

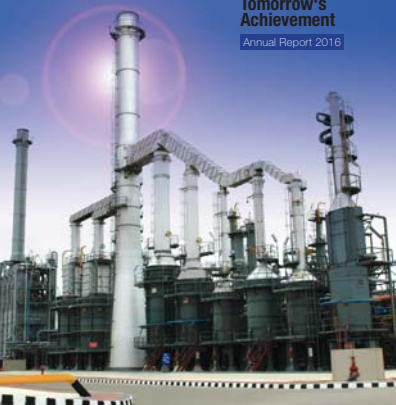


National Refinery Limited

Vision of today is

**Tomorrow's  
Achievement**

Annual Report 2016





WEAR A SAFETY HELMET

WEAR A SAFETY HELMET

WEAR A SAFETY HELMET

WEAR A SAFETY HELMET

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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 benefits 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

Dr. Ghaith R. Pharaon - Chairman  
Alternate Director: Abdus Sattar

Laith G. Pharaon  
Alternate Director: Jamil A. Khan

Mofarrh Saeed H. Alghamdi  
Alternate Director: Babar Bashir Nawaz

Shu'uib A. Malik  
Zaki Mohamad Mansoor  
Shahid Ghaffar  
Tariq Iqbal Khan

### Chief Executive Officer

Shu'uib A. Malik

### Chief Financial Officer

Anwar A. Shaikh

### Company Secretary

Nouman Ahmed Usmani

### Audit Committee

Tariq Iqbal Khan Chairman

Abdus Sattar Member  
Alternate to Dr. Ghaith R. Pharaon

Babar Bashir Nawaz Member  
Alternate to Mofarrh Saeed H. Alghamdi

Shaikh Ather Ahmed Secretary



**Human Resource and Remuneration (HR&R) Committee**

Abdus Sattar Chairman

Alternate to Dr. Ghaith R. Pharaon

Babar Bashir Nawaz Member

Alternate to Mofarrih Saeed H. Alghamdi

Shuaib A. Malik Member

Nourman Ahmed Usmani Secretary

**Auditors**A. F. Ferguson & Co.  
Chartered Accountants**Solicitors**

Ali Sibtain Fazli &amp; Associates

**Bankers**

Bank Al-Habib Limited

United Bank Limited

Allied Bank Limited

Bank Alfalah Limited

Faysal Bank Limited

Habib Bank Limited

National Bank of Pakistan

MCB Bank Limited

Askari Bank Limited

Samba Bank Limited

Habib Metropolitan Bank Limited

**Registered Office**

7-B, Korangi Industrial Area, P.O. Box No. 8228, Karachi-74900

UAN: +92-21-111-675-675

PABX: +92-21-35064981-86

+92-21-35064977-79

Fax: +92-21-35054663

+92-21-35066705

Website: [www.nripak.com](http://www.nripak.com)E-mail: [info@nripak.com](mailto:info@nripak.com)**Share Registrar**THK Associates (Pvt.) Ltd., 2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530 P.O. Box No. 8533

UAN: +92-21-111-000-322

Direct: +92-21-35693094-95

Fax: +92-21-35655595

Email: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)Website: [www.thk.com.pk](http://www.thk.com.pk)



# NRL AT A GLANCE

## FIRST LUBE REFINERY

Design capacity	539,700 Tons per year of Crude processing
Design capacity	76,200 Tons per year of Lube Base Oils
Date Commissioned	June 1966
Project Cost	Rs. 103.9 million

## FUEL REFINERY BEFORE RE-VAMP

Design capacity	1,500,800 Tons per year of Crude processing
Date Commissioned	April 1977
Project Cost	Rs. 607.5 million

## AFTER RE-VAMP

Design capacity	2,170,800 Tons per year of Crude processing
Date Commissioned	February 1990
Project Cost of Revamping	Rs. 125.0 million

## BTX Unit

Design capacity	25,000 Tons per year of BTX
Date Commissioned	April 1979
Project Cost	Rs. 66.7 million

## SECOND LUBE REFINERY BEFORE RE-VAMP

Design capacity	100,000 Tons per year of Lube Base Oils
Date Commissioned	January 1985
Project Cost	Rs. 2,082.4 million

## AFTER RE-VAMP

Design capacity	115,000 Tons per year of Lube Base Oils
Date Commissioned	June 2008
Project Cost of Revamping	Rs. 585.0 million

## SHAREHOLDERS' EQUITY

June 1966	Rs. 20.0 million
June 2016	Rs. 36,822.4 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 speciality 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 objectives 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****Dr. Ghaith R. Pharaon**

Chairman and Director  
(Non-Executive Director)

**Chairman & Director**

The Attock Oil Company Limited  
Attock Petroleum Limited  
Attock Cement Pakistan Limited  
Attock Solar (Pvt.) Limited

**Director**

Pakistan Oilfields Limited  
Attock Gen Limited  
Attock Laissez & Management Associates (Pvt.) Limited  
Attock Refinery Limited

**Mr. Laith G. Pharaon**

(Non-Executive Director)

**Director**

Attock Petroleum Limited  
Pakistan Oilfields Limited  
The Attock Oil Company Limited  
Attock Refinery Limited  
Attock Cement Pakistan Limited  
Attock Gen Limited  
Attock Laissez & Management Associates (Pvt.) Limited

**Mr. Mofarrih Saeed  
H. Alghamdi**

(Non-Executive Director)

**Director**

Attock Petroleum Limited  
Pakistan Oilfields Limited  
Attock Refinery 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  
Angool Heights Development (Pvt.) Limited  
Attock Laissez & 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 Regional Chief Executive****Chairman**

NRL Management Staff Pension Fund  
NRL Management Staff Gratuity Fund

# DIRECTORS' PROFILE

## Name

## Other Engagements

### Mr. Zaki Mohamad Mansoor

(Independent Director)



#### Division Manager

Resource Mobilization Division, Investment  
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  
Khyber Pakhtunkhwa Oil & Gas Company Limited  
CAS Management (Private) Limited

### Mr. Shahid Ghaffar

(Independent Director)



#### Director

Bank Al-Habib Limited  
Fauji Fertilizer Company Limited  
Hub Power Company Limited  
Mael Petroleum Company Limited  
Central Depository Company Limited

### Mr. Abdus Sattar

Alternate for  
Dr. Ghaffar R. Pharoan  
(Non-Executive Director)



#### Director

Attock Refinery Limited  
Attock Petroleum Limited  
Pakistan Oilfields Limited  
Attock Cement Pakistan Limited

### Mr. Babar Bashir Nawaz

Alternate for Mr. Mofarrah  
Saeed H. Alghamdi  
(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. Pharoan  
(Executive Director)



#### Chairman

National Refinery Executive Staff Post Retirement  
Medical Benefits Fund  
NRL Non-Management Staff Gratuity Fund

#### Trustee

NRL Management Staff Pension Fund  
NRL Officers Provident Fund  
NRL Workmen Provident Fund  
NRL Management Staff Gratuity Fund

## CHAIRMAN'S REVIEW

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**It gives me immense pleasure to welcome you all, on behalf of the Board of Directors, in the 53<sup>rd</sup> Annual General Meeting of your Company and to present annual review of results and audited financial statements for the year ended June 30, 2016.**

Lower crude oil prices are exerting pressure on oil exporting countries resulting in huge budget deficits and lower economic growth. On the other hand, the situation has a positive impact on oil importing countries and Pakistan is no exception. The country witnesses better economic growth, a declining inflation rate and lower Consumer Price Index. State Bank of Pakistan has further reduced the Interest rates. Resultantly, macro-economic factors of Pakistan are improving and encouraging investors and entrepreneurs for business and investment activities.

Together with the opportunities available in the International Market your company did its best to derive maximum possible benefits. As a result of concerted efforts your company has recorded the highest ever profit in the company's history. The after tax profit of the company reached at Rs. 7.69 billion compared to Rs. 3.71 billion last year.



After four difficult years, fuel segment of your company showed a profit of Rs. 2.02 billion as compared to loss of Rs. 0.081 billion in the last year. Profitability of lube segment also significantly increased to reach at Rs. 5.67 billion as compared to Rs. 3.79 billion in the last year. Profitability improved due to favourable margins between product prices and cost of crude and improved sales of HSD and Bitumen.

Diesel de-sulphurization and Naphtha Isomerization projects are progressing smoothly. Construction milestones have been achieved as per schedule. Installation of equipment at site is in progress. The project is expected to be completed by May 2017. Completion of the above projects would improve the quality of Diesel and increase the production of Motor Gasoline.

I would like to appreciate the management, employees and all other stakeholders for their untiring efforts leading to the achievement of these financial results and anticipate that the company would continue to achieve similar results in future as well.

On behalf of the Board of Directors, I would like to thank all the stakeholders for their commitment, dedication and hard work to achieve the Company's goals.



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Dr. Ghaith R. Pharaon  
Chairman

August 15, 2016  
Rawalpindi, Pakistan

## DIRECTORS' REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

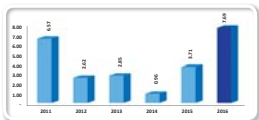


**Assalam-o-Alaikum**

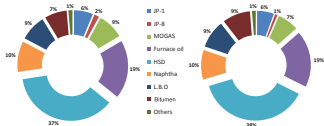
**The Board of Directors is pleased to present the 53rd Annual Report of National Refinery Limited together with the audited financial statements and auditors' report thereon for the year ended June 30, 2016.**

**FINANCIAL RESULTS**

The year 2016 turned to be a favorable year for the company due to lower crude oil prices. Margins remained high due to which your company earned profit after tax of Rs. 7.69 billion as compared to Rs. 3.71 billion in last year. This year's profitability is the highest ever profit of the company in its history. Stability of exchange rate and interest income also increased the profitability.

**PROFIT AFTER TAX - (Rs in billion)****Fuel Segment**

Higher margins contributed towards the profit of fuel segment this year. Fuel segment remained under pressure during the last four years. The segment recorded profit after tax of Rs. 2.02 billion as compared to loss after tax of Rs. 0.081 billion in the last year. Profitability improved due to better margins as crude oil price steeply declined in the International Market. Stability of Pak Rupee against US \$ contained the exchange loss and appropriate placements of surplus funds contributed to profitability. Furthermore, company's profitability includes impact of Rs. 0.64 billion income tax credit on your company's Capital Investments for refinery upgradation.

**2014-2015****SALES VOLUME COMPOSITION****2015-2016**



### Lube Segment

The Lube Segment's profitability also improved due to lower material cost as well as increase in sales volume. The profit after tax for Lube Segment was recorded at Rs. 5.67 billion compared to Rs. 3.79 billion. Sale volume of Bitumen increased resulting in lower inventory levels and realization of funds.

### EARNING PER SHARE

Earning per share was Rs.96.14 compared to Rs.46.38 of the last year.



### APPROPRIATIONS

Description	2015-16	2014-15
	(Rupees in millions)	
Profit available for appropriation (including Other Comprehensive Income)	6,264	4,486
Transfer to General Reserves	4,000	3,000
Final Dividend @ 200% (2015: 100%)	1,599	800

### DIVIDEND

The Board of Directors has recommended a final cash dividend @ Rs. 20 per share (200%) for the year ended June 30, 2016. 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, Waxes and Rubber Process Oil and some quantities of fuel products. The products are marketed locally, whereas Naphtha and some quantity of Lube Base Oils are exported. The designed annual capacity of Fuel Segment is to process 2,710,500 M. Tons Crude Oil and condensate.

Effective May 1, 2015 Government levied Regulatory (later converted to Custom) duty on import of crude oil 2%, HSD 2.5%, Mogas 2% and increased the same on Furnace Oil from 5% to 7%. Later on ECC decided that there will be no loss / gain impact of such duty for refineries / OMCs and a mechanism is to be prepared for adjustment of claims, by OGRA and Ministry of Petroleum & Natural Resources (MoP&NR) in consultation with Federal Board of Revenue (FBR). The mechanism for such adjustment is pending approval from the concerned authorities. The above regulatory duty / custom duty further increased by 1% in November 2015.

## FUTURE OUTLOOK

### • DIESEL DESULPHURIZATION AND ISOMERIZATION - UPGADATION PROJECTS

The projects of Diesel desulphurization (DHDS) and Isomerization (ISOM) to produce environment friendly products and to meet Country's growing demand are proceeding smoothly. The company estimates that the project will be completed on time and within the project value of USD 349 million.

Procurement activities for all the major items have been completed. Shipments of equipment which have arrived at site have been installed. Remaining equipment is under manufacturing or in the process of shipment to NRL. Most of the reactors and columns have already arrived at site which are in the process of installation. Civil foundations and underground piping work are near completion. Overhead piping work and Equipment installation on foundations is in progress.

The company has entered into syndicate agreement with consortium of banks for financing of these projects for an amount of Rs. 24.2 billion at 1.7% above six months KIBOR, financing yet to be availed. The loan is to be repaid in 10 years semi-annual payments with grace period of two years.

The completion of HSD de-sulphurization would yield the price of Euro-II product, while increase of 1.5% deemed duty on HSD is under discussion with Ministry of Petroleum & Natural Resources that would result in improved margins. Prevailing higher price of Motor gasoline compared with the export price of Naphtha would also result in improved profitability. On completion of Isomerization project the production of Motor Gasoline





would increase by conversion of most of Naphtha currently exported at lower price.

#### • OTHER PROJECTS

In addition to the upgradation projects planned as above, following additional projects have been envisioned to ensure improvement of existing plant.

##### ○ Two stage unit at Lube-1 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 project is in planning stage.

##### ○ CDU Revamp Project

The project has been envisioned, to enhance the installed crude oil processing capacity from 50,000 bpsd to 53,000 bpsd at crude distillation unit of fuel refinery. The Project has been awarded to the contractor. Basic engineering work has been completed. The project is expected to be commissioned by mid of calendar year 2017.

##### ○ 101-F-1 Air Pre-Heater Project

Installation of Air-Pre Heater at fuel refinery is an energy saving and environmental friendly project. Furthermore, Greenhouse gases emissions and carbon foot prints will be reduced by this project. Design package and Information to Bidders (ITB) documents for bidding are completed and the project is expected to be awarded during the year 2016-17.

##### ○ Installation and Commissioning of used Diesel Generator of 8.2 MW

The energy demand of the company is expected to increase due to upcoming upgradation projects. In order to meet the power requirement of the company it has been planned to procure used Diesel Generator of 8.2 MW capacity, having sound condition and maximum useful life at a feasible cost.

##### ○ Water Demineralization plant

It is planned to Procure and install a water demineralization plant for reverse osmosis. This will help in overcoming the company's water requirements by improving the quality of available water from Reverse Osmosis plants.

##### ○ Distributed Control System of LUBE-1 Refinery

The Distributed Control System (DCS) is being procured, which is the latest available technology for easy, intuitive, and inter-operable mode to connect staff, processes, and production. With DCS, plant operation can be run in a much smarter way, with complete plant information on one screen. New system will reduce the maintenance duration with quick troubleshooting and provide improved reporting to monitor operations.

##### ○ Waste heat recovery boiler over DG Stack for 2TPH steam generation

It is planned to utilize the heat energy currently being vented to the atmosphere from the Diesel Generator. Considerable amount of heat can be utilized in the heat recovery system with the payback period of 2 years. Project has been awarded to the contractor and engineering work is in progress.

##### ○ Topping Unit and Reformer Unit

Government of Pakistan is considering to change the specification of Motor Gasoline from 87 RON to 92 RON. Although refineries will be allowed to market 87 RON and 90 RON, an opportunity exists to improve the production of NRL to meet the market

requirement. For this purpose, NRL is considering to install a Topping Unit and a Reformer Unit of larger capacity. The project is in initial phase for which feasibility study is in progress.

- **Turnaround of Lube – II refinery**

Company would be undertaking the turnaround of its lube-II refinery in the year 2016-17. This will result in continuous production of plant at optimum level without frequent maintenance requirements.

- **Upgradation of existing Turbo Generator**

Steam Turbine at power generation is being replaced by a multi-extraction back pressure turbine. This will reduce the overall per unit cost of electricity produced. The project has been awarded to Siemens and is expected to be completed by end of 2016.

#### **COMPLETED PROJECTS – 2015-16**

Your company successfully completed the following projects during the year 2015-16.

- **Nitrogen Gas Generator**

For the purpose of financial economization, Nitrogen Gas Generator having capacity of 400 Normal Cubic Meter / Hour has been installed. Nitrogen Gas will be used as inert media for MEK Units. The Project was successfully commissioned in November 2015.

- **Reverse Osmosis Plant IV**

Considering the scarcity of water and its requirement for refinery operations, Company has installed Reverse Osmosis plant IV having capacity of 250,000 gallons per day. The Plant has been commissioned in June 2016.

- **Effluent Treatment Plant**

The Effluent Treatment Plant is used to clear water from contaminants. The recovered oil is re-used and water is diverted as feed stock for RO plants. The plant has been installed and commissioned in June 2016.

- **Turnaround of Fuel refinery**

In the year 2015-16, the company successfully completed the turnaround of its fuel refinery. This will ensure the smooth operations of fuel refinery to ensure continuous supply of fuel products in the country.

#### **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 partially the 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.



Following are the highlights of directives issued in 2016 by Government of Pakistan in this regard:

- o refineries will not be allowed to offset losses, if any, for the current year or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and
- o Ministry of Petroleum and Natural Resources (MoPNR) has withdrawn the condition for maintenance of ESCROW Account and also the transfer of balance available in special reserve to such account.
- o MoPNR extended the time limit for completion of Diesel Hydro Desulphurisation (DHDS) project to June 30, 2017, however, penalty clauses will apply if the project is not completed by the extended date. The decision for increasing the 7.5% deemed duty to 9% on High Speed Diesel (HSD) with effect from January 1, 2016 has also been delayed.

#### **SIGNIFICANT FINANCIAL RESOURCES**

The Company has sufficient funds in the form of cash and bank balances and short-term investments to maintain its liquidity. The Company is currently managing its liquidity without any long-term and short-term borrowings. With respect to financing of the project, company has entered into Bank syndicate arrangement for which financial closure was completed in May 2015. The company plans to obtain the above loan during 2016-17.

#### **RELATIONSHIPS**

We continue to maintain history of making timely payments for the supply of crude oil to Saudi Aramco and other oil exploration companies operating in Pakistan.

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 (2011 – 2016) is shown on page 55.

#### **REFINERIES PRODUCTION**

According to throughput analysis, NRL is currently the second largest refinery of Pakistan with production capacity of 2.71 million tons per year. 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 three years) and short-term entity rating have been maintained at A1+ (maintained from last twelve 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 & THREATS**

- The volatile crude oil and product prices in international market mostly results in narrow margins. In such case the Company adjusts its throughput to minimize the losses. Sharp decline in crude oil prices generally result in inventory losses.
- The Company faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies.



- Your Company, being a strategic asset, focuses on security measures including acquiring and installing latest security hardware.
- The completion and implementation of the upgradation project within the deadline to avoid any penalties.

#### **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. 250,000 as a donation to a charitable trust.

Company is ambitious to be recognized as social partner and not only as commercial entity. In this respect, the Company has kept five disabled persons on its manpower strength as prescribed in Employment and Rehabilitation Ordinance, 1981 and also made payments to National Council for the Rehabilitation of Disabled Persons in lieu of less number of such persons in the Company's employment.

#### **EMPLOYEES & MANAGEMENT RELATIONS**

The cordial relationship between the management and union persisted unabatedly. The productivity achieved reflects the concerted and sincere collective endeavors. The Company lays emphasis on enhancing the Sports activities and has provided the required facilities to achieve this objective which may go a long way in maintaining good health of the employees, boosting up their moral and sense of belonging.

#### **OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT**

We ensure that our refining activities are in line with the Occupational health safety and environmental legislations, Company's standard operating procedures and safe work practices compliance towards environment protection.

Environmental performance is continuously reviewed at planned intervals to ensure its continuing suitability, adequacy and effectiveness. Opportunities of improvement and need for changes where required are discussed in HSE Committees and Steering Committee meetings. Decisions are taken, where needed, strategies are developed and implemented.

Management is committed towards acquiring excellence in overall performance specially for the conservation of environment, which is evident from implementation of IMS (Integrated Management System) based on ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 standards.

NRL has achieved 24.08 million Safe Hours without Lost Time Injury (LTI) as on June 30, 2016. Your company is doing continuous efforts to ensure the effective application of operational controls for minimizing Occupational Health & Safety risk's and environmental impacts.

#### **ENVIRONMENT EXCELLENCE AWARDS**

Company has participated in the following Environment Excellence Awards:

- 1 National Forum for Environment & Health (NFEH), Excellence award 2016, consecutively winner since last thirteen years.
- 2 Continually participating in the ACCA-WWF Pakistan Best Environment Reporting Awards since 2003 and was winner at the victory stand in 2003, 2009 & 2010.

Your Company is an environmental friendly enterprise in the petroleum-refining sector of the country.



#### **CONTRIBUTION TO NATIONAL EXCHEQUER**

During the financial year, the Company contributed Rs. 45.98 billion to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US\$ 88 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 executive training programs, the Company has also conducted apprenticeship program 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.

#### **CORPORATE GOVERNANCE**

The Company is committed to good corporate governance and has complied with the applicable 'Code of Corporate Governance' contained in the listing regulations of the stock exchange. As required by the Code, following is the statement in compliance with the Corporate and Financial Reporting Framework of Code of Corporate Governance.

- 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 Ordinance 1984.
- 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 listed Company's ability to continue as a going concern.
- g) The values of investment of various funds, based on their respective accounts as at 30 June 2016 are as under:

Description	(Rs. in million) Un-audited
Management staff	
Pension Fund	4,688
Provident Fund	921
Post-Retirement Medical Fund	988
Gratuity Fund	18
Non-Management staff	
Gratuity Fund	127
Provident Fund	453

- h) Most of the directors are either exempt or have already attended the directors' training as required under the Code of Corporate Governance in previous years
- 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**

During the financial year 2015-16 five meetings of the Board of Directors were held. The attendance of the Directors is as under:

Name of Directors	Total No of Meetings *	Meetings Attended***
Dr. Ghalith R. Pharaon <i>Alternate Director: Mr. Abdus Sattar</i>	5	5
Mr. Laith G. Pharaon <i>Alternate Director: Mr. Jamil A. Khan</i>	5	5
Mr. Wael G. Pharaon ** / Mr. Mofarrih Saeed H. Alghamdi <i>Alternate Director: Mr. Babar Bashir Nawaz</i>	5	4
Mr. Shuaib A. Malik <i>Deputy Chairman /Chief Executive Officer</i>	5	5
Mr. Musa Bojang – ** / Mr. Zaki Mohamad Mansoer – IDB Nominee	5	2
Mr. Bahauddin Khan ** / Mr. Shahid Ghaffar – NIT Nominee	5	2
Mr. Tariq Iqbal Khan	5	5

\* held during the period concerned directors were on Board.

\*\* ceased to be director during the year.

\*\*\* attended by directors or their alternates on the Board of the Company at the time of relevant meeting.

Changes in the Directors are pursuant to recent election of Directors held in October 2015. All directors were re-elected for the next term except Mr. Zaki Mohamad Mansoer, who was nominated by Islamic Development Bank in place of Mr. Musa Bojang, and Mr. Shahid Ghaffar, who was nominated by NIT in place of Mr. Bahauddin Khan, both nominees stand elected. In November 2015 a casual vacancy arose for Mr. Wael G. Pharaon, which was filled by Mr. Mofarrih Saeed H. Alghamdi. The Board of Directors placed on record its appreciation and gratitude to the previous Board for the valuable services they rendered for the Company.

**Human Resource & Remuneration Committee**

During the year HR Committee has been reconstituted after the elections of Board of Directors held in October, 2015, which now consist of three members. Following is the attendance of the members during the period from July 1, 2015 to June 30, 2016 is as under:

Name of Directors	Total Number of Meetings*	Meetings Attended
Mr. Abdus Sattar (Alternate for Dr. Ghalith R. Pharaon)	1	1
Mr. Musa Bojang **	1	0
Mr. Bahauddin Khan **	1	1
Mr. Babar Bashir Nawaz (Alternate for Mr. Mofarrih Saeed H. Alghamdi)	2	1
Mr. Shuaib A. Malik	2	2

\* held during the period concerned directors were on Committee.

\*\* ceased to be director during the year.

**Audit Committee**

During the year audit committee has been reconstituted after the elections of Board of Directors and now consist of three members. The attendance of the Directors for Audit Committee meetings for the year ended June 30, 2016 is as follows:

Name of Directors	Total Number of Meetings	Meetings attended
Mr. Tariq Iqbal Khan	4	4
Mr. Babar Bashir Nawaz (Alternate for Mr. Mofarrih Saeed H. Alghamdi)	4	3
Mr. Abdus Sattar (Alternate for Dr. Ghaith R. Pharaon)	4	4
Mr. Bahauddin Khan *	2	1

\* ceased to be director during the year.

**Pattern of Shareholding**

Pattern of shareholding is shown on page 115.

**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, 2017.

**ACKNOWLEDGEMENT**

The Board places on record its appreciation and gratitude to the Company's management and its staff for their efforts to achieve these results. 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.



Shuaib A. Malik  
Deputy Chairman &  
Chief Executive Officer

August 15, 2016  
Rawalpindi

ڈائریکٹرز کا نام	کل اجلاس	اجلاسوں میں شرکت
جناب طارق اقبال خان	۳	۳
جناب یار بشیر نواز (قبول برائے: جناب مفرح سعید ایچ الغامدی)	۳	۳
جناب میونسٹار (قبول برائے: ڈاکٹر شہید آرزو عن)	۳	۳
جناب بہاء الدین خان *	۲	۱

\* سال کے دوران ڈائریکٹر نہیں رہے۔

### خیر ہولڈنگ کا نمونہ

خیر ہولڈنگ کا نمونہ صفحہ نمبر 115 پر دکھایا گیا ہے۔

### آڈیٹرز

موجودہ آڈیٹرز سمیرا اے ایف فرگوسن اینڈ کمپنی، چارڈاڈا کاؤنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ پورا آڈٹ ڈائریکٹرز راجح کرتے ہیں کہ بالی سال ۲۰۱۶ جون سے ایف کے اختتام کے لیے سمیرا اے ایف فرگوسن اینڈ کمپنی کو دوبارہ آڈیٹرز مقرر کیا جائے۔

### انکشافات

پورا ڈیپٹی کی انکشاف اور اپنے ملازمین کی انکشاف محنت کو سراہتے ہوئے ان کا تہہ دل سے شکر گزار ہے جن کی محنت سے یہ نیا ج حاصل ہوئے۔ پورا تمام سارا نیشن، سپلائیرز، غیر ملکی اور مقامی ٹھیکیداروں اور دیگر اسٹیک ہولڈرز کی کاوشوں اور ان کے مسلسل تعاون کی بھلا ہے۔

پورا کی جانب سے



شعیبہ سے لک

ڈپٹی مینیجر اور

چیف اکاؤنٹنٹ آفیسر

15 اگست 2016

راولپنڈی

\* جس دوران متعلقہ ڈائریکٹرز بورڈ پر تھے۔

\*\* سال کے دوران ڈائریکٹرز تھے۔

\*\*\* متعلقہ اجلاس میں شرکت کھٹی کے ڈائریکٹریاں کے متبادل نے کی جو اجلاس کے وقت کھٹی کے بورڈ پر تھے۔

ڈائریکٹرز میں تبدیلی، اکتوبر 2015 میں منصفہ ڈائریکٹرز کے حالیہ انتخابات کی وجہ سے ہوئی۔ تمام ڈائریکٹرز اگلی مدت کے لئے دوبارہ منتخب ہو گئے ہیں۔ سوائے جناب ڈی محمد منصور جن کو اسلامی ترقیاتی بینک کی طرف سے جناب موہنی بونگ کی جگہ نامزد کیا گیا اور جناب شاہد شاکر کو جناب بہاء الدین خان کی جگہ میں آئی ٹی کی طرف سے نامزد کیا گیا ہے، دونوں نامزدگان منتخب کر لیے گئے۔ نومبر 2015 میں جناب وائل جی فرعون کی جگہ خالی ہوئی، جو جناب منیر سعید ایچ ایل اے سے پڑ ہو گئی۔ بورڈ آف ڈائریکٹرز نے پچھلے بورڈ کی تعریف اور قیمتی خدمات کا شکریہ ادا کیا۔

### ملازمین کے معاملات کی کمیٹی

بورڈ آف ڈائریکٹرز کے اکتوبر، 2015 میں ہونے والے انتخابات کے بعد سال کے دوران HR کمیٹی کی تشکیل نو کی گئی جو کاب میں نیا ارکان پر مشتمل ہے۔ یکم جولائی، 2015 سے 30 جون، 2016 کی مدت کے دوران ارکان کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	گلی اجلاس *	اجلاسوں میں شرکت
جناب مہتاب ستار (متبادل برائے: ڈاکٹر شہب آفرمون)	۱	۱
جناب موہنی بونگ **	۱	۰
جناب بہاء الدین خان **	۱	۱
جناب ہارن شیر نواز (متبادل برائے: جناب منیر سعید ایچ ایل اے)	۴	۱
جناب شہب سے ملک	۴	۲

\* جس دوران متعلقہ ڈائریکٹرز بورڈ پر تھے۔

\*\* سال کے دوران ڈائریکٹرز تھے۔

### آڈٹ کمیٹی

سال کے دوران بورڈ آف ڈائریکٹرز کے انتخابات کے بعد آڈٹ کمیٹی کی تشکیل نو کر دی گئی ہے اور اب یہ کمیٹی تین ارکان پر مشتمل ہے۔

30 جون 2016 کو قائم ہونے والے سال کے لئے آڈٹ کمیٹی کے اجلاسوں کے لئے ڈائریکٹرز کی حاضری درج ذیل ہے:



تفصیل	لمین روپے (نمبر آؤٹ شدہ)
انٹلای عملے سے متعلق فنڈز	
جانچن فنڈ	4,688
پراویڈنٹ فنڈ	921
بھدر چائرسمنٹ میڈیکل فنڈ	988
گرچیو ٹی فنڈ	18
غیر انٹلای عملے سے متعلق فنڈز	
گرچیو ٹی فنڈ	127
پراویڈنٹ فنڈ	453

- زیادہ تر ڈائریکٹرز گزشتہ سالوں میں شاہپورائے کاروباری علم و ترقی کے وقت پہلے سے ہی ڈائریکٹرز کے ترقیاتی پروگراموں میں شرکت کر چکے ہیں۔

- کئی کے حصص میں بورڈ آف ڈائریکٹرز، سی ای، ایف ای، ایف ای، کئی ٹیکر باری، ایگزیکٹوز اور ان کی گیمات اور چھوٹے بچوں کی طرف سے کوئی سود نہیں کیا گیا سوائے اس کے کہ جن کا ذکر "شیرز ہولڈنگ کے بیچن میں" کیا گیا ہے۔

### ترتیب بورڈ آف ڈائریکٹرز اور ان کا اجلاس

سال 2015-16 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	محل اجلاس *	اجلاسوں میں شرکت ***
ڈاکٹر ضیاء آفرمون (قہارل ڈائریکٹر: جناب عبدالستار)	۵	۵
جناب ایف بی فرمون (قہارل ڈائریکٹر: جناب جمیل اسے خان)	۵	۵
جناب وکیل بی فرمون ** / جناب منیر سعید ایف ای (قہارل ڈائریکٹر: جناب بابر شیروان)	۵	۳
جناب شعیب اسے ملک	۵	۵
جناب موی بوچنگ ** / جناب ڈی محمد منصور۔ IDB کے نمائندے	۵	۲
جناب بہاؤ الدین خان ** / جناب شاہ فقار۔ NIT کے نمائندے	۵	۲
جناب طارق اقبال خان	۵	۵



آپ کی کھنی ٹنگ کی بیٹرولیم ریٹائنگ ٹنگر میں ایک ماہولاتی دوست اثر پراثر ہے۔

### قومی خزانے کو کی جانے والی ادائیگی

اس مالی سال کے دوران کھنی نے براہ راست اور بالواسطہ ٹیکس کی مدد میں 45.98 ارب روپے قومی خزانے میں جمع کرائے اور ریٹھا اور یوب جس کے تیل کی آمد کے ذریعے 88 ملین امریکی ڈالر کا جیتی ذرہ ہالہ لکھایا۔

### انسانی وسائل کی ترقی

کھنی کے انسانی وسائل مختصر اور طویل مدتی کارپوریٹ اور اسٹریٹجک مقاصد کے حصول میں بہت اہم کردار ادا کر رہے ہیں۔ لہذا آپ کی کھنی اپنے ملازمین کی تربیت اور ترقی پر خصوصی توجہ مرکوز کرتی ہے۔ مختلف ملازمین کو تصدیق یافتہ تعلیمی اور غیر تعلیمی شعبوں میں مقامی اور غیر ملکی کورسز کے لیے منتخب کیا جاتا ہے۔

انسان کے ترقی پر پروگراموں کے ساتھ ساتھ کھنی اپنے ایئر ٹرس شپ پروگراموں کے ذریعے ریٹائنگز آپریشن اور دیگر جہاز کے بحالی سے متعلق اور عملی تربیت فراہم کرتی ہے جو کہ نہ صرف کھنی کی توسیع کے منصوبوں کے لئے تربیت یافتہ افرادی قوت کی اضافی تقاضوں کو پورا کرتی ہے بلکہ تیل صاف کرنے کی صنعت کے لئے تربیت یافتہ افرادی قوت کی دستیابی کا سبب بنتی ہے۔

### کاروباری نظم و نسق

کھنی اچھے کاروباری نظم و نسق پر کاربند ہے اور اطلاق شدہ ضابطہ برائے کاروباری نظم و نسق کے ساتھ عمل پیرا ہے جو اسٹاک ایکسچینج کی لسٹنگ کے ضابطے میں موجود ہیں۔ مندرجہ ذیل شعبوں میں کاروباری اور مالی رپورٹ فریم ورک پتلی ہیں:

- کھنی کی انتظامیہ کی جانب سے سپر کرورڈ مالیاتی گوشوارے کھنی کے حالات، اس کے آپریشن کے نتائج، پیش گوئی اور دیگر اہم نکات کی تہہ بندی کی شفاف دکھائی کرتے ہیں۔

- کھنی کے کماے کو نیز آرائش 1984 کے تحت مناسب طریقے سے دکھایا جا رہے ہیں۔

- مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اعزازے ماہرانہ اور 6 ماہانہ فیصلوں پر مبنی ہوتے ہیں۔

- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار (IFRS) کو جو کہ پاکستان میں نافذ عمل ہیں، ان کی تیاری کی گئی ہے۔

- اعزلی کنٹرول کے نظام مضبوط ہیں اور اسکی مؤثر طریقے سے مملد آہ اور گمانی کی جاتی ہے۔

- آنے والے سالوں میں لسٹنگ کھنی کی کاروباری تسلسل پر کوئی قابل ذکر ٹھوک و شہادت نہیں ہیں۔

- 30 جون 2016 کو مختلف سٹڈنکی سرمایہ کاری کی اقدام تصدیق ہوئی ہے:

کھنی اس بات پر غرور ہے کہ اس کے کردار کو نہ صرف ایک تجارتی ادارے کے طور پر بلکہ ایک سوشل بازنس کے طور پر بھی تسلیم کیا جائے۔ اس سلسلے میں کھنی نے پانچ مقدر افراد کو ایپلائنٹ ایڈریس ایلیمنٹیشن آرڈیننس، 1981 (Employment and Rehabilitation Ordinance, 1981) کی بنیاد پر بطور ملازمت دے رکھی ہے اور ایسے افراد کی کھنی کی ملازمت میں کم تعداد رکھنے کے عوض میں مقدر افراد کی بحالی کے لئے پینشنل کونسل کو ادائیگیاں بھی کرتی ہے۔

### ملازمت اور انتظامیہ کے تعلقات

انتظامیہ اور ملازمتین بشمول عین کے درمیان خوشگوار تعلقات برقرار رہے۔ حاصل کردہ پیسہ اور ادائیگی اور جھانسان کو کوشش کی مدد سے کھنی کی کھیلوں کی سرگرمیوں کو بڑھانے پر زور دیتے ہیں اور ضروری سہولیات مہیا کرتی ہے جو ملازمتین کی اعلیٰ صحت، اخلاق اور احساس تعلق کو برقرار رکھنے میں مدد کرتی ہے۔

### پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

اس بات کو یقینی بنایا جاتا ہے کہ ہماری رہنمائی سرگرمیاں پیشہ ورانہ زندگی میں صحت، حفاظتی اقدامات اور ماحولیات کے قوانین کے مطابق ہیں۔ کھنی کے معیاری کام کرنے کے طریقہ کار اور ماحولیات کے اصول ماحول کے تحفظ کے اقدامات کے مطابق ہیں۔

ماحولیاتی کارکردگی کو مسلسل جاری رکھنے کو یقینی بنانے کے لیے منصوبہ بندی کا بخوبی جائزہ لیا جاتا ہے۔ بہتری کے مواقع اور مزید تبدیلیوں کی ضرورت کو ایچ ایس ایس اور اسٹیٹس اور اسٹیٹسنگ کے اجلاسوں میں بحث میں لایا جاتا ہے۔ جہاں ضرورت پڑے، فیصلے کیے جاتے ہیں اور ضرورت کے مطابق صحت عملی تیار اور نافذ کی جاتی ہے۔

تجربہ جمعی کارکردگی میں بہتری یا خصوص ماحول کو آلودگی سے بچانے کے لیے کوشش ہے جو آئی ایس او: 14001:2004 اور OHSAS: 18001:2007 کے معیار کو نافذ العمل کرنے کے انجام سے ظاہر ہوتا ہے۔

کھنی نے 30 جون 2016 تک ایچ ایس ایس کے 24.08 ملین گھنٹے مکمل کیے ہیں جس سے پیسہ ادائیگی یا جاتی نقصان ہوا ہو۔ آپ کی کھنی پیشہ ورانہ صحت اور رجحان کے خطرے اور ماحولیاتی اثرات کو کم سے کم کرنے کے لئے آپریشنل کنٹرول کے موثر اطلاق کو یقینی بنانے کے لیے مسلسل کوششیں کر رہی ہے۔

### ماحول کی سیکورٹی ایوارڈ

کھنی مندرجہ ذیل ماحولیاتی سیکورٹی ایوارڈ میں شریک ہوئی رہی ہے:

- بیٹھن فرم کے لئے ماحول اور صحت سیکورٹی ایوارڈ 2016،

کھنی گزشتہ تیرہ سال سے ایوارڈ حاصل کر رہی ہے۔

- 2003 کے بعد سے مسلسل ACCA-WWF - پاکستان بہترین ماحول رپورٹنگ ایوارڈ میں شرکت کر رہی ہے اور

2003، 2009 اور 2010 میں ایوارڈ حاصل کیا ہے۔

## کاروباری تعلقات

ہم سعودی آرامکو اور پاکستان میں سرگرم دیگر تیل کی تلافی کرنے والی کمپنیوں کو خام تیل کی بروقت ادائیگی کرنے کی تاریخی حیثیت برقرار رکھے ہوئے ہیں۔ ہم سپلائی لیگن جو مقامی سپلائرز، صارفین اور دیگر کاروباری شراکت دار ہیں۔ ان کے ساتھ اچھے تعلقات برقرار رکھنے کی کوشش میں مصروف ہیں۔

## کلیدی آپریشن اور مالی اعداد و شمار

کلیدی آپریشن اور گزشتہ چھ سال (2016-2019) کے مالیاتی تفصیل مندرجہ ذیل 55 پر دکھائی گئی ہے۔

## ریٹائرمنٹ کی پیداوار

پیداوار کے تجزیے کے مطابق، 2.71 ملین ٹن کی پیداوار کی صلاحیت کے ساتھ پاکستان کی دوسری سب سے بڑی ریٹائرمنٹ ہے۔ NRL پاکستان کا واحد آئل ریٹائرمنٹ ادارہ ہے جو ملک کی مانگ کو پورا کرنے کے لیے لیوہ میں عمل کی متعدد درجات کی پیداوار کرتا ہے۔

## کریڈٹ ریٹنگ

کئی کئی طویل مدتی درجہ بندی AA+ (پچھلے تین سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے بارہ سالوں سے برقرار) ہے۔ یہ درجہ بندیوں، مالیاتی وعدوں کی بروقت ادائیگی کی مشروط صلاحیت رکھنے کی بناء پر کریڈٹ رسک کی بہت کم امید ظاہر کرتی ہیں۔ یہ درجہ بندیوں پاکستان کریڈٹ ریٹنگ ایجنسی سے کرائی گئی ہیں۔

## پیش نظر خوف و اضطراب

• بین الاقوامی مارکیٹ میں خام تیل اور مصنوعات کی قیمتوں میں طویل عرصہ تک اتار چڑھاؤ کے نتیجے میں مارکیٹ کم ملتے ہیں۔ ایسی صورت میں کئی نقصانات کو کم سے کم کرنے کے لئے اپنی پیداوار کو ایڈجسٹ کر دینی ہے۔ خام تیل کی قیمتوں میں تیزی سے کمی کی وجہ سے عام طور پر انوسٹری میں مالی نقصانات ہوتے ہیں۔

• کئی کوئیرٹلی کرنسیوں میں سپلائرز کو خام تیل کی ادائیگی کرنے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے زرمبادلہ کے نقصانات کا سامنا کرنا ہے۔

• آپ کی کئی ایک اسٹریٹجک ادارہ ہونے کے باعث کئی کے اقدامات کرنے سمیت جدید ٹیکنالوجی بارڈر ڈیٹریکشن انشال کر رہی ہے۔

• انگریز پائپ لائن منصوبوں کی تکمیل اور مصیبت مٹاؤ روہت کے اندر اندر کر کے کسی بھی جرمانے سے بچتا ہے۔

## کاروباری سماجی ذمہ داری

کئی اپنے صارفین، ملازمین اور حصص یافتگان کے علاوہ قومی معیشت کیلئے اپنی سماجی ذمہ داری کا احساس رکھتی ہے۔ ایک ذمہ دار ادارہ کے طور پر کئی نے ملک میں معیار زندگی کو بہتر بنانے کے لئے مختلف طریقوں سے معیشت کے مختلف سماجی طبقات میں اہم کردار ادا کیا ہے۔ حال ہی میں، کئی نے 250,000 روپے خیراتی ٹرسٹ کو مصیبت کے طور پر دیے ہیں۔

### ادخلو تک ٹریڈنٹ پلانٹ

ادخلو تک ٹریڈنٹ پلانٹ پانی کو آلودگی سے صاف کرنے کیلئے استعمال کیا جاتا ہے۔ حاصل شدہ نکل کو دوبارہ استعمال کیا جاتا ہے اور پانی کو آراو پائپس کیلئے فیڈ اسٹاک کے طور پر استعمال کیا جاتا ہے۔ پلانٹ کی تعمیر کی تکمیل جون 2019 میں ہوگی۔

### فیول ریپلاسنزی کا ٹرن رائوڈ

کمپنی نے کامیابی کے ساتھ اپنی فیول ریپلاسنزی کا ٹرن رائوڈ موجودہ سال میں مکمل کیا۔ یہ فیول ریپلاسنزی کے مسلسل باقاعدگی آپریٹنگ کو یقینی بنانے کا ایک کام ہے۔

### قیمتوں کے ضمنی کا فارمولا

کمپنی کا فیول ٹیکسٹ حکومت کے اپورٹ جی ٹی پرائسنگ فارمولا کے تحت ریگولیٹ کیا جاتا ہے۔ تاہم، یکم جون 2019 سے حکومت نے پیٹرول، ایوی ایشن فیول اور اسٹینڈرڈ پائل کے قیمتوں کو ریگولیٹ کرتے ہوئے فیصلہ کیا کہ ریپلاسنزی کی قیمتیں متاثر نہیں ہوں گی۔ پاکستان اسٹیٹ پائل کی گزشتہ ماہ کی اپریل 2019 کی اپورٹ پرائس شامل جزوی اسٹینڈرڈ (incidentals) سے متاثر نہیں کر سکتی۔ ایسی صورت میں جب قیمتیں مہیا نہ کی جائیں تب ریپلاسنزی کو موجودہ اپورٹ جی ٹی پرائسنگ فارمولا کے مطابق اپنی قیمتوں کو طے کرنا ہوگا۔

اپورٹ جی ٹی پرائسنگ فارمولا کے مطابق فیول ٹیکسٹ کے منافع کو یکم جولائی 2019 کے مطابق موجودہ اسٹینڈرڈ پائل کے 50 فیصد تک ڈیوڈنڈ (dividend) کی صورت میں حصص یافتگان کو تقسیم کیا جاسکتا ہے اور باقی کی رقم کو آؤٹشل ری زرو (special reserves) میں منتقل کیا جائے گا۔

حکومت پاکستان نے قیمتوں کے ضمنی کے فارمولا کے تحت میں محدود پائل پالیسی 2019 میں جاری کی ہیں:

- ریپلائزوں کو اپنے سالانہ نقصان کو آؤٹشل ری زرو سے پورا کرنے کی اجازت نہیں ہوگی جو ری زرو 50% سے زیادہ منافع کو جمع کر کے بنائی گیا ہے۔ اور

- وزارت پیٹرولیم اور قدرتی وسائل نے ایسکر و اکاؤنٹ کھولنے اور اس میں پیسے منتقل کرنے کی شرط دیا نہیں لے لی ہے۔

- پیٹرولیم اور قدرتی وسائل کی وزارت نے 30 جون 2019 تک پائل ڈی سٹوریج سٹیشن منصوبے کی تکمیل کے لیے وقت میں توسیع کر دی ہے تاہم اگر یہ منصوبہ اس مدت تک پورا نہ ہوا تو جرمانہ کی قیمتیں لاکھ ہوگی۔ یکم جنوری سے پائل سٹوریج ڈیزل پر ڈیوڈنڈ 7.5% سے 9% کرنے کا فیصلہ بھی منظور کیا گیا ہے۔

### کمپنی کے اہم مالی وسائل

کمپنی کے پاس اپنی لیکویڈیٹی برقرار رکھنے کے لئے خاصہ سرمایہ بطور نقد رقم، بینک بیلنس اور مختصر مدت کی سرمایہ کاری میں موجود ہے۔ کمپنی نے مالیاتی امور میں طویل المدتی اور مختصر مدت کے قرض کے بغیر اپنی لیکویڈیٹی برقرار رکھے ہوئے ہے۔ منصوبے کی سرمایہ کاری کے لئے بینک سٹریٹیجی کے ساتھ معاہدہ مئی 2016 میں مکمل کر لیا گیا تھا۔ کمپنی 2016-17 کے دوران صدرجہ بالا قرض حاصل کرنے کا ارادہ رکھتی ہے۔

پلانٹ کی مکمل معلومات ایک وقت ایک ہی انگریزی پریزنٹیشن پر بھیجی جاسکتیگی۔ نیا سسٹم فوری خریدوں کا سراغ لگانے کے ساتھ دیکھ بھال کی مدت کم کرنے اور آپریشن کی گرانٹی کیلئے بہتر معلومات فراہم کریگا۔

## 2 ٹی ٹی ایچ اسٹیم جنریشن کیلئے ڈی جی اسٹیک پرویسٹ ہیٹ ریکوری یو ایل

ڈیزل جنریٹر سے ماحول میں اخراج ہونے والی ہیٹ انرجی کو استعمال کرنے کی منصوبہ بندی کی جارہی ہے۔ ہیٹ کی ٹکنڈ مقدار کو ہیٹ ریکوری سسٹم میں استعمال کر کے اس منصوبے کی لاگت کو دو سال کی مدت میں وصول کیا جاسکتا ہے۔ پراجیکٹ ٹھیکہ دار کو دے دیا گیا ہے اور انٹرنلنگ کا کام جاری ہے۔

### ٹائپنگ یونٹ اور ریٹائرمنٹ

حکومت پاکستان پیٹرول کی اسٹاکھولڈنگ کو 87 RON سے 92 RON میں تبدیل کرنے کا سوچ رہی ہے۔ اگرچہ ریٹائرمنٹ کو (87 RON) اور (90 RON) کو مارکیٹ کرنے کی اجازت ہوگی تاہم NRL کی مصنوعات کو بہتر بنانے ہوئے مارکیٹ کی ضروریات کو پورا کرنے کا موقع مینٹر ہے۔ اسی کو مد نظر رکھتے ہوئے این آر ایل زیادہ صلاحیت کے حامل ایک ٹائپنگ یونٹ اور ریٹائرمنٹ کی تنصیب پر غور کر رہی ہے۔ منصوبہ ایگزیکٹو مراحل میں ہے جسکے لئے قابل عمل ہونے کا مطالعہ جاری ہے۔

### لیوب ٹورینٹا سٹری کا ٹرن اراؤنڈ

کئی ایسی لیوب ٹورینٹا سٹری کا ٹرن اراؤنڈ اگلے سال میں شروع کرے گی۔ اسکے نتیجے میں مسلسل دیکھ بھال کی ضروریات کے بغیر زیادہ بہتر سطح پر پیداوار کی جاسکتیگی۔

### موجودہ ٹورینٹا سٹری کی انگریزی پریزنٹیشن

کئی کی پیداوار میں اسٹیم ٹریننگ ٹیکنالوجی ایکسٹنشن ایک پریشر ٹریننگ سے تبدیل کیا جا رہا ہے۔ یہ کئی کی پیداوار کی مجموعی فی یونٹ لاگت کم کر دے گا۔ یہ پراجیکٹ سیمنس (Siemens) کو پایا گیا ہے اور اسکے 2016ء کے آؤٹ گٹ مکمل ہونے کی امید ہے۔

### مکمل شدہ منصوبے 2015-16

آپ کی کمپنی نے اس سال مندرجہ ذیل منصوبے مکمل کیے۔

### ٹائپرینٹس جنریٹر

مالی کفایت شعاری کے مقصد کیلئے 2000 ڈال کو ایک میٹری ٹکنڈ کی صلاحیت کے حامل ٹائپرینٹس جنریٹر کی تنصیب کر دی گئی ہے۔ ٹائپرینٹس جنریٹر (MEK) یونٹ کیلئے انرٹ مینڈ ہاؤس کے طور پر استعمال کیا جائیگا۔ منصوبہ کا مالیاتی کیمائو نو ممبر 2015ء میں مکمل ہوا۔

### ریورس اوسموسس پلانٹ 3

ریجنٹری کے آپریٹنگ کیلئے پانی کی کمی اور اسکی ضرورت کو مد نظر رکھتے ہوئے کمپنی نے 200,000 گیلن پانی کی صلاحیت کے حامل ریورس اوسموسس پلانٹ 3 نصب کیا ہے۔ پلانٹ جون 2016ء میں کھینچا ہوا۔

## دیگر منصوبے

متدرج پلاڈاگر پڑیشن منصوبوں کے علاوہ درجن اول اضافی منصوبوں پر موجود پلانٹ کی بہتری کو یقینی بنانے کیلئے کام ہو رہا ہے:

### لیوب۔ ون ریفاکٹری میں ٹوائسٹنج پونٹ

اسکی منصوبہ بندی خام تیل کی پراسیگنگ صلاحیت کو 12,050 ہیرل یومیہ سے 17,000 ہیرل یومیہ سے بڑھاوا اور ویکیم فیکٹری میں 5,200 ہیرل یومیہ سے بڑھاوا سے 8,600 ہیرل یومیہ سے بڑھاوا تک بڑھانے کیلئے کی گئی ہے۔ یہ پراجیکٹ ابھی منصوبہ بندی کے مرحلے میں ہے۔

### سی ڈی پو پونٹ کی پیداواری صلاحیت میں اضافہ

اس منصوبے کے ذریعے ٹول ریفاکٹری میں خام تیل کی پیداواری صلاحیت کو 50,000 ہیرل یومیہ سے بڑھاوا سے 53,000 ہیرل یومیہ سے بڑھاوا تک بڑھانا ہے۔ پراجیکٹ ٹھیکہ دار کو دیا گیا ہے۔ بنیادی انجنیئرنگ کا کام مکمل ہو چکا ہے۔ منصوبے کا سال 2017ء کے وسط تک مکمل ہونے کا امکان ہے۔

### انڈر پری بیٹر پراجیکٹ

ٹول ریفاکٹری میں انڈر پری بیٹر کی تنصیب توانائی کی بچت اور ماحول دوست منصوبہ ہے۔ گرین ہاؤس گیس کا اخراج اور کاربن فٹ پرنٹس اس منصوبے کی وجہ سے کم ہو جائیگی۔ ڈیزائن کی تکمیل اور یونٹی کیلئے یونٹی گائیڈ لائنوں کی معلومات کے دستاویزات مکمل ہو چکے ہیں اور منصوبہ تیار طور پر اگلے سال میں اجارہ کر دیا جائیگا۔

### 8.2 میگا واٹ کے استعمال شدہ ڈیزل جنریٹر کی تنصیب اور کمیشننگ

ذریعہ تیل اگہ پڑیشن منصوبوں کی وجہ سے کٹائی کی توانائی کی مانگ میں اضافہ متوقع ہے۔ کٹائی کی کٹائی کی ضروریات کو پورا کرنے کیلئے 8.2 میگا واٹ صلاحیت کے حامل ایک استعمال شدہ ڈیزل جنریٹر کی خریداری اور تنصیب کی منصوبہ بندی کی گئی ہے، جو کہ قیمت اور حالت کے اعتبار سے مناسب کنڈیشن میں ہے اور زیادہ عمر تک چلے۔

### وائٹ ڈی مٹرائز پلانٹ

ریورس اوسٹوکس کیلئے وائٹ ڈی مٹرائز پلانٹ کی خریداری اور تنصیب کی منصوبہ بندی کی گئی ہے۔ یہ منصوبہ ریورس اوسٹوکس پلانٹ میں موجود پانی کے معیار کو بہتر بنانے کے ذریعہ کٹائی کی پانی کی ضروریات پر قابو پانے میں مدد دے گا۔

### لیوب ون ریفاکٹری کا ڈسٹری بیوٹنڈ کنٹرول سسٹم

ڈسٹری بیوٹنڈ کنٹرول سسٹم پڑیا جا رہا ہے جو کہ کولت اور آسانی کے ساتھ اسٹاف، پراس اور پیداوار کے درمیان رابطہ قائم کرنے اور معلومات کے تبادلے کیلئے سب سے جدید و تیار ٹیکنالوجی ہے۔ ڈی سی ایس (DCS) کے ساتھ پلانٹ آپریشن کو زیادہ سمجھداری کے ساتھ چلایا جاسکے گا اور

تمام اہم اشیاء کیلئے خریداری کا عمل مکمل ہو چکا ہے۔ سائٹ پر پہنچائے گئے سامان کو نصب کروایا گیا ہے۔ باقی سامان تجارتی یا ترسیل کے عمل میں ہے۔ ریفائنری زون کے کاموں میں سے زیادہ تر پہلے ہی سائٹ پر مکمل کیے گئے ہیں جو زیرِ مہیوب ہیں۔ سول بیچاؤوں اور زون زمین پائینگ کا کام مکمل کے قریب ہے۔ اور ہیڈ پائینگ اور بیچاؤوں پر مہینوں کی مہیوب کا کام جاری ہے۔

ان منصوبوں کی قرض پر سرمایہ کاری کے سلسلے میں کمپنی بینکوں کے کنسورٹیم کے ساتھ 24.2 ارب روپے کیلئے مشترکہ قرضے کے معاہدہ پر دستخط کر چکی ہے جس پر ششماہی کا بھر پور اضافی 1.7% کا اطلاق ہوگا قرض مستعمل میں حاصل کیا جائیگا۔ قرضے کی ادائیگی دو سال کی رعایتی مدت کے بعد دس سال میں ادا کرنا ہوگی۔

ڈیزل ڈی سلفیورائزیشن منصوبے کی تکمیل کے بعد یورو II (Euro-II) مصنوعات کی قیمت لاگو ہوگی، جبکہ ڈیزل پر 1.5% ڈیزل ڈیوٹی میں اضافے کیلئے وزارت پٹرولیم اور قدرتی وسائل سے بات چیت چل رہی ہے جبکہ آئی پی اے پٹرولیم کی صورت میں ہوگا۔ ٹیکس کی برآمدی قیمت کے مقابلے میں پٹرول کی قیمت اضافی قیمت بھی بہتر نتائج کا سبب بنے گی۔ آئی پی اے پٹرولیم مصنوبہ کی تکمیل پر زیادہ تر ٹیکس، جو کرنی الوقت کم قیمت پر برآمد کیا جا رہا ہے۔ پٹرول میں تبدیل کر دیا جائے گا جس سے پٹرول کی پیداواری مقدار میں اضافہ ہو جائیگا۔





## منافع کا تصرف

2014-15 ملین روپے	2015-16 ملین روپے	تفصیل
4,486	6,264	تصرف کے لیے دستیاب منافع
3,000	4,000	مصلحتی جزل ریجز رو
800	1,599	فائل ڈیوٹی پٹ 200% (2015: 100%)

## ڈیوٹی پٹ

بورڈ آف ڈائریکٹرز نے 30 جن 2016 کو ٹیم ہونے والے سال کے لیے حتمی پیش ڈیوٹی پٹ 20 روپے فی حصص کی سفارش کی ہے۔ یہ ڈیوٹی پٹ کی سفارش سالانہ جزل بینڈ میں حصص یافتگان کی منظوری سے شروع ہے۔

## سپینی کا کاروبار

تین ریٹائرمنٹ کی مدد سے سپینی خام تیل صاف کرنے کے کاروبار میں مصروف عمل ہے جن کی بنیاد 1966، 1967 اور 1968 میں رکھی گئی۔ 2015 میں سپینی کی انکوری کی گئی اور 51% حصص ایک گروپ کی ملکیت میں ہیں۔

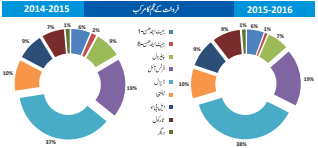
سپینی کی تینوں ریٹائرمنٹوں کے دو کاروباری شعبہ ہائے فول سیکسٹ اور لیو سیکسٹ ہیں۔ فول سیکسٹ کی پیداوار میں ہائی سپیڈ ڈیزل، مٹی کا تیل، پیٹرول، مائع پیٹرولیم گیس، بیٹ ایڈسن اور فرس آئل شامل ہیں۔ لیو سیکسٹ میں لیو، آئل، راکول، موم، ریزائن، کاسٹل اور کچھ مقدار فول پڈکس کی شامل ہیں۔ تمام مصنوعات کی مارکیٹنگ مقامی طور پر کی جا رہی ہے، اس کے علاوہ کچھ مقدار لیو میں آئل کے جو برآمد کی جاتی ہے۔ فول سیکسٹ کی خام تیل اور کنٹینر کو پروسس کرنے کی سالانہ پیداواری صلاحیت 2,710,500 ٹنلرکن ہے۔

یکم مئی 2015 سے گورنمنٹ نے خام تیل پر 2%، ہائی سپیڈ ڈیزل پر 2.5% اور پیٹرول پر 2% ریگولٹری ٹیکس ڈیوٹی عائد کی اور فرس آئل پر ڈیوٹی 5% سے بڑھا کر 7% کر دی۔ بعد میں ECC نے فیصلہ کیا کہ اس ڈیوٹی کی وجہ سے ریٹائرمنٹ اور آئل مارکیٹنگ کمپنیوں کو کوئی نفع یا نقصان نہیں ہوتا ہے اور اوگر اور پیٹرولیم کمپنی کو فیڈرل بورڈ آف ریونیو کی مشاورت سے اس ڈیوٹی کی ایڈجسٹمنٹ کے طریقے کار طے کرنا ہے۔ اس طریقے کار کی منظوری زیر التوا ہے۔ یہ ڈیوٹی نومبر میں 1% سے اور بڑھادی گئی ہے۔

## مستقبل کا منظر نامہ

ڈیزل ڈیوٹی سلفیورائزیشن اور آکسیسو مرائزیشن - ایگرڈیشن کے منصوبے ملک کی بدستی ہوئی مانگ اور ماحول دوست مصنوعات کی پیداوار کیلئے ڈیزل ڈیوٹی سلفیورائزیشن اور آکسیسو مرائزیشن کے منصوبے تسلسل کے ساتھ آگے بڑھ رہے ہیں۔ سپینی کے اعزاز سے کے مطابق یہ منصوبے 349 ملین ڈالر کی لاگت کے اندر اپنے وقت پر مکمل ہوجائیں گے۔





### لیوب سیکویٹ

لیوب سیکویٹ کا منافع بھی کم شرح کارگاہ اور فروخت کے حجم میں اضافہ کی وجہ سے بہتر ہوا۔ لیوب سیکویٹ کا ٹیکس کے بعد منافع 5.67 ارب روپے ریکارڈ کیا گیا جو کے پچھلے سال کے مقابلے میں ٹیکس کے بعد 3.79 ارب تھا۔ تارکول کی فروخت میں اضافہ ہوا جس سے اسٹاک میں کمی آئی اور فنڈز کی وصولی میں اضافہ ہوا۔

### فی حصص آمدنی

اس سال فی حصص آمدنی 96.14 روپے دی بجکر گزشتہ سال 46.38 روپے تھی۔





## بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اسلام پبلیکم

ہیڈ آف ڈائریکٹرز 30 جون 2016 کو مکمل ہونے والے سال کے لیے پمپل ریلٹنٹری ایجنڈ کی 53 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اور ان پر آڈیٹری رپورٹ سرٹ کے ساتھ پیش کیے جاتے ہیں۔

سال 2016 نام نسل کی قیمتوں میں کمی کی وجہ سے کمپنی کے لئے ایک سازگار سال رہا۔ مارچن مسلسل اچھا ہونے کی وجہ سے آپ کی کمپنی کے ٹکس کے بعد منافع 7.69 ارب روپے رہا جبکہ گزشتہ سال منافع 3.71 ارب روپے تھا۔ موجودہ سال کمپنی کی تاریخ میں سب سے زیادہ منافع پمپل رہا۔ زر مبادلہ کی شرح اور ریگ مارکسپ کی آمدنی کا استحکام نے بھی منافع میں اضافہ کیا۔

ٹکس کے بعد منافع (ارب روپے)



### فیول سیکٹ

بھجرا جن نے اس سال فیول سیکٹ کے منافع میں اہم کردار ادا کیا۔ فیول سیکٹ گزشتہ 4 سال کے دوران دہاؤ میں رہا۔ اس سیکٹ نے ٹکس کے بعد 2.02 ارب روپے منافع ریکارڈ کیا جبکہ گزشتہ سال ٹکس کے بعد 10.08 ارب نقصان تھا۔ منافع میں اضافے کی وجہ بہتر مارچن ہیں جو کہ بین الاقوامی مارکٹ میں خام نسل کی قیمت میں تیزی سے کمی کی وجہ سے حاصل ہوئے۔

ڈالر کے مقابلے میں روپے کی قدر میں استحکام سے کمپنی کے زر مبادلہ کے نقصان میں کمی آئی اور اضافی فنڈ کی مناسب سرمایہ کاری منافع کا سبب بنی۔ کمپنی کے اس منافع میں 10.84 ارب روپے کا ٹکس بھی شامل ہے جو کہ گھر بے بین منسوبوں کی مدد میں لیا گیا ہے۔

# 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



SHUJAIB A. MALIK  
Deputy Chairman  
& Chief Executive Officer

June 18, 2012



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in listing regulations of Pakistan Stock Exchange Limited where the shares of the Company are listed, for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Tariq Iqbal Khan Mr. Zaki Mohamad Mansoor Mr. Shahid Ghaffar
Executive Directors	Mr. Shuaib A. Malik Mr. Jamil A. Khan Alternate to Mr. Laith G. Pharaon, Director
Non-Executive Directors	Dr. Ghaith R. Pharaon Alternate Director: Mr. Abdus Sattar Mr. Laith G. Pharaon Mr. Mofarrh Saeed H. Alghamdi Alternate Director: Mr. Babar Bashir Nawaz

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Rule Book of the Pakistan Stock Exchanges Regulations.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on November 13, 2015 was filled up by the directors within three (03) days.
5. 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.
6. The Board has developed vision and mission statements, 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.



7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman or Deputy Chairman, and the Chief Financial Officer and Company Secretary attended all the meetings. The Board meets at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded, circulated and signed by the Chairman of the meeting of the Board of Directors.
9. The Directors were apprised of their duties and responsibilities from time to time.
10. The Board has approved terms of appointment and remunerations of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit.
11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is non-executive director, and the Chairman of the Committee is also a non-executive director.
18. 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.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.



20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

**SHUAIB A. MALIK**  
Deputy Chairman &  
Chief Executive Officer

August 15, 2016



A.F. FERGUSON &amp; CO.

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH  
THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Refinery Limited for the year ended June 30, 2016 to comply with the Code contained in Regulation No. 5.15 of the Pakistan Stock Exchange Limited Regulations where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and rules.

The Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the 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 any procedures to determine 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 induces us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Chartered Accountant  
Karachi

Dated: August 22, 2016

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network,  
Stone Lark Building No. 1-C, 11, Chaudhigar Road, P.O. Box 404, Karachi-75200, Pakistan  
Tel: +92 (21) 34598841-4; 34598811-9; Fax: +92 (21) 34598810; 34598811; 34598812; www.pwc.com/afco

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## THE 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 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 listing regulations and other statutory and regulatory requirements; and
  - significant 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 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 best practices of corporate governance and identification of significant violations thereof;
- n. Consideration of any other issue or matter as may be assigned by the Board of Directors; and
- 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 to the company in addition to audit of its financial statements.



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

The Board adopted the responsibilities contained in clause (xv) 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, 2016

	2016		2015	
	Rupees in Million	%	Rupees in Million	%
Gross sales revenue	141,295		188,935	
Bought in material and services	<u>(86,871)</u>		<u>(142,671)</u>	
	54,424		46,264	
Income from investment	<u>1,187</u>		<u>1,107</u>	
Other Income	<u>327</u>		<u>418</u>	
	1,514		1,525	
	<u>55,938</u>	<u>100.0%</u>	<u>47,789</u>	<u>100.0%</u>

## Distribution

### To Employees remuneration as:

Salaries, wages and benefits	1,902	3.4%	1,706	3.5%
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### To Government as:

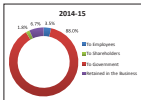
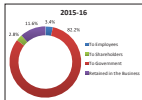
Levies	<u>43,342</u>	<u>77.5%</u>	<u>39,762</u>	<u>83.2%</u>
Company taxation	<u>1,894</u>	<u>3.4%</u>	<u>1,851</u>	<u>3.9%</u>
WPPF and WWF	<u>748</u>	<u>1.3%</u>	<u>412</u>	<u>0.9%</u>
	45,984	82.2%	42,025	88.0%

### To Shareholders as:

Cash Dividend	1,599	2.8%	800	1.8%
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### Retained in the business :

Depreciation & Amortization	<u>364</u>	<u>0.7%</u>	<u>349</u>	<u>0.6%</u>
Net earnings	<u>6,089</u>	<u>10.9%</u>	<u>2,909</u>	<u>6.1%</u>
	6,453	11.6%	3,258	6.7%
	<u>55,938</u>	<u>100.0%</u>	<u>47,789</u>	<u>100.0%</u>





# SIX YEARS AT A GLANCE

Description	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Profit and Loss Account</b>						
Rupees in million						
Net sales	93,788	148,457	207,403	179,184	174,797	148,558
Cost of sales	82,745	141,611	204,350	174,118	170,075	138,551
Purchases	75,120	126,374	200,565	166,130	171,149	141,383
Gross profit	11,043	6,846	3,053	5,067	4,722	10,007
Operating profit	10,365	6,413	2,732	5,347	5,795	10,179
Profit before tax	10,089	5,560	1,880	4,477	4,452	10,029
Profit after tax	7,688	3,709	962	2,846	2,618	6,569
<b>Balance Sheet</b>						
Share Capital	800	800	800	800	800	800
Reserves	36,023	29,334	25,794	25,994	24,491	23,808
Shareholder equity	36,822	30,134	26,594	26,794	25,290	24,607
Fixed Assets	23,628	8,066	5,061	4,363	3,696	3,235
Current Assets	29,957	39,901	47,465	51,232	53,323	53,366
Current Liabilities	16,241	17,163	25,802	28,440	31,492	31,858
Net current assets/ liabilities	13,716	22,738	21,663	22,792	21,831	21,508
<b>Profitability Ratios</b>						
Gross profit	% 11.77	4.61	1.48	2.83	2.70	6.74
Net profit to sales	% 8.20	2.50	0.46	1.59	1.50	4.42
EBITDA Margin to sales	% 11.15	3.98	1.06	2.68	2.72	7.02
Return on Equity	% 20.88	12.31	3.62	10.62	10.35	26.69
Return on Capital Employed	% 22.96	13.08	3.60	10.93	10.50	29.69
<b>Liquidity Ratios</b>						
Current Ratio	Times 1.84	2.32	1.84	1.80	1.69	1.68
Quick /Acid test ratio	Times 1.15	1.53	0.92	1.01	0.89	1.07
Cash to Current Liabilities	Times 0.73	1.01	0.34	0.56	0.32	0.28
<b>Activity / Turnover Ratios</b>						
Inventory turnover	Days 54.03	47.59	40.89	49.54	47.32	40.46
Debtors turnover	Days 24.09	21.17	18.39	24.35	28.18	36.82
Creditors turnover	Days 47.38	45.72	37.60	53.03	55.47	67.63
Total Assets turnover ratio	Times 1.75	3.09	3.93	3.22	3.06	2.62
Fixed assets turnover ratio	Times 3.97	18.40	40.98	41.07	47.30	45.93
<b>Investment / Market Ratios</b>						
Earnings per share basic and diluted	Rs. 96.14	46.38	12.03	35.59	32.74	82.14
Price earning ratio	Times 4.94	5.00	17.87	6.76	7.07	4.29
Dividend yield ratio	Times 4.21	4.31	-	6.23	6.48	7.10
Cash Dividend payout ratio	Times 20.80	21.56	-	42.17	45.82	30.44
Dividend cover ratio	Times 4.81	4.64	-	2.37	2.18	3.29
Cash Dividend per share	Rs./share 20.00	10.00	-	15.00	15.00	25.00
Market value per share at year end	Rs./share 475	232	215	241	231	352
Breakup value per share	Rs./share 460	377	333	336	316	308

# HORIZONTAL BALANCE SHEET

AS AT JUNE, '30

ASSETS	2016		2015		2014		2013-Forward		2013		2011	
	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%
<b>NON-CURRENT ASSETS</b>												
Investments	20,837.00	78.01%	8,085.11	28.61%	8,081.33	108.61%	4,287.08	124.61%	3,085.33	14.31%	32,743.70	100.00%
Derivatives	40.00	0.1%	42.00	0.2%	95.34	0.0%	52.34	0.1%	65.41	0.3%	62.66	0.0%
Loans receivable	30.90	0.1%	30.90	0.1%	30.90	0.0%	30.90	0.1%	30.90	0.1%	301.7	0.0%
Retirement benefit prepayments	4.91	-	22.40	-	13.21	-	-	-	-	-	-	-
<b>2016-2011</b>	<b>25,303.81</b>	<b>71.23%</b>	<b>8,181.38</b>	<b>24.82%</b>	<b>8,310.78</b>	<b>109.64%</b>	<b>4,441.32</b>	<b>13.65%</b>	<b>3,261.25</b>	<b>15.9%</b>	<b>33,278.2</b>	<b>100.0%</b>
<b>CURRENT ASSETS</b>												
Sovereign, special and demands	607.40	10.3%	1,053.90	15.1%	1,149.63	128.5%	918.00	88.8%	986.07	111.2%	68,829	100.0%
Stocks	11,282.00	68.2%	13,985.00	30.2%	13,868.66	128.3%	22,853.30	196.6%	25,359.71	121.1%	163,469.0	95.0%
Trade debt	5,267.30	37.6%	7,263.04	51.4%	9,303.07	72.4%	90,690.00	778.8%	13,362.96	56.1%	14,950.49	100.0%
Loans and advances	84.72	3.0%	74.00	31.4%	48.43	2.0%	34.28	1.4%	40.13	1.7%	23.66	100.0%
Trade deposits and other prepayments	10.98	0.2%	8.00	0.4%	53.24	28.6%	8.00	0.4%	6.67	0.2%	18.44	100.0%
Interest receivable	28.78	0.5%	32.24	0.6%	30.10	21.7%	6.61	0.1%	110.69	194.2%	57.00	100.0%
Other receivables	95.42	0.4%	60.20	0.3%	3,032.00	28.6%	274.71	2.6%	248.73	2.6%	80,249	100.0%
Short term investments	-	-	13.54	1.4%	3,032.00	28.6%	602.30	5.8%	3,230.47	26.1%	8,941.63	100.0%
Cash and bank balances	11,670.00	131.1%	13,223.94	105.3%	8,854.17	97.2%	96,024.88	198.3%	10,078.95	111.2%	505,820	100.0%
<b>2016-2011</b>	<b>20,356.30</b>	<b>25.1%</b>	<b>20,001.37</b>	<b>34.8%</b>	<b>47,465.30</b>	<b>108.3%</b>	<b>17,237.38</b>	<b>38.0%</b>	<b>53,323.70</b>	<b>100.0%</b>	<b>532,624</b>	<b>100.0%</b>
<b>TOTAL ASSETS</b>	<b>41,194.11</b>	<b>100.0%</b>	<b>28,182.75</b>	<b>100.0%</b>	<b>55,776.08</b>	<b>100.0%</b>	<b>21,678.70</b>	<b>100.0%</b>	<b>56,380.00</b>	<b>100.0%</b>	<b>535,372</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>SHARE CAPITAL AND RESERVES</b>												
Share capital	76.07	0.0%	76.07	0.0%	76.07	0.0%	76.07	0.0%	76.07	0.0%	76,667	100.0%
Reserves	38,022.36	91.3%	28,304.68	123.2%	25,303.97	108.3%	26,094.58	108.2%	24,460.80	102.6%	238,035.1	100.0%
<b>2016-2011</b>	<b>38,098.43</b>	<b>91.6%</b>	<b>28,380.75</b>	<b>123.5%</b>	<b>25,380.04</b>	<b>108.1%</b>	<b>26,170.65</b>	<b>108.6%</b>	<b>24,536.87</b>	<b>102.6%</b>	<b>248,702.2</b>	<b>100.0%</b>
<b>LIABILITIES</b>												
<b>NON-CURRENT LIABILITIES</b>												
Retirement benefit obligations	482.17	2.5%	884.46	3.1%	360.86	21.8%	336.00	22.0%	511.00	20.1%	17,666	100.0%
Deferred taxation	155.37	-	171.86	-	47.30	-	47.30	-	260.01	-	4,691	100.0%
<b>CURRENT LIABILITIES</b>												
Trade accounts payable	16,030.00	51.1%	16,433.00	100%	24,081.27	84.1%	26,456.46	103%	28,348.89	101%	254,070	100.0%
Provision	412.38	2.4%	112.30	0.2%	246.19	2.4%	411.40	0.6%	365.01	0.5%	4,166	100.0%
Taxation - provision tax payments	4,143.00	14.1%	4,143.00	100%	64.30	0.1%	1,410.00	2.0%	1,344.00	0.3%	3,180.47	100.0%
<b>2016-2011</b>	<b>20,625.76</b>	<b>50.6%</b>	<b>17,762.30</b>	<b>100%</b>	<b>25,072.96</b>	<b>87.2%</b>	<b>29,226.86</b>	<b>100%</b>	<b>31,458.91</b>	<b>88.9%</b>	<b>262,037</b>	<b>100.0%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41,194.11</b>	<b>100.0%</b>	<b>28,182.75</b>	<b>100.0%</b>	<b>55,776.08</b>	<b>100.0%</b>	<b>21,678.70</b>	<b>100.0%</b>	<b>56,380.00</b>	<b>100.0%</b>	<b>535,372</b>	<b>100.0%</b>

# VERTICAL BALANCE SHEET

AS AT JUNE, '30

	2016		2015		2014		2013 - Restated		2012		2011	
	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%	Amount in million	%
<b>ASSETS</b>												
<b>NON-CURRENT ASSETS</b>												
Fixed assets	23,677.92	44.0%	8,006.11	16.8%	5,670.22	9.0%	4,402.94	7.8%	3,036.33	6.0%	3,234.79	6.7%
Deferred tax loss	40.82	0.1%	42.88	0.1%	106.34	0.2%	-	-	-	-	-	-
Long term loans	30.19	0.1%	30.19	0.1%	41.49	0.1%	52.24	0.1%	68.41	0.1%	62.88	0.1%
Long term deposits	4.51	0.0%	32.40	0.1%	32.11	0.1%	30.19	0.1%	30.17	0.1%	30.17	0.1%
Non-current financial investments	25,103.34	44.2%	6,107.28	13.1%	5,330.05	9.0%	444.837	0.8%	3,079.33	6.7%	3,207.82	6.9%
<b>CURRENT ASSETS</b>												
Share capital and amounts receivable	11,927.49	21.0%	1,028.10	2.2%	1,148.43	2.2%	17,626	34.0%	168.37	0.3%	15,807.29	34.0%
Trade receivables	11,372.01	20.0%	13,211.16	28.2%	20,184.33	39.2%	32,927.5	62.0%	23,308.51	47.0%	14,100.49	31.0%
Trade payables	5,272.02	9.5%	7,255.64	15.5%	10,207.07	19.2%	10,977.68	20.5%	13,202.18	26.2%	14,100.49	31.0%
Loans and advances	64.72	0.1%	34.60	0.1%	46.43	0.1%	362.8	0.7%	401.3	0.8%	23.86	0.0%
Trade deposits and short term deposits	10.58	0.0%	8.52	0.0%	33.24	0.1%	82.2	0.2%	68.7	0.1%	78.48	0.2%
Interest accrued	28.78	0.1%	32.24	0.1%	40.84	0.1%	85.12	0.2%	130.69	0.3%	27.00	0.1%
Other receivables	604.42	1.1%	647.33	1.4%	307.60	0.6%	274.71	0.5%	246.13	0.5%	650.49	1.4%
Short term loans	-	-	123.54	0.3%	3,652.88	6.9%	4,825.2	9.1%	3,233.67	6.5%	6,641.63	14.4%
Cash and bank balances	29,578.59	53.2%	27,272.94	56.9%	8,874.25	16.8%	16,054.68	30.0%	1,000.55	2.0%	9,559.20	20.9%
	29,578.59	53.2%	26,807.37	56.9%	47,408.25	89.0%	5,123,155	96.0%	53,325.10	106.2%	53,008.44	116.7%
<b>TOTAL ASSETS</b>	<b>53,605.53</b>	<b>100.0%</b>	<b>49,024.82</b>	<b>100.0%</b>	<b>52,738.15</b>	<b>100.0%</b>	<b>5,829,692</b>	<b>100.0%</b>	<b>53,174.43</b>	<b>100.0%</b>	<b>102,027.75</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>SHARE CAPITAL AND RESERVES</b>												
Share capital	700.67	1.0%	700.67	1.4%	700.67	1.0%	700.67	1.0%	700.67	1.0%	700.67	1.0%
Reserves	38,622.78	67.7%	26,238.04	61.0%	28,708.87	68.0%	24,694.04	68.7%	24,495.80	42.0%	23,897.81	42.0%
<b>LIABILITIES</b>	<b>38,622.78</b>	<b>68.0%</b>	<b>36,133.37</b>	<b>62.7%</b>	<b>38,538.84</b>	<b>69.4%</b>	<b>28,933.71</b>	<b>68.1%</b>	<b>23,594.77</b>	<b>44.2%</b>	<b>24,697.18</b>	<b>43.4%</b>
<b>NON-CURRENT LIABILITIES</b>												
Non-current financial investments	462.17	0.9%	604.46	1.2%	380.86	0.7%	386.60	0.7%	13,110	0.2%	176.88	0.3%
Deferred tax loss	138.37	0.3%	171.66	0.4%	-	-	473.2	0.1%	2,005.1	0.4%	4,881	0.1%
<b>CURRENT LIABILITIES</b>	<b>6,000.00</b>	<b>10.0%</b>	<b>6,428.85</b>	<b>12.0%</b>	<b>6,157.98</b>	<b>10.0%</b>	<b>5,607.68</b>	<b>10.0%</b>	<b>5,114.43</b>	<b>10.0%</b>	<b>5,620.31</b>	<b>10.0%</b>
Trade and other payables	1,038.00	1.8%	1,128.00	2.3%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%
Provisions	1,038.00	1.8%	1,128.00	2.3%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%
Financial - provision for payments	1,038.00	1.8%	1,128.00	2.3%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%	1,100.00	2.1%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53,605.53</b>	<b>100.0%</b>	<b>49,024.82</b>	<b>100.0%</b>	<b>52,738.15</b>	<b>100.0%</b>	<b>5,829,692</b>	<b>100.0%</b>	<b>53,174.43</b>	<b>100.0%</b>	<b>102,027.75</b>	<b>100.0%</b>

# HORIZONTAL PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED

	2016	2015	2014	2013	2012	2011
	Figure in €1000	Figure in €1000	Figure in €1000	Figure in €1000	Figure in €1000	Figure in €1000
	%	%	%	%	%	%
<b>Net sales</b>	50,366.38	148,458.51	207,403.26	179,854.42	178,797.07	146,508.50
	63.1%	99.0%	138.6%	120.6%	117.7%	100.0%
<b>Cost of sales</b>	62,365.28	144,610.79	204,349.84	174,117.81	113,014.98	138,559.42
	59.7%	97.5%	147.6%	125.7%	122.8%	100.0%
<b>Gross profit</b>	11,463.08	6,846.75	3,053.42	5,066.61	4,722.40	83,007.08
	110.4%	66.4%	30.5%	50.6%	47.2%	100.0%
<b>Distribution cost</b>	(865.66)	(886.48)	(1,090.29)	(887.87)	(826.00)	(1,138.00)
	60.4%	76.2%	96.0%	91.3%	111.3%	100.0%
<b>Administrative expenses</b>	(762.56)	(662.09)	(520.72)	(307.51)	(464.30)	(423.00)
	178.6%	157.4%	128.7%	120.5%	110.2%	100.0%
<b>Other income</b>	1,014.19	1,526.31	1,439.15	2,479.38	3,536.82	2,487.58
	60.6%	61.1%	57.6%	87.3%	125.6%	100.0%
<b>Other operating expenses</b>	(764.80)	(430.00)	(146.60)	(364.82)	(386.40)	(788.88)
	98.2%	55.9%	18.1%	48.1%	43.8%	100.0%
<b>Operating profit</b>	10,384.15	6,432.91	2,731.96	5,387.05	5,394.33	80,176.08
	101.6%	63.0%	26.6%	52.5%	56.9%	100.0%
<b>Finance cost</b>	(275.52)	(852.09)	(852.32)	(870.94)	(1,342.80)	(110.42)
	163.1%	566.7%	508.5%	578.5%	852.4%	100.0%
<b>Profit before taxation</b>	10,089.08	5,580.23	1,879.64	4,476.21	4,459.87	80,028.61
	100.0%	55.4%	18.7%	44.6%	44.4%	100.0%
<b>Taxation</b>	6,400.00	6,691.29	(911.77)	6,650.80	6,538.40	6,400.00
	69.4%	63.6%	26.6%	47.1%	53.0%	100.0%
<b>Profit after taxation</b>	7,885.08	3,708.96	967.87	2,865.16	2,885.38	6,588.61
	117.0%	56.5%	14.0%	43.3%	39.9%	100.0%

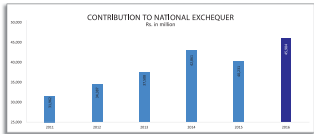
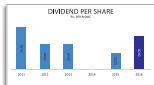
# VERTICAL PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED

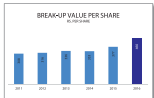
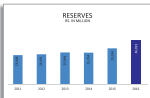
	2015	2015	2014	2013	2012	2011
	Fig. in € million	%	Fig. in € million	%	Fig. in € million	%
<b>Net sales</b>	93,789.38	100.0%	148,456.51	100.0%	179,194.42	100.0%
<b>Cost of sales</b>	62,745.29	-66.9%	(141,610.79)	-95.4%	(204,349.64)	-114.6%
<b>Gross profit</b>	31,044.09	33.1%	6,845.76	4.6%	3,053.42	1.7%
<b>Distribution cost</b>	(665.64)	-0.7%	(865.49)	-0.6%	(1,090.29)	-0.6%
<b>Administrative expenses</b>	(762.54)	-0.8%	(962.89)	-0.6%	(920.72)	-0.5%
<b>Other operating income</b>	1,514.19	1.6%	1,436.15	0.9%	2,179.74	1.2%
<b>Other operating expenses</b>	(754.55)	-0.8%	(830.00)	-0.5%	(146.60)	-0.1%
<b>Operating profit</b>	10,364.55	11.1%	6,412.91	4.3%	2,731.96	1.5%
<b>Finance cost</b>	(275.52)	-0.3%	(652.69)	-0.4%	(952.32)	-0.5%
<b>Profit before taxation</b>	10,089.03	10.8%	5,690.23	3.7%	1,879.64	1.0%
<b>Taxation</b>	(2,400.00)	-2.6%	(1,861.29)	-1.2%	(917.77)	-0.5%
<b>Profit after taxation</b>	7,689.03	8.2%	3,708.96	2.5%	961.87	0.5%
					2,845.65	1.6%
					2,618.38	1.5%
					10,007.08	5.6%
					(1,136.00)	-0.6%
					(421.00)	-0.2%
					2,487.68	1.4%
					(768.66)	-0.4%
					10,179.08	5.7%
					(150.47)	-0.1%
					10,028.61	5.5%
					(1,460.00)	-0.8%
					8,568.61	4.8%



# GRAPHICAL REPRESENTATION



# GRAPHICAL REPRESENTATION

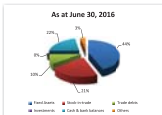




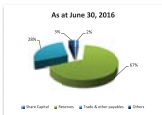
# GRAPHICAL REPRESENTATION

## Balance Sheet Composition

### Assets



### Share capital, reserves and liabilities





**ANNUAL AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR JUNE 30, 2016**





A.F. FERGUSON &amp; CO.

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of National Refinery Limited as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984,
- (b) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied,
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business, and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company,
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XV) of 1980, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants  
Karachi

Dated: 22 August 2016

Name of the engagement partner: Farukh Rehman

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
 8th Floor Building No. 1-C, I.I. Chaudhry Road, P.O. Box 970, Karachi-75200, Pakistan  
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# BALANCE SHEET

AS AT JUNE 30, 2016

ASSETS	Note	2016	2015
(Rupees in thousand)			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	3	23,627,920	8,066,114
Long term investment	4	-	-
Long term loans	5	40,918	42,575
Long term deposits	6	30,189	30,189
Retirement benefit prepayments	17	4,917	22,399
		<u>23,703,944</u>	<u>8,161,277</u>
<b>CURRENT ASSETS</b>			
Stores, spares and chemicals	7	907,495	1,003,102
Stock-in-trade	8	11,252,503	13,585,660
Trade debts	9	5,297,198	7,253,035
Loans and advances	10	84,718	74,602
Trade deposits and short-term prepayments	11	10,576	8,921
Interest accrued		28,778	30,240
Other receivables	12	504,421	547,326
Short term investments	13	-	123,543
Cash and bank balances	14	11,870,898	17,272,944
		<u>29,956,587</u>	<u>39,901,373</u>
<b>TOTAL ASSETS</b>		<u><b>53,660,531</b></u>	<u><b>48,062,650</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	15	799,666	799,666
Reserves	16	<u>36,022,777</u>	<u>29,334,041</u>
		<u>36,822,443</u>	<u>30,133,707</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	17	462,173	594,464
Deferred taxation	18	135,369	171,555
		<u>597,542</u>	<u>766,019</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	15,030,594	16,433,021
Provisions	20	112,361	112,361
Taxation - provision less payments		1,097,591	617,542
		<u>16,240,546</u>	<u>17,162,924</u>
<b>TOTAL LIABILITIES</b>		<u>16,838,088</u>	<u>17,928,943</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>53,660,531</b></u>	<u><b>48,062,650</b></u>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
 Chief Executive

  
 Director

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Gross sales	22	141,294,741	188,935,328
Trade discounts, taxes, duties, levies and price differential	23	(47,506,383)	(40,478,819)
Net sales		93,788,378	148,456,509
Cost of sales	24	(82,745,292)	(141,610,755)
Gross profit		11,043,086	6,845,754
Distribution cost	25	(685,635)	(865,461)
Administrative expenses	26	(752,538)	(662,693)
Other income	27	1,514,185	1,525,316
Other operating expenses	28	(754,545)	(430,002)
Operating profit		10,364,553	6,412,914
Finance cost	29	(275,527)	(852,694)
Profit before taxation		10,089,026	5,560,220
Taxation	30	(2,400,950)	(1,851,240)
Profit after taxation		7,688,076	3,708,980
			(Rupees)
Earnings per share - basic and diluted	31	98.14	46.38

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Chief Executive

  
Director



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	7,688,076	3,708,980
<b>Other comprehensive income / (loss)</b>		
Items that will not be reclassified to profit and loss account		
Remeasurements of post employment benefit obligations - note 17	(262,730)	(163,301)
Deferred tax thereon	63,056	(5,611)
	(199,674)	(168,912)
<b>Total comprehensive income</b>	<b>7,488,402</b>	<b>3,540,068</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	32	12,407,214	9,431,735
Income tax paid		(1,894,031)	(1,526,600)
Decrease / (increase) in long term loans and advances		1,657	(1,089)
Payment made to staff retirement benefit funds		(531,243)	(82,810)
Net cash flow from operating activities		<u>9,983,597</u>	<u>7,821,236</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(15,904,106)	(3,315,468)
Purchase of intangible assets		(6,575)	(35,627)
Proceeds from disposal of property, plant and equipment		6,416	4,847
Return on investments and bank accounts		1,190,601	1,117,499
Net cash flow used in investing activities		<u>(14,713,664)</u>	<u>(2,228,749)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(795,067)	(1,224)
Net (decrease) / increase in cash and cash equivalents		<u>(5,525,134)</u>	<u>5,591,263</u>
Cash and cash equivalents at beginning of the year		<u>17,396,032</u>	<u>11,804,769</u>
Cash and cash equivalents at end of the year	33	<u>11,870,898</u>	<u>17,396,032</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Chief Executive

  
Director



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	SHARE	CAPITAL RESERVES		REVENUE RESERVES		Special reserves (note 16.2)	Total
	Capital issued, subscribed and paid-up	Capital compensation reserves (note 16.1)	Exchange equalisation reserves	General reserves	Unappropriated profits		
(Rupees in thousand)							
Balance as at July 1, 2015	799,698	10,142	4,117	21,081,000	946,814	3,773,100	36,593,839
Total comprehensive income for the year ended June 30, 2015							
- Profit for the year ended June 30, 2015	-	-	-	-	3,708,980	-	3,708,980
- Other comprehensive income / (loss) for the year ended June 30, 2015	-	-	-	-	(188,972)	-	(188,972)
					3,540,008		3,540,008
Balance as at June 30, 2015	799,698	10,142	4,117	21,081,000	4,485,682	3,773,100	30,133,737
Total comprehensive income for the year ended June 30, 2016							
- Profit for the year ended June 30, 2016	-	-	-	-	7,688,076	-	7,688,076
- Other comprehensive loss for the year ended June 30, 2016	-	-	-	-	(199,674)	-	(199,674)
					7,488,402		7,488,402
Transfer to general reserve	-	-	-	3,000,000	(3,000,000)	-	-
Final dividend for the year ended June 30, 2015 - Rs. 10 per share	-	-	-	-	(799,698)	-	(799,698)
Income of fuel refinery operations transferred to special reserve	-	-	-	-	(1,910,133)	1,910,133	-
Balance as at June 30, 2016	799,698	10,142	4,117	24,081,000	6,264,285	5,683,233	36,822,443

The annexed notes 1 to 43 form an integral part of these financial statements.

  
 Chief Executive

  
 Director



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 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 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 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.

The Company has initiated contracts for Diesel De-sulphurisation and Naphtha Isomerisation as part of upgradation and expansion of fuel refinery operations. The estimated project cost is US\$ 349 million (Rs. 35.49 billion) whereas these projects are expected to be completed by May 2017. The arrangement for the funding of these projects is disclosed in note 34.3.

## 2. 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.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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 17.

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.

No critical judgment has been used in applying the accounting policies.

## **2.3 Changes in accounting standards, interpretations and pronouncements**

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

IFRS 12 – Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. There are no changes to disclosures on application of the standard on the company's financial statements.

### **(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, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

## 2.4 Overall Valuation Policy

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

## 2.5 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 equipments 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 an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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 3.1 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 balance sheet 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 exceed 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.

### 2.6 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 exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

### 2.7 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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

Investments with fixed payments and maturity that the Company has positive intent and ability to hold till maturity are classified as held-to-maturity investments. These are measured at amortised cost using 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 losses recognised directly in the profit and loss account. 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 profit and loss account.

## 2.8 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.

## 2.9 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.

## 2.10 Trade debts and other receivables

Trade debts 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 debts and other receivables considered irrecoverable are written-off.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

### 2.11 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.

### 2.12 Staff retirement benefits

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

#### 2.12.1 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.

#### 2.12.2 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 balance sheet 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 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 bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to 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, 2016, using the 'Projected Unit Credit Method'.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

- 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, 2016, using the 'Projected Unit Credit Method'.
- iii) Funded medical scheme for its 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, 2016, 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, 2016, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the balance sheet 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.

## 2.13 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, 2016 using the 'Projected Unit Credit Method'.

## 2.14 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.

## 2.15 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 balance sheet date and adjusted to reflect the current best estimates.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

### 2.16 Taxation

#### 2.16.1 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.

#### 2.16.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between 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 profit and loss account. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### 2.17 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 passes 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, pipelines 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 2.18 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.

## 2.19 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 balance sheet date. Exchange differences are taken to income currently.

## 2.20 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 balance sheet 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.

## 2.21 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 Chief Executive Officer of the Company.

## 2.22 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1. FIXED ASSETS	2016	2015
	(Rupees in thousand)	
Property, plant and equipment		
- Operating assets - note 3.1	3,233,977	2,834,463
- Major spare parts and stand-by equipments - note 3.2	221,438	199,244
- Capital work-in-progress - note 3.3	<u>20,153,752</u>	<u>5,007,238</u>
	<u>23,609,167</u>	<u>8,040,945</u>
Intangible assets - note 3.4	<u>18,753</u>	<u>25,169</u>
	<u><b>23,627,920</b></u>	<u><b>8,066,114</b></u>

## 3.1 Operating assets

	Leasehold land (note 3.1.2)	Buildings on leasehold land	Plant and machinery (note 3.1.1)	Vehicles	Furniture and fixtures	Computers and other electronic equipments	Office and other equipments	Total
	(Rupees in thousand)							
<b>Year ended June 30, 2016</b>								
Opening net book value	45,428	199,596	2,060,312	16,314	4,390	11,264	546,638	2,883,932
Additions	-	-	16,000	10,814	1,560	2,140	20,861	50,385
Transfers from capital work in progress	-	30,617	99,434	-	1,833	964	71,220	194,088
Disposals	-	-	-	(3,427)	-	-	-	(3,427)
Cost	-	-	-	3,127	-	-	-	3,127
Accumulated depreciation	-	-	-	(7,354)	-	-	-	(7,354)
Written off	-	-	(6,322)	-	-	(672)	(1,077)	(8,071)
Cost	-	-	6,322	-	-	672	-	7,694
Accumulated depreciation	-	-	(6,322)	-	-	(672)	-	(7,694)
Depreciation charge	(290)	(17,150)	(261,491)	(2,548)	(1,150)	(2,822)	(59,630)	(338,071)
Closing net book value	<u>45,138</u>	<u>179,056</u>	<u>2,095,551</u>	<u>13,766</u>	<u>3,240</u>	<u>7,390</u>	<u>486,908</u>	<u>2,841,339</u>
<b>As at June 30, 2016</b>								
Cost	46,038	494,862	8,008,737	86,628	17,462	54,763	1,002,792	10,705,479
Accumulated depreciation	(19,240)	(246,632)	(6,990,433)	(69,366)	(13,200)	(17,947)	(499,621)	(7,697,569)
Net book value	<u>26,798</u>	<u>248,230</u>	<u>1,018,304</u>	<u>17,262</u>	<u>4,262</u>	<u>36,816</u>	<u>503,171</u>	<u>3,007,910</u>
<b>Year ended June 30, 2015</b>								
Opening net book value	46,038	176,538	2,020,013	14,336	5,274	6,298	389,695	2,678,179
Reclassification	-	-	-	-	-	-	-	-
Cost	-	1,110	(168,540)	-	-	-	-	(167,430)
Accumulated depreciation	-	(842)	62,367	-	-	-	-	(91,875)
Cost	-	638	(131,188)	-	-	-	-	(130,550)
Additions	-	-	11	6,730	968	6,091	30,284	54,084
Transfers from capital work in progress	-	7,287	196,786	-	-	96	38,496	243,665
Disposals	-	-	(921)	(6,369)	-	(96)	(1,280)	(8,766)
Cost	-	-	(921)	(6,369)	-	(96)	-	(13,755)
Accumulated depreciation	-	-	(921)	(6,369)	-	(96)	-	(13,755)
Written off	-	-	-	-	-	-	-	-
Cost	-	(1,712)	(21,200)	-	(36)	(14,500)	(2,212)	(39,460)
Accumulated depreciation	-	1,070	(2,111)	-	(36)	14,500	1,276	(9,071)
Depreciation charge	(290)	(17,150)	(267,940)	(2,548)	(1,150)	(2,822)	(59,140)	(342,000)
Closing net book value	<u>45,138</u>	<u>179,056</u>	<u>2,095,551</u>	<u>13,766</u>	<u>3,240</u>	<u>7,390</u>	<u>486,908</u>	<u>2,841,339</u>
<b>As at June 30, 2015</b>								
Cost	46,038	491,476	8,408,836	79,881	14,000	52,361	961,178	10,003,690
Accumulated depreciation	(19,490)	(240,420)	(6,390,524)	(61,887)	(6,000)	(13,007)	(414,530)	(7,285,438)
Net book value	<u>26,548</u>	<u>251,056</u>	<u>2,018,312</u>	<u>17,994</u>	<u>8,000</u>	<u>39,354</u>	<u>546,648</u>	<u>2,718,252</u>
Annual Rate of Depreciation %	0	0 to 20	0 to 33.33	20	7.5 to 33.33	10 to 33.33	0 to 33.33	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

3.1.1 Plant and machinery includes oil terminal, processing plant and storage tanks, power generation plants, pipelines, water, power and other utilities, which were disclosed separately as at June 30, 2015.

3.1.2 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.

3.1.3 The details of property, plant and equipment disposed of during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
	← (Rupees in thousand) →					
Vehicle	1,254	843	411	411	Company Policy	Mt. Zakir Mujahid Qureshi - Executive
"	1,528	219	1,309	978	"	Mt. Shakil Asif - Executive
Written down value below Rs. 50,000 each						
Plant and Machinery	9,582	9,582	-	-		
Office and other equipments	252	252	-	-		
Vehicles	7,085	7,085	-	5,007		
Computer and other related accessories	3,557	3,557	-	-		
	<u>23,258</u>	<u>21,538</u>	<u>1,720</u>	<u>6,416</u>		



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>3.2 Major spare parts and stand-by equipments</b>		
Gross carrying value		
Balance at beginning of the year	316,762	289,388
Additions during the year	508,917	171,839
Transfers made during the year	(502,456)	(144,465)
Balance at end of the year	<u>323,223</u>	<u>316,762</u>
Provision for impairment - note 3.2.1	(101,785)	(117,518)
Net carrying value	<u><u>221,438</u></u>	<u><u>199,244</u></u>

3.2.1 During the year, net reversal of provision amounting to Rs. 15.73 million (2015: Rs. 7.75 million) has been made.

### 3.3 Capital work-in-progress

	Balance as at 1 July 2015	Additions during the year	Transfers	Balance as at 30 June 2016	Balance as at 1 July 2014	Additions during the year	Transfers	Balance as at 30 June 2015
	(Rupees in thousand)							
Buildings on leasehold land	25,618	25,553	(20,887)	28,134	2,961	27,619	(4,862)	25,618
Refineries upgradation projects - note 3.3.1 and 3.3.2	4,621,181	15,128,962	-	19,750,143	1,777,174	2,674,827	-	4,621,181
Plant and machinery	207,848	549,620	(910,038)	147,430	128,153	271,623	(399,038)	207,848
Computer software under development	-	2,450	(2,450)	-	21,888	11,779	(20,447)	-
Office and other equipments	<u>27,710</u>	<u>56,720</u>	<u>97,323</u>	<u>181,753</u>	<u>84,628</u>	<u>24,011</u>	<u>(29,929)</u>	<u>181,753</u>
Advances to contractors / suppliers - note 3.3.2	<u>4,621,181</u>	<u>15,710,675</u>	<u>(996,803)</u>	<u>19,996,229</u>	<u>1,982,994</u>	<u>2,288,949</u>	<u>(279,276)</u>	<u>4,621,181</u>
	<u><u>5,697,238</u></u>	<u><u>16,507,580</u></u>	<u><u>(799,619)</u></u>	<u><u>16,105,199</u></u>	<u><u>2,867,217</u></u>	<u><u>3,287,761</u></u>	<u><u>(287,738)</u></u>	<u><u>5,697,238</u></u>

3.3.1 This includes service contract costs, plant and machinery and advances to contractors and suppliers of plant, machinery and others in relation to the fuel and lube refineries upgradation projects.

These projects have been undertaken; (i) to comply with the government's directives to produce High Speed Diesel with low sulphur contents and; (ii) to enhance Company's profitability on a sustainable basis.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

3.4	<b>INTANGIBLE ASSETS – Computer softwares</b>	2016	2015
		(Rupees in thousand)	
	Net carrying value		
	Balance at beginning of the year	25,169	1,643
	Additions during the year	6,575	35,827
	Amortisation for the year	<u>(12,991)</u>	<u>(12,101)</u>
	Balance at end of the year	<u>18,753</u>	<u>25,169</u>
	Gross carrying value		
	Cost	97,751	91,176
	Accumulated amortisation	<u>(78,998)</u>	<u>(66,007)</u>
	Net book value	<u>18,753</u>	<u>25,169</u>
	Amortisation is charged at the rate of 33.33% per annum.		
4.	<b>LONG TERM INVESTMENT</b>	2016	2015
		(Rupees in thousand)	
	Available for sale		
	Anoud Power Generation Limited (1,080,000 (2015: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2015: 9.09 percent))	10,800	10,800
	Less: Provision for impairment	<u>10,800</u>	<u>10,800</u>
		<u>-</u>	<u>-</u>
5.	<b>LONG TERM LOANS</b>		
	Loans - considered good		
	Secured - note 5.2		
	- Executives	34,724	34,873
	- Employees	<u>18,350</u>	<u>20,289</u>
		53,074	55,162
	Less: Recoverable within one year shown under current assets - note 10		
	- Executives	10,497	10,565
	- Employees	<u>2,310</u>	<u>2,780</u>
		12,807	13,345
		40,267	41,817
	Unsecured - note 5.3		
	- Executives	165	374
	- Employees	<u>652</u>	<u>695</u>
		817	1,069
	Less: Recoverable within one year shown under current assets - note 10		
	- Executives	48	134
	- Employees	<u>118</u>	<u>177</u>
		166	311
		651	758
		<u>40,918</u>	<u>42,575</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 5.1 Reconciliation of the carrying amount of loans:

	2016			2015		
	Executives	Employees	Total	Executives	Employees	Total
	(Rupees in thousand)					
Balance at beginning of the year	35,247	20,984	56,231	38,709	16,926	55,635
Effect of promotions:						
to Executives	844	(844)	-	635	(635)	-
Add: Disbursements	5,694	10,820	16,524	10,509	7,900	18,409
Less: Recoveries	(6,890)	(11,968)	(18,858)	(14,606)	(3,207)	(17,813)
Balance at end of the year	<u>34,001</u>	<u>18,022</u>	<u>52,023</u>	<u>35,247</u>	<u>20,984</u>	<u>56,231</u>

5.2 The secured loans to executives and 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 (2015: 5 to 10) years. Out of these, car loans amounting to Rs. 11.3 million (2015: Rs. 11.6 million) carry interest ranging from 3% to 7% (2015: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.

5.3 The unsecured loans to executives and 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 (2015: 4 to 12) years and are interest free.

	2016	2015
	(Rupees in thousand)	
6. LONG TERM DEPOSITS		
Utilities	14,216	14,216
Others	15,973	15,973
	<u>30,189</u>	<u>30,189</u>

6.1 These deposits do not carry any mark up arrangement.

## 7. STORES, SPARES AND CHEMICALS

In hand		
- Stores	295,984	491,167
- Spares	703,770	682,722
- Chemicals	195,229	219,940
	<u>1,194,983</u>	<u>1,393,829</u>
In transit	79,127	11,839
	<u>1,274,110</u>	<u>1,405,668</u>
Provision for slow moving and obsolete stores, spares and chemicals - note 7.1	(368,615)	(402,568)
	<u>907,495</u>	<u>1,003,102</u>

7.1 The Company made a reversal of provision (net of write off) for slow moving and obsolete stores, spares and chemicals of Rs. 35.82 million (2015: Rs. 2.36 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>8. STOCK-IN-TRADE</b>		
Crude oil and condensate [including in transit Rs. 33.59 million (2015: Rs. 85.95 million)]	4,998,782	4,541,367
Semi-finished products	1,797,791	1,733,952
Finished products - notes 8.1 and 8.2	4,455,930	7,310,341
	<u>11,252,503</u>	<u>13,585,660</u>
8.1 As at June 30, stock of finished products has been written down by Rs. 283.36 million (2015: Rs. 75.87 million) to arrive at its net realisable value.		
8.2 Includes stocks held with the following third parties:	2016	2015
	(Rupees in thousand)	
Lube based oils for export sales at Keamari terminal		
- Home Products International (Private) Limited	3,820	118,792
Fuel products for onward sale to customers		
- Pakistan State Oil Company Limited	4,723	5,569
	<u>8,543</u>	<u>124,361</u>
<b>9. TRADE DEBTS - unsecured</b>		
Considered good		
- Related party - Attock Petroleum Limited - note 9.1	3,918,559	5,379,667
- Others - note 9.2	1,378,639	1,873,368
Considered doubtful	7,832	7,832
	<u>5,305,030</u>	<u>7,260,867</u>
Provision for doubtful debts	(7,832)	(7,832)
	<u>5,297,198</u>	<u>7,253,035</u>
9.1 There are no trade debts receivable from related party that are past due or impaired.		
9.2 The age analysis of debt past due but not impaired is as follows:		
	2016	2015
	(Rupees in thousand)	
More than 6 months	51	184



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

10. LOANS AND ADVANCES	2016	2015
	(Rupees in thousand)	
Loans - considered good		
Current portion of long term loans - note 5		
Secured		
- Executives	10,497	10,565
- Employees	<u>2,310</u>	<u>2,780</u>
	12,807	13,345
Unsecured		
- Executives	<u>48</u>	<u>134</u>
- Employees	<u>118</u>	<u>177</u>
	166	311
Short term loans to employees - unsecured, and interest free	1,119	1,112
Advances - note 10.1		
- Executives	<u>1,759</u>	<u>1,864</u>
- Employees	<u>6,232</u>	<u>881</u>
- Suppliers	<u>62,635</u>	<u>57,069</u>
	70,626	59,834
	<u>84,718</u>	<u>74,602</u>
10.1 These advances do not carry any mark up arrangement.		
<b>11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
Deposits - note 11.1	2,469	1,235
Prepayments		
- Insurance	<u>344</u>	<u>564</u>
- Others	<u>7,763</u>	<u>7,122</u>
	8,107	7,686
	<u>10,576</u>	<u>8,921</u>
11.1 These deposits do not carry any mark up arrangement.		
<b>12. OTHER RECEIVABLES – considered good</b>		
<b>Receivable from related parties:</b>		
- Attock Petroleum Limited	3,665	5,331
- Attock Refinery Limited	7,067	13,634
<b>Others:</b>		
- Government of Pakistan - note 12.1	232,809	232,809
- Sales tax receivable - note 12.2	237,538	237,538
- Custom duty receivable - note 19.2	-	36,148
- Various	<u>23,342</u>	<u>21,666</u>
	<u>504,421</u>	<u>547,326</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

- 12.1 This represents price differential claims receivable from Government of Pakistan. On behalf of oil refineries, Oil Companies Advisory Committee (OCAC) has presented the claims before the Ministry of Petroleum & Natural Resources (MoPNR), which are under review.
- 12.2 This represents receivable on account of sales tax paid to Federal Board of Revenue amounting to Rs. 237.54 million in respect of sales tax demand for the period from July 2009 to June 2010, on account of unitary conversion differences, against an order received. The Company filed an appeal against the order which was subsequently annulled in favour of the Company. The Company has filed refund application with FBR which is in process.

	2016	2015
	(Rupees in thousand)	
<b>13. SHORT TERM INVESTMENTS</b>		
<b>Held to maturity</b>		
3 months treasury bill - at amortised cost	-	123,543
<b>14. CASH AND BANK BALANCES</b>		
<b>Cash in hand</b>	500	500
<b>With banks on:</b>		
Current accounts	46,463	69,958
Savings accounts - note 14.1	1,887,050	2,166,799
Deposit accounts - notes 14.1 and 14.2	9,936,885	15,035,687
	<u>11,870,398</u>	<u>17,272,444</u>
	<u>11,870,898</u>	<u>17,272,944</u>

- 14.1 These carry mark-up rates varying from 4.0% to 7.60% (2015: 4.90% to 9.8%) per annum.
- 14.2 These will mature latest by April 29, 2017 and include Rs. 436.88 million (2015: Rs. 435.99 million) under lien with banks against bank guarantees issued on behalf of the Company.
- 14.3 All bank accounts are maintained under conventional banking system.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

<b>15. SHARE CAPITAL</b>		2016	2015
Number of shares		(Rupees in thousand)	
<b>Authorised</b>			
100,000,000	Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, subscribed and paid-up</b>			
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
<u>79,966,560</u>		<u>799,666</u>	<u>799,666</u>
<b>15.1</b> As at June 30, 2016 and 2015, Attock Group holds 51% equity stake in the Company through the following companies:			
		2016	2015
		(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
<b>16. RESERVES</b>		2016	2015
		(Rupees in thousand)	
<b>Capital reserves</b>			
	Capital compensation reserve - note 16.1	10,142	10,142
	Exchange equalisation reserve	<u>4,117</u>	<u>4,117</u>
		14,259	14,259
<b>Revenue reserves</b>			
	General reserve	<u>24,061,000</u>	<u>21,061,000</u>
	Unappropriated profit	<u>6,264,285</u>	<u>4,485,682</u>
		30,325,285	25,546,682
<b>Special reserve - note 16.2</b>			
		<u>5,683,233</u>	<u>3,773,100</u>
		<u>36,022,777</u>	<u>29,334,041</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

- 16.1 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.
- 16.2 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 project which interalia states that:

- refineries will not be allowed to offset losses, if any, for year ending June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula;
- the amount of profits above 50% will be accumulated in the Special Reserve account as per the pricing formula (including unutilised balance), which shall along with amounts presently available with refineries be deposited on half yearly basis (with final adjustment on annual basis) in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for upgradation of refineries. However, Ministry of Petroleum and Natural Resources (MoPNR) through its letter dated April 25, 2016, has withdrawn the condition for maintenance of ESCROW Account and also the transfer of balance available in special reserve to such account; and
- MoPNR through its letter dated April 25, 2016 extended the time limit for completion of Diesel Hydro Desulphurisation (DHDS) project to June 30, 2017. The proposal for increasing the 7.5% deemed duty to 9% on High Speed Diesel (HSD) with effect from January 1, 2016 has also been delayed. Further, penalty clauses will apply in pricing of HSD if the project is not completed by the extended date.

As at June 30, 2016, the Company has incurred capital expenditure of Rs. 19.78 billion (2015: Rs. 4.65 billion) on upgradation and expansion projects. It includes Rs. 19.57 billion (2015: Rs. 4.44 billion) for the upgradation and expansion of fuel refinery operations.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 17. RETIREMENT BENEFIT OBLIGATIONS

### 17.1 Retirement benefit obligations

17.1.1 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 01, 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, 2016.

17.1.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984; 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.

17.1.3 The latest actuarial valuation of the Plan as at June 30, 2016 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2016				2015			
	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)								
<b>17.1.4 Balance sheet reconciliation</b>								
Present value of defined benefit obligation at June 30 - note 17.1.5	4,888,824	1,192,487	164,884	12,678	4,621,263	911,432	171,785	6,282
Fair value of plan assets at June 30 - note 17.1.6	(4,632,432)	(883,274)	(124,386)	(17,582)	(4,374,733)	(803,494)	(123,824)	(9,819)
Deficit / (surplus)	256,392	309,213	289,270	(4,904)	246,533	(192,062)	47,609	(3,337)
<b>17.1.5 Movement in the present value of defined benefit obligation</b>								
Balance at July 1	4,621,263	911,432	171,785	6,282	4,221,851	846,961	152,630	2,683
Benefits paid by the plan	(337,437)	(42,478)	(713)	-	(218,762)	(24,826)	(2,078)	-
Current service cost	71,456	12,967	7,132	4,274	88,689	13,682	6,373	2,680
Interest cost	444,217	83,538	16,307	817	488,164	109,524	26,452	688
Transfer from gratuity / (to pension) fund	16,599	-	(16,599)	-	-	-	-	-
Remeasurement on obligation	52,626	21,956	(13,838)	1,285	121,251	(23,909)	(5,589)	221
Balance at June 30	4,888,824	1,192,487	164,884	12,678	4,621,263	911,432	171,785	6,282
<b>17.1.6 Movement in the fair value of plan assets</b>								
Balance at July 1	4,074,750	830,494	123,824	9,819	3,885,518	827,628	108,096	4,687
Contributions paid into the plan	496,690	16,123	8,289	7,941	47,888	1,626	8,888	4,414
Transfer from (gratuity) / (to pension) fund	16,599	-	(16,599)	-	-	-	-	-
Benefits paid by the plan	(337,437)	(42,478)	(713)	-	(218,762)	(24,826)	(2,078)	-
Interest income	388,884	90,373	12,350	1,127	491,675	139,874	14,422	780
Remeasurement on plan assets	12,816	(10,948)	(2,272)	(1,62)	(51,548)	(3,332)	(5,496)	(272)
Balance at June 30	4,632,432	883,274	124,386	17,582	4,374,733	803,494	123,824	9,819

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

		2016				2015			
		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)									
<b>17.1.7</b>	<b>Expense recognised in profit and loss account</b>								
	Current service cost	71,456	12,967	7,152	4,274	96,889	13,682	6,370	2,890
	Net interest (income) / cost	55,433	(1,775)	4,327	(216)	(5,511)	(979)	4,030	(82)
	<b>Expense recognised in profit and loss account</b>	<b>126,889</b>	<b>11,192</b>	<b>11,479</b>	<b>3,958</b>	<b>91,378</b>	<b>12,703</b>	<b>10,400</b>	<b>2,808</b>
<b>17.1.8</b>	<b>Remeasurement recognised in Other Comprehensive Income</b>								
	Remeasurement of present value of defined benefit obligation	52,626	221,956	(15,628)	1,295	121,221	(22,928)	(5,589)	221
	Remeasurement of fair value of plan assets	(12,946)	10,945	2,275	192	51,549	3,302	5,494	272
	<b>Remeasurements</b>	<b>39,680</b>	<b>232,901</b>	<b>(13,353)</b>	<b>1,487</b>	<b>172,770</b>	<b>(19,626)</b>	<b>(90)</b>	<b>493</b>
<b>17.1.9</b>	<b>Net recognised liability / (asset)</b>								
	Net liability / (asset) at the beginning of the year	548,573	(19,072)	47,961	(3,327)	208,223	(19,687)	44,524	(2,014)
	Expense recognised in profit and loss account	126,889	11,192	11,479	3,958	95,188	12,222	12,400	2,808
	Contribution made to the fund during the year	(99,686)	(14,122)	(8,269)	(7,941)	(67,888)	(1,622)	(8,848)	(4,414)
	Remeasurements recognised in other comprehensive income	39,710	232,906	(11,362)	1,487	182,880	(19,977)	(90)	493
	<b>Recognised liability / (asset) as at June 30</b>	<b>214,422</b>	<b>208,963</b>	<b>39,809</b>	<b>(4,917)</b>	<b>548,573</b>	<b>(19,072)</b>	<b>47,961</b>	<b>(3,327)</b>
<b>17.1.10</b>	<b>Major categories / composition of plan assets are as follows:</b>								
		Pension fund	Medical fund	Non-management gratuity fund	Management gratuity fund				
		2016	2015	2016	2015	2016	2015	2016	2015
	Debt instrument	87.82%	85.28%	64.02%	60.11%	85.62%	86.10%	59.96%	54.18%
	Equity	2.57%	2.89%	0.88%	0.00%	3.40%	4.44%	0.00%	0.88%
	Mutual funds	9.74%	10.88%	35.25%	38.02%	0.90%	0.00%	0.00%	0.88%
	Others	-0.23%	1.71%	0.10%	0.87%	0.94%	9.46%	40.04%	45.82%
<b>17.1.11</b>	<b>Actuarial Assumptions</b>								
	Discount rate at June 30	7.25%	8.75%	7.25%	8.75%	7.25%	8.75%	7.25%	8.75%
	Future salary increases / increase in cost								
	- First year following the valuation	6.25%	7.88%	5.25%	6.75%	6.25%	8.00%	6.25%	7.88%
	- Second year following the valuation	6.25%	7.88%	5.25%	6.75%	6.25%	8.00%	6.25%	7.88%
	- Third year following the valuation	6.25%	7.88%	5.25%	6.75%	6.25%	8.00%	6.25%	7.88%
	- Long term increase	6.25%	8.88%	5.25%	6.75%	6.25%	8.75%	6.25%	8.75%
	Expected rate of increase in pension	3.50%	3.75%	-	-	-	-	-	-
	Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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

17.1.13 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 2016 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.

17.1.14 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 balance sheet date.

The Company's contributions to gratuity, pension and medical benefit funds in 2017 is expected to amount to Rs. 125.15 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.

### 17.2 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		Rupees in thousand	
Discount rate at June 30	0.5%	5,906	6,605
Future salary increases	0.5%	5,148	4,949
Future pension increases	0.5%	6,321	5,823
Future medical increases	0.5%	1,203	1,183

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

The above sensitivity analysis 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 balance sheet.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015	2014	2013	2012
	← (Rupees in thousand) →				
<b>17.3 Historical information</b>					
<b>Pension fund</b>					
Present value of defined benefit obligation	4,868,824	4,821,263	4,221,851	3,871,133	3,264,636
Fair value of plan assets	(4,686,422)	(4,074,750)	(3,889,518)	(3,574,308)	(3,282,080)
Deficit in the plan	<u>213,422</u>	<u>846,513</u>	<u>339,333</u>	<u>296,825</u>	<u>12,556</u>
<b>Experience Adjustments</b>					
Loss on obligation	62,826	131,331	106,196	296,281	20,271
(Gain) / gain on plan assets	(12,816)	81,649	81,117	38,689	(19,252)
<b>Medical Benefit</b>					
Present value of defined benefit obligation	1,182,467	951,422	846,961	840,730	796,832
Fair value of plan assets	(983,374)	(830,494)	(807,698)	(780,602)	(712,300)
Deficit / (surplus) in the plan	<u>209,093</u>	<u>120,928</u>	<u>439,263</u>	<u>60,128</u>	<u>84,532</u>
<b>Experience Adjustments</b>					
Loss / (Gain) on obligation	221,996	(23,908)	(72,260)	(61,600)	(38,084)
Gain / (loss) on plan assets	10,903	3,932	14,968	2,861	(12,494)
<b>Gratuity fund - Non-management</b>					
Present value of defined benefit obligation	164,844	171,786	152,630	128,810	118,209
Fair value of plan assets	(124,996)	(123,834)	(108,096)	(90,649)	(73,844)
Deficit in the plan	<u>39,848</u>	<u>47,951</u>	<u>44,534</u>	<u>38,161</u>	<u>44,365</u>
<b>Experience Adjustments</b>					
(Gain) / loss on obligation	(13,639)	(6,989)	9,840	(9,822)	10,381
Gain / (loss) on plan assets	2,276	6,494	3,613	1,437	(776)
<b>Gratuity fund - management</b>					
Present value of defined benefit obligation	12,678	6,782	2,883	796	80
Fair value of plan assets	(7,399)	(6,618)	(4,837)	-	-
(Surplus) / deficit in the plan	<u>(4,917)</u>	<u>(1,327)</u>	<u>(2,016)</u>	<u>796</u>	<u>80</u>
<b>Experience Adjustments</b>					
Loss on obligation	1,286	221	340	377	-
Gain on plan assets	182	272	41	-	-

17.4 The Company's contributions toward the provident fund for the year ended June 30, 2016 amounted to Rs. 44.95 million (2015: Rs. 44.57 million).

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

	No. of years
Pension fund	9.0
Gratuity fund - Non-management	10.3
Medical fund	13.2
Gratuity fund - Management	20.2

17.6 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2016.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

18. DEFERRED TAXATION	2016	2015
	(Rupees in thousand)	
Debit / (credit) balances arising in respect of:		
Provisions for:		
- slow moving and obsolete stores, spares and chemicals	126,062	149,775
- duties and taxes	13,190	14,113
- long term investment, doubtful debts, doubtful receivables, staff retirement benefits, pending litigations and others	75,575	3,496
- old outstanding liabilities offered for tax	124,125	148,733
	<u>338,952</u>	<u>316,117</u>
Accelerated tax depreciation and amortisation	(474,321)	(487,672)
	<u>(135,369)</u>	<u>(171,555)</u>
<b>19. TRADE AND OTHER PAYABLES</b>		
Trade creditors	6,841,409	10,924,859
Due to Government of Pakistan	816,569	1,191,153
Due to related parties:		
- Attock Petroleum Limited	17,998	4,497
- Pakistan Oilfields Limited	114,791	339,013
Accrued liabilities	1,150,901	694,161
Surplus price differential payable - note 19.1	1,121,352	633,967
Custom duty payable - note 19.2	450,494	-
Sales tax payable	1,032,285	1,447,775
Retention money	2,000,517	43,270
Deposits from contractors	42,188	33,615
Advances from customers	226,947	169,181
Workers' profits participation fund - note 19.3	1,891	48,616
Workers' welfare fund	249,862	145,368
Income tax deducted at source	7,722	13,355
Unclaimed dividend	71,928	67,329
Excise duty and petroleum levy	877,811	668,648
Others	5,929	8,214
	<u>15,030,594</u>	<u>16,433,021</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

19.1 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.

19.2 This represents the differential of custom duty levied on import of crude oil and sale of petroleum products based on SROs issued by Government of Pakistan and MoPNR. The Oil and Gas Regulatory Authority (OGRA) has been advised by MoPNR to establish a recovery mechanism through which refineries are expected to operate on no gain / loss basis on this account. The Company is in the process of lodging its claim to OGRA and MoPNR.

	2016	2015
	(Rupees in thousand)	
<b>19.3 Workers' profits participation fund</b>		
(Payable) / receivable at beginning of the year	(48,616)	18,952
Allocation for the year - note 28	(541,891)	(298,615)
Interest on funds utilised in the Company's business - note 29	(998)	-
	<u>(591,505)</u>	<u>(279,663)</u>
Amount paid to the Trustees of the Fund	589,614	231,047
Payable at end of the year	<u>(1,891)</u>	<u>(48,616)</u>

### 20. PROVISIONS

Duties and taxes - note 20.1	29,006	29,006
Others - note 20.2	83,355	83,355
	<u>112,361</u>	<u>112,361</u>

20.1 This represents provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2015: 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 customer without deduction of sales tax and central excise duties.

20.2 This includes Rs. 55.62 million (2015: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>20.3 Reconciliation of provisions</b>		
Balance at the beginning of the year	112,361	246,187
Payment	-	(90,000)
Reversal	-	(43,826)
Balance at the end of the year	<u>112,361</u>	<u>112,361</u>

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

21.1.1 Outstanding counter guarantees at the end of the year amounted to Rs. 435.99 million (2015: Rs. 456.43 million).

21.1.2 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 4.52 billion (2015: Rs. 4.53 billion). These include claims accumulating to Rs. 4.32 billion (2015: Rs. 4.31 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 29.07 million (2015: Rs. 16.45 million) relating to freight claims.

21.1.3 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 (2015: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

### 21.2 Commitments

21.2.1 Commitments outstanding for capital expenditures as at June 30, 2016 amounted to Rs. 13.471 billion (2015: Rs. 21.26 billion).

21.2.2 Outstanding letters of credit at the end of the year amounted to Rs. 12.92 billion (2015: Rs. 15.10 billion).

	2016	2015
	(Rupees in thousand)	
<b>22. GROSS SALES</b>		
Local	132,149,231	173,147,074
Exports	9,145,510	15,788,254
	<u>141,294,741</u>	<u>188,935,328</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>23. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL</b>		
Trade discounts	390,943	716,335
Sales tax	33,524,629	28,217,415
Excise duty	462	557
Petroleum levy	9,816,508	9,791,884
Custom duty - note 19.2	1,993,722	245,500
Surplus price differential - note 19.1	1,780,099	1,507,128
	<u>47,506,363</u>	<u>40,478,819</u>
<b>24. COST OF SALES</b>		
Opening stock of semi-finished products	1,733,952	2,471,067
Crude oil, condensate and drums consumed - notes 24.1 and 24.2	74,867,463	130,933,521
Stores, spares and chemicals consumed	597,783	592,627
Salaries, wages and staff benefits - note 24.3	1,252,053	1,112,850
Staff transport and canteen	76,747	77,110
Fuel, power and water	2,284,307	2,238,402
Rent, rates and taxes	33,203	101,781
Insurance	257,900	228,339
Contract services	96,967	96,573
Repairs and maintenance	182,083	155,757
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(35,817)	(2,356)
Stores, spares and chemicals written off	124	5,389
Reversal of provision for impairment of major spare parts and stand-by equipments	(15,733)	(7,747)
Depreciation - note 3.1	305,793	297,625
Amortisation of intangible assets - note 3.4	978	558
Professional charges	2,263	3,205
Consultancy charges	8,587	5,278
Security charges	23,428	12,931
Others	17,593	8,779
	79,954,720	135,860,620
Closing stock of semi-finished products - note 8	(1,797,791)	(1,733,952)
Cost of products manufactured	<u>79,890,881</u>	<u>136,597,735</u>
Opening stock of finished products	7,310,341	12,323,361
Closing stock of finished products - note 8	(4,455,930)	(7,310,341)
	2,854,411	5,013,020
	<u>82,745,292</u>	<u>141,610,755</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>24.1 Crude oil, condensate and drums consumed</b>		
Crude oil and condensate		
- Opening stock	4,541,367	9,062,132
- Purchases	75,119,788	126,373,531
- Closing stock - note 8	<u>(4,998,782)</u>	<u>(4,541,367)</u>
	74,662,373	130,894,296
Drums	<u>205,090</u>	<u>39,225</u>
	<u>74,867,463</u>	<u>130,933,521</u>
<b>24.2</b> Cost of local crude oil and condensate consumed in respect of non-finalised Crude Oil Sale Purchase Agreements (COSA) has been recorded provisionally in accordance with Petroleum Concession Agreement.		
<b>24.3</b> Includes Rs. 81.58 million (2015: Rs. 75.42 million) and Rs. 28.49 million (2015: Rs. 28.03 million) in respect of benefit and defined contribution plans respectively.		
<b>25. DISTRIBUTION COST</b>	2016	2015
	(Rupees in thousand)	
Commission on local sales	357,440	465,947
Commission on export sales	91,909	158,616
Export expenses	69,753	86,072
Salaries and staff benefits - note 25.1	92,576	78,324
Depreciation - note 3.1	10,970	9,317
Security charges	34,870	18,283
Repairs and maintenance	7,482	11,024
Bad debts written off	-	10,293
Pipeline charges	5,719	7,951
Selling expenses	6,077	7,031
Postage and periodicals	3,874	6,570
Staff transport and canteen	1,735	2,035
Others	3,230	3,998
	<u>685,635</u>	<u>865,461</u>
<b>25.1</b> Includes Rs. 8.29 million (2015: Rs. 6.62 million) and Rs. 3.27 million (2015: Rs. 2.99 million) in respect of defined benefit and defined contribution plans respectively.		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>26. ADMINISTRATIVE EXPENSES</b>		
Salaries and staff benefits - note 26.1	450,973	412,286
Staff transport and canteen	28,060	23,735
Directors' fee	3,930	4,079
Rent, rates and taxes	12,468	4,167
Depreciation - note 3.1	33,134	29,206
Amortisation of intangible assets - note 3.4	12,013	11,545
Legal and professional charges	17,558	7,652
Printing and stationery	7,252	5,606
Contract services	46,341	47,070
Repairs and maintenance	47,649	44,432
Telecommunication	4,905	5,555
Electricity and power	3,496	3,397
Insurance	2,453	1,392
Travelling expenses	4,172	2,727
Postage and periodicals	5,544	5,116
Security charges	59,854	43,386
Others	12,736	11,342
	<u>752,538</u>	<u>662,693</u>

26.1 Includes Rs. 63.6 million (2015: Rs. 41.38 million) and Rs. 13.19 million (2015: Rs. 12.79 million) in respect of defined benefit and defined contribution plans respectively.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>27. OTHER INCOME</b>		
<b>Income from financial assets - note 27.1</b>		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 27.1	722,610	680,695
- Gain on disposal of investments at fair value through profit and loss account - note 27.2	464,074	425,697
- Secured loans to employees and executives - note 5.2	482	556
	1,187,166	1,106,948
<b>Others</b>		
Handling and storage income	210,517	228,532
Hospitality income	76,186	65,098
Liabilities no longer payable written back	404	95,639
Profit on disposal of property, plant and equipment	4,696	453
Sale of scrap and empties	20,613	5,092
Pipeline charges recovered	3,403	6,799
Rental income	5,929	8,612
Insurance rebate	3,513	5,814
Others	1,758	2,329
	1,514,185	1,525,316

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

27.2 These amount represents gain on government treasury bills and Pakistan Investment Bonds.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>28. OTHER OPERATING EXPENSES</b>		
Workers' profits participation fund - note 19.3	541,891	298,615
Workers' welfare fund	205,899	113,474
Auditors' remuneration - note 28.1	6,505	6,654
Corporate Social Responsibility	250	100
Property, plant and equipment written off	-	1,307
Others	-	9,852
	<u>754,545</u>	<u>430,002</u>
<b>28.1 Auditors' remuneration</b>		
Audit fee	2,420	2,200
Taxation services	1,679	2,499
Fee for review of half yearly financial information, special reports and certifications	1,919	1,543
Out-of-pocket expenses	487	412
	<u>6,505</u>	<u>6,654</u>
<b>29. FINANCE COST</b>		
Exchange loss - note 29.1	260,380	851,258
Interest on workers' profits participation fund - note 19.3	998	-
Interest on crude	12,949	-
Guarantee commission and service charges	989	1,316
Bank charges	211	120
	<u>275,527</u>	<u>852,694</u>
29.1 This is net of exchange gain on export sales amounting to Rs. 50.83 million (2015: Rs. 72.26 million). This exchange gain / loss relates to actual currency fluctuations and not by derivative financial instruments.		
	2016	2015
	(Rupees in thousand)	
<b>30. TAXATION</b>		
Current		
- for the year - note 30.1	2,444,554	1,606,351
- for prior year	(70,474)	(86,399)
	<u>2,374,080</u>	<u>1,519,952</u>
Deferred	26,870	331,288
	<u>2,400,950</u>	<u>1,851,240</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

30.1 This includes super tax of Rs. 269.97 million (2015: Rs. 164.74 million) as imposed by the Finance Act 2016 and 2015, respectively.

### 30.2 Relationship between tax expense and accounting profit

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Accounting profit before taxation	<u>10,089,026</u>	<u>5,560,220</u>
Tax at the applicable tax rate of 32% (2015: 33%)	3,228,488	1,834,873
Tax effect of Final Tax Regime	(166,255)	13,744
Effect of tax credits	(776,974)	(68,149)
Effect of super tax	269,969	164,743
Effect of income taxable at lower rate	(79,088)	(1,615)
Effect of prior year tax	(70,474)	(86,399)
Effect of change in tax rate	(4,716)	(5,957)
Tax expense for the year	<u>2,400,950</u>	<u>1,851,240</u>
	2016	2015

### 31. EARNINGS PER SHARE - basic and diluted

Profit after taxation (Rupees in thousand)	<u>7,688,076</u>	<u>3,708,980</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>79,967</u>	<u>79,967</u>
Basic earnings per share (Rupees)	<u>96.14</u>	<u>46.38</u>

There were no dilutive potential ordinary shares in issue as at June 30, 2016 and 2015.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>32. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	10,089,026	5,560,220
<b>Adjustment for non cash charges and other items:</b>		
Depreciation and amortisation	362,888	348,249
Provision for staff retirement benefit funds	153,704	123,418
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(35,817)	(2,356)
Stores, spares and chemicals written off	124	5,389
Reversal of provision for impairment of major spare parts and stand-by equipments	(15,733)	(7,747)
Bad debts written off	-	10,293
Return on investments and bank accounts	(1,186,684)	(1,106,392)
Profit on disposal of property, plant and equipment	(4,696)	(453)
Property, plant and equipment written off	-	1,307
Decrease in working capital - note 32.1	3,044,402	4,499,807
	<u>12,407,214</u>	<u>9,431,735</u>
<b>32.1 Decrease in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Stores, spares and chemicals	131,300	143,293
Stock-in-trade	2,333,157	10,270,900
Trade debts	1,955,837	2,943,740
Loans and advances	(10,116)	(26,170)
Deposits and prepayments	(1,655)	44,316
Other receivables	42,905	(245,422)
	4,451,428	13,130,657
<b>Increase in current liabilities</b>		
Trade and other payables	(1,407,026)	(8,497,024)
Provisions	-	(133,826)
	<u>3,044,402</u>	<u>4,499,807</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>33. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	11,870,898	17,272,944
Short term investments	-	123,088
	<u>11,870,898</u>	<u>17,396,032</u>
<b>34. UNAVAILABLE CREDIT FACILITIES</b>		
Short term running finance - note 34.1	<u>2,000,000</u>	<u>2,000,000</u>
Letters of credit and guarantee - note 34.2	<u>41,424,099</u>	<u>35,444,742</u>
Syndicate term finance - note 34.3	<u>24,200,000</u>	<u>24,200,000</u>
Letter of credit (submit to the syndicate term finance) - note 34.3	<u>10,152,011</u>	<u>20,993,481</u>

### 34.1 Short term running finance

The rates of mark-up on these finance ranges between 6.55% and 7.53% (2015: 7.25% and 10.95%) per annum, payable quarterly.

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

### 34.2 Letters of credit and guarantee

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 34.3 Syndicate term finance

The Company has entered into a syndicated finance agreement with a consortium of banks which includes United Bank Limited as the Agent Bank for a term finance facility of Rs 24.2 billion for the Company's upgradation and expansion projects. The facility carries a mark-up of 6 month KIBOR plus 1.70% p.a. which will be payable on semi-annual basis. The tenure of this facility is 12 years including the grace period of 2 years. Upto June 30, 2016 no draw down was made.

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. Further, a non-funded letter of credit facility (being sublimit to syndicate term finance) has been established for financing the Diesel De-sulphurisation and Naptha Isomerisation as part of upgradation and expansion of fuel refinery operations.

## 35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(Rupees in thousand)					
Managerial remuneration	14,802	8,027	385,035	12,207	6,630	365,004
Bonus	3,791	1,469	64,480	3,415	1,361	67,137
Retirement benefits	-	1,825	85,747	-	1,698	85,466
House rent	5,423	2,738	130,943	4,886	2,547	142,871
Conveyance	207	293	22,889	253	358	29,902
Leave benefits	1,094	1,066	49,534	991	542	34,843
	<u>25,117</u>	<u>15,418</u>	<u>747,628</u>	<u>21,752</u>	<u>13,136</u>	<u>725,223</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>377</u>	<u>1</u>	<u>1</u>	<u>377</u>

35.1 In addition to the above, fee to executive and non-executive directors during the year amounted to Rs. 1.34 million (2015: Rs. 1.16 million) and Rs. 2.59 million (2015: Rs. 2.92 million) respectively.

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 36.1 Financial assets and liabilities

	Interest-mark-up bearing			Non-interest-mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
<b>Financial assets</b>							
<b>Loans and receivables</b>							
Loans and advances	2,345	8,863	11,208	82,373	31,865	114,238	125,636
Deposits	-	-	-	2,489	30,189	32,658	32,658
Trade debts	-	-	-	5,297,198	-	5,297,198	5,297,198
Accrued interest	-	-	-	28,778	-	28,778	28,778
Other receivables	-	-	-	266,893	-	266,893	266,893
Cash and bank balances	11,823,835	-	11,823,835	46,963	-	46,963	11,870,858
2016	11,826,280	8,863	11,835,143	5,724,694	82,164	5,796,858	17,632,051
2015	17,318,297	8,335	17,326,632	7,799,692	63,429	7,799,981	25,126,613
<b>Financial liabilities</b>							
<b>Trade and other payables</b>							
2016	240,793	-	240,793	11,271,931	-	11,271,931	11,512,726
2015	240,793	-	240,793	11,271,931	-	11,271,931	11,512,726
2016	254,392	-	254,392	13,051,719	-	13,051,719	13,306,111
2015	254,392	-	254,392	13,051,719	-	13,051,719	13,306,111
<b>On balance sheet gap</b>							
2016	11,585,687	8,863	11,594,550	(5,347,287)	82,164	(5,495,123)	6,109,327
2015	17,073,895	8,335	17,082,230	(5,348,787)	63,429	(5,285,338)	11,797,892
<b>OFF BALANCE SHEET ITEMS</b>							
Commitments for capital expenditure							13,471,403
Letters of credit							12,918,513
Letters of guarantees							435,996
2016							26,825,912
2015							36,817,289

### 36.2 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 - 16.2, 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 Desulphurisation and Naphtha Isomerisation projects. However, no draw down has been made from this facility upto June 30, 2016.

#### (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. 17.33 billion (2015: Rs. 24.69 billion).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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:

	2016	2015
	(Rupees in thousand)	
Loans and advances	125,636	117,177
Deposits	32,658	31,424
Trade debts	5,297,147	7,252,851
Accrued interest	28,778	32,240
Other receivables	266,883	273,640
Short term investments	-	123,543
Cash and bank balances	11,870,898	17,272,944
	<u>17,622,000</u>	<u>25,103,819</u>

### (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 (2015: Rs. 0.22 billion) and financial liabilities include Rs. 5.29 billion (2015: Rs. 1.28 billion) which are subject to foreign currency risk. The Company believes that it is not materially exposed to foreign exchange risk as its product prices are linked to the currency of its imports.

As at June 30, 2016, if the Pak Rupee had weakened / strengthened by 10% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.53 billion (2015: Rs. 0.11 billion), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables and trade debts.

### (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 which is priced at 1.7% above six months KIBOR.

### (vi) Price risk

The Company is not exposed to any price risk with respect to its investments in Treasury Bills.

### (vii) 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## 37. SEGMENT INFORMATION

37.1 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, wax free oil and other petroleum products for different sectors of the economy. Inter-segment transfers are made at relevant costs to each segment.

37.2 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	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
Segment Revenue						
Sales to external customers						
- local, net of discounts, taxes, duties, levies and price differential	85,280,100	81,688,706	29,382,770	45,979,549	84,642,870	132,668,255
- exports	8,376,826	16,449,028	828,682	5,339,286	9,545,908	19,788,254
	<u>93,656,926</u>	<u>108,137,734</u>	<u>30,211,452</u>	<u>51,318,795</u>	<u>93,788,778</u>	<u>158,456,509</u>
Inter-segment transfers	16,197,083	29,829,838	-	-	16,197,083	29,829,838
Elimination of inter-segment transfers	-	-	-	-	(16,197,083)	(29,829,838)
<b>Net sales</b>	<u>29,775,029</u>	<u>136,777,349</u>	<u>30,211,452</u>	<u>42,318,795</u>	<u>93,788,778</u>	<u>168,456,509</u>
Segment results after tax	2,026,719	(80,968)	8,663,357	3,789,838	7,698,276	3,708,880
Other comprehensive income	(88,508)	(86,354)	(123,116)	(112,608)	(798,674)	(688,812)
<b>Total Comprehensive Income / (Loss)</b>	<u>1,938,211</u>	<u>(167,322)</u>	<u>8,540,241</u>	<u>3,677,230</u>	<u>7,499,602</u>	<u>3,020,068</u>
Segment assets	26,821,821	26,480,454	54,116,888	19,618,156	80,747,819	46,098,608
Unallocated assets	-	-	-	-	2,918,719	1,864,042
<b>Total assets</b>	<u>26,821,821</u>	<u>26,480,454</u>	<u>54,116,888</u>	<u>19,618,156</u>	<u>83,666,538</u>	<u>47,962,650</u>
Segment liabilities	14,549,100	16,100,022	1,081,088	5,039,826	16,630,188	17,138,848
Unallocated liabilities	-	-	-	-	1,237,800	389,087
<b>Total liabilities</b>	<u>14,549,100</u>	<u>16,100,022</u>	<u>1,081,088</u>	<u>5,039,826</u>	<u>17,867,988</u>	<u>17,527,935</u>
<b>Other Segment Information:</b>						
Capital expenditure	294,617	119,240	368,259	136,023	622,876	289,243
Unallocated capital expenditure	-	-	-	-	134,830	78,617
	<u>294,617</u>	<u>119,240</u>	<u>368,259</u>	<u>136,023</u>	<u>757,706</u>	<u>367,860</u>
Depreciation and amortisation	126,896	129,701	227,292	218,548	362,898	348,249
Gain on disposal of investments at fair value	194,691	141,889	308,383	283,798	464,074	426,687
Interest income	247,025	227,082	482,061	484,168	723,092	681,261
Interest expense	13,282	-	686	-	13,968	-
Non-cash (expenses) / income other than depreciation	(17,188)	8,721	(34,367)	(3,142)	(91,688)	8,079
Stock-in-trade written down	-	81,428	283,360	24,487	283,360	79,866

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

- 37.3 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2015: two) of the Company's customers contributed towards 61.7% (2015: 70.82%) of the net revenues during the year amounting to Rs. 57.87 billion (2015: Rs. 95.70 billion) and each customer individually exceeds 10% of the net revenues.

## 38. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2016	2015
		(Rupees in thousand)	
Associated companies			
	Sale of petroleum products - note 38.1.1	73,992,869	101,731,635
	Purchase of crude oil and condensate - note 38.1.2	1,201,839	2,307,717
	Rental income	4,773	4,824
	Hospitality and storage income	75,317	65,057
	Handling income	195,874	216,595
	Trade discounts and commission on sales	836,661	1,316,578
	Reimbursement of expenses	4,246	3,590
	Purchase of petroleum products	14,053	14,412
	Sale of chemicals	289	-
	Dividend paid	407,829	-
Post employment staff benefit plans			
	Contributions	575,486	126,274
Key management employees compensation			
	Salaries and other employee benefits	58,359	51,180
	Post retirement benefits	2,985	2,641
	Directors' fees	3,930	4,079

- 38.1.1 Sales of petroleum products to associated companies are based on prices fixed by Oil and Gas Regulatory Authority, import prices of Pakistan State Oil, Company announced prices.
- 38.1.2 Purchase of crude oil and condensate from associated company is based on price mechanism provided in its respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.
- 38.2 The related party status of outstanding balances as at June 30, 2016 is included in trade debts, other receivables and trade and other payables. These are settled in ordinary course of business.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Annual designed throughput capacity	Actual throughput	
		2016	2015
	← (in Metric Tons) →		
<b>39. CAPACITY</b>			
Fuel section - throughput of crude oil - note 39.1	<u>2,710,500</u>	<u>2,287,141</u>	<u>2,230,425</u>
Lube section - throughput of reduced crude oil	<u>620,486</u>	<u>681,746</u>	<u>629,716</u>

39.1 Reduction is due to day to day monitoring of throughput based on expected product margins and due to scheduled turnaround of fuel refinery carried out during the year.

## 40. PROVIDENT FUNDS RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Funds as at June 30, 2016:

	2016	2015
	(Rupees in thousand)	
Size of the fund - Total assets	1,467,908	1,380,329
Fair value of investments	1,374,155	1,273,519
Percentage of investments made	94%	92%

40.1 The cost of above investments amounted to Rs. 1,133.53 million (2015: Rs. 1,053.4 million).

40.2 The break-up of fair value of investments is as follows:

	2016	2015	2016	2015
	Percentage		(Rupees in thousand)	
National savings scheme	66%	64%	910,261	820,610
Bank deposits	3%	2%	42,423	21,968
Government securities	8%	10%	115,030	125,263
Equity securities	1%	1%	18,420	19,904
Unit trust schemes	21%	23%	288,021	285,774

40.3 The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
<b>41. NUMBER OF EMPLOYEES</b>		
Number of employees including contractual employees at June 30	<u>1007</u>	<u>947</u>
Average number of employees including contractual employees during the year	<u>989</u>	<u>946</u>

## 42. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 15, 2016 (i) approved transfer of Rs. 4 billion (2015: Rs. 3 billion) from unappropriated profit to general reserve; and (ii) proposed a final cash dividend of Rs. 20 per share (2015: Rs. 10 per share) for the year ended June 30, 2016 amounting to Rs. 1,599.33 million (2015: 799.67 million). Finance Act, 2015 introduced Income Tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

## 43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15, 2016 by the Board of Directors of the Company.

  
Chief Executive

  
Director



# PATTERN OF SHAREHOLDING NOTICE & FORMS



## PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2016

Form 34

NUMBER OF SHARES		NO. OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
From	To			
1	100	1,487	55,467	0.07
101	500	1,347	280,144	0.49
501	1000	821	483,440	0.82
1001	5000	860	2,075,362	2.60
5001	10000	180	1,338,627	1.67
10001	15000	59	733,238	0.92
15001	20000	31	557,562	0.70
20001	25000	23	526,126	0.66
25001	30000	10	271,295	0.34
30001	35000	9	296,156	0.37
35001	40000	7	268,512	0.34
40001	45000	3	129,910	0.16
45001	50000	6	260,153	0.32
50001	60000	4	232,746	0.29
60001	65000	1	63,217	0.08
65001	70000	5	337,141	0.42
70001	75000	2	145,278	0.18
75001	80000	4	312,400	0.39
80001	85000	3	252,600	0.32
85001	90000	1	90,000	0.11
90001	95000	1	90,000	0.12
95001	100000	3	300,000	0.38
100001	105000	1	105,000	0.13
120001	125000	1	125,000	0.16
130001	135000	1	131,400	0.16
135001	140000	4	554,756	0.69
140001	145000	1	142,100	0.18
145001	150000	3	442,400	0.55
155001	160000	1	160,000	0.20
170001	175000	2	347,185	0.43
175001	180000	1	180,000	0.23
185001	190000	2	375,500	0.47
195001	200000	1	196,460	0.25
230001	235000	1	233,295	0.29
245001	250000	1	250,000	0.31
275001	280000	1	278,658	0.35
280001	285000	1	283,396	0.35
360001	365000	1	361,185	0.45
365001	390000	1	389,200	0.49
445001	450000	1	445,584	0.56
450001	460000	1	455,400	0.57
490001	495000	1	490,200	0.61
500001	505000	1	502,363	0.63
510001	515000	1	515,000	0.64
615001	620000	1	617,155	0.77
765001	800000	1	789,665	1.00
865001	870000	1	869,554	1.09
875001	880000	1	880,000	1.10
965001	970000	1	966,800	1.21
1365001	1070000	1	1,049,600	1.34
1190001	1195000	1	1,191,600	1.49
1775001	1780000	1	1,778,651	2.21
3585001	3590000	1	3,589,219	4.49
11985001	12000000	1	12,000,000	15.00
19995001	19995000	2	36,983,280	50.00
		<u>4,700</u>	<u>76,948,580</u>	<u>100.00</u>



## CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2016

Categories	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children	0.01	7	10,008
Associated Companies	50.00	2	39,983,280
NIT and ICP	4.10	8	3,277,927
Banks, Development Financial Institutions and Non-Banking Financial Institutions	0.13	20	106,602
Insurance Companies	5.88	8	4,704,589
Modarabas and Mutual Funds	1.08	22	862,299
Shareholders holding 10% - Islamic Development Bank, Jeddah	15.00	1	12,000,000
General Public:			
a. Local	12.73	4,500	10,169,293
b. Foreign	0.10	42	78,547
Joint Stock Companies	1.99	49	1,594,528
Foreign Investors - other than Individual	6.81	16	5,445,858
Others	2.17	75	1,733,629
	100.00	4,750	79,966,560

### INFORMATION REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

#### Associated Companies

Attock Refinery Limited	19,991,840
Pakistan Oilfields Limited	19,991,840

#### Mutual Funds (as per LOBO\* from CDC)

CDC - TRUSTEE ALFALAH GHP VALUE FUND	28,100
CDC - TRUSTEE AKD INDEX TRACKER FUND	5,443
CDC - TRUSTEE MEEZAN ISLAMIC FUND	956
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	145,300
CDC - TRUSTEE ALFALAH GHP STOCK FUND	137,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	78,000
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	21,200
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	49,800
CDC - TRUSTEE ATLAS STOCK MARKET FUND	139,300
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	60,000
CDC - TRUSTEE APF-EQUITY SUB FUND	12,500
CDC - TRUSTEE APIF - EQUITY SUB FUND	12,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	3,800
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	6,400
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	25,200
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	73,200
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,778,651
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	617,155
PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVESTMENT FUND	3,000
PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	7,100
NH CAPITAL FUND LTD	1,200

\* List of Beneficial Owner Report

Categories	Percentage %	Number of Shares held
<b>Directors, Chief Executive Officer, their spouse(s) and minor children</b>		
Dr. Ghaith R. Pharoan		1
Mr. Laith G. Pharoan		1
Mr. Mofarrah Saeed H. Alghamdi		1
Mr. Shuaib A. Malik		2
Mr. Tariq Iqbal Khan		10,001
Mr. Babar Bashir Nawaz		1
Mr. Abdus Sattar		1
<b>Executives</b>		1,298
<b>Public Sector Companies and Corporations</b>		4,984,420
<b>Banks, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas and Pension Funds</b>		6,542,707
<b>Shareholders holding 5% or more voting interest</b>		
Attock Refinery Limited	25%	19,991,840
Pakistan Oilfields Limited	25%	19,991,840
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. Tariq Iqbal Khan, director sold 10,000 shares and one of the executives also sold 500 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. 738,000 including all employees of Finance Division.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty Third (53<sup>rd</sup>) Annual General Meeting** of National Refinery Limited will be held on **Monday, September 26, 2016 at 1500 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, 2016 together with the Directors' Report and the Auditors' Report thereon.
2. To consider and, if thought fit, to approve the payment of Final Cash Dividend at the rate of Rs. 20/- per share i.e., 200% for the year ended June 30, 2016 as recommended by the Board of Directors.
3. To appoint Company's auditors for the year ending June 30, 2017 and to fix their remuneration.

### SPECIAL BUSINESS

4. To approve transmission of annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP).

To consider and if deemed appropriate propose the following resolution:

"Resolved that transmission of annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to members at their registered addresses in soft form i.e., CD/DVD/USB as notified by SECP vide its SRO No. 470 (I)/2016 dated May 31, 2016 be and is hereby approved."

5. To consider, and if thought fit, to pass the following resolution with or without modification(s) as special resolution to alter the Articles of Association of the Company by inserting new Articles Nos. 49(a) and 49(b) to enable e-voting as prescribed by the Securities and Exchange Commission of Pakistan (SECP).

"Resolved that the Articles of Association of the Company be amended by adding following new clauses as 49(a) and 49(b):

- 49 (a) **E-Voting:** The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein.
- 49 (b) In case of e-voting, voters may appoint either members or non-members as proxy and the company shall comply with the requirements of the Companies (E-Voting) Regulations, 2016 prescribed under the Companies Ordinance, 1984.



Further resolved:

"that the Company Secretary be and is hereby fully authorised and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary."

By Order of the Board



Nouman Ahmed Usmani  
Company Secretary

Karachi:

Dated: September 3, 2016

**NOTES:**

1. The Register of Members of the Company will remain closed and no transfer of shares will be accepted for registration from September 16, 2016 to September 26, 2016 (both days inclusive). Transfers received in order at the office of the Share Registrar:

THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530,  
Telephone No. 021-111-000-322, Fax No. 0213-5655595, Email: secretariat@thk.com.pk

at the close of business on September 15, 2016 will be treated in time for the purpose of determination of entitlement to the transferees.

2. 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 and deposited at the office of the Share Registrar not less than 48 hours before the meeting.
3. The shareholder/proxy shall produce his/her original CNIC or passport at the time of the meeting.
4. Shareholders are requested to promptly notify the office of the Share Registrar of any change in their addresses.
5. 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:**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. For appointing proxies:**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- (v) 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.

6. Form of proxy is attached to the notice of meeting being sent to the members.

7. In compliance with the directives issued by the Securities and Exchange Commission of Pakistan and/or Federal Board of Revenue from time to time, members who have not yet provided their dividend mandate information and/or CNIC and/or NTN (as the case may be) are requested to kindly provide the same 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.

To opt for the dividend mandate option (i.e., payment of cash dividend through direct credit to shareholder's bank account), the Dividend Mandate Form, available at Company's website i.e., [www.nrlpak.com](http://www.nrlpak.com), needs to be duly filled and submitted to the share registrar at the address mentioned above at the earliest.

8. Pursuant to the provisions of Finance Act, 2016, effective July 1, 2016, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

1.	Rate of tax deduction for filer of income tax returns	12.5%
2.	Rate of tax deduction for non-filers of income tax return	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 number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

9. Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax 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.
10. The audited financial statements of the Company for the year ended June 30, 2016 have been placed at the Company's website [www.nrplpk.com](http://www.nrplpk.com).
11. 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.nrplpk.com](http://www.nrplpk.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.



## STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

### **Item # 4 regarding transmission of Annual Audited Financial Statements through CD/DVD/USB**

The SECP has allowed companies through SRO 470 (1)/2016 dated May 31, 2016 to circulate the annual audited financial statements, auditors' report and directors' report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses after approval by members. Printed copy of above referred statements shall be provided to such members who opt for having hard copy on the Request Form which is available on the website of the Company i.e., [www.nrlpak.com](http://www.nrlpak.com).

### **Item # 5 regarding e-voting**

Shareholders have the right to be part of the decision-making process of their company to the extent provided by the law. Electronic voting facility will help shareholders in different locations to take part in the decision making process of the company.

The SECP defines the process of e-voting as per Companies (E-voting) Regulations, 2016 that the Board of Directors of the Company shall appoint eligible intermediary for e-voting and the intermediary will provide the details of execution officer to the company before issuance of notice of General Meeting. Members will be informed through a notice of General Meeting and can exercise their right to vote through e-voting by giving their consent in writing.

Shareholder's approval is being sought by the way of passing Special Resolution to alter the Articles of Association of the Company to enable E-Voting.

None of the Directors of the Company have any direct or indirect interest in above said Special Business.

# FORM OF PROXY

## 53rd 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 53rd Annual General Meeting of the Company to be held on the 26th day of September 2016 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signed by the said Member

**Signed in the presence of:**

1. Signature: \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

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 notorially certified copy thereof, should be deposited, with our Registrar, THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530, Telephone No. 021-111-000-322, 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

### **THK Associates (Pvt.) Ltd.,**

2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530,  
Telephone No. 021-111-000-322

۲۔ پرائسی کا برلاٹ سے بحال ہو چکا ہے۔ معالجہ شروع اور یکم کی قرارداد ہو چکی ہے۔ آئی آر کوئی ہو یا کسی کو اور ان کے ذمہ داری اور اجلاس شروع ہونے سے ۳۰ گھنٹے قبل گفتی کے  
ممبر رجسٹر THK ایسوسی ایشن (پرائیویٹ) لمیٹڈ، سیکرٹری، سٹیٹ لائف بیلڈنگ-3، ڈاکٹر ضیاء الدین احمد روڈ، کراچی، 75530 -  
ٹیلی فون نمبر 021-111-000-322 تک موصول ہونا لازمی ہے۔

۳۔ پرائسی منتخب کرتے ہوئے رکن یا اس کے اتارنی کا پرائسی قادم پر دیکھا کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پرائسی قادم پر کھلی کی  
تائیل (Seal) ہونا لازمی ہے۔

۴۔ پرائسی قادم میں کسی قسم کی تہہ ملی کیلئے پرائسی منتخب کرنے والے کے دستخط (Initials) ہونا ضروری ہے۔

۵۔ تنظیمیں ایگزیکٹو (رکن) اور پرائسی کے کچھ بڑے اراکے کو ذمہ داری کا راز یا سپورٹ کی تصدیق فراہم کرنی پرائسی قادم کے ساتھ منسلک کرنی ہوگی۔

۶۔ اگر کوئی ممبر ایک سے زیادہ پرائسی منتخب کرتے اور ایک سے زیادہ پرائسی فارم گفتی میں جمع کر کے ایسی صورت میں تمام پرائسی فارم جو جمع کرنا پڑیں گے۔  
ممبروں کی تعداد ہونے کی صورت میں جن کا نام ممبر رجسٹر میں پہلے درج ہوگا (سنیئر) کا پانا چائے کے منتخب پرائسی کا ووٹ حاصل ہونا ہوگا۔ مگر مشترکہ  
حصہ داروں کے ووٹ کے۔

۸۔ پرائسی کو اجلاس کے وقت اپنا اصل کپیڈ انٹرا اسٹیشننگ کارڈ یا کاپی سپورٹ پیش کرنا ہوگا۔

AFFIX  
POSTAGE  
STAMP

**THK Associates (Pvt.) Ltd.,**

2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530,  
Telephone No. 021-111-000-322

# پراکسی فارم

53 واں سالانہ اجلاس عام

## نیشنل ریفرنڈم کمیٹی

میں \_\_\_\_\_ کار کی \_\_\_\_\_ طبع \_\_\_\_\_ بحیثیت رکن مجلس رجسٹری لیجنڈ نمبر 1 \_\_\_\_\_ طبع \_\_\_\_\_ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کئی کے ایک دوسرے اور ہی رکن نمبر 1 \_\_\_\_\_ طبع \_\_\_\_\_ کو اپنے ایگہ 28 ستمبر 2016 اور اسکے ایگہ 1 کی صورت میں متبادل تاریخ کو مستند ہونے والے کئی کے 53 ویں سالانہ اجلاس عام میں حق رائے ہی استعمال کرنے کے اپنا پراکسی مقرر کرنا کرتی ہوں۔

رکن کے دستخط

آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2016 کو دستخط کیے گئے۔

گواہان:

1-

2-

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پہ: \_\_\_\_\_

گواہان اور ذمہ داری شائع کارڈ اپنا دستخط:

گواہان اور ذمہ داری شائع کارڈ اپنا دستخط:

حساب دہندے  
مسول گن پراکسی  
(مقابلہ دل سبک)

ادکار و معلومات		رکن کیلئے (شمارہ نمبر)	پراکسی کیلئے (صورت رکن)	* متبادل پراکسی کیلئے (صورت رکن)
انحصار کی تعداد				
فول ٹائم				
ی ڈی ای	مختلف شرکتی ڈی			
انکارڈ نمبر	انکارڈ نمبر			

\* پراکسی کی غیر موجودگی کی صورت میں  
نوٹ:-

اگر ایک نمبر سالانہ اجلاس عام میں شرکت کرنے اور حق رائے ہی کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے ہی کے لئے ایک پراکسی مقرر کر سکتا ہے۔  
پراکسی کا نمبر وہ ضروری نہیں۔



# DIVIDEND MANDATE FORM

## Members of National Refinery Limited

Subject: Dividend Mandate Form

It is to inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan from time to time relating to the subject you being the registered shareholder of National Refinery Limited are hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.

Do you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "y" any of the following boxes:

YES

NO

If yes, then please provide the following information:

<b>(i) Shareholder's Detail</b>	
Name of the shareholder	
Folio No. / CDC No.	
CNIC No.	
Passport No. (in case of Foreign Shareholder)	
Land Line Phone No.	
Cell No.	
<b>(ii) Shareholder's Bank Detail</b>	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

The Company is hereby authorized to directly credit cash dividend declared by it, if any, from time to time, in the above-mentioned bank account.

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as they occur.

\_\_\_\_\_  
Signature of the Member/Shareholder

Date: \_\_\_\_\_

Note:

- The shareholders who hold shares in physical form are requested to submit the attached Dividend Mandate Form after duly filled in 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/Passport (as the case may be).

AFFIX  
CORRECT  
POSTAGE

**THK Associates (Pvt.) Ltd.,**

2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530,  
Telephone No. 021-111-000-322



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