National Refinery Limited

ANNUAL REPORT 2018

Refining with Vision

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COMPANY OVERVIEW

VISION

Our passion is to attain distinctive leadership amongst the corporate success stories of tomorrow.

We at NRL recognize that realization of this passion needs superior professional competencies, continuous value addition and improvising, development of human capital and complete commitment to safety, occupational health and environment.

MISSION

- To remain the premium and preferred supply source for various petroleum products and petrochemicals.

- Offer products that are not only viable in terms of desirability and price but most importantly give true and lasting value to our customers.

- Deliver strong returns on existing and projected investments of our stakeholders by use of specialised and high quality corporate capabilities.

- Business development by adoption of emerging technologies, growth in professional competence, support to innovation, enrichment of human resource and performance recognition.

- Be a responsible corporate citizen by serving the community through a variety of socio-economic acts and maintaining a high level of safety, occupational health and environmental care.

CORE VALUES

Following concepts and ideas guide the Management and Staff of National Refinery Limited in conducting its business practices in most ethical ways:

1. Ethical Conduct and Integrity

We value lifestyle in our organization where ethics like truth, honesty, integrity and fair play are basic ingredients while interacting within the organization or dealing with the outside world.

2. Teamwork and Responsibility

We share information and resources and step in to help out other team members. Conflicts are worked out in spite of obstacles and difficulties. We accept responsibility with "can do" attitude.

3. Customer satisfaction

We endeavor to provide quality products to our customers at competitive prices. We value their satisfaction essential for continued growth of our business.

4. Continuous improvement

We generate new ideas and creative approaches to upgrade and update our refinery to best available technology and processes so that our products are at the level of internationally accepted standards.

5. Profitability

We believe in enhancing our profitability to the maximum so that Employees, Shareholders and Government all benefit from it.

6. Corporate Citizenship

As a good Corporate Citizen, we are more than willing and happy to meet our social responsibilities towards the community around us. We are also committed to meet requirements of health, safety and environment.

CORPORATE INFORMATION

Board of Directors

Laith G. Pharaon - Chairman
Alternate Director: Jamil A. Khan

Wael G. Pharaon
Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik

Abdus Sattar

Zaki Mohamad Mansoer

Muhammad Naeem

Tariq Iqbal Khan

Chief Executive Officer
Shuaib A. Malik

General Manager Finance and Corporate Affairs & Chief Financial Officer
Anwar A. Shaikh

Company Secretary
Nouman Ahmed Usmani

Audit Committee

Tariq Iqbal Khan	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz Alternate Director for Mr. Wael G. Pharaon	Member
Shaikh Ather Ahmed	Secretary

Human Resource and Remuneration (HR&R) Committee

Tariq Iqbal Khan	Chairman
Babar Bashir Nawaz Alternate Director for Mr. Wael G. Pharaon	Member
Shuaib A. Malik	Member
Nouman Ahmed Usmani	Secretary

Auditors
A. F. Ferguson & Co.
Chartered Accountants

Legal Adviser
Ali Sibtain Fazli & Associates
Legal Advisers, Advocates & Solicitors

Bankers

Bank AL-Habib Limited	National Bank of Pakistan
United Bank Limited	MCB Bank Limited
Allied Bank Limited	Askari Bank Limited
Bank Alfalah Limited	Samba Bank Limited
Faysal Bank Limited	Habib Metropolitan Bank Limited
Habib Bank Limited	

Registered Office
7-B, Korangi Industrial Area, Karachi-74900
UAN: +92-21-111-675-675
PABX: +92-21-35064981-86
+92-21-35064977-79
Website: www.nrlpak.com
E-mail: info@nrlpak.com

Share Registrar

Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.
Tel: (Toll Free) 0800-23275
Fax: +92-21-34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

NRL AT A GLANCE

FIRST LUBE REFINERY	
Design capacity	3,976,500 barrels per year of Crude Oil processing
Design capacity	533,400 barrels per year of Lube Base Oils
Date Commissioned	June 1966
Project Cost	Rs. 103.9 million

FUEL REFINERY	
BEFORE RE-VAMP	
Design capacity	11,385,000 barrels per year of Crude Oil processing
Date Commissioned	April 1977
Project Cost	Rs. 607.5 million
AFTER FIRST RE-VAMP	
Design capacity	16,500,000 barrels per year of Crude Oil processing
Date Commissioned	February 1990
Project Cost of Revamping	Rs. 125.0 million
AFTER SECOND RE-VAMP	
Design capacity	17,490,000 barrels per year of Crude Oil processing
Date Commissioned	March 2017
Project Cost of Revamping	Rs. 548.0 million
HSD DESULPHURIZATION AND ASSOCIATED UNITS	
Date Commissioned	June 2017
Project Cost	Rs.26.82 billion
NAPHTHA BLOCK (ISOMERIZATION UNIT)	
Date Commissioned	October 10, 2017
Project Cost	Rs.6.54 billion

BTX Unit	
Design capacity	180,000 barrels per year of BTX
Date Commissioned	April 1979
Project Cost	Rs. 66.7 million

SECOND LUBE REFINERY	
BEFORE RE-VAMP	
Design capacity	700,000 barrels per year of Lube Base Oils
Date Commissioned	January 1985
Project Cost	Rs. 2,082.4 million
AFTER RE-VAMP	
Design capacity	805,000 barrels per year of Lube Base Oils
Date Commissioned	June 2007
Project Cost of Revamping	Rs. 585.0 million

SHAREHOLDERS' EQUITY	
June 1966	Rs. 20.0 million
June 2018	Rs. 43,251.5 million

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

National Refinery Limited is a petroleum refining and petrochemical complex engaged in manufacturing and supplying a wide range of fuel products, lubes, BTX, asphalts and specialty products for domestic consumption and export.

NRL objectives and development strategy are aimed at achieving sustainable productivity and profitability and high standards of safety, occupational health and environmental care. This entails human resource re-engineering & development, enhancing value addition, implementing conservation measures and continuing growth through up-gradation of existing as well as addition of new facilities. In the changing global environment, corporate objective and development strategy have been defined to meet the challenges of 21st Century.

Corporate Objectives

- Ensure that business policies and targets are in conformity with the national goals.
- Contribute in meeting the country's demand of petroleum and petrochemical products.
- Customer's satisfaction by providing best value and quality products.
- Optimization of the value of barrel of crude oil and cost reduction through conservation measures.
- Achieving and maintaining a high standard of Occupational Health, Safety and Environmental care.
- Ensure reasonable return on the shareholders' existing and projected investments.
- Maintain modern management systems conforming to international standards needed for an efficient organization.

Development Strategy

- Contribute in national efforts towards attaining sustainable self-efficiency in petroleum products.
- Human resource development by upgrading training facilities and exposure to modern technologies/management techniques.
- Balancing and Modernization for energy conservation and enhanced yield of value added products as well as revamping for environment friendly products.
- Expansion of refining capacity by de-bottlenecking and adding new facilities.
- Acquire newer generation technologies for the efficient refinery operations as well as for attaining highest standards of Occupational Health, Safety and Environmental care.
- Acquiring self-sufficiency in re-engineering, design and fabrication of equipments.

DIRECTORS' PROFILE

	Name	Other Engagements
	Mr. Laith G. Pharaon Chairman & Director (Non-Executive Director)	**Chairman & Director** Attock Petroleum Limited The Attock Oil Company Limited Attock Cement Pakistan Limited **Director** Pakistan Oilfields Limited Attock Refinery Limited Attock Gen Limited Attock Leisure & Management Associates (Pvt.) Limited Attock Solar (Pvt.) Limited
	Mr. Wael G. Pharaon (Non-Executive Director)	**Director** The Attock Oil Company Limited Attock Cement Pakistan Limited Attock Gen Limited Attock Petroleum Limited Pakistan Oilfields Limited Attock Refinery Limited Angoori Heights Development (Pvt.) Limited Margalla Farm Houses Development (Pvt.) Limited Rawal Lodges Development (Pvt.) Limited
	Mr. Shuaib A. Malik Deputy Chairman & Chief Executive Officer (Executive Director)	**Chairman, Chief Executive & Director** Pakistan Oilfields Limited **Chairman & Director** Attock Hospital (Pvt.) Limited Attock Refinery Limited **Chief Executive & Director** Attock Petroleum Limited The Attock Oil Company Limited Attock Information Technology Services (Pvt.) Limited Angoori Heights Development (Pvt.) Limited Attock Leisure & Management Associates (Pvt.) Limited Falcon Pakistan (Pvt.) Limited Attock Solar (Pvt.) Limited **Director** Attock Cement Pakistan Limited Attock Gen Limited Rawal Lodges Development (Pvt.) Limited Margalla Farm Houses Development (Pvt.) Limited **Resident Director** Pharaon Investment Group Limited Holding SAL **Group Chief Executive** **Chairman** NRL Management Staff Pension Fund NRL Management Staff Gratuity Fund

DIRECTORS' PROFILE

	Name	Other Engagements
	Mr. Zaki Mohamad Mansoer (Independent Director)	**Director** Global Partnerships and Resource Mobilization Department-Islamic Development Bank, Jeddah
	Mr. Tariq Iqbal Khan (Independent Director)	**Director** Pakistan Oilfields Limited Attock Refinery Limited International Steels Limited Lucky Cement Limited Packages Limited Silk Bank Limited FFC Energy Limited CAS Management (Pvt.) Limited
	Mr. Muhammad Naeem (Independent Director)	**Director** National Bank of Pakistan
	Mr. Abdus Sattar (Non-Executive Director)	**Director** Attock Refinery Limited Attock Petroleum Limited Pakistan Oilfields Limited Attock Cement Pakistan Limited
	Mr. Babar Bashir Nawaz Alternate for Mr. Wael G. Pharaon (Non-Executive Director)	**Director & Chief Executive** Attock Cement Pakistan Limited Rawal Lodges Development (Pvt.) Limited **Director** Attock Petroleum Limited Angoori Heights Development (Pvt.) Limited Margalla Farm Houses Development (Pvt.) Limited Falcon Pakistan (Pvt.) Limited **Alternate Director** Attock Refinery Limited Attock Leisure & Management Associates (Pvt.) Limited Pakistan Oilfields Limited
	Mr. Jamil A. Khan Deputy Managing Director Alternate for Mr. Laith G. Pharaon (Executive Director)	**Director** Attock Refinery Limited **Chairman** NRL Executive Staff Post Retirement Medical Benefit Fund NRL Non - MPT Staff Gratuity Fund **Trustee** NRL Management Staff Pension Fund NRL Officers Provident Fund NRL Management Staff Gratuity Fund NRL Workmen Provident Fund

CHAIRMAN'S REVIEW

بسم الله الرحمن الرحيم

Assalam-o-Alaikum

It is indeed a great privilege for me to welcome you all, on behalf of the Board of Directors, in the 55th Annual General Meeting of your Company and to present an annual review of results and audited financial statements for the year ended June 30, 2018.

Country is facing numerous challenges, one of them is overall balance of payment which is under pressure due to increasing import bills and stagnant exports. This has resulted in widening of current account deficit which has translated into demand supply gap of foreign exchange resulting in pressure on Rupee value.

Increase in the international crude oil prices, asymmetrical increase in product prices and strengthening US dollar

remained challenge for your Company. In the given scenario, your Company managed to earn profit after tax of Rs. 1.77 billion compared to Rs. 8.05 billion in the last year. Fuel segment of your company incurred loss of Rs. 2.21 billion as compared to profit after tax of Rs. 4.07 billion in previous year.

Profitability was affected by higher operating cost including depreciation on new units, exchange loss, custom duty on crude oil and its recovery mechanism and lower return on bank deposits. Some improvement in profit margins was witnessed due to elimination of Price Differential on HSD and higher revenue from increased production and sale of Motor Gasoline but it could not fully recover the incremental operating cost. Higher investment and operating cost required higher return that was initially offered in the form of 1.5% increase in deemed duty on HSD from which refineries have been deprived off.

Profitability of lube segment after tax was Rs. 3.98 billion as compared to Rs. 3.98 billion in the last year. During the year the production reduced due to turnaround of lube II refinery.

After successful commissioning of DHDS project, your Company has also commissioned the Isomerization plant and its auxiliary units in October 2017. This project enabled refinery to convert Naphtha into Motor Gasoline to meet country's growing demand and fetching higher product value.

Under the able leadership of your Board of Directors, the Company not only maintained lube segment's profitability but also managed to restrict fuel segment's loss, despite all challenges, including completion of return-oriented Isomerization project during the year. This also shows the significant role that the Board played in achieving Company's long term objectives. Accordingly, Management's overall performance is regarded as good.

On behalf of the Board of Directors, I would like to thank all the shareholders for their trust, confidence and continuous support for the company. I am confident that the Company has strong foundations necessary to deal with ongoing challenges and is likely to show better performance in future.

Mr. Laith G. Pharaon
Chairman

August 14, 2018
Dubai

DIRECTORS' REPORT

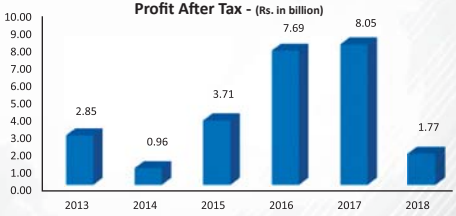
بسم الله الرحمن الرحيم

Assalam-o-Alaikum

The Board of Directors is pleased to present the 55th Annual Report of National Refinery Limited together with the audited financial statements and auditor's report thereon for the year ended June 30, 2018.

FINANCIAL RESULTS

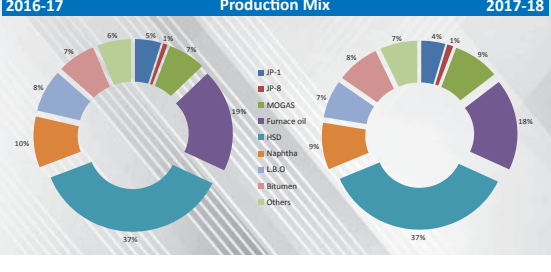
Your company earned profit after tax of Rs. 1.77 billion as compared to Rs. 8.05 billion for last year. Unsymmetrical increase in crude oil and product prices reduced the margins especially in case of fuel products. Besides, higher operating cost mainly attributable to newly commissioned units and continuous devaluation of Pak Rupee against US dollar have resulted in significant decline in the Company's profitability.



Fuel Segment

The fuel segment suffered loss after tax of Rs. 2.21 billion as compared to profit after tax of Rs. 4.07 billion in the last year. Higher operating cost including depreciation amounting to Rs. 2.75 billion on account of newly added Diesel Hydro Desulphurization (DHDS) and Naphtha Isomerization (ISOM) units along with higher exchange loss amounting to Rs. 1.7 billion due to significant devaluation of Pak-Rupee resulted in loss of this segment.

Monthly average crude oil prices increased from US$ 47.3 per barrel to US$ 75.5 per barrel during the year whereas mechanism of products' pricing being previous month's average resulted in lower margins on month-to-month basis. The segment witnessed depressed sales of Furnace oil as power plants mostly operated on gas during winters. Short recovery of custom duty paid on crude oil import attributable to de-regulated products also affected segment's profitability. However, new units helped the Company to restrict the loss through elimination of Price differential on HSD on attaining Euro II standard. Euro II production of better quality HSD and more motor gasoline resulted in increase in revenue. Investment tax credit on commissioning of Naphtha Isomerization unit further curtailed the loss for the year.



Lube Segment

The Lube Segment posted net profitability of Rs. 3.98 billion as compared to Rs 3.98 billion for corresponding year. The margins in lube segment remained slightly better as compared to last year; however, there was decline in sales due to lower production as there was a planned turnaround of Lube II refinery for 22 days. Sales also depressed due to lower demand of Lube base oil.

EARNING PER SHARE

Earnings per share was Rs. 22.14 compared to Rs. 100.61 of the last year.

Earning Per Share (Rs. Per Share)

APPROPRIATIONS

Description	2017-18	2016-17
	(Rupees in millions)	
Profit available for appropriation (including Other Comprehensive Income/Loss)	1,745	4,833
Transfer to General Reserves	900	3,000
Final Dividend @ 100% (2017: 225%)	800	1,799

DIVIDEND

The Board of Directors has recommended a final cash dividend @ Rs. 10.00 per share (100%) for the year ended June 30, 2018. The dividend recommended is subject to the approval by the shareholders in the Annual General Meeting.

COMPANY BUSINESS

The Company is engaged in the business of Crude Oil Refining with three refineries commissioned in the year 1966, 1977 and 1985. The Company was privatized in the year 2005, whereby 51% shares of the Company are held by Attock Group.

The Company operates its three refineries in two business segments "Fuel Segment" and "Lube Segment". Fuel Segment is the producer of High Speed Diesel, Naphtha, Motor Gasoline, Liquefied Petroleum Gas, Jet Fuels & Furnace Oil. Lube Segment produces multiple grades of Lube Base Oils, Bitumen, Furnace Oil, Waxes and Rubber Process Oil and some quantities of other fuel products. The products are marketed locally, whereas Naphtha and some quantity of Lube Base Oils are exported.

In June 2017, the Company commissioned its Diesel Hydro Desulphurization unit and started producing Euro II standard HSD whereas in October 2017, it successfully commissioned Isomerization unit to convert Naphtha into Motor Gasoline to meet country's growing demand.

FUTURE OUTLOOK

The management foresees the challenges ahead and is focusing on strategies and adopting suitable measures to address these challenges, mitigate associated risk and ensure business sustainability and growth. The foremost challenges the Company face are higher operating cost including depreciation of recently commissioned DHDS and ISOM units and devaluation of Pak Rupee against US Dollar that significantly impacts company's financial position. The management believes that incremental deemed duty of 1.5% on HSD earlier committed by the Government on completion of DHDS project is inevitable to smoothly operate this plant to recover related higher cost. The market of Petroleum products shows continuous growth; however, considering increase in crude oil and product prices as well as increase in exchange rate, the Company has adopted a careful approach in operating all its old and new units at optimum level.

During the year, the Oil and Gas Regulatory Authority (OGRA) approved the mechanism for settlement of Regulatory/Custom Duty on import of crude oil attributable to regulated products and duty recovered from sale of PSO import price based petroleum products (i.e. HSD & MS) on the principle of "no loss no gain". As per ECC's decision, duty paid on crude oil applicable to deregulated products will directly be charged to customers. As refineries do not operate under cost plus formula, every incremental cost element cannot be fully charged to customers; therefore, according to market dynamics of de-regulated products especially furnace oil, NRL could not fully recover relevant portion of duty on crude oil from its sales of de-regulated products to customers that resulted in increase in Company's cost of raw material. Effective May 24, 2018, duty on crude oil has been increased from 4% to 5% whereas duty on Furnace oil has been reduced, therefore, Company's future profitability is likely to be further affected adversely.

FUTURE PROJECTS

Following projects have been envisioned to ensure improvement of existing plant, capacity enhancement and improved product mix.

- **Topping Unit and Reformer Unit**

  Government of Pakistan has changed the specification of imported Motor Gasoline from 87 RON to 92 RON. Although refineries are allowed to market 90 RON, an opportunity exists to improve the production of Motor Gasoline to meet the market requirement. For this purpose, NRL is considering to install a Topping Unit with a capacity of 30,000 bbls/day and a Reformer Unit to convert the entire volume of Naphtha into Motor Gasoline. The Front-End Engineering Design (FEED) for the topping unit has already been completed whereas for the licensing of reformer, proposals are at review stage.

- **Turnaround of Lube-I Refinery**

  Company would be undertaking the turnaround of its Lube-I Refinery towards the end of year 2018-19. This will result in continuous production at optimum level without frequent maintenance requirements. The turnaround is also tied with the revamp of two stage unit of Lube-I Refinery which may delay the turnaround to next financial year.

ONGOING PROJECTS

Following projects are currently being executed by the company:

- **Two stage unit at Lube-I Refinery**

  The project has been planned to enhance the installed crude oil processing capacity from 12,050 Barrel per stream day (bpsd) to 17,000 bpsd and vacuum fractionation capacity from 5,200 bpsd to 6,600 bpsd. The contract has been awarded to M/s. HUALU of China and is expected to be completed by July 2019.

- **Replacement of Fuel, Lube-II Refinery and Utilities Control System with centralized Distributed Control Systems**

  Replacement of existing control system of Fuel, Lube-II Refinery and Utilities with Distributed Control System (DCS) will ensure precise quality production, high-integrity process controls, process safeguarding and emergency shutdown. It will also improve process control and monitoring of plant parameters, availability of customized reports and log sheets, and optimum Human resource utilization. The project has already been awarded to M/s Yokogawa and is likely to be completed by June 2019.

- **New Sea Water Reverse Osmosis Plant**
  New Sea Water Reverse Osmosis plant with capacity of 250,000 US gallons per day is planned to be procured and installed following the completion of Phase-I projects to meet the increased water requirement. Project has been awarded to M/s Aquamatch of Turkey and is expected to be completed by December 2018.

- **101-F-1 Air Pre-Heater Project**
  Installation of Air Pre-Heater at fuel refinery is an energy saving and environment friendly project. Furthermore, Greenhouse gases emissions and carbon foot prints will be reduced by this project. Construction work on the project has already been started and it is expected that it will be installed and commissioned by end of September 2018.

COMPLETED PROJECTS – 2017-18

Your company successfully completed the following projects during the year 2017-18.

- **Isomerization**
  Isomerization Unit (PENEX) and its Auxiliary Units (Naphtha Splitter and Naphtha Hydrotreater) have successfully commenced operations effective October 2017. Completion of Isomerization Unit has enabled the refinery to convert light Naphtha into Motor Gasoline which would meet the country's requirements as well as result in fetching higher price.

- **Up-gradation of existing Turbo Generator**
  Steam Turbine at power generation has been replaced by a multi-extraction back pressure turbine. This has reduced the overall per unit cost of internally generated electricity. The project was awarded to M/s Siemens Pakistan Engineering Co. Limited, which has been completed in December 2017.

- **Water Demineralization plant**
  Water demineralization plant for Reverse Osmosis was successfully installed and commissioned in June 2018. This will help in overcoming the company's water requirements by improving the quality of available water from Reverse Osmosis plants.

- **Implementation of DCS at Lube-I Refinery**
  Distributed Control System from YOKOGAWA has been installed at Lube-I refinery and all Lube-I refinery units are operating on new system.

- **Turnaround of Lube-II Refinery**
  The Company has successfully completed the turnaround of its Lube-II refinery in November 2017.

PRICING FORMULA

The Company's Fuel Segment is regulated by Government under the Import Parity Pricing Formula. However, effective from June 1, 2011, the Government de-regulated the prices of Motor gasoline, Aviation Fuel and Light Diesel Oil with the capping that the prices announced by the refineries should not exceed the import prices of the relevant product of Pakistan State Oil average actual import prices of previous month including incidentals. In case these prices are not available then refineries have to fix their prices as per existing Import Parity Pricing Formula.

According to the Import Parity Pricing Formula, the distribution of profits from Fuel Segment is restricted to 50% of the paid-up capital as of July 1, 2002 and the remaining amount is to be transferred to special reserves. Refineries are not allowed to adjust losses from special reserves till the completion of up-gradation projects.

RELATIONSHIPS

We continue to maintain history of making timely payments for the supply of crude oil to Saudi Aramco and ADNOC for imported crude oil. Further, payments to other foreign and local oil exploration companies operating in Pakistan are also being released on regular basis.

We always endeavor to maintain good relationship with our local suppliers, customers and other business partners involved in the supply chain.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of last six years (2013– 2018) is shown on page 43.

REFINERIES PRODUCTION

According to capacity analysis, NRL is currently the third largest refinery of Pakistan with production capacity of 21.47 million barrels per annum. NRL is the only refinery complex in Pakistan which includes Lube Refinery, producing multiple grades of Lube Base Oils to meet the demand of the Country.

CREDIT RATINGS

The long-term entity rating of the Company is AA+ (maintained from last five years) and short-term entity rating have been maintained at A1+ (for last fourteen years). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Pakistan Credit Rating Agency (PACRA) has carried out credit rating assessments.

RISK & UNCERTAINITIES

- The volatile crude oil and product prices in international market mostly results in narrow margins. In such case the Company periodically reviews its production and sale schedule to minimize the losses. One-month time lag in products' pricing generally squeezes margins in increasing price trend.

- The Company faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies. If the recent trend of Pak Rupee de-valuation continues, this can result in huge exchange losses.

CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its social responsibility towards the national economy apart from its customers, employees and shareholders. As a responsible corporate citizen, the Company has contributed to different social segments of the economy in various ways for improving quality of life in the country. Recently, Company contributed Rs. 400,000 as a donation to a charitable trust, and Rs. 200,000 has been paid for promotion of education.

Company is ambitious to be recognized as social partner and not only as commercial entity. In this respect, the Company has kept four disabled persons on its manpower strength as prescribed in Sindh Employment Rehabilitation and Welfare Act 2014 and also made payments to Provincial Council for the Rehabilitation of Disabled Persons in lieu of less number of such persons in the Company's employment.

EMPLOYEES & MANAGEMENT RELATIONS

The relationship between the management and employees including workers' union continued to be cordial. The productivity achieved reflects the dedicated and sincere collective endeavors. An amicable bargained settlement was arrived at between the Management and the Collective Bargaining Agent for a period of two years which will go a long way to improve the cordial relationship between the two parties in the interest of the Company. In order to provide an opportunity to employees to maintain good health, the Company is continuously encouraging the Sports activities at the Refinery premises to promote a healthy approach towards life.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

The preservation of environment by controlling emissions and producing environment friendly fuels has always been the major objective of NRL. Accordingly, we have been continuously striving to contribute our role for pollution controlled environment. As a matter of policy, NRL strives to offer products and services that are clean, safe and of high quality. The management believes that the realization of this basic fact is aimed to fulfill Company's responsibility for better environment. The Company is also focused to exhibit environmental care in all operational activities and encourage promotion of a culture of safe practices among employees.

A comprehensive integrated Management System is in place at NRL which is in accordance with the requirements of ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational Safety & Health Management System) and ISO 9001:2015 (Quality Management System). Your company also participated and won National Forum for Environment & Health (NFEH) Excellence award 2018. We have achieved 29.33 million safe man-hours without Loss Time Injury (LTI) as on June 30, 2018 and will strive to set a benchmark in times ahead.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 43.3 billion to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US$ 121.37 million through the export of Naphtha and Lube Base Oils.

HUMAN RESOURCE DEVELOPMENT

Human Resource of the Company is playing a very significant role in achieving the short and long term corporate and strategic objectives of the Company. Therefore, your Company focuses special attention on their training and development. Various staff members were nominated for local and overseas courses and workshops in different technical and non-technical disciplines. In addition to hands on training programs, the Company has also conducted Management Trainees and Apprenticeship programs where theoretical and practical training in Refinery operations and maintenance was imparted which will not only meet the additional requirement of trained manpower for expansion projects of the Company but would extend a great help to the Petroleum Refining industry in the availability of trained manpower.

SYSTEM OF INTERNAL FINANCIAL CONTROL

The company ensures that adequate internal controls are in place for all its activities including financial transactions. There is an internal audit department in place which conducts regular audits to assess if internal financial controls are adequate in design and have been appropriately implemented and monitored. The directors of the company have constituted an "Audit Committee" that reviews the internal audit department's reports on quarterly basis.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance and has complied with the applicable Listed Companies (Code of Corporate Governance) Regulations 2017 and states that:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and change in equity.

b) Proper books of account have been maintained in the manner required under the Companies Act, 2017.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) The value of investment of various funds, based on their respective accounts as at 30 June, 2018 are as under:

Description	(Rs. in millions) Un-audited
Management staff	
Pension Fund	4,862
Provident Fund	999
Post-Retirement Medical Fund	1,098
Gratuity Fund	45
Non-Management staff	
Gratuity Fund	105
Provident Fund	446

h) The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

i) No trade in the shares of the Company was carried out by the Board of Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except that mentioned in "Pattern of Shareholding".

COMPOSITION AND MEETINGS OF THE BOARD OF DIRECTORS

There have been seven directors on the Board. The composition of the board throughout the year is as follows:

	Category	Names
i	Independent Directors	Mr. Tariq Iqbal Khan Mr. Muhammad Naeem Mr. Zaki Mohamad Mansoer
ii	Non-executive Directors	Mr. Laith G. Pharaon Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Abdus Sattar
iii	Executive Directors	Mr. Shuaib A. Malik Mr. Jamil A. Khan Alternate Director for Mr. Laith G. Pharaon

Currently there is no female director on Company's Board.

During the financial year 2017-18 five meetings of the Board of Directors were held. The attendance of the Directors is as under:

Name of Directors	Total Number of Meetings	Meetings Attended*
Mr. Laith G. Pharaon - Chairman Alternate Director: Mr. Jamil A. Khan	5	5
Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz	5	5
Mr. Shuaib A. Malik Deputy Chairman & Chief Executive Officer	5	5
Mr. Abdus Sattar	5	5
Mr. Zaki Mohamad Mansoer – IDB Nominee	5	1
Mr. Muhammad Naeem – NIT Nominee	5	5
Mr. Tariq Iqbal Khan	5	4

* attended by director or their alternates on the Board of the Company at the time of relevant meetings.

Leave of absence was granted to directors who could not attended the meeting.

HUMAN RESOURCE & REMUNERATION COMMITTEE

HR&R Committee consists of four members. Following is the attendance of the members during the period from July 1, 2017 to June 30, 2018:

Name of Members	Total Number of Meetings	Meetings Attended
Mr. Tariq Iqbal Khan - Chairman*	1	-
Mr. Abdus Sattar	1	1
Mr. Shuaib A. Malik	1	1
Mr. Babar Bashir Nawaz (Alternate for Mr. Wael G. Pharaon)	1	1

* appointed as the Chairman of the Committee effective May 29, 2018.

AUDIT COMMITTEE

Audit committee consists of three members. The attendance of the Directors' for Audit Committee meetings for the year ended June 30, 2018 is as follows:

Name of Members	Total Number of Meetings	Meetings Attended
Mr. Tariq Iqbal Khan - Chairman	4	4
Mr. Babar Bashir Nawaz (Alternate for Mr. Wael G. Pharaon)	4	4
Mr. Abdus Sattar	4	4

DIRECTORS' REMUNERATION POLICY

The Board is authorized to determine the remuneration / fee of its Directors for attending meetings of the Board. No remuneration shall be paid for attending meetings of the Committee(s) of the Board and of attending General Meeting(s) or any other business meeting(s) of the company. Besides, travelling, hotel and other expenses incurred for attending the meetings are also paid.

PATTERN OF SHAREHOLDING

Pattern of shareholdings is shown on page 111.

AUDITORS

Present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. The Board recommends the reappointment of Messrs. A. F. Ferguson & Co., Chartered Accountants as auditors for the financial year ending June 30, 2019.

ACKNOWLEDGEMENT

The Board places on record its appreciation and gratitude to the Company's management and its staff for their untiring efforts. The Board acknowledges the efforts and contributions of customers, suppliers, foreign and local contractors and other stakeholders for their continuous support.

On behalf of the Board.

Director

Shuaib A. Malik
Deputy Chairman &
Chief Executive Officer

August 14, 2018
Dubai

Corporate Governance

CODE OF CONDUCT

National Refinery Limited (the Company) is engaged in the manufacturing of wide range of petroleum products with the objective to achieve sustainable productivity, profitability and high standards of safety, occupational health and environmental care. This entails human resource development, enhancing value addition, implementing conservation measures and growth by up-gradation and addition of newer generation technologies.

The Company requires all its Board Members and Employees to act within the authority conferred upon them and in the best interests of the Company and observe all the Company's policies and procedures as well as relevant laws and regulations, as are applicable in individual capacity or otherwise, including but not limited to the corporate values, business principles and the acceptable and unacceptable behaviour (hereinafter called the Company's Code of Conduct) embodied in this document.

The Company believes that the credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity and respect for people. The Company strongly promotes trust, openness, teamwork and professionalism in its entire business activities.

- The business principles are derived from the above stated corporate values and are applied to all facets of business through well-established procedures. These procedures define behavior expected from each employee in the discharge of his/her responsibility.
- NRL recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:
  - Safeguarding of shareholders' interest and a suitable return on equity.
  - Service customers by providing products, which offer value in terms of price, quality, safety and environmental impact.
  - Respect human rights, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.
  - Seek mutually beneficial business relationship with contractors, suppliers and investment partners.
- The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer places on products and services produced by the Company.
- The Company requires honesty and fairness in all aspect of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form is undesirable.
- The Company is fully committed to reliability and accuracy of financial statements and transparency of transactions in accordance with established procedures and practices.

- The Company does not support any political party or contributes funds to groups having political interests. The Company will however, promote its legitimate business interests through trade associations.
- The Company, consistent with its commitments to sustainable developments, has a systematic approach to the management of health, safety and environment.
- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as education, sports, environment preservation, training programs, skills development and employment within the parameters of its commercial objectives.
- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.
- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost.
- The Company requires all its board members and employees to essentially avoid conflict of interest between private financial and/or other activities and their professional role in the conduct of Company business.
- No board member or employee shall in any manner disclose to any person or cause disclosure of any information or documents, official or otherwise, relating to the Company, except those published, and unless he/she is authorised by the management.
- All papers, books, drawings, sketches, photographs, documents and similar papers containing analysis, formulas, notes or information relating to the Company's business affairs or operations shall always be treated as the Company property, whether prepared by the employee or otherwise and no employee shall be permitted to carry any of these outside business premises unless specifically authorised to do so by the management.
- The Company's property, funds, facilities and services must be used only for authorised purposes.
- The board members or employees of the Company specifically those coming in direct contact with the vendors doing or seeking to do business with the Company shall not receive favours or incur obligations. In case any contractor/supplier to have business relations with the Company happen to be a relative of an official who is entrusted the responsibility of opening/evaluation/award of supply/contract job or with execution or certification of material/services, he/she shall immediately bring the fact to the notice of Managing Director who may entrust the responsibility to another.
- Each employee shall devote his/her full time and energy exclusively to the business and interests of the Company. In particular, no employee (including those on leave) unless otherwise permitted by the Company, shall directly or indirectly engage in any other

profession or business or enter the services of or be employed in any capacity for any purpose whatsoever and for any part of his/her time by any other person, government department, firm or company and/or shall not have any private financial dealings with any other persons of firms having business relations with the company for sale or purchase of any materials or equipments or supply of labour or for any other purpose. Every employee shall hold himself in readiness to perform any duties required of him by his/her superiors to the best of his/her ability.

- No board member or employee of the Company shall, directly or indirectly, deal in the shares of the Company in any manner during the closed period, as determined and informed by the Company.
- No board member or employee of the Company shall practice insider trading.

Without prejudice to any penal action defined in any statute, as applicable, against any kind of non-compliances/violations, non-compliance with the Company's Code of Conduct may expose the person involved to disciplinary action as per Company's rules and/or as determined by the management or the Board of Directors of the Company, as the case may be, on case to case basis.

On behalf of the Board

SHUAIB A. MALIK
Deputy Chairman &
Chief Executive Officer

June 18, 2012

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

FOR THE YEAR ENDED JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:

a.	Male	Seven
b.	Female	None

2. The composition of board is as follows:

	Category	Names
a)	Independent Directors	Mr. Tariq Iqbal Khan Mr. Muhammad Naeem Mr. Zaki Mohamad Mansoer
b)	Non-Executive Directors	Mr. Laith G. Pharaon Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Abdus Sattar
c)	Executive Directors	Mr. Shuaib A. Malik Mr. Jamil A. Khan Alternate Director for Mr. Laith G. Pharaon

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman or Deputy Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Directors were apprised of their duties and responsibilities from time to time. The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
    a) Audit Committee

Mr. Tariq Iqbal Khan - Chairman
Mr. Abdus Sattar
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)

    b) HR and Remuneration Committee

Mr. Tariq Iqbal Khan - Chairman *
Mr. Abdus Sattar
Mr. Shuaib A. Malik
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)

* Appointed as the chairman of the Committee effective May 29, 2018.

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

14. The frequency of meetings of the committee were as per following:
    a) Audit Committee: Quarterly
    b) HR and Remuneration Committee: Yearly

15. The board has set up an effective internal audit function and that is involved in the Internal Audit on full time basis relating to the business and other affairs of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

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

On behalf of the Board

LAITH G. PHARAON
Chairman

August 14, 2018

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NATIONAL REFINERY LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of National Refinery Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Directors' 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Chartered Accountants
Karachi

Dated: August 17, 2018

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board has constituted a fully functional Audit Committee. The features of the terms of reference of the committee in accordance with the Code of Corporate Governance are as follows:

(a) Determination of appropriate measures to safeguard the company's assets;

(b) Review of preliminary announcements of results prior to external communication and publication;

(c) Review of quarterly, half yearly and annual financial statements of the company, prior to their approval by the Board of Directors, 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;
- Compliance with the code of corporate governance regulations and other statutory and regulatory requirements; and
- All related party transactions.

(d) Facilitating the external audit and discussion with external auditors of 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);

(e) Review of management letter issued by external auditors and management's response thereto;

(f) Ensuring coordination between the internal and external auditors;

(g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed;

(h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;

(j) Review of company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

(l) Determination of compliance with relevant statutory requirements;

(m) Monitoring compliance with the code of corporate governance regulations and identification of significant violations thereof;

(n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

(o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service permissible to be rendered to the company in addition to audit of its financial statements; and

(p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

TERMS OF REFERENCE OF HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

The Board adopted the responsibilities contained in clause (xxv) of the Code 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee.

The committee shall be responsible for:

i) Recommending human resource management policies to the board;

ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Stakeholders' Information

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED JUNE 30, 2018

	2018		2017	
	Rupees in million	%	Rupees in million	%
Gross sales revenue	184,216		150,626	
Bought in material and services	(134,305)		(100,182)	
	49,911		50,444	
Income from investment	181		401	
Other Income	377		324	
	558		725	
	50,469	100.0%	51,169	100.0%
Distribution				
To Employees remuneration as:				
Salaries, wages and benefits	2,094	4.2%	1,964	3.8%
To Government as:				
Levies	43,339	85.9%	37,651	73.6%
Company taxation - (refund) / paid	(103)	-0.2%	2,439	4.8%
Worker's fund	68	0.1%	438	0.9%
	43,304	85.8%	40,528	79.3%
To Shareholders as:				
Cash Dividend	800	1.6%	1,799	3.5%
Retained in the business:				
Depreciation & Amortization	3,300	6.5%	631	1.2%
Net earnings	971	1.9%	6,247	12.2%
	4,271	8.4%	6,878	13.4%
	50,469	100.0%	51,169	100.0%

SIX YEARS AT A GLANCE

Description		2017-18	2016-17	2015-16	2014-15	2013-14	(Restated) 2012-13
		← Rupees in million →					
Statement of Profit or Loss							
Net sales		136,985	107,447	93,788	148,457	207,403	179,184
Cost of sales		133,173	97,648	82,745	141,611	204,350	174,118
Purchases		123,951	91,855	75,120	126,374	200,565	166,130
Gross profit		3,812	9,800	11,043	6,846	3,053	5,067
Operating profit		2,673	8,498	10,365	6,413	2,732	5,347
Profit before tax		907	8,315	10,089	5,560	1,880	4,477
Profit after tax		1,771	8,046	7,688	3,709	962	2,846
Statement of Financial Position							
Share Capital		800	800	800	800	800	800
Reserves		42,452	42,540	36,023	29,334	25,794	25,994
Shareholder equity		43,252	43,340	36,822	30,134	26,594	26,794
Fixed Assets		37,719	38,547	23,628	8,066	5,061	4,363
Current Assets		27,548	22,752	29,957	39,901	47,465	51,232
Current Liabilities		22,206	16,683	16,241	17,163	25,802	28,440
Net current assets/ liabilities		5,342	6,069	13,716	22,738	21,663	22,792
Profitability Ratios		**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Gross profit	%	2.78	9.12	11.77	4.61	1.48	2.83
Net profit to sales	%	1.29	7.49	8.20	2.50	0.46	1.59
EBITDA Margin to sales	%	3.12	8.33	11.15	3.98	1.06	2.68
Return on Equity	%	4.09	18.56	20.88	12.31	3.62	10.62
Return on Capital Employed	%	4.09	20.07	22.96	13.08	3.60	10.93
Liquidity Ratios							
Current Ratio	Times	1.24	1.36	1.84	2.32	1.84	1.80
Quick /Acid test ratio	Times	0.67	0.71	1.15	1.53	0.92	1.01
Cash to Current Liabilities	Times	0.02	0.17	0.73	1.01	0.34	0.56
Activity / Turnover Ratios							
Inventory turnover	Days	31.84	40.89	54.03	47.59	40.89	49.54
Debtors turnover	Days	18.42	18.98	24.09	21.17	18.39	24.35
Creditors turnover	Days	33.76	31.82	47.38	45.72	37.60	53.03
Total Assets turnover ratio	Times	2.08	1.75	1.75	3.09	3.93	3.22
Fixed assets turnover ratio	Times	3.63	2.79	3.97	18.40	40.98	41.07
Investment / Market Ratios							
Earnings per share (EPS) and diluted EPS	Rs.	22.14	100.61	96.14	46.38	12.03	35.59
Price earning ratio	Times	20.01	7.22	4.94	5.00	17.87	6.76
Dividend yield ratio	%	2.26	3.10	4.21	4.31	-	6.23
Cash Dividend payout ratio	%	45.17	22.36	20.80	21.56	-	42.17
Dividend cover ratio	Times	2.21	4.47	4.81	4.64	-	2.37
Cash Dividend per share	Rs./share	10.00	22.50	20.00	10.00	-	15.00
Market value per share at year end	Rs./share	443	726	475	232	215	241
Breakup value per share	Rs./share	541	542	460	377	333	336

HORIZONTAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2018		2017		2016		2015		2014		2013 - Restated	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
ASSETS												
NON-CURRENT ASSETS												
Fixed assets	37,718.72	864.5%	38,547.36	883.5%	23,627.92	541.6%	8,066.11	184.9%	5,061.22	116.0%	4,362.94	100.0%
Long term loans	54.21	103.8%	51.33	98.3%	40.92	78.3%	42.58	81.5%	41.49	79.4%	52.24	100.0%
Long term deposits	30.27	100.3%	30.19	100.0%	30.19	100.0%	30.19	100.0%	30.19	100.0%	30.19	100.0%
Deferred taxation	456.85	-	-	-	-	-	-	-	165.34	-	-	-
Retirement benefit prepayments	6.27	-	5.47	-	4.91	-	22.40	-	12.71	-	-	-
	38,266.32	860.8%	38,634.35	869.1%	23,703.94	533.2%	8,161.28	183.6%	5,310.95	119.5%	4,445.37	100.0%
CURRENT ASSETS												
Stores, spares and chemicals	1,501.86	190.6%	908.61	115.3%	907.49	115.2%	1,003.10	127.3%	1,149.43	145.9%	788.08	100.0%
Stock-in-trade	12,627.66	56.0%	10,931.02	48.5%	11,252.50	49.9%	13,585.66	60.2%	23,856.56	105.7%	22,563.75	100.0%
Trade receivables	7,986.21	72.8%	6,032.87	55.0%	5,297.20	48.3%	7,253.04	66.1%	10,207.07	93.0%	10,976.99	100.0%
Loans and advances	58.25	160.6%	64.28	177.2%	84.72	233.5%	74.60	205.6%	48.43	133.5%	36.28	100.0%
Trade deposits and short-term prepayments	16.92	205.8%	14.01	170.5%	10.58	128.7%	8.92	108.5%	53.24	647.7%	8.22	100.0%
Interest accrued	7.39	8.6%	15.83	18.4%	28.78	33.4%	32.24	37.4%	40.84	47.4%	86.12	100.0%
Other receivables	3,569.87	1299.5%	674.37	245.5%	504.42	183.6%	547.33	199.2%	301.90	109.9%	274.71	100.0%
Taxation - payments less provision	1,237.95	-	1,341.12	-	-	-	-	-	-	-	-	-
Short term investments	-	-	-	-	-	-	123.54	25.1%	3,002.86	609.7%	492.52	100.0%
Cash and bank balances	541.84	3.4%	2,769.49	17.3%	11,870.90	74.2%	17,272.94	107.9%	8,804.87	55.0%	16,004.88	100.0%
	27,547.95	53.8%	22,751.60	44.4%	29,956.59	58.5%	39,901.37	77.9%	47,465.20	92.7%	51,231.55	100.0%
TOTAL ASSETS	65,814.27	118.2%	61,385.95	110.3%	53,660.53	96.4%	48,062.65	86.3%	52,776.15	94.8%	55,676.92	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%
Reserves	42,451.87	163.3%	42,540.21	163.7%	36,022.78	138.6%	29,334.04	112.9%	25,793.97	99.2%	25,994.04	100.0%
	43,251.54	161.4%	43,339.88	161.8%	36,822.45	137.4%	30,133.71	112.5%	26,593.64	99.3%	26,793.71	100.0%
LIABILITIES												
NON-CURRENT LIABILITIES												
Long-term borrowing	12.87	-	689.49	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	343.85	86.8%	264.82	66.9%	462.17	116.7%	594.46	150.1%	380.86	96.2%	396.00	100.0%
Deferred taxation	-	-	408.57	863.4%	135.37	286.1%	171.56	362.5%	-	-	47.32	100.0%
CURRENT LIABILITIES												
Trade and other payables	20,550.99	77.6%	16,402.21	61.9%	14,958.67	56.5%	16,365.69	61.8%	24,862.72	93.9%	26,482.55	100.0%
Dividend payable	92.00	144.0%	82.26	128.7%	71.92	112.5%	67.33	105.4%	68.55	107.3%	63.91	100.0%
Accrued mark-up	33.78	-	9.75	-	-	-	-	-	-	-	-	-
Provisions	112.36	27.3%	112.36	27.3%	112.36	27.3%	112.36	27.3%	246.19	59.8%	411.40	100.0%
Short term running finance	1,340.27	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term borrowing	76.61	-	76.61	-	-	-	-	-	-	-	-	-
Taxation - provision less payments	-	-	-	-	1,097.59	74.1%	617.54	41.7%	624.19	42.1%	1,482.03	100.0%
	22,206.01	78.1%	16,683.19	58.7%	16,240.54	57.1%	17,162.92	60.4%	25,801.65	90.7%	28,439.89	100.0%
TOTAL EQUITY AND LIABILITIES	65,814.27	118.2%	61,385.95	110.3%	53,660.53	96.4%	48,062.65	86.3%	52,776.15	94.8%	55,676.92	100.0%

VERTICAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2018		2017		2016		2015		2014		2013 - Restated	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
ASSETS												
NON-CURRENT ASSETS												
Fixed assets	37,718.72	57.3%	38,547.36	62.8%	23,627.92	44.0%	8,066.11	16.8%	5,061.22	9.6%	4,362.94	7.8%
Long term loans	54.21	0.1%	51.33	0.1%	40.92	0.1%	42.58	0.1%	41.49	0.1%	52.24	0.1%
Long term deposits	30.27	0.1%	30.19	0.1%	30.19	0.1%	30.19	0.1%	30.19	0.1%	30.19	0.1%
Deferred taxation	456.85	0.7%	-	-	-	-	-	-	165.34	0.3%	-	-
Retirement benefit prepayments	6.27	0.0%	5.47	0.0%	4.91	0.0%	22.40	0.1%	12.71	0.0%	-	
	38,266.32	58.2%	38,634.35	63.0%	23,703.94	44.2%	8,161.28	17.1%	5,310.95	10.1%	4,445.37	8.0%
CURRENT ASSETS												
Stores, spares and chemicals	1,501.86	2.3%	908.61	1.5%	907.49	1.6%	1,003.10	2.1%	1,149.43	2.2%	788.08	1.4%
Stock-in-trade	12,627.66	19.2%	10,993.02	17.8%	11,252.50	21.0%	13,585.66	28.2%	23,856.56	45.2%	22,563.75	40.4%
Trade receivables	7,986.21	12.1%	6,032.87	9.8%	5,297.20	9.9%	7,253.04	15.1%	10,207.07	19.3%	10,976.99	19.7%
Loans and advances	58.25	0.1%	64.28	0.1%	84.72	0.2%	74.60	0.1%	48.43	0.1%	36.28	0.1%
Trade deposits and short-term prepayments	16.92	0.0%	14.01	0.0%	10.58	0.0%	8.92	0.0%	53.24	0.1%	8.22	0.0%
Interest accrued	7.39	0.0%	15.83	0.0%	28.78	0.1%	32.24	0.1%	40.84	0.1%	86.12	0.2%
Other receivables	3,569.87	5.4%	674.37	1.1%	504.42	0.9%	547.33	1.1%	301.90	0.6%	274.71	0.5%
Taxation - payments less provision	1,237.95	1.9%	1,341.12	2.2%	-	-	-	-	-	-	-	-
Short term investments	-	-	-	-	-	-	123.54	0.3%	3,002.86	5.7%	492.52	0.9%
Cash and bank balances	541.84	0.8%	2,769.49	4.5%	11,870.90	22.1%	17,272.94	35.9%	8,804.87	16.6%	16,004.88	28.8%
	27,547.95	41.8%	22,751.60	37.0%	29,956.59	55.8%	39,901.37	82.9%	47,465.20	89.9%	51,231.55	92.0%
TOTAL ASSETS	65,814.27	100.0%	61,385.95	100.0%	53,660.53	100.0%	48,062.65	100.0%	52,776.15	100.0%	55,676.92	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	799.67	1.2%	799.67	1.3%	799.67	1.5%	799.67	1.7%	799.67	1.5%	799.67	1.4%
Reserves	42,451.87	64.5%	42,540.21	69.3%	36,022.78	67.1%	29,334.04	61.0%	25,793.97	48.9%	25,994.04	46.7%
	43,251.54	65.7%	43,339.88	70.6%	36,822.45	68.6%	30,133.71	62.7%	26,593.64	50.4%	26,793.71	48.1%
LIABILITIES												
NON-CURRENT LIABILITIES												
Long-term borrowing	12.87	0.0%	689.49	1.1%	-	-	-	-	-	-	-	-
Retirement benefit obligations	343.85	0.5%	264.82	0.4%	462.17	0.9%	594.46	1.2%	380.86	0.7%	396.00	0.7%
Deferred taxation	-	-	408.57	0.7%	135.37	0.3%	171.56	0.4%	-	-	47.32	0.1%
CURRENT LIABILITIES												
Trade and other payable	20,550.99	31.3%	16,402.21	26.8%	14,958.67	27.9%	16,365.69	34.1%	24,862.72	47.1%	26,482.55	47.6%
Dividend payable	92.00	0.1%	82.26	0.1%	71.92	0.1%	67.33	0.1%	68.55	0.1%	63.91	0.1%
Accrued mark-up	33.78	0.1%	9.75	0.0%	-	-	-	-	-	-	-	-
Provisions	112.36	0.2%	112.36	0.2%	112.36	0.2%	112.36	0.2%	246.19	0.5%	411.40	0.7%
Short term running finance	1,340.27	2.0%	-	-	-	-	-	-	-	-	-	-
Current portion of long-term borrowing	76.61	0.1%	76.61	0.1%	-	-	-	-	-	-	-	-
Taxation - provision less payments	-	-	-	-	1,097.59	2.0%	617.54	1.3%	624.19	1.2%	1,482.03	2.7%
	22,206.01	33.8%	16,683.19	27.2%	16,240.54	30.2%	17,162.92	35.7%	25,801.65	48.9%	28,439.89	51.1%
TOTAL EQUITY AND LIABILITIES	65,814.27	100.0%	61,385.95	100.0%	53,660.53	100.0%	48,062.65	100.0%	52,776.15	100.0%	55,676.92	100.0%

HORIZONTAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

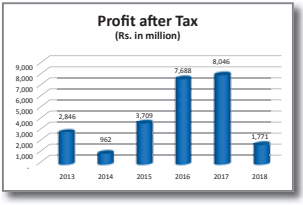
	2018		2017		2016		2015		2014		2013	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net sales	136,984.94	76.5%	107,447.44	60.0%	93,788.38	52.3%	148,456.51	82.9%	207,403.26	115.8%	179,184.42	100.0%
Cost of sales	(133,172.93)	76.5%	(97,647.94)	56.1%	(82,745.29)	47.5%	(141,610.76)	81.3%	(204,349.84)	117.4%	(174,117.51)	100.0%
Gross profit	3,812.01	75.2%	9,799.50	193.4%	11,043.09	218.0%	6,845.75	135.1%	3,053.42	60.3%	5,066.91	100.0%
Distribution cost	(756.51)	72.9%	(734.78)	70.8%	(685.64)	66.1%	(865.46)	83.4%	(1,090.29)	105.1%	(1,037.57)	100.0%
Administrative expenses	(863.19)	170.1%	(841.19)	165.8%	(752.54)	148.3%	(662.69)	130.6%	(520.72)	102.6%	(507.51)	100.0%
Other income	558.08	25.6%	724.82	33.3%	1,514.19	69.5%	1,525.31	70.0%	1,436.15	65.9%	2,179.74	100.0%
Other operating expenses	(77.45)	21.9%	(450.65)	127.1%	(754.55)	212.8%	(430.00)	121.3%	(146.60)	41.4%	(354.52)	100.0%
Operating profit	2,672.94	50.0%	8,497.70	158.9%	10,364.55	193.8%	6,412.91	119.9%	2,731.96	51.1%	5,347.05	100.0%
Finance cost	(1,765.61)	202.8%	(182.53)	21.0%	(275.52)	31.7%	(852.68)	98.0%	(852.32)	97.9%	(870.54)	100.0%
Profit before taxation	907.33	20.3%	8,315.17	185.8%	10,089.03	225.4%	5,560.23	124.2%	1,879.64	42.0%	4,476.51	100.0%
Taxation	863.35	-52.9%	(269.39)	16.5%	(2,400.95)	147.2%	(1,851.25)	113.5%	(917.77)	56.3%	(1,630.86)	100.0%
Profit after taxation	1,770.68	62.2%	8,045.78	282.7%	7,688.08	270.2%	3,708.98	130.3%	961.87	33.8%	2,845.65	100.0%

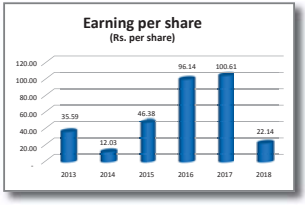
VERTICAL STATEMENT OF PROFIT OR LOSS

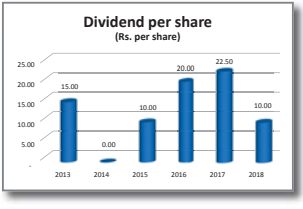
FOR THE YEAR ENDED

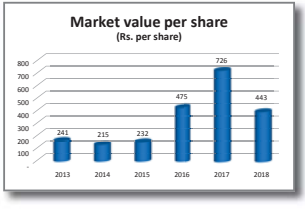
	2018		2017		2016		2015		2014		2013	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net sales	136,984.94	100.0%	107,447.44	100.0%	93,788.38	100.0%	148,456.51	100.0%	207,403.26	100.0%	179,184.42	100.0%
Cost of sales	(133,172.93)	-97.2%	(97,647.94)	-90.9%	(82,745.29)	-88.2%	(141,610.76)	-95.4%	(204,349.84)	-98.5%	(174,117.51)	-97.2%
Gross profit	3,812.01	2.8%	9,799.50	9.1%	11,043.09	11.8%	6,845.75	4.6%	3,053.42	1.5%	5,066.91	2.8%
Distribution cost	(756.51)	-0.5%	(734.78)	-0.7%	(685.64)	-0.7%	(865.46)	-0.6%	(1,090.29)	-0.5%	(1,037.57)	-0.6%
Administrative expenses	(863.19)	-0.6%	(841.19)	-0.8%	(752.54)	-0.8%	(662.69)	-0.4%	(520.72)	-0.3%	(507.51)	-0.3%
Other operating income	558.08	0.4%	724.82	0.7%	1,514.19	1.6%	1,525.31	1.0%	1,436.15	0.7%	2,179.74	1.2%
Other operating expenses	(77.45)	-0.1%	(450.65)	-0.4%	(754.55)	-0.8%	(430.00)	-0.3%	(146.60)	-0.1%	(354.52)	-0.2%
Operating profit	2,672.94	2.0%	8,497.70	7.9%	10,364.55	11.1%	6,412.91	4.3%	2,731.96	1.3%	5,347.05	2.9%
Finance cost	(1,765.61)	-1.3%	(182.53)	-0.2%	(275.52)	-0.3%	(852.68)	-0.6%	(852.32)	-0.4%	(870.54)	-0.5%
Profit before taxation	907.33	0.7%	8,315.17	7.7%	10,089.03	10.8%	5,560.23	3.7%	1,879.64	0.9%	4,476.51	2.4%
Taxation	863.35	0.6%	(269.39)	-0.2%	(2,400.95)	-2.6%	(1,851.25)	-1.2%	(917.77)	-0.4%	(1,630.86)	-0.9%
Profit after taxation	1,770.68	1.3%	8,045.78	7.5%	7,688.08	8.2%	3,708.98	2.5%	961.87	0.5%	2,845.65	1.5%

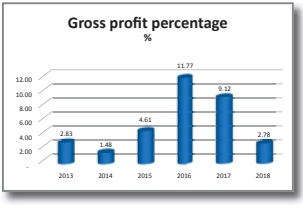
GRAPHICAL REPRESENTATION

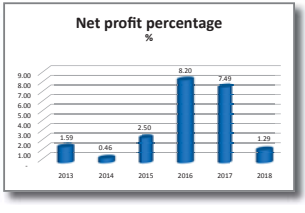












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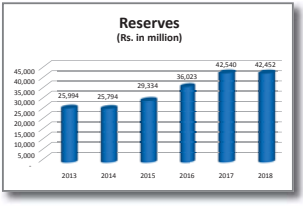
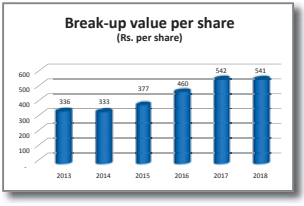
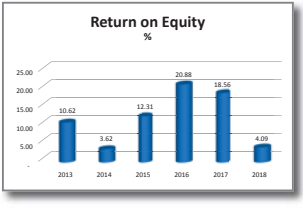
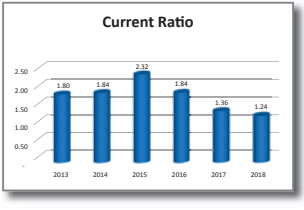
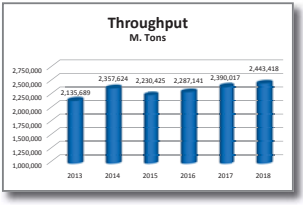
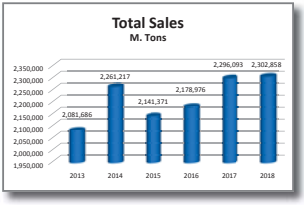








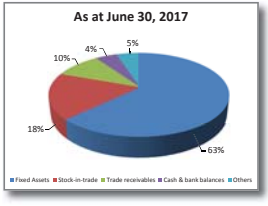


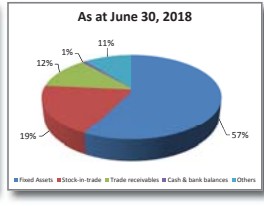


GRAPHICAL REPRESENTATION

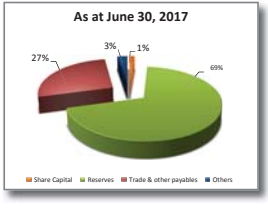
STATEMENT OF FINANCIAL POSITION

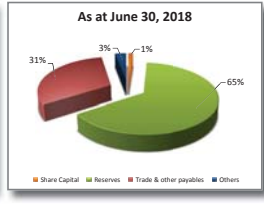
ASSETS



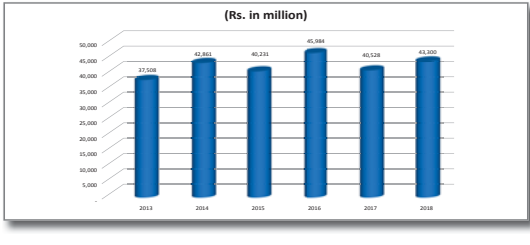


EQUITY AND LIABILITIES





CONTRIBUTION TO NATIONAL EXCHEQUER



Annual Audited Financial Statements

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A·F·FERGUSON&Co.

Independent Auditor's Report to the members of National Refinery Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Following are the Key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Companies Act, 2017** As stated in note 3.3 to the financial statements, the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's financial statements which are included in notes 2, 4.1.4, 4.1.5, 6, 6.2, 11.2, 12, 14.1, 20.7, 35.2, 40, 43.3 and 45 In view of the extensive impacts on the financial statements due to first time application of the fourth schedule to the Act, we consider it as a key audit matter.	Our audit procedures included the following: Considering the management's process to identify the additional disclosures required in the Company's financial statements; Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the Act and our understanding of the Company's operations and business; and Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.
2.	**Stock-in-Trade** As disclosed in note 10 to the financial statements, stock-in-trade comprises of crude oil and condensate, semi-finished and finished products amounting to Rs. 3,530 million, Rs. 3,253 million and Rs. 5,845 million respectively. For determination of volume of stock-in-trade as at June 30, 2018, the Company conducts 100% stock count. The Company also involves an external expert for the purpose of stock count. The stock-in-trade quantities are determined by obtaining dips and measuring the temperature and density of the stock-in-trade. The volume of the stock-in-trade is also determined by using the aforementioned parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks, to calibrate the quantity. This calibrated quantity is used for valuation of stock-in-trade. Due to the significance of the stock balances and related complexities involved, this is considered a key audit matter.	We attended the physical count of the stock-in-trade and observed the said parameters. An employee of the Company and an external surveyor were also present. Our audit work included obtaining samples of stock-in-trade from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the Company's laboratory to determine the nature of the stock after our internal coding of the samples. We have obtained and reviewed the stock-in-trade count report of the external surveyor for 100% stock-in-trade and re-performed the working for determination of volume. We have also checked the background and experience of the surveyor to ensure his competence and capability.

S. No.	Key Audit Matters	How the matter was addressed in our audit
3.	**Refinery Upgradation Projects** On October 9, 2017 the Pentane / Hexane unit of Isomerization Project (ISOM) was completed which led to successful commissioning of ISOM. Completion of ISOM enabled the Refinery to convert Naphtha into Motor Gasoline. During the year, the Company transferred assets pertaining to ISOM amounting to Rs. 6.5 billion from Capital work in progress to Operating Assets as stated in note 2 in the financial statements. The capitalisation of project cost involved: • determining which costs meet the criteria for capitalization under the accounting and reporting standards. • determining the date on which assets under construction are transferred to property, plant and equipment and their respective dates from which depreciation commences; and • the estimation of economic useful lives and residual values assigned to property, plant and equipment. We identified the addition in carrying value of property, plant and equipment as a key audit matter because of the high level of management judgement involved and because of its significance to the financial statements.	Our audit work included assessing the nature of property, plant and equipment capitalized by the Company to test the validity of amounts capitalized and evaluating whether assets capitalized meet the recognition criteria set out in IAS 16. Our audit work considered whether capitalization of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company and that a consistent approach was applied by the Company across all significant operations. Furthermore, we assessed the useful economic lives assigned with reference to the Company's historical experience, our understanding of the future utilization of assets by the Company. We also obtained representation with respect to the assets useful lives from engineers working on the project.

S. No.	Key Audit Matters	How the matter was addressed in our audit
4.	**Income Tax Refund** There is a dispute between the Company and the tax department on the matter of allocation of expenses relating to export sales which are subject to Final Tax Regime. The Company contends that such allocation be made on the basis of quantity of sales not being the value of supply. The tax department had allocated such expenses on the basis of value of supply. Appellate Tribunal Inland Revenue (ATIR) has not accepted Company's contention of the basis of allocation and the matter is pending before the High Court of Sindh. Moreover, during the year, through a subsequent order, ATIR has accepted Company's contention that whilst determining the value of sales, the amount should be taken at the gross sales and not after deducting sales tax and discounts. This order has resulted in a refund of Rs. 6.19 billion out of which Rs.450 million has been received during the year. However, the Tax Department has filed an appeal in the High Court of Sindh against the ATIR order. The Company continues to carry the provision for taxation until the principal issue is decided by the Court. This matter is considered as a key audit matter due to the significance of the refund and the significant management judgement involved in carrying the tax provision.	The case was discussed with in house legal counsel and we have obtained and reviewed the relevant regulatory and litigation documents in order to assess the facts and circumstances. We have obtained confirmation from the legal advisor of the Company with respect to the matter. The range of reasonably possible outcomes was considered for adjustments to the financial statements to independently assess the appropriateness of the judgement made by the Company. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

S. No.	Key Audit Matters	How the matter was addressed in our audit
5.	**Regulatory Duty** During the year, the Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of the Ministry of Energy (MOE) has approved a recovery mechanism for regulated products through which refineries will operate on no gain / loss basis on this account. OGRA has directed Oil Companies Advisory Committee (OCAC) to ensure implementation of this mechanism. The Company has worked out the impact of the above mechanism and adjusted the regulatory duty on regulated products in the trade payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively. During the year, the impact of such recovery mechanism on cost of sales and sales amounted to Rs. 2,182 million (out of which Rs. 245 million was accumulated upto June 30, 2017) and Rs. 1,437 million respectively. Due to the significance of the amount and being a significant event impacting the financial statements for the year, this is considered a key audit matter.	We have read and assessed the recovery mechanism issued by the OGRA and its impact on the Company's financial statements. We have obtained various correspondence with respect to the recovery mechanism by the Company with the MOE. Our audit work included recalculation of the related working for determination of regulatory duty in accordance with applicable recovery mechanism. We have also assessed the adequacy of the disclosures made in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the board of directors 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 directors 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 directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rashid A. Jafer.

Chartered Accountants
Karachi

Date: August 17, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	4	37,718,722	38,547,362
Long term investment	5	-	-
Long term loans	6	54,205	51,333
Long term deposits	7	30,265	30,189
Deferred taxation	8	456,849	-
Retirement benefit prepayments	20	6,268	5,468
		38,266,309	38,634,352
CURRENT ASSETS			
Stores, spares and chemicals	9	1,501,864	908,606
Stock-in-trade	10	12,627,661	10,931,017
Trade receivables	11	7,986,214	6,032,874
Loans and advances	12	58,253	64,276
Trade deposits and short-term prepayments	13	16,915	14,013
Interest accrued		7,394	15,831
Other receivables	14	3,569,871	674,368
Taxation - payments less provision	15	1,237,953	1,341,117
Cash and bank balances	16	541,837	2,769,491
		27,547,962	22,751,593
TOTAL ASSETS		65,814,271	61,385,945
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	799,666	799,666
Reserves	18	42,451,871	42,540,214
		43,251,537	43,339,880
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowing	19	12,870	689,490
Retirement benefit obligations	20	343,853	264,824
Deferred taxation	8	-	408,566
		356,723	1,362,880
CURRENT LIABILITIES			
Trade and other payables	21	20,550,989	16,402,206
Unclaimed dividend		60,525	49,278
Unpaid dividend	22	31,478	32,980
Accrued mark-up	23	33,775	9,750
Provisions	24	112,361	112,361
Short term running finance	25	1,340,273	-
Current portion of long-term borrowing	19	76,610	76,610
		22,206,011	16,683,185
TOTAL LIABILITIES		22,562,734	18,046,065
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		65,814,271	61,385,945

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

Chief Financial Officer | Chief Executive | Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Gross sales	27	184,216,252	150,625,769
Trade discounts, taxes, duties, levies and price differential	28	(47,231,312)	(43,178,325)
Net sales		136,984,940	107,447,444
Cost of sales	29	(133,172,931)	(97,647,936)
Gross profit		3,812,009	9,799,508
Distribution cost	30	(756,507)	(734,788)
Administrative expenses	31	(863,194)	(841,192)
Other income	32	558,088	724,818
Other operating expenses	33	(77,453)	(450,649)
Operating profit		2,672,943	8,497,697
Finance cost	34	(1,765,615)	(182,526)
Profit before taxation		907,328	8,315,171
Taxation	35	863,356	(269,390)
Profit after taxation		1,770,684	8,045,781
		(Rupees)	
Earnings per share - basic and diluted	36	22.14	100.61

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

Chief Financial Officer | Chief Executive | Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
Profit after taxation	1,770,684	8,045,781
Other comprehensive income / (loss)		
Items that will not be reclassified to profit and loss account		
Remeasurements of post employment benefit obligations - note 20	(61,835)	74,794
Deferred tax thereon	2,056	(3,807)
	(59,779)	70,987
Total comprehensive income	1,710,905	8,116,768

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

Chief Financial Officer | Chief Executive | Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,223,057	9,098,575
Income tax refund / (paid)		103,161	(2,438,708)
Finance cost paid		(48,055)	-
Increase in long term loans		(2,872)	(10,415)
Increase in long term deposits		(76)	-
Payment made to staff retirement benefit funds		(97,020)	(248,258)
Net cash flow from operating activities		1,178,195	6,401,194
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,250,650)	(15,058,261)
Purchase of intangible assets		(220,221)	(35,353)
Proceeds from disposal of property, plant and equipment		2,035	-
Return on investments and bank accounts		188,837	413,914
Net cash flow used in investing activities		(2,279,999)	(14,679,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,789,503)	(1,589,001)
Proceeds from long term borrowing		-	766,100
Repayment of long term borrowing	19.1	(600,010)	-
Current portion of long term loan repaid	19.1	(76,610)	-
Net cash flow used in financing activities		(2,466,123)	(822,901)
Net decrease in cash and cash equivalents		(3,567,927)	(9,101,407)
Cash and cash equivalents at beginning of the year		2,769,491	11,870,898
Cash and cash equivalents at end of the year	38	(798,436)	2,769,491

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

Chief Financial Officer | Chief Executive | Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	CAPITAL RESERVES				REVENUE RESERVES		Total
	Issued, subscribed and paid-up	Capital compensation reserve (note 18.1)	Exchange equalisation reserve	Special reserve (note 18.2)	Utilised special reserve (note 18.3)	General reserve	Unappropriated profit	
	(Rupees in thousand)							
Balance as at July 1, 2016	799,666	10,142	4,117	5,683,233	-	24,061,000	6,264,285	36,822,443
Total comprehensive income for the year ended June 30, 2017								
- Profit for the year ended June 30, 2017	-	-	-	-	-	-	8,045,781	8,045,781
- Other comprehensive income for the year ended June 30, 2017	-	-	-	-	-	-	70,987	70,987
	-	-	-	-	-	-	8,116,768	8,116,768
Transfer to general reserve	-	-	-	-	-	4,000,000	(4,000,000)	-
Final dividend for the year ended June 30, 2016 - Rs. 20 per share	-	-	-	-	-	-	(1,599,331)	(1,599,331)
Income of fuel refinery operations transferred to special reserve	-	-	-	3,948,681	-	-	(3,948,681)	-
Transfer to utilised special reserve	-	-	-	(9,631,914)	9,631,914	-	-	-
Balance as at June 30, 2017	799,666	10,142	4,117	-	9,631,914	28,061,000	4,833,041	43,339,880
Total comprehensive income for the year ended June 30, 2018								
- Profit for the year ended June 30, 2018	-	-	-	-	-	-	1,770,684	1,770,684
- Other comprehensive loss for the year ended June 30, 2018	-	-	-	-	-	-	(59,779)	(59,779)
	-	-	-	-	-	-	1,710,905	1,710,905
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Final dividend for the year ended June 30, 2017 - Rs. 22.50 per share	-	-	-	-	-	-	(1,799,248)	(1,799,248)
Balance as at June 30, 2018	799,666	10,142	4,117	-	9,631,914	31,061,000	1,744,698	43,251,537

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

Chief Financial Officer | Chief Executive | Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND OPERATIONS

National Refinery Limited was incorporated in Pakistan on August 19, 1963 as a public limited company and its shares are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 7-B, Korangi Industrial Area, Karachi, Pakistan.

The Company is engaged in the manufacturing, production and sale of a large range of petroleum products. The refinery complex of the Company comprises of three refineries, consisting of two lube refineries, commissioned in 1966 and 1985, and a fuel refinery added to the complex in 1977.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

a) On October 09, 2017 the Pentane / Hexane unit of Isomerisation project (ISOM) was completed which led to the successful commissioning of ISOM. Completion of ISOM enabled the Refinery to convert Naphtha into Motor Gasoline. During the year, the Company transferred assets pertaining to ISOM project amounting to Rs. 6.5 billion from Capital work in progress to Operating Assets. Further, the Company capitalised Diesel Hydro De-sulphurisation (DHDS) on June 21, 2017.

   Additional depreciation amounting to Rs. 2,286 million and Rs. 465 million pertaining to DHDS and ISOM respectively has been charged in the current year.

b) During the year, the Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of Ministry of Energy (MOE) has approved a recovery mechanism for regulated products through which refineries will operate on no gain / loss basis on this account. OGRA has directed Oil Companies Advisory Committee (OCAC) to ensure implementation of this mechanism. The Company has worked out the impact of such mechanism and adjusted the regulatory duty on regulated products in the trade payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively. During the year, the impact of such recovery mechanism on cost of sales and sales amounted to Rs. 2,182 million (out of which Rs. 245 million was accumulated upto June 30, 2017) and Rs. 1,437 million respectively.

   The imposition of regulatory duty has no impact on inter-segment sales as the mechanism specifies that the impact of regulatory duty on crude oil for de-regulated products is to be recovered from customers. This fact has been communicated to the MOE.

c) Due to devaluation of Pak Rupee during the year ended June 30, 2018, the Company suffered net exchange loss amounting to Rs. 1.69 billion for payments of liabilities denominated in US Dollar during the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i. Taxation

The Company recognises provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

ii. Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 20.

iii. Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment as disclosed in note 3.5 and 4.1 to these financial statements. Further, the Company reviews the carrying value of assets for impairment, if any, on each reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the financial statements.

3.3 Changes in accounting standards, interpretations and pronouncements

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

IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided.

The fourth schedule to the Companies Act 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in nomenclature of primary statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of siginificant additional disclosures.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2017 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: lAS 18 Revenue, lAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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 is 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 these standards on its financial statements.

3.4 Overall Valuation Policy

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

3.5 Property, plant and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment, if any, except major spare parts and stand-by equipment which are stated at cost less accumulated impairment, if any, and capital work-in-progress, which are stated at cost.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company 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.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal or retirement of property, plant and equipment are recognised in income currently.

3.6 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as intangible asset. Direct costs include the purchase cost of software, implementation cost and related overhead cost.

Intangible assets are amortised using the straight-line method over a period of three years or license period, whichever is shorter.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.7 Investments

The Company determines the appropriate classification of its investment at the time of purchase.

Investment in securities which are intended to be held for an undefined period of time are classified as available for sale. These are initially measured at fair value including the transaction costs. Subsequent measurement of investments whose fair value can be reliably measured is stated at fair value with gains or losses taken to other comprehensive income.

Available for sale investments in unlisted securities whose fair value cannot be reliably measured are carried at cost less impairment, if any.

Investments with fixed payments and maturity that the Company has the positive intent and ability to hold till maturity are classified as held-to-maturity investments. These are measured at amortised cost using the effective interest method.

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or loses recognised directly in the statement of profit or loss. The fair value of such investments is determined on the basis of prevailing market prices. In the case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Asset Value (NAV) as announced by the Asset Management Company.

Impairment, if any, is charged to the statement of profit or loss.

3.8 Stores, spares and chemicals

Stores, spares and chemicals, except items in transit, are stated at moving average cost. Cost comprises invoice value and other direct costs. Provision is made for slow moving and obsolete items wherever necessary.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.9 Stock-in-trade

Stock of crude oil is valued at lower of cost, determined on a First-In-First-Out (FIFO) basis and net realisable value. Crude oil in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Stocks of semi-finished and finished products are valued at lower of cost, determined on a FIFO basis and net realisable value. Cost in relation to semi-finished and finished products represents cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

3.10 Trade and other receivables

Trade and other receivables are carried at invoice value less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade and other receivables considered irrecoverable are written-off.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments and loans and receivables with original maturities of three months or less, running finance under mark-up arrangements and short-term finance.

3.12 Staff retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

3.12.1 Defined contribution plan

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

3.12.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Company operates the following schemes:

i) Funded pension scheme for permanent, regular and full time managerial and supervisory staff of the Company who joined prior to January 01, 2012. Contributions are made to the fund on the basis of actuarial valuation and are charged to income. The most recent valuation of the scheme was carried out as at June 30, 2018, using the 'Projected Unit Credit Method'.

ii) Funded gratuity scheme for non-management permanent employees of the Company. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2018, using the 'Projected Unit Credit Method'.

iii) Funded medical scheme for management employees who joined the Company prior to September 01, 2006. Provision is made annually to cover obligations under the scheme, by way of a charge to income, calculated in accordance with the actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2018, using the 'Projected Unit Credit Method'.

iv) Funded gratuity scheme for management employees of the Company joining on or after January 1, 2012. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2018, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past-service costs are recognised immediately in income.

3.13 Compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2018 using the 'Projected Unit Credit Method'.

3.14 Trade and other payables

Liabilities for trade and other amounts payable including amounts payable to related parties are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.15 Provisions

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

3.16 Taxation

3.16.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

3.16.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the statement of profit or loss. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

a) Local sales of products delivered through pipelines are recorded when products pass through pipelines' flange. Sale of products loaded through gantry is recognised when products are loaded into tank lorries.

b) Export sales are recorded on the basis of products delivered to tankers.

c) Handling and storage income, pipeline charges, scrap sales, insurance commission and rental income are recognised on accrual basis.

d) Return / interest on bank deposits and advances to employees are recognised on accrual basis.

e) Return / interest on short term investments is recognised using the effective interest method.

f) Dividend income is recognised as income when the right of receipt is established.

3.18 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction cost incurred.

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

3.19 Foreign currency transactions and translation

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the statement of financial position date. Exchange differences are taken to income currently.

3.20 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company.

3.22 Dividends and appropriation to general reserve

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

4. FIXED ASSETS

	2018	2017
	(Rupees in thousand)	
Property, plant and equipment		
- Operating assets - note 4.1	35,225,898	30,804,238
- Major spare parts and stand-by equipment - note 4.2	297,592	260,153
- Capital work-in-progress - note 4.3	2,005,866	7,443,967
	37,529,356	38,508,358
Intangible assets - note 4.4	189,366	39,004
	37,718,722	38,547,362

4.1 Operating assets

	Leasehold land (note 4.1.1)	Buildings on leasehold land	Plant and machinery (note 4.1.2)	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipment	Total
	(Rupees in thousand)							
Year ended June 30, 2018								
Opening net book value	44,237	586,820	29,523,501	35,427	9,521	5,260	599,472	30,804,238
Additions	-	-	15,764	6,231	6,831	5,066	63,437	97,329
Transfers from capital work in progress	-	57,814	7,445,958	-	1,686	726	51,150	7,557,334
Disposals								
Cost	-	-	-	(4,587)	-	-	-	(4,587)
Accumulated depreciation	-	-	-	1,635	-	-	-	1,635
	-	-	-	(2,952)	-	-	-	(2,952)
Depreciation charge - note 4.1.3	(596)	(39,447)	(3,094,112)	(9,117)	(1,863)	(4,192)	(80,724)	(3,230,051)
Closing net book value	43,641	605,187	33,891,111	29,589	16,175	6,860	633,335	35,225,898
As at June 30, 2018								
Cost	60,035	945,601	44,095,407	103,348	29,614	63,764	1,253,056	46,550,825
Accumulated depreciation	(16,394)	(340,414)	(10,204,296)	(73,759)	(13,439)	(56,904)	(619,721)	(11,324,927)
Net book value	43,641	605,187	33,891,111	29,589	16,175	6,860	633,335	35,225,898
Year ended June 30, 2017								
Opening net book value	44,833	186,870	2,379,304	25,460	7,243	7,106	583,161	3,233,977
Additions	-	-	390	17,876	2,239	3,219	26,581	50,305
Transfers from capital work in progress	-	420,895	27,654,179	-	1,406	-	59,106	28,135,586
Written off								
Cost	-	-	(50,621)	-	-	-	-	(50,621)
Accumulated depreciation	-	-	50,621	-	-	-	-	50,621
	-	-	-	-	-	-	-	-
Depreciation charge - note 4.1.3	(596)	(20,945)	(510,372)	(7,909)	(1,367)	(5,065)	(69,376)	(615,630)
Closing net book value	44,237	586,820	29,523,501	35,427	9,521	5,260	599,472	30,804,238
As at June 30, 2017								
Cost	60,035	887,787	36,633,685	101,704	21,097	57,972	1,138,469	38,900,749
Accumulated depreciation	(15,798)	(300,967)	(7,110,184)	(66,277)	(11,576)	(52,712)	(538,997)	(8,096,511)
Net book value	44,237	586,820	29,523,501	35,427	9,521	5,260	599,472	30,804,238
Annual Rate of Depreciation %	1	5 to 20	5 to 33.33	20	7.5 to 33.33	10 to 33.33	5 to 33.33	

4.1.1 Leasehold land includes land subleased to Anoud Power Generation Limited and licensed to the following licensees:

- Pak-Hy Oils (Private) Limited
- Pakistan State Oil Company Limited
- PERAC Research & Development Foundation
- Petroleum Packages (Private) Limited
- Pakistan Oilfields Limited
- Attock Petroleum Limited

The carrying value of each of the above is immaterial.

4.1.2 Plant and machinery includes oil terminal, processing plant and storage tanks, power generation plants, pipelines, water, power and other utilities.

4.1.3 The depreciation charge for the year has been allocated as follows:

	2018	2017
	(Rupees in thousand)	
Cost of sales - note 29	3,180,043	568,423
Distribution cost - note 30	10,923	10,936
Administrative expenses - note 31	39,085	36,271
	3,230,051	615,630

4.1.4 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total Area (In acres)
Plot No. 7B, 7D, 7E and other adjacent plots, Korangi Industrial Area, Karachi	Refining complex and related facilities	275

4.1.5 The details of operating assets disposed of, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Loss	Mode of disposal	Particulars of purchaser
	(Rupees in thousand)						
Motor Vehicle	1,528	609	919	626	(293)	Company Policy	Mr. Anwar Ahmed Shaikh - Employee
"	1,531	334	1,197	783	(414)	"	Mr. Khan Tariq Zafar - Employee
"	1,528	692	836	626	(210)	"	Mr. Abrar Akram - Employee
	4,587	1,635	2,952	2,035	(917)		

	2018	2017
	(Rupees in thousand)	

4.2 Major spare parts and stand-by equipment

Gross carrying value		
Balance at beginning of the year	361,004	323,223
Additions during the year	243,367	92,916
Transfers made during the year	(209,279)	(55,135)
Balance at end of the year	395,092	361,004
Provision for impairment - note 4.2.1	(97,500)	(100,851)
Net carrying value	297,592	260,153

4.2.1 During the year, net reversal of provision amounting to Rs. 3.35 million (2017: Rs. 0.93 million) has been made.

4.3 Capital work-in-progress

	Balance as at July 1, 2017	Additions during the year	Transfers	Balance as at June 30, 2018	Balance as at July 1, 2016	Additions during the year	Transfers	Balance as at June 30, 2017
	(Rupees in thousand)							
Buildings on leasehold land	13,389	33,660	(34,788)	12,261	28,124	35,626	(50,361)	13,389
Refineries upgradation projects - note 4.3.1 and 18.2	6,541,758	1,074,055	(6,538,592)	1,077,221	19,778,143	13,579,867	(26,816,252)	6,541,758
Plant and machinery	658,949	1,218,428	(1,164,404)	712,973	146,729	1,783,897	(1,271,677)	658,949
Computer software under development	-	500	(500)	-	-	-	-	-
Office and other equipments	30,555	32,705	(38,150)	25,110	43,233	19,419	(32,097)	30,555
	7,244,651	2,359,348	(7,776,434)	1,827,565	19,996,229	15,418,809	(28,170,387)	7,244,651
Advances to contractors / suppliers - note 4.3.2	199,316	159,370	(180,385)	178,301	157,523	132,174	(90,381)	199,316
	7,443,967	2,518,718	(7,956,819)	2,005,866	20,153,752	15,550,983	(28,260,768)	7,443,967

4.3.1 This includes capitalised borrowing cost of Rs. 16.8 million (2017: Rs. 38.3 million) at the rate of 7.85% (2017: 7.64%) per anum.

4.3.2 The advances to suppliers does not carry any interest or markup arrangement.

	2018	2017
	(Rupees in thousand)	
4.4 INTANGIBLE ASSETS – Computer softwares		
Net carrying value		
Balance at beginning of the year	39,004	18,753
Additions during the year	1,121	552
Transfers during the year	219,100	34,801
Amortisation for the year	(69,859)	(15,102)
Balance at end of the year	189,366	39,004
Gross carrying value		
Cost	353,325	133,104
Accumulated amortisation	(163,959)	(94,100)
Net book value	189,366	39,004

Amortisation is charged at the rate of 33.33% per annum.

	2018	2017
	(Rupees in thousand)	
5. LONG TERM INVESTMENT		
Available for sale		
Anoud Power Generation Limited [1,080,000 (2017: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2017: 9.09 percent)]	10,800	10,800
Less: Provision for impairment	(10,800)	(10,800)
	-	-
6. LONG TERM LOANS		
Loans - considered good		
Secured - note 6.1 and 6.2		
Loans to employees	64,204	62,497
Less: Recoverable within one year - note 12	(10,806)	(12,155)
	53,398	50,342
Unsecured - note 6.3		
Loans to employees	982	1,252
Less: Recoverable within one year - note 12	(175)	(261)
	807	991
	54,205	51,333

6.1 The secured loans to employees are for the purchase of motor cars and house building. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period ranging between 5 to 10 (2017: 5 to 10) years. Out of these, car loans amounting to Rs. 14.24 million (2017: Rs. 3.3 million) carry interest ranging from 3% to 7% (2017: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.

6.2 These include housing and car loans made to employees of the Company namely Mr. Khursheed Akhter, Syed Danish Rasool, Mr. Nisar Ahmed Malik, Mr. M. Fahim Siddiqui and Mr. Aftab Ahmed Khanzada exceeding rupees one million.

6.3 The unsecured loans to employees are either personal loans or given for the purchase of furniture and motor cycles. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period of 4 to 12 (2017: 4 to 12) years and are interest free.

		2018	2017
7.	**LONG TERM DEPOSITS**	(Rupees in thousand)	
	Utilities	14,216	14,216
	Others	16,049	15,973
		30,265	30,189

7.1 These deposits do not carry any mark up arrangement.

8. DEFERRED TAXATION

Debit / (credit) balances arising in respect of:

Provisions for:		
- slow moving and obsolete stores, spares and chemicals	117,345	124,137
- duties and taxes	12,796	13,185
- long term investment, doubtful debts, doubtful receivables, staff retirement benefits, pending litigations and others	69,026	67,051
- old outstanding liabilities offered for tax	13,843	14,263
	213,010	218,636
Minimum tax	1,113,498	493,581
Alternate corporate tax	787,537	787,537
Unused investment tax credit	733,574	747,253
Tax loss	779,752	440,270
Accelerated tax depreciation and amortisation	(3,170,522)	(3,095,843)
	456,849	(408,566)

8.1 The deferred tax asset on minimum tax, alternative corporate tax, unused investment tax credit and tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets.

		2018	2017
9.	**STORES, SPARES AND CHEMICALS**	(Rupees in thousand)	
	In hand		
	- Stores	358,199	265,010
	- Spares	963,681	712,554
	- Chemicals	336,964	243,939
		1,658,844	1,221,503
	In transit	195,105	47,660
		1,853,949	1,269,163
	Provision for slow moving and obsolete stores, spares and chemicals - note 9.1	(352,085)	(360,557)
		1,501,864	908,606

9.1 The Company made a reversal of provision for slow moving and obsolete stores, spares and chemicals of Rs. 8.47 million (2017: Rs. 6.06 million).

		2018	2017
10.	**STOCK-IN-TRADE**	(Rupees in thousand)	
	Crude oil and condensate [including in transit Rs. 32.82 million (2017: Rs. 20.42 million)]	3,529,638	4,567,911
	Semi-finished products	3,252,580	2,100,989
	Finished products - notes 10.1	5,845,443	4,262,117
		12,627,661	10,931,017

10.1 As at June 30, 2018, stock of finished products has been written down by Rs. 19.04 million (2017: Rs. 9.43 million) to arrive at its net realisable value.

		2018	2017
11.	**TRADE RECEIVABLES - unsecured**	(Rupees in thousand)	
	Considered good		
	- Related party - Attock Petroleum Limited - notes 11.1 & 11.2	4,960,944	3,973,369
	- Others - note 11.3	3,025,270	2,059,505
	Considered doubtful	7,832	7,832
		7,994,046	6,040,706
	Provision for doubtful receivables	(7,832)	(7,832)
		7,986,214	6,032,874

11.1 There are no trade receivable from related party that are past due or impaired.

11.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 8.23 billion (2017: Rs. 5.20 billion).

11.3 The trade receivables that are past due but not impaired is Rs. 51 thousand (2017: Rs. 51 thousand).

12. LOANS AND ADVANCES

	2018	2017
	(Rupees in thousand)	
Loans - considered good		
Current portion of long term loans - note 6		
Secured		
- Employees	10,806	12,155
Unsecured		
- Employees	175	261
Short term loans to employees - unsecured, and interest free	822	1,043
Advances - note 12.1		
- Employees	7,689	9,345
- Suppliers	38,761	41,472
	46,450	50,817
	58,253	64,276

12.1 These advances do not carry any mark up arrangement.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2018	2017
	(Rupees in thousand)	
Deposits - note 13.1	4,085	2,930
Prepayments		
- Insurance	392	733
- Others	12,438	10,350
	12,830	11,083
	16,915	14,013

13.1 These deposits do not carry any mark up arrangement.

	2018	2017
	(Rupees in thousand)	
14. OTHER RECEIVABLES – considered good		
Receivable from related parties - 14.1		
- Attock Petroleum Limited	8,251	3,425
- Pakistan Oilfields Limited	75	41
Others:		
- Government of Pakistan - note 14.2	232,809	232,809
- Sales tax receivable - note 14.3	840,807	315,476
- Additional tax claimed by Federal Board of Revenue - note 14.4	200,000	-
- Margins against letter of credit	5,663	59,171
- Workers' profits participation fund - note 14.5	56,315	12,341
- Pak Arab Refinery Limited - note 14.6	2,220,140	39,516
- Various	5,811	11,589
	3,569,871	674,368

14.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 16.03 million (2017: Rs. 22.17 million).

14.2 This represents Price Differential Claims (PDC) receivable from Government of Pakistan. On behalf of oil refineries, Oil Companies Advisory Committee (OCAC) has presented the claims before the Ministry of Energy (MOE). During the year, the Company has received a report on PDC from Ministry of Energy - Petroleum Division through OCAC. The management is in the process of assessing the report and believes that such receivable is good and no provision has been made thereagainst.

14.3 This includes receivable on account of sales tax paid to the Federal Board of Revenue amounting to Rs. 567.48 million (2017: Rs. 315.48 million) in respect of sales tax demand received for the periods of July 2013 to June 2014, July 2015 to June 2016 and June to September 2016. The Company has filed appeals before the Commissioner of Inland Revenue (Appeals) against these orders. Moreover, the Company has also paid advance sales tax of Rs. 273 million (2017: Nil).

14.4 This represents amount paid against the order of demand for monitoring of withholding taxes for tax year 2016. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) against the order.

		2018	2017
		(Rupees in thousand)	
14.5	Workers' profits participation fund		
	Receivable / (payable) at beginning of the year	12,341	(1,891)
	Allocation for the year - note 33	(48,785)	(437,659)
	Refund from fund	(12,341)	-
	Interest on funds utilised in the Company's business	-	(349)
		(48,785)	(439,899)
	Amount paid to the Trustees of the Fund	105,100	452,240
	Receivable at end of the year	56,315	12,341

14.6 This represents amount due in respect of sharing of crude oil, freight and other charges paid by the Company on behalf of Pak Arab Refinery Limited.

15. TAXATION - PAYMENTS LESS PROVISION

The Company has received orders from the Appellate Tribunal Inland Revenue (ATIR) in respect of various appeals filed for the tax years 2003, 2004 and 2006 to 2012. The main issue invloved in these appeals was the apportionment of expenses between normal income and exports on the basis of 'gross sales' as compared to 'net sales'. The ATIR has allowed the apportionment of expenses on the basis of 'gross sales' which has resulted in a refund of Rs. 6.19 billion out of which Rs. 450 million has been received during the year. However, the Federal Board of Revenue has filed an appeal in the High Court of Sindh against the ATIR orders. The Company has also filed an appeal in the High Court of Sindh in respect of apportionment of expenses to be based on quantity sold rather than on net sales. The Company continues to carry the provision for taxation until the principal issue is decided by the Court.

16. CASH AND BANK BALANCES

	2018	2017
	(Rupees in thousand)	
Cash in hand	500	500
With banks on:		
Current accounts	79,287	44,494
Savings accounts - note 16.1	26,364	1,088,811
Deposit accounts - notes 16.1 and 16.2	435,686	1,635,686
	541,337	2,768,991
	541,837	2,769,491

16.1 These carry mark-up rates varying from 3.75% to 6% (2017: 3.75% to 5.95%) per annum.

16.2 This represents bank guarantees under lien issued on behalf of the Company (2017: Rs. 435.69 million).

16.3 All bank accounts are maintained under conventional banking system.

17. SHARE CAPITAL

Number of shares		2018	2017
		(Rupees in thousand)	
Authorised			
100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
Issued, subscribed and paid-up			
59,450,417	Ordinary shares of Rs. 10 each fully paid in cash	594,504	594,504
6,469,963	Ordinary shares of Rs. 10 each issued for consideration other than cash	64,700	64,700
14,046,180	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	140,462	140,462
79,966,560		799,666	799,666

17.1 As at June 30, 2018 and 2017, Attock Group holds 51% equity stake in the Company through the following Companies:

	2018	2017
	(Number of shares)	
- Attock Refinery Limited	19,991,640	19,991,640
- Pakistan Oilfields Limited	19,991,640	19,991,640
- Attock Petroleum Limited	799,665	799,665

18. RESERVES

	2018	2017
	(Rupees in thousand)	
Capital reserves		
Capital compensation reserve - note 18.1	10,142	10,142
Exchange equalisation reserve	4,117	4,117
Special reserve - note 18.2	-	-
Utilised special reserve - note 18.3	9,631,914	9,631,914
	9,646,173	9,646,173
Revenue reserves		
General reserve	31,061,000	28,061,000
Unappropriated profit	1,744,698	4,833,041
	32,805,698	32,894,041
	42,451,871	42,540,214

18.1 Capital compensation reserve includes net amounts for (a) premature termination of crude oil sales, bareboat charter-party and technical assistance agreements, (b) design defects and terminated service agreements and (c) termination of bareboat charter-party and affreightment agreements.

18.2 As per the Import Parity Pricing (IPP) formula, effective July 1, 2002, certain refineries including the Company have been directed to transfer from their net profit after tax for the year from fuel refinery operations, an amount in excess of 50% of the paid-up share capital, as on July 1, 2002 attributable to fuel segment, to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

During 2013, Government of Pakistan issued a policy framework for upgradation and expansion of refinery projects which interalia states that "till the completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the special reserves account as per current pricing formula."

During the year, no transfer has been made to the special reserve because of loss from fuel refinery operations. Also refer note 42.2.

18.3 This represents amounts utilised out of the Special Reserve for upgradation and expansion of the refinery.

	2018	2017
	(Rupees in thousand)	
19. LONG-TERM BORROWING		
Syndicated term finance	89,480	766,100
Less: Current portion of long-term borrowing	(76,610)	(76,610)
	12,870	689,490

19.1 Following are the changes in the long term borrowings - secured (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2018	2017
	(Rupees in thousand)	
Balance as at July 1	689,490	-
Disbursements during the year	-	766,100
Repayment	(600,010)	-
Related to current portion of long term borrowing	(76,610)	(76,610)
Balance as at June 30	12,870	689,490

19.2 This facility is secured by first pari passu charge by way of hypothecation over all present and future current assets, movable fixed assets and mortgage over immovable property to the extent of Rs. 32.27 billion. During the year, the Company has made an early payment of the long-term borrowing.

19.3 Outstanding non-funded letter of credit (being sublimit to syndicated term finance) as at June 30, 2018 amounted to Rs. Nil (2017: Rs. 2.008 billion).

20. RETIREMENT BENEFIT OBLIGATIONS

20.1 Retirement benefit obligations

20.1.1 The Company operates approved funded pension scheme for permanent management staff who joined prior to January 01, 2012, approved funded gratuity scheme for permanent management employees who joined the Company on or after January 1, 2012, approved funded gratuity scheme for permanent non-management employees and approved funded medical scheme for management employees of the Company who joined prior to September 01, 2006. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2018.

20.1.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plans, including investment decisions, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

20.1.3 The latest actuarial valuation of the Plan as at June 30, 2018 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2018				2017			
	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund
	(Rupees in thousand)							
20.1.4 Balance sheet reconciliation								
Present value of defined benefit obligation at June 30 - note 20.1.5	4,918,941	1,303,407	168,163	38,532	5,027,689	1,256,203	160,825	24,040
Fair value of plan assets at June 30 - note 20.1.6	(4,845,227)	(1,096,084)	(105,347)	(44,800)	(5,004,088)	(1,078,902)	(96,903)	(29,508)
Deficit / (surplus)	73,714	207,323	62,816	(6,268)	23,601	177,301	63,922	(5,468)
20.1.5 Movement in the present value of defined benefit obligation								
Balance at July 1	5,027,689	1,256,203	160,825	24,040	4,868,824	1,192,467	164,844	12,678
Benefits paid by the plan	(419,950)	(48,420)	(1,316)	(202)	(363,848)	(46,178)	-	-
Current service cost	60,997	15,915	6,137	10,787	62,685	15,818	5,806	6,804
Interest cost	381,036	97,040	12,569	2,260	346,959	86,217	12,034	1,158
Transfer from gratuity / (to pension) fund	5,455	-	(5,455)	-	48,355	-	(48,355)	-
Remeasurement on obligation	(136,286)	(17,331)	(4,597)	1,647	64,714	7,879	26,496	3,400
Balance at June 30	4,918,941	1,303,407	168,163	38,532	5,027,689	1,256,203	160,825	24,040
20.1.6 Movement in the fair value of plan assets								
Balance at July 1	5,004,088	1,078,902	96,903	29,508	4,655,402	983,574	124,986	17,595
Contributions paid into the plan	67,857	7,101	8,449	13,613	178,708	48,033	11,003	10,514
Transfer from (gratuity) / to pension fund	5,455	-	(5,455)	-	48,355	-	(48,355)	-
Benefits paid by the plan	(419,950)	(48,420)	(1,316)	(202)	(363,848)	(46,178)	-	-
Interest income	379,235	83,713	7,710	2,669	330,139	71,444	9,244	1,502
Remeasurement on plan assets	(191,458)	(25,212)	(944)	(788)	155,332	22,029	25	(103)
Balance at June 30	4,845,227	1,096,084	105,347	44,800	5,004,088	1,078,902	96,903	29,508
20.1.7 Expense recognised in the statement of profit or loss								
Current service cost	60,997	15,915	6,137	10,787	62,685	15,818	5,806	6,804
Net interest (income) / cost	1,801	13,327	4,859	(409)	16,820	14,773	2,790	(344)
Expense recognised in profit and loss account	62,798	29,242	10,996	10,378	79,505	30,591	8,596	6,460

	2018				2017			
	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund
	(Rupees in thousand)							

20.1.8 Remeasurement recognised in Other Comprehensive Income

Remeasurement of present value of defined benefit obligation	(136,286)	(17,331)	(4,597)	1,647	64,714	7,879	26,496	3,400
Remeasurement of fair value of plan assets	191,458	25,212	944	788	(155,332)	(22,029)	(25)	103
Remeasurements	55,172	7,881	(3,653)	2,435	(90,618)	(14,150)	26,471	3,503

20.1.9 Net recognised liability / (asset)

Net liability / (asset) at the beginning of the year	23,601	177,301	63,922	(5,468)	213,422	208,893	39,858	(4,917)
Expense recognised in profit and loss account	62,798	29,242	10,996	10,378	79,505	30,591	8,596	6,460
Contribution made to the fund during the year	(67,857)	(7,101)	(8,449)	(13,613)	(178,708)	(48,033)	(11,003)	(10,514)
Remeasurements recognised in other comprehensive income	55,172	7,881	(3,653)	2,435	(90,618)	(14,150)	26,471	3,503
Recognised liability / (asset) as at June 30	73,714	207,323	62,816	(6,268)	23,601	177,301	63,922	(5,468)

20.1.10 Major categories / composition of plan assets are as follows:

	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2018	2017	2018	2017	2018	2017	2018	2017
Debt instrument	86.46%	84.66%	71.74%	71.89%	91.15%	92.75%	95.76%	91.64%
Equity	2.61%	3.16%	0.00%	0.00%	4.74%	4.39%	0.00%	0.00%
Mutual funds	10.02%	11.04%	26.09%	25.51%	0.00%	0.00%	0.00%	0.00%
Others	0.91%	1.14%	2.17%	2.59%	4.11%	2.86%	4.24%	8.36%

20.1.11 Actuarial Assumptions

Discount rate at June 30	9.00%	7.75%	9.00%	7.75%	9.00%	7.75%	9.00%	7.75%
Future salary increases / increase in cost								
- First year following the valuation	7.75%	6.75%	7.00%	5.75%	8.00%	6.75%	8.00%	6.75%
- Second year following the valuation	7.75%	6.75%	7.00%	5.75%	8.00%	6.75%	8.00%	6.75%
- Third year following the valuation	7.75%	6.75%	7.00%	5.75%	8.00%	6.75%	8.00%	6.75%
- Long term increase	7.75%	6.75%	7.00%	5.75%	8.00%	6.75%	8.00%	6.75%
Expected rate of increase in pension	3.50%	3.00%	-	-	-	-	-	-
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

Expected return on plan assets has been determined considering the expected risk adjusted returns available on the assets underlying the current investment policy.

20.1.12 Mortality was assumed to be SLIC (2001-05) table.

20.1.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively 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 Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well 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 in 2018 consists of national savings scheme and government securities. The Company believes that national savings scheme offer the best returns over the long term with an acceptable level of risk.

20.1.14 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 the statement of financial position date.

The Company's contributions to gratuity, pension and medical benefit funds in 2019 is expected to amount to Rs. 137.70 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension, gratuity and medical benefit funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

20.2 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
		(Rupees in thousand)	
Discount rate at June 30	0.5%	(323,304)	354,788
Future salary increases	0.5%	61,512	(58,022)
Future pension increases	0.5%	259,090	(239,033)
Future medical increases	0.5%	8,981	(8,685)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analyses are 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, pension and medical benefit liability recognised within the statement of financial position of the Company.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

20.3 Historical information

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
Pension fund					
Present value of defined benefit obligation	4,918,941	5,027,689	4,868,824	4,621,263	4,221,851
Fair value of plan assets	(4,845,227)	(5,004,088)	(4,655,402)	(4,074,750)	(3,885,518)
Deficit in the plan	73,714	23,601	213,422	546,513	336,333
Experience Adjustments					
(Gain) / loss on obligation	(136,286)	64,714	52,626	131,331	105,196
(Loss) / gain on plan assets	(191,458)	155,332	12,916	(51,549)	81,117
Medical Benefit					
Present value of defined benefit obligation	1,303,407	1,256,203	1,192,467	911,422	846,961
Fair value of plan assets	(1,096,084)	(1,078,902)	(983,574)	(930,494)	(857,658)
Deficit / (surplus) in the plan	207,323	177,301	208,893	(19,072)	(10,697)
Experience Adjustments					
(Gain) / loss on obligation	(17,331)	7,879	221,956	(23,909)	(72,255)
(Loss) / gain on plan assets	(25,212)	22,029	(10,940)	(3,932)	14,958
Gratuity fund - Non-management					
Present value of defined benefit obligation	168,163	160,825	164,844	171,785	152,630
Fair value of plan assets	(105,347)	(96,903)	(124,986)	(123,834)	(108,096)
Deficit in the plan	62,816	63,922	39,858	47,951	44,534
Experience Adjustments					
(Gain) / loss on obligation	(4,597)	26,496	(13,638)	(5,589)	9,560
(Loss) / gain on plan assets	(944)	25	(2,275)	(5,494)	3,043
Gratuity fund - management					
Present value of defined benefit obligation	38,532	24,040	12,678	6,292	2,683
Fair value of plan assets	(44,800)	(29,508)	(17,595)	(9,619)	(4,697)
Surplus in the plan	(6,268)	(5,468)	(4,917)	(3,327)	(2,014)
Experience Adjustments					
Loss on obligation	1,647	3,400	1,295	221	340
(Loss) / gain on plan assets	(788)	(103)	(192)	(272)	41

20.4 The Company's contributions toward the provident fund for the year ended June 30, 2018 amounted to Rs. 47.58 million (2017: Rs. 49.48 million).

20.5 The weighted average duration of the plans are as follows:

	No. of years
Pension fund	9.36
Gratuity fund - Non-management	9.82
Medical fund	12.52
Gratuity fund - Management	19.05

20.6 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2018.

20.7 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

21. TRADE AND OTHER PAYABLES

	2018	2017
	(Rupees in thousand)	
Trade creditors	13,853,258	7,988,321
Due to Government of Pakistan	815,589	592,995
Due to related parties:		
- Attock Petroleum Limited	15,430	15,028
- Attock Refinery Limited	-	24
- Pakistan Oilfields Limited	83,246	135,321
Accrued liabilities - note 21.1	1,690,269	2,070,746
Surplus price differential payable - note 21.2	388,940	1,288,745
PMG-RON differential payable - note 21.3	464,569	128,589
Custom duty payable - note 21.4	1,763,670	851,062
Sales tax payable	-	138,180
Retention money	132,733	1,795,010
Deposits from contractors - note 21.5	54,419	44,224
Advances from customers	190,614	477,850
Workers' Welfare Fund	81,923	69,984
Income tax deducted at source	9,179	11,681
Excise duty and petroleum levy	998,875	788,570
Others	8,275	5,876
	20,550,989	16,402,206

21.1 The Honorable High Court of Sindh through its judgement dated October 26, 2016 held the GIDC Act, 2015, as ultra vires to the Constitution. The Government being aggrieved, preferred Appeal against this order before the Divisional Bench of Sindh High Court in relation to one particular Company.

The Divisional bench suspended the operations of the judgement and it was later clarified that suspension of operation of the judgement is for such particular Company and it is not applicable for other companies. However, considering that GIDC Act, 2015 is still under litigation, NRL continued to provide for GIDC, which amounts to Rs. 705.54 million (2017: Rs. 414.75 million) included in accrued liabilities.

21.2 This represents amount payable in respect of surplus of High Speed Diesel (HSD) price as per Pakistan State Oil Limited's (PSO) actual import price excluding ocean losses over HSD price based on import price parity formula in accordance with the Economic Coordination Committee's decision dated February 26, 2013. However, since the Company's Diesel Hydro De-sulphurisation project has successfully commenced operations on June 21, 2017, the related liability is no longer recorded in the current year date.

21.3 This represents a differential payable as per the defined formula in the notification PL-9 (544)/2015 dated September 5, 2016 issued by the Ministry of Petroleum & Natural Resources which requires the Oil Marketing Companies to import Premium Motor Gasoline (PMG) of 92 Research Octane Number (RON). However, under such notification, refineries are allowed to produce PMG of less than 92 RON and account for the differential.

21.4 This represents the differential of custom duty levied on import of crude oil and sale of petroleum products based on SROs issued by the Government of Pakistan and Ministry of Energy (MOE). The Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MOE has approved a recovery mechanism for regulated products through which refineries will operate on no gain / loss basis on this account. OGRA has directed Oil Companies Advisory Committee (OCAC) to ensure implementation of the said mechanism. The Company has worked out the impact of such mechanism and adjusted the regulatory duty on regulated products in the trade payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively. During the year, the impact of such recovery mechanism on cost of sales and sales amounted to Rs. 2,182 million (out of which Rs. 245 million was accumulated upto June 30, 2017) and Rs. 1,437 million respectively .

21.5 This represents amount received from customers / contractors of the Company as a security deposit with reference to the contracts. Such amounts are kept in a separate bank account.

22. UNPAID DIVIDEND

This includes dividend withheld due to non-compliance of certain legal / regulatory requirements by the shareholders.

23. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on syndicated term finance and running finance payable.

24. PROVISIONS

	2018	2017
	(Rupees in thousand)	
Duties and taxes - note 24.1	29,006	29,006
Others - note 24.2	83,355	83,355
	112,361	112,361

24.1 This represents provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2017: Rs. 29.01 million), determined by the Collectorate of Customs, Sales Tax and Central Excise (Adjudication) in 2004 in respect of goods sold by the Company to one of its customers without deduction of sales tax and central excise duties.

24.2 This includes Rs. 55.62 million (2017: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.

25. SHORT TERM RUNNING FINANCE

	2018	2017
	(Rupees in thousand)	
Borrowings under running finance arrangement - note 25.1 and 39.1	1,340,273	-

25.1 During the year, the Company utilised running finance facilities from banks. Rate of markup applicable on such facilities range from 3 months KIBOR + 0.2%-0.25% per annum.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Outstanding counter guarantees at the end of the year amounted to Rs. 441.34 million (2017: Rs. 450.77 million).

26.1.2 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 4.48 billion (2017: Rs. 4.57 billion). These include claims accumulating to Rs. 4.32 billion (2017: Rs. 4.32 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 49.64 million (2017: Rs. 56.23 million) relating to freight claims.

26.1.3 The Company has raised claims on certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivables aggregating to Rs. 5.07 billion (2017: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

26.1.4 The Finance Act, 2017 introduced section 5A which imposes tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. During the year, the Company has distributed dividend at the rate of Rs. 22.50 per share amounting to Rs. 1.80 billion for the year ended June 30, 2017, which is less than 40% of after tax profits and is exposed to a tax liability of Rs. 624 million.

The Company has filed a petition in the High Court of Sindh challenging the applicability of the above mentioned tax. Among other grounds of appeal, the Company has taken a position that its after tax profits for the purpose of the said section should be taken after deduction of transfer to Special Reserves (which is made in accordance with the approved import pricing parity formula approved by the Economic Coordination Committee), as this amount is not available for distribution as dividend. The High Court of Sindh has granted interim stay order to the Company in this regard. The Company, based on the advice of their consultants, believes that even if only this contention of the Company is accepted, then the Company is not exposed to any tax liability in this respect.

Further, on February 13, 2018, exemption was granted from the application of section 5A through addition of clause 103 in Part IV of Second Schedule, in case where a Company has an agreement with the Government on restriction of distribution of dividend. The Company is in the process of assessing the impact of such exemption on the Company.

26.2 Commitments

26.2.1 Commitments outstanding for capital expenditures as at June 30, 2018 amounted to Rs. 1.374 billion (2017: Rs. 1.231 billion).

26.2.2 Outstanding letters of credit at the end of the year amounted to Rs. 18.06 billion (2017: Rs. 15.10 billion).

	2018	2017
	(Rupees in thousand)	
27. GROSS SALES		
Local	170,841,034	139,470,102
Exports	13,375,218	11,155,667
	184,216,252	150,625,769

	2018	2017
	(Rupees in thousand)	
28. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL		
Trade discounts	539,218	459,009
Sales tax	31,899,816	27,395,434
Excise duty	485	634
Petroleum levy	11,438,725	10,255,162
Surplus price differential - note 21.2	-	1,513,681
PMG-RON differential - note 21.3	335,980	128,589
Custom duty - note 21.4	3,017,088	3,425,816
	47,231,312	43,178,325
29. COST OF SALES		
Opening stock of semi-finished products	2,100,989	1,797,791
Crude oil, condensate and drums consumed - notes 29.1, 29.2 and 21.4	125,540,380	92,499,350
Stores, spares and chemicals consumed	1,283,243	559,750
Salaries, wages and staff benefits - note 29.3	1,351,565	1,248,778
Staff transport and canteen	100,099	88,279
Fuel, power and water	3,691,978	2,292,477
Rent, rates and taxes	58,872	49,589
Insurance	220,436	206,307
Contract services	115,133	100,419
Repairs and maintenance	229,249	91,461
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(8,472)	(6,058)
Reversal of provision for impairment of major spare parts and stand-by equipment	(3,351)	(934)
Depreciation - note 4.1	3,180,043	568,423
Amortisation of intangible assets - note 4.4	67,872	3,060
Professional charges	13,996	8,302
Consultancy charges	6,095	5,392
Security charges	22,029	24,657
Others	38,681	18,069
	135,907,848	97,757,321
Closing stock of semi-finished products - note 10	(3,252,580)	(2,100,989)
Cost of products manufactured	134,756,257	97,454,123
Opening stock of finished products	4,262,117	4,455,930
Closing stock of finished products - note 10	(5,845,443)	(4,262,117)
	(1,583,326)	193,813
	133,172,931	97,647,936

		2018	2017
		(Rupees in thousand)	
29.1	Crude oil, condensate and drums consumed		
	Crude oil and condensate		
	- Opening stock	4,567,911	4,998,782
	- Purchases - note 29.2	123,950,611	91,855,005
	- Closing stock - note 10	(3,529,638)	(4,567,911)
		124,988,884	92,285,876
	Drums	551,496	213,474
		125,540,380	92,499,350

29.2 Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.

29.3 Includes Rs. 64.52 million (2017: Rs. 73.43 million) and Rs. 31 million (2017: Rs. 32.55 million) in respect of benefit and defined contribution plans respectively.

		2018	2017
		(Rupees in thousand)	
30.	**DISTRIBUTION COST**		
	Commission on local sales	401,259	394,211
	Commission on export sales	134,126	111,955
	Export expenses	78,381	77,150
	Salaries and staff benefits - note 30.1	80,996	80,677
	Depreciation - note 4.1	10,923	10,936
	Security charges	33,043	36,969
	Repairs and maintenance	1,203	4,036
	Pipeline charges	7,081	7,547
	Selling expenses	830	1,487
	Postage and periodicals	2,806	3,496
	Staff transport and canteen	4,345	3,647
	Others	1,514	2,677
		756,507	734,788

30.1 Includes Rs. 6.15 million (2017: Rs. 6.99 million) and Rs. 2.80 million (2017: Rs. 3.15 million) in respect of defined benefit and defined contribution plans respectively.

31. ADMINISTRATIVE EXPENSES

	2018	2017
	(Rupees in thousand)	
Salaries and staff benefits - note 31.1	524,745	511,061
Staff transport and canteen	32,355	31,301
Directors' fee	4,401	3,870
Rent, rates and taxes	6,748	5,137
Depreciation - note 4.1	39,085	36,271
Amortisation of intangible assets - note 4.4	1,987	12,042
Legal and professional charges	7,035	35,526
Printing and stationery	5,754	6,312
Contract services	68,633	55,092
Repairs and maintenance	56,554	44,894
Telecommunication	2,860	2,902
Electricity and power	4,054	3,685
Insurance	1,162	2,886
Travelling expenses	5,830	2,508
Postage and periodicals	6,896	5,156
Security charges	55,089	62,125
Others	40,006	20,424
	863,194	841,192

31.1 Includes Rs. 42.75 million (2017: Rs. 44.73 million) and Rs. 13.78 million (2017: Rs. 13.78 million) in respect of defined benefit and defined contribution plans respectively.

32. OTHER INCOME

	2018	2017
	(Rupees in thousand)	
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 32.1	140,279	279,572
- Gain on disposal of investments at fair value through profit or loss - note 32.2	40,121	121,395
- Secured loans to employees - note 6.1	430	462
	180,830	401,429
Others		
Handling and storage income	227,858	203,184
Hospitality income	90,228	77,473
Liabilities no longer payable written back	432	283
Sale of scrap and empties	14,555	28,359
Pipeline charges recovered	3,606	3,687
Rental income	7,025	6,266
Insurance rebate	3,196	2,203
Others	30,358	1,934
	558,088	724,818

32.1 This profit is earned from bank accounts under mark up arrangements maintained with conventional commercial banks.

32.2 These amounts represent gain on Government treasury bills and Pakistan Investment Bonds.

	2018	2017
	(Rupees in thousand)	

33. OTHER OPERATING EXPENSES

Workers' Profits Participation Fund - note 14.5	48,785	437,659
Workers' Welfare Fund	19,590	-
Auditors' remuneration - note 33.1	7,761	12,590
Corporate Social Responsibility	400	400
Loss on disposal of property, plant and equipment	917	-
	77,453	450,649

33.1 Auditors' remuneration

Audit fee	2,793	2,660
Taxation services	2,887	7,820
Fee for review of half yearly financial information, special reports and certifications	1,769	1,690
Out-of-pocket expenses	312	420
	7,761	12,590

34. FINANCE COST

Exchange loss - note 34.1	1,692,028	146,441
Mark-up on long term loan	27,922	-
Mark-up on short term running finance	44,158	-
Interest on Workers' Profits Participation Fund - note 14.5	-	349
Commitment fee in relation to syndicated term finance facility	-	34,498
Guarantee commission and service charges	862	965
Bank charges	645	273
	1,765,615	182,526

34.1 This is net of exchange gain on export sales amounting to Rs. 42.64 million (2017: Rs. 39.55 million). This exchange gain / loss relates to actual currency fluctuations and not by derivative financial instruments.

	2018	2017
	(Rupees in thousand)	
35. TAXATION		
Current		
- for the year - note 35.1 and 35.3	-	-
- for prior year	-	-
	-	-
Deferred (income) / charge	(863,356)	269,390
	(863,356)	269,390

35.1 Current year tax charge has been offset against the tax credit under section 65B of the Income Tax Ordinance, 2001 on fixed asset additions which mainly includes additions in respect of the refinery upgradation project.

35.2 The Company computes tax liability based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows:

	Provision for taxation	Tax assessed
2017	-	-
2016	2,444,554	3,118,819
2015	1,535,877	1,565,457

35.2.1 The difference is mainly due to certain expenses and tax credits disallowed by the Federal Board of Revenue.

35.3 Relationship between tax expense and accounting profit

	2018	2017
	(Rupees in thousand)	
Accounting profit before taxation	907,328	8,315,171
Tax at the applicable tax rate of 30% (2017: 31%)	272,198	2,577,703
Tax effect of Final Tax Regime	163,495	(61,078)
Effect of tax credits	(751,869)	(2,138,131)
Effect of income taxable at lower rate	(6,440)	(19,812)
Effect of change in tax rate	(540,740)	(89,292)
Tax expense for the year	(863,356)	269,390

		2018	2017
36.	**EARNINGS PER SHARE - basic and diluted**		
	Profit after taxation (Rupees in thousand)	1,770,684	8,045,781
	Weighted average number of ordinary shares in issue (in thousand)	79,967	79,967
	Basic earnings per share (Rupees)	22.14	100.61

There were no dilutive potential ordinary shares in issue as at June 30, 2018 and 2017.

		2018	2017
		(Rupees in thousand)	
37.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	907,328	8,315,171
	Adjustment for non cash charges and other items:		
	Depreciation and amortisation	3,299,910	630,732
	Markup on long term loan and short term running finance	72,080	-
	Provision for staff retirement benefit funds	113,414	125,152
	Loss on disposal of property, plant and equipment	917	-
	Reversal of provision for slow moving and obsolete stores, spares and chemicals	(8,472)	(6,058)
	Reversal of provision for impairment of major spare parts and stand-by equipments	(3,351)	(934)
	Return on investments and bank accounts	(180,400)	(400,967)
	Change in working capital - note 37.1	(2,978,369)	435,479
		1,223,057	9,098,575
37.1	Change in working capital		
	(Increase) / decrease in current assets		
	Stores, spares and chemicals	(584,786)	4,947
	Stock-in-trade	(1,696,644)	321,486
	Trade receivables	(1,953,340)	(735,676)
	Loans and advances	6,023	20,442
	Trade deposits and short-term prepayments	(2,902)	(3,437)
	Other receivables	(2,895,503)	(169,947)
		(7,127,152)	(562,185)
	Increase in current liabilities		
	Trade and other payables	4,148,783	997,664
		(2,978,369)	435,479

	2018	2017
	(Rupees in thousand)	
38. CASH AND CASH EQUIVALENTS		
Cash and bank balances	541,837	2,769,491
Short term running finance - note 25	(1,340,273)	-
	(798,436)	2,769,491
39. UNAVAILED CREDIT FACILITIES		
Short term running finance - note 39.1	6,750,000	3,950,000
Letters of credit and guarantee - note 39.2	47,558,428	47,755,594

39.1 Short term running finance

The rates of mark-up on these finances range between 7.43% and 6.33% (2017: 6.22% and 6.65%) per annum, payable quarterly.

These facilities are secured against joint pari passu charge on the Company's stocks, receivables and other current assets.

39.2 Letters of credit and guarantee

The facilities are secured by way of pari passu charge against hypothecation of the Company's plant and machinery and ranking charge on the Company's stocks, receivables and other current assets.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017*		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(Rupees in thousand)					
Managerial remuneration	18,217	9,152	126,462	16,606	8,602	123,088
Bonus	6,880	2,804	34,889	5,212	2,096	24,703
Retirement benefits	-	2,090	20,852	-	1,997	19,350
House rent	6,532	3,134	44,635	5,938	2,929	43,507
Conveyance	231	327	5,473	197	279	4,751
Leave benefits	1,303	727	9,560	3,502	753	8,293
	33,163	18,234	241,871	31,455	16,656	223,692
Number of person(s)	1	1	55	1	1	55

** Comparatives have been restated to reflect changes in the defintion of executive as per the Companies Act, 2017.*

40.1 In addition to the above, fee to two executive and five non-executive directors during the year amounted to Rs. 1.25 million (2017: Rs. 1.15 million) and Rs. 3.15 million (2017: Rs. 2.72 million) respectively.

40.2 The Chief Executive, executive director and some of the executives of the Company are provided with free use of the Company's cars and additionally, the Chief Executive, executive director and executives are also entitled to medical benefits, travelling allowance, club membership and subscriptions in accordance with their terms of service.

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial assets and liabilities

	Interest/mark-up bearing			Non-interest/mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Loans and receivables							
Loans and advances	2,493	11,747	14,240	55,760	42,458	98,218	112,458
Deposits	-	-	-	4,085	30,265	34,350	34,350
Trade receivables	-	-	-	7,986,214	-	7,986,214	7,986,214
Accrued interest	-	-	-	7,394	-	7,394	7,394
Other receivables	-	-	-	2,472,749	-	2,472,749	2,472,749
Cash and bank balances	462,050	-	462,050	79,787	-	79,787	541,837
2018	464,543	11,747	476,290	10,605,989	72,723	10,678,712	11,155,002
2017	2,725,088	2,752	2,727,840	6,506,865	78,770	6,585,635	9,313,475
Financial liabilities							
Trade and other payables	-	-	-	18,416,889	-	18,416,889	18,416,889
Unclaimed dividend	-	-	-	60,525	-	60,525	60,525
Unpaid dividend	-	-	-	31,478	-	31,478	31,478
Accrued mark-up	-	-	-	33,775	-	33,775	33,775
Short term running finance	1,340,273	-	1,340,273	-	-	-	1,340,273
Long-term borrowing	76,610	12,870	89,480	-	-	-	89,480
2018	1,416,883	12,870	1,429,753	18,542,667	-	18,542,667	19,972,420
2017	76,610	689,490	766,100	13,590,615	-	13,590,615	14,356,715
On balance sheet gap							
2018	(952,340)	(1,123)	(953,463)	(7,936,678)	72,723	(7,863,955)	(8,817,418)
2017	2,648,478	(686,738)	1,961,740	(7,083,750)	78,770	(7,004,980)	(5,043,240)
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							1,373,944
Letters of credit							18,063,978
Letters of guarantees							441,337
2018							19,879,259
2017							16,784,301

41.2 Financial risk management objectives and policies

(i) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders. As mentioned in note - 18.2, the Company operates under tariff protection formula for fuel operations whereby profits after tax attributable to fuel segment in excess of 50% of the paid up capital as of July 1, 2002 attributable to fuel segment are transferred to special reserve.

The Company has executed long term financing agreements to fund the Diesel De-sulphurisation and Naphtha Isomerisation projects.

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The financial assets that are subject to credit risk amounted to Rs. 11.08 billion (2017: Rs. 9.04 billion).

The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry and has as customers only a few sound organisations.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2018	2017
	(Rupees in thousand)	
Loans and advances	112,458	115,609
Deposits	34,350	33,119
Trade debts	7,986,163	6,032,823
Accrued interest	7,394	15,831
Other receivables	2,472,749	346,551
Cash and bank balances	541,837	2,769,491
	11,154,951	9,313,424

(iii) Foreign exchange risk

Foreign currency risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to US Dollar. Financial assets include Rs. Nil (2017: Rs. 0.37 million) and financial liabilities include Rs. 8.03 billion (2017: Rs. 6.01 billion) which are subject to foreign currency risk.

As at June 30, 2018, if the Pak Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.8 billion (2017: Rs. 0.56 billion), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables and trade receivables.

(iv) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(v) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to cash flow interest rate risk on its syndicate term finance and running finance facility which is priced at 1.7% above six months KIBOR and 0.2%-0.25% above three months KIBOR respectively.

(vi) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

42. SEGMENT INFORMATION

42.1 The Company's operating segments are organised and managed separately according to the nature of production process for products and services provided, with each segment representing a strategic business unit. The fuel segment is primarily a diverse supplier of fuel products and offers gasoline, diesel oils, and furnace oil. The lube segment mainly provides different types of lube base oils, asphalt, furnace oil, wax free oil and other petroleum products for different sectors of the economy. Inter-segment transfers are made at relevant costs to each segment.

42.2 Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets include property, plant and equipment.

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)					
Segment Revenue						
Sales to external customers						
- local, net of discounts, taxes, duties, levies and price differential	90,353,178	65,568,089	33,256,544	30,723,688	123,609,722	96,291,777
- exports	12,949,767	10,740,239	425,451	415,428	13,375,218	11,155,667
	103,302,945	76,308,328	33,681,995	31,139,116	136,984,940	107,447,444
Inter-segment transfers	25,770,306	20,885,008	-	-	25,770,306	20,885,008
Elimination of inter-segment transfers	-	-	-	-	(25,770,306)	(20,885,008)
Net sales	129,073,251	97,193,336	33,681,995	31,139,116	136,984,940	107,447,444
Segment results after tax	(2,205,836)	4,063,267	3,976,520	3,982,514	1,770,684	8,045,781
Other comprehensive income / (loss)	(19,926)	23,662	(39,853)	47,325	(59,779)	70,987
Total Comprehensive (Loss) / income	(2,225,762)	4,086,929	3,936,667	4,029,839	1,710,905	8,116,768
Segment assets	52,253,796	50,638,543	8,163,672	6,438,692	60,417,468	57,077,235
Unallocated assets	-	-	-	-	5,396,803	4,308,710
Total assets	52,253,796	50,638,543	8,163,672	6,438,692	65,814,271	61,385,945
Segment liabilities	20,822,131	16,981,850	1,320,947	655,649	22,143,078	17,637,499
Unallocated liabilities	-	-	-	-	419,656	408,566
Total liabilities	20,822,131	16,981,850	1,320,947	655,649	22,562,734	18,046,065
Other Segment Information:						
Capital expenditure	7,098,332	27,595,116	679,039	578,800	7,777,371	28,173,916
Unallocated capital expenditure	-	-	-	-	97,513	47,328
	7,098,332	27,595,116	679,039	578,800	7,874,884	28,221,244
Depreciation and amortisation	3,026,550	373,705	273,360	257,027	3,299,910	630,732
Gain on disposal of investments at fair value	13,374	40,465	26,747	80,930	40,121	121,395
Interest income	46,903	93,345	93,806	186,689	140,709	280,034
Interest expense	14,719	116	29,439	233	44,158	349
Non-cash expenses other than depreciation	(3,941)	(2,331)	(7,882)	(4,661)	(11,823)	(6,992)
Stock-in-trade written down	19,037	9,486	-	-	19,037	9,486

42.3 Incremental expenses of Diesel Hydro De-Sulphurisation (DHDS) and Isomerisation (ISOM) units have been charged to fuel segment in accordance with note 42.2 above.

42.4 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2017: three) of the Company's customers contributed towards 67.06% (2017: 72.9%) of the net revenues during the year amounting to Rs. 91.86 billion (2017: Rs. 78.38 billion) and each customer individually exceeds 10% of the net revenues.

43. TRANSACTIONS WITH RELATED PARTIES

43.1 The following transactions were carried out with related parties during the year:

Nature of relationship	Nature of transactions	2018	2017
		(Rupees in thousand)	
Associated companies			
	Sale of petroleum products - note 43.1.1	97,723,533	75,530,422
	Purchase of crude oil and condensate - note 43.1.2	374,841	496,455
	Price differential claim paid	59,131	109,421
	Rental income	5,771	5,243
	Hospitality and storage income	89,789	77,474
	Handling income	104,620	156,972
	Trade discounts and commission on sales	1,070,332	962,642
	Reimbursement of expenses	3,156	4,875
	Purchase of petroleum products	8,477	12,869
	Purchase of stores	-	281
	Dividend paid	917,616	815,659
Post employment staff benefit plans			
	Contributions	144,603	297,742
Key management employees compensation			
	Salaries and other employee benefits	74,077	68,433
	Post retirement benefits	2,576	3,059
	Directors' fees	4,401	3,870

43.1.1 Sales of petroleum products to associated companies are based on prices fixed by the Oil and Gas Regulatory Authority, import prices of Pakistan State Oil and Company announced prices.

43.1.2 Purchase of crude oil and condensate from associated companies is based on price mechanism provided in their respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.

43.2 The related party status of outstanding balances as at June 30, 2018 is included in trade receivables, other receivables and trade and other payables. These are settled in the ordinary course of business.

43.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1.	Attock Refinery Limited	Group Company	25%
2.	Pakistan Oilfields Limited	Group Company	25%
3.	Attock Petroleum Limited	Group Company	1%

44. CAPACITY

	Crude oil - throughput	
	Annual designed capacity	Actual throughput
	(In Barrels)	
2018 - note 44.1	21,466,500	18,196,899
2017	21,466,500	17,800,949

44.1 Actual throughput is less than the designed capacity due to day to day monitoring of throughput based on expected product margins.

45. NUMBER OF EMPLOYEES

	2018	2017
Number of employees including contractual employees at June 30	*1258	*1089
** This includes 654 (2017: 470) number of factory employees*		
Average number of employees including contractual employees during the year	**1174	**1048
*** This includes 562 (2017: 474) number of factory employees*		

46. CORRESPONDING FIGURES

For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

Reclassifed from component	Reclassified to component	Rupees '000
Trade and other payables	Unclaimed dividend	49,278
"	Unpaid dividend	32,980

47. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on 14 August 2018 (i) approved transfer of Rs. 900 million (2017: Rs. 3 billion) from unappropriated profit to general reserve; and (ii) proposed a final cash dividend of Rs. 10.00 per share (2017: Rs. 22.50 per share) for the year ended June 30, 2018 amounting to Rs. 799.67 million (2017: Rs. 1,799.25 million).

Through Finance Act 2018, the rate of tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001 has been reduced from 7.5% to 5% of accounting profit before tax on every public company. Moreover, the minimum limit for distribution for applicability of this levy has also been reduced from 40% to 20%, excluding distribution through bonus shares. Liability in respect of such income tax, if any, is recognised when the Company does not distribute dividend within six months of the end of the said tax year. No provision has been made in this respect as at June 30, 2018.

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 14, 2018 by the Board of Directors of the Company.

Chief Financial Officer	Chief Executive	Director

Pattern of Shareholding, Notice & Forms

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

FORM 34

NUMBER OF SHARES FROM	TO	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
1	100	1706	71,057	0.09
101	500	1387	393,144	0.49
501	1000	617	478,524	0.60
1001	5000	861	1,983,608	2.48
5001	10000	167	1,237,230	1.55
10001	15000	50	617,223	0.77
15001	20000	25	446,358	0.56
20001	25000	11	250,198	0.31
25001	30000	14	398,369	0.50
30001	35000	9	299,806	0.37
35001	40000	7	269,012	0.34
40001	45000	9	379,550	0.47
45001	50000	2	94,038	0.12
50001	55000	1	53,500	0.07
55001	60000	4	236,906	0.30
60001	65000	2	123,474	0.15
65001	70000	5	341,540	0.43
70001	75000	4	290,778	0.36
75001	80000	3	232,105	0.29
85001	90000	1	89,306	0.11
90001	95000	1	94,600	0.12
95001	100000	2	196,400	0.25
110001	115000	1	113,450	0.14
115001	120000	2	239,000	0.30
120001	125000	1	125,000	0.16
130001	135000	1	131,400	0.16
135001	140000	1	139,200	0.17
145001	150000	2	299,850	0.37
165001	170000	1	168,300	0.21
180001	185000	1	184,200	0.23
185001	190000	1	190,000	0.24
225001	230000	1	226,285	0.28
245001	250000	1	250,000	0.31
265001	270000	1	267,358	0.33
285001	290000	1	287,800	0.36
305001	310000	1	306,160	0.38
320001	325000	1	322,529	0.40
360001	365000	1	361,185	0.45
395001	400000	1	398,650	0.50
445001	450000	1	445,584	0.56
455001	460000	3	1,366,455	1.71
500001	505000	1	502,363	0.63
505001	510000	1	506,450	0.63
545001	550000	1	550,000	0.70
660001	665000	1	664,950	0.83
745001	750000	1	749,250	0.94
795001	800000	1	799,665	1.00
840001	845000	1	840,054	1.05
1065001	1070000	1	1,067,301	1.33
1995001	2000000	1	1,997,096	2.50
2315001	2320000	1	2,317,200	2.90
3585001	3590000	1	3,589,819	4.50
11995001	12000000	1	12,000,000	15.00
19990001	19995000	2	39,983,280	50.00
		4925	79,966,560	100.00

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2018

Categories	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children	0.01	7	11,707
Associated Companies	50.00	2	39,983,280
NIT and ICP	2.98	9	2,381,477
Banks, Development Financial Institutions and Non-Banking Financial Institutions	2.38	33	1,900,896
Insurance Companies	8.76	15	7,009,039
Modarabas and Mutual Funds	0.87	24	691,747
Shareholders holding 10%			
- Islamic Development Bank, Jeddah	15.00	1	12,000,000
General Public:			
a. Local	11.20	4,693	8,956,302
b. Foreign	0.01	1	9,500
Joint Stock Companies	1.06	21	844,705
Foreign Investors - other than Individual	5.06	22	4,049,641
Others	2.67	97	2,128,266
	100.00	4,925	79,966,560

INFORMATION REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

Associated Companies	
Attock Refinery Limited	19,991,640
Pakistan Oilfields Limited	19,991,640
Mutual Funds (as per LOBO* from CDC)	
CDC - TRUSTEE ATLAS STOCK MARKET FUND	30,000
CDC - TRUSTEE MEEZAN BALANCED FUND	35,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	5,493
CDC - TRUSTEE HBL ENERGY FUND	37,000
CDC - TRUSTEE MEEZAN ISLAMIC FUND	89,306
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	25,000
CDC - TRUSTEE KSE MEEZAN INDEX FUND	46,348
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	24,000
CDC - TRUSTEE MEEZAN ENERGY FUND	72,000
MCBFSL - TRUSTEE JS VALUE FUND	34,300
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	3,000
MC FSL - TRUSTEE JS GROWTH FUND	650
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	17,000
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	5,900
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	6,000
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	74,200

CDC - TRUSTEE NITIPF EQUITY SUB-FUND	6,500
CDC - TRUSTEE - MEEZAN DEDICATED EQUITY FUND	58,650
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	76,200
CDC - TRUSTEE APF-EQUITY SUB FUND	4,000
CDC - TRUSTEE APIF - EQUITY SUB FUND	4,000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,067,301
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	455,055

* List of Beneficial Owner Report

Categories	Percentage %	Number of Shareholders
Directors, Chief Executive Officer, their spouse(s) and minor children		
Mr. Laith G. Pharaon		1
Mr. Wael G. Pharaon		1
Mr. Shuaib A. Malik		2
Mr. Tariq Iqbal Khan		10,801
Mr. Babar Bashir Nawaz		1
Mr. Abdus Sattar		1
Mrs. Shahida Naeem (Spouse of Mr. Muhammad Naeem, Director)		900
Executives		4,610
Public Sector Companies and Corporations		4,944,803
Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas and Pension Funds		9,699,080
Shareholders holding 5% or more voting interest		
Attock Refinery Limited	25%	19,991,640
Pakistan Oilfields Limited	25%	19,991,640
Islamic Development Bank, Jeddah	15%	12,000,000

Trade in the shares of the Company carried out by directors, executives, their spouse(s) and minor children

Mr. Abdus Sattar, Executive, purchased 150 shares of the company during the year.

The expression "executive" means the CEO, CFO, Head of Internal Audit, Company Secretary and other employees of the Company drawing annual basic salary of Rs. 1,200,000 including all employees of Finance Divison.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty Fifth (55th) Annual General Meeting** of National Refinery Limited will be held on **Thursday, October 18, 2018 at 1430 hours at Marriott Hotel, Karachi** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and approve the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Reports of the Board and the Auditors thereon.

2. To consider and, if thought fit, to approve the payment of Final Cash Dividend at the rate of Rs.10/- per share i.e.,100% for the year ended June 30, 2018 as recommended by the Board of Directors.

3. To appoint Company's auditors for the year ending June 30, 2019 and to fix their remuneration.

4. To elect seven (7) Directors of the Company as fixed by the Board pursuant to the provisions of Section 159 of the Companies Act, 2017 for a term of three (3) years commencing from October 21, 2018. The names of the retiring Directors are:

   1. Mr. Laith G. Pharaon
   2. Mr. Wael G. Pharaon
   3. Mr. Shuaib Anwer Malik
   4. Mr. Tariq Iqbal Khan
   5. Mr. Muhammad Naeem
   6. Mr. Abdus Sattar
   7. Mr. Zaki Mohamad Mansoer

   The retiring directors are eligible for re-election.

5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Nouman Ahmed Usmani
Company Secretary

Karachi:
Dated: September 26, 2018

NOTES:

1. ELECTION OF DIRECTORS

Nomination / Notice of intention to offer himself/herself for election as a director in terms of Section 159(3) of the Companies Act, 2017, shall be filed, with the Company at the Registered Office, 7-B, Korangi Industrial Area, Karachi, by a member, not later than fourteen (14) days before the date of the above said meeting, along with:

- Consent to act as director on Form-28 duly completed and signed by the candidate as required under section 167(1) of the Companies Act, 2017.
- Candidate's detailed profile along with his/her office address as required under SECP's SRO 634(I)/2014 dated July 10, 2014.
- Signed declaration to the effect that the candidate is aware of the duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations.
- Signed declaration to the effect that the candidate is compliant with the requirements and eligibility criteria as set out in the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017 to be appointed as a Director/Independent Director of the listed Company.
- Copy of valid CNIC/Passport and NTN.

Following additional documents are to be submitted by the candidate(s) intending to contest election of directors as an independent director:

- Declaration under Regulation 6(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2017 that the candidate qualifies the criteria of independence notified under the Companies Act, 2017; and
- Undertaking on non-judicial stamp paper that the candidate meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

2. CLOSURE OF SHARE TRANSFER BOOK

The Register of Members of the Company will remain closed and no transfer of shares will be accepted for registration from October 10, 2018 to October 18, 2018 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar:

M/s Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi-74400.
Telephone (Toll Free) 0800-23275 / Fax: (92-21) 34326053
Email: info@cdcpak.com / Website: www.cdcpakistan.com

at the close of business on **October 9, 2018** will be treated in time for the purpose of determination of entitlement to the transferees.

3. FOR APPOINTING PROXIES

A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. A proxy need not be a member.

Proxy in order to be effective must be duly signed, witnessed, stamped and deposited at the office of the Share Registrar not less than 48 hours before the meeting.

The shareholder/proxy shall produce his/her original CNIC or passport at the time of the meeting.

CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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 authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. FOR APPOINTING PROXIES:

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

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. VIDEO-LINK FACILITY

At least seven days prior to the date of the meeting, on the demand of members residing in a city who hold at least ten percent of the total paid up capital of the Company, the facility of video-link will be provided to such members in that city enabling them to participate in the annual general meeting through video-link facility.

5. FORM OF PROXY

Form of proxy is annexed at the end of annual report as well as available at Company's website i.e., www.nrlpak.com.

6. CHANGE OF ADDRESS

Members are requested to promptly notify to the Company's Share Registrar of any change in their addresses.

7. COMPUTERIZED NATIONAL IDENTITY CARD NUMBER /NATIONAL TAX NUMBER

In compliance with regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Numbers (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest as follows:

- The shareholders who hold Company's shares in physical form are requested to submit the above information to the Share Registrar at the address mentioned above.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/ CDC Investor Account Service.

8. PAYMENT OF CASH DIVIDEND ELECTRONICALLY – COMPULSORY

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 and provide the particulars of their bank accounts through E-Dividend Form (annexed at the end of annual report as well as available at Company's website i.e., www.nrlpak.com) as dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders instead of through issuance of Dividend Warrants. In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend of those shareholders who have not provided the same.

9. DEDUCTION OF INCOME TAX FOR FILER AND NON-FILER AT REVISED RATES

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment are as follows:

1.	Rate of tax deduction for filers of income tax returns	15%
2.	Rate of tax deduction for non-filers of income tax returns	20%

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total shares	Principal shareholder		Joint shareholder	
			Name & CNIC No.	Shareholding proportion (No. of shares)	Name & CNIC No.	Shareholding proportion (No. of shares)

The CNIC/NTN number is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued and updated by the Federal Board of Revenue (FBR) from time to time.

10. EXEMPTION FROM DEDUCTION OF INCOME TAX/ZAKAT

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

11. UNCLAIMED SHARES / DIVIDEND TO VEST WITH THE FEDERAL GOVERNMENT

Members of the Company are informed that in compliance with the provisions of Section 244 of the Companies Act, 2017, shares / dividend which remain unclaimed or

unpaid for a period of three years from the date it is due and payable will be vested with the Federal Government after lapse of the time period as prescribed by the Securities and Exchange Commission of Pakistan, if no claim is made by respective members. Accordingly, all those members whose shares / dividend remain unclaimed or unpaid for the mentioned period are once again requested to lodge their claims as the Company has already dispatched notices in this respect to all such shareholders at their last known addresses, where available with the Company.

12. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEWBSITE

The audited financial statements of the Company for the year ended June 30, 2018 have been placed at the Company's website www.nrlpak.com.

13. TRANSMISSION OF ANNUAL REPORT ELECTRONICALLY

The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Accordingly, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.nrlpak.com, to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

14. VOTING THROUGH POSTAL BALLOT

In accordance with Companies (Postal Ballot) Regulations, 2018, members may cast their votes through postal ballot. If required, ballot papers will be published in newspapers and requisite information will be made available as per the procedures and timelines provided under the said regulations.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017 RELATING TO JUSTIFICATION FOR CHOOSING THE APPOINTEE FOR APPOINTMENT AS INDEPENDENT DIRECTOR

In compliance with Section 166(3) of the Companies Act, 2017, for an independent director, consent papers will be accepted from those persons who are in compliance with Section 166(2) of the Act.

اظہارِ تشکر

بورڈ کمپنی کی انتظامیہ اور اپنے ملازمین کی انتھک محنت کو سراہتے ہوئے ان کا تہہ دل سے شکر گزار ہے۔ بورڈ تمام صارفین، سپلائرز، غیر ملکی اور مقامی ٹھیکیداروں اور دیگر اسٹیک ہولڈرز کے مسلسل اعتماد کا مشکور ہے۔

بورڈ کی جانب سے

ڈائریکٹر

شعیب اے ملک
ڈپٹی چیئرمین اور
چیف ایگزیکٹیو آفیسر

14 اگست، 2018
دبئی

ملازمین کے معاملات کی کمیٹی

ایچ آر اینڈ آر کمیٹی چار ارکان پر مشتمل ہے۔ یکم جولائی، 2017 سے 30 جون، 2018 کی مدت کے دوران ارکان کی حاضری درج ذیل رہی:

ارکان کے نام	کُل اجلاس	اجلاسوں میں شرکت
جناب طارق اقبال خان - چیئرمین*	۱	-
جناب عبدالستار	۱	۱
جناب شعیب اے ملک	۱	۱
جناب بابر بشیر نواز (متبادل برائے: جناب وائل بی فرعون)	۱	۱

*29 مئی، 2018 سے کمیٹی کے چیئرمین نامزد کیے گئے۔

آڈٹ کمیٹی

آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ 30 جون 2018 کو ختم ہونے والے سال کے لئے آڈٹ کمیٹی کے اجلاسوں کے لئے ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ارکان کے نام	کُل اجلاس	اجلاسوں میں شرکت
جناب طارق اقبال خان	۴	۴
جناب بابر بشیر نواز (متبادل برائے: جناب وائل بی فرعون)	۴	۴
جناب عبدالستار	۴	۴

ڈائریکٹرز کی ریمونریشن پالیسی

بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کے معاوضہ/فیس کے تعین کا اختیار بورڈ کے پاس ہے۔ بورڈ کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے اور جنرل اجلاس میں یا کسی دوسرے کاروباری اجلاس میں شرکت کے لئے کوئی معاوضہ ادا نہیں کیا جائیگا۔ اسکے علاوہ، اجلاسوں میں شرکت کیلئے سفر، ہوٹل اور دیگر اخراجات ادا کئے جاتے ہے۔

شیئر ہولڈنگ کا خلاصہ

شیئر ہولڈنگ کا خلاصہ صفحہ نمبر 111 پر دکھایا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز تجویز کرتے ہیں کہ مالی سال ۳۰ جون ۲۰۱۹ کے اختتام کے لیے میسرز اے ایف فرگوسن اینڈ کمپنی کو دوبارہ آڈیٹر مقرر کیا جائے۔

بورڈ آف ڈائریکٹرز کی تشکیل اور ان کے اجلاس

بورڈ سات ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی تشکیل سال بھر مندرجہ ذیل رہی:

	قسم	نام
i	انڈیپینڈنٹ ڈائریکٹرز	جناب طارق اقبال خان جناب محمد نعیم جناب ذکی محمد منصور
ii	نان ایگزیکٹیو ڈائریکٹرز	جناب لیٹ جی فرعون جناب واٹل جی فرعون متبادل ڈائریکٹر: جناب بابر بشیر نواز جناب عبدالستار
iii	ایگزیکٹیو ڈائریکٹرز	جناب شعیب اے ملک جناب جمیل اے خان متبادل ڈائریکٹر برائے جناب لیٹ جی فرعون

فی الحال کمپنی کے بورڈ پر کوئی خاتون ڈائریکٹر نہیں ہے۔

مالی سال 18-2017 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	کُل اجلاس	اجلاسوں میں شرکت*
جناب لیٹ جی فرعون - چیئرمین (متبادل ڈائریکٹر: جناب جمیل اے خان)	۵	۵
جناب واٹل جی فرعون (متبادل ڈائریکٹر: جناب بابر بشیر نواز)	۵	۵
جناب شعیب اے ملک -ڈپٹی چیئرمین اور چیف ایگزیکٹیو آفیسر	۵	۵
جناب عبدالستار	۵	۵
جناب ذکی محمد منصور۔ IDB کے نمائندہ	۵	۱
جناب محمد نعیم ۔ NIT کے نمائندہ	۵	۵
جناب طارق اقبال خان	۵	۴

*متعلقہ اجلاس کے دوران کمپنی کے بورڈ پر ڈائریکٹر یا ان کے متبادل کی طرف سے شرکت کی گئی۔

شرکت سے قاصر رہنے والے ڈائریکٹرز کو غیر حاضری کی اجازت دی گئی تھی۔

- آنے والے سالوں میں لسڈ کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- 30 جون 2018 کو مختلف فنڈز کی سرمایہ کاری کی مالیت مندرجہ ذیل ہے:

تفصیل	ملین روپے (غیر آڈٹ شدہ)
انتظامی عملے سے متعلق فنڈز	
پنشن فنڈ	4,862
پراویڈنٹ فنڈ	999
بعد ریٹائرمنٹ میڈیکل فنڈ	1,098
گریجویٹی فنڈ	45
غیر انتظامی عملے سے متعلق فنڈز	
گریجویٹی فنڈ	105
پراویڈنٹ فنڈ	446

- ڈائریکٹرز گزشتہ سالوں میں ضابطہ برائے کاروباری نظم ونسق کے تحت پہلے سے ہی ڈائریکٹرز کے تربیتی پروگراموں میں شرکت کر چکے ہیں یا لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 میں شامل استثنیٰ کے معیار پر پورا اترتے ہیں۔
- کمپنی کے حصص میں بورڈ آف ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کی بیگمات اور چھوٹے بچوں کی طرف سے کوئی سودا نہیں کیا گیا سوائے اس کے کہ جن کا ذکر "شیئر ہولڈنگ کے پیٹرن" میں کیا گیا ہے۔

ہے۔آپ کی کمپنی کے نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) ایکسیلنس ایوارڈ 2018 میں حصہ بھی لیا اور اسے جیتا۔ہم نے 30 جون 2018 تک بغیر کسی حادثے (ایل ٹی آئی) کے 29.33 ملین گھنٹے مکمل کیے ہیں اور آگے آنے والے وقتوں میں ایک معیار مقرر کرنے کے لئے کوشش جاری رکھیں گے۔

قومی خزانے کو کی جانے والی ادائیگی

اس مالی سال کے دوران، کمپنی نے براہ راست اور بالواسطہ ٹیکس کی مد میں 43.3 ارب روپے قومی خزانے میں جمع کرائے اور نیفتھا اور لیوب بیس کے تیل کی برآمد کے ذریعے 121.37 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا۔

انسانی وسائل کی ترقی

کمپنی کے انسانی وسائل مختصر اور طویل مدتی کارپوریٹ اور اسٹریٹیجک مقاصد کے حصول میں بہت اہم کردار ادا کر رہے ہیں۔لہذا، آپ کی کمپنی اپنے ملازمین کی تربیت اور ترقی پر خصوصی توجہ مرکوز کرتی ہے۔مختلف تکنیکی اور غیر تکنیکی شعبوں میں مقامی اور غیر ملکی کورسز اور ورک شاپس کیلئے مختلف عملے کے ارکان کو نامزد کیا جاتا ہے۔افسران کے تربیتی پروگراموں کے ساتھ ساتھ، کمپنی اپنے مینجمنٹ ٹرینیز اور اپرنٹس شپ پروگراموں کے ذریعے ریفائنری آپریشن اور دیکھ بھال کے حوالے سے کتابی اور عملی تربیت فراہم کرتی ہے جو کہ نہ صرف کمپنی کی توسیع کے منصوبوں کے لیے تربیت یافتہ افرادی قوت کے اضافی تقاضوں کو پورا کرتی ہے بلکہ تیل صاف کرنے کی صنعت کے لئے تربیت یافتہ افرادی قوت کی دستیابی کا سبب بنتی ہے۔

انٹرنل فنانشل کنٹرول کا سسٹم

کمپنی اس بات کو یقینی بناتی ہے کہ مالی معاملات سمیت تمام سرگرمیوں کیلئے مناسب داخلی کنٹرولز موجود ہیں۔کمپنی میں انٹرنل آڈٹ ڈپارٹمنٹ موجود ہے جو داخلی مالی کنٹرولز کے ڈیزائن کی درستگی اور ان کنٹرولز کے مناسب طریقے سے لاگو ہونے اور انکی نگرانی کی تشخیص کیلئے ریگولر آڈٹ کرتا ہے۔کمپنی کے ڈائریکٹرز نے "آڈٹ کمیٹی" تشکیل دی ہے جو انٹرنل آڈٹ ڈپارٹمنٹ کی رپورٹوں کا سہ ماہی بنیاد پر جائزہ لیتی ہے۔

کاروباری نظم ونسق

کمپنی اچھے کاروباری نظم ونسق پر کاربند رہنے کا تہیہ کئے ہوئے ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 پر عمل پیرا ہے اور یہ بیان کیا جاتا ہے:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکوئٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- کمپنی کے کھاتے کمپنیز ایکٹ ۲۰۱۷ء کے تحت مناسب طریقے سے رکھے جا رہے ہیں۔
- مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

- کمپنی کو خام مال کی سپلائرز کی ادائیگی غیر ملکی کرنسی میں کرنی ہوتی ہے، پاکستانی روپے کی قدر میں کمی کی وجہ سے زرمبادلہ کے نقصان کا سامنا رہتا ہے۔ اگر پاکستانی روپے کی قدر میں کمی کا عالیہ رجحان جاری رہا تو اسکے نتیجہ میں زرمبادلہ کا بھاری نقصان ہوسکتا ہے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے صارفین، ملازمین اور حصص یافتگان کے علاوہ قومی معیشت کیلئے اپنی سماجی ذمہ داری کا احساس رکھتی ہے۔ ایک ذمہ دار ادارے کے طور پر، کمپنی نے ملک میں معیارِ زندگی کو بہتر بنانے کے لئے مختلف طریقوں سے معیشت کے مختلف سماجی کاموں میں اہم کردار ادا کیا ہے۔ حال ہی میں، کمپنی نے 400,000 روپے خیراتی ٹرسٹ کو عطیہ کے طور پر دیے ہیں، اور 200,000 روپے تعلیم کی فروغ کیلئے دیے گئے ہیں۔

کمپنی اس بات کیلئے پرعزم ہے کہ اس کے کردار کو نہ صرف ایک تجارتی ادارے کے طور پر بلکہ ایک سوشل پارٹنر کے طور پر بھی تسلیم کیا جائے۔ اس سلسلے میں کمپنی نے چار معذور افراد کو سندھ ایمپلائمنٹ ریہابلٹیشن اینڈ ویلفیئر ایکٹ ۲۰۱۴ء (Sindh Employment Rehabilitation and Welfare Act 2014) کی ہدایت کیمطابق ملازمت دے رکھی ہے اور ایسے افراد کی کمپنی کی ملازمت میں کم تعداد رکھنے کے عوض میں معذور افراد کی بحالی کے لیے صوبائی کونسل برائے معذور افراد کو ادائیگیاں بھی کرتی ہے۔

ملازمین اور انتظامیہ کے تعلقات

انتظامیہ اور ملازمین بشمول یونین کے درمیان خوشگوار تعلقات برقرار ہیں۔ حاصل کردہ پیداوار، اجتماعی اور مخلصانہ کوششوں کی عکاسی کرتی ہے۔ انتظامیہ اور ورکرز یونین کے درمیان دو سال کے عرصہ کیلئے ایک معاہدہ طے پایا ہے جو کہ کمپنی کے مفاد میں دونوں جماعتوں کے درمیان تعلقات بہتر بنانے میں اہم کردار ادا کرے گا۔ ملازمین کو اچھی صحت برقرار رکھنے کے مواقع فراہم کرنے کیلئے، کمپنی ریفائنری کے احاطے میں کھیلوں کی سرگرمیوں کی مسلسل حوصلہ افزائی کرتی ہے تاکہ زندگی کی طرف صحت مند رجحان کو فروغ ملے۔

پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

ماحول دوست فیول کی پیداوار اور مہلک اخراج کو کنٹرول کرنے کے ذریعہ ماحول کا تحفظ ہمیشہ سے این آر ایل کا ایک بڑا مقصد رہا ہے۔ اسکے حصول میں، ہم ماحولیاتی آلودگی کی روک تھام کیلئے مسلسل اپنا کردار ادا کررہے ہیں۔

اس پالیسی کے مطابق، این آر ایل ان مصنوعات اور سروسز کو فراہم کرنے کیلئے کوشاں ہے جو کہ صاف، محفوظ اور اعلیٰ معیار کی ہیں۔ مینجمنٹ یقین رکھتی ہے کہ اس بنیادی حقیقت کے احساس کا مقصد کمپنی کی بہتر ماحول کیلئے ذمہ داری کو پورا کرنا ہے۔ کمپنی تمام آپریشنل سرگرمیوں میں ماحولیاتی دیکھ بھال کو عملی جامہ پہنانے کیلئے دھیان مرکوز کئے ہوئے ہے اور ملازمین کے درمیان محفوظ طریقوں کے رجحان کو فروغ دینے کی حوصلہ افزائی کرتی ہے۔

ہمارے پاس آئی ایس او 14001:2015 (Environmental Management System)، OHSAS 18001:2007 (Occupational Safety & Health Management System) اور آئی ایس او 9001:2015 (Quality Management System) کی ضروریات کے مطابق ایک جامع مربوط مینجمنٹ سسٹم موجود

پرائسنگ فارمولا

کمپنی کا فیول سبسڈیز حکومت کے امپورٹ پیریٹی پرائسنگ (Import Parity Pricing) فارمولے کے تحت ریگولیٹ کیا جاتا ہے۔ تاہم، یکم جون، ۲۰۱۱ سے حکومت نے پیٹرول، ایوی ایشن فیول اور لائٹ ڈیزل آئل کی قیمتوں کو ڈیریگولیٹ کرتے ہوئے فیصلہ کیا کہ ریفائنریز کی متعین کردہ قیمتیں متعلقہ پراڈکٹ کی امپورٹ پرائس جو کہ پاکستان اسٹیٹ آئل کی گزشتہ ماہ کی اصل اوسط درآمدی قیمت بشمول انسیڈینٹلز (incidentals) سے تجاوز نہیں کرینگی۔ ایسی صورت میں جب قیمتیں مہیانہ کی جائیں تب ریفائنریز کو موجودہ امپورٹ پیریٹی پرائسنگ فارمولا کے مطابق اپنی قیمتوں کو طے کرنا ہوگا۔

امپورٹ پیریٹی پرائسنگ فارمولا کے مطابق فیول سبسڈیز کے منافع کو یکم جولائی، ۲۰۰۲ کے مطابق موجود ادا شدہ سرمایہ کے ۵۰ فیصد تک ڈیوڈنڈ (dividend) کی صورت میں حصص یافتگان کو تقسیم کیا جا سکتا ہے اور باقی رقم کو اسپیشل ریزرو (special reserves) میں منتقل کیا جائیگا۔

کاروباری تعلقات

ہم سعودی آرامکو اور ایڈناک کو درآمد شدہ خام تیل کی فراہمی پر بروقت ادائیگی کرنے کی تاریخی حیثیت برقرار رکھے ہوئے ہیں۔ مزید، پاکستان میں سرگرم تیل کی تلاش کرنے والی دیگر غیر ملکی اور مقامی کمپنیوں کو بروقت ادائیگی کی جاتی ہے۔ ہم سپلائی چین جو مقامی سپلائرز، صارفین اور دیگر کاروباری شراکت دار پر مبنی ہے ان کے ساتھ اچھے تعلقات برقرار رکھنے کی کوشش میں مصروف ہیں۔

کلیدی آپریٹنگ اور مالی اعداد و شمار

کلیدی آپریٹنگ اور گزشتہ چھ سال (2013-2018) کی مالیاتی تفصیل صفحہ نمبر 43 پر دکھائی گئی ہے۔

ریفائنریز کی پیداواری صلاحیت

پیداواری صلاحیتوں کے تجزیہ کے مطابق، این آر ایل 21.47 ملین بیرل سالانہ پیداواری صلاحیت کے ساتھ پاکستان کی تیسری بڑی ریفائنری ہے۔ این آر ایل پاکستان میں واحد ریفائنری کمپلیکس ہے جس میں لیوب ریفائنری شامل ہے اور ملک کی مانگ کو پورا کرنے کے لیے لیوب بیس آئل کی متعدد درجات کی پیداوار کرتا ہے۔

کریڈٹ ریٹنگ

کمپنی کے طویل مدتی درجہ بندی AA+ (پچھلے پانچ سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے چودہ سالوں سے برقرار) ہے۔ یہ درجہ بندیاں مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت رکھنے کی بناء پر کریڈٹ رسک کی بہت کم امید ظاہر کرتی ہیں۔ یہ درجہ بندیاں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) سے کروائی گئی ہیں۔

پیش نظر خوف و خطرات

- بین الاقوامی مارکیٹ میں خام تیل اور مصنوعات کی قیمتوں میں غیر مستحکم اتار چڑھاؤ کے نتیجہ میں مارجنز کم ملتے ہیں۔ ایسی صورت میں پچھلی نقصانات کو کم سے کم کرنے کے لئے وقتاً فوقتاً اپنی پیداوار اور فروخت کے شیڈول کا جائزہ لیتی ہے۔ مصنوعات کی قیمتوں کے تعین میں ایک ماہ کا وقفہ قیمتوں کے بڑھتے ہوئے رجحان میں عموماً مارجنز کو کم کرتا ہے۔

نیوسی واٹر ریورس اوسموسس پلانٹ

پانی کی اضافی ضروریات کو پورا کرنے کیلئے پہلے مرحلے کے منصوبوں کی تکمیل کے بعد یوایس 250,000 گیلن یومیہ صلاحیت کے حامل نیوسی واٹر ریورس اوسموسس پلانٹ کی خریداری اور تنصیب کرنے کا منصوبہ ہے۔ یہ منصوبہ ترکی کی میسرز AQWAMATCH کو ایوارڈ کر دیا گیا ہے اور اسکے دسمبر 2018 تک مکمل ہونے کی امید ہے۔

101-ایف-1 ائیر پری ہیٹر پراجیکٹ

فیول ریفائنری میں ائیر پری ہیٹر کی تنصیب ماحول دوست اور توانائی کی بچت کا منصوبہ ہے۔ مزید برآں، گرین ہاؤس گیسس کا اخراج اور کاربن فٹ پرنٹس اس منصوبے کی وجہ سے کم ہو جائینگے۔ منصوبہ کا تعمیراتی کام پہلے ہی شروع ہو چکا ہے اور متوقع ہے کہ اسکی تنصیب اور کمیشننگ ستمبر 2018 کے آخر تک ہو جائیگی۔

تکمیل شدہ منصوبے ۔2017-18

آپ کی کمپنی نے سال 2017-18 میں کامیابی کے ساتھ مندرجہ ذیل منصوبے مکمل کئے۔

آئیسومرائزیشن

آئیسومرائزیشن یونٹ (PENEX) اور اسکے معاون یونٹس (نیفتھا اسپلٹر اور نیفتھا ہائیڈروٹریٹر) نے اکتوبر 2017 سے کامیابی کیساتھ آپریشنز شروع کر دیے ہیں۔ آئیسومرائزیشن یونٹ کے مکمل ہونے سے ریفائنری لائٹ نیفتھا کو پیٹرول میں تبدیل کرنے کے قابل ہو چکی ہے اور اسکی بدولت ملکی ضروریات کو پورا کرنے کے ساتھ ساتھ اضافی قیمت بھی حاصل ہوگی۔

موجودہ ٹربوجنریٹر کی اپگریڈیشن

بجلی کے پیداواری یونٹ میں اسٹیم ٹربائن کو ملٹی ایکسٹریکشن بیک پریشر ٹربائن سے تبدیل کیا جا چکا ہے۔ اسکی بدولت اندرونی طور پر بجلی کی پیداواری مجموعی فی یونٹ لاگت کم ہوگئی ہے۔ یہ پراجیکٹ میسرز ہیمنس پاکستان انجینئرنگ کمپنی لمیٹڈ کو دیا گیا تھا اور یہ دسمبر 2017 میں مکمل ہوا۔

واٹر ڈی منرلائزیشن پلانٹ

ریورس اوسموسس کیلئے واٹر ڈی منرلائزیشن پلانٹ کی تنصیب اور کمیشننگ کامیابی کیساتھ جون 2018 میں ہوگئی ہے۔ یہ پلانٹ موجودہ پانی کے معیار کو بہتر بناتے ہوئے کمپنی کی پانی کی ضروریات پر قابو پانے میں مدد دے گا۔

لیوب I ریفائنری میں ڈی سی ایس کی تنصیب

YOKOGAWA کا ڈسٹری بیوٹڈ کنٹرول سسٹم لیوب I ریفائنری میں نصب کیا گیا ہے اور لیوب I ریفائنری کے تمام یونٹس نئے سسٹم پہ آپریٹ کر رہے ہیں۔

لیوب II ریفائنری کا ٹرن اراؤنڈ

کمپنی نے کامیابی کے ساتھ نومبر 2017 میں لیوب II ریفائنری کا ٹرن اراؤنڈ مکمل کیا۔

مستقبل کے منصوبے

مندرجہ ذیل منصوبے موجودہ پلانٹ کی بہتری کو یقینی بنانے، پیداواری صلاحیت بڑھانے اور مصنوعات کے بہتر مرکب کیلئے تصوّر کیے گئے ہیں۔

ٹاپنگ یونٹ اور ریفارمر یونٹ

حکومت پاکستان نے درآمد شدہ پیٹرول کی اسپیسفکیشن 87 RON سے 92 RON میں تبدیل کردی ہے۔ اگرچہ ریفائنریز کو 90 RON کو مارکیٹ کرنے کی اجازت ہے، تاہم مارکیٹ کی ضروریات کو پورا کرنے کے لیے موٹر گیسولین کی پیداوار کو بہتر بنانے کا موقع میسّر ہے۔ اسی کو مدنظر رکھتے ہوئے، این آر ایل نیفتھا کے پورے جم کو پیٹرول میں تبدیل کرنے کیلیے 30,000 بیرل یومیّہ صلاحیت کے حامل ایک ٹاپنگ یونٹ اور ریفارمر یونٹ کی تنصیب پر غور کررہی ہے۔ ٹاپنگ یونٹ کیلیے فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) مکمل کرلیا گیا ہے جبکہ ریفارمر کے انسٹنس کیلیے تجاویز کا جائزہ لیا جارہا ہے۔

لیوب ون ریفائنری کا ٹرن اراؤنڈ

کمپنی لیوب ون ریفائنری کا ٹرن اراؤنڈ سال 19-2018 میں کرے گی۔ اسکے نتیجے میں مسلسل دیکھ بھال کی ضروریات کے بغیر زیادہ بہتر سطح پر تسلسل کیساتھ پیداوار اکی جاسکے گی۔ یہ ٹرن اراؤنڈ لیوب ون ریفائنری کے ڈواسیچ یونٹ کے ریویمپ سے بھی منسلک ہے جسکی وجہ سے ٹرن اراؤنڈ میں اگلے مالی سال تک تاخیر ہوسکتی ہے۔

زیر تکمیل منصوبے

کمپنی مندرجہ ذیل منصوبوں کو فی الوقت جاری کیے ہوئے ہے:

لیوب۔ون ریفائنری میں ٹو اسٹیج یونٹ

اسکی منصوبہ بندی خام تیل کی پراسیسنگ صلاحیت کو 12,050 بیرل یومیہ پیداوار سے 17,000 بیرل یومیہ پیداوار اور ویکیوم فریکشنیشن کی صلاحیت 5,200 بیرل یومیہ پیداوار سے 6,600 بیرل یومیہ پیداوار تک بڑھانے کیلیے کی گئی ہے۔ اسکا کانٹریکٹ چین کی میسرز HUALU کو ایوارڈ کردیا گیا ہے اور اسکے جولائی 2019 تک مکمل ہونے کی امید ہے۔

فیول، لیوب II ریفائنری اور یوٹلیٹیز کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم کے ساتھ تبدیلی

موجودہ فیول، لیوب II ریفائنری اور یوٹلیٹیز کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم (ڈی سی ایس) کے ساتھ تبدیلی درست معیار کی پیداوار، اعلیٰ معیار کے پراسس کنٹرول، پراسس کی حفاظت اور ہنگامی بندش کو یقینی بنائے گا۔ یہ سسٹم پراسس کنٹرول اور پلانٹ پیرامیٹرز کی نگرانی، اپنی ضرورت کے مطابق رپوٹس اور الاگ شیٹس کی دستیابی، اور انسانی وسائل کے بہتر استعمال کو یقینی بنائے گا۔ یہ منصوبہ میسرز YOKOGAWA کو ایوارڈ کردیا گیا ہے اور اسکے جون 2019 تک مکمل ہونے کی امید ہے۔

کمپنی کا کاروبار

کمپنی تین ریفائنریوں کی مدد سے خام تیل صاف کرنے کے کاروبار میں مصروفِ عمل ہے جن کو ۱۹۶۶ء، ۱۹۷۷ء اور ۱۹۸۵ء میں کمیشن کیا گیا۔ ۲۰۰۵ء میں کمپنی کی نجکاری کی گئی جس کے نتیجہ میں 51% حصص اٹک گروپ کی ملکیت میں ہیں۔

کمپنی کی تینوں ریفائنریوں کے دو کاروباری شعبۂ جات فیول سگمینٹ اور لیوب سگمینٹ ہیں۔ فیول سگمینٹ کی پیداوار میں ہائی سپیڈ ڈیزل، نیفتھا، موٹر گیسولین، مائع پیٹرولیم گیس، جیٹ ایندھن اور فرنس آئل شامل ہیں۔ لیوب سگمینٹ کی پیداوار میں مختلف گریڈ کے لیوب بیس آئلز، متارکول، فرنس آئل، موم، ربڑ بنانے کا تیل اور کچھ مقدار دیگر فیول پروڈکٹس شامل ہیں۔ تمام مصنوعات کی مارکیٹنگ مقامی طور پر کی جارہی ہے، سوائے نیفتھا اور کچھ مقدار لیوب بیس آئل کے جو برآمد کی جاتی ہیں۔

جون 2017 میں، کمپنی نے ڈیزل ہائیڈروڈی سلفیورائزیشن یونٹ کو کمیشن کیا تھا اور یورو II معیاری ایچ ایس ڈی کی پیداوار شروع کی تھی جبکہ اکتوبر 2017 میں کمپنی نے کامیابی کے ساتھ ملک کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے نیفتھا کو موٹر گیسولین میں تبدیل کرنے کیلئے آئیسومرائزیشن یونٹ کو کمیشن کیا۔

مستقبل کا منظر نامہ

مینجمنٹ آگے آنے والے چیلنجوں سے آگاہ ہے اور مسلسل ترقیاتی حکمت عملی تیار کر رہی ہے اور ان چیلنجوں کو پورا کرنے، منسلک رسک کو کم کرنے اور کاروباری ترقی کو برقرار رکھنے کے لئے مناسب اقدامات اختیار کر رہی ہے۔ کمپنی کو درپیش اہم ترین چیلنجوں میں حال ہی میں کمیشن کئے گئے ڈی ایچ ڈی ایس اور آئیسومرائزیشن یونٹس کی اضافی آپریٹنگ لاگت بشمول ڈیپریسیشن اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے جس کا کمپنی کی مالی پوزیشن پہ نمایاں اثر ہوتا ہے۔ مینجمنٹ کے خیال کیمطابق ڈی ایچ ڈی ایس منصوبے کی تکمیل پر حکومت کی جانب سے ایچ ایس ڈی پر پہلے سے عزم شدہ 1.5% اضافی ڈیمنڈ ڈیوٹی اس پلانٹ کو آسانی سے چلانے کیلئے ناگزیر ہے تاکہ متعلقہ اضافی لاگت کو وصول کیا جاسکے۔ پیٹرولیم مصنوعات کی مارکیٹ اچھی شرح سے بڑھ رہی ہے؛ تاہم، خام تیل اور مصنوعات کی قیمتوں میں اضافے کے ساتھ ساتھ روپے کی قدر میں کمی کو دیکھتے ہوئے، کمپنی نے اپنے تمام پرانے اور نئے یونٹس کو زیادہ سے زیادہ سطح پر آپریٹ کرنے میں ایک محتاط رویہ اپنایا ہوا ہے۔

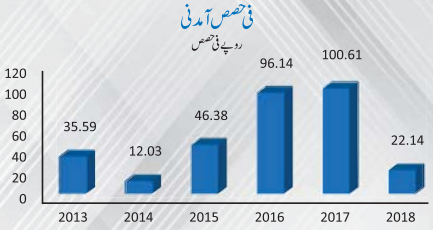
موجودہ سال میں، آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) نے ریگولیٹڈ مصنوعات سے متعلقہ خام تیل کی درآمد پر ریگولیٹری/کسٹم ڈیوٹی اور پی ایس او کی درآمدی قیمت پر مبنی پیٹرولیم مصنوعات (جو کہ ایچ ایس ڈی اور ایم ایس ہیں) کی فروخت سے ریکورڈ ڈیوٹی کی سیٹلمنٹ کیلئے طریقہ کار منظور کیا ہے جو کہ "بغیر نفع/نقصان" کے اصول پہ مبنی ہے۔ ای سی سی کے فیصلے کے مطابق، ڈی ریگولیٹڈ مصنوعات سے متعلقہ خام تیل پر ادا شدہ ڈیوٹی کسٹمرز سے براہ راست چارج کی جائیگی۔ کیونکہ ریفائنریز لاگت پر مخصر (cost plus) فارمولہ پر کام نہیں کرتی ہیں، ہر اضافی لاگت کو مکمل طور پر کسٹمرز سے چارج نہیں کیا جاسکتا، لہٰذا، ڈی ریگولیٹڈ مصنوعات خاص طور پہ فرنس آئل کے مارکیٹ محرکات کیمطابق، این آر ایل کسٹمرز سے ڈی ریگولیٹڈ مصنوعات کی فروخت پر خام تیل پر ڈیوٹی کے متعلقہ حصہ کو مکمل طور پر وصول نہیں کر پا رہا ہے جسکے نتیجہ میں کمپنی کی خام مال کی قیمت میں اضافہ ہو رہا ہے۔ 24 مئی 2018 سے مؤثر، خام تیل پر ڈیوٹی 4% سے بڑھ کر 5% ہوگئی ہے جبکہ فرنس آئل پر ڈیوٹی کم ہوگئی ہے، لہٰذا، کمپنی کے مستقبل کے منافع مزید متاثر ہونے کا امکان ہے۔

لیوب سیگمینٹ

لیوب سیگمینٹ کا منافع 3.98 ارب روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کا منافع 3.98 ارب روپے تھا۔ لیوب سیگمینٹ میں مارجنز گزشتہ سال کے مقابلے میں تھوڑے بہتر رہے؛ تاہم، طے شدہ لیوب II ریفائنری کے بائیس دن کے ٹرن اراؤنڈ کے باعث پیداوار میں کمی کی وجہ سے فروخت میں کمی ہوئی۔ لیوب میں آئل کی مانگ میں کمی کی وجہ سے بھی فروخت متاثر ہوئی۔

فی حصص آمدنی

اس سال فی حصص آمدنی 22.14 روپے رہی جبکہ گزشتہ سال 100.61 روپے تھی۔

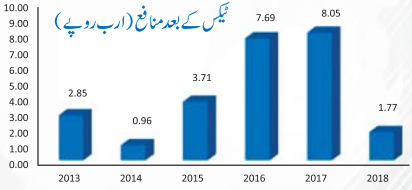


منافع کا تصرف

تفصیل	2017-18 ملین روپے	2016-17 ملین روپے
تصرف کے لیے دستیاب منافع (دیگر جامع آمدنی سمیت)	1,745	4,833
منتقلی جنرل ریزرو	900	3,000
فائنل ڈیویڈنڈ 100% (2017 : 225%)	800	1,799

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لیے حتمی کیش ڈیویڈنڈ 10.00 روپے فی حصص (100%) کی سفارش کی ہے۔ ڈیویڈنڈ کی سفارش سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے۔

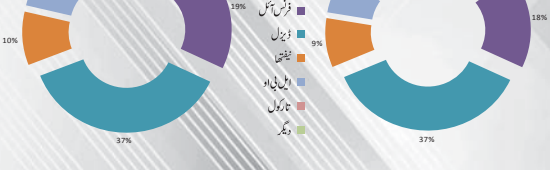


فیول سیگمنٹ

فیول سیگمنٹ میں ٹیکس کے بعد 2.21 ارب روپے کا نقصان ہوا جبکہ گزشتہ سال ٹیکس کے بعد منافع 4.07 ارب روپے کا تھا۔ نئے شامل کردہ ڈیزل ہائیڈروڈی سلفیورائزیشن (DHDS) اور نیفتھا آئیسومرائزیشن (ISOM) یونٹس سے منسوب اضافی آپریٹنگ لاگت بشمول 2.75 ارب روپے کی ڈیپریسیئیشن کے ساتھ ساتھ پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے 1.75 ارب روپے کے زرمبادلہ کے نقصان کے نتیجہ میں سیگمنٹ کے منافع میں کمی آئی۔

موجودہ سال میں ماہانہ اوسطاً خام تیل کی قیمت 47.3 ڈالر فی بیرل سے 75.5 ڈالر فی بیرل تک بڑھی جبکہ مصنوعات کی قیمت فروخت کے تعین کا طریقہ کار گزشتہ ماہ کے اوسط پر ہونے کے نتیجہ میں ماہانہ بنیاد پر مارجن کم ہوئے۔ اس سیگمنٹ میں فرنس آئل کی فروخت میں کمی دیکھی گئی کیونکہ موسم سرما میں پاور پلانٹس زیادہ تر گیس پر چلے۔ ڈی ریگولیٹڈ مصنوعات سے منسوب خام تیل درآمد پر ادا کردہ کسٹم ڈیوٹی کی مختصر وصولی نے بھی سیگمنٹ کے منافع کو متاثر کیا۔ تاہم، نئے یونٹس نے یورو II معیاری ایچ ایس ڈی مصنوعات کے حصول پر ایچ ایس ڈی کی قیمت کے فرق کو ختم کرنے اور موٹر گیسولین کی پیداوار اور فروخت میں اضافہ کی وجہ سے اضافی آمدنی کے ذریعہ کمپنی کے نقصان کو محدود کرنے میں مدد کی۔ نیفتھا آئیسومرائزیشن پلانٹ کی کمیشننگ پر سرمایہ کاری ٹیکس کریڈٹ کے باعث سال کا نقصان مزید کم ہوا۔

پیداوار کے حجم کا مرکب



ڈائریکٹرز رپورٹ

بسم اللہ الرحمٰن الرحیم

السلام وعلیکم

بورڈ آف ڈائریکٹرز 30 جون 2018 کو مکمل ہونے والے سال کے لیے نیشنل ریفائنری لمیٹڈ کی 55 ویں سالانہ رپورٹ بمع آڈٹ شدہ مالیاتی گوشوارے اور ان پر آڈیٹر کی رپورٹ مسرّت کے ساتھ پیش کرتے ہیں۔

مالیاتی نتائج

آپ کی کمپنی نے گزشتہ سال کے 8.05 ارب روپے کے مقابلے میں اس سال 1.77 ارب روپے کا ٹیکس کے بعد منافع کمایا۔ خام تیل اور مصنوعات کی قیمتوں میں غیر متناسب اضافہ نے بالخصوص فیول مصنوعات کے مارجنز کو کم کیا۔ اسکے علاوہ، نئے تکمیل شدہ یونٹس سے منسوب اضافی آپریٹنگ لاگت اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی کے نتیجہ میں کمپنی کو نقصان ہوا۔

FORM OF PROXY

55TH ANNUAL GENERAL MEETING
NATIONAL REFINERY LIMITED

I _____ of _____in the district of _____ being a Member of NATIONAL REFINERY LIMITED hereby appoint _____ of _____ as my proxy, and failing him, _____ of _____ another Member of the Company to vote for me and on my behalf at the 55th Annual General Meeting of the Company to be held on the 18th day of October 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018.

Signed by the said Member

Signed in the presence of:

1. Signature: _____

   Name: _____

   Address: _____

   CNIC/Passport No._____

2. Signature: _____

   Name: _____

   Address: _____

   CNIC/Passport No._____

Information required		For Member (Shareholder)	For Proxy	For alternate Proxy (*)
			(if member)	
Number of shares held				
Folio No.				
CDC Account No.	Participant I.D.			
	Account No.			

Signature on revenue stamp of appropriate value (To the extent applicable)

(*) Upon failing of appointed Proxy.

Notes:

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member.

2. This Proxy Form, duly completed and signed, together with Board Resolution / Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar, Share Registrar Department, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, Telephone 0800-23275, Fax: (92-21) 34326053 not later than 48 hours before the time of holding the meeting.

3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity its common seal should be affixed on the instrument.

4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.

5. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be provided with the proxy form.

6. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

7. In the case of joint holders the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

8. The proxy shall produce his / her original CNIC or passport at the time of the meeting.

AFFIX
POSTAGE
STAMP

Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi -74400.
UAN: 111-111-500 Toll Free: 0800-23275
Fax: (92-21) 34326053 Email: info@cdcpak.com
Website: www.cdcpakistan.com

۲۔ پراکسی کا ہر لحاظ سے مکمل، دستخط شدہ مع ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اگر کوئی ہو یا اسکی نوٹرائزڈ کاپی اور اجلاس شروع ہونے سے ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹرار سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس بی -99 ، بلاک بی ، ایس ایم سی ایچ ایس ، مین شاہراہِ فیصل، کراچی-74400، ٹیلیفون نمبر 0800-23275 ، فیکس نمبر 34326053 (92-21) تک موصول ہونا لازمی ہے۔

۳۔ پراکسی منتخب کرتے ہوئے رکن یا اس کے اٹارنی کا پراکسی فارم پر دستخط کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم پر کمپنی کی سیل (Seal) کا لگا ہوا ہونا لازمی ہے۔

۴۔ پراکسی فارم میں کسی قسم کی تبدیلی کیلئے پراکسی منتخب کرنے والے کے دستخط ہونا ضروری ہے۔

۵۔ بینیفیشل اونرز (رکن) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی پراکسی فارم کے ساتھ منسلک کرنی ہونگی۔

۶۔ اگر کوئی ممبر ایک سے زیادہ پراکسی منتخب کرے اور یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسی صورت میں تمام پراکسی فارمز غیر مؤثر قرار پائیں گے۔

۷۔ مشترکہ حصہ دار ہونے کی صورت میں جسکا نام ممبر رجسٹر میں پہلے درج ہوگا (سینئر) اسکا اپنا یا اسکے منتخب پراکسی کا ووٹ قابل قبول ہوگا بنسبت دیگر مشترکہ حصہ داروں کے ووٹ کے۔

۸۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

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Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi -74400.
UAN: 111-111-500 Toll Free: 0800-23275
Fax: (92-21) 34326053 Email: info@cdcpak.com
Website: www.cdcpakistan.com

پراکسی فارم
۵۵ واں سالانہ اجلاس عام
نیشنل ریفائنری لمیٹڈ

میں _____ کا/کی _____ ضلع _____ بحیثیت رکن نیشنل ریفائنری لمیٹڈ محترم/محترمہ _____ ضلع
_____ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کمپنی کے/کی دوسرے/دوسری رکن محترم/محترمہ _____ ضلع
_____ کو اپنے ایماء پر ۱۸ اکتوبر، ۲۰۱۸ یا اسکے التواء کی صورت میں متبادل تاریخ کو منعقد ہونے والے کمپنی کے ۵۵ ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے کے لئے اپنا پراکسی مقرر کرتا/کرتی ہوں۔

آج بروز _____ بتاریخ _____ ۲۰۱۸ کو دستخط کئے گئے۔

رکن کے دستخط

گواہان:

1:۔

دستخط: _____

نام : _____

پتہ : _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

2:۔

دستخط: _____

نام : _____

پتہ : _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

درکار معلومات		رکن کیلئے (شیئر ہولڈر)	پراکسی کیلئے (بصورت رکن)	* متبادل پراکسی کیلئے
حصص کی تعداد				
فولیو نمبر				
سی ڈی سی اکاونٹ نمبر	متعلقہ شریک آئی ڈی			
	اکاونٹ نمبر			

مناسب قیمت کے محصول ٹکٹ پر دستخط (قابل قبول حد تک)

* پراکسی کی غیر موجودگی کی صورت میں

نوٹ:۔

ا۔ ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی کے لئے ایک پراکسی مقرر کر سکتا ہے۔ پراکسی کا ممبر ہونا ضروری نہیں۔

E-DIVIDEND

Members of National Refinery Limited

Pursuant to the provisions of Section 242 of the Companies Act, 2017 and SECP's circular No. 18/2017, every listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In compliance with the said requirements, in order to receive your all future dividends, as and when declared, directly into your Bank Account, you are required to provide the information as contained in the below mentioned form and send the same to the Company's Share Registrar, if the shares are held in physical form or to your brokers/Central Depository Company Limited, if the shares are held in the electronic form.

To
Central Depository Company of Pakistan Limited
Share Registrar of National Refinery Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400.

To
_____
_____
_____
_____

For Shares held in book entry form

E-DIVIDEND FORM

(i) Shareholder's Detail	
Name of the shareholder	
Folio No. / CDC No.	
CNIC No.	
Passport No. (in case of Foreign Shareholder)	
Land Line Phone No.	
Cell No.	
E-mail Address	

(ii) Shareholder's Bank Detail	
Bank's Name	
Branch Name and Address	
Title of Bank Account	
IBAN Number	
Full Bank Account Number	

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the broker/CDC/Company's Share Registrar, as the case may be, as soon as any change occurs.

_____
Signature of the Member/Shareholder
of National Refinery Limited

Date: _____

Note:

- The shareholders who hold shares in physical form are requested to submit duly filled-in, duly signed and stamped, where applicable, E-Dividend Form to the Share Registrar concerned.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant/ CDC Investor Account Service.
- Please attach attested photocopy of the CNIC or Passport (in case of Foreign Shareholder)

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Share Registrar Department
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*Mobile apps are also available for download for android and ios devices

National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900.
UAN: 111-675-675 Website: www.nrlpak.com
E-mail: info@nrlpak.com