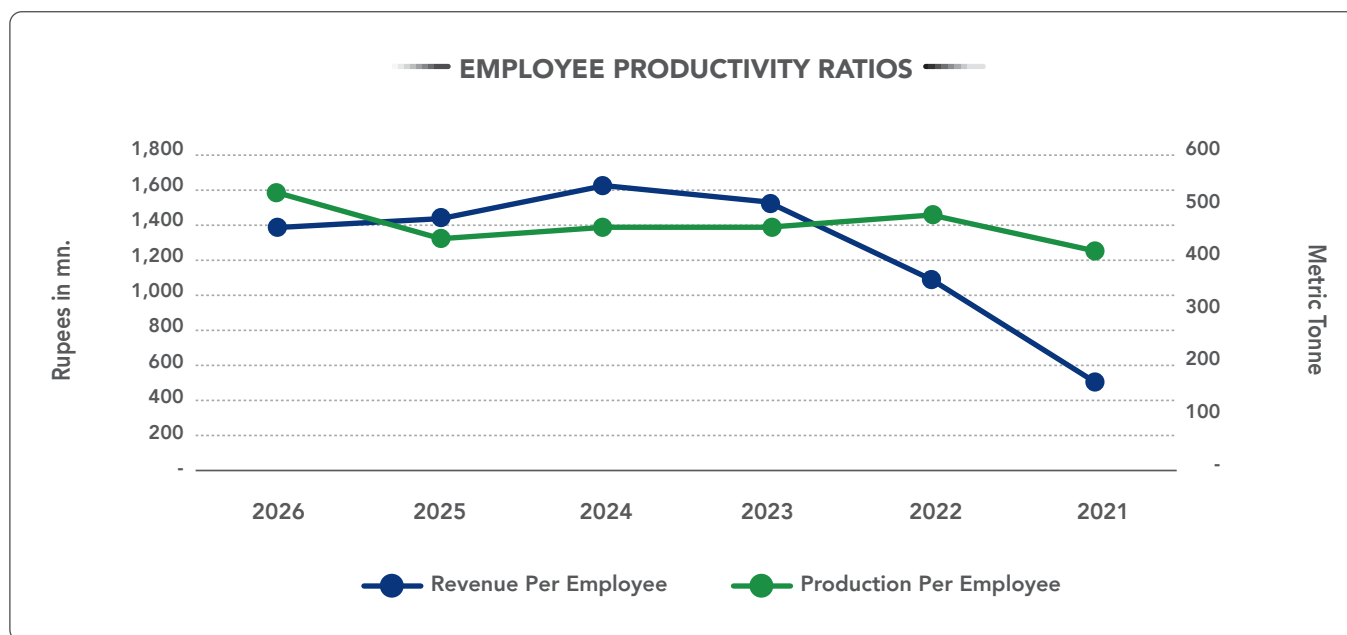
- The inventory turnover ratio remained strong at 11.52 in FY26, reflecting efficient inventory management and effective working capital utilisation.
- The debtor turnover ratio stood at 7.62 in FY26, reflecting efficient receivables management and robust collection processes, with the ratio consistently maintained above 7 in recent years.
- The creditor turnover ratio stood at 8.59 in FY26, reflecting effective payables management and disciplined management of payment cycles while maintaining supplier relationships.
- The operating cycle stood at 37 days in FY26, slightly lower than prior years, reflecting continued focus on managing inventory and receivables cycles.
- Total asset turnover stood at 3.23 in FY26, reflecting lower sales amid geopolitical and supply-chain uncertainties, while maintaining effective utilisation of the asset base.

Ratios and Analysis

For the year ended June 30, 2026

Employee Productivity Ratios

		2026	2025	2024	2023	2022	2021
Production Per Employee	Metric Tonne	526	439	461	461	484	416
Revenue Per Employee	Rs in mn.	1,381	1,432	1,619	1,526	1,085	503
Staff Turnover Ratio	(x)	0.07	0.08	0.07	0.05	0.06	0.06



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

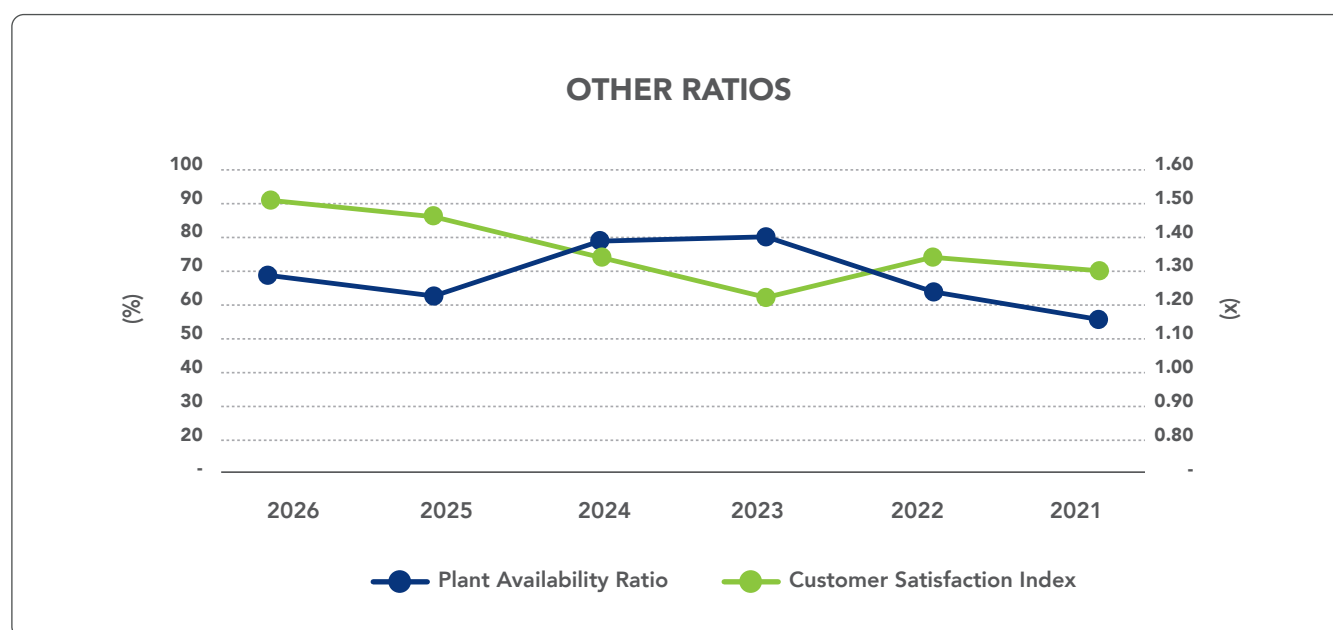
- Production per employee improved during FY26, reflecting enhanced productivity, strengthened operational capabilities and continued focus on operational resilience, supported by optimised workforce deployment.
- Revenue per employee declined during FY26, primarily reflecting lower revenue during the year, with workforce levels maintained to support operational requirements and future growth.

Ratios and Analysis

For the year ended June 30, 2026

Other Ratios

		2026	2025	2024	2023	2022	2021
Plant Availability Ratio	(x)	1.27	1.22	1.39	1.40	1.23	1.16
Customer Satisfaction Index	%	91	86	74	62	74	70



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

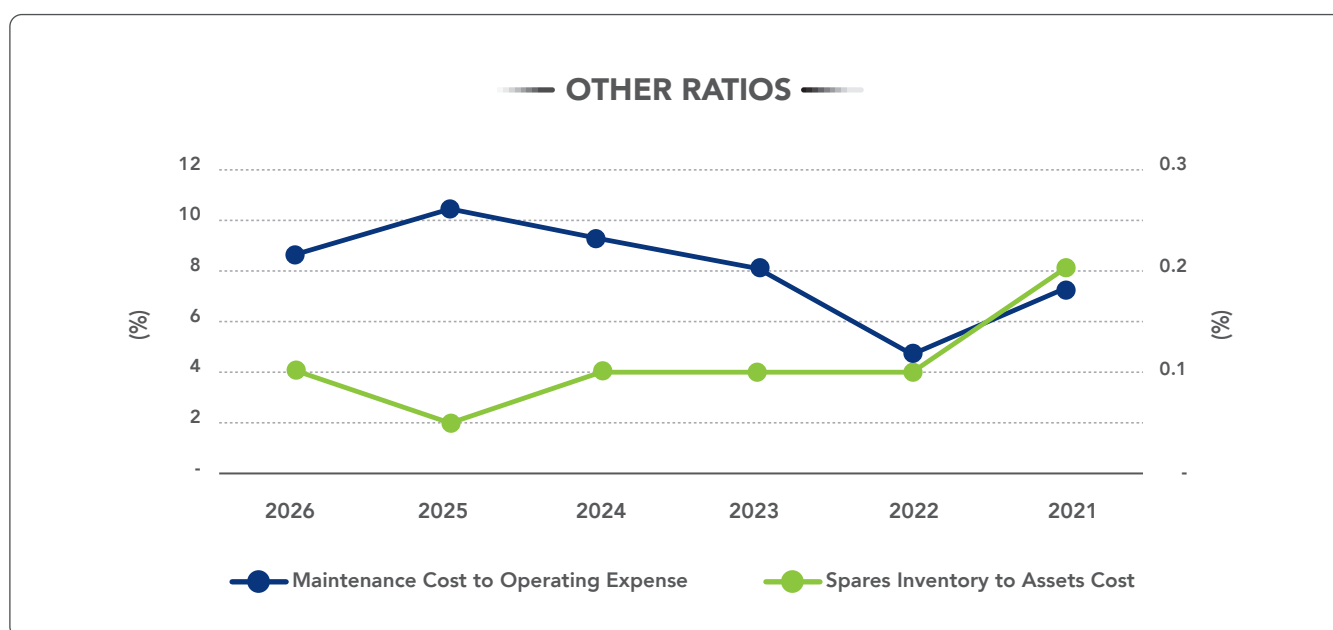
- Plant Availability Ratio remained above 1 in FY26, reflecting continued operational reliability and optimised scheduling.
- Customer Satisfaction Index is monitored based on Customer Responses.

Ratios and Analysis

For the year ended June 30, 2026

Other Ratios

		2026	2025	2024	2023	2022	2021
Spares Inventory to Assets Cost	%	0.1	0.04	0.1	0.1	0.1	0.2
Maintenance Cost to Operating Expense	%	8.7	10.5	9.2	8.1	4.7	7.3



Analysis

As of June 30, 2026, variation as compared to June 30, 2025 is as follows:

- Spare inventory as a percentage of asset cost increased during FY26, reflecting enhanced inventory availability to support operational continuity and reliability.
- Maintenance cost as a percentage of operating expenses decreased during FY26, reflecting enhanced cost management and improved operational efficiency.

Ratios and Analysis

For the year ended June 30, 2026

Statement of Value Additions

Rupees in mn.

Wealth Generated

Sales (Net of discount / allowances)

Other income (including share of loss / profit of associates)

Distribution of Wealth

Cost of sales (excluding duties)

Government taxes

Inland freight equalization margin

Retained profit

Finance costs

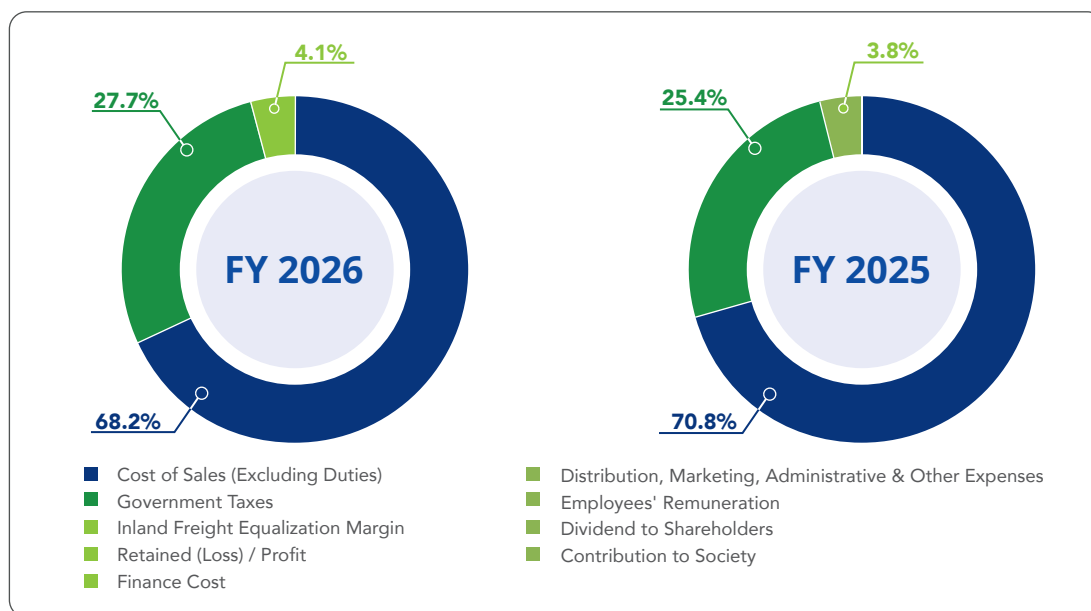
Distribution, marketing, administrative & other expenses

Employees' remuneration

Dividend to shareholders

Contribution to society

2026	%	2025	%
3,240,286	99.47	3,382,405	99.34
17,405	0.53	22,445	0.66
3,257,692	100.00	3,404,850	100.00
2,222,655	68.23	2,408,415	70.76
901,968	27.69	866,027	25.44
54,859	1.68	42,134	1.24
10,373	0.32	16,217	0.48
25,655	0.79	33,718	0.99
21,864	0.67	17,601	0.52
14,958	0.46	14,543	0.43
4,695	0.14	4,695	0.14
665	0.02	500	0.01
3,257,692	100.00	3,404,850	100.00



Economic Value Added

Cost of Capital

Capital Employed

Weighted Average Cost of Capital (WACC)

Economic Value Added

Net Operating Profit After Tax (NOPAT)

Less: Cost of Capital

Economic Value Added

Rupees in mn.

2026	2025
295,465	274,031
15%	17%
22,200	34,267
44,320	46,585
(22,120)	(12,318)

Ratios and Analysis

For the year ended June 30, 2026

Vertical and Horizontal Analysis - Statement of Financial Position

Vertical Analysis

	2026	2025	2024	2023	2022	2021
	Percentage (%)					
Property, plant and equipment	2.9	2.4	2.3	1.9	1.7	3.7
Right-of-use assets	2.3	1.2	0.8	0.7	0.7	1.4
Intangibles	0.1	0.1	0.03	0.02	0.03	0.04
Long-term investments	1.8	1.9	1.6	1.1	1.4	4.3
Long-term loans, advances and other receivables	0.4	0.4	0.1	0.1	0.04	0.1
Long-term deposits and prepayments	0.1	0.1	0.03	0.04	0.04	0.1
Deferred tax assets - net	1.9	1.9	2.2	2.2	2.0	3.5
Retirement benefits	-	-	-	-	-	0.4
Total Non-Current assets	9.4	8.0	7.0	6.1	6.0	13.5
Stores, spares and loose tools	0.1	0.04	0.1	0.1	0.1	0.2
Stock-in-trade	26.3	24.6	29.7	29.8	38.0	20.8
Trade debts	41.8	42.9	50.1	50.4	47.9	58.1
Loans and advances	0.1	0.1	0.1	0.1	0.1	0.1
Short-term deposits and prepayments	0.1	0.1	0.03	0.1	0.04	0.1
Other receivables	17.5	14.1	12.0	10.5	6.4	5.0
Taxation - net	0.8	0.2	-	-	-	1.4
Short-term investments	2.7	4.6	-	-	-	-
Cash and bank balances	1.2	5.3	1.1	2.9	1.5	0.8
Total Current assets	90.6	92.0	93.0	93.9	94.0	86.5
TOTAL ASSETS	100.0	100.0	100.0	100.0	100.0	100.0
EQUITY AND LIABILITIES						
Share capital	0.5	0.5	0.5	0.5	0.5	1.2
Reserves	25.8	24.1	23.2	21.5	23.5	35.7
Total Shareholders' Equity	26.3	24.6	23.7	22.0	24.0	36.9
Non-current liabilities	3.5	2.3	1.8	1.9	1.8	3.2
Trade and other payables	30.8	37.7	31.8	31.3	54.9	44.2
Short-term borrowings	38.7	34.9	41.4	43.0	17.3	14.8
Accrued interest / mark-up	0.4	0.2	0.5	1.2	0.1	0.1
Provisions	0.1	0.1	0.1	0.1	0.1	0.2
Current portion of lease liabilities	0.1	0.1	0.1	0.05	0.1	0.2
Taxation - net	-	-	0.4	0.3	1.5	0.4
Unclaimed dividend	0.2	0.2	0.2	0.2	0.2	0.03
TOTAL LIABILITIES	73.7	75.4	76.3	78.0	76.0	63.1
TOTAL EQUITY AND LIABILITIES	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

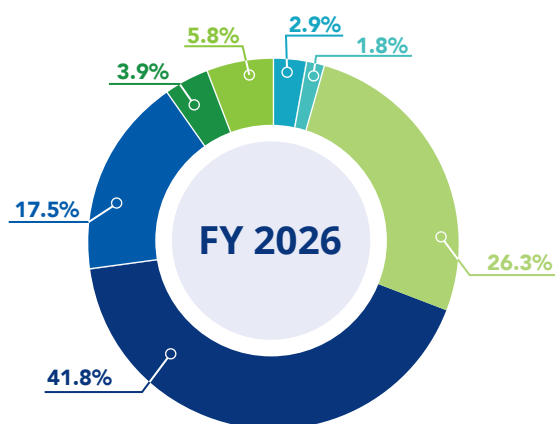
	2026	2025	2024	2023	2022	2021
	Percentage (%)					
Property, plant and equipment	206	174	156	132	111	100
Intangibles	495	549	215	156	164	100
Total Non-Current assets	182	159	133	117	105	100
Stock-in-trade	330	317	366	370	432	100
Trade debts	188	199	222	225	196	100
Loans and advances	409	257	177	164	183	100
Other receivables	910	753	610	540	301	100
Cash and bank balances	410	1,861	370	998	480	100
Total Shareholders' Equity	186	179	165	155	154	100
Total Non-current liabilities	283	194	147	151	135	100
Trade and other payables	182	229	185	184	294	100
Short-term borrowings	686	635	720	754	278	100
Total Current Liabilities	307	328	319	330	294	100
Total Equity and Liabilities	262	269	257	259	237	100

Ratios and Analysis

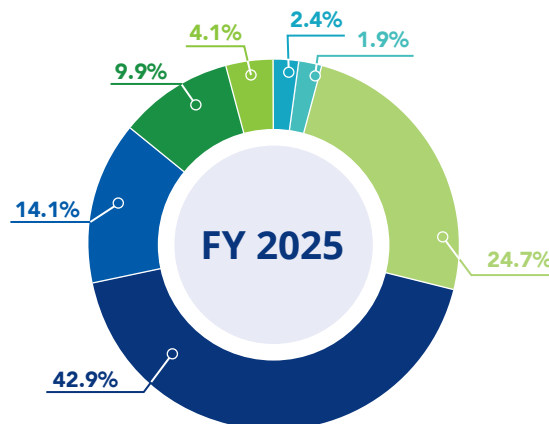
For the year ended June 30, 2026

Vertical Analysis - Statement of Financial Position

— ASSETS —

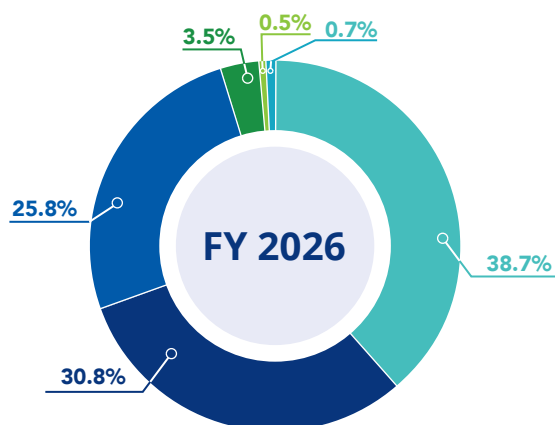


- Property, Plant and Equipment
- Long-term Investments
- Stock-in-Trade

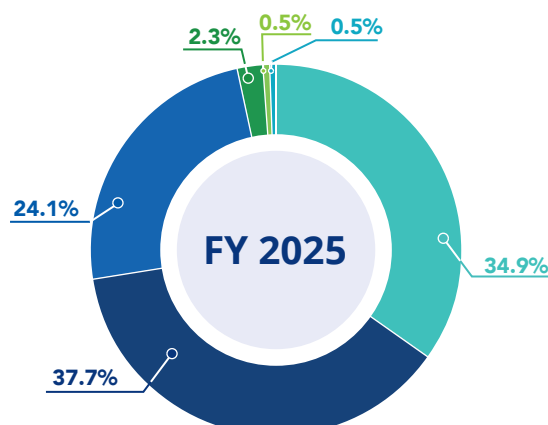


- Trade Debts
- Other Receivables
- Cash and Bank Balances
- Others

— EQUITY AND LIABILITIES —



- Short-term Borrowings
- Trade and Other Payables
- Reserves



- Non-Current Liabilities
- Share Capital
- Others

Ratios and Analysis

For the year ended June 30, 2026

Comment on Vertical and Horizontal Analysis

Total Non-Current Assets

The increase in non-current assets reflects the Company's forward-looking strategy, with targeted investments in core assets and subsidiary expansion to support long-term profitability and shareholder value.

Stock-in-Trade

Stock-in-trade increased compared to the prior year, primarily reflecting the impact of higher product prices amid geopolitical developments. Inventory levels continued to be managed in line with local demand and international price movements.

Trade Debts

Trade debts declined compared to the prior year, reflecting positive progress in receivables management. Continued engagement with SNGPL and relevant authorities contributed to the reduction in SNGPL receivables during FY26.

Shareholders' Equity

Shareholders' equity has more than doubled since 2021, reflecting sustained growth and a strong capital base, while supporting continued investment, expansion and long-term shareholder value creation.

Trade and Other Payables

Trade and other payables have remained elevated over the years due to foreign currency exposure, currency depreciation and circular debt. The substantial reduction in FY26 reflects continued efforts to strengthen the Company's financial position and manage its obligations.

Ratios and Analysis

For the year ended June 30, 2026

Vertical and Horizontal Analysis - Statement of Profit or Loss

Vertical Analysis

Net Sales
Cost of Products Sold
Gross Profit
Other Income (Including Share of Loss / Profit of Associates - Net of Tax)
Administrative & Marketing Expenses
Other Expenses
Total Operating Costs
Profit From Operations
Finance Costs
Profit Before Taxation
Taxation
Profit After Taxation

2026	2025	2024	2023	2022	2021
-----Percentage (%)-----					
100	100	100	100	100	100
(96.7)	(96.9)	(97.3)	(97.8)	(93.4)	(95.5)
3.3	3.1	2.7	2.2	6.6	4.5
0.6	0.7	0.7	0.4	1.0	1.6
(1.0)	(0.9)	(0.7)	(0.6)	(0.7)	(1.2)
(0.2)	(0.1)	(0.1)	(0.1)	(0.7)	(0.4)
(1.2)	(1.0)	(0.8)	(0.7)	(1.4)	(1.6)
2.6	2.7	2.6	1.9	6.2	4.5
(0.8)	(1.1)	(1.5)	(1.2)	(0.2)	(0.9)
1.8	1.7	1.2	0.7	6.0	3.7
(1.3)	(1.0)	(0.7)	(0.6)	(2.5)	(1.2)
0.5	0.7	0.4	0.2	3.5	2.4

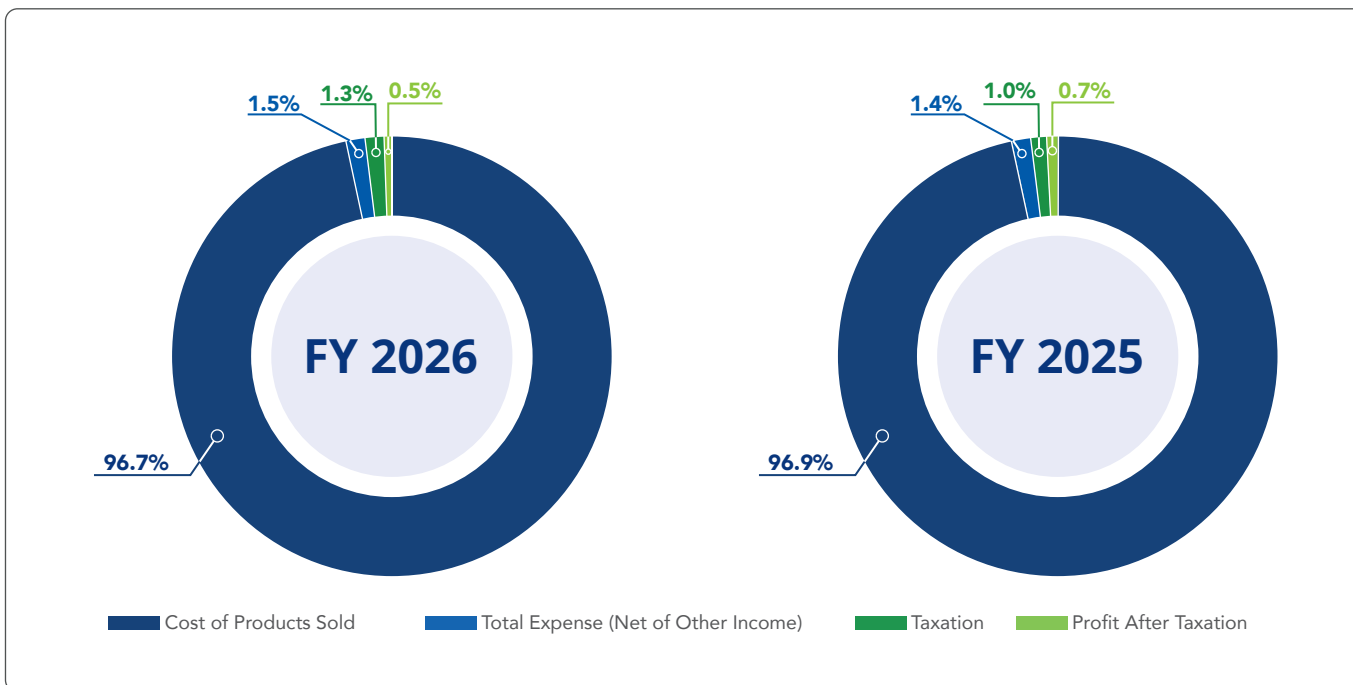
Horizontal Analysis

Net Sales
Cost of Products Sold
Gross Profit
Other Income (Including Share of Loss / Profit of Associates - Net of Tax)
Administrative & Marketing Expenses
Other Expenses
Total Operating Costs
Profit From Operations
Finance Costs
Profit Before Taxation
Taxation
Profit After Taxation

2026	2025	2024	2023	2022	2021
-----Percentage (%)-----					
253	262	297	282	204	100
257	266	302	288	199	100
183	177	177	137	295	100
90	116	130	65	131	100
211	191	162	138	113	100
126	86	81	48	354	100
190	166	142	116	172	100
147	159	173	119	281	100
250	329	511	394	46	100
123	120	94	55	336	100
262	214	171	125	413	100
52	72	54	19	296	100

Ratios and Analysis

For the year ended June 30, 2026



Comment on Vertical and Horizontal Analysis

Net Sales Revenue

The Company has seen notable growth in net sales, especially in the later years, with sales increasing over 250% from 2021 to 2026, driven by strong business expansion, enhanced market presence, and increase in prices.

Cost of Product Sold & Gross Profit

Over the years, cost of products sold has broadly moved in line with sales trends. Gross profit grew by over 180% from 2021 to 2026, driven by improved volumes, margins and operational efficiencies, supporting long-term profitability and shareholder value.

Other Income

Other income has varied over the years, primarily driven by changes in income from bank deposits, dividend income and recoveries of financial charges related to line fill costs.

Operating Costs

Operating costs have increased over the years, reflecting inflationary adjustments, while remaining within approved budgets and demonstrating continued cost discipline.

Finance Cost

Finance costs have increased over the years, primarily due to elevated receivables arising from circular debt and prevailing market interest rates, despite continued focus on prudent debt management.

Profit After Tax

The Company delivered a resilient profit after tax in FY26, supported by disciplined cost management, operational efficiencies, and prudent financial stewardship, reinforcing its commitment to long-term value creation for shareholders.

Ratios and Analysis

For the year ended June 30, 2026

INDICATORS AND PERFORMANCE MEASURES

The performance of the Company is gauged by the senior management through various indicators and performance measures.

The following are critical indicators:

- Market share
- Earnings per share
- Gross profit
- Profit after tax excluding extraordinary items
- Debtors' turnover
- Cash flows from operating activities

These indicators will continue to be relevant in the future as these are critical for the evaluation of the performance.

Methods / Assumptions Used to Compile the Indicators

Market Share

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

Earnings Per Share

Earnings per share ratio is calculated with reference to the requirements of International Accounting Standards. The Company has no dilutive effects on the basic earnings per share.

Gross Profit

The Company presents gross profit reflecting operational gains and losses, while also tracking it by product line and region to monitor segment and regional performance.

Debtors' Turnover

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

Taxes and Dividends

PSO takes pride in being a tax-compliant company and ensures that all taxes, duties, levies and related obligations are discharged within statutory deadlines. The Company has no overdue or outstanding statutory liabilities.

During FY26, the Company deposited Rs. 1,055,041,340 with the Federal Government on account of the final dividend for the financial year ended June 30, 2025, as approved by the members at the 49th Annual General Meeting held on October 24, 2025.

For FY26, based on the year's profitability, the Board of Management has declared a final cash dividend of Rs. 10/- per share. Going forward, while profitability remains a key factor, the Company's future dividend declarations will also be influenced by its liquidity position, which in turn is closely linked to developments on the circular debt front.

UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan State Oil Company Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan State Oil Company Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2026, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

Key Audit Matters	How the matter was addressed in our audit
Overdue trade receivable due to inter-corporate circular debt issue or ultimately due from Government of Pakistan (Refer note 13 to the unconsolidated financial statements)	
As at June 30, 2026, the Company's overdue trade receivable from customers due to circular debt issue amounted to Rs. 325,181 million which includes Rs. 67,617 million and Rs. 257,564 million from related parties, GENCO Holding Company Limited (GENCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) respectively. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company has recognised a specific provision of Rs. 347 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan.	Our audit procedures in respect of receivables, amongst others, included the following: • Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices; • Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures; • Inspected correspondence with the customers and relevant government authorities and held discussions with the Company and Board Audit and Compliance Committee of the Board of Management (BOM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue from the Government of Pakistan;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the matter was addressed in our audit
Interest on the past due amounts from customers is recognised by the Company on receipt basis. We considered the matter as a key audit matter due to significance of the past due amounts and significant judgements made by management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers.	- Discussed with the Company, events during the year and steps taken by management for settlement of the overdue trade debts and inspected minutes of meetings of the BOM and Board Audit and Compliance Committee of the BOM; - Evaluated management's assessment on the Expected Credit Losses (ECL) of trade receivables and assessed management's conclusion along with assumptions used for the determination of ECL; and - Assessed the adequacy of disclosure made in the financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Recognition of Revenue

(Refer note 31 to the unconsolidated financial statements)

The Company recognises revenue at the transaction price which the Company expects to be entitled to, after deducting sales tax, discounts and applicable levies.

The Company carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Sale of certain de-regulated products is carried out at the margin-based price mechanism and the Company recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

We considered recognition of revenue as a key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.

Our audit procedures to assess the recognition, amongst others, included the following:

- Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products;
- Assessed the appropriateness of the Company's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers");
- Compared on sample basis, the revenue transactions recorded during the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period;
- Tested on a sample basis, notifications of OGRA for petroleum products price and the Company's margin based price determination for regulated and de-regulated products respectively;
- Tested journal entries relating to revenue recognized during the year based on identified risk criteria;
- Assessed the reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and
- Assessed the appropriateness of the disclosure made in the unconsolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan.

Information other than the Unconsolidated and Consolidated Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises of Chairman's Review & CEO's Letter to Shareholders and financial performance included in the Company's annual report for the year ended June 30, 2026 but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

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

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b. the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and are in agreement with the books of account and returns;
- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

Islamabad

Date: October 05, 2026

UDIN: AR202610202hC3UAzHbB



KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

As at June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	29,203,449	24,570,679
Right-of-use assets	5	22,408,384	11,991,799
Intangibles	6	760,699	843,194
Long-term investments	7	17,621,370	19,449,277
Long-term loans, advances and other receivables	8	4,393,409	4,469,965
Long-term deposits	9	519,068	555,203
Deferred tax asset - net	10	18,536,858	19,549,716
		93,443,237	81,429,833
Current Assets			
Stores, spares and loose tools	11	838,690	423,040
Stock-in-trade	12	261,145,267	250,909,180
Trade debts	13	414,812,886	437,453,104
Loans and advances	14	1,424,585	896,810
Short-term deposits and prepayments	15	520,780	1,350,934
Other receivables	16	173,899,472	143,907,015
Taxation - net		7,611,811	1,711,323
Short-term investments	17	26,499,951	46,999,504
Cash and bank balances	18	11,906,396	53,997,293
		898,659,838	937,648,203
Net assets in Bangladesh	19	-	-
TOTAL ASSETS		992,103,075	1,019,078,036
EQUITY AND LIABILITIES			
Equity			
Share capital	20	4,694,734	4,694,734
Reserves	21	256,160,193	245,596,457
		260,854,927	250,291,191
Non-Current Liabilities			
Retirement and other service benefits	22	11,100,360	10,775,583
Lease liabilities	23	23,126,856	12,464,605
Deferred income - Government grant	24	100,000	100,000
Other payable	25	282,507	399,453
		34,609,723	23,739,641
Current Liabilities			
Trade and other payables	26	305,328,980	383,705,027
Short-term borrowings	27	384,257,298	356,064,240
Accrued mark-up	27.5	3,990,536	2,388,282
Provisions	28	639,413	639,413
Current portion of lease liabilities	23	634,008	545,102
Unclaimed dividend	29	1,788,190	1,705,140
		696,638,425	745,047,204
TOTAL LIABILITIES		731,248,148	768,786,845
TOTAL EQUITY AND LIABILITIES		992,103,075	1,019,078,036
CONTINGENCIES AND COMMITMENTS	30		

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.


Jawwad Ahmed Cheema
 Chief Executive Officer


Ahmed Jamal Mir
 Member - Board of Management


Gulzar Khoja
 Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
Net sales	31	3,050,025,916	3,149,389,439
Cost of products sold	32	(2,950,087,793)	(3,052,679,352)
Gross Profit		99,938,123	96,710,087
Other income	33	17,516,323	22,130,657
Operating Costs			
Distribution and marketing expenses	34	(23,006,003)	(21,077,696)
Administrative expenses	35	(8,404,753)	(7,431,703)
Other expenses	36	(6,075,847)	(4,134,807)
		(37,486,603)	(32,644,206)
Finance costs	37	(25,654,667)	(33,718,202)
Share of (loss) / profit of associates - net of tax	7.8.3	(110,847)	314,404
Profit Before Taxation, Minimum Tax Differential and Final Taxes		54,202,329	52,792,740
Minimum tax differential	38.3	(7,251,819)	(11,389,765)
Final taxes	38.4	(89,470)	(375,000)
		(7,341,289)	(11,764,765)
Profit Before Taxation		46,861,040	41,027,975
Taxation	38	(31,793,270)	(20,116,529)
Profit For the Year		15,067,770	20,911,446
----- (Rupees) -----			
Earnings Per Share - Basic and Diluted	39	32.10	44.54

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
Profit for the year		15,067,770	20,911,446
Other Comprehensive Income:			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	7.8.3	17,319	6,286
Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income	7.3	(689,459)	3,536,633
Taxation thereon		399,719 (289,740)	(1,379,287) 2,157,346
Actuarial gain on remeasurement of retirement and other service benefits	22.1.6	682,389	781,521
Taxation thereon		(219,268) 463,121	(179,590) 601,931
		190,700	2,765,563
Total Comprehensive Income For the Year		15,258,470	23,677,009

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2026

	Reserves							
	Share Capital	Capital Reserves		Revenue Reserves			Sub-Total	Total
		Surplus on Vesting of Net Assets	Unrealised (Loss) / Gain on Remeasurement of FVOCI Investments	General Reserve	PSO Venture Capital Fund (note 21.2)	Un-Appropriated Profit		
----- (Rupees in '000) -----								
Balance as at July 01, 2024	4,694,734	3,373	2,253,541	25,282,373	414,718	198,660,177	226,614,182	231,308,916
Total Comprehensive Income For the Year								
Profit for the year	-	-	-	-	-	20,911,446	20,911,446	20,911,446
Profit for the year transferred to venture capital reserve	-	-	-	-	527,927	(527,927)	-	-
Reclassification of reserves	-	-	-	-	(414,718)	414,718	-	-
Other Comprehensive Income For the Year								
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	2,157,346	-	-	-	2,157,346	2,157,346
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	601,931	601,931	601,931
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	6,286	6,286	6,286
	-	-	2,157,346	-	-	608,217	2,765,563	2,765,563
Transactions with the Owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2024 at Rs. 10/- per share	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Total Distributions	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Balance as at June 30, 2025	4,694,734	3,373	4,410,887	25,282,373	527,927	215,371,897	245,596,457	250,291,191
Balance as at July 01, 2025	4,694,734	3,373	4,410,887	25,282,373	527,927	215,371,897	245,596,457	250,291,191
Total Comprehensive Income For the Year								
Profit for the year	-	-	-	-	-	15,067,770	15,067,770	15,067,770
Reclassification of reserves	-	-	-	-	(527,927)	527,927	-	-
Other Comprehensive Income For the Year								
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(289,740)	-	-	-	(289,740)	(289,740)
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	463,121	463,121	463,121
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	17,319	17,319	17,319
	-	-	(289,740)	-	-	480,440	190,700	190,700
Transactions with the Owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2025 at Rs. 10/- per share	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Total distributions	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Balance as at June 30, 2026	4,694,734	3,373	4,121,147	25,282,373	-	226,753,300	256,160,193	260,854,927

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	40	(8,409,344)	225,790,124
Long-term loans, advances and other receivables		76,556	(3,500,637)
Long-term deposits and prepayments		36,135	(214,606)
Taxes paid		(43,841,738)	(37,186,498)
Finance costs paid		(21,059,917)	(34,851,935)
Retirement and other service benefits paid		(1,233,385)	(989,253)
Net cash (used in) / generated from operating activities		(74,431,693)	149,047,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(8,599,406)	(6,170,814)
Proceeds from disposal of property, plant and equipment	4.2	104,943	137,537
Investment in subsidiaries		(536,000)	(1,084,718)
Dividends received		1,280,421	2,949,169
Net cash used in investing activities		(7,750,042)	(4,168,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net	27.7	4,022,550	(36,073,498)
Lease payments	23	(3,990,089)	(2,507,280)
Dividend paid	29	(4,611,684)	(4,610,408)
Net cash used in financing activities		(4,579,223)	(43,191,186)
Net (decrease) / increase in cash and cash equivalents		(86,760,958)	101,687,183
Cash and cash equivalents at beginning of the year		100,016,361	(1,670,822)
Cash and cash equivalents at end of the year	41	13,255,403	100,016,361

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The business units of the Company include the following:

Business Unit	Address	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.	Sindh
Lubes Manufacturing Plants	National Refinery Limited, Korangi, Karachi. Keamari Oil Terminal, Keamari, Karachi.	Sindh

1.3 Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023.

Where provisions of, directives and notifications issued under the local laws differ with the requirements of IFRS or IFAS, the provisions of, directives and notifications issued under the local laws have been followed.

2.2 The Cabinet Committee on State-Owned Enterprises (CCoSOEs) approved a summary submitted by the Finance Division for amending the SOEs Policy, 2023. The proposed amendment clarifies that International Financial Reporting Standards (IFRS) applicable to SOEs shall comprise the financial reporting standards notified by the Securities and Exchange Commission of Pakistan (SECP) for companies generally, including any modifications or exemptions granted by the SECP.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for the following:

- Financial assets at fair value through other comprehensive income; and
- Obligations in respect of retirements and other service benefits.

2.4 Functional and presentation currency

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

2.5 Accounting estimates, assumptions and judgements

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

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are relevant to the financial statements that may result in adjustments in subsequent years are as follows:

2.5.1 Property, plant and equipment and intangibles (Refer notes: 4 & 6)

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

2.5.2 Right-of-use assets and corresponding lease liability (Refer notes: 5 & 23)

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

2.5.3 Impairment of stock-in-trade (Refer note: 12)

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

2.5.4 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments': (Refer note: 3.12.1)

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

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till June 30, 2026. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct / indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Company's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and / or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

2.5.5 Income taxes (Refer notes: 10 & 38)

Significant judgement is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions / judgement of appellate authorities on similar tax issues in the past. 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. The recognition of deferred tax is also made taking into account these judgements and the best estimate of future results of the Company.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

2.5.6 Provision for retirement and other service benefit obligations (Refer note: 22)

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 22 to these unconsolidated financial statements.

2.5.7 Valuation of un-quoted equity investments other than subsidiary and associates (Refer note: 7)

The fair value of un-quoted equity investments other than subsidiary and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 7.2 of these unconsolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.5.8 Contingencies (Refer note: 30)

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

2.6 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There were no amendments to the approved accounting and reporting standards that became effective during the year which had a material effect on the Company's unconsolidated financial statements.

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

The following accounting and reporting standards as applicable in Pakistan and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2026. The Company is in the process of assessing the impact of these amendments and interpretations.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

The amendments apply for reporting periods beginning on or after January 01, 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / Liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

Other related amendments:

Contractually Linked Instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI)

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards – Amendments to:

- IFRS 7 - Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 - Financial Instruments;
- IFRS 10 - Consolidated Financial Statements; and
- IAS 7 - Statement of Cash flows.

Major amendments are introduced to IFRS 9, which are summarised as follows:

- a conflict between IFRS 9 and IFRS 15 - Revenue from Contracts with Customers over the initial measurement of trade receivables:

Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Contracts Referencing Nature-dependent Electricity – (Amendments to IFRS 9 and IFRS 7) address the challenges faced by Companies in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity, sometimes referred to as renewable Power Purchase Agreements (PPAs). The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments: Disclosures.

The amendments include guidance on:

- The 'own-use' exemption for purchasers of electricity under such PPAs; and
- Hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

The amendments for the own-use exemption:

- Existing IFRS 9 guidance left ambiguity on whether PPAs could qualify for the own-use exemption (i.e., not accounted for as derivatives).
- The amendments allow a company to apply the own-use exemption to PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period.
- The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application, without requiring prior periods to be restated.

The amendments for hedge accounting:

- Virtual PPAs and other PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Hedge accounting under IFRS 9 can help reduce volatility by reflecting how PPAs hedge future electricity purchases or sales, but applying it presents challenges. A key issue arises from a mismatch between the P50 estimate used to measure the PPA and the P90 estimate required for the highly probable hedged transaction, which may prevent hedge accounting qualification. Subject to certain conditions, the amendments permit designation of a variable nominal volume of forecasted renewable electricity sales or purchases as the hedged transaction, rather than a fixed volume based on P90 estimates. This variable volume reflects what is expected to be delivered by the referenced generation facility, supporting an economic offset and enabling hedge accounting. A P50 estimate indicates the volume of energy production expected to be exceeded with 50 percent probability. A P90 estimate indicates the volume of energy production expected to be exceeded with 90 percent probability.
- The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship if the same hedging instrument is designated under the new requirements.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

The new disclosure requirements:

A company may apply the own-use exemption to certain PPAs under the amendments and therefore would not recognise these PPAs in its statement of financial position. Where this is the case, a company is required to disclose further information such as:

- contractual features exposing the company to variability in electricity volume and risk of oversupply;
- estimated future cash flows from unrecognised contractual commitments to buy electricity in appropriate time bands;
- qualitative information about how the company assessed whether a contract might become onerous; and
- qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used for the 'net-purchaser' assessment.

In addition, for PPAs designated in a cash flow hedging relationship, companies need to disaggregate the information disclosed about terms and conditions by risk category.

The amendments apply for reporting periods beginning on or after January 01, 2026. Early application is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

ECL on Financial Assets due or ultimately due from the Government of Pakistan

SECP vide S.R.O. 25 (I)/2026 dated January 06, 2026 extended exemption till financial years ending on or before December 31, 2026, from requirements contained in IFRS 9 relating to application of Expected Credit Loss method for companies holding financial assets due or ultimately due from the Government of Pakistan in respect of circular debt. However, such companies are required to follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

Adoption of IFRS 18 and IFRS 19

The Securities and Exchange Commission of Pakistan (SECP), vide S.R.O. 2444(I)/2025 dated December 12, 2025 has notified that "IAS 1 - Presentation of Financial Statements", as referred to in the earlier notification S.R.O. No. 633(I)/2014, shall be replaced with "IFRS 18 - Presentation and Disclosure in Financial Statements" and "IFRS 19 - Subsidiaries without Public Accountability: Disclosures", and shall be followed for the preparation of financial statements for annual reporting periods beginning on or after January 01, 2027.

Provided that only unlisted subsidiaries without public accountability (i.e. unlisted companies other than those mentioned in clauses 1(b)(ii), 1(b)(iia) and 1(b)(iii) of the Third Schedule to the Act) may follow "IFRS 19 - Subsidiaries without Public Accountability: Disclosures" in preparation of their financial statements.

IFRS 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. It has introduced three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures.

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

2.8 Share-based payments and Benazir Employees' Stock Option Scheme

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual unconsolidated financial statements.

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

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

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

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Company, in compliance with the directives of the Ministry of Energy (Petroleum Division), has deposited Rs. 1,783.54 million during the year, being the audited bank balance of the Trust as at June 30, 2025. The Company is in the process of completing the requisite corporate and regulatory formalities for the winding up of the Trust and transfer of the 3.04% shareholding to the Federal Government.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

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

Depreciation is charged to profit or loss using straight-line method so as to write-off the historical cost of the assets over their estimated useful lives at the rates given in note 4.1 to these unconsolidated financial statements. Depreciation on additions is charged when the asset is available for use till the disposal of the asset. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis 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 asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

3.2 Right-of-use assets

The right-of-use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

3.3 Intangibles

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

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

Intangible asset is amortised and charged to profit or loss 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 on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

3.4 Financial instruments

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

i) Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets designated at FVOCI (equity instruments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

Financial assets at FVPL

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

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

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

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

Derecognition

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

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

Subsequent measurement

Financial liabilities at FVPL

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

Financial liabilities at amortised cost

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

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

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

Derecognition

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

iii) Offsetting of financial instruments

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

3.5 Investment in associates

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

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

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

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

3.6 Investment in subsidiaries

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

3.7 Stores, spares and loose tools

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

3.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost of petroleum products is determined on a First-In-First-Out (FIFO) basis, whereas cost of other products, including raw and packaging materials, is determined on an average cost basis. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

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

3.9 Deposits, advances and other receivables

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

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

3.10 Short-term investments

The Company purchases securities under agreement to resale whereby securities are purchased under contractual arrangements that require the counterparty to repurchase the same securities at a fixed price on a future date. These transactions are accounted for as secured lending arrangements. The amounts paid are recognised as financial assets at amortised cost, and the difference between the purchase price and repurchase price is recognised as interest income over the term of the agreement using the effective interest rate method.

3.11 Cash and cash equivalents

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

3.12 Impairment

3.12.1 Impairment of financial assets

Financial assets covered under IFRS 9

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

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

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

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

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors considered were GDP, CPI and exchange rate which were selected based on regression analysis of historical default rate and macroeconomic indicator and based on the results of the analysis two out of three macroeconomic factors were considered to be the most suitable factors based on highest correlation with default rate. The GDP, CPI and exchange rate forecast were sourced from World Economic Outlook Database of "International Monetary Fund" which was used to determine forward looking Point in time PDs (PiT PDs). In compliance with IFRS 9, GDP, CPI and exchange rate were forecasted considering scenarios indicating movement of both indicators under base case, best case, and worst case simulations. Base case forecasts were sensitized using a scaling factor of 5 years standard deviation to determine better and worst-case scenarios. It was assumed that forecast is a normal distribution. As per normal distribution property the base, better and worst would have 68%, 16% and 16% chances of likelihood.

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

Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through SRO 25(I)/2026 dated January 06, 2026 has granted exemption from application of Expected Credit Losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt for the financial years ending on or before December 31, 2026, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL and GENCO in these unconsolidated financial statements based on the exemption granted from SECP in this respect. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e SNGPL and GENCO) in the unconsolidated financial statements based on the clarification received from SECP.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring 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.

3.12.2 Non-financial assets

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

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

3.13 Share capital

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

3.14 Retirement and other service benefits

3.14.1 Defined benefit plans

Pension funds

The Company operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Company after December 31, 2012. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Notes to the Unconsolidated Financial Statements

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Gratuity fund

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

Medical benefits

The Company also provides post retirement defined medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in 'other comprehensive income' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Compensated absences

The Company provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

3.14.2 Defined contribution plan

Provident fund

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

Pension fund

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

3.15 Lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.16 Provisions

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

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

3.17 Taxation

3.17.1 Current

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

3.17.2 Deferred

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

3.17.3 Minimum and final taxes

Minimum taxes are calculated on the gross amount taxable under the minimum tax regime of Income Tax Ordinance, 2001. The amount calculated on taxable income is recognised as current tax expense and any amount in excess of the current tax expense is recognised as minimum tax differential and these are accounted for as levies.

Final tax, designated as such under various provisions of the Income Tax Ordinance, 2001, charged / withheld / paid on various income streams and calculated on basis other than taxable income are recognised as a levy in accordance with the IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan vide Circular No. 7 of 2024 dated May 15, 2024.

3.18 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

3.19 Revenue recognition

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

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

3.20 Other income

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

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.
- Mark-up / interest on debt securities, return on deposits and other financial assets are 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 is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.
- Financial charges on line fill cost is recognised on accrual basis.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

3.21 Segment reporting

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

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

3.22 Interest in joint arrangements

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

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company currently has joint operations as follows:

- In December 2004, the Company entered into an unincorporated joint arrangement with Wafi Energy Pakistan Limited and PARCO Gunvor 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 an unincorporated 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 joint arrangement.

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

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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.24 Contingencies

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2026	2025
Operating assets	4.1	25,735,261	22,063,026
Capital work-in-progress	4.4	3,468,188	2,507,653
		<u>29,203,449</u>	<u>24,570,679</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

4.1 Operating assets

(Amounts in Rs. '000)

	Land		Building		Tanks and pipelines	Service and filling stations	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipment	Railway sidings	Gas cylinders / regulators	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
As at July 01, 2024													
Cost	994,529	110,921	1,458,939	2,039,653	12,260,807	14,527,871	6,813,204	538,740	2,599,586	1,700,526	97,059	527,317	43,669,152
Accumulated depreciation	-	(33,055)	(781,000)	(1,205,107)	(5,588,341)	(9,405,278)	(4,705,833)	(363,961)	(1,853,647)	(1,227,637)	(82,637)	(211,336)	(25,457,833)
Net book value	994,529	77,866	677,939	834,546	6,672,466	5,122,593	2,107,371	174,778	745,938	472,889	14,422	315,981	18,211,319
Year ended June 30, 2025													
Opening net book value	994,529	77,866	677,939	834,546	6,672,466	5,122,593	2,107,371	174,778	745,938	472,889	14,422	315,981	18,211,319
Additions / transfers	162,284	-	134,331	255,808	2,071,957	1,672,599	1,315,106	27,086	644,366	368,329	-	169,579	6,821,445
Disposals (Note 4.2)													
Cost	-	-	-	(900)	(12,947)	(141,167)	(59,016)	(8,203)	(60,332)	(46,366)	-	(41,607)	(370,538)
Accumulated depreciation	-	-	-	900	12,490	140,454	58,732	7,959	35,912	45,770	-	31,821	334,038
	-	-	-	-	(457)	(713)	(284)	(244)	(24,420)	(596)	-	(9,786)	(36,500)
	-	(1,263)	(49,382)	(76,248)	(962,674)	(798,478)	(447,023)	(41,336)	(217,627)	(274,692)	(4,435)	(60,080)	(2,933,238)
Depreciation charge (Note 4.1.1)	1,156,813	76,603	762,888	1,014,106	7,781,292	5,996,001	2,975,170	160,284	1,148,258	565,930	9,987	415,694	22,063,026
Closing net book value	-	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 2025													
Cost	1,156,813	110,921	1,593,270	2,294,561	14,319,817	16,059,303	8,069,294	557,623	3,183,620	2,022,489	97,059	655,289	50,120,059
Accumulated depreciation	-	(34,318)	(830,382)	(1,280,455)	(6,538,525)	(10,063,302)	(5,094,124)	(397,338)	(2,035,362)	(1,456,559)	(87,072)	(239,595)	(28,057,033)
Net book value	1,156,813	76,603	762,888	1,014,106	7,781,292	5,996,001	2,975,170	160,284	1,148,258	565,930	9,987	415,694	22,063,026
Year ended June 30, 2026													
Opening net book value	1,156,813	76,603	762,888	1,014,106	7,781,292	5,996,001	2,975,170	160,284	1,148,258	565,930	9,987	415,694	22,063,026
Additions / transfers	151,722	-	294,170	189,037	706,331	3,349,478	1,107,568	67,948	640,652	545,128	-	267,444	7,319,478
Disposals (Note 4.2)													
Cost	-	-	-	(3,127)	(52,579)	(173,070)	(49,778)	(11,826)	(87,761)	(24,013)	-	(1,429)	(403,583)
Accumulated depreciation	-	-	-	3,023	52,579	172,483	49,763	11,652	51,552	22,444	-	1,429	364,925
	-	-	-	(104)	-	(587)	(15)	(174)	(36,209)	(1,569)	-	-	(38,658)
Write offs (Note 4.2)													
Cost	-	-	(460)	(14,131)	(11,092)	(282,516)	(59,416)	(17,467)	(1,349)	(104,102)	(142)	-	(490,675)
Depreciation	-	-	460	14,131	11,091	282,515	59,416	17,460	1,349	104,102	142	-	490,666
	-	-	-	-	(1)	(1)	-	(7)	-	-	-	-	(9)
Depreciation charge (Note 4.1.1)	-	(1,263)	(58,345)	(85,673)	(1,089,788)	(1,003,303)	(537,627)	(44,209)	(371,177)	(337,648)	(4,435)	(75,108)	(3,608,576)
Closing net book value	1,308,535	75,340	998,713	1,117,366	7,397,834	8,341,588	3,545,096	183,842	1,381,524	771,841	5,552	608,030	25,735,261
As at June 30, 2026													
Cost	1,308,535	110,921	1,886,980	2,466,340	14,962,477	18,953,195	9,067,668	596,278	3,735,162	2,439,502	96,917	921,304	56,545,279
Accumulated depreciation	-	(35,581)	(888,267)	(1,348,974)	(7,564,643)	(10,611,607)	(5,522,572)	(412,436)	(2,353,638)	(1,667,661)	(91,365)	(313,274)	(30,810,018)
Net book value	1,308,535	75,340	998,713	1,117,366	7,397,834	8,341,588	3,545,096	183,842	1,381,524	771,841	5,552	608,030	25,735,261
Annual rate of depreciation (%)	-	1-7	5-10	5-10	5-20	5-33	5-33	7-33	17-20	7-33	7-10	10	

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

4.1.1	Depreciation charge for the year has been allocated as follows:	Note	2026	2025
	Cost of products sold	32.2	52,825	44,464
	Distribution and marketing expenses	34	3,108,045	2,512,893
	Administrative expenses	35	447,706	375,881
			3,608,576	2,933,238

4.1.2 Service and filling stations include cost of Rs.16,684,838 (2025: Rs.14,417,262) incurred by the Company on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,476 (2025: 2,334) out of the total 3,688 (2025: 3,649) retail filling stations of dealers and consumer sites. In view of large number of outlets and consumer sites, the management considers it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017. Further, gas cylinders costing Rs. 921,304 (2025: Rs. 655,289) are not in possession of the Company.

4.1.3 Included in operating assets are assets having net book value of Rs. 1,063,863 (2025: Rs. 1,194,298) in respect of Company's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport are not in the possession or name of the Company aggregating to Rs. 137,449 (2025: Rs. 175,802). The possession of these assets at NIIAP is with Attock Petroleum Limited. In view of large number of assets, the Company considered it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017.

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	6,742	1,904	4,838	5,062	224	Company Policy	Mr. Babar Hamid Ex. Employee
Vehicle	5,100	3,230	1,870	2,040	170	Company Policy	Mr. Om Perakash Ex. Employee
Vehicle	4,928	3,037	1,891	2,055	164	Company Policy	Mr. Munawar Minhas Ex. Employee
Vehicle	5,011	2,255	2,756	2,909	153	Company Policy	Mr. Shahzad Arif Ex. Employee
Vehicle	6,952	3,940	3,012	3,128	116	Company Policy	Mr. Khawar Abbas Ex. Employee
Vehicle	6,572	2,629	3,943	4,052	109	Company Policy	Ms. Nida Yousuf Ex. Employee
Vehicle	5,748	1,144	4,604	4,699	95	Company Policy	Mr. Naveed Ahmed Ex. Employee
Vehicle	5,134	1,883	3,251	3,337	86	Company Policy	Mr. Tariq Ghafoor Ex. Employee
Vehicle	5,134	2,311	2,823	2,909	86	Company Policy	Mr. Syed Nasir Uddin Ex. Employee
Vehicle	3,689	2,393	1,296	1,358	62	Company Policy	Mr. Mian Shakeel Ex. Employee
Vehicle	3,636	2,650	986	1,047	61	Company Policy	Mr. Mansoor Ismail Ex. Employee

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	4,857	3,319	1,538	1,538	-	Company Policy	Mr. Zeeshan Haider Ex. Employee
Vehicle	5,134	2,053	3,081	3,081	-	Company Policy	Mr. Hussain Talpur Ex. Employee
Items having book value of less than Rs. 500 each	825,621	822,843	2,778	67,728	64,950		
June 30, 2026	894,258	855,591	38,667	104,943	66,276		
June 30, 2025	370,538	334,038	36,500	137,537	101,037		

4.3 The particulars of immovable fixed asset (i.e. land) are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
Installations		
Machike Installation	Sargodha Road, Sheikhpura	199,771
Mehmood Kot Terminal	Railway Station, Mehmood Kot, Multan	111,048
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi	14,913
Pipri Installation (ZOT)	National Highway, Pipri	460,647
Shikarpur Installation	Deh Ali Murad Kalhoro, Taluka Kanpur, Distt. Shikarpur	261,965
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt. Nawabshah	140,360
Faqirabad Depot	Lawrancepur, Distt. Attock	112,984
Lalpir Depot	Deh Khuhawar & Gujrat, Tehsil Kot Addu Distt. Muzafargarh	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt. Kasur	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar	48,400
Kohat Depot	13-KM, Kohat / Rawalpindi Road, Kohat	56,507
Kotlajam Depot	Kotlajam, Distt. Bhakkar	48,400
Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad	100,611
Hyderabad Depot	Deh Senhwar, Taluka Distt. Hyderabad	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt	30,008
Sangi Depot	Deh Mehranpure, Taluka Pano Akil	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt. Bannu	48,521
Taru Jabba Depot	G.T Road, Peshawar	127,715
Division Offices		
Lahore Division	8, Edward Road, Lahore.	10,000
RM Office	House # 2-A, 9th Avenue, F-8/1, Islamabad	778

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Description of Location	Addresses	Total Area of Land Square Yards
Retail Outlets		
Chowrangi Service Station	Nazimabad Chowrangi, Karachi.	743
Diamond Fuel Station	Jamrud Road, Peshawar	1,785
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishtar Road, Karachi	1,056
Madni Petroleum Services	College Road, Peshawar	1,194
PSO Service Station	Block-A North Nazimabad, Karachi	1,000
Pak Service Station	Sukkur City, Opposite Hira Medical Center, Sukkur	833
PSO Service Station	3A, The Mall, Rawalpindi	870
PSO Service Station	Diplomatic Enclave, Islamabad	2,000
D-12 Filling Station	Plot # 29 -Sector D 12 Markaz Islamabad	2,222
Others		
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi	116,160
Computer Institute, Badin	PSO Computer Institute, Badin	4,840
Jamshoro Land	Deh Morho Jabbal, Taluka Kotri Distt., Dadu	968,000
LPG Plant, Lahore	Miles Shakapura Road, Shadra, Lahore.	29,040
PSO House	PSO House, Clifton, Karachi	6,535
Skardu Land (Refer note 24)	Thorgo, Skardu	235,950
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi	484,000

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

	Note	2026	2025
4.4 Capital work-in-progress			
Tanks and pipelines		653,323	826,484
Service and filling stations		807,423	265,198
Plant and machinery		190,704	60,658
Furniture, fittings and equipment		20,463	161,500
Advance to suppliers and contractors		138,884	27,524
Capital spares		1,657,391	1,166,289
	4.4.1 & 4.4.2	3,468,188	2,507,653
4.4.1 Movement in capital work-in-progress is as follows:			
Balance at beginning of the year		2,507,653	3,902,585
Additions during the year		8,280,013	5,426,513
Transfers during the year to operating assets	4.1	(7,319,478)	(6,821,445)
		960,535	(1,394,932)
Balance at end of the year		3,468,188	2,507,653

- 4.4.2** Includes capital work-in-progress amounting to Rs. 3,326 (2025: Rs. 12,841) in respect of the Company's share in joint operation.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

5.	RIGHT-OF-USE ASSETS	Note	2026	2025
	Balance as at July 01			
	Cost		16,984,664	11,035,725
	Accumulated depreciation		(4,992,865)	(3,337,085)
	Net book value		11,991,799	7,698,640
	Movement during the year			
	Opening net book value		11,991,799	7,698,640
	Additions		3,322,202	3,480,579
	Change due to modifications		9,422,671	2,468,360
	Less: Depreciation charge	5.1	(2,328,288)	(1,655,780)
	Closing net book value		22,408,384	11,991,799
	Balance as at June 30			
	Cost		29,729,537	16,984,664
	Accumulated depreciation		(7,321,153)	(4,992,865)
	Net book value		22,408,384	11,991,799
5.1	Depreciation charge for the year has been allocated as follows:			
	Distribution and marketing expenses	34	2,326,472	1,643,410
	Administrative expenses	35	1,816	12,370
			2,328,288	1,655,780
5.2	The right-of-use assets comprise land and office premises acquired on lease by the Company for its operations. The Company has also entered into lease of pipelines and tank lorries, however, these do not constitute right-of-use assets on account of variable payments not linked to index or rate.			
6.	INTANGIBLES	Note	2026	2025
	Net carrying value			
	Balance at beginning of the year		843,194	330,116
	Additions at cost		319,393	744,301
	Disposals			
	Cost		345	-
	Accumulated amortisation		(345)	-
			-	-
	Amortisation charge for the year	6.1 & 35	(401,888)	(231,223)
	Balance at end of the year		760,699	843,194
	Gross carrying value			
	Cost	6.2	2,211,107	1,892,059
	Accumulated amortisation		(1,450,408)	(1,048,865)
	Net book value		760,699	843,194
6.1	The cost is being amortised over the period of 3 to 5 years.			
6.2	Intangibles include ERP System (SAP), anti-virus softwares and other office related softwares.			

Notes to the Unconsolidated Financial Statements

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7.	LONG-TERM INVESTMENTS	Note	2026	2025
	Investment held at fair value through other comprehensive income (FVOCI)			
	In an unquoted company			
	- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2025: 12%) No. of shares: 8,640,000 (2025: 8,640,000) of Rs. 100/- each	7.2 & 7.3	7,405,495	8,094,954
	Investment in subsidiaries - at cost			
	In a quoted company			
	- Pakistan Refinery Limited (PRL) Equity held: 63.56% (2025: 63.56%) No. of shares: 400,459,028 (2025: 400,459,028) of Rs. 10/- each	7.4	4,890,680	4,890,680
	In unquoted companies			
	- Cerisma (Private) Limited (CPL) Equity held: 100% (2025: 100%) No. of shares: 97,999,999 (2025: 499,999) of Rs. 10/- each	7.5.1	980,000	615,000
	- PSO Renewable Energy (Private) Limited (PSORE) Equity held: 100% (2025: 100%) No. of shares: 999,999 (2025: 999,999) of Rs. 10/- each	7.6.1	1,076,000	905,000
	- PSO Venture Capital (Private) Limited (PSOVC) Equity held: 100% (2025: 100%) No. of shares: 147,799,999 (2025: 147,799,999) of Rs. 10/- each	7.7.1 & 7.7.2	1,478,000	2,136,379
	Investment in associates			
	In unquoted companies			
	- Asia Petroleum Limited (APL) Equity held: 49% (2025: 49%) No. of shares: 46,058,570 (2025: 46,058,570) of Rs. 10/- each	7.8	1,750,088	2,760,718
	- Pak Grease Manufacturing Company (Private) Limited (PGMCL) Equity held: 22% (2025: 22%) No. of shares: 686,192 (2025: 686,192) of Rs. 10/- each	7.8	41,107	46,546
			1,791,195	2,807,264
			17,621,370	19,449,277

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

7.1 The principal place of business of all the investees is in Karachi.

7.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2026	2025
	(Percentage)	
- Discount rate	21.04%	16.48% - 16.55%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised loss - net of tax of Rs. 289,740 (2025: unrealised gain - net of tax of Rs. 2,157,346) in other comprehensive income for the year.

7.3 Movement of investment classified as FVOCI

	2026	2025
Balance at beginning of the year	8,094,954	4,558,321
Remeasurement (loss) / gain recognised as other comprehensive income	(689,459)	3,536,633
Balance at end of the year	7,405,495	8,094,954

7.3.1 Sensitivity to unobservable inputs:

- Discount rate (1% increase)	(325,278)	(607,911)
- Discount rate (1% decrease)	372,302	741,815
- Growth rate of terminal value (1% increase)	222,665	442,769
- Growth rate of terminal value (1% decrease)	(194,909)	(365,640)

7.4 Pakistan Refinery Limited was incorporated as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The principal activity of PRL is production and sale of petroleum products.

7.5 CPL was incorporated on September 29, 2022 as a private limited company. The principal activity of CPL is to set-up, manage, own, administer and run Electronic Money Institution (EMI) under EMI Regulations.

7.5.1 Includes Rs. Nil (2025: Rs. 610,000) paid to CPL as advance against issue of shares.

7.6 PSORE was incorporated on December 02, 2022 as a private limited company. The principal activity of PSORE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof.

7.6.1 Includes Rs. 1,066,000 (2025: Rs. 895,000) paid to PSORE as advance against issue of shares.

7.7 PSOVC has been incorporated on April 05, 2023 as a private limited company. The principal activity of PSOVC was to carry on business of private equity and venture capital fund management services.

7.7.1 Includes Rs. Nil (2025: Rs. 658,379) paid to PSOVC as advance against issue of shares.

7.7.2 The Board of Management of the Company, in its meeting held on September 24, 2025, approved the winding up of PSO Venture Capital (Private) Limited, a wholly-owned subsidiary of the Company. Subsequently, the liquidator has been appointed and the winding-up process is being carried out in accordance with the provisions of the Companies Act, 2017. Accordingly, the advance against the issuance of shares have been reclassified to other receivables.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

7.8 Investments in associates

7.8.1 Asia Petroleum Limited (APL) was incorporated in Pakistan as unlisted public limited company in July 1994. The principal activity of APL is to transfer Residual Fuel Oil (RFO) to Hub Power Company Limited (HUBCO).

7.8.2 Pak Grease Manufacturing Company Limited (PGMCL) was incorporated in Pakistan as private limited company in March 1965. The principal activity of PGMCL is to manufacture and sell petroleum grease products.

7.8.3 Movement of investment in associates

	2026			2025		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	2,760,718	46,546	2,807,264	3,085,483	49,342	3,134,825
Share of (loss) / profit of associates - net of tax:						
- current year - unaudited	(90,255)	(3,267)	(93,522)	385,149	1,105	386,254
- adjustment for last year (loss) / profit based on prior year audited financial statements	(17,405)	80	(17,325)	(71,779)	(71)	(71,850)
	(107,660)	(3,187)	(110,847)	313,370	1,034	314,404
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	18,199	(880)	17,319	6,685	(399)	6,286
Dividend income	(921,169)	(1,372)	(922,541)	(644,820)	(3,431)	(648,251)
Balance at end of the year	1,750,088	41,107	1,791,195	2,760,718	46,546	2,807,264

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

	2026		2025	
	APL	PGMCL	APL	PGMCL
	(Un-audited)			
Revenue	-	258,543	808,371	298,083
(Loss) / profit after taxation for the year	(184,193)	(14,850)	786,018	5,024
Total comprehensive income	(184,193)	(14,850)	786,018	5,024
Non-current assets	798,987	76,296	976,855	78,704
Current assets	6,932,124	163,229	9,345,077	171,443
	7,731,111	239,525	10,321,932	250,147
Non-current liabilities	-	(17,327)	(33,675)	(10,314)
Current liabilities	(4,159,503)	(35,344)	(4,654,138)	(28,256)
	(4,159,503)	(52,671)	(4,687,813)	(38,570)
Net assets	3,571,608	186,854	5,634,119	211,577

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

	2026		2025	
	APL	PGMCL	APL	PGMCL
	(Un-audited)			
7.8.5 Reconciliation of carrying amount of investment				
Net assets	3,571,608	186,854	5,634,119	211,577
Company's holding in %	49%	22%	49%	22%
Company's share of investment in associate	1,750,088	41,107	2,760,718	46,546
Carrying amount of investment	1,750,088	41,107	2,760,718	46,546

8. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

Loans - considered good

	Note	2026	2025
Executives*	8.1 & 8.2	726,469	674,454
Employees	8.2	763,570	798,145
Subsidiary	8.5	3,150,000	3,150,000
		4,640,039	4,622,599
Current portion shown under current assets	14	(505,858)	(438,569)
		4,134,181	4,184,030

Advances - considered good (secured)

Employees	8.4	132,557	139,668
Others		51,857	51,857
Current portion shown under current assets	14	(53,037)	(55,248)
		131,377	136,277

Other receivables

- Considered good		127,851	149,658
- Considered doubtful		8,143	8,143
		135,994	157,801
Provision for impairment		(8,143)	(8,143)
		4,393,409	4,469,965

8.1 Reconciliation of carrying amount of long-term loans to executives*:

Balance at beginning of the year	674,454	659,161
Disbursements made during the year	326,846	226,505
Repayments made during the year	(274,831)	(211,212)
Balance at end of the year	726,469	674,454

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

8.2 These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Company's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, and all other loans are also secured against entitlements. These loans are recoverable in monthly installments over a period of twenty months to sixty months. Loans to executives and employees have not been discounted as the amount involved is not significant to these unconsolidated financial statements.

8.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 1,636,338 (2025: Rs. 1,472,599).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

8.4 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

8.5 This represents loan given to Pakistan Refinery Limited (subsidiary) to settle the final Front-End Engineering Design (FEED) payments. The tenure of the loan is 3.5 years including 3 years grace period, payable in equal monthly installments in last six months.

The loan carries mark-up at a rate equal to the higher of the Company's borrowing cost or KIBOR plus premium of 0.35% per annum payable on quarterly basis. The loan is secured by way of First Pari Passu hypothecation charge over fixed assets and current assets, and mortgage properties of the subsidiary.

The Company may at its sole discretion have the right to convert the loan amount and markup or any part thereof into equity after necessary regulatory and legal approvals.

9. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 78,712 (2025: Rs. 143,314) paid to related parties.

10. DEFERRED TAX ASSET - NET

Taxable temporary difference in respect of:

Accelerated tax depreciation	2,534,845	266,180	-	2,801,025
Investment in associates under equity method	578,473	(283,958)	-	294,515
Equity investment held as FVOCI	2,820,068	-	(399,719)	2,420,349
Right-of-use assets	4,676,802	3,614,300	-	8,291,102

Deductible temporary difference in respect of:

Tax amortisation	(11,547)	(1,590)	-	(13,137)
Lease Liability	(5,185,551)	(3,712,001)	-	(8,897,552)
Impairment of stores and spares	(69,446)	41,005	-	(28,441)
Impairment on trade debts	(1,013,966)	258,651	-	(755,315)
Impairment on other receivables	(1,457,903)	77,098	-	(1,380,805)
Retirement and other service benefits	(3,889,979)	20,003	219,268	(3,650,708)
Excise, taxes and other duties	(28,404)	1,456	-	(26,948)
Liabilities offered for taxation	(18,499,933)	912,002	-	(17,587,931)
Others	(3,175)	163	-	(3,012)
	(19,549,716)	1,193,309	(180,451)	(18,536,858)

10.1 Movement in deferred tax asset - net is as follows:

Balance at beginning of the year
- recognised in profit or loss
- recognised in other comprehensive income
Balance at end of the year

Note	2026	2025
38	19,549,716 (1,193,309) 180,451 <u>18,536,858</u>	21,518,375 (409,782) (1,558,877) <u>19,549,716</u>

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

	Note	2026	2025
11. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		915,557	601,106
Provision for obsolete / slow moving stores, spares and loose tools	11.1	(76,867)	(178,066)
		<u>838,690</u>	<u>423,040</u>
11.1 The movement in provision for obsolete / slow moving is as follows:			
Balance at beginning of the year		178,066	80,053
(Reversal of provision) / provision recognised during the year	33 & 36	(101,199)	98,013
Balance at end of the year		<u>76,867</u>	<u>178,066</u>
12. STOCK-IN-TRADE			
Raw and packing material		4,659,646	6,497,376
Petroleum and other products	12.1	102,129,416	99,729,746
Less: Stock held on behalf of third parties	12.2	(7,755,213)	(5,915,133)
		<u>99,033,849</u>	<u>100,311,989</u>
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss		142,030,244	86,290,288
Provision for write down to net realisable value		(42,527,986)	-
Add: Charges incurred thereon		62,609,160	64,306,903
	32	<u>261,145,267</u>	<u>250,909,180</u>
12.1 Includes stock-in-transit amounting to Rs. Nil (2025: Rs. 34,754,596) and stock (net of provision) held by following related parties:			
		2026	2025
Cnergyico PK Limited		18,023	11,867
Pakistan Refinery Limited		-	3,122,231
12.2 Includes stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2025: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 699 (2025: Rs. 507).			
13. TRADE DEBTS	Note	2026	2025
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	13.1	1,075,245	844,976
- Unsecured	13.2	371,044,763	400,959,319
		<u>372,120,008</u>	<u>401,804,295</u>
- Due from other customers			
- Secured	13.1	5,133,082	4,405,990
- Unsecured	13.2	37,559,796	31,242,819
		<u>42,692,878</u>	<u>35,648,809</u>
		<u>414,812,886</u>	<u>437,453,104</u>
Considered doubtful			
Trade debts - gross		416,854,279	440,053,017
Provision for impairment	13.2 & 13.3	(2,041,393)	(2,599,913)
Trade debts - net		<u>414,812,886</u>	<u>437,453,104</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

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- 13.1** These debts are secured by way of security deposits and bank guarantees.
- 13.2** These debts include an aggregate amount of Rs. 343,685,533 (2025: Rs. 378,394,700) due from GENCO Holding Company Limited (GENCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of inter-corporate circular debt. These include past due trade debts of Rs. 67,617,304 (2025: Rs. 67,997,879) and Rs. 257,563,702 (2025: Rs. 262,129,951) from GENCO and SNGPL respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 (2025: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 324,834,031 (2025: Rs. 329,780,855) as doubtful based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Company is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company considers this amount to be fully recoverable because the GoP had assumed the responsibility to settle the inter-corporate circular debt in the energy sector.

13.3	Note	2026	2025
The movement in provision for impairment during the year is as follows:			
Balance at beginning of the year		2,599,913	3,259,798
Reversal of provision during the year - net		(558,520)	(659,885)
Balance at end of the year		<u>2,041,393</u>	<u>2,599,913</u>
13.3.1 Provision for impairment has been recognised against trade debts as follows:			
Related parties	13.6.2	625,688	842,259
Other customers		1,415,705	1,757,654
		<u>2,041,393</u>	<u>2,599,913</u>

- 13.4** As at June 30, 2026, trade debts aggregating to Rs. 74,193,336 (2025: Rs. 91,188,178) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 340,619,550 (2025: Rs. 346,264,926) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2026	2025
Upto 3 months	59,332,052	272,708,628
3 months to 6 months	197,900,116	6,640,341
6 months to 1 year	1,844,933	189,906
Over 1 year	81,542,449	66,726,051
	<u>340,619,550</u>	<u>346,264,926</u>

Notes to the Unconsolidated Financial Statements

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13.5 The details of trade debts due from related parties are as follows:

Related Parties	Maximum aggregate outstanding at the end of any month		Balance as at June 30	
	2026	2025	2026	2025
GENCO	67,911,047	70,617,958	67,617,304	67,997,879
SNGPL	313,934,624	340,176,246	276,068,228	310,396,821
PIA Holding Company Limited	13,822,000	-	13,822,000	-
Pakistan International Airlines Corporation	-	15,792,281	-	13,658,738
K-Electric Limited	317,110	2,934,610	22,977	9,733
Pakistan Railways	5,169,504	5,517,608	4,903,623	5,077,977
Oil & Gas Development Corporation Limited	1,267,872	1,273,926	939,873	743,903
Pakistan Petroleum Limited	93,676	94,751	566	33,859
Sui Southern Gas Company Limited	24,311	12,771	8,143	12,424
WAPDA Foundation	53,055	83,122	29,163	67,699
Civil Aviation Authority	-	3,167	-	276
Pakistan National Shipping Corporation	-	2,021	-	-
			363,411,877	397,999,309

13.5.1 Under the Scheme of Arrangement approved in connection with the privatisation of Pakistan International Airlines Corporation Limited (PIACL), certain assets and liabilities of PIACL, including the Company's claims outstanding as at September 30, 2023, were transferred to PIA Holding Company Limited (PIAHCL). Accordingly, the principal receivable of Rs. 13,822,000 recorded in the books of the Company has been reclassified from receivable from PIACL to receivable from PIAHCL. Subsequent transactions with PIACL are being undertaken on a cash or advance-payment basis. An advance of Rs. 1,798,582 received from PIACL has therefore been presented separately under advances from customers and has not been offset against the receivable from PIAHCL.

As part of the settlement arrangement, the Company provided its consent on the condition that a clean and unencumbered property situated in Islamabad would be transferred to the Company, subject to approval of the Federal Cabinet and completion of the applicable legal and regulatory formalities. The title of the property has not yet been transferred to the Company. Consequently, no property has been recognised in these unconsolidated financial statements. Management continues to pursue the matter with the Government of Pakistan and other relevant authorities for completion of the transfer.

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

Name	Up to 6 months	More than 6 months	Total	
			2026	2025
Related Parties				
GENCO	-	67,617,304	67,617,304	67,997,879
SNGPL	257,563,702	-	257,563,702	262,129,951
Pakistan International Airlines Corporation Limited	-	-	-	13,658,738
PIA Holding Company Limited	-	13,822,000	13,822,000	-
Pakistan Railways	521,271	294,531	815,802	1,785,073
Oil & Gas Development Company Limited	60,933	-	60,933	-
Pakistan Petroleum Limited	126	440	566	-
	258,146,032	81,734,275	339,880,307	345,571,641
Provision for impairment (notes 13.6.1 & 13.6.2)			(625,688)	(842,259)
			339,254,619	344,729,382

Notes to the Unconsolidated Financial Statements

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

	Note	2026	2025
Balance at beginning of the year		842,259	1,223,074
Reversal of provision during the year - net		(216,571)	(380,815)
Balance at end of the year	13.6.2	<u>625,688</u>	<u>842,259</u>
13.6.2 The provision for impairment has been recognised in respect of following related parties:			
GENCO		346,975	346,975
Pakistan International Airlines Corporation Limited		-	495,284
Pakistan Railways		1,802	-
PIA Holding Company Limited		276,911	-
		<u>625,688</u>	<u>842,259</u>
14. LOANS AND ADVANCES			
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 309,255 (2025: Rs. 266,252) to executives	8	558,895	493,817
- Short-term loans and advances		818,992	357,782
		<u>1,377,887</u>	<u>851,599</u>
Unsecured			
Advance to suppliers		45,876	44,272
Advance for Company-owned filling stations		822	939
		<u>46,698</u>	<u>45,211</u>
		<u>1,424,585</u>	<u>896,810</u>
15. SHORT-TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		32,900	101,904
Deposit against court orders		57,506	57,506
		<u>90,406</u>	<u>159,410</u>
Prepayments		430,374	1,191,524
		<u>520,780</u>	<u>1,350,934</u>

Notes to the Unconsolidated Financial Statements

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	Note	2026	2025
16. OTHER RECEIVABLES			
Due from GoP, a related party, on account of Price Differential Claims (PDC):			
- FY 2026	16.1	24,222,866	-
- Prior periods	16.1.1	2,235,972	2,235,972
- Unfavourable exchange differences on FE-25 borrowings	16.2	60,992,481	64,649,766
Excise, Petroleum Development Levy (PDL), and other taxes - due from related party	16.3	225,435	225,435
Sales tax refundable - due from related party		83,121,266	74,191,380
		170,798,020	141,302,553
Provision for impairment	16.4	(2,457,407)	(2,457,407)
		168,340,613	138,845,146
Handling and hospitality charges		689,122	689,172
Product claims - insurance and others - considered doubtful		90,201	90,201
Provision for impairment	16.4	(90,201)	(90,201)
		-	-
Receivable from Subsidiary – PSOVC	7.7.2	658,379	-
Others			
- Considered good		4,211,358	4,372,697
- Considered doubtful		1,184,298	1,190,606
		5,395,656	5,563,303
Provision for impairment	16.4	(1,184,298)	(1,190,606)
		4,211,358	4,372,697
	16.5 & 16.7	173,899,472	143,907,015

16.1 During FY 2026, in response to the volatility in international oil prices arising from geopolitical tensions in the Middle East, the GoP introduced a PDC mechanism for PMG and HSD for OMCs. Under this mechanism, petroleum products were supplied to customers at prices below cost, with the resulting differential being reimbursable by the GoP. Accordingly, the Company recognised a PDC receivable of Rs. 48,416,601 during the year, of which Rs. 24,193,735 have been reimbursed by GoP as at the reporting date. The Company is actively pursuing the remaining receivable balance from OGRA and GoP.

16.1.1 These claims arose as various products were supplied to certain customers at price below the cost of the Company, on different occasions at the instructions of GoP, with the differential amount to be borne by the Government. The Company has actively pursued these long outstanding claims from the GoP.

16.2 As at June 30, 2026, net unfavourable amount of foreign exchange difference of Rs. 60,992,481 (2025: Rs. 64,649,766) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings.

16.3 This comprises various refund claims related to FED, PDL and other taxes, currently pending at different forums.

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(Amounts in Rs. '000)

- 16.4** As at June 30, 2026, receivables aggregating to Rs. 3,731,906 (2025: Rs. 3,738,214) were deemed to be impaired and hence, provision for impairment has been recognised as follows:

Note	2026	2025
Receivable from GoP	2,457,407	2,457,407
Product claims	90,201	90,201
Other receivables	1,184,298	1,190,606
16.4.1	3,731,906	3,738,214

- 16.4.1** The movement of provision for impairment is as follows:

Balance at beginning of the year	3,738,214	9,204,477
Provision recognised during the year	-	254,489
Reversal of provision made during the year	(6,308)	(5,720,752)
	(6,308)	(5,466,263)
Balance at end of the year	3,731,906	3,738,214

- 16.5** Includes receivables of Rs. 169,177,855 (2025: Rs. 139,944,697) due from associates and related parties.

- 16.6** Financial assets aggregating to Rs. 29,785,725 (2025: Rs. 5,061,869) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2026	2025
Up to 3 months	4,144,368	4,440,041
3 to 6 months	25,269,328	75,468
More than 6 months	372,029	546,360
	29,785,725	5,061,869

- 16.7** Includes receivables amounting to Rs. 24,226,866 (2025: Rs. 4,000) from related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total	
				2026	2025
Government of Pakistan	41,545,516	24,222,866	2,461,407	26,684,273	2,461,407
Provision for impairment (note 16.7.1)				(2,457,407)	(2,457,407)
Net receivable from related parties				24,226,866	4,000

- 16.7.1** The movement of provision for impairment against due from GoP is as follows:

	2026	2025
Balance at beginning of the year	2,457,407	2,202,919
Provision recognised during the year	-	254,488
Balance at end of the year	2,457,407	2,457,407

17. SHORT-TERM INVESTMENTS

The Company has investment in Pakistan Investment Bonds (PIBs) under agreement to resale. This repurchase agreement carries mark-up at 12.50% per annum (2025: rates ranging from 10.48% to 13.28%) with the holding period of 2 days (2025: ranging from 4 to 14 days). This resale arrangement is secured against the Pakistan Investment Bonds (PIBs) amounting to Rs. 26,499,951 (2025: Rs. 46,999,504).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

18.	CASH AND BANK BALANCES	Note	2026	2025
	Cash in hand		15,903	15,480
	Cash at banks in:			
	- current accounts	18.1	2,451,872	3,118,385
	- saving accounts	18.2	9,438,621	50,863,428
			11,890,493	53,981,813
		18.3	11,906,396	53,997,293
18.1	Includes Rs. 503,850 (2025: Rs. 494,250) kept in a separate bank account in respect of security deposits received from the customers. These security deposits do not carry any interest.			
18.2	These balances carry interest / mark-up ranging from 3.50% to 10.00% (2025: 2.78% to 11.90%) per annum.			
18.3	These include balances of Rs. 923,992 (2025: Rs. 2,122,989) kept in bank accounts under Islamic mode. These carry profit ranging from 6.15% to 6.50% (2025: 2.78% to 7.19%).			

19.	NET ASSETS IN BANGLADESH	2026	2025
	Property, plant and equipment - at cost	46,968	46,968
	Accumulated depreciation	(16,056)	(16,056)
		30,912	30,912
	Capital work-in-progress	809	809
	Trade debts	869	869
	Long-term loans relating to assets in Bangladesh	(4,001)	(4,001)
		28,589	28,589
	Provision for impairment	(28,589)	(28,589)
		-	-

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

20. SHARE CAPITAL

20.1 Authorised capital

2026	2025	Note	2026	2025
----- (Number of shares) -----				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each	10,000,000	10,000,000

20.2 Issued, subscribed and paid-up capital

2026	2025		2026	2025
----- (Number of shares) -----				
3,000,000	3,000,000	Ordinary shares of Rs. 10/- each	30,000	30,000
7,694,469	7,694,469	- Issued for cash		
458,778,831	458,778,831	- Issued against shares of the amalgamated companies	76,945	76,945
469,473,300	469,473,300	- Issued as bonus shares	4,587,789	4,587,789
		20.3	4,694,734	4,694,734

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 20.3** These fully paid ordinary shares carry one vote per share and right to dividend.
- 20.4** As at June 30, 2026, 1,215,648 ordinary shares of Rs. 10/- each (2025: 1,215,648 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.
- 20.5** As at June 30, 2026, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2025: 119,767,702 ordinary shares) of Rs. 10/- each.

21. RESERVES

Capital reserves

Surplus on vesting of net assets

Unrealised gain on remeasurement of FVOCI investment

Revenue reserves

General reserve

PSO venture capital fund

Un-appropriated profit

Note	2026	2025
21.1	3,373	3,373
	4,121,147	4,410,887
	4,124,520	4,414,260
21.2	25,282,373	25,282,373
	-	527,927
	226,753,300	215,371,897
	252,035,673	241,182,197
	256,160,193	245,596,457

- 21.1** This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.
- 21.2** The BoM unanimously approved the creation of PSO Venture Capital Fund in financial year 2022 to make investments as per the directives of the BoM. The Company has transferred Rs. Nil (2025: Rs. 527,927) to venture capital reserve on account of winding-up proceedings of PSO Venture Capital (Private) Limited.

22. RETIREMENT AND OTHER SERVICE BENEFITS

Medical benefits

Compensated absences

Gratuity

Pension

2026	2025
9,253,618	8,720,345
478,790	452,680
974,239	972,471
393,713	630,087
11,100,360	10,775,583

- 22.1** The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2026 under the Projected Unit Credit Method are as follows:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	Gratuity fund		Pension funds		Medical benefits	
		2026	2025	2026	2025	2026	2025
22.1.1 Financial position reconciliation							
Present value of defined benefit obligations	22.1.2	10,154,821	9,734,697	18,299,242	16,177,441	9,253,618	8,720,345
Fair value of plan assets	22.1.3 & 22.1.9	(9,180,582)	(8,762,226)	(17,905,529)	(15,547,354)	-	-
Net liability at end of the year	22.1.8	974,239	972,471	393,713	630,087	9,253,618	8,720,345
22.1.2 Movement in present value of defined benefit obligations							
Present value of defined benefit obligations at beginning of the year		9,734,697	9,610,754	16,177,441	14,286,795	8,720,345	7,742,177
Current service cost	22.1.4	498,308	413,571	271,579	606,733	145,986	153,674
Past service cost	22.1.4	-	17,368	-	16,600	-	212,284
Interest cost		1,143,278	1,279,151	1,982,829	1,964,589	1,073,224	1,062,169
Benefits paid during the year		(1,176,951)	(947,926)	(629,625)	(508,034)	(269,108)	(310,505)
Remeasurement: Actuarial (gain) / loss		(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
Present value of defined benefit obligations at end of the year		10,154,821	9,734,697	18,299,242	16,177,441	9,253,618	8,720,345
22.1.3 Movement in fair value of plan assets							
Fair value of plan assets at beginning of the year		8,762,226	8,335,033	15,547,354	14,033,138	-	-
Expected return on plan assets		1,057,142	1,119,352	1,923,895	1,946,461	-	-
Contributions made by the Company		566,767	268,602	317,236	248,350	-	-
Benefits paid during the year		(1,176,951)	(947,926)	(629,625)	(508,034)	-	-
Remeasurement: Actuarial (loss) / gain		(28,602)	(12,835)	746,669	(172,561)	-	-
Fair value of plan assets at end of the year		9,180,582	8,762,226	17,905,529	15,547,354	-	-
22.1.4 Expense recognised in profit or loss							
Current service cost		498,308	413,571	271,579	606,733	145,986	153,674
Past service cost		-	17,368	-	16,600	-	212,284
Net interest expense		86,136	159,799	58,934	18,128	1,073,224	1,062,169
Expense for the year		584,444	590,738	330,513	641,461	1,219,210	1,428,127
22.1.5 Actual return on plan assets		1,028,540	1,106,517	2,670,563	1,773,900	-	-
22.1.6 Remeasurement (gain) / loss recognised in other comprehensive income							
Actuarial (gain) / loss on defined benefit obligation	22.1.7	(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
Actuarial loss / (gain) on fair value of plan assets		28,602	12,835	(746,669)	172,561	-	-
Remeasurement (gain) / loss		(15,909)	(625,386)	(249,651)	(16,681)	(416,829)	(139,454)
22.1.7 The actuarial (gain) / loss on defined benefit obligation occurred on account of following:							
- Financial assumptions		(10,900)	(2,248)	(23,839)	(237,746)	(2,813)	(18,204)
- Experience adjustments		(33,611)	(635,973)	520,857	48,504	(414,016)	(121,250)
		(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
22.1.8 Net recognised liability / (asset)							
Net liability at beginning of the year		972,471	1,275,721	630,087	253,657	8,720,345	7,742,177
Expense recognised in profit or loss	22.1.4	584,444	590,738	330,513	641,461	1,219,210	1,428,127
Contributions made / benefits paid by the Company		(566,767)	(268,602)	(317,236)	(248,350)	(269,108)	(310,505)
Remeasurement (gain) / loss recognised in other comprehensive income	22.1.6	(15,909)	(625,386)	(249,651)	(16,681)	(416,829)	(139,454)
Net liability at end of the year		974,239	972,471	393,713	630,087	9,253,618	8,720,345

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

22.1.9 Plan assets comprise of following

Pakistan Investment Bonds
Treasury Bills
Quoted Shares
Cash and cash equivalents
Other receivables - net
Fair value of plan assets at end of the year

Gratuity fund		Pension funds	
2026	2025	2026	2025
6,862,087	6,427,405	12,864,320	11,902,912
1,896,100	2,064,974	2,785,891	2,085,376
-	-	1,847,230	1,013,064
302,630	206,084	299,119	433,090
119,765	63,763	108,969	112,912
9,180,582	8,762,226	17,905,529	15,547,354

22.1.10 Plan assets include the Company's ordinary shares with a fair value of Rs. 265,262 (2025: Rs. 292,520).

22.1.11 The principal assumptions used in the actuarial valuations carried out as of June 30, 2026, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2026	2025	2026	2025	2026	2025	2026	2025
Discount rate per annum (%)	12.25	12.50	12.25	12.50	12.25	12.50	12.25	12.50
Expected per annum rate of return on plan assets (%)	12.25	14.00	12.25	12.50	-	-	-	-
Expected per annum rate of increase in future salaries (%)	11.25	11.50	11.25	11.50	-	-	11.25	11.50
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	12.25	12.50	-	-
- pensioners	-	-	-	-	12.25	12.50	-	-
Indexation of pension (%)	-	-	8.50	8.75	-	-	-	-
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Low	Low	Low	Low	Low	Low	Low	Low

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

Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

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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 2026 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

22.1.13 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.

22.1.14 Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2027 are Rs. 522,380, Rs. 274,938 and Rs. 1,236,265 respectively.

22.1.15 Historical information of staff retirement benefits	2026	2025	2024	2023	2022
Pension Plans Funded					
Present value of defined benefit obligation	18,299,242	16,177,441	14,286,795	11,935,063	10,152,754
Fair value of plan assets	(17,905,529)	(15,547,354)	(14,033,138)	(10,386,929)	(9,472,860)
Net liability at end of the year	393,713	630,087	253,657	1,548,134	679,894
Gratuity Plans Funded					
Present value of defined benefit obligation	10,154,821	9,734,697	9,610,754	9,186,851	8,411,645
Fair value of plan assets	(9,180,582)	(8,762,226)	(8,335,033)	(6,830,022)	(6,522,029)
Net liability at end of the year	974,239	972,471	1,275,721	2,356,829	1,889,616

22.1.16 Defined contribution plans

An amount of Rs. 484,122 (2025: Rs. 464,148) has been charged during the year in respect of defined contribution plan maintained by the Company.

22.1.17 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)	9,502,567	16,159,120	8,188,622
Discount rate (1% decrease)	10,889,426	20,924,523	10,550,675
Future salary rate (1% increase)	10,929,516	18,922,345	-
Future salary rate (1% decrease)	9,456,483	17,729,498	-
Future pension rate (1% increase)	-	20,316,633	-
Future pension rate (1% decrease)	-	16,574,403	-
Medical cost trend rate (1% increase)	-	-	10,414,146
Medical cost trend rate (1% decrease)	-	-	8,270,802

If longevity increases by 1 year, obligation increases by Rs. 1,517 (2025: Rs. 1,643)

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

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22.1.18 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.

22.1.19 The expected maturity analysis of undiscounted retirement benefit liability is as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	995,600	6,617,862	3,302,500
Between 1-2 years	1,026,500	7,093,773	4,566,420
Between 2-3 years	1,247,680	10,292,424	4,348,330
Between 3-4 years	1,336,970	11,222,639	5,632,340
Between 4-5 years	989,060	8,657,721	4,395,430
Between 6-10 years	7,162,810	60,324,708	43,938,260
Over 10 years	20,315,140	93,712,850	5,507,030

23. LEASE LIABILITIES

Balance at beginning of the year

Other Changes:

Additions during the year

Accretion of interest

Lease contracts modified during the year

Less: Lease rentals paid

Balance at end of the year

Less: Current portion shown under current liability

Note	2026	2025
	13,009,707	8,219,191
37	3,322,202	3,480,579
	1,996,373	1,348,857
	9,422,671	2,468,360
	14,741,246	7,297,796
	(3,990,089)	(2,507,280)
	23,760,864	13,009,707
	(634,008)	(545,102)
	23,126,856	12,464,605

23.1 The Company has recognised charge of Rs. 5,739,811 (2025: 6,008,300) relating to those variable lease payments, which do not form part of leases.

23.2 The expected maturity analysis of undiscounted lease payment is as follows:

	2026	2025
Less than a year	3,226,398	2,062,437
Between 1-5 years	18,771,548	10,991,168
Over 5 years	25,701,209	13,925,219

24. DEFERRED INCOME - GOVERNMENT GRANT

The Company received grant of Rs. 100,000 in financial year 2022 from Government of Gilgit Baltistan (GoGB) for establishment of bulk oil depot at Skardu.

25. OTHER PAYABLE

This represents wharfage payable to Port Qasim Authority (PQA), a related party on account of import of LNG by the Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Company has recognised this liability at amortised cost at inception rate prevailing at the time of determining the liability.

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(Amounts in Rs. '000)

26. TRADE AND OTHER PAYABLES	Note	2026	2025
Local creditors	26.1 & 26.2	52,399,834	34,772,740
Foreign creditors	26.1 & 26.3	42,687,946	141,641,287
		95,087,780	176,414,027
Security deposits	26.4	11,600,688	10,256,789
Accrued expenses and other liabilities	26.5, 26.6 & 26.7	153,205,293	148,330,989
Payable to provident funds		66,193	10,184
Due to OMCs and refineries		205,398	205,398
Inland Freight Equalization Margin (IFEM) including freight equalisation payable		8,945,671	17,318,229
Advances - unsecured			
- from customers	26.8	16,252,588	10,785,121
- against equipment		1,615	1,615
		16,254,203	10,786,736
Taxes and other government dues			
- Excise, taxes and other duties		16,963,391	18,090,696
- Income tax deducted at source		408,971	549,650
		17,372,362	18,640,346
Workers' Profit Participation Fund	26.9	940,103	238,318
Workers' Welfare Fund		1,109,944	1,079,630
Others		541,345	424,381
		305,328,980	383,705,027

26.1 The average credit period on imports is 30 days on White Oil and ranges between 14 to 16 days on Liquefied Natural Gas (LNG). On local purchases, the Company is availing upto 14 days credit as per agreement after the end of fortnight. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

26.2 This includes amounts payable to the following related parties:

	2026	2025
Pak-Arab Refinery Company Limited	29,697,209	18,924,158
Pakistan Refinery Limited	13,525,138	12,534,605
Cnergyico PK Limited	725,653	703,557
	43,948,000	32,162,320

26.3 This includes amount of Rs. 16,145,767 (2025: Rs. 37,417,812) in respect of import of LNG.

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

	Note	2026	2025
Dealers	26.4.2	1,501,888	1,448,852
Equipment	26.4.3	1,088,558	770,178
Cartage contractors	26.4.4	1,930,785	1,825,442
Card holders	26.4.5	5,324,218	4,787,241
Suppliers	26.4.5	1,620,067	1,297,805
Others	26.4.5	135,172	127,271
		11,600,688	10,256,789

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

	Note	2026	2025
26.4.1	Security deposits include:		
	Utilisable / utilised in business	26.4.1.1 11,096,838	9,762,539
	Others	26.4.1.2 503,850	494,250
		11,600,688	10,256,789
26.4.1.1	The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.		
26.4.1.2	The amount is kept in separate bank accounts as per terms of agreement.		
26.4.2	These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.		
26.4.3	These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipment and are payable on demand.		
26.4.4	These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of contracts.		
26.4.5	These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.		
26.5	Includes payable to the Government of Pakistan amounting to Rs. 64,166, 932 (2025: 72,204,729).		
26.6	Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 31,928,862 (2025: Rs. 30,499,678).		
26.7	Includes current portion of wharfage payable to related party amounting to Rs. 116,946 (2025: Rs. 103,245).		
26.8	These represent advances received from customers against supply of petroleum products which are recognised as revenue when the performance obligation is satisfied.		

	Note	2026	2025
26.9	Workers' Profit Participation Fund		
	Balance at beginning of the year	238,318	353,703
	Allocation for the year	2,914,104	2,838,319
		3,152,422	3,192,022
	Payments during the year	(2,212,319)	(2,953,704)
	Balance at end of the year	940,103	238,318

Notes to the Unconsolidated Financial Statements

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27.	SHORT-TERM BORROWINGS	Note	2026	2025
	From National Bank of Pakistan - Related party			
	Short-term finances in foreign currency	27.1	62,036,180	121,212,275
	From other than related party			
	Short-term finances			
	- local currency	27.3	144,238,000	36,488,000
	- foreign currency	27.1	152,832,174	197,383,529
			297,070,174	233,871,529
	Finances under mark-up arrangements	27.3 & 27.6	25,150,944	980,436
		27.2, 27.4 & 27.5	384,257,298	356,064,240

27.1 The rate of mark-up for these facilities range from Re. 0.13 to Re. 0.20 (2025: Re. 0.13 to Re. 0.21) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

27.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 503,871,886 (2025: Rs. 573,934,804) out of which Rs. 119,614,588 (2025: Rs. 217,870,564) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on the Company's stocks, receivables and trust receipts.

27.3 The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.34 (2025: Re. 0.03 to Re. 0.31) per Rs. 1,000 per day. These facilities are renewable subject to payment of repurchase price on specified dates.

27.4 These finances have been obtained for working capital requirements.

27.5 As at June 30, 2026, accrued mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 3,990,536 (2025: Rs. 2,388,282), which includes Rs. 590,061 (2025: Rs. 903,039) due to National Bank of Pakistan - a related party.

27.6 As at June 30, 2026, finances under markup arrangement includes Rs. 1,321,892 (2025: Rs. Nil) due to National bank of Pakistan - a related party.

27.7	Movement in short-term and foreign currency loan:	2026	2025
	Balance at beginning of the year	355,083,804	391,157,302
	Loans obtained during the year	510,680,597	181,971,867
	Loans repaid during the year	(506,658,047)	(218,045,365)
		4,022,550	(36,073,498)
	Balance at end of the year	359,106,354	355,083,804

28. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims are uncertain but they are not expected to give rise to material obligations beyond those provided for.

	2026	2025
Claim raised by regulatory authorities	386,949	386,949
Infrastructure development cess	252,464	252,464
	639,413	639,413

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

29. UNCLAIMED DIVIDEND

Balance at beginning of the year
Other changes - dividend for the year
Payments made during the year
Balance at end of the year

2026	2025
1,705,140	1,620,814
4,694,734	4,694,734
(4,611,684)	(4,610,408)
<u>1,788,190</u>	<u>1,705,140</u>

30. CONTINGENCIES AND COMMITMENTS

30.1 Tax Contingencies

The Company is contesting various tax matters. Based on the advice of legal and tax advisors, management believes that the outcome of these matters will be in favour of the Company and, accordingly, no provision has been made in these unconsolidated financial statements for the below tax matters.

	Date of Institution	Nature of Contingency	Brief Description	Forum / Status	Tax Years	Amount
30.1.1	Income Tax					
30.1.1.1	28.05.2010	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Sindh High Court (SHC)	2008	175,516
30.1.1.2	06.04.2012	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2010	15,093
30.1.1.3	31.05.2012	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2011	594,115
30.1.1.4	28.01.2014	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2013	281,572
30.1.1.5	09.02.2015	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Islamabad High Court (IHC)	2014	128,055
30.1.1.6	27.02.2017	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	IHC	2016	1,384,678
30.1.1.7	28.02.2018	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2017	295,553
30.1.1.8	31.01.2019	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2018	48,999
30.1.1.9	30.09.2020	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2019	247,020
30.1.1.10	01.04.2024	Amendment under section 122(5A)	Taxable income increased on account of - provision for impairment	ADRC	2020	54,421
30.1.1.11	30.06.2026	Audit under section 177	Taxable income increased on account of alleged non deduction of withholding on payment to vendors.	ADRC	2022	323,162
30.1.1.12	14.04.2026	Default Surcharge section 137(1)/205	Default Surcharge imposed on account of late payment of Super Tax.	ADRC	2022 to 2024	4,721,474

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Date of Institution	Nature of Contingency	Brief Description	Forum / Status	Tax Years	Amount
30.1.2	Sales Tax					
30.1.2.1	30.03.2010	Sales Tax Audit	Sales tax demand on discounts and input tax disallowance	SHC	2004 – 2007	1,400,000
30.1.2.2	26.06.2026	Sales Tax Audit under section 11E of Sales Tax Act, 1990	Sales tax demand on input tax disallowance	ADRC	2015 – 2016	23,250
30.1.2.3	22.04.2026	Order under section 52(3) of Baluchistan Sales Tax Act, 2013	Sales tax demand on alleged non-withholding of Baluchistan Sales Tax on Services	Commissioner Appeals and Tribunal	2018 - 2021	25,180
30.1.3	Other Matters					
30.1.3.1	28.06.2024	Workers Welfare Fund (WWF)	WWF demand by SRB already paid to FBR	Commissioner Appeals	2023	550,202
30.1.3.2	01.09.2021	Sindh Infrastructure Development Cess (SIDC)	SIDC demanded on import of POL products by Excise Department	Supreme Court	2016-2019	6,438,869
30.1.3.3	10.04.2025	Minimum Value Added Sales Tax (MVAT) on FO imports	MVAT demand on import of furnace oil by Customs Department	FCC	2019	17,250,015
30.1.3.4	16.03.2026	Conversion issue from barrel to L85	Demand of duties and taxes on imported PMG and HSD on account of alleged wrong conversion from Barrels to L85.	Customs Appellate Tribunal, Karachi.	2023-2024	3,107,260

30.2 Other legal claims

- 30.2.1** As at June 30, 2026 certain legal cases amounting to Rs. 13,477,794 (2025: Rs. 7,343,384) have been filed against the Company. However, based on the advice of legal advisors of the Company, the management believes that the outcome of these cases would be decided in Company's favor.
- 30.2.2** Claims against the Company not acknowledged as debts amount to Rs. 19,463,302 (2025: Rs. 16,909,893) other than as mentioned in note 30.2.1 to these unconsolidated financial statements.
- 30.2.3** The Company's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 1,521,844 (2025: Rs. 1,523,232).

	Note	2026	2025
30.3	Commitments		
30.3.1	Capital expenditures contracted for but not yet incurred	14,295,488	7,521,653
30.3.2	Letters of credit	52,483,889	11,433,314
30.3.3	Bank guarantees	3,150,911	4,356,229
30.3.4	Standby letters of credit	73,652,299	86,224,324
30.3.5	Cheque given as Guarantee	-	26,739,525
30.3.6	The Company has total unutilised facility limit against letters of credit aggregating to Rs. 130,782,183 (2025: Rs. 104,200,000) as of reporting date.		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
31. NET SALES			
Gross sales	31.1	3,247,536,971	3,389,556,149
- Discount / allowances		(7,250,676)	(7,150,850)
- Sales tax		(135,400,922)	(190,881,810)
- Inland Freight Equalization Margin (IFEM)		(54,859,457)	(42,134,050)
		(197,511,055)	(240,166,710)
Net sales		3,050,025,916	3,149,389,439
31.1	Includes export sales amounting to Rs. 4,129,658 (2025: Rs. 5,413,925).		
32. COST OF PRODUCTS SOLD	Note	2026	2025
Opening stock		250,909,180	288,983,146
Purchases made during the year		2,960,323,880	3,014,605,386
		3,211,233,060	3,303,588,532
Closing stock	12	(261,145,267)	(250,909,180)
		2,950,087,793	3,052,679,352
32.1	Purchases includes cost incurred on manufacturing of lubricants amounting to Rs.19,128,833 (2025: Rs.18,340,002).		
32.2	Purchases includes depreciation amounting to Rs. 52,825 (2025: Rs. 44,464).		
33. OTHER INCOME	Note	2026	2025
Income from financial assets			
Reimbursement of financial charges on line fill cost		4,887,912	5,899,006
Interest / mark-up received on delayed payments		877,548	864,874
Interest income on short-term placements		3,052,403	3,105,593
Interest / mark-up on saving accounts	33.1	624,168	2,104,147
Mark-up on loan to subsidiary	8.5	363,784	91,842
Dividend income	33.2	357,880	2,300,918
		10,163,695	14,366,380
Income from non-financial assets			
Handling, storage and other services		4,060,740	4,310,242
Income from Compressed Natural Gas (CNG) operators		74,686	94,465
Income from non-fuel retail business		449,443	389,367
Income from retail outlets - net		378,822	278,148
Scrap sales		85,667	60,454
Gain on disposal of property, plant and equipment	4.2	66,276	101,037
Penalties and other recoveries		697,046	585,701
Exchange gain		15,766	-
Reversal of impairment on financial assets		564,828	430,257
Reversal of provision against stores, spares and loose tools	11.1	101,199	-
Others		858,155	1,514,606
		7,352,628	7,764,277
		17,516,323	22,130,657
33.1	Includes mark-up of Rs. 106,749 (2025: Rs. 147,333) from bank accounts under Islamic mode.		
33.2	This represents dividend received from Pak-Arab Pipeline Company Limited which is a related party.		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

34. DISTRIBUTION AND MARKETING EXPENSES	Note	2026	2025
Salaries, wages and benefits	35.1	10,549,881	10,414,885
Transportation costs		319,022	287,597
Depreciation on property, plant and equipment	4.1.1	3,108,045	2,512,893
Depreciation on right-of-use assets	5.1	2,326,472	1,643,410
Security and other services		721,268	707,131
Rent, rates and taxes		215,326	106,918
Repairs and maintenance		2,452,120	2,509,770
Insurance		281,277	239,894
Travelling and office transport		699,005	619,791
Printing and stationery		40,573	39,410
Communication		18,595	52,194
Utilities		434,730	504,980
Storage and technical services		140,020	141,179
Sales promotion and advertisement		1,594,011	1,197,966
Fees and subscription		105,658	99,678
		23,006,003	21,077,696
35. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	35.1	4,407,990	4,128,199
Depreciation on property, plant and equipment	4.1.1	447,706	375,881
Depreciation on right-of-use assets	5.1	1,816	12,370
Amortisation	6	401,888	231,223
Security and other services		94,663	66,013
Rent, rates and taxes		48,940	8,357
Repairs and maintenance		797,178	903,604
Insurance		292,758	287,033
Travelling and office transport		224,174	152,387
Printing and stationery		14,932	15,911
Communication		62,327	45,699
Utilities		151,186	161,149
Storage and technical services		341,571	195,575
Legal and professional		325,630	257,138
Auditor's remuneration	35.3	22,940	28,745
Contribution towards expenses of Board of Management		67,929	46,793
Donations	35.4 & 35.5	665,000	500,000
Fees and subscription		36,125	15,626
		8,404,753	7,431,703

35.1 Salaries, wages and benefits also include charge of Rs. 173,664 (2025: Rs. 105,640) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 22.1.4 to these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

35.2 Remuneration of Chief Executive Officer, Directors and Executives

35.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Chief Executive Officer and Executives are as follows:

	2026		2025	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
Managerial remuneration	33,931	2,314,727	30,612	2,060,334
Housing and utilities	18,662	1,325,817	16,836	1,163,688
Performance bonus	12,553	557,253	8,218	503,245
Retirement benefits	6,258	942,244	6,167	926,822
Leave encashment	1,357	63,378	-	27,800
Other allowances and benefits	20,959	2,877,880	19,171	2,734,168
	93,720	8,081,299	81,004	7,416,057
Number, including those who worked part of the year	2	885	1	775

35.2.2 The amount charged in respect of fee to 10 (2025: 10) non-executive directors aggregated to Rs. 61,250 (2025: Rs. 41,250).

35.2.3 In addition, the Chief Executive and certain executives are provided with free use of Company maintained cars. Further, the Chief Executive and executives are also entitled to avail medical facilities and other benefits as per the Company's policy.

35.3 Auditor's remuneration

Fee for the:

	2026	2025
Audit of consolidated financial statements	1,928	1,845
Audit of unconsolidated financial statements	4,716	4,513
Review of half yearly financial statements	2,037	1,805
Tax certifications	3,985	9,699
Other certifications	8,536	9,222
Out of pocket expenses	1,738	1,661
	22,940	28,745

35.4 All donations are made to Corporate Social Responsibility (CSR) Trust which is an independent entity responsible for payment of donations.

35.5 During the year, no donations has been paid to any donee / party in which any director of Company is interested.

36. OTHER EXPENSES

	Note	2026	2025
Workers' Profit Participation Fund	26.9	2,914,104	2,838,319
Workers' Welfare Fund		1,165,642	1,135,328
Exchange loss on foreign currency transactions - net		-	63,147
Provision against stores, spares and loose tools	11.1	-	98,013
Provision for sales tax matters		1,996,101	-
		6,075,847	4,134,807

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

37. FINANCE COSTS	Note	2026	2025
Interest / mark-up on short-term borrowings in:			
- local currency		2,191,514	4,412,106
- foreign currency	37.1	16,859,105	24,937,618
		<u>19,050,619</u>	<u>29,349,724</u>
Mark-up on bank accounts under Islamic mode		3,120,809	2,438,946
Late payment surcharge and other bank charges		1,420,158	501,871
		<u>4,540,967</u>	<u>2,940,817</u>
		<u>23,591,586</u>	<u>32,290,541</u>
Finance cost on wharfage liability		66,708	78,804
Finance cost on lease liabilities	23	1,996,373	1,348,857
	37.2	<u>25,654,667</u>	<u>33,718,202</u>
37.1 Includes mark-up amounting to Rs. 3,145,230 (2025: Rs. 3,870,624) on facilities under Islamic mode and Rs. 13,713,875 (2025: Rs. 21,066,994) on facilities under conventional mode.			
37.2 Includes mark-up and bank charges amounting to Rs. 5,723,016 (2025: Rs. 10,546,792) on facilities obtained from National Bank of Pakistan - a related party.			
38. TAXATION	Note	2026	2025
Current			
- for the year		21,445,765	19,995,259
- for prior years - net		9,154,196	(288,512)
		<u>30,599,961</u>	<u>19,706,747</u>
Deferred	10.1	1,193,309	409,782
		<u>31,793,270</u>	<u>20,116,529</u>
38.1 Relationship between accounting profit and taxation			
Accounting profit before taxation, minimum tax differential and final taxes		<u>54,202,329</u>	<u>52,792,740</u>
Tax at the applicable tax rate of 29% (2025: 29%)		15,718,675	15,309,895
Tax effect of:			
- Final tax regime and share of (loss) / profit from associates		29,028	25,804
- Adjustments relating to prior years		9,154,196	(288,512)
- Change in rate of deferred tax		1,118,211	-
- Super tax		5,489,226	5,070,419
- Others		283,934	(1,077)
		<u>31,793,270</u>	<u>20,116,529</u>
Effective tax rate (%)		<u>59</u>	<u>38</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 38.2** Reconciliation of current tax charge as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	Note	2026	2025
Current tax liability for the year as per applicable tax laws	38.5	28,787,054	31,760,024
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(21,445,765)	(19,995,259)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37		(7,341,289)	(11,764,765)
Difference		-	-

- 38.3** This represents portion of minimum tax paid under section 148 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

- 38.4** This represents final taxes paid under section 150 of the Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37, and includes super tax thereon.

- 38.5** The aggregate of minimum / final tax and Income tax, amounting to Rs. 28,787,054 represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

39. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Profit for the year

2026	2025
15,067,770	20,911,446

----- (Number of shares) -----

Weighted average number of ordinary shares in issue

469,473,300	469,473,300
-------------	-------------

----- (Rupees) -----

Earnings per share - basic and diluted

32.10	44.54
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Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

40. CASH GENERATED FROM OPERATIONS	Note	2026	2025
Profit before taxation, minimum tax differential and final taxes		54,202,329	52,792,740
Adjustments for:			
Depreciation of property, plant and equipment	4.1.1	3,608,576	2,933,238
Depreciation of right-of-use assets	5	2,328,288	1,655,780
Amortisation of intangibles	6	401,888	231,223
Provision for write down to net realisable value	12	42,527,986	-
Reversal of provision for impairment on trade debts - net	13.3	(558,520)	(659,885)
Reversal of impairment against doubtful other receivables - net	16.4.1	(6,308)	(5,466,263)
(Reversal) / provision for impairment against stores, spares and loose tools	11.1	(101,199)	98,013
Provision for retirement and other services benefits		2,240,551	2,835,049
Gain on disposal of operating assets	33	(66,276)	(101,037)
Share of (loss) / profit from associates - net of tax	7.8.3	110,847	(314,404)
Dividend income	33	(357,880)	(2,300,918)
Interest on lease payments	37	1,996,373	1,348,857
Finance costs	37	23,658,294	32,369,345
		75,782,620	32,628,998
Changes in:			
Stores, spares and loose tools		(314,451)	327,481
Stock-in-trade		(52,764,073)	38,073,966
Trade debts		23,198,738	51,409,048
Loans and advances		(527,775)	(280,064)
Short-term deposits and prepayments		830,154	(1,024,334)
Other receivables		(29,327,770)	(21,821,640)
Trade and other payables		(79,489,116)	73,683,929
		(138,394,293)	140,368,386
		<u>(8,409,344)</u>	<u>225,790,124</u>
41. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents include:			
- Cash and bank balances	18	11,906,396	53,997,293
- Short-term investments	17	26,499,951	46,999,504
- Finances under mark-up arrangements	27	(25,150,944)	(980,436)
		<u>13,255,403</u>	<u>100,016,361</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

42. SEGMENT INFORMATION

42.1 Segment wise results are as follows:

	2026				2025			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	2,406,897	630,582	12,547	3,050,026	2,155,500	982,256	11,633	3,149,389
Cost of products sold	(2,326,141)	(612,496)	(11,451)	(2,950,088)	(2,088,028)	(953,457)	(11,194)	(3,052,679)
Gross profit	80,756	18,086	1,096	99,938	67,472	28,799	439	96,710
Other income	11,356	-	6,160	17,516	12,167	-	9,964	22,131
Administrative, distribution and marketing expenses	(28,808)	(1,766)	(837)	(31,411)	(25,546)	(2,221)	(742)	(28,509)
Other charges	(5,711)	77	(442)	(6,076)	(3,177)	(111)	(847)	(4,135)
Operating cost	(34,519)	(1,689)	(1,279)	(37,487)	(28,723)	(2,332)	(1,589)	(32,644)
Finance costs	(8,227)	(17,428)	-	(25,655)	(8,718)	(25,000)	-	(33,718)
Share of (loss) / profit of associates - net of tax	-	-	(111)	(111)	-	-	314	314
Profit / (loss) before taxation, minimum tax differential and final taxes	49,366	(1,031)	5,866	54,202	42,198	1,467	9,128	52,793
Minimum tax differential	-	(7,252)	-	(7,252)	(53)	(11,337)	-	(11,390)
Final taxes	-	-	(89)	(89)	-	-	(375)	(375)
Profit / (loss) before taxation	49,366	(8,283)	5,777	46,861	42,145	(9,870)	8,753	41,028
Taxation	(28,701)	402	(3,494)	(31,793)	(18,360)	1,439	(3,196)	(20,118)
Profit / (loss) for the year	20,665	(7,881)	2,283	15,068	23,785	(8,431)	5,557	20,911

42.2 As referred in note 3.21 to these unconsolidated financial statements, the expenses have been allocated based on the sales volume which is in line with the basis of reporting to Management Committee.

42.3 Net sales in LNG segment relates to single customer.

42.4 Receivables and payables balances pertaining to LNG segment have been disclosed in notes 13.5 and 26.3 respectively. Moreover, majority of the remaining assets and liabilities pertains to the petroleum segment.

42.5 Out of total sales of the Company, 99.9% (2025: 99.8%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2026 are located in Pakistan.

42.6 The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Company are approximately 30% during the year ended June 30, 2026 (2025: 38%).

42.7 Out of total gross sales of the Company, sales amounting to Rs. 788,662,688 (2025: Rs. 1,159,692,105) relates to circular debt customers.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

43. DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS

Securities Exchange Commission of Pakistan (SECP) vide its S.R.O. 1278(1)/2024 dated August 15, 2024 has notified an amendment in the Fourth Schedule of Companies Act, 2017 requiring listed companies and their subsidiaries to disclose certain information if they are not engaged in Shariah non-permissible business activities. Following information is disclosed pursuant to the amendment:

Description	Explanation	2026	2025
43.1 Statement of Financial Position			
Assets:			
Long-term investments	Shariah Compliant	4,931,787	4,937,226
Long-term investments	Non - Shariah Compliant	12,689,583	14,512,051
Cash and bank balances	Bank accounts under Islamic finance	923,992	2,122,989
Cash and bank balances	Bank accounts under conventional finance	10,966,501	51,858,824
Liabilities:			
Short-term borrowings	Financing obtained as per Islamic mode	117,015,537	53,216,314
Accrued mark-up	Mark-up accrued on conventional loan	2,162,518	1,889,595
Accrued mark-up	Profit accrued on Islamic loan	1,828,018	498,687
43.2 Statement of profit or loss and other comprehensive income			
Net sales	Shariah Compliant	3,050,025,916	3,149,389,439
Mark up / Profit (Expense):			
Finance Cost	Mark up on conventional mode of financing	15,905,389	25,479,100
Finance Cost	Profit on Islamic mode of financing	6,266,039	6,309,570
Mark up / Profit (Payment):			
Short-term borrowings	Mark up on conventional mode of financing	15,632,466	27,289,417
Short-term borrowings	Profit on Islamic mode of financing	4,936,707	7,042,392
Exchange gain / (loss)	Shariah Compliant	15,766	(63,147)
Share of (loss) / Profit from Associates	Shariah Compliant	(3,187)	1,034
Share of (loss) / Profit from Associates	Non - Shariah Compliant	(107,660)	313,370
Other Income			
Other income earned from Shariah Compliant avenues			
Handling, storage and other services		4,060,740	4,310,242
Income from Compressed Natural Gas (CNG) operators		74,686	94,465
Income from non-fuel retail business		449,443	389,367
Income from retail outlets - net		378,822	278,148
Gain on disposal of property, plant and equipment		66,276	101,037
Dividend from Shariah compliant investments		-	800,918
Reversal of provision against stores, spares and loose tools		101,199	-
Reversal of impairment on financial assets		564,828	430,257
Scrap sales		85,667	60,454
Profit on saving accounts		106,749	147,333
Others		270,838	168,659

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Description	2026	2025
Other income earned from non Shariah Compliant avenues		
Dividend income on long-term investments at fair value through other comprehensive income	357,880	1,500,000
Penalties and other recoveries	697,046	585,701
Reimbursement of financial charges on line fill cost	4,887,912	5,899,006
Interest on delayed payments	877,548	864,874
Markup on loan to subsidiary	363,784	91,842
Interest / markup on saving accounts	517,419	1,956,814
Interest income on short-term placements	3,052,403	3,105,593
Exchange gain earned using conventional derivatives	-	-
Others	587,317	1,345,947

43.3 During the year and as at reporting date, the Company has no relationship with Shariah compliant financial institutions other than in capacity of borrower or lender.

43.4 Management considers that revenue from its ordinary activities are shariah compliant.

	Note	2026	2025
44. FINANCIAL INSTRUMENTS BY CATEGORY			
44.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	7	7,405,495	8,094,954
At amortised cost			
- Loans and advances	8 & 14	5,719,439	5,269,707
- Deposits		609,474	714,613
- Trade debts	13	414,812,886	437,453,104
- Other receivables		29,785,725	5,065,869
- Short-term investments	17	26,499,951	46,999,504
- Cash and bank balances	18	11,906,396	53,997,293
		489,333,871	549,500,090
44.2 Financial liabilities as per statement of financial position		496,739,366	557,595,044
At amortised cost			
- Lease liabilities	23	23,760,864	13,009,707
- Trade and other payables		260,165,352	333,937,697
- Unclaimed dividend	29	1,788,190	1,705,140
- Accrued mark-up	27.5	3,990,536	2,388,282
- Short-term borrowings	27	384,257,298	356,064,240
		673,962,240	707,105,066

44.3 Fair values of financial assets and liabilities

(a) A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2026, except for the Company's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.2 of these unconsolidated financial statements.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 Financial risk factors

Introduction and overview

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

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

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

Financial risk factors and risk management framework

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

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

The Company's finance 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's investment in Pak-Arab Pipeline Company Limited.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US\$ or USD).

	USD (in '000)		PKR	
	2026	2025	2026	2025
Trade payables	153,387	498,798	42,687,946	141,641,287
Advances	2,778	3,071	773,214	872,057
	Average rate		Spot rate	
	2026	2025	2026	2025
USD to PKR	280.64	279.57	278.30	283.97

The Company has incurred exchange losses of Rs. 5,748,525 (2025: Rs. 9,932,997) and exchange gain of Rs. 15,766 (2025: Exchange loss of Rs. 63,147) that have been recognised as part of cost of products sold and other expenses respectively. Exchange losses recognised as part of cost of products sold have been recovered through the pricing mechanism.

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30, 2026. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.2 to these unconsolidated financial statements.

The Company has limited exposure to foreign currency risks, and any fluctuations in exchange rates are not expected to have a material financial impact on the Company.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from local creditors, security deposits and short-term borrowings amounting to Rs. 427,442,511 (2025: Rs. 340,204,652). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Note	Carrying amount	
		2026	2025
Variable rate instruments			
Financial assets			
- Saving accounts	18	9,438,621	50,863,428
Financial liabilities			
- Short-term borrowings	27	(384,257,298)	(356,064,240)
- Local creditors	26	(52,399,834)	(34,772,740)
- Security deposits		(224,000)	(231,100)
		(436,881,132)	(391,068,080)
Net financial liabilities at variable interest rates		(427,442,511)	(340,204,652)

Notes to the Unconsolidated Financial Statements

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(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. 2,607,399 (2025: Rs. 2,075,248). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2025.

(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, 2026, the Company's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.3.1.

(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.

The Risk Management function is regularly conducting detailed analysis on Sectors / Industries. Keeping in view short-term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

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:

	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
	2026		2025	
Financial assets at amortised cost				
- Loans and advances	5,719,439	2,569,439	5,269,707	2,119,707
- Deposits	609,474	609,474	714,613	714,613
- Trade debts	414,812,886	65,266,001	437,453,104	54,154,413
- Other receivables	29,785,725	29,785,725	5,065,869	5,065,869
- Bank balances	11,890,493	11,890,493	53,981,813	53,981,813
- Short-term investments	26,499,951	-	46,999,504	-
	489,317,968	110,121,132	549,484,610	118,493,822

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 372,120,008 (2025: Rs. 401,804,295). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts and the company does not expect these companies to fail to meet their obligations. 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, the Company believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating	
			Short-term	Long-term
Allied Bank Limited	June 2026	PACRA	A1+	AAA
Askari Bank Limited	June 2026	PACRA	A1+	AA+
Bank Alfalah Limited	June 2026	PACRA	A1+	AAA
Bank Al-Habib Limited	June 2026	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2026	Moody's	P-1	Aa3
Faysal Bank Limited	June 2026	PACRA	A1+	AA+
Habib Bank Limited	June 2026	VIS	A1+	AAA
Habib Metropolitan Bank Limited	June 2026	PACRA	A1+	AAA
MCB Bank Limited	June 2026	PACRA	A1+	AAA
Meezan Bank Limited	June 2026	VIS	A1+	AAA
National Bank of Pakistan	June 2026	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	June 2026	VIS	A1+	AAA
United Bank Limited	June 2026	VIS	A1+	AAA
The Bank of Punjab	June 2026	PACRA	A1+	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 the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

Financial liabilities	Contractual maturity Up to three months	
	2026	2025
Trade and other payables	260,165,352	333,937,697
Unclaimed dividend	1,788,190	1,705,140
Accrued mark-up	3,990,536	2,388,282
Short-term borrowings	384,257,298	356,064,240
	650,201,376	694,095,359

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend is payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 23 to these unconsolidated financial statements.

(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.

Business Continuity Plans for respective areas are in place and tested. Work-from-home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Company's information assets are adequately protected from emerging cyber threats.

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

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

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

45.2 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 manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2026 and June 30, 2025 were as follows:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
Short-term borrowings	27	384,257,298	356,064,240
Bank balances and investment with lenders		(38,390,444)	(100,981,317)
Net debt		345,866,854	255,082,923
Total equity		260,854,927	250,291,191
Total capital		606,721,781	505,374,114
Gearing ratio		57.01%	50.47%

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 minimise risk.

46. TRANSACTIONS WITH RELATED PARTIES

46.1 Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Shareholding %	Relationship
Direct Shareholders		
Government of Pakistan	22.47%	Controlling Authority
PSO Employees Empowerment Trust	3.04%	State owned / controlled entities
Direct Shareholdings		
Pakistan Refinery Limited	63.56%	Subsidiary
Cerisma (Private) Limited	100%	Subsidiary
PSO Renewable Energy (Private) Limited	100%	Subsidiary
PSO Venture Capital (Private) Limited	100%	Subsidiary
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	Associate
Pak-Arab Pipeline Company Limited	12%	Strategic Investment / Common Directorship
Other Related Parties		
Karachi Port Trust		State owned / controlled entities
Civil Aviation Authority		State owned / controlled entities
Pakistan Railways		State owned / controlled entities
National Insurance Company Limited		State owned / controlled entities
National Bank of Pakistan		State owned / controlled entities
Pakistan Steel Mills Corporation (Pvt.) Limited		State owned / controlled entities
WAPDA Foundation		State owned / controlled entities
Retirement benefit funds namely:		
1. Pension funds		
2. Gratuity fund and		Post employment benefits
3. Provident fund		
PSO CSR Trust		Trust Controlled by KMP
Board of Management - Oil		Charged with governance
Pak-Arab Refinery Company Limited		Government related entity
Pakistan International Airline Corporation Limited		Government related entity
PIA Holding Company Limited		Government related entity
Water and Power Development Authority		Government related entity
GENCO Holding Company Limited		Government related entity
Oil Companies Advisory Council		Government related entity
Oil and Gas Development Company Limited		Government related entity
Mari Energies Limited		Government related entity
Faisalabad Electric Supply Company		Government related entity
Islamabad Electric Supply Company		Government related entity
Pakistan Mineral Development Corporation		Government related entity
Pakistan National Shipping Corporation		Government related entity
Port Qasim Authority (PQA)		Government related entity
National Logistics Company		Government related entity

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Name of Related parties

Relationship

K-Electric Limited	Government related entity / Common Directorship
Sui Northern Gas Pipelines Limited	Government related entity / Common Directorship
Sui Southern Gas Company Limited	Government related entity / Common Directorship
Pakistan Petroleum Limited	Government related entity / Common Directorship
Power Holding (Private) Limited	Government related entity / Common Directorship
Federal tax authorities	Regulatory Authorities - Government related entity
Oil and Gas Regulatory Authority (OGRA)	Regulatory Authority - Government related entity
Public Procurement Regulatory Authority	Regulatory Authority / Common Directorship
Private Power & Infrastructure Board	Regulatory Authority / Common Directorship
ABM Investment	Common Directorship
Digital Bridge (Pvt.) Limited	Common Directorship
ABM Logistics	Common Directorship
Marina City Developers	Common Directorship
Independent System & Market Operator	Common Directorship
Prestige Communications (Pvt.) Ltd.	Common Directorship
MM Management Consultants (Pvt.) Limited	Common Directorship
Awan Foundation of Pakistan	Common Directorship
Hinopak Limited	Common Directorship
National Power Parks Management Company (Pvt.) Ltd	Common Directorship
Power Information Technology Company	Common Directorship
Petroleum Institute of Pakistan	Common Directorship
Cnergyico PK Limited	Common Directorship
Zarai Taraqiati Bank Limited	Common Directorship
Gulzar Khoja	Key management personnel
Abdus Sami	Key management personnel
Shah Mujadad Uddin Jawad	Key management personnel
Asif Aslam Khan	Key management personnel
Raja Imranullah Khan	Key management personnel
Nadeem Afridi	Key management personnel
Asad Raza Faiz	Key management personnel
Muhammad Ali	Key management personnel
Mir Shahzad Khan Talpur	Key management personnel
Brig. (R) Rizwan Ahmed	Key management personnel
Syed Sajjad	Key management personnel
Shamail Sharaf Shah	Key management personnel
Raja Muhammad Faisal Abdullah	Key management personnel
Ghulam Murtaza Sheikh	Key management personnel
Ayesha Afzal	Key management personnel
Iysha Faizan	Key management personnel
Shaista S. Sumar	Key management personnel
Amir Zaib	Key management personnel
Ambreen Ali	Key management personnel
Abdul Lateef Bawany	Key management personnel
Nimra Wasim	Key management personnel
Arif Hussain Noman	Key management personnel
Raza ul Haque	Key management personnel
Mohsin Ali Mangi *	Key management personnel
Om Perkash *	Key management personnel
S Khawar Abbas Jillani *	Key management personnel
Babar Hamid Chaudhary *	Key management personnel
Muhammad Zeeshan Hyder *	Key management personnel
Nida Yousuf *	Key management personnel

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(Amounts in Rs. '000)

Name of Related parties

Relationship

Other Related parties

Jawwad Ahmed Cheema
Asif Baigmoamed
Ahmed Jamal Mir
Mushtaq Malik
Muhammad Fakhre Alam Irfan
Sajjad Azhar
Usman Ahmed Chaudhry
Mirza Nasiruddin Mashhood Ahmad
Dr. Ayesha Waqar
Syed Muhammad Taha *
Shahbaz Tahir Nadeem *
Waheed Ahmed Shaikh *
Zafar Abbas *

Key management personnel / Director
Director
Director
Director
Director
Director
Director
Director
Director
Key management personnel / Director
Director
Director
Director

* These are not Key management personnel / directors of the Company as of June 30, 2026.

46.2 Related parties comprise of subsidiaries, associates, retirement benefit funds, state-owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year are in accordance with accounting and reporting standards as applicable in Pakistan. The transactions with related parties other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Name of related parties and relationship with the Company	Nature of transactions	2026	2025
Subsidiaries			
- Pakistan Refinery Limited	Purchases	268,955,095	198,865,103
	Dividend received	-	800,918
	Interest income	363,784	91,842
- PSO Renewable Energy Private Limited	Payments made on behalf of subsidiary	48,488	30,908
- PSO Venture Capital Private Limited	Payments made on behalf of subsidiary	17,566	38,377
- Cerisma Private Limited	Payments made on behalf of subsidiary	93,992	59,274
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	155,672	88,597
	Gross Sales	2,845	-
	Dividend received	1,372	3,431
- Asia Petroleum Limited	Income facility charges	-	175,885
	Pipeline charges	-	10,787
	Dividend received	921,169	644,820
Retirement benefit funds			
- Pension funds	Charge for the year	330,511	641,461
	Contributions	317,236	248,350
- Gratuity fund	Charge for the year	584,444	590,738
	Contributions	566,767	268,602
- Contributory pension funds	Charge for the year	229,758	230,452
	Contributions	229,758	230,452
- Provident fund	Charge for the year	254,365	233,697
	Contributions	254,365	233,697

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For the year ended June 30, 2026

(Amounts in Rs. '000)

Name of related parties and relationship with the Company	Nature of transactions	2026	2025
Key management personnel	Managerial remuneration	309,733	318,524
	Housing and utilities	170,353	175,188
	Performance bonus	87,103	85,750
	Other allowances and benefits	309,672	318,984
	Retirement benefits	100,429	121,503
	Vehicles having net book value of Rs. 16,187 (2025: Rs. 10,649) transferred under employee car scheme (sale proceeds)		
		16,867	11,074

46.3 Related parties by virtue of GoP holdings and Common Directorship

The Federal Government of Pakistan directly holds 22.47% of the Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for significant transactions:

Name of related parties	Nature of transactions	2026	2025
- Government of Pakistan	Dividend paid	1,055,041	1,055,041
- PSOCL Employees Empowerment Scheme	Dividend paid to the Trust	142,636	142,636
- Board of Management	Contribution	67,929	46,793
- Pak-Arab Pipeline Company Limited	Pipeline charges Dividend received	7,427,761 357,880	8,270,787 1,500,000
- Distribution Companies (DISCOs)	Utility charges	196,173	233,308
- GENCOs	Gross sales	3,570,736	448,454
- Cnergyco PK Limited	Purchases	40,487,992	-
- Pakistan Petroleum Limited	Gross sales Purchases	455,482 46,944	878,456 40,290
- Oil and Gas Development Company Limited	Gross sales Purchases	9,159,521 1,519,930	6,987,074 2,241,760
- Pakistan International Airlines Corporation Limited	Gross sales Purchases	46,946,390 29,988	37,905,049 7,471
- Pakistan Railways	Gross sales	41,214,692	36,961,531
- Pak-Arab Refinery Company Limited	Purchases Pipeline charges	687,648,092 1,886,587	494,403,104 1,724,597
- Petroleum Institute of Pakistan	Services received	25,438	24,353
- Sui Northern Gas Pipelines Limited	Gross sales	775,138,224	1,158,521,213
- K-Electric Limited	Gross sales Income facility charges Utility charges	168,225 - 239,631	11,133,822 6,394 276,733

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

The transactions described below are collectively but not individually significant to these unconsolidated financial statements and therefore have been described below:

- (i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.
- (ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.
- (iii) The Company incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.
- (vi) The Company obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited on account of utility charges.
- (vii) The Company also pays dividend to various government related entities who are shareholders of the Company.

46.4 The status of outstanding receivables from and payables to related parties as at June 30, 2026 are included in respective notes to these unconsolidated financial statements.

46.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

46.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Company.

46.7 All the transactions with directors have been disclosed in note 35.2 to these unconsolidated financial statements.

47. PROVIDENT FUND RELATED DISCLOSURES

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

48. EVENTS AFTER THE REPORTING DATE

The Board of Management in its meeting held on September 25, 2026 proposed (i) a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734, (ii) Nil % bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

		Metric Tonne	
		2026	2025
49. CAPACITY AND ACTUAL PERFORMANCE			
Available capacity		<u>70,000</u>	<u>70,000</u>
Actual production		<u>46,314</u>	<u>44,792</u>
The above pertains to lube manufacturing plants of the Company and the production is carried out as per sales demand.			
50. NUMBER OF EMPLOYEES			
Total employees as at June 30		<u>2,209</u>	<u>2,199</u>
Average number of employees during the year		<u>2,234</u>	<u>2,199</u>
51. CORRESPONDING FIGURES			
Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of better presentation, the effects of which are not considered material.			
52. GENERAL			
The figures have been rounded off to nearest thousand Rupees unless otherwise stated.			
53. DATE OF AUTHORISATION FOR ISSUE			
These unconsolidated financial statements were approved and authorised for issue on September 25, 2026 by the Board of Management.			



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan State Oil Company Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pakistan State Oil Company Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

Key Audit Matters	How the matter was addressed in our audit
Overdue trade receivable due to inter-corporate circular debt issue or ultimately due from Government of Pakistan (Refer note 14 to the consolidated financial statements) As at June 30, 2026, the Group's overdue trade receivable from customers due to circular debt issue amounted to Rs. 325,181 million which includes Rs. 67,617 million and Rs. 257,564 million from related parties, GENCO Holding Company Limited (GENCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) respectively. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Group has recognised a specific provision of Rs. 347 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan.	Our audit procedures in respect of receivables, amongst others, included the following: • Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices; • Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures; • Inspected correspondence with the customers and relevant government authorities and held discussions with the Group and Board Audit and Compliance Committee of the Board of Management (BOM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue from the Government of Pakistan;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the matter was addressed in our audit
Interest on the past due amounts from customers is recognised by the Group on receipt basis. We considered the matter as a key audit matter due to significance of the past due amounts and significant judgements made by management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers.	- Discussed with the Group, events during the year and steps taken by management for settlement of the overdue trade debts and inspected minutes of meetings of the BOM and Board Audit and Compliance Committee of the BOM; - Evaluated management's assessment on the Expected Credit Losses (ECL) of trade receivables and assessed management's conclusion along with assumptions used for the determination of ECL; and - Assessed the adequacy of disclosure made in the financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Recognition of Revenue

(Refer note 33 to the consolidated financial statements)

The Group recognises revenue at the transaction price which the Group expects to be entitled to, after deducting sales tax, discounts and applicable levies.

The Group carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Sale of certain de-regulated products is carried out at the margin-based price mechanism and the Group recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Group at customer premises.

We considered recognition of revenue as a key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group.

Our audit procedures to assess the recognition, amongst others, included the following:

- Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products;
- Assessed the appropriateness of the Group's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers");
- Compared on sample basis, the revenue transactions recorded during the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period;
- Tested on a sample basis, notifications of OGRA for petroleum products price and the Group's margin based price determination for regulated and de-regulated products respectively;
- Tested journal entries relating to revenue recognised during the year based on identified risk criteria;
- Assessed the reasonableness of management's judgement relating to recoverability of interest on delayed payments from customers; and
- Assessed the appropriateness of the disclosure made in the consolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan.

Information other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises of Chairman's Review & CEO's Letter to Shareholders and financial performance included in the Group's annual report for the year ended June 30, 2026 but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

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

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Inam Ullah Kakra.

Islamabad

Date: October 05, 2026

UDIN: AR202610202c1fv68qk9



KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

As at June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	56,032,098	49,795,119
Right-of-use assets	6	22,470,690	12,068,765
Intangibles	7	823,739	893,547
Long-term investments	8	9,242,385	10,954,653
Long-term loans, advances and other receivables	9	1,251,974	1,330,524
Long-term deposits	10	552,446	577,885
Deferred tax asset - net	11	18,196,634	20,485,888
Employee benefit prepayments	23	96,504	8,728
		108,666,470	96,115,109
Current Assets			
Stores, spares, chemicals and loose tools	12	2,896,396	2,591,505
Stock-in-trade	13	290,388,283	269,026,520
Trade debts	14	420,476,931	444,113,690
Loans and advances	15	1,776,071	1,134,758
Short-term deposits and prepayments	16	775,341	1,524,334
Other receivables	17	203,950,121	169,347,739
Taxation - net		11,905,692	2,476,971
Short-term investments	18	31,892,337	48,384,628
Cash and bank balances	19	17,681,335	60,896,001
		981,742,507	999,496,146
Net assets in Bangladesh	20	-	-
TOTAL ASSETS		1,090,408,977	1,095,611,255
EQUITY AND LIABILITIES			
Equity			
Share capital	21	4,694,734	4,694,734
Reserves	22	273,395,996	252,169,469
Equity attributable to the owners of the Holding Company		278,090,730	256,864,203
Non-controlling interest		12,306,639	6,070,659
		290,397,369	262,934,862
Non-Current Liabilities			
Retirement and other service benefits	23	11,213,730	11,138,066
Long-term borrowings	24	6,000,000	9,200,000
Lease liabilities	25	23,233,286	12,588,181
Deferred income - Government grant	26	100,000	100,000
Other payable	27	282,507	399,453
		40,829,523	33,425,700
Current Liabilities			
Trade and other payables	28	360,117,211	421,742,515
Short-term borrowings	31	391,703,851	371,537,732
Accrued mark-up	31.5	4,258,691	3,044,627
Provisions	30	639,413	639,413
Current portion of lease liabilities	25	651,156	557,290
Unclaimed dividend	29	1,811,763	1,729,116
		759,182,085	799,250,693
TOTAL LIABILITIES		800,011,608	832,676,393
TOTAL EQUITY AND LIABILITIES		1,090,408,977	1,095,611,255
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
Net sales	33	3,212,350,950	3,318,783,840
Cost of products sold	34	(3,079,103,467)	(3,221,632,883)
Gross Profit		133,247,483	97,150,957
Other income	35	18,312,551	24,365,022
Operating Costs			
Distribution and marketing expenses	36	(23,810,322)	(21,955,481)
Administrative expenses	37	(10,437,717)	(9,012,463)
Other expenses	38	(8,345,496)	(6,584,375)
		(42,593,535)	(37,552,319)
Finance costs	39	(29,708,723)	(37,413,932)
Share of (loss) / profit from associates - net of tax	8.3.3	(114,796)	315,687
Profit Before Taxation, Minimum Tax Differential and Final Taxes		79,142,980	46,865,415
Minimum tax differential	40.3	(7,251,819)	(13,215,722)
Final taxes	40.4	(89,725)	(375,000)
		(7,341,544)	(13,590,722)
Profit Before Taxation		71,801,436	33,274,693
Taxation	40	(40,219,616)	(19,032,776)
Profit For the Year		31,581,820	14,241,917
Profit Attributable to:			
Owners of the Holding Company		25,486,827	16,444,491
Non-controlling interest		6,094,993	(2,202,574)
		31,581,820	14,241,917
----- (Rupees) -----			
Earnings Per Share - Basic and Diluted	41	54.29	35.03

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
Profit for the year		31,581,820	14,241,917
Other Comprehensive Income:			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	8.3.3	16,229	5,791
Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	8.2.1	(689,459)	3,536,633
Taxation thereon		399,719 (289,740)	(1,379,287) 2,157,346
Actuarial gain on remeasurement of retirement and other service benefits	23.1.6 & 23.2.1.7	1,068,200	830,747
Taxation thereon		(219,268) 848,932	(179,590) 651,157
		575,421	2,814,294
Total Comprehensive Income For the Year		32,157,241	17,056,211
Total Comprehensive Income Attributable to:			
Owners of the Holding Company		25,921,261	19,240,847
Non-controlling interest		6,235,980	(2,184,636)
		32,157,241	17,056,211

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2026

	Reserves							Non - Controlling Interest	Total
	Share Capital	Capital Reserves			Revenue Reserves		Sub-Total		
		Surplus on Vesting of Net Assets	Unrealised (Loss) / gain on Remeasurement of FVOCI Investments	General Reserve	PSO Venture Capital Fund (note 22.2)	Un-Appropriated Profit			
	(Rupees in '000)								
Balance as at July 01, 2024	4,694,734	3,373	2,253,541	25,282,373	414,718	209,669,351	237,623,356	8,714,439	251,032,529
Total Comprehensive Income For the Year									
Profit for the year	-	-	-	-	-	16,444,491	16,444,491	(2,202,574)	14,241,917
Profit for the year transferred to venture capital reserve	-	-	-	-	527,927	(527,927)	-	-	-
Reclassification of reserves	-	-	-	-	(414,718)	414,718	-	-	-
Other Comprehensive Income									
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	2,157,346	-	-	-	2,157,346	-	2,157,346
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	633,219	633,219	17,938	651,157
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	5,791	5,791	-	5,791
	-	-	2,157,346	-	-	639,010	2,796,356	17,938	2,814,294
Transactions with the Owners of the Holding Company									
Distributions									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(459,144)	(459,144)
Final dividend for the year ended June 30, 2024 at Rs. 10/- per share	-	-	-	-	-	(4,694,734)	(4,694,734)	-	(4,694,734)
Balance as at June 30, 2025	4,694,734	3,373	4,410,887	25,282,373	527,927	221,944,909	252,169,469	6,070,659	262,934,862
Balance as at July 01, 2025	4,694,734	3,373	4,410,887	25,282,373	527,927	221,944,909	252,169,469	6,070,659	262,934,862
Total Comprehensive Income For the Year									
Profit for the year	-	-	-	-	-	25,486,827	25,486,827	6,094,993	31,581,820
Reclassification of reserves	-	-	-	-	(527,927)	527,927	-	-	-
Other Comprehensive Income									
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(289,740)	-	-	-	(289,740)	-	(289,740)
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	708,342	708,342	140,590	848,932
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	15,832	15,832	397	16,229
	-	-	(289,740)	-	-	724,174	434,434	140,987	575,421
Transactions with the Owners of the Holding Company									
Distributions									
Final dividend for the year ended June 30, 2025 at Rs. 10/- per share	-	-	-	-	-	(4,694,734)	(4,694,734)	-	(4,694,734)
Balance as at June 30, 2026	4,694,734	3,373	4,121,147	25,282,373	-	243,989,103	273,395,996	12,306,639	290,397,369

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2026

	Note	2026	2025
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	19,663,788	232,800,280
Long-term loans, advances and other receivables		78,550	(352,556)
Long-term deposits and prepayments		25,439	(214,706)
Taxes paid		(54,520,176)	(39,846,107)
Finance costs paid		(25,479,112)	(38,332,137)
Retirement and other service benefits paid		(1,359,774)	(1,153,935)
Net cash (used in) / generated from operating activities		(61,591,285)	152,900,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(11,856,826)	(8,876,777)
Proceeds from disposal of property, plant and equipment	5.2	123,064	195,069
Dividends received		1,282,122	2,152,502
Net cash used in investing activities		(10,451,640)	(6,529,206)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term borrowings - obtained during the year	24	-	8,700,000
Long-term borrowings - repaid during the year	24	(2,500,000)	(1,500,000)
Short-term borrowings - net	31.6	(4,704,389)	(47,043,995)
Lease payments	25	(4,025,326)	(2,540,845)
Dividends paid	29	(4,612,087)	(5,065,429)
Net cash used in financing activities		(15,841,802)	(47,450,269)
Net (decrease) / increase in cash and cash equivalents		(87,884,727)	98,921,364
Cash and cash equivalents at beginning of the year		106,915,069	7,993,705
Cash and cash equivalents at end of the year	43	19,030,342	106,915,069

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management



Gulzar Khoja
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of Pakistan State Oil Company Limited ("the Holding Company"), Pakistan Refinery Limited, Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital (Private) Limited ("the Subsidiary Companies"). Brief profiles of the Holding Company and the Subsidiary Companies are given below:

1.1 Pakistan State Oil Company Limited

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

1.1.2 The business units of the Holding Company include the following:

Business Unit	Address	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.	Sindh
Lubes Manufacturing Plants	National Refinery Limited, Korangi, Karachi. Keamari Oil Terminal, Keamari, Karachi.	Sindh

Regional marketing, sales offices and invoicing points are located across the country. The Holding Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these consolidated financial statements as required under the Fourth Schedule to the Companies Act, 2017.

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

1.2 Pakistan Refinery Limited

1.2.1 Pakistan Refinery Limited (PRL) was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. PRL is engaged in the production and sale of petroleum products. As on June 30, 2026 the Holding Company controls 63.56% (2025: 63.56%) shares of PRL.

1.2.2 The business units of PRL include the following:

Business Unit	Address	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.	Sindh
Storage tanks	Keamari, Karachi.	Sindh

1.3 Cerisma (Private) Limited

A wholly owned subsidiary named Cerisma (Private) Limited (CPL) was incorporated on September 29, 2022 as a private limited company. The principal activity of CPL is to set-up, manage, own, administer and run Electronic Money Institution (EMI) under EMI Regulations. As at June 30, 2026, the Holding Company has subscribed to 97,999,999 shares of CPL. The principal place of business for CPL is in Sindh, Pakistan.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

1.4 PSO Renewable Energy (Private) Limited

A wholly owned subsidiary named PSO Renewable Energy (Private) Limited (PSORE) was incorporated on December 02, 2022 as a private limited company. The principal activity of PSORE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at June 30, 2026, the Holding Company has subscribed to 999,999 shares of PSORE. The principal place of business for PSORE is in Sindh, Pakistan.

1.5 PSO Venture Capital (Private) Limited

A wholly owned subsidiary named PSO Venture Capital (Private) Limited (PSOVC) was incorporated on April 05, 2023 as a private limited company. The principal activity of PSOVC was to carry on business of private equity and venture capital fund management services. As at June 30, 2026, the Holding Company has subscribed to 147,799,999 shares of PSOVC. The principal place of business for PSOVC is in Sindh, Pakistan.

1.5.1 The Board of Management of the Group, in its meeting held on September 24, 2025, approved the winding up of PSO Venture Capital (Private) Limited. Subsequently, the liquidator has been appointed and the winding-up process is being carried out in accordance with the provisions of the Companies Act, 2017.

1.6 These financial statements denote the consolidated financial statements of the Group. Separate financial statements of the Holding Company and its subsidiaries have been presented separately.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023

Where provisions of, directives and notifications issued under the local laws differ with the requirements of IFRS or IFAS, the provisions of, directives and notifications issued under the local laws have been followed.

2.2 The Cabinet Committee on State-Owned Enterprises (CCoSOEs) approved a summary submitted by the Finance Division for amending the SOEs Policy, 2023. The proposed amendment clarifies that IFRS Accounting Standards applicable to SOEs shall comprise the financial reporting standards notified by the Securities and Exchange Commission of Pakistan (SECP) for companies generally, including any modifications or exemptions granted by the SECP.

2.3 Basis of measurement

These consolidated financial statements have been prepared on the basis of 'historical cost' convention, except for the following:

- Financial assets at fair value through profit or loss and fair value through other comprehensive income; and
- Obligations in respect of retirements and other service benefits.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

2.4 Basis of consolidation

Subsidiary is an entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The assets, liabilities, income and expenses of the subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies shareholders' equity in the consolidated financial statements.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-Controlling Interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

When the ownership of a subsidiary is less than hundred percent, an NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed-off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, other components of equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit or loss account or retained earnings, as appropriate.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information is presented in PKR.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

2.6 Accounting estimates, assumptions and judgements

The preparation of these consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgement that affects the application of Company's accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are relevant to the financial statements that may result in adjustments in subsequent years are as follows:

2.6.1 Property, plant and equipment and intangibles

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

2.6.2 Right-of-use assets and corresponding lease liability

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Holding Company has several lease contracts that include extension and termination options. The Holding Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

2.6.3 Impairment of stock-in-trade

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

2.6.4 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments'

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till June 30, 2026. Accordingly, the Group reviews the recoverability of its trade debts, lease receivables and investments that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Group has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct / indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Group's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and / or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Group's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

2.6.5 Income taxes

Significant judgement is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group recognises 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.

The recognition of deferred tax is also made, by taking into account, these judgements and the best estimates of future results of the Group.

2.6.6 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 23 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

2.6.7 Valuation of un-quoted equity investments other than associates

The fair value of un-quoted equity investments other than associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 8.2 of these consolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.6.8 Contingencies

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

2.7 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There were no amendments to the approved accounting and reporting standards that became effective during the year which had a material effect on the Group's consolidated financial statements.

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

The following International Financial Reporting Standards as applicable in Pakistan and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2026. The Group is currently in the process of assessing the impact of these amendments and interpretations.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

- Financial Assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after January 01, 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / derecognition requirements of financial assets / liabilities by electronic payments:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

Other related amendments:

Contractually Linked Instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features.

The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards – Amendments to:

- IFRS 7 - Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 - Financial Instruments;
- IFRS 10 - Consolidated Financial Statements; and
- IAS 7 - Statement of Cash flows.

Major amendments are introduced to IFRS 9, which are summarised as follows:

- a conflict between IFRS 9 and IFRS 15 - Revenue from Contracts with Customers over the initial measurement of trade receivables:

Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Contracts Referencing Nature-dependent Electricity – (Amendments to IFRS 9 and IFRS 7) address the challenges faced by Companies in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity, sometimes referred to as renewable Power Purchase Agreements (PPAs). The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments: Disclosures.

The amendments include guidance on:

- The 'own-use' exemption for purchasers of electricity under such PPAs; and
- Hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

The amendments for the own-use exemption:

- Existing IFRS 9 guidance left ambiguity on whether PPAs could qualify for the own-use exemption (i.e., not accounted for as derivatives).
- The amendments allow a company to apply the own-use exemption to PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period.
- The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application, without requiring prior periods to be restated.

The amendments for hedge accounting:

- Virtual PPAs and other PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Hedge accounting under IFRS 9 can help reduce volatility by reflecting how PPAs hedge future electricity purchases or sales, but applying it presents challenges. A key issue arises from a mismatch between the P50 estimate used to measure the PPA and the P90 estimate required for the highly probable hedged transaction, which may prevent hedge accounting qualification. Subject to certain conditions, the amendments permit designation of a variable nominal volume of forecasted renewable electricity sales or purchases as the hedged transaction, rather than a fixed volume based on P90 estimates. This variable volume reflects what is expected to be delivered by the referenced generation facility, supporting an economic offset and enabling hedge accounting. A P50 estimate indicates the volume of energy production expected to be exceeded with 50 percent probability. A P90 estimate indicates the volume of energy production expected to be exceeded with 90 percent probability.
- The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship if the same hedging instrument is designated under the new requirements.

The new disclosure requirements:

A Company may apply the own-use exemption to certain PPAs under the amendments and therefore would not recognise these PPAs in its statement of financial position. Where this is the case, a company is required to disclose further information such as:

- contractual features exposing the company to variability in electricity volume and risk of oversupply;
- estimated future cash flows from unrecognised contractual commitments to buy electricity in appropriate time bands;
- qualitative information about how the company assessed whether a contract might become onerous; and
- qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used for the 'net-purchaser' assessment.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

In addition, for PPAs designated in a cash flow hedging relationship, companies need to disaggregate the information disclosed about terms and conditions by risk category.

The amendments apply for reporting periods beginning on or after January 01, 2026. Early application is permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

ECL on Financial Assets due or ultimately due from the Government of Pakistan

SECP vide S.R.O. 25 (I)/2026 dated January 06, 2026 extended exemption till financial years ending on or before December 31, 2026, from requirements contained in IFRS 9 relating to application of Expected Credit Loss method for companies holding financial assets due or ultimately due from the Government of Pakistan in respect of circular debt. However, such companies are required to follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

Adoption of IFRS 18 and IFRS 19

The Securities and Exchange Commission of Pakistan (SECP), vide S.R.O. 2444(I)/2025 dated December 12, 2025 has notified that "IAS 1 - Presentation of Financial Statements", as referred to in the earlier notification S.R.O. No. 633(I)/2014, shall be replaced with "IFRS 18 - Presentation and Disclosure in Financial Statements" and "IFRS 19 - Subsidiaries without Public Accountability: Disclosures", and shall be followed for the preparation of financial statements for annual reporting periods beginning on or after January 01, 2027.

Provided that only unlisted subsidiaries without public accountability (i.e. unlisted companies other than those mentioned in clauses 1(b)(ii), 1(b)(iia) and 1(b)(iii) of the Third Schedule to the Act) may follow IFRS 19 - Subsidiaries without Public Accountability: Disclosures" in preparation of their financial statements.

IFRS 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. It has introduced three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures.

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19.

2.9 Share-based payments and Benazir Employees' Stock Option Scheme

Amendments to IFRS 2 Share-based payment – Group cash-settled share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual consolidated financial statements.

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

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a

Notes to the Consolidated Financial Statements

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Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

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

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Holding Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide S.R.O 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Group, in compliance with the directives of the Ministry of Energy (Petroleum Division), has deposited Rs. 1,783.54 million during the year, being the audited bank balance of the Trust as at June 30, 2025. The Holding Company is in the process of completing the requisite corporate and regulatory formalities for the winding up of the Trust and transfer of the 3.04% shareholding to the Federal Government.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress including major spare parts and stand-by equipments, which are stated at cost less accumulated impairment losses, if any.

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

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to profit or loss using straight-line method so as to write-off the historical cost of the assets over their estimated useful lives at the rates given in note 5.1 to these consolidated financial statements. Depreciation on additions is charged when the asset is available for use upto when the asset is disposed. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each

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For the year ended June 30, 2026

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 asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

3.2 Right-of-use assets

The right-of-use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

3.3 Intangibles

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

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

Intangible asset is amortised and charged to profit or loss 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 on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

3.4 Financial instruments

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

i) Financial assets

Initial recognition and measurement

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

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

Notes to the Consolidated Financial Statements

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets designated at FVOCI (equity instruments)

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

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

Financial assets at FVPL

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

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

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

Derecognition

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

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at FVPL

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

Financial liabilities at amortised cost

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

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

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

Derecognition

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

iii) Offsetting of financial instruments

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

3.5 Investment in associates

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

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

When FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

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

3.6 Stores, spares, chemicals and loose tools

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

3.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost of petroleum products is determined on a First-In-First-Out (FIFO) basis, whereas cost of other products, including raw and packaging materials, is determined on an average cost basis. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

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

3.8 Deposits, advances and other receivables

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

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

3.9 Short-term investments

The Group purchases securities under agreement to resale whereby securities are purchased under contractual arrangements that require the counterparty to repurchase the same securities at a fixed price on a future date. These transactions are accounted for as secured lending arrangements. The amounts paid are recognised as financial assets at amortised cost, and the difference between the purchase price and repurchase price is recognised as interest income over the term of the agreement using the effective interest rate method.

3.10 Cash and cash equivalents

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

3.11 Impairment

3.11.1 Impairment of financial assets

Financial assets covered under IFRS 9

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors considered were GDP, CPI and exchange rate which were selected based on regression analysis of historical default rate and macroeconomic indicator and based on the results of the analysis two out of three macroeconomic factors were considered to be the most suitable factors based on highest correlation with default rate. The GDP, CPI and exchange rate forecast were sourced from World Economic Outlook Database of "International Monetary Fund" which was used to determine forward looking Point in time PDs (PiT PDs). In compliance with IFRS 9, GDP, CPI and exchange rate were forecasted considering scenarios indicating movement of both indicators under base case, best case, and worst case simulations. Base case forecasts were sensitized using a scaling factor of 5 years standard deviation to determine better and worst-case scenarios. It was assumed that forecast is a normal distribution. As per normal distribution property the base, better and worst would have 68%, 16% and 16% chances of likelihood.

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

Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through SRO 25(I)/2026 dated January 06, 2026 has granted exemption from application of Expected Credit Losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till financial years ending on or before December 31, 2026, provided that the Group shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Holding Company has not recorded impact of aforesaid ECL on trade debts of SNGPL and GENCO in these consolidated financial statements based on the exemption granted from SECP in this respect. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e. SNGPL and GENCO) in the consolidated financial statements based on the clarification received from SECP. The Holding Company expects same exemption for another one year from SECP.

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring 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.

3.11.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.12 Share capital

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

3.13 Retirement and other service benefits

3.13.1 Defined benefit plans

Pension funds

The Group operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Group after December 31, 2012. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Gratuity fund

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

Medical benefits

The Holding Company also provides post retirement medical benefits to its permanent employees except for those management and non-management employees who joined the Holding Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in other comprehensive income as they occur. The amount recognised in the financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

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For the year ended June 30, 2026

Compensated absences

The Group provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

3.13.2 Defined contribution plan

Provident fund

The Group also operates an approved funded contributory provident funds for its eligible employees. Equal monthly contributions are made both by the Group and the employee at the rate of 8.33% and 10% per annum of the basic salary by the Holding Company and the Subsidiary Company, respectively. In addition, employees of the Holding Company have the option to contribute at the rate of 16.66% per annum, however, the Holding Company's contribution remains at the rate of 8.33% per annum.

Pension fund

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

3.14 Lease liability

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.15 Unclaimed dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

3.16 Provisions

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

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

3.17 Taxation

3.17.1 Current

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

3.17.2 Deferred

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

3.17.3 Minimum and final taxes

Minimum taxes are calculated on the gross amount taxable under the minimum tax regime of Income Tax Ordinance, 2001. The amount calculated on taxable income is recognised as current tax expense and any amount in excess of the current tax expense is recognised as minimum tax differential and these are accounted for as levies.

Final taxes are calculated on the gross amount taxable under the final tax regime of Income tax ordinance, 2001. The amount calculated on gross taxable amounts is recognised as final tax and these are accounted for as levies.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

3.18 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

3.19 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered (in case of export on FOB basis, at the time when the products are shipped to customer) or it is pumped in the customer's tanks or at customer premises.

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

3.20 Other income

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

- Dividend income on equity investment is recognised when the Group's right to receive the dividend is established.
- Mark-up / interest on debt securities, return on deposits and other financial assets are 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 is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.
- Financial charges on line fill cost is recognised on accrual basis.

3.21 Segment reporting

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

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

3.22 Interest in joint arrangements

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group currently has joint operations as follows:

- In December 2004, the Holding Company entered into an unincorporated joint arrangement with Wafi Energy Pakistan Limited and PARCO Gunvor Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Holding Company has a 62.1% share in the joint arrangement.
- In March 2015, the Holding Company entered into an unincorporated 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 joint arrangement.

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

3.23 Government grant

Government grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised in income when the grant proceeds are received. A grant that imposes specified future performance conditions is recognised in statement of profit or loss when all those conditions are met. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position. Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Further, the Group does not recognise those forms of government assistance for which a reasonable value cannot be placed.

3.24 Dividend and appropriation to reserves

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

3.25 Earnings per share

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

3.26 Contingencies

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

4. NON - CONTROLLING INTEREST

4.1 The following table summarises the information relating to the Group's subsidiary (PRL), before any intra-group eliminations:

	2026	2025
Non-current assets	36,426,628	35,363,724
Current assets	94,321,921	72,577,202
Non-current liabilities	(10,053,909)	(12,836,061)
Current liabilities	(77,924,648)	(68,500,641)
Net assets	42,769,992	26,604,224
Share of NCI @ 36.44% (2025: 36.44%)	15,585,385	9,694,579
4.2 Net turnover and profit after tax from the acquired business are as follows:		
Net turnover	350,838,916	310,351,355
Profit / (loss) for the year	15,779,957	(4,659,666)
Other comprehensive income	385,811	2,953,226
Profit / (loss) allocated to NCI @ 36.44% (2025: 36.44%)	5,750,216	(1,697,982)
OCI allocated to NCI @ 36.44% (2025: 36.44%)	140,590	1,076,156
4.3 Cash and cash equivalents of Subsidiary (PRL)		
Cash flows from operating activities	15,906,088	(3,640,075)
Cash flows from investing activities	(6,226,963)	2,357,175
Cash flows from financing activities [Dividends to NCI: Rs. Nil (2025: Rs. 459,144)]	(11,167,511)	(2,825,881)
Net decrease in cash and cash equivalents	(1,488,386)	(4,108,781)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2026	2025
Operating assets	5.1	47,827,206	44,145,996
Capital work-in-progress	5.4	8,204,892	5,649,123
		56,032,098	49,795,119

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)														
Operating assets	Land		Building		Tanks and pipelines	Service and filling stations (note 5.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 5.1.2)	Total	
	Freehold	Leasehold	On freehold land	On leasehold land										
As at July 01, 2024														
Cost	10,287,326	110,921	1,467,693	2,212,340	16,635,469	14,813,964	23,732,208	883,178	2,882,854	1,905,530	97,059	527,316	75,555,858	
Accumulated depreciation	-	(33,055)	(784,775)	(1,282,181)	(8,571,695)	(9,602,482)	(11,116,260)	(404,521)	(1,916,561)	(1,331,186)	(82,637)	(211,336)	(35,336,689)	
Net book value	10,287,326	77,866	682,918	930,159	8,063,774	5,211,482	12,615,948	478,657	966,293	574,344	14,422	315,980	40,219,169	
Year ended June 30, 2025														
Opening net book value	10,287,326	77,866	682,918	930,159	8,063,774	5,211,482	12,615,948	478,657	966,293	574,344	14,422	315,980	40,219,169	
Additions	162,284	-	134,331	285,418	2,071,959	1,672,599	2,806,281	47,773	759,122	431,252	-	169,579	8,540,598	
Disposals (note 5.2)														
Cost	-	-	-	(900)	(12,947)	(141,167)	(213,238)	(8,203)	(96,679)	(46,366)	-	(41,607)	(561,107)	
Accumulated depreciation	-	-	-	900	12,490	140,454	164,952	7,959	65,459	45,770	-	31,821	469,805	
	-	-	-	-	(457)	(713)	(48,286)	(244)	(31,220)	(596)	-	(9,786)	(91,302)	
Write offs (note 5.2)														
Cost	-	-	-	-	-	-	(3,886)	(28,471)	(1,652)	-	-	-	(34,009)	
Depreciation	-	-	-	-	-	-	3,886	28,351	1,652	-	-	-	33,889	
	-	-	-	-	-	-	-	(120)	-	-	-	-	(120)	
Depreciation charge (note 5.1.1)	-	(1,263)	(54,176)	(88,877)	(1,226,316)	(798,478)	(1,492,242)	(52,466)	(268,231)	(475,785)	(4,435)	(60,080)	(4,522,349)	
Closing net book value	10,449,610	76,603	763,073	1,126,700	8,908,960	6,084,890	13,881,701	473,600	1,425,964	529,215	9,987	415,693	44,145,996	
As at June 30, 2025														
Cost	10,449,610	110,921	1,602,024	2,496,858	18,694,481	16,345,396	26,321,365	894,277	3,543,645	2,290,416	97,059	655,288	83,501,340	
Accumulated depreciation	-	(34,318)	(838,951)	(1,370,158)	(9,785,521)	(10,260,506)	(12,439,664)	(420,671)	(2,117,681)	(1,761,201)	(87,072)	(239,595)	(39,355,344)	
Net book value	10,449,610	76,603	763,073	1,126,700	8,908,960	6,084,890	13,881,701	473,600	1,425,964	529,215	9,987	415,693	44,145,996	
Year ended June 30, 2026														
Opening net book value	10,449,610	76,603	763,073	1,126,700	8,908,960	6,084,890	13,881,701	473,600	1,425,964	529,215	9,987	415,693	44,145,996	
Additions	151,722	-	315,703	226,112	706,331	3,349,541	2,550,419	117,534	721,352	561,449	-	267,444	8,967,607	
Disposals (note 5.2)														
Cost	-	-	-	(3,127)	(52,579)	(173,070)	(64,898)	(21,132)	(134,027)	(24,013)	-	(1,429)	(474,275)	
Accumulated depreciation	-	-	-	3,023	52,579	172,483	64,883	20,792	81,678	22,444	-	1,429	419,311	
	-	-	-	(104)	-	(587)	(15)	(340)	(52,349)	(1,569)	-	-	(54,964)	
Write offs (note 5.2)														
Cost	-	-	(460)	(14,131)	(11,092)	(282,516)	(69,706)	(27,951)	(1,349)	(104,102)	(142)	-	(511,449)	
Depreciation	-	-	460	14,131	11,091	282,515	69,706	27,944	1,349	104,102	142	-	511,440	
	-	-	-	-	(1)	(1)	-	(7)	-	-	-	-	(9)	
Depreciation charge (note 5.1.1)	-	(1,263)	(59,422)	(100,131)	(2,431,033)	(1,003,303)	(549,635)	(204,680)	(435,999)	(366,415)	(4,435)	(75,108)	(5,231,424)	
Closing net book value	10,601,332	75,340	1,019,354	1,252,577	7,184,257	8,430,540	15,882,470	386,107	1,658,968	722,680	5,552	608,029	47,827,206	
As at June 30, 2026														
Cost	10,601,332	110,921	1,917,267	2,705,712	19,337,141	19,239,351	28,737,180	962,728	4,129,621	2,723,750	96,917	921,303	91,483,223	
Accumulated depreciation	-	(35,581)	(897,913)	(1,453,135)	(12,152,884)	(10,808,811)	(12,854,710)	(576,621)	(2,470,653)	(2,001,070)	(91,365)	(313,274)	(43,656,017)	
Net book value	10,601,332	75,340	1,019,354	1,252,577	7,184,257	8,430,540	15,882,470	386,107	1,658,968	722,680	5,552	608,029	47,827,206	
Annual rate of depreciation (%)														
	-	1.7	5.10	5.20	5.20	5.50	5.33	7.33	17.25	5.33	7.10	10		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
5.1.1	Depreciation charge for the year has been allocated as follows:		
Cost of products sold	34.2	1,310,952	1,340,713
Distribution and marketing expenses	36	3,224,042	2,630,888
Administrative expenses	37	696,430	550,748
		5,231,424	4,522,349

5.1.2 Service and filling stations include cost of Rs. 16,684,838 (2025: Rs. 14,417,262) incurred by the Group on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,476 (2025: 2,334) out of the total 3,688 (2025: 3,649) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders amounting to Rs. 921,303 (2025: Rs. 655,288) are not in possession of the Group.

5.1.3 Included in operating assets are assets having net book value of Rs. 1,063,863 (2025: Rs. 1,194,298) in respect of Group's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport are not in the possession of the Group having net book value of Rs. 137,449 (2025: Rs. 175,802), respectively. The possession of these assets is with Attock Petroleum Limited. In view of large number of assets, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017.

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
Vehicle	6,742	1,904	4,838	5,062	224	Group Policy	Mr. Babar Hamid Ex. Employee
Vehicle	5,100	3,230	1,870	2,040	170	Group Policy	Mr. Om Perakash Ex. Employee
Vehicle	4,928	3,037	1,891	2,055	164	Group Policy	Mr. Munawar Minhas Ex. Employee
Vehicle	5,011	2,255	2,756	2,909	153	Group Policy	Mr. Shahzad Arif Ex. Employee
Vehicle	6,952	3,940	3,012	3,128	116	Group Policy	Mr. Khawar Abbas Ex. Employee
Vehicle	6,572	2,629	3,943	4,052	109	Group Policy	Ms. Nida Yousuf Ex. Employee
Vehicle	5,748	1,144	4,604	4,699	95	Group Policy	Mr. Naveed Ahmed Ex. Employee
Vehicle	5,134	1,883	3,251	3,337	86	Group Policy	Mr. Tariq Ghafoor Ex. Employee
Vehicle	5,134	2,311	2,823	2,909	86	Group Policy	Mr. Syed Nasir Uddin Ex. Employee
Vehicle	3,689	2,393	1,296	1,358	62	Group Policy	Mr. Mian Shakeel Ex. Employee

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
Vehicle	3,636	2,650	986	1,047	61	Group Policy	Mr. Mansoor Ismail Ex. Employee
Vehicle	4,857	3,319	1,538	1,538	-	Group Policy	Mr. Zeeshan Haider Ex. Employee
Vehicle	5,134	2,053	3,081	3,081	-	Group Policy	Mr. Hussain Talpur Ex. Employee
Vehicle	15,463	10,309	5,154	5,154	-	Group Policy	Mr. Zahid Mir Ex. Employee
Vehicle	3,067	2,556	511	511	-	Group Policy	Mr. Omar Siddiqui Ex. Employee
Vehicle	4,005	-	4,005	4,005	-	Group Policy	Mr. Shakeel Akber Rizvi Ex. Employee
Vehicle	3,021	2,498	523	523	-	Group Policy	Mr. Imran Ahmed Sheikh Ex. Employee
Vehicle	5,758	768	4,990	5,000	10	Group Policy	Mr. Hamza Islam Ex. Employee
Items having book value of less than Rs. 500 each	885,773	881,872	3,901	70,656	66,755		
June 30, 2026	985,724	930,751	54,973	123,064	68,091		
June 30, 2025	561,107	469,805	91,302	195,069	103,767		

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

Description of Location	Addresses	Total area of land square yards
Installations		
Machike Installation	Sargodha Road, Sheikhpura	199,771
Mehmood Kot Terminal	Railway Station, Mehmood Kot, Multan	111,048
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi	14,913
Pipri Installation (ZOT)	National Highway, Pipri	460,647
Shikarpur Installation	Deh Ali Murad Kalhor, Taluka Kanpur, Distt. Shikarpur	261,965
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt. Nawabshah	140,360
Faqirabad Depot	Lawrancepur, Distt. Attock	112,984
Lalpir Depot	Deh Khuhawar & Gujrat, Tehsil Kot Addu Distt. Muzafargarh	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt. Kasur	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar	48,400
Kohat Depot	13-KM, Kohat / Rawalpindi Road, Kohat	56,507
Kotlajam Depot	Kotlajam, Distt. Bhakkar	48,400
Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad	100,611
Hyderabad Depot	Deh Senhwar, Taluka Distt. Hyderabad	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt	30,008
Sangi Depot	Deh Mehranpure, Taluka Pano Akil	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt. Bannu	48,521
Taru Jabba Depot	G.T Road, Peshawar	127,715

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Description of Location	Addresses	Total area of land square yards
Refinery		
Refinery Complex	Naclass No.24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	968,000
Division Office		
Lahore Division	8, Edward Road, Lahore.	10,000
RM Office	House # 2-A, 9th Avenue, F-8/1, Islamabad	778
Retail Outlets		
Chowrangi Service Station	Nazimabad Chowrangi, Karachi.	743
Diamond Fuel Station	Jamrud Road, Peshawar	1,785
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi	1,056
Madni Petroleum Services	College Road, Peshawar	1,194
PSO Service Station	Block-A North Nazimabad, Karachi	1,000
Pak Service Station	Sukkur City, Opposite Hira Medical Center, Sukkur	833
PSO Service Station	3A, The Mall, Rawalpindi	870
PSO Service Station	Diplomatic Enclave, Islamabad	2,000
D-12 Filling Station	Plot # 29 -Sector D 12 Markaz Islamabad	2,222
Others		
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi	116,160
Computer Institute, Badin	PSO Computer Institute, Badin	4,840
Jamshoro Land	Deh Morho Jabbal, Taluka Kotri Distt., Dadu	968,000
LPG Plant, Lahore	Miles Shakapura Road, Shadra, Lahore.	29,040
PSO House	PSO House, Clifton, Karachi	6,535
Skardu Land (refer note 26)	Thorgo, Skardu	235,950
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi	484,000

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

	Note	2026	2025
5.4 Capital work-in-progress			
Tanks and pipelines		750,227	868,031
Service and filling stations		807,423	265,198
Plant and machinery		3,817,932	2,265,140
Office equipments, furniture and fittings		108,541	260,194
Advance to suppliers and contractors for tanks and pipelines		260,268	141,549
Capital spares		2,460,501	1,849,011
	5.4.1	8,204,892	5,649,123
5.4.1 Movement in capital work-in-progress is as follows:			
Balance at beginning of the year		5,673,334	6,103,061
Additions during the year		11,530,002	8,110,871
Transfers during the year to operating assets		(8,967,607)	(8,540,598)
		8,235,729	5,673,334
Provision for impairment	5.4.2	(30,837)	(24,211)
Balance at end of the year		8,204,892	5,649,123

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

5.4.2 During the year, net charge of Rs. 6,626 (2025: Rs. 3,718) was recorded as provision for impairment.

5.4.3 Includes capital work-in-progress amounting to Rs. 3,326 (2025: Rs. 12,841) in respect of the Holding Company's share in joint operation.

	Note	2026	2025
6. RIGHT-OF-USE ASSETS			
Balance as at July 01			
Cost		17,156,360	11,214,710
Accumulated depreciation		(5,087,595)	(3,416,634)
Net book value		<u>12,068,765</u>	<u>7,798,076</u>
Movement during the year			
Opening net book value		12,068,765	7,798,076
Additions		3,322,202	3,480,579
Change due to modifications during the year		9,422,671	2,461,071
Less: Depreciation charge for the year	6.1	(2,342,948)	(1,670,961)
Closing net book value		<u>22,470,690</u>	<u>12,068,765</u>
Balance as at June 30			
Cost		29,901,233	17,156,360
Accumulated depreciation		(7,430,543)	(5,087,595)
Net book value		<u>22,470,690</u>	<u>12,068,765</u>
6.1 Depreciation charge for the year has been allocated as follows:			
Cost of products sold	34.2	14,660	15,181
Distribution and marketing expenses	36	2,326,472	1,643,410
Administrative expenses	37	1,816	12,370
		<u>2,342,948</u>	<u>1,670,961</u>
6.2 The right-of-use assets mainly comprise lands and office premises acquired on lease by the Group for its operations. The Group have also entered into lease of pipelines, and tank lorries, however, these do not form a part of right-of-use assets on account of variable payments not linked to index or rate.			

	Note	2026	2025
7. INTANGIBLES			
Net carrying value			
Net book value at beginning of the year		893,547	356,396
Additions at cost		333,450	769,744
Disposals			
Cost		345	-
Accumulated amortisation		(345)	-
		-	-
Amortisation charge for the year	7.3	(403,258)	(232,593)
Net book value at end of the year		<u>823,739</u>	<u>893,547</u>
Gross carrying value			
Cost	7.2	2,301,155	1,968,050
Accumulated amortisation		(1,477,416)	(1,074,503)
Net book value		<u>823,739</u>	<u>893,547</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 7.1** The cost is being amortised over a period of 3 to 5 years.
- 7.2** Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.
- 7.3** Amortisation charge for the year has been allocated as follows:

	Note	2026	2025
Cost of products sold	34.2	1,370	1,370
Administrative expenses	37	401,888	231,223
		<u>403,258</u>	<u>232,593</u>

8. LONG-TERM INVESTMENTS

Investment held at fair value through other comprehensive income (FVOCI)

In an unquoted company

- Pak-Arab Pipeline Company Limited (PAPCO)
Equity held: 12% (2025: 12%)
No. of shares: 8,640,000 (2025: 8,640,000)
of Rs. 100/- each

8.2 7,405,495 8,094,954

Investment in associates

In unquoted companies

- Asia Petroleum Limited
Equity held: 49% (2025: 49%)
No. of shares: 46,058,570 (2025: 46,058,570)
of Rs.10/- each
- Pak Grease Manufacturing Company (Private) Limited
Equity held: 49.26% (2025: 49.26%)
No. of shares: 1,536,593 (2025: 1,536,593)
of Rs. 10/- each

8.3 1,750,088 2,760,718

8.3 86,802 98,981

1,836,890 2,859,699

9,242,385 10,954,653

- 8.1** The principal place of business of all the investees is Karachi.
- 8.2** Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2026	2025
	----- (Percentage) -----	
- Discount rate	21.04%	16.48% - 16.55%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Group has recorded an unrealised loss - net of tax of Rs. 289,740 (2025: unrealised gain - net of tax of Rs. 2,157,346) in other comprehensive income for the year.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	2026	2025				
8.2.1 Movement of investment classified as FVOCI						
Balance at beginning of the year	8,094,954	4,558,321				
Remeasurement (loss) / gain recognised as other comprehensive income	(689,459)	3,536,633				
Balance at the end of the year	7,405,495	8,094,954				
8.2.2 Sensitivity to unobservable inputs:						
- Discount rate (1% increase)	(325,278)	(607,911)				
- Discount rate (1% decrease)	372,302	741,815				
- Growth rate of terminal value (1% increase)	222,665	442,769				
- Growth rate of terminal value (1% decrease)	(194,909)	(365,640)				
8.3 Investments in associates						
8.3.1	Asia Petroleum Limited (APL) was incorporated in Pakistan as an unlisted public limited company in July 1994. The principal activity of APL is to transfer Residual Fuel Oil (RFO) to Hub Power Company Limited (HUBCO).					
8.3.2	Pak Grease Manufacturing Company Limited (PGMCL) was incorporated in Pakistan as a private limited company in March 1965. The principal activity of PGMCL is to manufacture and sell petroleum grease products.					
8.3.3 Movement of investment in associates	2026	2025				
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	2,760,718	98,981	2,859,699	3,085,483	105,241	3,190,724
Share of (loss) / profit of associates - net of tax:						
- current year - unaudited	(90,255)	(7,315)	(97,570)	385,149	2,475	387,624
- adjustment for last year (loss) / profit based on prior year audited financial statements	(17,405)	179	(17,226)	(71,779)	(159)	(71,938)
	(107,660)	(7,136)	(114,796)	313,370	2,316	315,686
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	18,199	(1,970)	16,229	6,685	(894)	5,791
Dividend income	(921,169)	(3,073)	(924,242)	(644,820)	(7,682)	(652,502)
Balance at end of the year	1,750,088	86,802	1,836,890	2,760,718	98,981	2,859,699

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

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

		2026		2025	
		APL	PGMCL	APL	PGMCL
	Note	(Un-audited)			
Revenue		-	258,543	808,371	298,083
(Loss) / profit after tax for the year		(184,193)	(14,850)	786,018	5,024
Total comprehensive income		(184,193)	(14,850)	786,018	5,024
Non-current assets		798,987	76,296	976,855	78,704
Current assets		6,932,124	163,229	9,345,077	171,443
		7,731,111	239,525	10,321,932	250,147
Non-current liabilities		-	(17,327)	(33,675)	(10,314)
Current liabilities		(4,159,503)	(35,344)	(4,654,138)	(28,256)
		(4,159,503)	(52,671)	(4,687,813)	(38,570)
Net assets		3,571,608	186,854	5,634,119	211,577
Reconciliation of carrying amount of investment					
Net assets	8.3.4	3,571,608	186,854	5,634,119	211,577
Group's Holding in %	8	49%	49.26%	49%	49.26%
Group share of investment in associate		1,750,088	92,044	2,760,718	104,223
Fair value adjustment upon acquisition of PRL		-	(5,242)	-	(5,242)
Carrying amount of investment		1,750,088	86,802	2,760,718	98,981

9. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2026	2025
Loans - considered good			
Executives*	9.1	726,469	674,454
Employees		783,112	819,699
	9.2	1,509,581	1,494,153
Current portion shown under current assets		(516,835)	(449,564)
		992,746	1,044,589
Advances - considered good (secured)			
Employees	9.4	132,557	139,668
Others		51,857	51,857
Current portion shown under current assets		(53,037)	(55,248)
		131,377	136,277
Other receivables			
- Considered good		127,851	149,658
- Considered doubtful		8,143	8,143
		135,994	157,801
Provision for impairment		(8,143)	(8,143)
		127,851	149,658
		1,251,974	1,330,524

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	2026	2025
9.1 Reconciliation of carrying amount of loans to executives*:		
Balance at beginning of the year	674,454	659,160
Disbursements	326,846	226,506
Repayments	(274,831)	(211,212)
Balance at end of the year	<u>726,469</u>	<u>674,454</u>

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

9.2 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 Group's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, and all other loans are secured against entitlements. These loans are recoverable in monthly installments over a period of twenty months to sixty months. Loans to executives and employees have not been discounted as the amount involved is not significant to these consolidated financial statements.

9.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 1,655,880 (2025: Rs. 1,494,153).

9.4 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Holding Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

10. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 89,636 (2025: Rs. 153,475) paid to related parties.

11. DEFERRED TAX ASSET - NET

	Opening Balance	Charge for the year		Closing Balance
		Profit or loss	Other comprehensive income	
Taxable temporary difference in respect of:				
Accelerated tax depreciation	3,105,056	576,487	-	3,681,543
Investment in associates accounted for under equity method	592,679	(286,645)	-	306,034
Equity investment held as FVOCI	2,820,068	-	(399,719)	2,420,349
Right-of-use asset	4,706,818	3,614,822	-	8,321,640
Deductible temporary difference in respect of:				
Tax amortisation	(11,547)	(1,590)	-	(13,137)
Fair value of net assets acquired on acquisition	(21,549)	21,549	-	-
Impairment of Stores and spares	(36,234)	26,786	-	(9,448)
Provision for slow moving products	(51,992)	51,992	-	-
Impairment on trade debts	(1,013,966)	258,651	-	(755,315)
Impairment on other receivables	(1,457,903)	(18,780)	-	(1,476,683)
Retirement and other service benefits	(3,889,977)	20,004	219,268	(3,650,705)
Excise, taxes and other duties	(28,403)	1,456	-	(26,947)
Liabilities offered for taxation	(18,499,932)	459,743	-	(18,040,189)
Recoupable carried forward tax loss	(793,963)	793,963	-	-
Recoupable ACT	(669,088)	669,088	-	-
Lease liabilities	(5,232,779)	(3,717,982)	-	(8,950,761)
Others	(3,176)	161	-	(3,015)
	<u>(20,485,888)</u>	<u>2,469,705</u>	<u>(180,451)</u>	<u>(18,196,634)</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
11.1	Movement in deferred tax asset - net is as follows:		
	Balance at beginning of the year	20,485,888	21,177,388
	- recognised in profit or loss	(2,469,705)	867,377
	- recognised in other comprehensive income	180,451	(1,558,877)
	Balance at end of the year	<u>18,196,634</u>	<u>20,485,888</u>
12.	STORES, SPARES, CHEMICALS AND LOOSE TOOLS		
	Stores, spares, chemicals and loose tools	3,031,616	2,817,729
	Provision for impairment	(135,220)	(226,224)
		<u>2,896,396</u>	<u>2,591,505</u>
12.1	The movement in provision for impairment during the year is as follows:		
	Balance at beginning of the year	226,224	121,013
	Provision (reversed) / recognised during the year	(91,004)	105,211
	Balance at end of the year	<u>135,220</u>	<u>226,224</u>
13.	STOCK-IN-TRADE		
	Raw and packing material	20,126,505	21,246,250
	Petroleum and other products	120,272,060	103,125,612
	Stock held on behalf of third parties	(7,755,213)	(5,915,133)
		<u>132,643,352</u>	<u>118,456,729</u>
	In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited	142,030,244	86,290,288
	Provision for write down to net realisable value	(46,894,473)	(27,400)
	Charges incurred thereon	62,609,160	64,306,903
		<u>290,388,283</u>	<u>269,026,520</u>
13.1	Includes stock-in-transit amounting to Rs. 10,000 (2025: Rs. 34,764,596) and stock (net of provision) held by Cnergyico PK Limited (a related party) amounting to Rs. 18,023 (2025: Rs. 11,867).		
13.2	Includes stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2025: Rs. 23,730).		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
14. TRADE DEBTS			
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	14.1	1,075,245	844,976
- Unsecured	14.3	371,044,764	400,959,320
		<u>372,120,009</u>	<u>401,804,296</u>
- Due from other customers			
- Secured	14.1	5,133,082	4,405,990
- Unsecured	14.2 & 14.3	43,223,840	37,903,404
		<u>48,356,922</u>	<u>42,309,394</u>
		<u>420,476,931</u>	<u>444,113,690</u>
Considered doubtful			
Trade debts - gross		422,653,216	446,848,495
Provision for impairment	14.4	(2,176,285)	(2,734,805)
Trade debts - net		<u>420,476,931</u>	<u>444,113,690</u>
14.1	These debts are secured by way of security deposits and bank guarantees.		
14.2	This also includes trade debts on account of export sales amounting to Rs. Nil (2025: Rs. 1,310,000).		
14.3	These debts include an aggregate amount of Rs. 343,685,533 (2025: Rs. 378,394,700) due from GENCO Holding Company Limited (GENCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of inter-corporate circular debt. These include past due trade debts of Rs. 67,617,304 (2025: Rs. 67,997,879) and Rs. 257,563,702 (2025: Rs. 262,129,951) from GENCO and SNGPL respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 (2025: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 324,834,031 (2025: Rs. 329,780,855) as doubtful based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Group is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue. The Group considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector.		
14.4	The movement in provision for impairment during the year is as follows:		
		<u>2,734,805</u>	<u>3,394,690</u>
Balance at beginning of the year			
Reversal during the year - net		(558,520)	(659,885)
Balance at end of the year		<u>2,176,285</u>	<u>2,734,805</u>
14.4.1	Provision for impairment has been recognised against trade debts as follows:		
		<u>625,688</u>	<u>842,259</u>
Related parties			
Other customers		1,550,597	1,892,546
		<u>2,176,285</u>	<u>2,734,805</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 14.5** As at June 30, 2026, trade debts aggregating to Rs. 79,480,181 (2025: Rs. 97,839,253) are neither past due nor impaired. The remaining debts aggregating to Rs. 340,996,750 (2025: Rs. 346,274,437) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2026	2025
Up to 3 months	59,670,410	272,745,320
3 to 6 months	197,900,116	6,622,305
6 months to 1 year	1,883,775	186,637
Over 1 year	81,542,449	66,720,176
	340,996,750	346,274,438

- 14.6** The details of trade debts due from related parties are as follows:

	Maximum aggregate outstanding at the end of any month		Balance as at June 30	
	2026	2025	2026	2025
Related Parties				
GENCO	67,911,047	70,617,958	67,617,304	67,997,879
SNGPL	313,934,624	340,176,246	276,068,228	310,396,821
PIA Holding Company Limited	13,822,000	-	13,822,000	-
Pakistan International Airlines Corporation	-	15,792,281	-	13,658,738
K-Electric Limited	317,110	2,934,610	22,977	9,733
Pakistan Railways	5,169,504	5,517,608	4,903,623	5,077,977
Oil & Gas Development Corporation Limited	1,267,872	1,273,926	939,873	743,903
Pakistan Petroleum Limited	93,676	94,751	566	33,859
Sui Southern Gas Company Limited	24,311	12,771	8,143	12,424
WAPDA Foundation	53,055	83,122	29,163	67,699
Civil Aviation Authority	-	3,167	-	276
Pakistan National Shipping Corporation	-	2,021	-	-
			363,411,877	397,999,309

- 14.6.1** Under the Scheme of Arrangement approved in connection with the privatisation of Pakistan International Airlines Corporation Limited (PIACL), certain assets and liabilities of PIACL, including the Holding Company's claims outstanding as at September 30, 2023, were transferred to PIA Holding Company Limited (PIAHCL). Accordingly, the principal receivable of Rs. 13,822,000 recorded in the books of the Holding Company has been reclassified from receivable from PIACL to receivable from PIAHCL. Subsequent transactions with PIACL are being undertaken on a cash or advance-payment basis. An advance of Rs. 1,798,582 received from PIACL has therefore been presented separately under advances from customers and has not been offset against the receivable from PIAHCL.

As part of the settlement arrangement, the Holding Company provided its consent on the condition that a clean and unencumbered property situated in Islamabad would be transferred to the Holding Company, subject to approval of the Federal Cabinet and completion of the applicable legal and regulatory formalities. The title of the property has not yet been transferred to the Holding Company. Consequently, no property has been recognised in these consolidated financial statements. Management continues to pursue the matter with the Government of Pakistan and other relevant authorities for completion of the transfer.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

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

Name	Up to 6 months	More than 6 months	Total	
			2026	2025
Related Parties				
GENCO	-	67,617,304	67,617,304	67,997,879
Sui Northern Gas Pipelines Limited	257,563,702	-	257,563,702	262,129,951
PIA Holding Company Limited	-	13,822,000	13,822,000	-
Pakistan International Airlines Corporation	-	-	-	13,658,738
Pakistan Railways	521,271	294,531	815,802	1,785,073
Oil & Gas Development Company Limited	60,933	-	60,933	-
Pakistan Petroleum Limited	126	440	566	-
	258,146,032	81,734,275	339,880,307	345,571,641
Provision for impairment (notes 14.7.1 & 14.7.2)			(625,688)	(842,259)
			339,254,619	344,729,382

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

	Note	2026	2025
Balance at beginning of the year		842,259	1,223,074
Reversal of provision during the year - net		(216,571)	(380,815)
Balance at end of the year	14.7.2	625,688	842,259

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

GENCO	346,975	346,975
Pakistan International Airlines Corporation	-	495,284
Pakistan Railways	1,802	-
PIA Holding Company Limited	276,911	-
	625,688	842,259

15. LOANS AND ADVANCES

Secured

Loans and advances to executives and employees

- Current portion of long-term loans and advances, including Rs. 309,255 (2025: Rs. 266,252) to executives
- Short-term loans and advances

Unsecured

- Advance to suppliers
- Advance for the Holding Company - owned filling stations

	569,872	498,895
	819,564	357,782
	1,389,436	856,677
	385,813	277,142
	822	939
	386,635	278,081
	1,776,071	1,134,758

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
16. SHORT-TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		32,900	101,904
Deposit against court orders		57,506	57,506
Trade deposits		200,513	132,189
		<u>290,919</u>	<u>291,599</u>
Prepayments		<u>484,422</u>	<u>1,232,735</u>
		<u><u>775,341</u></u>	<u><u>1,524,334</u></u>
17. OTHER RECEIVABLES			
Due from GoP on account of Price Differential Claims (PDCs):			
- FY 2026	17.1	24,222,866	-
- Prior periods	17.1.1	2,235,972	2,235,972
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	17.2	70,192,472	73,944,826
Excise, Petroleum Development Levy (PDL), and other taxes - due from a related party	17.3	225,435	225,435
- Sales tax refundable - due from related party		84,670,463	76,373,280
- Custom Duty receivable		19,569,899	10,823,317
		<u>201,117,107</u>	<u>163,602,830</u>
Provision for impairment	17.4	<u>(2,457,407)</u>	<u>(2,457,407)</u>
		<u>198,659,700</u>	<u>161,145,423</u>
Handling and hospitality charges		689,122	689,172
Receivable from refineries	17.5	511,156	3,201,850
Insurance and other claims		90,201	90,201
Provision for impairment - considered doubtful	17.4	<u>(90,201)</u>	<u>(90,201)</u>
		-	-
Others			
- Considered good		4,090,143	4,311,294
- Considered doubtful		1,443,428	1,190,606
		<u>5,533,571</u>	<u>5,501,900</u>
Provision for impairment	17.4	<u>(1,443,428)</u>	<u>(1,190,606)</u>
		<u>4,090,143</u>	<u>4,311,294</u>
	17.6 & 17.8	<u><u>203,950,121</u></u>	<u><u>169,347,739</u></u>

17.1 During FY 2026, in response to the volatility in international oil prices arising from geopolitical tensions in the Middle East, the GoP introduced a PDC mechanism for PMG and HSD for OMCs. Under this mechanism, petroleum products were supplied to customers at prices below the cost of the Group, with the resulting differential being reimbursable by the GoP. Accordingly, the Group recognised a PDC receivable of Rs. 48,416,601 during the year, of which Rs. 24,193,735 have been reimbursed by GoP as at the reporting date. The Group is actively pursuing the remaining receivable balance from OGRA and GoP.

17.1.1 These claims arose as various products were supplied to certain customers at price below cost by the Holding Company on different occasions at the instructions of GoP, with the differential amount to be borne by the Government of Pakistan. The Holding Company has actively pursued these long outstanding claims from the GoP.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 17.2** As at June 30, 2026, net unfavourable amount of foreign exchange difference of Rs. 70,192,472 (2025: Rs. 73,944,826) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP.
- 17.3** This comprises various refund claims related to FED, PDL and other taxes, currently pending at different forums.
- 17.4** As at June 30, 2026, receivables aggregating to Rs. 3,991,036 (2025: Rs. 3,738,214) were deemed to be impaired and hence, provision for impairment has been recognised as follows:

	Note	2026	2025
Receivable from GoP		2,457,407	2,457,407
Product claims		90,201	90,201
Other receivables		1,443,428	1,190,606
	17.4.1	<u>3,991,036</u>	<u>3,738,214</u>
17.4.1 The movement of provision for impairment is as follows:			
Balance at beginning of the year		3,738,214	9,204,477
Provision recognised during the year		259,130	254,489
Reversal of provision during the year		(6,308)	(5,720,752)
		<u>252,822</u>	<u>(5,466,263)</u>
Balance at end of the year		<u>3,991,036</u>	<u>3,738,214</u>
17.5 This includes Rs. 436,098 (2025: Rs. 3,184,000) amount due from Pak-Arab Refinery Limited (PARCO) (related party) in respect of sharing of crude oil, freight and other charges. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.			
17.6 Includes receivables of Rs. 180,227,857 (2025: Rs.154,595,692) due from related parties.			
17.7 Financial assets aggregating to Rs. 30,221,823 (2025: Rs.8,245,869) were past due but not impaired. The ageing analysis of these past due receivables is as follows:			
		2026	2025
Up to 3 months		4,144,368	4,440,041
3 to 6 months		25,704,631	3,259,468
More than 6 months		372,824	546,360
		<u>30,221,823</u>	<u>8,245,869</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

17.8 Includes Rs. 24,662,964 (2025: Rs. 3,188,000) receivable from related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total	
				2026	2025
Related parties					
Government of Pakistan	41,545,516	24,222,866	2,461,407	26,684,273	2,461,407
Pak-Arab Refinery Limited	436,098	435,303	795	436,098	3,184,000
	<u>41,981,614</u>	<u>24,658,169</u>	<u>2,462,202</u>	<u>27,120,371</u>	<u>5,645,407</u>
Provision for impairment (note 17.8.1)				(2,457,407)	(2,457,407)
Net receivable from related parties				<u>24,662,964</u>	<u>3,188,000</u>

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

	Note	2026	2025
Balance at beginning of the year		2,457,407	2,202,919
Provision recognised during the year		-	254,488
Balance at end of the year		<u>2,457,407</u>	<u>2,457,407</u>

18. SHORT-TERM INVESTMENTS

Investment by Holding Company	18.1	26,499,951	46,999,504
Investment by subsidiary - PRL	18.2	5,381,310	1,385,124
Investment by subsidiary - CPL	18.3	11,076	-
		<u>31,892,337</u>	<u>48,384,628</u>

18.1 This represents investment by the Holding Company in Pakistan Investment Bonds (PIBs) under agreement to resale. This repurchase agreement carry mark-up at rate 12.50% per annum (2025: rates ranging from 10.48% to 13.28% per annum) with the holding period of 2 days (2025: ranging from 4 to 14 days). This resale arrangement is secured against the Pakistan Investment Bonds (PIBs) amounting to Rs. 26,499,951 (2025: Rs. 46,999,504).

18.2 This includes short term investment of Rs. 4,246,503 (2025: Rs. Nil) in PIBs measured at fair value through profit or loss. These carry coupon rate of 12% per annum and was subsequently sold on July 02, 2026. Fair values of these investments are determined using repurchase price. The investment in Pakistan investment bonds are valued on observable inputs, including quoted prices for similar instruments or other market data (Level 2 in fair value hierarchy).

It also includes short term investment of Rs. 1,134,807 (2025: Rs. 1,385,124) in treasury bills measured at fair value through profit or loss. Fair values of these investments are determined using repurchase price and carry interest yields at 11.62% (2025: ranging from 10.92% to 10.94%). These treasury bills will be matured latest by November 12, 2026. The investment in Government treasury bills are valued on observable inputs, including quoted prices for similar instruments or other market data (Level 2 in fair value hierarchy).

18.3 This represents government securities with a face value of Rs. 11,100 (2025: Rs. Nil), maturing on July 09, 2026, carrying an effective interest rate of 10.77% and a tenor of 12 months. The amortised cost of these securities as at June 30, 2026 amount to Rs. 11,076 (June 30, 2025: Rs. Nil). These securities have been placed under lien with the State Bank of Pakistan in compliance with EMI Regulations, which require the subsidiary to maintain 5% (Rs. 10,000) of its required capital of Rs. 200,000 in the form of government securities.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
19. CASH AND BANK BALANCES			
Cash in hand		16,805	15,776
Cash at banks in:			
- current accounts	19.1	3,542,564	4,234,281
- saving accounts	19.2	14,121,966	56,645,944
		17,664,530	60,880,225
	19.3	17,681,335	60,896,001

19.1 Includes Rs. 503,850 (2025: Rs. 494,250) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

19.2 These balances carry interest / mark-up ranging from 3.50% to 10.00% (2025: 2.78% to 11.90%) per annum.

19.3 These include balances of Rs. 1,006,420 (2025: Rs. 2,140,442) kept in bank accounts under Islamic mode. These carry profit ranging from 5% to 7% (2025: 2.78% to 7.19%).

	2026	2025
20. NET ASSETS IN BANGLADESH		
Property, plant and equipment - at cost	46,968	46,968
Accumulated depreciation	(16,056)	(16,056)
	30,912	30,912
Capital work-in-progress	809	809
Trade debts	869	869
Long-term loans relating to assets in Bangladesh	(4,001)	(4,001)
	28,589	28,589
Provision for impairment	(28,589)	(28,589)
	-	-

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

21. SHARE CAPITAL

21.1 Authorised capital

2026	2025		2026	2025
----- (Number of shares) -----				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each	10,000,000	10,000,000

Notes to the Consolidated Financial Statements

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(Amounts in Rs. '000)

21.2 Issued, subscribed and paid-up capital

2026	2025	Note	2026	2025
------(Number of shares)-----				
3,000,000	3,000,000	Ordinary shares of Rs. 10/- each	30,000	30,000
		- Issued for cash		
7,694,469	7,694,469	- Issued against shares of the amalgamated companies	76,945	76,945
458,778,831	458,778,831	- Issued as bonus shares	4,587,789	4,587,789
469,473,300	469,473,300	21.3	4,694,734	4,694,734

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

21.4 As at June 30, 2026, 1,215,648 ordinary shares of Rs. 10/- each (2025: 1,215,648 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Holding Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

21.5 As at June 30, 2026, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2025: 119,767,702 ordinary shares) of Rs. 10/- each.

22. RESERVES

Capital reserves

Surplus on vesting of net assets

Unrealised gain on remeasurement of FVOCI investment

Revenue reserves

General reserve

PSO venture capital fund

Un-appropriated profit

Note	2026	2025
22.1	3,373	3,373
	4,121,147	4,410,887
	4,124,520	4,414,260
22.2	25,282,373	25,282,373
	-	527,927
	243,989,103	221,944,909
	269,271,476	247,755,209
	273,395,996	252,169,469

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

22.2 The BoM unanimously approved the creation of PSO Venture Capital Fund to make investments as per the directives of the BoM. The Holding Company has transferred Rs. Nil (2025: Rs. 527,927) to venture capital reserve on account of winding-up proceedings of PSO Venture Capital (Private) Limited.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

23. RETIREMENT AND OTHER SERVICE BENEFITS

Subsidiary Company (PRL)

Management pension Scheme

Non-management Gratuity Scheme

Employee benefit prepayments

Gratuity

Pension

Medical benefits

Compensated absences

Subsidiary Company (PRL)

Management Pension Scheme

Non-management Pension Scheme

Management Gratuity Scheme

Retirement and other benefits - Liability

Retirement and other benefits - Net Liability

	2026	2025
Subsidiary Company (PRL)		
Management pension Scheme	(75,713)	-
Non-management Gratuity Scheme	(20,791)	(8,728)
	(96,504)	(8,728)
Employee benefit prepayments		
Gratuity	974,239	972,471
Pension	393,713	630,087
Medical benefits	9,253,618	8,720,345
Compensated absences	478,790	452,680
	11,100,360	10,775,583
Subsidiary Company (PRL)		
Management Pension Scheme	-	173,114
Non-management Pension Scheme	104,986	134,623
Management Gratuity Scheme	8,384	54,746
	113,370	362,483
Retirement and other benefits - Liability	11,213,730	11,138,066
Retirement and other benefits - Net Liability	11,117,226	11,129,338

23.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2026 under the Projected Unit Credit Method for the Holding Company are as follows:

	Note	Gratuity fund		Pension funds		Medical benefits	
		2026	2025	2026	2025	2026	2025
23.1.1 Financial position reconciliation							
Present value of defined benefit obligations	23.1.2	10,154,821	9,734,697	18,299,242	16,177,441	9,253,618	8,720,345
Fair value of plan assets	23.1.3 & 23.1.9	(9,180,582)	(8,762,226)	(17,905,529)	(15,547,354)	-	-
Net liability at end of the year	23.1.8	974,239	972,471	393,713	630,087	9,253,618	8,720,345
23.1.2 Movement in present value of defined benefit obligations							
Present value of defined benefit obligations at beginning of the year		9,734,697	9,610,754	16,177,441	14,286,795	8,720,345	7,742,177
Current service cost	23.1.4	498,308	413,571	271,579	606,733	145,986	153,674
Past service cost	23.1.4	-	17,368	-	16,600	-	212,284
Interest cost		1,143,278	1,279,151	1,982,829	1,964,589	1,073,224	1,062,169
Benefits paid during the year		(1,176,951)	(947,926)	(629,625)	(508,034)	(269,108)	(310,505)
Remeasurement: Actuarial (gain) / loss		(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
Present value of defined benefit obligations at end of the year		10,154,821	9,734,697	18,299,242	16,177,441	9,253,618	8,720,345

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	Note	Gratuity fund		Pension funds		Medical benefits	
		2026	2025	2026	2025	2026	2025
23.1.3 Movement in fair value of plan assets							
Fair value of plan assets at beginning of the year		8,762,226	8,335,033	15,547,354	14,033,138	-	-
Expected return on plan assets		1,057,142	1,119,352	1,923,895	1,946,461	-	-
Contributions made by the Group		566,767	268,602	317,236	248,350	-	-
Benefits paid during the year		(1,176,951)	(947,926)	(629,625)	(508,034)	-	-
Remeasurement: Actuarial (loss) / gain		(28,602)	(12,835)	746,669	(172,561)	-	-
Fair value of plan assets at end of the year		9,180,582	8,762,226	17,905,529	15,547,354	-	-
23.1.4 Expense recognised in profit or loss							
Current service cost		498,308	413,571	271,579	606,733	145,986	153,674
Past service cost		-	17,368	-	16,600	-	212,284
Net interest expense		86,136	159,799	58,934	18,128	1,073,224	1,062,169
Expense for the year		584,444	590,738	330,513	641,461	1,219,210	1,428,127
23.1.5 Actual return on plan assets		1,028,540	1,106,517	2,670,563	1,773,900	-	-
23.1.6 Remeasurement (gain) / loss recognised in other comprehensive income							
Actuarial (gain) / loss on defined benefit obligation	23.1.7	(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
Actuarial (gain) / loss on fair value of plan assets		28,602	12,835	(746,669)	172,561	-	-
Remeasurement gain		(15,909)	(625,386)	(249,651)	(16,681)	(416,829)	(139,454)
23.1.7 The actuarial (gain) / loss occurred on defined benefit obligation on account of following:							
- Financial assumptions		(10,900)	(2,248)	(23,839)	(237,746)	(2,813)	(18,204)
- Experience adjustments		(33,611)	(635,973)	520,857	48,504	(414,016)	(121,250)
		(44,511)	(638,221)	497,018	(189,242)	(416,829)	(139,454)
23.1.8 Net recognised liability / (asset)							
Net liability at beginning of the year		972,471	1,275,721	630,087	253,657	8,720,345	7,742,177
Expense recognised in profit or loss		584,444	590,738	330,513	641,461	1,219,210	1,428,127
Contributions made / benefits paid		(566,767)	(268,602)	(317,236)	(248,350)	(269,108)	(310,505)
Remeasurement gain recognised in other comprehensive income		(15,909)	(625,386)	(249,651)	(16,681)	(416,829)	(139,454)
Net liability at end of the year		974,239	972,471	393,713	630,087	9,253,618	8,720,345

23.1.9 Plan assets comprise of following:	Gratuity fund		Pension funds	
	2026	2025	2026	2025
Pakistan Investment Bonds	6,862,087	6,427,405	12,864,320	11,902,912
Treasury Bills	1,896,100	2,064,974	2,785,891	2,085,376
Quoted Shares	-	-	1,847,230	1,013,064
Cash and cash equivalents	302,630	206,084	299,119	433,090
Other receivables - net	119,765	63,763	108,967	112,912
Fair value of plan assets at end of the year	9,180,582	8,762,226	17,905,527	15,547,354

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23.1.9.1 Plan assets include the Holding Company's ordinary shares with a fair value of Rs. 265,262 (2025: Rs. 292,520).

23.1.10 The principal assumptions used in the actuarial valuations carried out as of June 30, 2026, using the 'Projected Unit Credit' method for the Holding Company are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2026	2025	2026	2025	2026	2025	2026	2025
Discount rate per annum (%)	12.25	12.50	12.25	12.50	12.25	12.50	12.25	12.50
Expected per annum rate of return on plan assets (%)	12.25	14.00	12.25	12.50	-	-	-	-
Expected per annum rate of increase in future salaries (%)	11.25	11.50	11.25	11.50	-	-	11.25	11.50
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	12.25	12.50	-	-
- pensioners	-	-	-	-	12.25	12.50	-	-
Indexation of pension (%)	-	-	8.50	8.75	-	-	-	-
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Low	Low	Low	Low	Low	Low	Low	Low

23.1.11 The plan exposes the Group to the actuarial risk such as:

Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

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 2026 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

23.1.12 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.

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23.1.13 Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2027 are Rs. 522,380, Rs. 274,938 and Rs. 1,236,265 respectively.

	2026	2025	2024	2023	2022
23.1.14 Historical information of staff retirement benefits					
Pension plans funded					
Present value of defined benefit obligation	18,299,242	16,177,441	14,286,795	11,935,063	10,152,754
Fair value of plan assets	(17,905,529)	(15,547,354)	(14,033,138)	(10,386,929)	(9,472,860)
Net liability at end of the year	393,713	630,087	253,657	1,548,134	679,894
Gratuity plan funded					
Present value of defined benefit obligation	10,154,821	9,734,697	9,610,754	9,186,851	8,411,645
Fair value of plan assets	(9,180,582)	(8,762,226)	(8,335,033)	(6,830,022)	(6,522,029)
Net liability at end of the year	974,239	972,471	1,275,721	2,356,829	1,889,616

23.1.15 Defined contribution plans

An amount of Rs. 484,122 (2025: Rs. 464,148) has been charged during the year in respect of defined contribution plan maintained by the Holding Company.

23.1.16 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Gratuity fund	Pension funds	Medical benefits
Discount rate (1% increase)	9,502,567	16,159,120	8,188,622
Discount rate (1% decrease)	10,889,426	20,924,523	10,550,675
Future salary rate (1% increase)	10,929,516	18,922,345	-
Future salary rate (1% decrease)	9,456,483	17,729,498	-
Future pension rate (1% increase)	-	20,316,633	-
Future pension rate (1% decrease)	-	16,574,403	-
Medical cost trend rate (1% increase)	-	-	10,414,146
Medical cost trend rate (1% decrease)	-	-	8,270,802

If longevity increases by 1 year, obligation increases by Rs. 1,517 (2025: Rs. 1,643)

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

23.1.17 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.

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23.1.18 The expected maturity analysis of undiscounted retirement benefit liability is as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	995,600	6,617,862	3,302,500
Between 1-2 years	1,026,500	7,093,773	4,566,420
Between 2-3 years	1,247,680	10,292,424	4,348,330
Between 3-4 years	1,336,970	11,222,639	5,632,340
Between 4-5 years	989,060	8,657,721	4,395,430
Between 6-10 years	7,162,810	60,324,708	43,938,260
Over 10 years	20,315,140	93,712,850	5,507,030

23.2 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2026 under the Projected Unit Credit Method for Pakistan Refinery Limited (PRL) are as follows:

23.2.1.1 PRL operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2026, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 23.2.1.10.

23.2.1.2 Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Sindh Trust Act, 2020, the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. PRL appoints the trustees and all trustees are employees of the PRL.

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2026	2025	2026	2025	2026	2025	2026	2025
23.2.1.3 Statement of financial position								
Present value of defined benefit obligation at June 30 - note 23.2.1.4	2,504,425	2,509,357	495,165	467,437	364,485	407,217	135,692	127,878
Fair value of plan assets at June 30 - note 23.2.1.5	(2,580,138)	(2,336,243)	(390,179)	(332,814)	(356,101)	(352,471)	(156,483)	(136,606)
(Surplus) / deficit	(75,713)	173,114	104,986	134,623	8,384	54,746	(20,791)	(8,728)
23.2.1.4 Movement in the present value of defined benefit obligation								
Opening balance	2,509,357	2,090,365	467,437	356,325	407,217	346,042	127,878	112,533
Benefits paid by the plan	(203,654)	(177,370)	(8,395)	(23,347)	(101,243)	(66,743)	-	(14,571)
Benefits payable to outgoing members	-	-	-	-	-	(3,975)	-	-
Current service cost	71,941	63,444	14,750	11,264	42,045	29,923	4,684	3,802
Past service cost	-	-	-	36,341	-	-	-	-
Interest cost	285,872	300,495	55,283	51,282	47,266	50,280	15,228	15,762
Remeasurement on obligation	(159,091)	232,423	(33,910)	35,572	(30,800)	51,690	(12,098)	10,352
Closing balance	2,504,425	2,509,357	495,165	467,437	364,485	407,217	135,692	127,878

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		Pension Schemes				Gratuity Schemes			
		Management		Non-Management		Management		Non-Management	
		2026	2025	2026	2025	2026	2025	2026	2025
23.2.1.5	Movement in the fair value of plan assets								
	Opening balance	2,336,243	1,852,856	332,814	260,702	352,471	294,905	136,606	130,805
	Contributions paid into the plan	69,128	101,134	14,361	25,941	42,901	36,964	-	643
	Benefits paid by the plan	(203,654)	(177,370)	(8,395)	(23,347)	(101,243)	(66,743)	-	(14,571)
	Benefits payable from the fund	-	-	-	-	-	(3,975)	-	-
	Interest income	265,240	262,805	39,138	36,605	41,181	43,239	16,198	18,278
	Remeasurement of plan assets	113,181	296,818	12,261	32,913	20,791	48,081	3,679	1,451
	Closing balance	2,580,138	2,336,243	390,179	332,814	356,101	352,471	156,483	136,606
23.2.1.6	Expense recognised in statement of profit or loss and other comprehensive income								
	Current service cost	71,941	63,444	14,750	11,264	42,045	29,923	4,684	3,802
	Past service cost	-	-	-	36,341	-	-	-	-
	Net interest cost / (income)	20,632	37,690	16,145	14,677	6,085	7,041	(970)	(2,516)
	Expense recognised in statement of profit or loss and other comprehensive income	92,573	101,134	30,895	62,282	48,130	36,964	3,714	1,286
23.2.1.7	Remeasurement recognised in other comprehensive income								
	Remeasurement of present value of defined benefit obligation	(159,091)	232,423	(33,910)	35,572	(30,800)	51,690	(12,098)	10,352
	Remeasurement of fair value of plan assets	(113,181)	(296,818)	(12,261)	(32,913)	(20,791)	(48,081)	(3,679)	(1,451)
	Remeasurements	(272,272)	(64,395)	(46,171)	2,659	(51,591)	3,609	(15,777)	8,901
23.2.1.8	Net recognised (asset) / liability								
	Net liability at the beginning of the year	173,114	237,509	134,623	95,623	54,746	51,137	(8,728)	(18,272)
	Expense recognised in statement of profit or loss and other comprehensive income	92,573	101,134	30,895	62,282	48,130	36,964	3,714	1,286
	Contribution made to the fund during the year	(69,128)	(101,134)	(14,361)	(25,941)	(42,901)	(36,964)	-	(643)
	Remeasurements recognised in other comprehensive income	(272,272)	(64,395)	(46,171)	2,659	(51,591)	3,609	(15,777)	8,901
	Recognised (asset) / liability as at June 30	(75,713)	173,114	104,986	134,623	8,384	54,746	(20,791)	(8,728)

23.2.1.9 Major categories / composition of plan assets are as follows:

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2026	2025	2026	2025	2026	2025	2026	2025
Equity securities	21.85%	27.58%	17.45%	23.14%	20.87%	25.97%	0.00%	0.00%
Debt securities	76.35%	65.99%	81.02%	71.80%	76.60%	62.27%	99.62%	98.77%
Others	1.80%	6.43%	1.53%	5.06%	2.53%	11.76%	0.38%	1.23%

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23.2.1.10 Actuarial assumptions	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2026	2025	2026	2025	2026	2025	2026	2025
Discount rate at June 30	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Future salary increases								
- One time salary increase	N/A	N/A	N/A	15.00%	N/A	N/A	N/A	15.00%
- First year following the valuation	12.00%	15.00%	7.00%	7.00%	15.00%	15.00%	7.00%	7.00%
- Second year following the valuation	12.25%	12.25%	11.25%	11.75%	12.25%	12.25%	11.25%	11.75%
- Third year following the valuation	12.25%	12.25%	11.75%	11.75%	12.25%	12.25%	11.75%	11.75%
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years
Pension increase rate								
- First year following the valuation	5.00%	5.00%	5.00%	5.00%				
- Long term pension increase rate	5.00%	5.00%	5.00%	5.00%				

23.2.1.11 Mortality was assumed to be SLIC (2001-05) table

PRL ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Subsidiary Company has not changed the process used to manage its risk from previous periods. The Subsidiary Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets for the year ended June 30, 2026 consists of government securities.

The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at statement of financial position date.

The Subsidiary Company's contributions to gratuity and pension funds for the year ending June 30, 2027 is expected to be Rs. 46,860 and Rs. 84,013 respectively.

23.2.1.12 Risks on account of defined benefit plan

PRL faces the following risks on account of defined benefit plan:

- Final salary risk - The risk that the final salary at the time of cessation of service is greater than assumed salary. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.
- Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.
- Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

23.2.1.13 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at June 30	0.50%	(154,658)	167,981
Future salary increases	0.50%	68,043	(65,140)
Future pension increases	0.50%	(405,707)	(588,210)

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The above 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 the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity and pension benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

23.2.1.14 Historical information

	2026	2025	2024	2023	2022
Management Pension Fund					
Present value of defined benefit obligation	2,504,425	2,509,357	2,090,365	1,846,774	1,764,747
Fair value of plan assets	(2,580,138)	(2,336,243)	(1,852,856)	(1,379,471)	(1,298,844)
(Surplus) / deficit in the plan	(75,713)	173,114	237,509	467,303	465,903
Experience adjustments					
(Gain) / loss on obligation	(159,091)	232,423	117,524	(116,966)	49,879
Gain / (loss) on plan assets	113,181	296,818	224,087	(118,366)	(148,477)
Non-Management Pension Fund					
Present value of defined benefit obligation	495,165	467,437	356,325	308,814	257,305
Fair value of plan assets	(390,179)	(332,814)	(260,702)	(185,279)	(173,952)
Deficit in the plan	104,986	134,623	95,623	123,535	83,353
Experience adjustments					
(Gain) / loss on obligation	(33,910)	35,572	(2,147)	24,121	(22,933)
Gain / (loss) on plan assets	12,261	32,913	25,765	(16,061)	(8,718)
Management Gratuity Fund					
Present value of defined benefit obligation	364,485	407,217	346,042	282,607	249,485
Fair value of plan assets	(356,101)	(352,471)	(294,905)	(236,927)	(211,992)
	8,384	54,746	51,137	45,680	37,493
Experience Adjustments					
(Gain) / loss on obligation	(30,800)	51,690	(3,535)	(4,763)	15,596
Loss / (gain) on plan assets	20,791	48,081	13,819	(12,950)	(8,854)
Non-Management Gratuity Fund					
Present value of defined benefit obligation	135,692	127,878	112,533	99,312	82,568
Fair value of plan assets	(156,483)	(136,606)	(130,805)	(118,417)	(115,152)
Surplus in the plan	(20,791)	(8,728)	(18,272)	(19,105)	(32,584)
Experience adjustments					
(Loss) / gain on obligation	(12,098)	10,352	(2,719)	9,638	(9,512)
Loss / (gain) on plan assets	3,679	1,451	(2,787)	(4,690)	(1,611)

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23.2.1.15 The weighted average duration of the plans are as follows:

	No. of years
Management Pension fund	9.75
Non-management Pension fund	9.20
Management Gratuity fund	6.95
Non-management Gratuity fund	4.97

23.2.1.16 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

23.2.1.17 PRL's contributions toward the provident fund for the year ended June 30, 2026 amounted to Rs. 53,000 (2025: Rs. 51,170).

	Note	2026	2025
24. LONG-TERM BORROWINGS			
Long-term borrowings	24.1	9,200,000	11,700,000
Less: Current portion of long-term borrowings		(3,200,000)	(2,500,000)
		<u>6,000,000</u>	<u>9,200,000</u>
24.1 Movement in long-term borrowings is as follows:			
Balance at beginning of the year		11,700,000	4,500,000
Add: Loans obtained			
Long term loan	24.2	-	6,000,000
Diminishing Musharika	24.3	-	2,700,000
		-	8,700,000
Less: Loans repaid	24.4	(2,500,000)	(1,500,000)
Balance at end of the year		<u>9,200,000</u>	<u>11,700,000</u>

24.2 The Subsidiary Company (PRL) obtained a Syndicated Term Finance loan of Rs. 6,000,000 at a mark-up of 3 month KIBOR + 0.75% per annum from the Bank of Punjab for a tenor of 3.5 years (including 3 years grace period). The loan is repayable in six equal monthly installments commencing from 37th month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of First Pari Passu hypothecation charge over present and future fixed assets (excluding land and buildings).

24.3 This represents Rs. 2,700,000 diminishing musharika obtained by PRL under mark-up arrangement through Faysal Bank Limited. The loan carries mark-up of 3 months KIBOR + 0.1% per annum for a tenor of 1.5 years and is repayable under bullet mode at maturity. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

24.4 This represents a long term project finance facility of Rs. 3,000,000 received from Askari Bank Limited (AKBL) at 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period). The loan was repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings). During the year, the PRL repaid Rs. 2,500,000 of the outstanding loan.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
25. LEASE LIABILITIES			
Balance at beginning of the year		13,145,471	8,370,484
<i>Other Changes:</i>			
Additions during the year		3,322,202	3,480,579
Accretion of interest	39	2,019,424	1,374,182
Lease contracts modified during the year		9,422,671	2,461,071
		14,764,297	7,315,832
Less: Lease rentals paid		(4,025,326)	(2,540,845)
Balance at end of the year		23,884,442	13,145,471
Less: Current portion shown under current liability		(651,156)	(557,290)
Non-Current Balance		23,233,286	12,588,181

25.1 The Holding company has recognised a charge of Rs. 5,739,811 (2025: 6,008,300) for those variable lease payments, which do not form part of leases in accordance with IFRS 16.

25.2 The expected maturity analysis of undiscounted lease payment is as follows:

	2026	2025
Less than a year	3,263,399	2,097,676
Between 1-5 years	18,905,269	11,150,646
Over 5 years	25,701,209	13,936,463

26. DEFERRED INCOME - GOVERNMENT GRANT

The Holding Company received grant of Rs. 100,000 in financial year 2022 from Government of Gilgit Baltistan (GoGB) for establishment of bulk oil depot at Skardu.

27. OTHER PAYABLE

This represents wharfage payable to Port Qasim Authority (PQA) on account of import of LNG by the Holding Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Holding company has recognised this liability at amortised cost at the rate prevailing at the time of determining the liability.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
28. TRADE AND OTHER PAYABLES			
Local creditors	28.1 & 28.2	46,160,549	30,343,589
Foreign creditors	28.1 & 28.3	65,276,636	164,730,349
		111,437,185	195,073,938
Security deposits	28.4	11,600,688	10,256,789
Retention money		25,652	8,359
Accrued expenses and other liabilities	28.5 to 28.7	160,538,829	149,196,304
Payable to escrow account	28.9 & 28.10	17,430,693	5,557,178
Surplus price differential payable		4,456,582	2,978,696
Payable to provident funds		66,193	10,184
Due to OMCs and refineries		205,398	205,398
Inland Freight Equalization Margin (IFEM) including freight equalization payable from GoP (related party)		8,945,671	17,318,229
Advances - unsecured			
- from customers	28.8	16,497,203	10,983,223
- against equipments		1,615	1,615
		16,498,818	10,984,838
Taxes and other government dues			
- Excise, taxes and other duties		25,837,143	27,864,949
- Income tax deducted at source		427,778	557,393
		26,264,921	28,422,342
Workers' Welfare Fund		1,603,525	1,053,908
Workers' Profits Participation Fund	28.11	573,401	238,318
Others		469,655	438,034
		360,117,211	421,742,515

28.1 The average credit period on imports is 30 days on White Oil and ranges between 14 to 16 days on Liquefied Natural Gas (LNG). On local purchases, the Holding Company is availing 14 days credit as per agreement after the end of fortnight. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

	2026	2025
28.2 This includes amounts payable to the following related parties:		
Pak-Arab Refinery Company Limited	32,334,908	18,925,318
K-Electric Limited	65,959	1,904
Oil and Gas Development Company Limited	3,473,026	3,947,832
Mari Energies Limited	346,600	89,119
Pakistan National Shipping Corporation	318,342	322,851
Cnergyico PK Limited	734,323	703,557
Pakistan Petroleum Limited	-	38,940
	37,273,158	24,029,521

28.3 This includes amount of Rs. 16,145,767 (2025: Rs. 37,417,812) in respect of import of LNG.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

28.4 Security deposits includes deposits received by the Holding Company under the terms of related agreements and are as follows:

	Note	2026	2025
Dealers	28.4.2	1,501,888	1,448,852
Equipments	28.4.3	1,088,558	770,178
Cartage contractors	28.4.4	1,930,785	1,825,442
Card holders	28.4.5	5,324,218	4,787,241
Suppliers	28.4.5	1,620,067	1,297,805
Others	28.4.5	135,172	127,271
		11,600,688	10,256,789
28.4.1 Security deposits include:			
Utilisable / utilised in business	28.4.1.1	11,096,838	9,762,539
Others	28.4.1.2	503,850	494,250
		11,600,688	10,256,789

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

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

28.4.2 These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

28.4.3 These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipments and are payable on demand.

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

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

28.5 Includes payable to the Government of Pakistan amounting to Rs. 64,166,932 (2025: 72,204,729).

28.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 25,208,870 (2025: Rs. 23,779,686).

28.7 Includes current portion of wharfage payable to related party amounting to Rs. 116,946 (2025: Rs. 103,245).

28.8 These represents advances received from customers against supply of petroleum products which are recognised as revenue when the performance obligation is satisfied.

28.9 Movement of incremental incentives during the year is as follows:

	2026	2025
Opening balance	5,557,178	1,276,630
Incremental incentives generated during the period	11,873,515	9,472,724
Incremental incentives transferred to joint Escrow Account	-	(5,192,176)
Closing balance payable to joint Escrow Account	17,430,693	5,557,178

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 28.10** The GoP notified the Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) during the year ended June 30, 2024. The Policy interalia allowed incremental incentives at the rate of 2.5% on HSD and 10% on MS for a period of seven years from the date of signing of Upgrade Agreement and opening of Joint Escrow Account.

The incremental incentives under the Policy will be recognised after the Final Investment Decision (FID) on the project. Balance in joint Escrow Account as at June 30, 2026 was Rs. 11,660,000 (2025: Rs. 10,869,053).

The GoP is finalising a revised Policy which is expected to be notified subsequent to the date of these financial statements.

28.11 Workers' Profit Participation Fund

Balance at beginning of the year
Allocation for the year

Payments during the year
Balance at end of the year

2026

2025

238,318

4,147,402

4,385,720

(3,812,319)

573,401

114,372

2,838,319

2,952,691

(2,714,373)

238,318

29. UNCLAIMED DIVIDEND

Balance at beginning of the year
Other changes - dividend for the year

Payments made during the year
Balance at end of the year

1,729,116

4,694,734

6,423,850

(4,612,087)

1,811,763

1,640,667

5,153,878

6,794,545

(5,065,429)

1,729,116

30. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Group. The outcome of these legal claims are uncertain but they are not expected to give rise to material obligations beyond those provided for:

Note

2026

2025

Claim raised by regulatory authorities
Infrastructure

386,949

252,464

639,413

386,949

252,464

639,413

31. SHORT-TERM BORROWINGS

From National Bank of Pakistan - Related party

Short-term finances in foreign currency

31.1

62,036,180

121,212,275

From other than related party

Short-term finances

- local currency

- foreign currency

31.3

31.1

148,484,553

152,832,174

301,316,727

36,488,000

210,357,021

246,845,021

Current portion of long-term borrowings

24

3,200,000

2,500,000

Finances under mark-up arrangements

31.3

31.2 & 31.5

25,150,944

391,703,851

980,436

371,537,732

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 31.1** The rate of mark-up for these facilities range from Re. 0.13 to Re. 0.20 (2025: Re. 0.13 to Re. 0.21) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Holding Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.
- 31.2** The total facility limit of various financing facilities available from banks aggregate to Rs. 684,406,886 (2025: Rs. 691,831,804) out of which Rs. 231,719,588 (2025: Rs. 298,707,564) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Group's stocks, receivable and trust receipts.
- 31.3** The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.34 (2025: Re. 0.03 to Re. 0.31) per Rs. 1,000 per day. These facilities are renewable subject to payment of repurchase price on specified dates.
- It also includes a short-term loan amounting to Rs. 4,246,553 obtained by PRL under mark-up arrangement from Bank Alfalah Limited. The loan carries a markup of 11.87% per annum for a tenor of 2 days. The loan is secured by way of hypothecation over stock of crude oil and finished products and trade receivables of PRL.
- 31.4** The short-term financing has been obtained for working capital requirements.
- 31.5** As at June 30, 2026, accrued mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 4,258,691 (2025: Rs. 3,044,627), which includes Rs. 602,214 (2025: Rs. 903,039) due to National Bank of Pakistan, a related party.

- 31.6** Movement in short-term and foreign currency loans:

Balance at beginning of the year

Loans obtained during the year

Loans repaid during the year

Balance at end of the year

2026	2025
368,057,296	415,101,291
512,427,150	231,399,780
(517,131,539)	(278,443,775)
(4,704,389)	(47,043,995)
363,352,907	368,057,296

32. CONTINGENCIES AND COMMITMENTS

32.1 Late payment surcharge

Claims against Subsidiary Company (PRL) amounting to Rs. 3,550,128 (2025: Rs. 3,668,498) in respect of delayed payment charges are not recognised on the understanding that these will be payable only when the Group will fully realise delayed payment charges due from its customers. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

32.2 Holding Company's Tax Contingencies

The Holding Company is contesting various tax matters. Based on the advice of legal and tax advisors, management believes that the outcome of these matters will be in favour of the Holding Company and, accordingly, no provision has been made in these consolidated financial statements for the below tax matters.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Date of Institution	Nature of Contingency	Brief Description	Forum / Status	Tax Years	Amount
32.2.1	Income Tax					
32.2.1.1	28.05.2010	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Sindh High Court (SHC)	2008	175,516
32.2.1.2	06.04.2012	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2010	15,093
32.2.1.3	31.05.2012	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2011	594,115
32.2.1.4	28.01.2014	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2013	281,572
32.2.1.5	09.02.2015	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Islamabad High Court (IHC)	2014	128,055
32.2.1.6	27.02.2017	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	IHC	2016	1,384,678
32.2.1.7	28.02.2018	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2017	295,553
32.2.1.8	31.01.2019	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2018	48,999
32.2.1.9	30.09.2020	Amendment under section 122(5A)	Taxable income increased on account of certain disallowances	Tribunal	2019	247,020
32.2.1.10	01.04.2024	Amendment under section 122(5A)	Taxable income increased on account of - provision for impairment	ADRC	2020	54,421
32.2.1.11	30.06.2026	Audit under section 177	Taxable income increased on account of non deduction of withholding on payment to vendors.	ADRC	2022	323,162
32.2.1.12	14.04.2026	Default Surcharge section 137(1)/205	Default Surcharge imposed on account of non payment of Super Tax.	ADRC	2022 to 2024	4,721,474
32.2.2	Sales Tax					
32.2.2.1	30.03.2010	Sales Tax Audit	Sales tax demand on discounts and input tax disallowance	SHC	2004 – 2007	1,400,000
32.2.2.2	26.06.2026	Sales Tax Audit under section 11E of Sales Tax Act, 1990	Sales tax demand on input tax disallowance	ADRC	2015 – 2016	23,250
32.2.2.3	22.04.2026	Order under section 52(3) of Baluchistan Sales Tax Act, 2013	Sales tax demand on alleged non-withholding of Baluchistan Sales Tax on Services	Commissioner Appeals and Tribunal	2018 - 2021	25,180

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Date of Institution	Nature of Contingency	Brief Description	Forum / Status	Tax Years	Amount
32.2.3	Other Matters					
32.2.3.1	28.06.2024	Workers Welfare Fund (WWF)	WWF demand by SRB already paid to FBR	Commissioner Appeals	2023	550,202
32.2.3.2	01.09.2021	Sindh Infrastructure Development Cess (SIDC)	SIDC demanded on import of POL products by Excise Department	Supreme Court	2016-2019	6,438,869
32.2.3.3	10.04.2025	Minimum Value Added Sales Tax (MVAT) on FO imports	MVAT demand on import of furnace oil by Customs Department	FCC	2019	17,250,015
32.2.3.4	16.03.2026	Conversion issue from barrel to L85	Demand of duties and taxes on imported PMG and HSD for alleged wrong conversion from Barrels to L85.	Customs Appellate Tribunal, Karachi.	2023-2024	3,107,260

32.3 Other legal claims (Holding and Subsidiary Company)

- 32.3.1** As at June 30, 2026 certain legal cases amounting to Rs. 13,526,052 (2025: Rs. 7,343,384) have been filed against the Group. However, based on the advice of its legal advisors, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Group.
- 32.3.2** Claims against the Group not acknowledged as debts amount to Rs. 19,463,302 (2025: Rs. 16,909,893) other than as mentioned in note 32.1 and 32.3.1 to these consolidated financial statements
- 32.3.3** The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 1,525,782 (2025: Rs. 1,528,892).

32.4	Commitments	Note	2026	2025
32.4.1	Capital expenditures contracted for but not yet incurred		17,635,000	11,068,946
32.4.2	Letters of credit	32.4.6	90,561,659	49,655,314
32.4.3	Bank guarantees		4,302,911	5,520,909
32.4.4	Standby letters of credit		73,652,299	86,224,324
32.4.5	Cheque given as Guarantee		-	26,739,525
32.4.6	The Group has total unutilised facility limit against letters of credit aggregating to Rs. 242,887,413 (2025: Rs. 166,740,000) as of reporting date.			

	Note	2026	2025
33. NET SALES			
Gross sales	33.1	3,415,120,661	3,565,248,882
- Discounts / allowances		(7,947,074)	(7,694,607)
- Sales tax		(139,963,180)	(196,636,385)
- Inland Freight Equalization Margin (IFEM)		(54,859,457)	(42,134,050)
		(202,769,711)	(246,465,042)
Net sales		3,212,350,950	3,318,783,840

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 33.1** Includes export sales amounting to Rs. 60,360,998 (2025: Rs. 56,150,368).
- 33.2** Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products are based on prices set under notifications of the MoE.

34. COST OF PRODUCTS SOLD

	Note	2026	2025
Opening stock		269,026,520	316,796,844
Purchases made during the year	34.1 & 34.2	3,100,465,230	3,173,862,559
		<u>3,369,491,750</u>	<u>3,490,659,403</u>
Closing stock	13	(290,388,283)	(269,026,520)
		<u>3,079,103,467</u>	<u>3,221,632,883</u>

- 34.1** Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 318,587,647 (2025: Rs. 308,618,092) and Rs. 19,128,833 (2025: Rs. 18,340,002), respectively.
- 34.2** Includes depreciation of property, plant & equipment, amortisation of intangibles and right-of-use assets amounting to Rs. 1,326,982 (2025: Rs. 1,357,264).

35. OTHER INCOME

Income from financial assets

Interest / mark-up received on delayed payments		899,014	870,339
Interest income on short-term placements		3,203,934	4,145,245
Reimbursement of financial charges on line fill cost		4,887,912	5,899,006
Interest / mark-up on saving accounts	35.1	1,679,769	3,605,833
Dividend income from FVOCI investments	35.2	357,880	1,500,000
		<u>11,028,509</u>	<u>16,020,423</u>

Income from non-financial assets

Handling, storage and other services		4,088,984	4,408,926
Income from Compressed Natural Gas (CNG) operators		74,686	94,465
Income from non-fuel retail business		449,443	389,367
Income from retail outlets - net		378,822	278,148
Reversal of provision against stores, spares and loose tools	12.1	91,004	-
Reversal of impairment on financial assets		305,698	430,256
Scrap sales		125,206	158,115
Gain on disposal of property, plant and equipment	5.2	68,091	103,767
Penalties and other recoveries		697,046	585,701
Others		1,005,062	1,895,854
		<u>7,284,042</u>	<u>8,344,599</u>
		<u>18,312,551</u>	<u>24,365,022</u>

- 35.1** Includes mark-up of Rs. 115,509 (2025: Rs. 167,705) from bank accounts under Islamic mode.
- 35.2** This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
36. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and benefits	37.1	10,691,382	10,607,406
Transportation costs		542,499	504,299
Depreciation on property, plant and equipment	5.1.1	3,224,042	2,630,888
Depreciation on right-of-use assets	6.1	2,326,472	1,643,410
Security and other services		749,872	734,355
Rent, rates and taxes		297,883	272,370
Repairs and maintenance		2,517,142	2,574,824
Insurance		329,605	289,685
Travelling and office transport		703,442	628,964
Printing and stationery		40,573	39,449
Communication		18,595	52,194
Utilities		457,263	529,395
Storage and technical services		140,020	141,179
Sales promotion and advertisement		1,656,914	1,199,291
Fees and subscription		113,058	106,078
Other expenses		1,560	1,694
		23,810,322	21,955,481
37. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	37.1	5,335,506	4,945,447
Depreciation on property, plant and equipment	5.1.1	696,430	550,748
Depreciation on right-of-use assets	6.1	1,816	12,370
Amortisation	7.3	401,888	231,223
Security and other services		121,620	88,497
Rent, rates and taxes		62,361	24,907
Repairs and maintenance		950,844	1,050,564
Insurance		359,449	346,314
Travelling and office transport		269,579	182,659
Printing, stationery and advertisements		30,970	29,139
Communication		84,495	59,277
Utilities		151,186	162,697
Storage and technical services		341,571	195,575
Legal and professional		660,750	403,004
Auditors' remuneration	37.3	61,026	58,871
Contribution towards expenses of Board of Management / Board of Directors		67,929	46,793
Donations	37.4	714,803	549,611
Fees and subscription		89,194	48,863
Other expenses		36,300	25,904
		10,437,717	9,012,463

- 37.1** Salaries, wages and benefits also include charge of Rs. 173,664 (2025: Rs. 105,640) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 23 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

37.2 Remuneration of Chief Executive Officer, Directors and Executives

37.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Chief Executive Officer and Executives are as follows:

	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	2026		2025	
Managerial remuneration	33,931	3,029,725	30,612	2,602,366
Housing and utilities	18,662	1,612,354	16,836	1,393,432
Performance bonus	12,553	716,234	8,218	687,341
Retirement benefits	6,258	1,100,827	6,167	1,050,654
Leave encashment	1,357	138,154	-	100,181
Other allowances and benefits	20,959	3,111,962	19,171	2,875,692
	93,720	9,709,256	81,004	8,709,666
Number, including those who worked part of the year	2	1,032	1	915

37.2.2 The amount charged in respect of fee to 10 (2025: 10) non-executive directors aggregated to Rs. 61,250 (2025: Rs. 41,250).

37.2.3 In addition, the Chief Executive and certain executives are provided with free use of the Group maintained cars. Further, the Chief Executive and executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Companies. In addition, certain executives of PRL are provided furnished accommodation within refinery premises according to their respective terms of employment.

37.3 Auditor's remuneration

Fee for the:

Audit of consolidated financial statements
Audit of unconsolidated financial statements
Review of half yearly financial statements
Tax certifications
Other certifications
Out of pocket expenses

2026	2025
1,928	1,845
16,244	14,754
3,997	2,765
11,167	16,494
22,949	18,238
4,741	4,775
61,026	58,871

37.4 All donations of the Holding Company are made to Corporate Social Responsibility (CSR) Trust which is an independent entity responsible for payment of donations. Donations of Rs. 49,803 (2025: 49,612) were made by PRL to the Indus Hospital and Child Life Foundation for the provision of free medical services to deserving patients, and to The Citizens Foundation to support quality education. It also includes contributions to Karwan-e-Hayat, Behbud Association, Goread.pk, and The Layton Rahmatulla Benevolent Trust. None of the directors or their spouses have any interest in the aforementioned organisations.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
38. OTHER EXPENSES			
Research cost on refinery upgradation	38.1	496,978	2,497,303
Workers' Profit Participation Fund	28.11	4,147,402	2,838,319
Workers' Welfare Fund		1,684,945	1,135,328
Exchange loss arising on currency transactions - net		17,098	8,029
Provision against stores, spares, chemicals and loose tools including capital stores	12.1	-	105,211
Provision for sales tax matters		1,996,101	-
Others		2,972	185
		8,345,496	6,584,375
38.1	This represents costs incurred in respect of planning phase and other related studies for future upgradation and expansion of refinery.		
39. FINANCE COSTS			
Interest / mark-up on short-term borrowings in:			
- local currency		4,030,760	4,591,797
- foreign currency	39.1	17,822,014	26,880,583
		21,852,774	31,472,380
Mark-up on bank accounts under Islamic mode		3,120,809	2,438,946
Markup on long term loans		1,216,741	1,360,721
Late payment surcharge and other charges		1,432,267	688,899
		5,769,817	4,488,566
		27,622,591	35,960,946
Finance cost on wharfage liability		66,708	78,804
Finance cost on lease liabilities	25	2,019,424	1,374,182
	39.2	29,708,723	37,413,932
39.1	Includes mark-up amounting to Rs. 3,500,805 (2025: Rs. 4,109,977) on facilities under Islamic mode and Rs. 14,321,209 (2025: Rs. 22,770,606) on facilities under conventional mode.		
39.2	Includes mark-up and bank charges amounting to Rs. 5,735,432 (2025: Rs. 10,547,284) on facilities obtained from National Bank of Pakistan - a related party.		
40. TAXATION			
Current			
- for the year		28,504,990	20,188,665
- for prior years - net		9,244,921	(288,512)
		37,749,911	19,900,153
Deferred	11.1	2,469,705	(867,377)
	40.1	40,219,616	19,032,776

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

40.1 Relationship between accounting profit and taxation

Accounting profit before taxation, minimum tax differential and final taxes

79,142,980

46,865,415

Tax at the applicable tax rate of 29% (2025: 29%)

22,951,464

13,590,970

Tax effect of:

- Final tax regime and income subject to lower tax rate

29,028

547,923

- Adjustments relating to prior years

9,244,921

(288,512)

- Change in rate of deferred tax

1,080,853

-

- Super tax

7,903,891

4,846,002

- impact of brought forward minimum tax

(1,301,447)

-

- Others

310,906

336,393

40,219,616

19,032,776

Effective tax rate

51%

41%

40.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

Current tax liability for the year as per applicable tax laws

35,846,534

33,779,387

Portion of current tax liability as per tax laws, representing income tax under IAS 12

(28,504,990)

(20,188,665)

Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37

(7,341,544)

(13,590,722)

Difference

-

-

40.3 This represents portion of minimum tax paid under section 148 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

40.4 This represents final taxes paid under section 150 of the Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37, and includes super tax thereon.

40.5 The aggregate of minimum / final tax and Income tax, amounting to Rs. 35,846,534 represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

41. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

Profit for the year attributable to the owners of the Holding Company

2026

2025

25,486,827

16,444,491

----- (Number of shares) -----

Weighted average number of ordinary shares in issue during the year

469,473,300

469,473,300

----- (Rupees) -----

Earnings per share - basic and diluted

54.29

35.03

42. CASH GENERATED FROM OPERATIONS

Profit before taxation, minimum tax differential and final taxes

79,142,980

46,865,415

Adjustments for:

Depreciation of property, plant and equipment

5.1.1

5,231,424

4,522,349

Depreciation of right-of-use assets

6.1

2,342,948

1,670,961

Amortisation of intangibles

7.3

403,258

232,593

Provision for write down to net realisable value

13

47,016,126

27,400

Reversal of provision for impairment on trade debts - net

14.4

(558,520)

(659,885)

Reversal of provision for impairment against doubtful other receivables - net

17.4.1

252,822

(5,466,263)

(Reversal of provision) / provision for impairment against stores, spares, chemicals and loose tools

12.1

(91,004)

105,211

Provision for retirement and other services benefits

2,415,862

3,036,715

Gain on disposal of operating assets

35

(68,091)

(103,767)

Share of loss / (profit) from associates - net of tax

8.3.3

114,796

(315,687)

Dividend income from FVOCI Investment

35

(357,880)

(1,500,000)

Interest on lease payments

39

2,019,424

1,374,182

Finance costs

39

27,689,299

36,039,750

86,410,464

38,963,559

Changes in:

- Stores, spares, chemicals and loose tools

(213,887)

408,291

- Stock-in-trade

(68,377,889)

47,742,924

- Trade debts

24,195,279

49,485,361

- Loans and advances

(641,313)

160,221

- Short-term deposits and prepayments

748,993

(1,048,975)

- Other receivables

(34,855,204)

(24,306,514)

- Short-term Investments

(4,007,262)

2,815,771

- Trade and other payables

(62,738,373)

71,714,227

(145,889,656)

146,971,306

19,663,788

232,800,280

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

43. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes:

- Cash and bank balances
- Short-term investments
- Finances under mark-up arrangements

Note	2026	2025
19	17,681,335	60,896,001
18	26,499,951	46,999,504
31	(25,150,944)	(980,436)
	19,030,342	106,915,069

44. SEGMENT INFORMATION

44.1 Segment wise results are as follows:

	2026						2025					
	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total
	(Rupees in millions)											
Net Sales	2,406,897	630,582	350,839	12,565	(188,532)	3,212,351	2,155,500	982,256	310,351	11,634	(140,957)	3,318,784
Cost of products sold	(2,326,141)	(612,496)	(318,589)	(11,462)	189,585	(3,079,103)	(2,088,028)	(953,457)	(308,618)	(11,195)	139,665	(3,221,633)
Gross profit	80,756	18,086	32,250	1,103	1,053	133,248	67,472	28,799	1,733	439	(1,292)	97,151
Other income	11,356	-	770	6,551	(364)	18,313	12,167	-	2,652	10,439	(893)	24,365
Administrative, distribution and marketing expenses	(28,808)	(1,766)	(2,335)	(1,339)	-	(34,248)	(25,546)	(2,221)	(2,264)	(937)	-	(30,968)
Other expenses	(5,711)	77	(2,285)	(426)	-	(8,345)	(3,177)	(111)	(2,450)	(846)	-	(6,584)
Operating cost	(34,519)	(1,689)	(4,620)	(1,765)	-	(42,593)	(28,723)	(2,332)	(4,714)	(1,783)	-	(37,552)
Profit / (loss) from operations	57,593	16,397	28,400	5,889	689	108,968	50,916	26,467	(329)	9,095	(2,185)	83,964
Finance costs	(8,227)	(17,428)	(4,418)	-	364	(29,709)	(8,718)	(25,000)	(3,788)	-	92	(37,414)
Share of (loss) / profit of associates - net of tax	-	-	-	(115)	-	(115)	-	-	-	316	-	316
Profit / (loss) before taxation, minimum tax differential and final taxes	49,366	(1,031)	23,982	5,774	1,053	79,144	42,198	1,467	(4,117)	9,411	(2,093)	46,865
Minimum tax differential	-	(7,252)	-	-	-	(7,252)	(53)	(11,337)	(1,826)	-	-	(13,216)
Final taxes	-	-	-	(90)	-	(90)	-	-	-	(375)	-	(375)
	-	(7,252)	-	(90)	-	(7,342)	(53)	(11,337)	(1,826)	(375)	-	(13,591)
Profit / (loss) before taxation	49,366	(8,283)	23,982	5,684	1,053	71,802	42,145	(9,870)	(5,943)	9,036	(2,093)	33,275
Taxation	(28,701)	402	(8,304)	(3,543)	(74)	(40,220)	(18,360)	1,439	1,188	(3,300)	-	(19,033)
Profit / (loss) for the year	20,665	(7,881)	15,678	2,141	979	31,582	23,785	(8,431)	(4,755)	5,736	(2,093)	14,242

44.2 As referred in note 3.21 to these consolidated financial statements, the expenses have been allocated based on the sales volume, which is in line with the basis of reporting to Management Committee.

44.3 Net sales in LNG segment relates to single customer.

44.4 Receivables and payables balances pertaining to LNG segment have been disclosed in notes 14.6 and 28.3 respectively. Moreover, majority of the remaining assets and liabilities pertains to the petroleum segment.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

- 44.5** Out of total sales of the Group, 98.2% (2025: 98.2%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2026 are located in Pakistan.
- 44.6** The Group sells its products to dealers, OMCs, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Group are approximately 28% during the year ended June 30, 2026 (2025: 37%).
- 44.7** Out of total gross sales of the Group, sales amounting to Rs. 788,662,688 (2025: Rs. 1,159,692,105) relates to circular debt customers.

45. DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS

Securities Exchange Commission of Pakistan (SECP) vide its S.R.O. 1278(1)/2024 dated August 15, 2024 has notified an amendment in the Fourth Schedule of Companies Act, 2017 requiring listed companies and their subsidiaries to disclose certain information if they are not engaged in Shariah non-permissible business activities. Following information is disclosed pursuant to the amendment:

Description	Explanation	2026	2025
45.1 Statement of financial Position			
Assets:			
Long term investments	Shariah Compliant	<u>86,802</u>	<u>98,981</u>
Long term investments	Non - Shariah Compliant	<u>9,155,583</u>	<u>10,855,672</u>
Cash and bank balances	Bank accounts under Islamic finance	<u>1,006,420</u>	<u>2,140,442</u>
Cash and bank balances	Bank accounts under conventional finance	<u>16,658,110</u>	<u>58,739,783</u>
Liabilities:			
Long term borrowings	Islamic mode	<u>2,700,000</u>	<u>2,700,000</u>
Long term borrowings	Conventional mode	<u>6,500,000</u>	<u>9,000,000</u>
Short term financing - secured	Financing obtained as per Islamic mode	<u>117,015,537</u>	<u>53,216,314</u>
Accrued mark-up	Mark-up accrued on conventional loan	<u>2,302,028</u>	<u>2,542,617</u>
Accrued mark-up	Profit accrued on Islamic loan	<u>1,956,663</u>	<u>502,010</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

45.2	Statement of profit or loss and other comprehensive income	Explanation	2026	2025
	Net sales	Shariah Compliant	<u>3,212,350,950</u>	<u>3,318,783,840</u>
	Mark up / Profit (Expense):			
	Short term financing - secured	Mark up on conventional mode of financing	<u>19,568,710</u>	<u>28,767,145</u>
	Short term financing - secured	Profit on Islamic mode of financing	<u>6,621,614</u>	<u>6,504,902</u>
	Mark up / Profit (Payment):			
	Short term financing - secured	Mark up on conventional mode of financing	<u>19,809,299</u>	<u>29,924,441</u>
	Short term financing - secured	Profit on Islamic mode of financing	<u>5,166,961</u>	<u>7,234,401</u>
	Exchange loss	Shariah Compliant	<u>17,098</u>	<u>8,029</u>
	Share of (loss) / profit from associate	Shariah Compliant	<u>(7,136)</u>	<u>2,316</u>
	Share of (loss) / profit from associate	Non - Shariah Compliant	<u>(107,660)</u>	<u>313,370</u>
	Other Income			
	Other income earned from Shariah Compliant avenues			
	Handling, storage and other services		<u>4,088,984</u>	<u>4,408,926</u>
	Income from Compressed Natural Gas (CNG) operators		<u>74,686</u>	<u>94,465</u>
	Income from non-fuel retail business		<u>449,443</u>	<u>389,367</u>
	Income from retail outlets - net		<u>378,822</u>	<u>278,148</u>
	Gain on disposal of property, plant and equipment		<u>68,091</u>	<u>103,767</u>
	Reversal of provision against stores, spares and loose tools		<u>91,004</u>	<u>-</u>
	Reversal of impairment on financial assets		<u>305,698</u>	<u>430,256</u>
	Scrap sales		<u>125,206</u>	<u>158,115</u>
	Profit on saving accounts		<u>115,509</u>	<u>167,705</u>
	Others		<u>285,010</u>	<u>243,165</u>
	Other income earned from non Shariah Compliant avenues			
	Dividend income long term investments at fair value through other comprehensive income		<u>357,880</u>	<u>1,500,000</u>
	Penalties and other recoveries		<u>697,046</u>	<u>585,701</u>
	Reimbursement of financial charges on line fill cost		<u>4,887,912</u>	<u>5,899,006</u>
	Interest on delayed payments		<u>899,014</u>	<u>870,339</u>
	Interest / markup on saving accounts		<u>1,564,260</u>	<u>3,438,128</u>
	Interest income on short-term placements		<u>3,203,934</u>	<u>4,145,245</u>
	Exchange gain earned using conventional derivatives		<u>-</u>	<u>-</u>
	Others		<u>720,052</u>	<u>1,895,854</u>
45.3	During the year and as at reporting date, the Group has no relationship with Shariah compliant financial institutions other than in capacity of borrower or lender.			
45.4	Management considers that revenue from its ordinary activities are shariah compliant.			

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	Note	2026	2025
46. FINANCIAL INSTRUMENTS BY CATEGORY			
46.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	8	7,405,495	8,094,954
Fair value through profit and loss			
- Short-term Investments - Treasury Bills	18	5,381,310	1,385,124
At amortised cost			
- Loans and advances		2,510,033	2,050,924
- Deposits		843,365	869,484
- Trade debts	14	420,476,931	444,113,690
- Other receivables		29,517,287	19,029,633
- Short-term Investments	18	26,511,027	46,999,504
- Cash and bank balances	19	17,681,335	60,896,001
		497,539,978	573,959,236
		510,326,783	583,439,314
46.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Long-term borrowings	24	6,000,000	9,200,000
- Lease liabilities	25	23,884,442	13,145,471
- Trade and other payables		301,774,293	360,746,184
- Unclaimed dividend	29	1,811,763	1,729,116
- Accrued mark-up	31.5	4,258,691	3,044,627
- Short-term borrowings	31	391,703,851	371,537,732
		729,433,040	759,403,130

46.3 Fair values of financial assets and liabilities

- (a) A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

- (b) Fair value estimation

The Group discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

As at June 30, 2026, except for the Holding Company's investment in Pak-Arab Pipeline Company Limited and Subsidiary Company (PRL) investment in Treasury Bills, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 8.2 and 18 of these consolidated financial statements.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

47.1 Financial risk factors

Introduction and overview

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

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

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

Financial risk factors and risk management framework

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

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

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

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in foreign exchange rates, market interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of Group's investment in Pak-Arab Pipeline Company Limited.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group imports crude oil, petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US\$ or USD).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

	USD (in '000)		PKR	
	2026	2025	2026	2025
Trade payables	234,553	580,108	65,276,636	164,730,349
Advances	2,778	3,071	773,214	872,057
	Average rate		Spot rate	
	2026	2025	2026	2025
USD to PKR	280.64	279.57	278.30	283.97

The Group has incurred exchange losses of Rs. 7,382,736 (2025: Rs. 11,831,045) and Rs. 17,098 (2025: Rs. 15,227) that have been recognised as part of cost of products sold and other expenses respectively. Exchange losses recognised as part of cost of products sold have been recovered through the pricing mechanism.

Further, the Group has also availed foreign currency borrowing (FE-25) as of June 30, 2026. However, there is no foreign currency risk involved on these borrowings as detailed in note 17.2 to these consolidated financial statements.

The Group has limited exposure to foreign currency risks, and any fluctuations in exchange rates are not expected to have a material financial impact on the Group.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from local creditors, security deposits, borrowings and running finance facilities amounting to Rs. 444,088,400 (2025: Rs. 411,312,421). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

Variable rate instruments	Carrying amount	
	2026	2025
Financial assets		
- Saving accounts	14,121,966	56,645,944
Financial liabilities		
- Long-term borrowings	(6,000,000)	(9,200,000)
- Short-term borrowings	(391,703,851)	(371,537,732)
- Local creditors	(46,160,549)	(30,343,589)
- Security deposits	(224,000)	(231,100)
Net financial liabilities at variable interest rates	(444,088,400)	(411,312,421)
	(429,966,434)	(354,666,477)

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. 2,622,795 (2025: Rs. 2,163,466). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2025.

(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.

Notes to the Consolidated Financial Statements

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(Amounts in Rs. '000)

As at June 30, 2026, Group's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 8.2.2.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2026		2025	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortised cost				
- Loans and advances	2,510,033	2,510,033	2,050,924	2,050,924
- Deposits	843,365	843,365	869,484	869,484
- Trade debts	420,476,931	70,930,046	444,113,690	60,814,999
- Other receivables	29,517,287	5,290,421	19,029,633	19,025,633
- Bank balances	17,664,530	17,664,530	60,880,225	60,880,225
- Short-term investments	31,892,337	-	48,384,628	-
	502,904,483	97,238,395	575,328,584	143,641,265

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 372,120,009 (2025: Rs. 401,804,296). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Group's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, deposits, and other receivables as mentioned in notes 9, 10, 15, 16 and 17 other than those provided in these notes are neither past due nor impaired.

Based on the past experience, past track record of recoveries and forward looking information, the Group believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

The credit quality of the Group's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating	
			Short-term	Long-term
Allied Bank Limited	June 2026	PACRA	A1+	AAA
Askari Bank Limited	June 2026	PACRA	A1+	AA+
Bank Alfalah Limited	June 2026	PACRA	A1+	AAA
Bank Al-Habib Limited	June 2026	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2026	Moody's	P-1	Aa3
Faysal Bank Limited	June 2026	PACRA	A1+	AA+
Habib Bank Limited	June 2026	VIS	A1+	AAA
Habib Metropolitan Bank Limited	June 2026	PACRA	A1+	AAA
MCB Bank Limited	June 2026	PACRA	A1+	AAA
Meezan Bank Limited	June 2026	VIS	A1+	AAA
National Bank of Pakistan	June 2026	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	June 2026	VIS	A1+	AAA
United Bank Limited	June 2026	VIS	A1+	AAA
The Bank of Punjab	June 2026	PACRA	A1+	AAA
Soneri Bank Limited	June 2026	PACRA	A1+	AA
JS Bank Limited	June 2026	PACRA	A1+	AA
MCB Islamic Bank Limited	June 2026	PACRA	A1	A+
Industrial and Commercial Bank of China - Pakistan Operations	June 2026	SP Global	A1	P1

Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

Financial liabilities	Contractual maturity Up to three months	
	2026	2025
Trade and other payables	301,774,293	360,746,184
Unclaimed dividend	1,811,763	1,729,116
Accrued mark-up	4,258,691	3,044,627
Short-term borrowings	391,703,851	371,537,732
	699,548,598	737,057,659

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Further, maturity analysis of long-term borrowings and lease liabilities has been disclosed in note 24 and 25 respectively to the consolidated financial statements.

(d) Operational risk

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

Business Continuity Plans for respective areas are in place and tested. Work-from-home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Group's information assets are adequately protected from emerging cyber threats.

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

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

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

47.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Group consist of net debt consistent with other companies in the industry, the Group monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

The gearing ratios as at June 30, 2026 and June 30, 2025 were as follows:

	Note	2026	2025
Long-term borrowings	24	6,000,000	9,200,000
Short-term borrowings	31	391,703,851	371,537,732
Cash and bank balances with lenders		(17,664,530)	(60,880,225)
Net debt		380,039,321	319,857,507
Total equity		290,397,369	262,934,862
Total capital		670,436,690	582,792,369
Gearing ratio		56.69%	54.88%

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

48. TRANSACTIONS WITH RELATED PARTIES

48.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Shareholding %	Relationship
Direct Shareholders		
Government of Pakistan	22.47%	Controlling Authority
PSO Employees Empowerment Trust	3.04%	State owned / controlled entities
Direct Shareholdings		
Pak Grease Manufacturing Company (Private) Limited	49.26%	Associate
Asia Petroleum Limited	49%	Associate
Pak-Arab Pipeline Company Limited	12%	Government related entity / Common Directorship
Other Related Parties		
Karachi Port Trust		State owned / controlled entities
Civil Aviation Authority		State owned / controlled entities
Pakistan Railways		State owned / controlled entities
National Insurance Company Limited		State owned / controlled entities
National Bank of Pakistan		State owned / controlled entities
Pakistan Steel Mills Corporation (Pvt.) Limited		State owned / controlled entities
WAPDA Foundation		State owned / controlled entities
Retirement benefit funds namely:		
1. Pension funds		
2. Gratuity funds		Post employment benefits
3. Provident funds		
PSO CSR Trust		Trust Controlled by KMP
Board of management - Oil		Charged with governance
Pak-Arab Refinery Company Limited		Government related entity
Pakistan International Airline Corporation Limited		Government related entity
PIA Holding Company Limited		Government related entity
Water and Power Development Authority		Government related entity
Genco Holding Company Limited		Government related entity
Oil Companies Advisory Council		Government related entity
Oil and Gas Development Company Limited		Government related entity
Mari Energies Limited		Government related entity
Faisalabad Electric Supply Company		Government related entity
Islamabad Electric Supply Company		Government related entity
Pakistan Mineral Development Corporation		Government related entity
Pakistan National Shipping Corporation		Government related entity
Port Qasim Authority (PQA)		Government related entity

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

Name of Related Parties

Relationship

Other Related Parties

National Logistics Company	Government related entity
K-Electric Limited	Government related entity / Common Directorship
Sui Northern Gas Pipelines Limited	Government related entity / Common Directorship
Sui Southern Gas Company Limited	Government related entity / Common Directorship
Pakistan Petroleum Limited	Government related entity / Common Directorship
Power Holding (Private) Limited	Government related entity / Common Directorship
Federal tax authorities	Regulatory Authorities - Government related entity
Oil and Gas Regulatory Authority (OGRA)	Regulatory Authority - Government related entity
Public Procurement Regulatory Authority	Regulatory Authority / Common Directorship
Private Power & Infrastructure Board	Regulatory Authority / Common Directorship
ABM Investment	Common Directorship
Digital Bridge (Pvt.) Limited	Common Directorship
ABM Logistics	Common Directorship
Marina City Developers	Common Directorship
Independent System & Market Operator	Common Directorship
Prestige Communications (Pvt.) Ltd.	Common Directorship
MM Management Consultants (Pvt.) Limited	Common Directorship
Awan Foundation of Pakistan	Common Directorship
Hinopak Limited	Common Directorship
National Power Parks Management Company (Pvt.) Ltd	Common Directorship
Power Information Technology Company	Common Directorship
Petroleum Institute of Pakistan	Common Directorship
Cnergyico PK Limited	Common Directorship
Zarai Taraqiati Bank Limited	Common Directorship
Gas & Oil Pakistan Limited	Associated Company
Meezan Bank Limited	Associated Company
Overseas Investors Chamber of Commerce and Industry	Associated Company
Flow Petroleum (Private) Limited	Associated Company
Taj Gasoline Private Limited	Associated Company
PARCO Pearl (Private) Limited	Associated Company
Gulzar Khoja	Key management personnel
Abdus Sami	Key management personnel
Shah Mujadad Uddin Jawad	Key management personnel
Asif Aslam Khan	Key management personnel
Raja Imranullah Khan	Key management personnel
Nadeem Afridi	Key management personnel
Asad Raza Faiz	Key management personnel
Muhammad Ali	Key management personnel
Mir Shahzad Khan Talpur	Key management personnel
Brig. (R) Rizwan Ahmed	Key management personnel
Syed Sajjad	Key management personnel
Shamail Sharaf Shah	Key management personnel
Raja Muhammad Faisal Abdullah	Key management personnel
Ghulam Murtaza Sheikh	Key management personnel
Ayesha Afzal	Key management personnel
Iysha Faizan	Key management personnel
Shaista S. Sumar	Key management personnel
Amir Zaib	Key management personnel
Ambreen Ali	Key management personnel
Abdul Lateef Bawany	Key management personnel
Nimra Wasim	Key management personnel
Arif Hussain Nomani	Key management personnel
Raza ul Haque	Key management personnel
Mohsin Ali Mangi *	Key management personnel
Om Perakash *	Key management personnel
S Khawar Abbas Jillani *	Key management personnel
Babar Hamid Chaudhary *	Key management personnel

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Name of Related parties	Relationship
Other Related Parties	
Muhammad Zeeshan Hyder *	Key management personnel
Nida Yousuf *	Key management personnel
Jawwad Ahmed Cheema	Key management personnel / Director
Asif Baigmohamed	Director
Ahmed Jamal Mir	Director
Mushtaq Malik	Director
Muhammad Fakhre Alam Irfan	Director
Sajjad Azhar	Director
Usman Ahmed Chaudhry	Director
Mirza Nasiruddin Mashhood Ahmad	Director
Dr. Ayesha Waqar	Director
Syed Muhammad Taha *	Key management personnel / Director
Shahbaz Tahir Nadeem *	Director
Waheed Ahmed Shaikh *	Director
Zafar Abbas *	Director

* These are not key management personnel / directors of the Group as of June 30, 2026.

48.2 Related parties comprise of associates, retirement benefit funds, state-owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name of related parties	Nature of transactions	2026	2025
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	155,672	88,597
	Gross Sales	2,845	-
	Dividend received	3,073	7,683
- Asia Petroleum Limited	Income facility charges	-	175,885
	Pipeline charges	-	10,787
	Dividend received	921,169	644,819
Retirement benefit funds			
- Pension funds - Holding Company	Charge for the year	330,511	641,461
	Contributions	317,236	248,350
- Gratuity fund - Holding Company	Charge for the year	584,444	590,738
	Contributions	566,767	268,602
- Provident fund - Holding Company	Charge for the year	254,365	233,697
	Contributions	254,365	233,697
- Contributory pension funds - Holding Company	Charge for the year	229,758	230,452
	Contributions	229,758	230,452
- Management Pension Fund - Subsidiary	Charge for the year	92,573	101,134
	Contributions	69,128	101,134
- Non Management Pension Fund - Subsidiary	Charge for the year	30,895	62,282
	Contributions	14,361	25,941

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Name of related parties and relationship with the Group	Nature of transactions	2026	2025
- Management Gratuity Fund - Subsidiary	Charge for the year Contributions	48,130 42,901	36,964 36,964
- Non Management Gratuity Fund - Subsidiary	Charge for the year Contributions	3,714 -	1,286 643
- Management Provident Fund - Subsidiary	Charge for the year Contributions	12,022 12,022	121,067 121,067
Key management personnel	Managerial remuneration	519,457	692,186
	Housing and utilities	217,178	175,188
	Performance bonus	145,433	85,750
	Other allowances and benefits	390,863	335,648
	Retirement benefits	131,081	151,155
	Vehicles having net book value of Rs. 21,341 (2025: Rs. 10,649) transferred under employee car scheme (sale proceeds)	22,021	11,848

48.3 Related parties by virtue of GoP holdings and Common Directorship

The Federal Government of Pakistan directly holds 22.47% of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Group has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for significant transactions:

Name of related parties and relationship with the Group	Nature of transactions	2026	2025
- Government of Pakistan	Dividend paid	1,055,041	1,055,041
- PSOCL Employees Empowerment Scheme	Dividend paid to the Trust	142,636	142,636
- Board of Management	Contribution	67,929	46,793
- Pak-Arab Pipeline Company Limited	Pipeline charges Dividend received	7,427,761 357,880	8,270,787 1,500,000
- Distribution Companies	Utility charges	196,173	233,308
- Gas & Oil Pakistan Limited	Gross sales	5,349,019	7,766,051
- Oil and Gas Development Company Limited	Gross sales Purchases	9,159,521 19,128,185	6,987,074 16,815,824
- Pakistan Petroleum Limited	Gross sales Purchases	455,482 60,255	878,456 236,489
- GENCO	Gross sales	3,570,736	448,454
- Pakistan International Airlines Corporation Limited	Gross sales Purchases	46,946,390 29,988	37,905,049 7,471
- Pakistan Railways	Gross sales	41,214,692	36,961,531

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

Name of related parties	Nature of transactions	2026	2025
- Pak-Arab Refinery Company Limited	Sales - crude sharing Purchases Pipeline charges Services rendered	30,557,792 718,542,863 1,886,587 -	22,529,706 511,073,943 1,724,597 21,866
- Sui Northern Gas Pipelines Limited	Gross sales	775,138,224	1,158,521,213
- Cnergyico PK Limited	Purchases Gross sales	40,487,992 1,873,966	- 1,096,830
- Petroleum Institute of Pakistan	Services received	36,064	36,078
- Meezan Bank Limited	Finance cost and bank charges / services received	5,546,356	5,179,516
- K-Electric Limited	Gross sales Income facility charges Utility charges	168,225 - 239,631	11,133,822 6,394 276,733
- Overseas Investors Chamber of Commerce and Industry	Annual subscription	905	300
- Flow Petroleum (Private) Limited	Gross sales	1,634,233	5,888,754
- Taj Gasoline Private Limited	Gross sales	14,261,261	13,446,391
- Mari Energies Limited	Purchases Gross sales	1,413,850 476,526	193,771 -
- PARCO Pearl Gas (Private) Limited	Purchases Gross sales	255,114 306,458	740,178 264,494

The transactions described below are collectively but not individually significant to these consolidated financial statements and therefore have been described below:

- (i) The Group sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.
- (ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue.
- (iii) The Group incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Group utilises carriage services of Pakistan Railway for movement of its petroleum products.
- (vi) The Group obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipeline Limited and Sui Southern Gas Company Limited on account of utility charges.
- (vii) The Group also pays dividend to various government related entities who are shareholders of the Group.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

(Amounts in Rs. '000)

48.4 The status of outstanding receivables from and payables to related parties as at June 30, 2026 are included in respective notes to these consolidated financial statements.

48.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

48.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Group.

48.7 All the transactions with directors have been disclosed in the note 37.2 to these consolidated financial statements.

49. PROVIDENT FUND RELATED DISCLOSURES

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

50. EVENTS AFTER THE REPORTING DATE

The Board of Management of the Holding Company in its meeting held on September 25, 2026 proposed (i) a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734, (ii) Nil % bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

51. CAPACITY AND ACTUAL PERFORMANCE

	Lube Manufacturing Plants		Crude Refining Plant	
	Metric Tonne			
	(Note 51.1)		(Note 51.2)	
	2026	2025	2026	2025
Available capacity	70,000	70,000	2,133,705	2,133,705
Actual production	46,314	44,792	1,722,798	1,706,356

51.1 The above pertains to production from Lube manufacturing plants of the Group and the production is carried out as per sales demand.

51.2 The production from the Crude refining plant of the Group is carried at the level which gives optimal yield of products.

52. NUMBER OF EMPLOYEES

Total employees as at June 30

Average number of employees during the year

2026	2025
2,535	2,496
2,545	2,490

Notes to the Consolidated Financial Statements

For the year ended June 30, 2026

53. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of better presentation, the effects of which are not considered material.

54. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

55. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on September 25, 2026 by the Board of Management.



Jawwad Ahmed Cheema
Chief Executive Officer



Ahmed Jamal Mir
Member - Board of Management

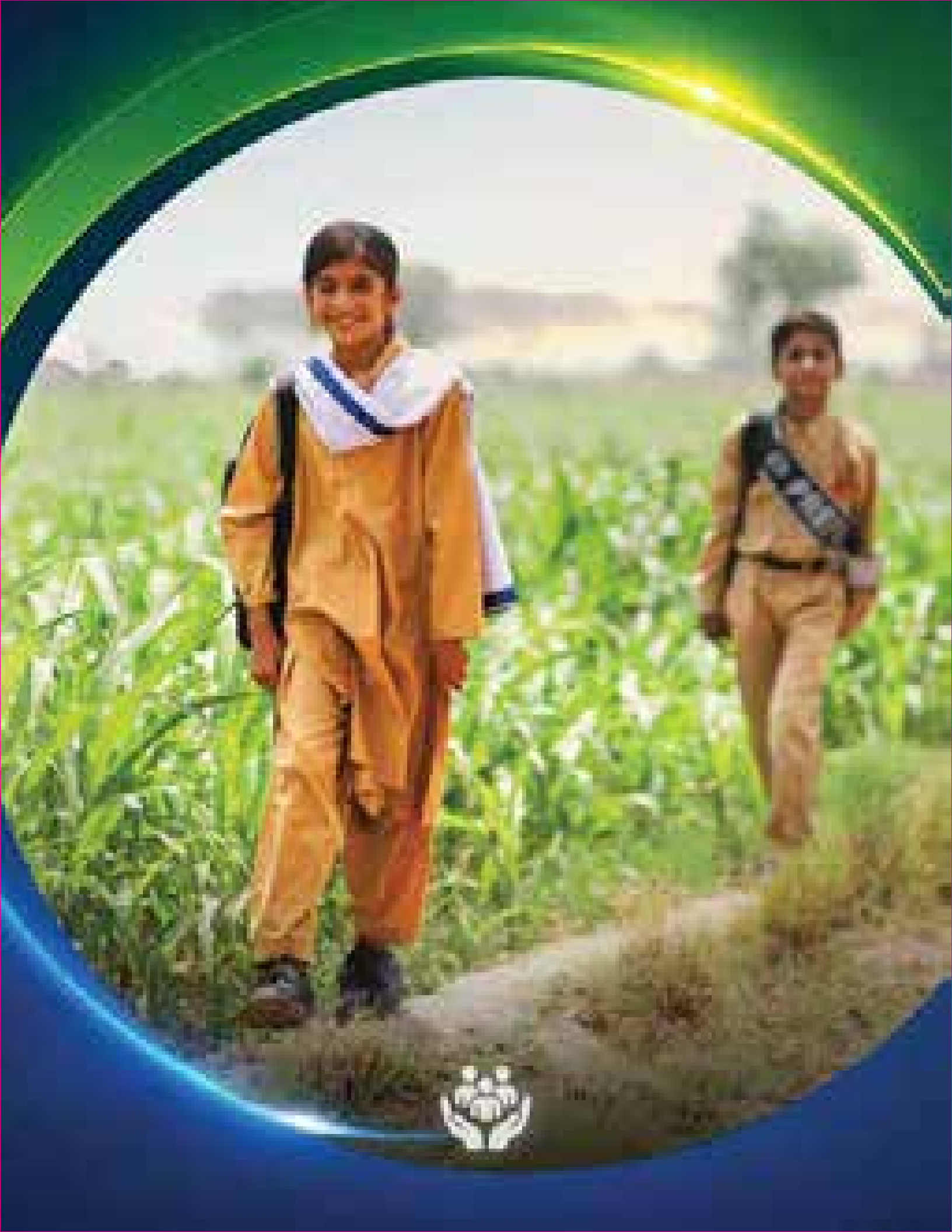


Gulzar Khoja
Chief Financial Officer

Energy

that empowers **Pakistan**

Reinvesting corporate growth into
the nation's human potential.



Stakeholders' Information

Stakeholder Engagement Policy

PSO cultivates trust with its stakeholders by embracing a transparent, open and two-way communication approach, understanding that clear, consistent and timely messaging is vital to nurturing strong relationships and a positive reputation. These physical and digital communication channels are carefully aligned with regulatory requirements, striking a balance between transparency and the safeguarding of sensitive corporate information.

Stakeholder Identification and Engagement

A stakeholder is any party that has a stake or interest in a company's activities, performance, or future. This includes internal stakeholders, such as employees and shareholders, and external stakeholders, like customers, suppliers, business partners, lenders, analyst, regulatory authorities and communities. Stakeholders can either affect or be affected by the company's business, making stakeholder identification, engagement and consideration of their interests crucial to its success.

PSO recognizes the significance of its stakeholder relationships and adopts a comprehensive approach to identify, engage, and manage these connections based on their relevance, influence, expectations and potential impact on value creation. By leveraging various physical and digital channels, touchpoints, stakeholder feedback and research studies, the company ensures strong, collaborative relationships that yield win-win outcomes for both PSO and its stakeholders. Through a combination of formal and informal interactions, the company maintains regular and periodic open dialogue with its diverse stakeholder community, which includes but is not limited to:

Government of Pakistan

As the majority shareholder, the Government of Pakistan plays a significant role in PSO's governance and strategic direction. It participates in key decision-making processes, provides policy guidance, and supports the company's alignment with applicable government policies, regulatory requirements, and broader national priorities.

Employees

Through its open-door policy, PSO promotes an inclusive and collaborative workplace where employees are encouraged to communicate openly and engage constructively across all levels of the organisation. The company recognizes that a motivated, capable, and engaged workforce is fundamental to achieving sustainable business success and strategic objectives.

PSO supports employee well-being through dedicated health and recreational facilities, including a state-of-the-art health and recreation club and a fully equipped medical centre. The company also invests in professional development through training programmes and cross-functional opportunities, enabling employees to enhance their skills, broaden their experience, and contribute effectively to PSO's continued growth and success.

Customers

PSO is committed to delivering responsive and reliable customer service, with a dedicated customer service function focused on addressing complaints and queries promptly and effectively. The company recognizes customer satisfaction as a key driver of long-term business performance and sustainability.

PSO maintains ongoing engagement with its diverse customer base, including dealers, distributors, and industrial customers, through regular dialogue, conferences, and forums. These platforms enable the company to understand evolving customer expectations, gather feedback, address concerns, and continuously enhance its products and services to meet customer needs.

Suppliers

PSO's sustained growth is supported by strong relationships with reputable and reliable suppliers. Through regular engagement, including vendor conferences, pre-bid meetings, and informal discussions, the company maintains open dialogue, aligns supplier capabilities with its business requirements, and fosters partnerships built on transparency, collaboration, and mutual value creation.

Shareholders

PSO focuses on building and maintaining strong relationships with its shareholders through transparent communication and active engagement. To facilitate informed investment decisions, the company maintains a transparent, accessible and up-to-date online presence, providing easy access to relevant financial, corporate and shareholder information on its website.

Quarterly and annual financial statements, notices and regulatory disclosures are promptly uploaded to the stock exchange website. PSO encourages shareholder participation in Annual General Meetings and Corporate briefing sessions, providing a platform for investors to raise questions, express concerns, and share valuable insights. This collaborative approach enables PSO to leverage shareholder expertise, address areas for improvement, and refine its strategies to achieve optimal performance and drive long-term success.

Banks

PSO's Treasury function maintains strong and strategic relationships with leading banks, engaging regularly to identify competitive borrowing and trade financing solutions. While significant receivables from the power sector and SNGPL may occasionally require short-term bank financing, these well-established banking relationships enable the company to negotiate competitive interest rates, favourable financing terms, and responsive service.

This strong financial network supports PSO's liquidity and working capital requirements while helping optimise financing costs and, ultimately, enhance shareholder value.

Regulators

Given the evolving regulatory landscape of the oil industry, PSO maintains proactive engagement with key stakeholders, including OGRA, relevant ministries, and regulatory authorities at the federal, provincial, and local levels. The company's senior

management maintains constructive dialogue with government and regulatory officials on matters affecting PSO and the broader oil industry.

Through this engagement, PSO provides informed perspectives and industry insights, supports effective policy development, and promotes regulatory frameworks that contribute to a stable, sustainable, and growth-oriented oil sector.

Media

PSO recognizes the media as an important channel for communicating with the public and enhancing transparency around its business and corporate activities. The company maintains a strong and consistent media presence through a multi-channel approach, including press releases, television commercials, social media, and its website, to share key achievements, financial results, CSR initiatives, and corporate developments.

This proactive approach helps broaden public awareness, strengthen brand equity, and reinforce PSO's reputation as a responsible, progressive, and innovative industry leader.

Analysts

PSO engages with financial analysts through regular briefing sessions that provide detailed insights into the company's financial performance, business developments, and future growth prospects. These sessions also offer analysts an opportunity to seek clarification and engage directly with management on key business matters.

Through this ongoing dialogue, PSO gains valuable market perspectives, industry insights, and competitor intelligence, supporting informed decision-making and strengthening its understanding of investor expectations. This engagement also helps enhance transparency, build market confidence, and strengthen PSO's standing among the investment community.

Analysts' and Corporate Briefings

PSO and its BOM are committed to maintaining transparent and effective communication with stakeholders. Corporate Briefing Sessions provide an important platform for sharing relevant information, addressing stakeholder queries, and supporting informed engagement with the company.

During FY26, the company held a Corporate Briefing Session in which management provided an overview of PSO, key operational and financial highlights, the Group's financial performance, and the company's future outlook. The presentation was followed by a comprehensive question-and-answer session, enabling participants to seek clarification and engage directly with management on matters of interest.

Key areas discussed during the session included:

- Factors contributing to the decline in market share and PSO's strategy to address them.
- Future dividend expectations.
- The impact of international oil price movements on the company's profitability.

Board Initiatives through Corporate Briefing Sessions

Recognizing effective stakeholder communication as an essential element of sound corporate governance, PSO's BOM continued to strengthen transparency, accountability, and stakeholder confidence through structured corporate briefing sessions. During the year, the BOM undertook the following initiatives:

- Formalised corporate briefing practices to provide periodic updates on key developments and promote consistency and reliability in corporate disclosures.
- Provided timely insights into the company's operational, financial, and strategic performance, enabling stakeholders to gain a clearer understanding of its progress and outlook.
- Facilitated open and constructive dialogue by providing stakeholders with opportunities to ask questions, share feedback, and raise concerns on matters of significance.
- Enhanced stakeholder understanding of PSO's business environment, helping reduce uncertainty and mitigate the risk of misinformation or misinterpretation.

Through these initiatives, the BOM reaffirmed stakeholder engagement as an integral component of PSO's governance framework, supporting greater transparency, strengthening stakeholder relationships, and contributing to sustainable long-term value creation.

Corporate Benefits to Shareholders

PSO remains focused on creating sustainable, long-term value for its shareholders through operational excellence, financial resilience, strategic initiatives, diversification and innovation.

The company navigated a challenging macroeconomic climate in FY26, marked by variable petroleum prices and persistent circular debt pressures. Despite these challenges, the company demonstrated operational resilience and continued to pursue its strategic initiatives, supporting its established position as a top-tier name on the Pakistan Stock Exchange.

During FY26, the company's share price was influenced by prevailing market, industry and broader macroeconomic conditions. Notwithstanding movements in the share price, the company's shareholder base increased from 31,734 as at 30 June 2025 to 60,058 as at 30 June 2026, representing an increase of approximately 89%.

This increase in the shareholder base indicates broader participation in the company's equity. During the year, the company's share price also reached an intra-year high of PKR 465 per share. Share price movements are subject to market conditions and other factors beyond the company's control and should not be construed as indicative of future performance.

Resolution of Concerns Raised at the Last Annual General Meeting

Safeguarding and maximising shareholder value is an important goal of the company. Our Annual General Meeting is one of the key platforms for engaging with shareholders, providing them with the opportunity to raise queries and concerns and share their views and suggestions for future action. During the last AGM, all queries were answered in detail, and no matters of concern requiring further deliberation were raised.

Encouragement of the Shareholders to Attend the General Meetings

PSO actively encourages its shareholders to participate in the general meetings, recognizing the importance of their attendance. To ensure transparency and compliance, the notice of these meetings is circulated well within the regulatory time frame.

The company publishes the notice in prominent Urdu and English newspapers with broad nationwide reach. In addition, PSO ensures timely availability of all relevant notices and meeting-related information on its website, enabling shareholders to stay informed and facilitating their effective participation in the General Meetings.

Attendance of the Chairman of the Board Audit and Compliance Committee at the Annual General Meeting

The Chairman of the Board Audit and Compliance Committee attended the Annual General Meeting for FY25 to answer questions on the committee's activities, matters within the scope of the committee's responsibilities and any other related questions.

Resolution of Investors' Grievances

The Company Secretariat remains committed to maintaining effective communication with investors and shareholders by promptly attending to their queries, responding to requests for information, and facilitating the timely resolution of their grievances through PSO's Share Registrar. The company strives to ensure that investor concerns are addressed fairly, efficiently, and in accordance with the applicable regulatory framework.

Investor Relations Section on PSO's Website

The company disseminates relevant and timely information to its investors and shareholders through various communication channels, including its corporate website, maintained in both English and Urdu in accordance with the applicable regulatory framework. The website is regularly updated to provide shareholders and investors with comprehensive and up-to-date information, including financial highlights, corporate information, investor-related information, dividend details, notices of general meetings, and other requisite disclosures. PSO remains committed to enhancing transparency and ensuring convenient access to relevant information for its investors and shareholders.

Pattern of Shareholding

As at 30 June 2026

No. of Shareholders	Having Shares		Shares Held
	From	To	
24,860	1	100	859,718
16,487	101	500	4,494,238
6,541	501	1,000	5,111,809
8,762	1,001	5,000	20,393,203
1,586	5,001	10,000	11,485,608
529	10,001	15,000	6,655,252
280	15,001	20,000	4,928,336
210	20,001	25,000	4,805,875
132	25,001	30,000	3,688,204
65	30,001	35,000	2,111,413
89	35,001	40,000	3,375,524
42	40,001	45,000	1,792,440
66	45,001	50,000	3,190,112
42	50,001	55,000	2,187,524
29	55,001	60,000	1,691,958
13	60,001	65,000	820,544
18	65,001	70,000	1,226,238
15	70,001	75,000	1,091,370
18	75,001	80,000	1,415,883
9	80,001	85,000	745,624
8	85,001	90,000	701,824
12	90,001	95,000	1,112,034
24	95,001	100,000	2,374,834
8	100,001	105,000	822,872
2	105,001	110,000	215,801
7	110,001	115,000	789,597
10	115,001	120,000	1,179,587
4	120,001	125,000	494,272
4	125,001	130,000	514,944
2	130,001	135,000	266,463
5	135,001	140,000	695,583
3	140,001	145,000	423,442
7	145,001	150,000	1,040,964
2	150,001	155,000	305,898
4	155,001	160,000	631,211
4	160,001	165,000	654,338
2	165,001	170,000	333,900
2	170,001	175,000	347,000
1	175,001	180,000	175,807
2	180,001	185,000	366,592
6	185,001	190,000	1,125,671
3	190,001	195,000	576,024

Pattern of Shareholding

As at 30 June 2026

No. of Shareholders	Having Shares		Shares Held
	From	To	
12	195,001	200,000	2,395,634
3	200,001	205,000	606,000
2	205,001	210,000	417,000
6	210,001	215,000	1,271,336
1	215,001	220,000	215,300
1	220,001	225,000	223,413
3	225,001	230,000	680,754
3	235,001	240,000	714,381
2	245,001	250,000	498,000
2	255,001	260,000	519,300
3	265,001	270,000	808,307
1	275,001	280,000	279,069
1	285,001	290,000	290,000
2	290,001	295,000	587,169
6	295,001	300,000	1,800,000
2	300,001	305,000	600,912
3	305,001	310,000	926,500
3	310,001	315,000	939,037
1	320,001	325,000	321,853
1	325,001	330,000	330,000
2	345,001	350,000	700,000
1	360,001	365,000	360,800
1	370,001	375,000	374,508
1	375,001	380,000	378,723
1	390,001	395,000	392,461
1	395,001	400,000	400,000
1	410,001	415,000	413,039
1	420,001	425,000	423,930
2	450,001	455,000	908,556
2	455,001	460,000	916,000
1	460,001	465,000	464,484
2	465,001	470,000	932,866
1	505,001	510,000	506,646
1	520,001	525,000	521,924
1	540,001	545,000	542,868
1	550,001	555,000	552,052
1	570,001	575,000	573,424
1	585,001	590,000	588,703
1	590,001	595,000	594,388
1	595,001	600,000	600,000
1	600,001	605,000	602,511
1	625,001	630,000	627,220

Pattern of Shareholding

As at 30 June 2026

No. of Shareholders	Having Shares		Shares Held
	From	To	
1	645,001	650,000	650,000
1	670,001	675,000	670,148
1	690,001	695,000	692,908
1	695,001	700,000	697,545
1	740,001	745,000	743,596
1	745,001	750,000	750,000
1	760,001	765,000	760,544
1	770,001	775,000	771,918
1	785,001	790,000	786,200
1	790,001	795,000	793,624
1	795,001	800,000	800,000
1	805,001	810,000	808,153
1	815,001	820,000	815,246
1	835,001	840,000	836,048
1	845,001	850,000	845,753
1	860,001	865,000	861,864
1	895,001	900,000	900,000
1	935,001	940,000	935,491
1	1,020,001	1,025,000	1,025,000
1	1,090,001	1,095,000	1,092,242
1	1,145,001	1,150,000	1,146,244
1	1,215,001	1,220,000	1,215,674
1	1,280,001	1,285,000	1,285,000
1	1,285,001	1,290,000	1,289,817
1	1,340,001	1,345,000	1,343,372
1	1,425,001	1,430,000	1,429,229
2	1,490,001	1,495,000	2,987,468
1	1,535,001	1,540,000	1,537,541
1	1,675,001	1,680,000	1,675,964
1	1,685,001	1,690,000	1,685,116
2	1,805,001	1,810,000	3,613,226
1	1,970,001	1,975,000	1,973,010
1	1,995,001	2,000,000	1,997,496
1	2,025,001	2,030,000	2,025,033
1	2,030,001	2,035,000	2,030,213
1	2,070,001	2,075,000	2,070,001
1	2,185,001	2,190,000	2,190,000
1	2,330,001	2,335,000	2,330,743
1	2,370,001	2,375,000	2,373,010
1	2,515,001	2,520,000	2,515,116
1	2,530,001	2,535,000	2,532,942
1	2,575,001	2,580,000	2,579,000

Pattern of Shareholding

As at 30 June 2026

No. of Shareholders	Having Shares		Shares Held
	From	To	
1	2,900,001	2,905,000	2,901,380
1	2,990,001	2,995,000	2,992,063
1	3,245,001	3,250,000	3,250,000
1	5,190,001	5,195,000	5,191,110
1	5,405,001	5,410,000	5,409,470
1	6,065,001	6,070,000	6,068,640
1	7,100,001	7,105,000	7,104,401
1	10,145,001	10,150,000	10,148,193
1	10,205,001	10,210,000	10,208,025
1	12,995,001	13,000,000	13,000,000
1	14,260,001	14,265,000	14,263,568
1	27,135,001	27,140,000	27,136,862
1	34,455,001	34,460,000	34,457,883
1	37,755,001	37,760,000	37,757,477
1	105,500,001	105,505,000	105,504,134
60,058			469,473,300

Pattern of Shareholding

As at 30 June 2026

Shareholder Categories

	No. of Shareholders	No. of Shares Held	%
Members of the Board of Management, the Chief Executive Officer, and their spouses and minor children	-	-	-
Associated companies, undertakings and related parties:			
Government of Pakistan	1	105,504,134	22.47
GoP's indirect holding: PSOCL Employees Empowerment Trust	1	14,263,568	3.04
NIT and ICP	4	34,703,088	7.39
Banks, Development Financial Institutions, Non-Banking Financial Institutions	31	56,285,521	11.99
Insurance Companies	21	23,185,910	4.94
Modarabas and Mutual Funds	101	71,444,112	15.22
Shareholders holding 10% or more of the voting rights:	-	-	-
General Public:			
Resident	57,011	110,217,876	23.48
Non-resident	2,422	2,734,116	0.58
Others:			
Non-Resident Companies	63	2,306,821	0.49
Public Sector Companies & Corporations and Joint Stock Companies	169	26,588,902	5.66
Employee Trusts/Funds, etc.	234	22,239,252	4.74
	60,058	469,473,300	100.00

Shareholders and Investors Information

Annual General Meeting

The annual shareholders' meeting will be held at 11.00 am on October 28, 2026 in the auditorium at PSO House, Karachi.

Chief Executive Officer's Interview

The CEO's presentation on PSO's performance, business overview, strategy, and outlook is available on the company's website at psopk.com/en/investors/financial

Shareholder Enquiries

Enquiries about shareholdings and dividends should be directed either to the Company's registered office or to its share registrar. The share registrar's contact details are provided below:

M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.

Tel: (Toll-Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

Quarterly Reports

The company publishes interim reports at the end of the first, second, and third quarters of each financial year. Access current and previous reports on PSO's website, or request printed copies by writing directly to the Company Secretary.

Annual Report

PSO's Annual Report provides a comprehensive overview of the company's performance and future outlook. Download the report at www.psopk.com or request printed copies by contacting the Company Secretary.

Stock Exchange Listing

Shares in Pakistan State Oil Company Limited are traded on the Pakistan Stock Exchange under the symbol "PSO".

Glossary

As Low as Reasonably Practicable (ALARP)	Liquefied Natural Gas (LNG)
Automated Teller Machines (ATMs)	Liquefied Petroleum Gas (LPG)
Automobile Track Services Pakistan (ATS)	Lubricant Manufacturing Terminal (LMT)
Board of Management (BOM)	Managing Director (MD)
Business-to-business (B2B)	Memorandum of Understanding (MoU)
Business-to-consumer (B2C)	Million British thermal units (MMBTU)
Calendar Year (CY)	Ministry of Energy (MoE)
Capital expenditure (Capex)	Mobile quality testing units (MQTUs)
Chief Executive Officer (CEO)	Motor Gasoline (MoGas)
Company-owned and company-operated (CoCo)	National Bank of Pakistan (NBP)
Corporate Social Responsibility (CSR)	National environmental quality standards (NEQS)
Collective Bargaining Agent (CBA)	National Highways Authority (NHA)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	National Highways & Motorway Police (NH&MP)
Economic Coordination Committee (ECC)	National Command & Operation Centre (NCOC)
Environmental, social and governance (ESG)	Near-field communication (NFC)
Enterprise resource planning (ERP)	Net profit (NP)
Financial Year (FY)	Oil Companies Advisory Council (OCAC)
Fleet management tank lorries (FMTL)	Oil & Gas Regulatory Authority (OGRA)
Furnace Oil (FO)	Oil Marketing Company (OMC)
Government of Pakistan (GoP)	Pakistan Investment Bonds (PIBs)
Gross Domestic Product (GDP)	Pakistani rupee (PKR)
Gross profit (GP)	Pakistan State Oil (PSO)
Habib Bank Limited (HBL)	Pakistan Stock Exchange Limited (PSX)
Heavy diesel engine oil (HDEO)	Passenger car motor oil (PCMO)
Health, safety & environment (HSE)	Price-to-earnings ratio (P/E)
Hi-Cetane Diesel/High Speed Diesel (HSD)	Profit after tax (PAT)
Human resources (HR)	Premier Motor Gasoline (PMG)
Incident response plan (IRP)	Quarter (Qtr)
Independent Power Producers (IPPs)	Quick Response (QR)
Industrial Relations (IR)	Research octane number (RON)
Information Technology (IT)	Securities & Exchange Commission of Pakistan (SECP)
International Monetary Fund (IMF)	Secure Sockets Layer (SSL)
IT disaster recovery plan (IT DRP)	US Dollar (US\$)
Jet Fuel (JP-1)	User experience (UX)
Keamari Korangi Link Pipeline (KKLP)	User interface (UI)
Keamari Terminal A (KTA)	Vendor Invoice Management System (VIMS)
Key Performance Indicator (KPI)	White Oil Pipeline (WOP)
	Zulfiqarabad Oil Terminal (ZOT)

Feedback

Our commitment to transparency and accountability drives our success in corporate reporting. We welcome your questions and feedback regarding this report through the following channels:

Tel: +92 21 111 111 776, **Ext.:** 2845 | **Ta'aluq Care Line:** 0800-03000
Website: www.psopk.com | **Email:** brand.management@psopk.com

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پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

پچاسواں سالانہ اجلاس عام - 2026

پراکسی فارم

میں/ہم _____ ساکن _____ (مکمل پتہ) _____
 پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے ممبر کی حیثیت سے _____ عمومی شیئرز کی تحویل رکھتا ہوں/رکھتے ہیں،
 رجسٹرڈ فوئیو 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/کرتے ہیں کہ وہ بروز بدھ 28 اکتوبر، 2026 کو صبح 11:00 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے پچاسواں سالانہ
 اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔
 اس پر میری/ہماری طرف سے _____ 2026 کو دستخط کئے گئے۔

گواہان:

1] دستخط: _____
 نام: _____
 شناختی کارڈ نمبر: _____
 پتہ: _____

2] دستخط: _____
 نام: _____
 شناختی کارڈ نمبر: _____
 پتہ: _____

ممبر کے دستخط

(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

- 1] اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کر سکتا 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، کراچی میں جمع کروائی جائیں۔
- 3] CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Pakistan State Oil Company Limited



Fiftieth Annual General Meeting - 2026

Form of Proxy

I / We _____

of _____ (full address)

being a member of Pakistan State Oil Company Limited and holder of _____ ordinary shares

as per Registered Folio No. _____ and / or CDC Participant I.D. No. _____

and Sub Account No. _____ hereby appoint _____

of _____ (full address)

or failing him/her _____

of _____ (full address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 50th Annual General Meeting of the company to be held on Wednesday, October 28, 2026 at 11:00 am and at any adjournment thereof.

Signed by me/us this _____ day of _____ 2026.

Witnesses:

1. Signature: _____

Name: _____

CNIC No.: _____

Address: _____

2. Signature: _____

Name: _____

CNIC No.: _____

Address: _____

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. This 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.



PSO House, Khayaban-e-Iqbal, Clifton, Karachi-75600, Pakistan.
UAN: (92-21) 111-111-PSO (776) | Ta'aluq Care Line: 0800-03000 | Website: www.psopk.com