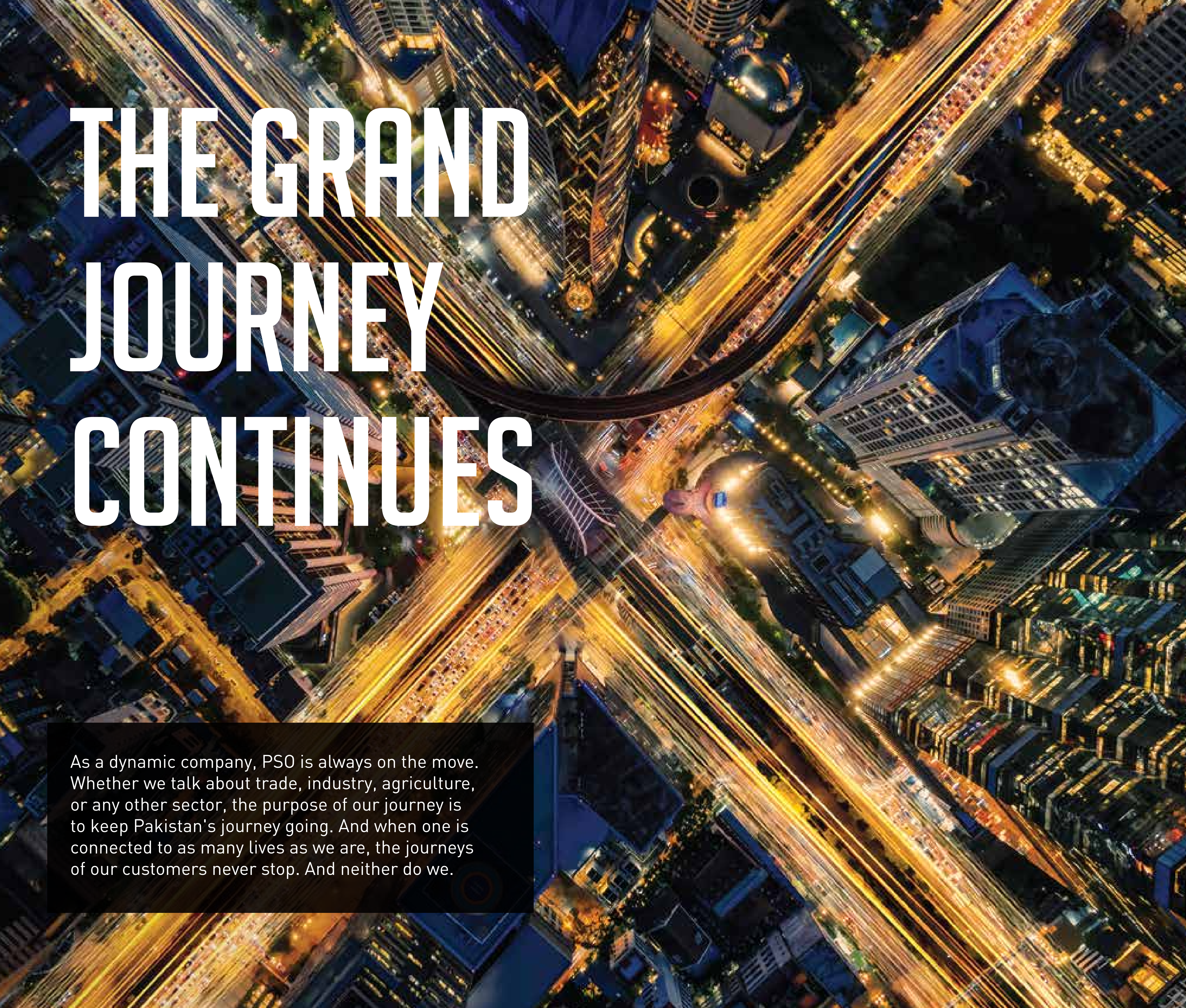
PAKISTAN STATE OIL COMPANY LIMITED
PSO HOUSE, KHAYABAN-E-IQBAL, CLIFTON
KARACHI-75600, PAKISTAN.
UAN: (92-21) 111-111-PSO (776)
TA'ALUQ CARE LINE: 0800-03000
EMAIL: TAALUQ@PSOPK.COM
FAX: (92) 9920-3721
WEBSITE: WWW.PSOPK.COM

THE GRAND JOURNEY CONTINUES

REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019



THE GRAND JOURNEY CONTINUES

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

COMPANY INFORMATION

BOARD OF MANAGEMENT

Chairman (Independent)
Mr. Zafar Ul Islam Usmani

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

Non-Executive Members
Mr. Zahid Mir
Mr. Muhammad Anwer
Mr. Sajid Mehmood Qazi
Qazi Mohammad Saleem Siddiqui
Mr. Irfan Ali

Managing Director & Chief Executive Officer
Syed Jehangir Ali Shah

DEPUTY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER
Mr. Yacoob Suttar

COMPANY SECRETARY
Mr. Rashid Umer Siddiqui

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

M/s. EY Ford Rhodes
Chartered Accountants

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

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

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

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

REPORT TO SHAREHOLDERS

The Board of Management (BOM) of Pakistan State Oil Company Limited (PSOCL) has reviewed the performance of the Company for Nine Months of the financial year 2019 (9MFY19) and is pleased to present its report thereon.

Pakistan's downstream Petroleum Sector continued to face the impact of the Country's economic slowdown exhibited through negative growth of 22% in overall Liquid fuels with decline in Black Oil and White Oil of 53% and 9% respectively. The black oil volumes declined primarily due to power production shift towards RLNG whereas the reasons for the decline in White Oil volumes include access to smuggled product, decline in automobile sales vs same period last year, and decrease in contribution from Agriculture and Large Scale Manufacturing (LSM) sector towards GDP. Despite the ever increasing competition due to the shrinking industry, PSO continued to lead Pakistan's Petroleum Downstream market with a market share of 40.8% in Total Liquid Fuels (White Oil 39.2%, Black Oil 48.2%).

During March 2019, the Government of Pakistan partially settled the mounting Circular debt through a payment of Rs. 60 bn., however, SNGPL defaulted on LNG supplies by an additional Rs. 40 bn. vs. June 2018. Outstanding receivables (inclusive of LPS) from the Power Sector, PIA and SNGPL as of March 31, 2019 stood at Rs. 278 billion (June 30, 2018: Rs. 316 billion). PSO continued to maintain the country's supply chain by importing 47% of total industry imports and up lifting 35% of total refinery production in the country. Further, PSO, as a responsible national entity, ensured that it maintains adequate stocks throughout the country especially during the recent period of heightened tensions at the borders.

The economic down trend and reduction in overall market size has also impacted the company's profitability. During the period under review, the Company reported Profit after Tax (PAT) of Rs. 5.9 billion (9MFY18: Rs. 13.2 billion). Major reasons for reduction in PAT are lower gross profit due to dip in sales volume of black and white oil due to reduction in industry volumes and inventory losses, lower interest income from power sector and substantial increase in finance cost due to a sharp rise in the discount rate by SBP, and higher average borrowing levels vs. same period last year. However, the company managed to control its operating cost at the same level despite mounting inflation. Keeping into account the performance of the Company, the board declared an interim cash dividend of 50% i.e. Rs. 5 per share.

PSO being a responsible corporate entity continued its resolve to contribute towards the development of society. PSO CSR Trust took several initiatives during the period Jul-Mar FY19, by donating Rs. 120 Million in the healthcare and education sectors.

Despite stiff competition in the industry especially due to increase in the number of OMCs and shrinking market size, PSO is making all out efforts to maintain its market share and leadership position with sustained profitability. Some of the key areas of focus for PSO going forward are the increase in POL storages across the country, expanding lubricant availability, improving the customers' experience at our retail outlets and upgrading our retail infrastructure.

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

Jehangir ali Shah

Syed Jehangir Ali Shah
Managing Director & CEO

Zahid Mir
Member-Board of Management

Karachi: April 19, 2019

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at MARCH 31, 2019

	Note	Un-Audited March 31, 2019	Audited June 30, 2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**7,517,776**	7,327,476
Intangibles		**13,181**	19,732
Long - term investments	6	**5,838,550**	4,783,585
Long - term loans, advances and other receivables		**352,036**	398,525
Long - term deposits and prepayments		**311,678**	220,399
Deferred tax assets - net		**12,333,877**	11,709,058
		26,367,098	24,458,775
Current assets			
Stores, spares and loose tools		**395,247**	239,981
Stock-in-trade		**77,874,099**	81,615,455
Trade debts	7	**200,126,450**	245,577,071
Loans and advances	8	**308,437**	1,919,400
Short - term deposits and prepayments		**2,381,391**	3,329,991
Other receivables	9	**43,713,291**	33,017,635
Taxation - net		**7,532,792**	7,767,381
Cash and bank balances		**5,507,795**	4,636,643
		337,839,502	378,103,557
Net assets in Bangladesh		**-**	-
TOTAL ASSETS		**364,206,600**	402,562,332
EQUITY AND LIABILITIES			
Equity			
Share capital		**3,912,278**	3,260,232
Reserves		**110,829,984**	107,192,243
		114,742,262	110,452,475
Non-current liabilities			
Retirement and other service benefits		**3,766,156**	5,165,024
Current liabilities			
Trade and other payables	10	**138,649,535**	192,145,744
Unclaimed dividend		**2,980,903**	3,443,218
Unpaid dividend		**-**	221,587
Provisions		**490,972**	490,972
Accrued interest / mark-up		**1,586,299**	796,795
Short - term borrowings	11	**101,990,473**	89,846,517
		245,698,182	286,944,833
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		**364,206,600**	402,562,332

The annexed notes1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Zahid Mir
Member-Board of Management

Yacoob Suttar
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
For the Nine Months Period Ended March 31, 2019

	Note	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Rupees in '000)			
Gross Sales		**950,930,813**	930,382,183	**288,203,996**	276,942,033
Less:					
- Sales tax		**(119,516,513)**	(165,670,209)	**(38,344,822)**	(44,949,332)
- Inland freight equalization margin		**(12,215,391)**	(15,256,375)	**(3,203,495)**	(5,028,515)
		(131,731,904)	(180,926,584)	**(41,548,317)**	(49,977,847)
Net sales		**819,198,909**	749,455,599	**246,655,679**	226,964,186
Cost of products sold		**(795,314,964)**	(720,577,426)	**(238,768,184)**	(216,786,070)
Gross profit		**23,883,945**	28,878,173	**7,887,495**	10,178,116
Other income		**3,592,155**	5,081,033	**942,106**	2,111,696
Operating costs					
Distribution and marketing expenses		**(6,606,972)**	(6,263,203)	**(2,179,311)**	(1,981,724)
Administrative expenses		**(2,277,325)**	(2,217,686)	**(991,752)**	(1,011,544)
Other expenses		**(1,205,163)**	(1,624,972)	**613,867**	(92,050)
		(10,089,460)	(10,105,861)	**(2,557,196)**	(3,085,318)
Profit from operations		**17,386,640**	23,853,345	**6,272,405**	9,204,494
Finance cost		**(6,775,565)**	(3,686,496)	**(2,920,158)**	(1,907,254)
Share of profit of associates - net of tax		**82,188**	266,443	**147,497**	55,889
Profit before taxation		**10,693,263**	20,433,292	**3,499,744**	7,353,129
Taxation					
- current		**(5,541,982)**	(7,550,460)	**(1,742,758)**	(2,739,504)
- prior		**143,535**	(167,301)	**-**	-
- deferred		**631,442**	509,152	**(79,773)**	88,997
		(4,767,005)	(7,208,609)	**(1,822,531)**	(2,650,507)
Profit for the period		**5,926,258**	13,224,683	**1,677,213**	4,702,622
		(Rupees)			
			(Restated)		(Restated)
Earnings per share - basic and diluted	13	**15.15**	33.80	**4.29**	12.02

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah
Managing Director & CEO

Zahid Mir
Member-Board of Management

Yacoob Suttar
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the Nine Months Period Ended March 31, 2019

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
	(Rupees in '000)			
Profit for the period	**5,926,258**	13,224,683	**1,677,213**	4,702,622
Other comprehensive Income:				
Actuarial losses on remeasurement of staff retirement and other service benefits - net of tax	**(6,623)**	-	**(2,208)**	-
Share of actuarial losses on remeasurement of staff retirement benefits of associates - net of tax	**(10,143)**	(8,374)	**-**	-
Items that may be reclassified subsequently to profit or loss:				
Share of unrealised (loss) / gain due to change in fair value of available-for-sale investments of associates - net of tax	**(1,415)**	(3,521)	**746**	2,514
Reclassification of unrealised loss due to change in fair value of available-for-sale investments of associates - net of tax to profit or loss upon acquisition of control of Pakistan Refinery Limited	**11,826**	-	**-**	-
Amortisation of unrealised gain due to reclassification of investments from available-for-sale to held-to-maturity	**-**	(93,104)	**-**	-
Less: Taxation thereon	**-**	27,931	**-**	-
	-	(65,173)	**-**	-
Total comprehensive income for the period	**5,919,903**	13,147,615	**1,675,751**	4,705,136

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah	**Zahid Mir**	**Yacoob Suttar**
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Nine Months Period Ended March 31, 2019

	Share capital	Reserves – Capital Reserves – Surplus on vesting of net assets	Reserves – Revenue Reserves – Unrealised gain/(loss) on remeasurement of available-for-sale investment	Reserves – Revenue Reserves – Company's share of unrealised (loss)/gain on available-for-sale investment of associates	Reserves – Revenue Reserves – General reserve	Reserves – Revenue Reserves – un-appropriated profit	Reserves – Sub-total	Total
	(Rupees in '000)							
Balance as at July 01, 2017 (Audited)	2,716,860	3,373	65,173	(905)	25,282,373	74,782,728	100,132,742	102,849,602
Total comprehensive income for nine months period ended								
Profit for the period	-	-	-	-	-	13,224,683	13,224,683	13,224,683
Other comprehensive income								
Amortisation of unrealised gain due to reclassification of investments from available-for-sale to held to maturity - net of tax	-	-	(65,173)	-	-	-	(65,173)	(65,173)
Share of unrealised gain due to change in fair value of available-for-sale investments of associates - net of tax	-	-	-	(3,521)	-	-	(3,521)	(3,521)
Share of actuarial loss on remeasurement of staff retirement benefits of an associate - net of tax	-	-	-	-	-	(8,374)	(8,374)	(8,374)
	-	-	(65,173)	(3,521)	-	(8,374)	(77,068)	(77,068)
Transaction with the owners								
Final dividend for the year ended June 30, 2017 @ Rs. 15 per share	-	-	-	-	-	(4,075,289)	(4,075,289)	(4,075,289)
Bonus shares issued for the year ended June 30, 2017 @ 20%	543,372	-	-	-	-	(543,372)	(543,372)	-
Balance as at March 31, 2018 (Unaudited)	**3,260,232**	**3,373**	**-**	**(4,426)**	**25,282,373**	**83,380,376**	**108,661,696**	**111,921,928**
Balance as at July 01, 2018 (Audited)	**3,260,232**	**3,373**	**-**	**(6,354)**	**25,282,373**	**81,912,851**	**107,192,243**	**110,452,475**
Total comprehensive income for nine months ended								
Profit for the period	-	-	-	-	-	**5,926,258**	**5,926,258**	**5,926,258**
Other comprehensive income								
Actuarial losses on remeasurement of staff retirement and other service benefits - net of tax	-	-	-	-	-	**(6,623)**	**(6,623)**	**(6,623)**
Share of unrealised loss due to change in fair value of available-for-sale investments of associates - net of tax	-	-	-	**(1,415)**	-	-	**(1,415)**	**(1,415)**
Reclassification of unrealised loss due to change in fair value of available-for-sale investments of associates - net of tax to profit or loss upon acquisition of control of Pakistan Refinery Limited	-	-	-	**11,826**	-	-	**11,826**	**11,826**
Share of actuarial loss on remeasurement of staff retirement benefits of associate - net of tax	-	-	-	-	-	**(10,143)**	**(10,143)**	**(10,143)**
	-	-	-	**10,411**	-	**(16,766)**	**(6,355)**	**(6,355)**
Transactions with the owners								
Final dividend for the year ended June 30, 2018 @ Rs. 5 per share	-	-	-	-	-	**(1,630,116)**	**(1,630,116)**	**(1,630,116)**
Bonus shares issued for the year ended June 30, 2018 @ 20%	**652,046**	-	-	-	-	**(652,046)**	**(652,046)**	-
Balance as at March 31, 2019 (Unaudited)	**3,912,278**	**3,373**	**-**	**4,057**	**25,282,373**	**85,540,181**	**110,829,984**	**114,742,262**

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah	**Zahid Mir**	**Yacoob Suttar**
Managing Director & CEO	Member-Board of Management	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the Nine Months Period Ended March 31, 2019

	Note	Nine months ended March 31, 2019	Nine months ended March 31, 2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	14	**6,091,743**	(34,645,843)
Long-term loans, advances and other receivables		**46,489**	(9,655)
Long-term deposits and prepayments		**(91,279)**	(92,557)
Taxes paid		**(5,163,858)**	(6,254,587)
Finance costs paid		**(5,986,061)**	(3,330,204)
Retirement and other service benefits paid		**(2,313,291)**	(5,541,608)
Net cash used in operating activities		**(7,416,257)**	(49,874,454)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of			
- property, plant and equipment including CWIP		**(1,022,916)**	(1,065,788)
- intangibles		**(2,883)**	(691)
Proceeds from disposal of operating assets		**25,232**	21,595
Interest income received on Pakistan Investment Bonds		**-**	2,520,616
Proceeds from redemption of Pakistan Investment Bonds		**-**	43,836,800
Acquisition of shares in PRL		**(840,000)**	-
Dividends received		**298,038**	245,162
Net cash (used) / generated from investing activities		**(1,542,529)**	45,557,694
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		**3,992,905**	55,716,722
Dividends paid		**(2,314,018)**	(5,678,008)
Net cash generated from financing activities		**1,678,887**	50,038,714
Net (decrease) / increase in cash and cash equivalents		**(7,279,899)**	45,721,954
Cash and cash equivalents at beginning of the period		**(7,924,869)**	(41,502,241)
Cash and cash equivalents at end of the period	15	**(15,204,768)**	4,219,713

The annexed notes1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jehangir Ali Shah	**Zahid Mir**	**Yacoob Suttar**
Managing Director & CEO	**Member-Board of Management**	**Chief Financial Officer**

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Nine Months Period Ended March 31, 2019

1. Legal status and nature of business

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

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

2. Statement of compliance

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

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017 ; and

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Basis of preparation

3.1 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2018. These unconsolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

3.2 In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of International Financial Reporting Standard (IFRS) 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 3.6 to the annual audited financial statements of the Company for the year ended June 30, 2018.

3.3 Initial application of standards, amendments or an interpretation to existing standards.

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

The following accounting standards became effective during the period as applicable in Pakistan for the first time for the period ended March 31, 2019 and are relevant to the Company.

IFRS 9 - 'Financial instruments'

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

The Company's financial assets mainly include long term investments, trade debts, advances, deposits, other receivables and bank balances held with commercial banks.

However, Securities and Exchange Commission of Pakistan through its SRO No. 229(I)/2019 dated February 14, 2019 has deferred application of the aforementioned standard.

IFRS 15 - 'Revenue from contracts with customers'

"IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils. The Company has assessed that significant performance obligation in contracts with customers is to deliver the products and is discharged at one point of time. The Company has concluded the impact of this standard is immaterial on the unconsolidated condensed interim financial statements. However, expenses amounting to Rs. 4,816,525 thousand previously netted off in expenses have now been reclassified to net sales and cost of products sold.

IFRIC 22 - 'Foreign currency transactions and advance consideration'

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

b) **Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2018 are considered not to be relevant for the Company's unconsolidated condensed interim financial statements and hence have not been presented here.

c) **Standards, interpretations and amendments to published approved accounting and reporting standards that are not yet effective but relevant**

Following is the new standard and interpretation that will be effective for the annual period beginning on or after July 01, 2019:

IFRS 16 - 'Leases'

IFRS 16 replaces the previous lease standard: IAS 17 - Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.The management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

IFRIC 23 'Uncertainity over income tax treatments'

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

3.4 The preparation of these unconsolidated condensed interim financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of these unconsolidated condensed interim financial statements, changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2018 do not have any material impact.

3.5 These unconsolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all interim financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

4. Accounting policies

4.1 The accounting policies and method of computation adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2018 except for the following:

Revenue Recognition

The Company recognises revenue when the goods are transferred to the customer and when performance obligations are fulfilled. Goods are considered to be transferred when the control is transferred to the customer.

Investment in Subsidiary

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

4.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these unconsolidated condensed interim financial statements.

5. Property, plant and equipment

5.1 Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Un-audited)		(Un-audited)	
	(Rupees in '000)			
Freehold land	**326,725**	-	**-**	6,289
Buildings on freehold land	**-**	54,384	**-**	-
Buildings on leasehold land	**7,503**	24,648	**116**	-
Tanks and pipelines	**48,793**	138,226	**16**	-
Service and filling stations	**206,930**	387,520	**517**	2,607
Plant and machinery	**74,837**	72,310	**-**	-
Furniture and fittings	**12,693**	20,725	**45**	3
Vehicles and other rolling stock	**39,013**	137,474	**2,604**	488
Office equipment	**25,692**	66,107	**-**	14
Railway sidings	**-**	44,346	**-**	-
Gas cylinders / regulators	**88,747**	42,113	**-**	-
	830,933	987,853	**3,298**	9,401

5.2 The above disposals represented assets costing Rs. 198,191 thousand (March 31, 2018: Rs. 81,428 thousand) and were disposed off for Rs. 25,232 thousand (March 31, 2018: Rs. 21,595 thousand).

5.3 Includes operating assets amounting to Rs. 781,866 thousand (June 30, 2018: Rs. 838,248 thousand) in respect of Company's share in joint operations.

5.4 Includes capital work-in-progress amounting to Rs. 52,402 thousand (June 30, 2018: Rs. 53,344 thousand) in respect of Company's share in joint operations.

6. Long - term investments

	Note	Un-Audited March 31, 2019	Audited June 30, 2018
		(Rupees in '000)	
Investment in related parties			
Investment held at Cost in an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held 12% (June 30, 2018: 12%) No. of shares: 8,640,000 (June 30, 2018: 8,640,000) shares of Rs.100 each		**864,000**	864,000
Investment in subsidiary - at cost			
- Pakistan Refinery Limited (PRL) Equity held 52.68% (June 30, 2018: 24.11%) No. of shares: 154,875,000 (June 30, 2018: 70,875,000) shares of Rs.10 each	6.1	**2,662,196**	-
Investment in associates - Quoted Company			
- Pakistan Refinery Limited (PRL) Equity held 52.68% (June 30, 2018: 24.11%) No. of shares: 154,875,000 (June 30, 2018: 70,875,000) shares of Rs.10 each	6.1	**-**	2,018,551
Investment in associates - Unquoted Company			
- Asia Petroleum Limited,(APL) Equity held 49% (June 30, 2018: 49%) No. of shares: 46,058,570 (June 30, 2018: 46,058,570) shares of Rs.10 each		**2,258,248**	1,843,027
- Pak Grease Manufacturing Company (Private) Limited (PGMCL) Equity held 22% (June 30, 2018: 22%) No. of shares: 686,192 (June 30, 2018: 686,192) shares of Rs.10 each		**54,106**	58,007
		5,838,550	4,783,585

6.1 As at June 30, 2018 the Company was carrying its investment in PRL as an associated company and was accounting for its interest in PRL through equity accounting under IAS 28 'Investment in Associates'. Pursuant to the order of the Honourable Sindh High Court dated October 12, 2018 removing the restraining order in respect of 21 million shares, as disclosed in note 7.1 to the annual audited financial statements of the Company, the Company acquired 84 mn. shares at the discounted value of Rs.10 each.

Resultantly, effective December 01, 2018 being the acquisition date, the shareholding of the Company in PRL increased from 24.11% to 52.68% making it a subsidiary as at December 01, 2018. Accordingly as at the period end, Company is carrying its investment in PRL at cost less impairment losses, if any.

The primary reason for business combination with PRL is to have concentric diversification. The Company acquired control of PRL through acquisition of 52.68% controlling shares. Consequently, investment in PRL has been reclassified as investment in subsidiary as on December 01, 2018.

	(Rupees in '000)
Balance as at July 01, 2018	2,018,551
Investment made during the period	840,000
Dividend received prior to acquisition date	(26,040)
Share of loss from PRL till acquisition date	(340,690)
Unrealised gain on revaluation of shares on acquisition date	170,375
Balance as at March 31, 2019	2,662,196

7. Trade debts

	Note	Un-Audited March 31, 2019	Audited June 30, 2018
		(Rupees in '000)	
Considered good			
Due from Government agencies and autonomous bodies			
- Secured	7.1	**127,238**	111,790
- Unsecured	7.2 & 7.3	**151,620,170**	150,169,855
		151,747,408	150,281,645
Due from other customers			
- Secured	7.1	**1,858,897**	1,994,024
- Unsecured	7.2 & 7.3	**46,520,145**	93,301,402
		48,379,042	95,295,426
		200,126,450	245,577,071
Considered doubtful		**2,910,841**	3,290,578
Trade debts - gross		**203,037,291**	248,867,649
Less: Provision for impairment	7.2, 7.3 & 7.4	**(2,910,841)**	(3,290,578)
Trade debts - net		**200,126,450**	245,577,071

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

7.2 Includes Rs. 153,169,892 thousand (June 30, 2018: Rs. 127,667,280 thousand) due from related parties, against which provision for impairment of Rs. 1,305,637 thousand (June 30, 2018: Rs. 1,611,927 thousand) has been recognised.

7.3 Included in trade debts is an aggregate amount of Rs. 107,770,290 thousand (June 30, 2018: Rs. 199,999,246 thousand) due from GENCO Holding Company Limited (GHC), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO), as at March 31, 2019. These include past due trade debts of Rs. 79,654,353 thousand (June 30, 2018: Rs. 104,251,942 thousand), Rs. 24,810,304 thousand (June 30, 2018: Rs. 50,789,306 thousand) and Rs. 2,077,590 thousand (June 30, 2018: Rs. 27,067,694 thousand) from GHC, HUBCO and KAPCO, respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 thousand (June 30, 2018: Rs. 398,962 thousand) against these debts and does not consider the remaining aggregate past due balance of Rs. 106,195,273 thousand (against which subsequent payments of Rs. 500,000 thousand from HUBCO and Rs. 800,000 thousand from KAPCO have been received) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

Further, as at Marcn 31, 2019 trade debts aggregating to Rs. 54,107,931 thousand (June 30, 2018: Rs. 42,710,830 thousand) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 146,018,519 thousand (June 30, 2018: Rs. 202,866,241 thousand) are past due but not impaired.

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

7.4 The movement in provision during the period / year is as follows:

	Un-Audited March 31, 2018	Audited June 30, 2018
	(Rupees in '000)	
Balance at beginning of the period / year	**3,290,578**	4,201,355
Add: Provision recognised during the period / year	**52,445**	66,670
Less: Reversal due to recoveries during the period / year	**(432,182)**	(977,447)
	(379,737)	(910,777)
Balance at the end of the period / year	**2,910,841**	3,290,578

8. Loans and advances

As at June 30, 2018 the Company was carrying a total advance aggregating to Rs. 1,680,000 thousand as fully disclosed in note 14.1 to the annual audited financial statements. Pursuant to the acquisition of 84,000,000 right shares of PRL as disclosed in note 6.1 to these unconsolidated condensed interim financial statements, the Company has received Rs. 840,000 thousand held in an escrow account and the remaining amount has been adjusted by Shell Pakistan Limited.

9. Other receivables

9.1 Included in other receivables is long outstanding aggregate amount due from GoP on account of the following receivables, as more fully explained in note 16 to the annual audited financial statements for the year ended June 30, 2018:

	Un-Audited March 31, 2018	Audited June 30, 2018
	(Rupees in '000)	
Price differential claims (PDC):		
- on imports (net of related liabilities) of motor gasoline	**1,350,961**	1,350,961
- on High Speed Diesel	**602,603**	602,603
- on Ethanol E-10	**27,917**	27,917
- on account of supply of Furnace Oil to K-Electric Limited at Natural Gas prices	**3,908,581**	3,908,581
Water and Power Development Authority (WAPDA) / (GHC) Receivables	**3,407,357**	3,407,357
	9,297,419	9,297,419

During the period, there has been no significant change in the status of the abovementioned claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

9.2 Includes receivable of Rs. 12,868 thousand (June 30, 2018: Rs. 18,231 thousand) on account of facility charges due from Asia Petroleum Limited (a related party).

9.3 As at March 31, 2019, receivables aggregating to Rs. 2,357,790 thousand (June 30, 2018: Rs. 2,368,822 thousand) were deemed to be impaired and hence have been provided for.

9.4 Includes Rs. 21,307,105 thousand (June 30, 2018: Rs. 9,737,703 thousand) unfavourable exchange differences arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - Government of Pakistan (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. The Company is actively pursuing with MoF - GoP for settlement of this receivable and is confident for recovery of the same.

10. Trade and other payables

10.1. Includes Rs. 29,833,194 thousand (June 30, 2018: Rs. 31,555,414 thousand) due to various related parties.

11. Short - term borrowings

	Un-Audited March 31, 2018	Audited June 30, 2018
	(Rupees in '000)	
Short - term Finances		
- Local currency	**19,340,000**	1,100,000
- Foreign currency	**61,937,910**	76,185,005
	81,277,910	77,285,005
Finances under mark-up arrangements	**20,712,563**	12,561,512
	101,990,473	89,846,517

12. Contingencies and commitments

12.1 Contingencies

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

12.1.1 Claims against the Company not acknowledged as debts amounts to Rs. 13,358,900 thousand (June 30, 2018: Rs. 12,806,764 thousand) other than as mentioned in note 12.1.9 to these unconsolidated condensed interim financial statements. This includes claim amounting to Rs. 8,016,538 thousand (June 30, 2018: Rs. 8,016,538 thousand) in respect of delayed payment charges on the understanding that these will be payable only when the Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Company against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

12.1.2 The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978 thousand. The orders were later rectified and amended to Rs. 3,619,899 thousand. Further, through computerised balloting, the Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 thousand was created by FBR for tax year 2014. The Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Company during FY2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Company filed appeals before ATIR against these CIR (Appeals) orders. During the current period, the Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the amended demand has been reduced to Rs. 2,585,773 thousand. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

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

12.1.4 With respect to tax contingencies disclosed in note 27.1.9, 27.1.10 and 27.1.12 to the annual financial statements of the Company for the year ended June 30, 2018, the Company based on the view of its lawyer has withdrawn the suits consequent to recent decision of Honorable Supreme Court dated June 27, 2018 whereby it was held that suits will only be entertained on the condition that 50% of the tax calculated by tax authorities is deposited with the authorities. The Company has submitted all the replies with respect to the notices issued by tax authorities after withdrawal of suits.

12.1.5 Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 thousand inclusive of penalty and default surcharge on alleged non-recovery of Punjab Service Sales Tax on alleged commission paid to petroleum dealers. The Company did not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to Government treasury with monthly sales tax return. Accordingly, levy of Punjab Service Sales Tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Honourable Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal was filed with Commissioner - Appeals PRA against the subject order. During the current period, Commissioner - Appeals PRA in his appellate order dated September 05, 2018 decided the case against PSO. However levy of penalty thereon has been waived. The Company has filed an appeal before Appellate Tribunal PRA against the aforesaid order of Commissioner - Appeals PRA. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

12.1.6 The Collector (Adjudication) - Customs House Karachi, issued show-cause notices to the company for recovery of minimum value added sales tax of Rs. 14,152,331 thousand, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Company has challenged the aforesaid show-cause notice in the Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. The management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

12.1.7 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Company is contesting the levy along with other companies in the High Court of Sindh. Through the interim order passed on May 31, 2011 the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to March 31, 2018, the management has deposited Rs. 105,759 thousand in cash and provided bank guarantee amounting to Rs. 105,759 thousand with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these unconsolidated condensed interim financial statements.

12.1.8 There is no significant change in the status of tax contingencies as disclosed in notes 27.1.2 to 27.1.4, 27.1.6 to 27.1.8, 27.1.11, 27.1.14, 27.1.15, 27.1.17, and 27.1.18 to the annual audited financial statements of the Company for the year ended June 30, 2018. These contingencies pertain to income tax and sales tax audits, matter of supplies to customers in Afghanistan, disallowances of input sales tax, additional tax on delayed payments, stamp duty and property tax which are pending adjudication at various forums.

12.1.9 As at March 31, 2019 certain legal cases amounting to Rs. 11,349,581 thousand (June 30, 2018: Rs. 3,494,863 thousand) had been filed against the Company. However, based on advice of legal advisors of the Company, the management believes that the outcome of these cases would be decided in Company's favour. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

12.2 Commitments

12.2.1 Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

	Un-audited March 31, 2018	Audited June 30, 2018
	(Rupees in '000)	
- Property, plant and equipment	1,841,984	1,195,065
- Intangibles	830,329	165,709
	2,672,313	1,360,774
12.2.2 Letters of credit	9,901,725	12,550,247
12.2.3 Bank Guarantees	1,266,063	1,202,547
12.2.4 Standby Letters of credit	33,342,187	25,387,343
12.2.5 Post-dated cheques	5,725,000	8,777,500

13. Earnings per share

13.1 Basic

	Un-audited Nine months ended March 31, 2019	Un-audited Nine months ended March 31, 2018	Un-audited Quarter ended March 31, 2019	Un-audited Quarter ended March 31, 2018
	(Rupees in '000)			
Profit for the period attributable to ordinary shareholders (Rupees In '000)	5,926,258	13,224,683	1,677,213	4,702,622
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period (number of shares)	391,227,752	391,227,752	391,227,752	391,227,752
	(Rupees)			
		(Restated)		(Restated)
Earnings per share - basic and diluted	15.15	33.80	4.29	12.02

13.2 During the period, the Company has issued 20% bonus shares (i.e. one for every five ordinary shares held), which has resulted in restatement of basic and diluted earnings per share for quarter and nine months ended March 31, 2018.

13.3 Diluted

There is no dilutive effect on the basic earnings per share of the Company as there are no convertible potential ordinary shares in issue as at March 31, 2019.

14. Cash used in operations

	Note	Un-audited Nine months ended March 31, 2019	Un-audited Nine months ended March 31, 2018
		(Rupees in '000)	
Profit before taxation		10,693,263	20,433,292
Depreciation		829,318	780,746
Amortisation		9,434	12,240
Mark-up / interest on investments - net of amortisation		-	(237,682)
Unrealised gain on revaluation of investment in PRL on acquisition		(170,375)	-
Unrealised loss transferred to profit or loss on reclassification of investment in associate to subsidiary at cost		11,826	-
Reversal of provision for doubtful trade debts		(379,737)	(590,254)
Reversal of provision for doubtful other receivables		(16,829)	(45,929)
Provision for stores and spares		4,534	-
Retirement and other services benefits accrued		914,423	999,507
Gain on disposal of operating assets		(20,780)	(12,193)
Share of profit from associates - net of tax		(82,188)	(266,443)
Dividend income		(271,998)	(240,702)
Finance costs		6,775,565	3,686,496
		7,603,193	4,085,786
Working capital changes	14.1	(12,203,559)	(59,164,920)
		6,092,897	(34,645,842)

14.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spares and loose tools	**(159,800)**	(39,694)
- Stock-in-trade	**3,741,356**	(10,263,567)
- Trade debts	**45,830,358**	(23,683,309)
- Loans and advances	**1,610,963**	(31,513)
- Deposits and short-term prepayments	**948,600**	4,366,562
- Other receivables	**(10,678,827)**	(1,632,609)
Decrease in current liabilities:		
- Trade and other payables	**(53,496,209)**	(27,880,790)
	(12,203,559)	(59,164,920)

15. Cash and cash equivalents

Cash and cash equivalents comprise following items in the unconsolidated condensed interim statement of financial position:		
Cash and bank balances	**5,507,795**	20,163,666
Short - term borrowings (finances under mark-up arrangements)	**(20,712,563)**	(15,943,953)
	(15,204,768)	4,219,713

16. Fair value of financial assets and liabilities

16.1 These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no change in any risk management policies since the year end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. The carrying values of all financial assets and liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values. The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- 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 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

17. Transactions with related parties

17.1 Related parties comprise subsidiary company, associated companies, retirement benefit funds, state owned / controlled entities, GoP and its related entities and key management personnel. Details of transactions with the related parties during the period, other than those disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Name of the related party and relationship with the Company	Nature of transactions	Un-audited Nine months ended March 31, 2019	March 31, 2018
		(Rupees in '000)	
Subsidiary			
- Pakistan Refinery Limited	Purchases	**19,646,442**	-
	Income facility charges	**257**	-
Associates			
- Pakistan Refinery Limited	Purchases	**44,479,113**	34,539,041
	Dividend received	**26,040**	-
	Income facility charges	**490**	470
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**67,835**	64,033
	Dividend Received	**-**	4,460
- Asia Petroleum Limited	Income facility charges	**11,881**	88,279
	Pipeline charges	**128,320**	953,416
Retirement benefit funds			
- Pension Funds (Defined Benefit)	Charge for the period	**402,191**	564,609
	Contributions	**1,434,660**	4,586,053
- Gratuity Fund	Charge for the period	**213,273**	203,840
	Contributions	**796,993**	832,124
- Provident Funds	Charge/contribution for the period	**117,673**	99,778
- Pension Funds (Defined Contribution)	Charge/contribution for the period	**13,149**	-
Key management personnel	Managerial remuneration	**270,467**	324,253
	Charge/contribution for the period	**7,723**	12,202

17.2 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Company's issued share capital and is entitled to appoint members of the Board of Management - Oil (BoM) under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 for 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 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 government related entities except for transactions stated below, which the Company considers to be significant:

		Un-audited Nine months ended	
		March 31, 2019	March 31, 2018
		(Rupees in '000)	
- Government of Pakistan	Income from PIBs (net of amortisation)	-	237,682
	Dividend paid	366,334	915,835
- Board of Management - Oil	Contribution towards expenses of BoM	13,392	5,375
- Benazir Employees' Stock Option Scheme	Dividend paid	49,526	123,816
- Pak Arab Pipeline Company Limited	Pipeline charges	1,857,153	2,593,949
	Dividend received	271,998	240,702
- Sui Northern Gas Pipelines Limited	Sales	269,947,825	173,734,803
- GENCO Holding Company Limited (formerly Water and Power Development Authority)	Sales	5,971,569	48,993,923
	Utility charges	22,154	22,519
- Pakistan International Airlines Corporation Limited	Sales	19,765,271	9,586,922
	Purchases	6,986	4,772
- Pak Arab Refinery Company Limited	Purchases	105,553,214	90,618,577
	Pipeline charges	216,442	380,791
	Other expenses	-	353,541
- National Bank of Pakistan	Finance cost and bank charges	1,595,409	760,306

The transactions described below are collectively but not individually significant to these unconsolidated condensed interim 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 the capacity of withholding Agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue, Provincial Revenue Authorities and Customs authorities.

(iii) The Company incurs rental charges in respect of storage facilities at 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 (PARCO) and Pak Arab Pipeline Company Limited (PAPCO) for delivery/movement of its product.

(vi) The Company obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and K-Electric Limited.

(vii) The Company sells fuel, oil and other allied products to K-Electric Limited and receives pipeline income as per agreed terms and conditions.

(viii) The Company has obtained various financing facilities from National Bank of Pakistan.

(ix) The Company also pays dividend to various government related entities who are shareholders of the Company.

17.3 Inventory of the Company held by related parties as at March 31, 2019 amounts to Rs. 13,120,183 thousand (June 30, 2018: Rs. 21,595,616 thousand).

17.4 Short term borrowings includes Rs. 37,387,544 thousand (June 30, 2018: Rs. 21,200,092 thousand) under finances obtained from National Bank of Pakistan.

17.5 The status of outstanding receivables and payables from / to related parties as at March 31, 2019 are included in respective notes to these unconsolidated condensed interim financial statements.

17.6 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 as per agreed terms.

18. Operating segments

18.1 Segment wise revenues and profit is as under:

	Un-audited Nine months ended	
	March 31, 2019	March 31, 2018
	(Rupees in '000)	
Revenue - net sales		
Petroleum Products	580,128,000	599,239,000
Liquefied Natural Gas (LNG)	237,014,000	148,491,000
Others	2,056,909	1,725,599
	819,198,909	749,455,599
Profit for the period		
Petroleum Products	4,181,000	11,410,000
Liquefied Natural Gas (LNG)	856,000	762,000
Others	889,258	1,052,683
	5,926,258	13,224,683

18.2 Timing of revenue recognition is at a point in time.

18.3 Out of total sales of the Company, 98.57% (March 31, 2018: 98.65%) relates to customers in Pakistan.

18.4 All non-current assets of the Company as at March 31, 2019 and 2018 are located in Pakistan.

18.5 Sales to five major customers of the Company are approximately 34% during the Nine months period ended March 31, 2019 (March 31, 2018: 33%).

19. Non-adjusting event after the balance sheet date

The Board of Management - Oil in its meeting held on April 19, 2019 proposed for the year ending June 30, 2019 an interim cash dividend of Rs. 5 per share amounting to Rs. 1,956,139 thousand.

20. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison the effect of which is not material.

21. Date of authorisation for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue on April 19, 2019 by the Board of Management - Oil.

Syed Jehangir Ali Shah
Managing Director & CEO

Zahid Mir
Member-Board of Management

Yacoob Suttar
Chief Financial Officer

رپورٹ برائے حصص یافتگان

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (پی ایس او سی ایل) کے بورڈ آف مینجمنٹ (بی او ایم) نے مالیاتی سال 2019 (9MFY19) کے نو ماہ کے حوالے سے کمپنی کی کارکردگی کا جائزہ لیا اور وہ اس کی رپورٹ بمسرت پیش کرتا ہے۔

ملک کی سست رفتار معاشی صورتحال کی وجہ سے پاکستان کے ڈاؤن اسٹریم پیٹرولیئم سیکٹر پر اثرات تاحال برقرار ہیں، جس کے نتیجے میں بلیک آئل اور وائیٹ آئل میں بالترتیب 53 فیصد اور 9 فیصد کمی کے ساتھ، مائع ایندھن مارکیٹ کو مجموعی طور پر 22 فیصد منفی شرح نمو کا سامنا رہا۔ بلیک آئل کے حجم میں بنیادی طور پر پاور پروڈکشن کے لئے RLNG کے زیادہ استعمال کی وجہ سے کمی ہوئی جبکہ وائیٹ آئل حجم میں کمی کی وجوہات میں اسمگل شدہ پروڈکٹ تک رسائی، گذشتہ سال کی اسی مدت کے دوران گاڑیوں کی فروخت میں کمی اور GDP میں زراعت اور لارج اسکیل مینوفیکچرنگ (LSM) کی حصہ داری میں کمی شامل ہیں۔ انڈسٹری حجم میں کمی کے باعث بتدریج بڑھتے ہوئے مقابلے کے باوجود پی ایس او، مجموعی مائع ایندھن (وائیٹ آئل 39.2 فیصد اور بلیک آئل 48.2 فیصد) میں 40.8 فیصد مارکیٹ شیئر کے ساتھ پاکستان کی پیٹرولیئم ڈاؤن اسٹریم مارکیٹ کو لیڈ کر رہی ہے۔

مارچ 2019 کے دوران حکومتِ پاکستان نے گردشی قرضے کی مد میں 60 بلین روپے کی جزوی ادائیگی کی، جبکہ SNGPL نے جون 2018 کے مقابلے میں 40 بلین روپے مزید ڈیفالٹ کیا۔ 31 مارچ 2019 تک پاور سیکٹر، پی آئی اے اور SNGPL سے مجموعی واجب الادا رقم (بشمول تاخیر سے ادائیگی پر سرچارج) 278 بلین روپے ہے (30 جون 2018 کو 316 بلین کے مقابلے میں)۔ پی ایس او نے سپلائی چین کو برقرار رکھنے کے لئے مجموعی انڈسٹری درآمدات کا 47 فیصد درآمد کیا اور مقامی ریفائنری سے خریداری 35 فیصد رہی۔ مزید برآں، پی ایس او نے ذمہ دار قومی ادارے کی حیثیت سے، خاص طور پر سرحدوں پر حالیہ سخت کشیدگی کے دوران ملک بھر میں مناسب اسٹاک کو برقرار رکھا۔

معاشی صورتحال کی تنزلی اور مجموعی مارکیٹ کے حجم میں کمی نے ادارے کے منافع پر بھی اثر ڈالا ہے۔ زیر جائزہ مدت کے دوران، کمپنی نے 5.9 بلین روپے کا بعد از ٹیکس منافع (PAT) رپورٹ کیا ہے (9MFY18 میں 13.2 بلین روپے)۔ بعد از ٹیکس منافع میں کمی کی بنیادی وجوہات میں مجموعی مارکیٹ کے حجم میں کمی کی وجہ سے بلیک اور وائٹ آئل کی فروخت کے حجم میں کمی سے خام منافع میں تنزلی اور انوینٹری نقصانات، پاور سیکٹر سے انٹرسیٹ آمدنی میں کمی، ایس بی پی کی جانب سے ڈسکاؤنٹ ریٹ میں بڑھوتی کے نتیجے میں مالیاتی لاگت میں اضافہ اور گزشتہ سال کی اسی مدّت کے مقابلے میں اوسط قرضوں کی زیادہ شرح شامل ہیں۔ تاہم اونچی افراطِ زر کے باوجود کمپنی اپنے آپریٹنگ اخراجات کو اسی سطح پر برقرار رکھنے میں کامیاب رہی۔ کمپنی کی کارکردگی کو مدِ نظر رکھتے ہوئے بورڈ نے 50 فیصد (5 روپے فی شیئر) کا عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

پی ایس او ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے سماجی ترقی میں معاونت کے لئے کوشاں ہے۔ پی ایس او سی ایس آر ٹرسٹ نے جولائی تا مارچ 2019 کے دوران مختلف اقدامات کے تحت صحت و تعلیم کے شعبوں میں 120 ملین روپے عطیہ کیئے۔

ادارے کو خصوصاً OMC's کی اقدار میں اضافے اور مارکیٹ حجم میں کمی کی وجہ سے سخت آزمائش کا سامنا ہے۔ تاہم پی ایس او مستحکم نفع کے ساتھ ساتھ اپنا مارکیٹ شیئر اور قائدانہ حیثیت برقرار رکھنے کے لئے ہر ممکن کوششیں بروئے کار لا رہی ہے۔ اس ضمن میں پی ایس او کی جن خاص اہداف پر توجہ مرکوز ہے ان میں ملک بھر میں POL اسٹوریج میں اضافہ، لبریکینٹ دستیابی میں توسیع، اپنے ریٹیل آؤٹ لیٹس پر کسٹمرز کو خدمات میں بہتری اور اپنے ریٹیل انفرا اسٹرکچر کی تجدید شامل ہیں۔

ہم اپنے تمام ملازمین، اسٹیک ہولڈرز اور شراکت داروں سے ان کے تعاون اور مستقل حمایت کے شکر گزار ہیں۔ ہم اس موقع پر حکومت پاکستان بالخصوص وزارت توانائی، پیٹرولیئم ڈویژن کے مسلسل تعاون اور رہنمائی پر تہہ دل سے شکر گزار ہیں۔

سید جہانگیر علی شاہ
مینیجنگ ڈائریکٹر اور سی ای او
کراچی 19 اپریل 2019

زاہد میر
ممبر۔ بورڈ آف مینجمنٹ

Thank you for your trust.

We would like to thank you for putting your trust in us. Our standing as the national oil market leader is a reflection of your confidence and support. At PSO, we remain committed towards meeting your fueling expectations in a timely and responsible manner.

Every Journey Begins Here

Ta'aluq Care Line: 0800-03000 | UAN: 111-111-PSO(776)
Website: www.psopk.com | /PSOCL

PSO