Commitment | Technology | Growth

Annual Report 2017

PAKISTAN REFINERY LIMITED

Vision

To be the Refinery of first choice for all stakeholders.

Mission

PRL is committed to remaining a leader in the oil refining business of Pakistan by providing value added products that are environmentally friendly, and by protecting the interest of all stakeholders in a competitive market through sustainable development and quality human resources.


ESD

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Responsibilities

Pakistan Refinery Limited recognises five areas of responsibility. It is the duty of management to continuously assess the priorities and discharge these responsibilities on the basis of that assessment.

Shareholders

To protect their investment and provide an attractive return.

Customers

To win and retain customers by developing and providing products which offer value in terms of price, quality, safety and environmental impact, the sale of which is supported by the requisite technological, environmental and commercial expertise.

Employees

To respect the human rights of our employees, to provide them with good and safe working conditions, competitive terms and conditions of employment.

To promote the development and best use of the talent of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents.

To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns.

We recognise that commercial success depends on the full commitment of all employees.

Those with whom it does business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these general business principles doing so. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

Society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give due attention to health, safety, security and environment.

Health, Safety, Environment and Quality

Pakistan Refinery Limited is committed to the protection of environment and to ensure health and safety of its employees, customers, contractors and communities where it operates and practice quality in all its business activities so as to exceed customer expectations.

Pakistan Refinery Limited is also committed to comply with the applicable laws and requirements and work with the government and other stakeholders. Pakistan Refinery Limited shall continually improve the effectiveness of health, safety, environment and quality (HSEQ) management system by achieving its commitments.

Health

Pakistan Refinery Limited seeks to conduct its activities in such a way as to avoid harm to the health of its employees and others, and to promote the health of its employees as appropriate.

Safety

Pakistan Refinery Limited works on the principle that all hazards can be prevented through effective leadership and actively promoting a high standard of safety including process safety.

Environment

Pakistan Refinery Limited prevents pollution through progressive reduction of emissions and disposal of waste materials that are known to have a negative impact on the environment.

Quality

Pakistan Refinery Limited focuses on customer satisfaction by operating efficiently and by developing a culture which promotes innovation, error prevention and teamwork. Pakistan Refinery Limited conducts periodic audits and risk management of its activities, processes and products for setting and reviewing its objectives and targets to provide assurance to improve HSEQ system and loss control. Pakistan Refinery Limited encourages its contractors working on its behalf or on its premises to also apply HSEQ standards.

Integrity

Pakistan Refinery Limited insists on honesty, integrity and fairness in all aspects and expects the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and their part in the conduct of Company business. All business transactions on behalf of Pakistan Refinery Limited must be reflected accurately and fairly in the accounts of the Company in accordance with established procedures and subject to audit. Law of the land shall be respected. In no case the Company is to become a party to the malpractices such as evasion of duty, cess, taxes etc.

Teamwork

The success of smooth operations of Pakistan Refinery Limited begins and ends with teamwork. PRL strongly believes in teamwork as a driving force to the path of perfection and believes that a team-based culture is an essential ingredient in the work of a successful organisation.

It is expected that each team-player will play his / her part for achievement of common goal, which is sustainable and smooth operations of the Refinery.

This does not mean that the individual is no longer important; however, it does mean that effective and efficient teamwork goes beyond individual accomplishments.

Excellence

Pakistan Refinery Limited is performance-driven with 288 employees committed to providing innovative and efficient solutions to achieve its goals. The Company serves diverse industries, providing quality distilled petroleum products that help move country's commerce forward hence cost efficiency, operational excellence and innovativeness are paramount objectives. Pakistan Refinery Limited strives for excellence through sincere leadership and dynamic support staff along with using the right management system and processes.

Corporate Social Responsibility

Pakistan Refinery Limited assesses the implications and effects of its decisions and policies on the components of the society and ensures that their interest is not affected by its actions.

Pakistan Refinery Limited takes a constructive interest in social matters, which may not be directly related to the business. Opportunities for involvement, for example through community, educational or donation programmes, will vary depending upon the scope for useful initiatives.


ESD

Company Information

Chief Financial Officer
Imran Ahmad Mirza

Company Secretary
Shehrzad Aminullah

Auditors
A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor
Orr Dignam & Co.

Registrar & Share Registration Office
FAMCO Associates (Private) Limited.
8-F, Next to Hotel Faran,
Nursery Block-6, P.E.C.H.S.
Shahra-e-Faisal, Karachi.

Bankers
Askari Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
Citi Bank N.A
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered Office
P.O. Box 4612, Korangi Creek Road,
Karachi-75190
Tel: (92-21) 35122131-40
Fax: (92-21) 35060145, 35091780
www.prl.com.pk
info@prl.com.pk

Board of Directors

Muhammad Aliuddin Ansari

Chairman

Mr. Ansari started his career as an Investment Manager at Bank of America in London, and then worked as CEO Pakistan and later as COO Emerging Europe for Credit Lyonnais Securities Asia (CLSA). Following this he was CEO AKD Securities and launched Online Trading, Venture Capital and Private Equity in Pakistan. In 2006 he partnered with an Oil & Gas company to form Dewan Drilling which he led as its CEO. He was appointed the President & CEO of Engro Corporation in 2012 and was concurrently Chairman of all its subsidiaries; he was responsible for stewarding Pakistan's first LNG terminal and Thar coal project. He is the sponsor of X-Co Partners and Executive Chairman of its subsidiary X-Petroleum and serves as a director on the boards of Kashf Foundation, Pakistan Refinery Limited and is a member of the Advisory boards of Acumen Fund Pakistan and the Aman Centre for Entrepreneurship Development at the Institute of Business Administration.

Aftab Husain

Managing Director & CEO

Mr. Husain is a Chemical Engineer and MPA from IBA, Karachi. He has a career in oil refining with over 35 years of diversified experience with PRL having led all Operations, Technical and Commercial functions in the Refinery. He is considered a refining expert in the oil industry and has also served as the Refining Specialist for the National Integrated Energy Plan in the Energy Expert Group of the Economic Advisory Committee, Ministry of Finance. He is the present Chairman of Oil Companies Advisory Council. He has been associated with different committees and working groups on oil pricing mechanism, deregulation and refinery issues with the Ministry of Energy (previously Ministry of Petroleum and Natural Resources), Government of Pakistan.

He had twice served as a member of the Managing Committee of Overseas Investors' Chamber of Commerce and Industry (OICCI) and was the Chairman of the Security, Law and Order Sub-Committee and the Co-Chairperson of Energy Sub-Committee of OICCI. He is also serving as director of Pakistan Institute of Petroleum and Pak Grease Manufacturing Company (Private) Limited and a member of Board of Trustees of Karachi Port Trust.

Abdul Jabbar Memon

Director

Mr. Memon holds a Masters Degree in Petroleum Geology from Sindh University, Jamshoro. He joined Ministry of Petroleum and Natural Resources (now Ministry of Energy) in 1992 and has over 25 years of diversified experience in down stream oil sector. His area of expertise is technical / operational issues of oil refineries including allocation / prices of local crude / condensate, installation of new oil refinery projects, etc, as well as policy matters related to down stream oil sector. Presently he holds the position of Director General (Oil) in the Petroleum Division of the Ministry of Energy.

Faisal Waheed
Director

Mr. Faisal Waheed is a finance professional with an MBA in Finance from IBA, Karachi and ACMA from CIMA, UK. He has worked in a variety of roles in FMCG and B2B businesses both locally and overseas. He began his career as a Management Trainee with Unilever Pakistan in 1999. Later he was seconded to a regional finance role in Unilever Europe based out of the UK, followed by a stint at Unilever Head Office, London in the Finance information management space. In 2010 he joined Engro where he progressed to the role of Chief Financial Officer of Engro EXIMP (Private) Limited in 2011. In 2014, he joined Shell Pakistan Limited as the Country Finance Director.

Farooq Rahmatullah Khan
Director

Mr. Khan is a law graduate from University of Peshawar. He joined Burmah Shell Oil and Distribution Company in 1968 and worked in different capacities i.e. chemicals, human resources, marketing, supply, distribution, retail, etc. Transferred to Shell International London in 1994, he was appointed as a Manager in the Business Strategy Division and was involved in various portfolios covering over 140 countries. On his return in 1998, he was appointed as Head of Operations of Shell Pakistan and was looking after Middle East and South Asia (MESA). In 2001 he was appointed as Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited. He has been a founding member of Pak Arab Pipeline Company Limited. He retired from Shell Pakistan Limited on June 30, 2006. He has also served as Director General of Civil Aviation Authority of Pakistan, Chairman of Oil and Gas Development Company Limited and Chairman of LEADS Pakistan.

He is currently serving as Chairman of the Board of Faysal Bank Limited and had also served as the Chairman of Pakistan Refinery Limited (PRL). He also serves as Director on Hascol Petroleum Limited, founding member of Pakistan Human Development Fund, Director on the Board of Society for Sustainable Development, member of Resource Development Committee of Aga Khan University Hospital and member of Pakistan Stone Development Company.

Farrokh K. Captain
Director

Mr. Farrokh K. Captain received both his Bachelors and Masters degrees from the Massachusetts Institute of Technology where he was a member of the class of 1966. After completing his education, he joined Arthur D. Little in the USA, and then went on to establish their management consulting practice in Pakistan. Since 1978 he has led a major US-Pakistan joint venture chemical manufacturing business in Pakistan, namely Captain-PQ Chemical Industries Limited.

Mr. Captain is a past President of the American Business Council. For more than 20 years he has devoted most of his time to the field of social work. He is a Trustee of the Layton Rehmatulla Benevolent Trust, and has served 10 years as the Founder Chairman of the Pakistan Human Development Fund. He is also Chairman of The I-Care Foundation and The MIT Enterprise Forum of Pakistan. He is President of the I-Care Fund America, The Doon School Society of Pakistan and a Board Member of The Acumen Fund and Injaaz Pakistan. He is currently serving his ninth three-year term as Director of Shell Pakistan Limited.

Jawwad Ahmed Cheema
Director

Mr. Cheema is the CEO and Managing Director of Shell Pakistan Limited. He is also the Vice President for Shell Business Operations and custodian of Shell Group's strategy for off-shored business operations that is delivered through a network of seven business service centers across the world. He joined Shell in 1997 in Pakistan and worked in the Retail Business for almost eight years in various specialisations before moving to global roles outside Pakistan.

He has held several senior leadership roles within the Shell Group and prior to this, he was the Consultancy Manager in the Downstream Strategy and Consultancy team, Customer Experience Manager, managing Global Operational Excellence for Retail and Retail General Manager in Indonesia, managing Retail's entry into this new market.

He holds a post-graduate degree in Political Science and an MBA from the UK in 1997.

Muhammad Najam Shamsuddin
Director

Commencing his association with Chevron Pakistan Lubricants (Private) Limited as the Marketing Manager - Lubricants, Mr. Shamsuddin has consistently held in country and regional positions of increased significance in marketing and sales. Prior to moving in his current role, he was based in the US on a special assignment for the Africa, Middle East and Pakistan region. He was appointed as the Area Business Manager - Pakistan, in January 2014.

Mr. Shamsuddin started his career in advertising, where he spent two and a half year before moving to the FMCG sector as the Assistant Brand Manager at British American Tobacco. He is a Masters in Business Administration from Institute of Business Administration, Karachi. He currently serves on the board of Pakistan Refinery Limited and Chairman of Chevron Pakistan Lubricants (Private) Limited.

Mumtaz Hasan Khan
Director

Mr. Mumtaz Hasan Khan, Chairman of Hascol Petroleum Limited has over 50 years experience in the oil industry. He started his working life in Burmah Shell Oil Storage and Distribution Company in May 1963 and worked there till January 1976, where his last assignment was International Sales Manager. From February 1976 to July 1980, he served as Managing Director, Pakistan Services Limited, which was the holding company of four Intercontinental Hotels in Pakistan. In August 1980, he moved to London to start his own oil trading business and established Hascombe Limited, which started trading in crude oil and petroleum products.

Hascombe bought crude and products from Middle Eastern sources and sold to major international trading companies like Shell and Elf. Under his leadership, Hascol Petroleum Limited has been granted an oil marketing license by the Government of Pakistan and now Hascol has established a retail network of around 350 Petrol pumps and CNG stations from Karachi to Peshawar. Mr. Mumtaz Hasan Khan is also the Chairman of Sigma Motors (Sole distributor of Land Rover vehicles in Pakistan). He is also a Trustee of the Foundation of Museum of Modern Art (FOMMA). Mr. Mumtaz Hasan Khan was a member of the Expert Energy Group which prepared the Country's first Integrated Plan in 2009.

Sheikh Imran ul Haque
Director

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

He began his career in 1979 with Niagara Mohawk and worked with Bechtel in the USA in 1981 before joining Exxon Chemical Pakistan Limited in 1987 after a business development stint in the construction sector of Iraq and Pakistan. He has held a variety of leadership roles within Engro including Senior Vice President, General Manager New Venture Division, Market Development Manager, Information Technology Manager and Mechanical Manager of the then 800KTPA urea fertilizer plant. He was the Chief Executive Officer of Engro Vopak Terminal Limited (EVTL), Elengy Terminal Pakistan Limited (ETPL), where he spearheaded and built the first 4.5 MTPA LNG import infrastructure for Pakistan in 10 months.

He has served on the Boards of Inbox Technologies, Avanceon, Engro Energy, Pakistan Steel Mills, EETL, EVTL and ETPL. He is currently Chairman of Petroleum Institute of Pakistan.

Yacoob Suttar
Director

Mr. Yacoob Suttar is MD and CEO of Asia Petroleum Limited (APL) since February, 2013 and also DMD Finance and CFO of Pakistan State Oil Company Limited (PSO). He is a Fellow Member of the Institute of Chartered Accountant of Pakistan (ICAP) and the Institute of Cost and Management Accountant of Pakistan. He has over 30 years of professional work experience.

He was the President of ICAP for the term 2014-15. Mr. Suttar has been the Council member of ICAP from 2009 to 2017 and was also the Vice President South in 2012-13. He was the Chairman of ICAP Professional Accountants In Business (PAIB) Committee for 5 years, while also serving on ICAP's Executive Committee, Examination Committee and Human Resource Committee. He was also member of PAIB Committee of International Federation of Accountants (IFAC) where he was Deputy Chairman for the year 2015 and 2016. He has recently been elected to the board of IFAC for the term 2018-2020.

He commenced his career with A.F. Ferguson & Co. in 1981 where he completed his four year of training. Later, he spent few years in Saudi Arabia working as Finance Controller of a large Saudi Company. On his return to Pakistan, Mr. Suttar joined Engro Chemicals Pakistan Limited in 1988 and worked in various positions with them for over 17 years. Mr. Suttar moved to PSO as Executive Director (Finance & IT) in 2005. In 2013 he was appointed as MD & CEO of APL, a sister concern of PSO. He currently has dual responsibilities as DMD - Finance / CFO of PSO and MD & CEO of APL. In this role besides Finance, he is also Chairman of Procurement Committee, HSE Committee, Credit Review Board and CSR Trust in PSO.

Board Committees

Audit Committee

Members:
Yacoob Suttar - Chairman Committee
Faisal Waheed
Muhammad Aliuddin Ansari
Muhammad Najam Shamsuddin

Terms of reference:
The Audit Committee comprises of four members, from non-executive Directors of the Board all of whom have sufficient financial management expertise. The Chief Internal Auditor is the Secretary of the Committee.

The Committee held five meetings during the year and held separate meetings with the Chief Financial Officer, Chief Internal Auditor and members of Internal Audit Function and External Auditors represented by the Engagement Partner as required by the Code of Corporate Governance.

The Board has determined the Terms of Reference of the Audit Committee and has provided adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Audit Committee recommends to the Board, the appointment of external auditors, their removal, audit fees and the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board gives due consideration to the recommendations of the Audit Committee in all these matters.

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

(a) determination of appropriate measures to safeguard PRL's assets;

(b) review of quarterly, half-yearly and annual financial statements of PRL, 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.

(c) review of preliminary announcements of results prior to publication;

(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 of PRL;

(g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within PRL;

(h) consideration of major findings of internal investigations of activities characterised 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 the reporting structure are adequate and effective;

(j) review of PRL'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 CEO 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; and

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

Human Resources and Remuneration Committee

Members:
Sheikh Imran ul Haque - Chairman Committee
Farooq Rahmatullah Khan
Farrokh K. Captain
Jawwad Ahmed Cheema
Aftab Husain - Managing Director and CEO

Terms of reference:
HR&RC comprises of four members, including its Chairman, from the non-executive Directors of the Company. The CEO may be inducted as member of the Committee but not as the Chairman of Committee. The General Manager Human Resources - Pakistan Refinery Limited will act as the Secretary of the Committee.

HR&RC has been delegated the role of assisting the Board of Directors in following matters:

- recommending human resource management policies to the board;
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Managing Director & Chief Executive Officer;
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Managing Director & Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor;
- consideration and approval on recommendations of Managing Director & Chief Executive Officer on such matters for key management positions who report directly to Managing Director & Chief Executive Officer.

Board Technical Committee

Members:
Sheikh Imran ul Haque - Chairman Committee
Aftab Husain - Managing Director and CEO

Terms of reference:
The Board Technical Committee is responsible for removing barriers for realising the upgradation project for the Company's project team, institutionalising project execution process and governance for the upgradation project and endorsement of the investment decisions recommended by the Project Steering Committee. This committee also reviews and engages with technical managers for HSEQ matters.

Board Strategic Committee

Members:
Sheikh Imran ul Haque - Chairman Committee
Abdul Jabbar Memon
Farooq Rahmatullah Khan
Farrokh K. Captain
Jawwad Ahmed Cheema
Mumtaz Hasan Khan
Yacoob Suttar
Aftab Husain - Managing Director and CEO

Terms of reference:
The Board Strategic Committee has been set up to assist management in defining and putting up to the Board of Directors a structured strategic plan that will ensure future sustainability of the business and deliver sustainable returns to the shareholders.

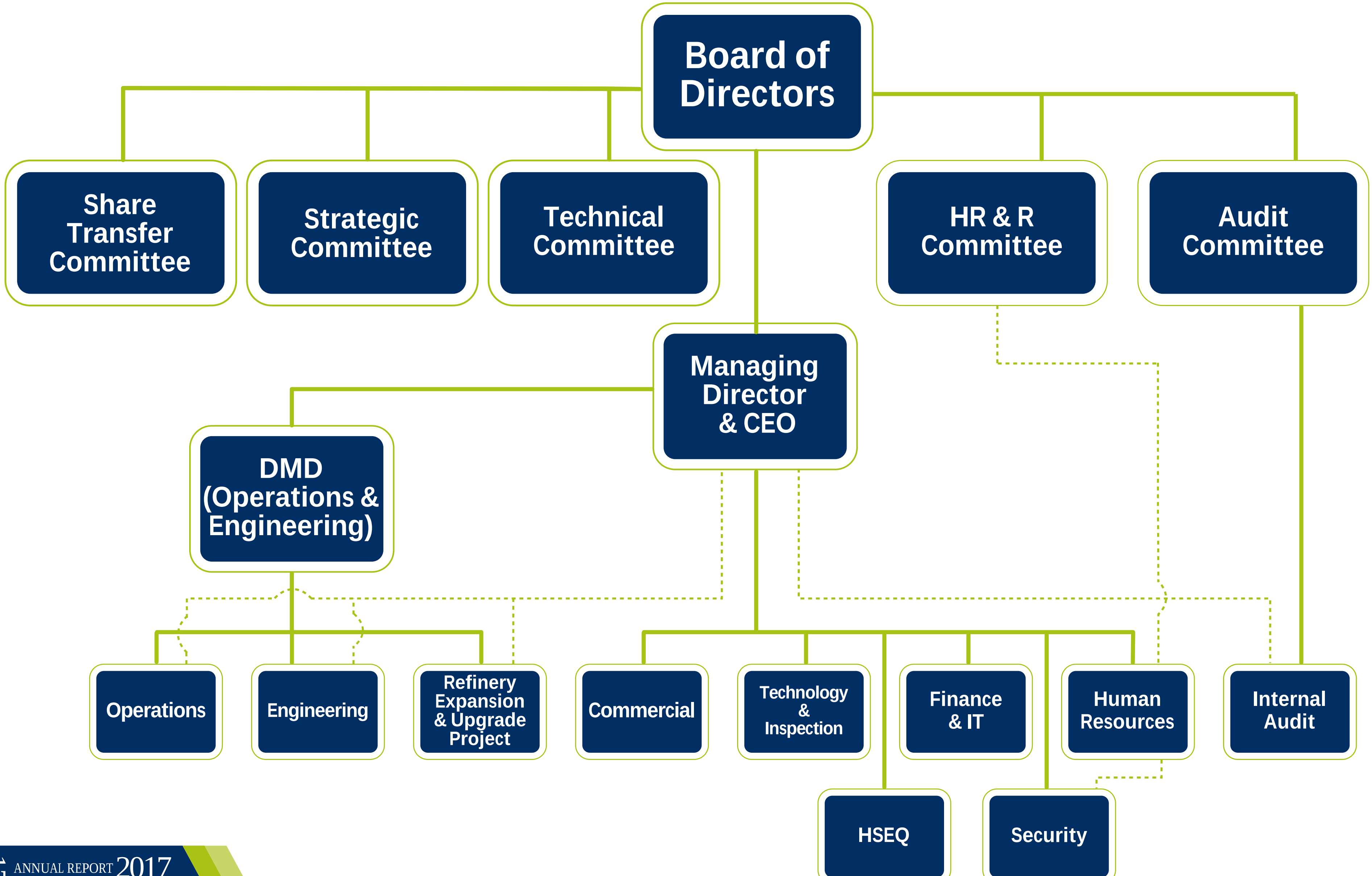
Board Share Transfer Committee

Members:
Yacoob Suttar - Chairman Committee
Aftab Husain - Managing Director and CEO

Terms of reference:
The Board Share Transfer Committee comprises of two Directors and is set up to approve registration of transfer of shares received by the Company. The Share Transfer Committee shall assist the Board of Directors in the following matters:

- approve and register transfer / transmission of shares;
- sub-divide, consolidate and issue their certificates; and
- issue share certificates in place of those which are damaged or in which the pages are completely exhausted, provided the original certificates are surrendered to the Company.

Organisational Chart



Refinery Leadership Team

Aftab Husain
Managing Director & CEO

Asad Hasan
Deputy Managing Director
(Operations & Engineering)

Imran Ahmad Mirza
Chief Financial Officer

Mohammad Khalid
General Manager
Engineering

Muhammad Ali Mirza
General Manager
Project Advisory

Muhammad Azhar
General Manager
Operations

Muhammad Naman Shah
General Manager
Technology & Inspection

Najam Mahmud
General Manager
Human Resources

Shehrzad Aminullah
General Manager
Commercial & Company Secretary

Management Committees

HSEQ Committee

HSEQ Committee's primary role is to evaluate Health, Safety, Environment and Quality (HSEQ) performance and risk management in the areas of design, operation and maintenance, based on the inputs of the HSEQ sub-committees. The committee reviews the HSEQ Management System for its continuing suitability, adequacy, effectiveness and commitment to continual improvement. To assist HSEQ Committee, separate sub-committees have been formulated for evaluating HSEQ matters for operations, oil movement & marine, engineering and support functions.

Inventory Management Committee

Inventory Management Committee is responsible for planning of operational and inventory levels and crude procurement while considering current and future liquidity forecasts. The Committee also evaluates product yields and significant matters relating to suppliers, customers and other stakeholders.

Technical & Project Steering Committee

Technical & Project Steering Committee is responsible to facilitate and support the project team by ensuring adequate involvement in the project by various stakeholders. It also acts in an advisory capacity regarding major decisions at venture level and scope decisions and provision of assistance for resolution of resourcing issues.

Tender Board

Tender Board is responsible for ensuring that all procurement activities are conducted in a transparent and objective manner and the same is duly monitored by the senior management.

Chairman's Review

On behalf of the Board of Directors, I am pleased to present the 57th Annual Report of Pakistan Refinery Limited for the year ended June 30, 2017.

During the year ended June 30, 2017 your refinery reported a Profit after taxation of Rs. 1,060 million as compared to a Profit after taxation of Rs. 283 million last year, resulting in the negative equity being reduced to a mere Rs. 396.6 million. This was due to improved refining margins, stringent inventory management, a stable exchange rate and vigilant control over expenses. The adverse impact of depressed refining margins coupled with any volatility in Rupee Dollar parity continues to pose risks to the Company's future profitability.

It is important to note that since March 2013 the Company is adversely affected to the tune of Rs. 4,265 million, including Rs. 1,072 million during the current year, by the pricing mechanism of High Speed Diesel (HSD) whereby the refineries are required to deposit the difference between actual import price and notional ex-refinery price computed in accordance with the Import Parity Pricing Formula.

In December 2016, the Company fully redeemed the 3 Year Term Finance Certificates (TFC1) worth Rs. 1,683 million. The Board takes this opportunity to thank all TFC1 holders for their trust and support during this tenure.

The Refinery did not meet the time line of June 30, 2017 prescribed for the installation of Diesel Hydro Desulphurisation Unit (DHDS) unit to produce EURO II compliant HSD and is therefore exposed to downward revision of HSD pricing due to higher sulphur content. Nonetheless, the Company has completed work with an international consultant on the Detailed Feasibility Study which has evaluated different technological variants for upgradation of the Refinery including installation of DHDS.

After the year ended June 30, 2017 production of Motor Spirit (Petrol) is reduced from 20,000 metric tons per month to 15,000 metric tons per month due to deactivation of Catalyst of the Isomerisation Unit. The Company is undertaking measures to address this issue on a priority basis. The Company has already booked impairment loss of Rs. 274 million on this account in the financial statements for the year ended June 30, 2017.

Your Refinery remains committed to operational excellence with focus on safe and continuous operations, protecting environment and ensuring health and safety of its employees, customers and contractors, while maintaining the integrity of the Refinery equipment. During the year in June 2017, the Company successfully clocked 10 million man-hours without any Lost Time Injury.

While acknowledging the Ministry of Energy and financial institutions for their support and my fellow directors for their guidance, I would like to thank our valued customers, suppliers, contractors, shareholders, term finance certificate holders, other stakeholders and committed employees for their dedication and hard work that resulted in smooth and safe operations of the refinery throughout the year.

Muhammad Aliuddin Ansari
Chairman

Karachi: September 12, 2017

چیئرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی اجازت سے، میں بڑی خوشی سے پاکستان ریفائنری لمیٹڈ کی 57 ویں سالانہ رپورٹ برائے سال ختم شدہ 30 جون 2017 پیش کر رہا ہوں۔

30 جون 2017 کو ختم ہونے والے سال کے دوران آپ کی ریفائنری نے 1,060 ملین روپے منافع بعد از ٹیکس کمایا جو گزشتہ سال 283 ملین روپے منافع بعد از ٹیکس تھا، جس کے نتیجے میں منفی ایکوئٹی کم ہو کر محض 396.6 ملین روپے رہ گئی ہے۔ اس اضافی منافع کی وجہ بہتر ریفائنری مارجن، انوینٹری کا موثر نظام، مستحکم ایکسچینج ریٹ اور اخراجات پر فعال کنٹرول تھا۔ لیکن کمزور ریفائنری مارجن کے منفی اثرات اور روپے اور ڈالر کا اتار چڑھاؤ مستقبل میں کمپنی کے منافع کے لئے مستقل خطرات ہیں۔

یہ ذہن نشین کرنا ضروری ہے کہ مارچ 2013 سے ہائی اسپیڈ ڈیزل کی قیمتوں کے نظام میں تبدیلی کے باعث کمپنی شدید متاثر ہوئی ہے اور اب تک 4.265 ارب روپے کا بوجھ برداشت کر چکی ہے جس میں اس سال کے 1.072 ارب روپے شامل ہیں۔ اس نظام کے تحت ریفائنریز کے لئے لازم ہے کہ اصل امپورٹ قیمت اور Import Parity Pricing Formula کے تحت notional ex-refinery قیمت کا فرق جمع کرائیں۔

دسمبر 2016 میں کمپنی نے 1,683 ملین روپے کے 3 سالہ ٹرم فنانس سرٹیفکیٹس (TFC1) مکمل طور پر ادا کر دیئے۔ اس موقع پر بورڈ تمام TFC1 ہولڈرز کے اعتماد اور تعاون کا مشکور ہے۔

ریفائنری چونکہ EURO II صلاحیت کے حامل ہائی اسپیڈ ڈیزل کی پیداوار کے لئے ڈیزل ہائیڈرو ڈی سلفیورائزیشن یونٹ (DHDS) کی تنصیب 30 جون 2017 کے مجوزہ وقت پر مکمل نہیں کر پائی لہذا ریفائنری سلفر کی زیادہ مقدار کے سبب ڈیزل کی قیمتوں میں کمی کا سامنا کرے گی۔ بہرحال کمپنی نے بین الاقوامی کنسلٹنٹ کے ساتھ مل کر تفصیلی فزیبلٹی اسٹڈی کا کام مکمل کر لیا ہے، جس میں ریفائنری کی Upgradation بشمول DHDS کی تنصیب کے لئے مختلف ٹیکنالوجی کے حامل پہلو پیش کئے ہیں۔

30 جون 2017 کو سال ختم ہونے کے بعد، آئسومرائزیشن یونٹ کے Catalyst کی Deactivation کے سبب موٹر اسپرٹ (پیٹرول) کی پیداوار ماہانہ 20,000 میٹرک ٹن سے کم ہو کر 15,000 میٹرک ٹن رہ گئی ہے۔ کمپنی اس مسئلے کو ترجیحی بنیادوں پر حل کرنے کے اقدامات کر رہی ہے۔ کمپنی نے سال ختم شدہ 30 جون 2017 کے مالیاتی گوشواروں میں اس بنیاد پر 274 ملین روپے کا impairment loss پہلے سے ہی ریکارڈ کر لیا ہے۔

ریفائنری اپنے آپریشنل امتیاز کو برقرار رکھنے کے لئے پرعزم ہے اور اس کی توجہ باحفاظت اور مسلسل آپریشن، ماحول کے تحفظ، اپنے ملازمین، صارفین اور کنٹریکٹرز کی صحت اور حفاظت اور ریفائنری کے اثاثوں کو محفوظ رکھنا ہے۔ دوران سال کمپنی نے جون 2017 میں کسی حادثے کے بغیر 10 ملین گھنٹوں کی تکمیل کی ہے۔

اس موقع پر میں منسٹری آف انرجی اور مالیاتی اداروں کے تعاون اور اپنے ساتھی ڈائریکٹرز کی رہنمائی کا شکر گزار ہونے کے ساتھ ساتھ، اپنے قابل قدر صارفین، سپلائرز، کنٹریکٹرز، شیئر ہولڈرز، ٹرم فنانس سرٹیفکیٹ ہولڈرز اور دیگر اسٹیک ہولڈرز کے ساتھ اپنے پرعزم ملازمین کا شکریہ ادا کرتا ہوں کہ ان کی انتھک محنت اور لگن کی بدولت پورے سال کے دوران کمپنی کے بہترین اور باحفاظت آپریشنز جاری رہے۔

محمد علی الدین انصاری
چیئرمین

کراچی: 12 ستمبر 2017

Directors' Report

The Directors of your Company present their Annual Report together with Audited Financial Statements for the year ended June 30, 2017.

Financial Results

	2017	2016
	(Rupees in thousand)	
Profit after taxation	1,060,278	283,391
Other comprehensive loss	(34,265)	(100,109)
Total recognised income	1,026,013	183,282
Earnings per share	Rs. 3.45	Rs. 0.93
Appropriations:		
Transfer to Special Reserves	926,013	83,282

During the year, the Company earned a profit after taxation of Rs. 1,060 million as compared to a profit after taxation of Rs. 283 million last year. The main reasons for improved profitability during the current year were improved refining margins, stringent inventory management, stable Rupee-Dollar parity and vigilant control over expenses.

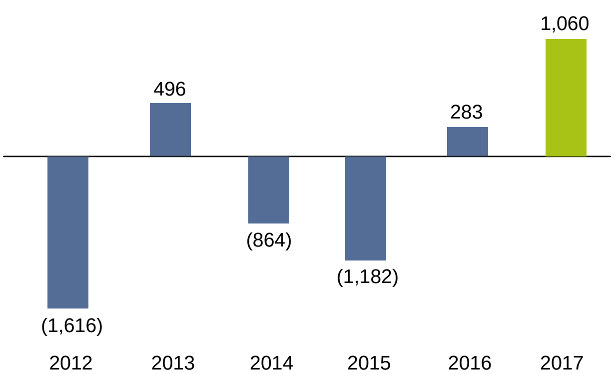
The Company is continuously burdened by the negative effects of pricing mechanism of High Speed Diesel (HSD) under which a difference between actual import price and notional ex-refinery price of HSD is paid by refineries. During the current year, the Company suffered Rs. 1,072 million on this account only. This adverse pricing mechanism has to date wiped out Rs. 4,265 million since its introduction in March 2013.

As at June 30, 2017, the Company has accumulated loss of Rs. 4.74 billion (2016: Rs. 4.75 billion) resulting in net negative equity of Rs. 396.6 million (2016: Rs. 1,330 million) and its current liabilities exceed its current assets by Rs. 7.36 billion (2016: Rs. 8.05 billion). Further, under the policy framework for up-gradation and expansion of refinery projects issued by the Ministry of Petroleum & Natural Resources (now Ministry of Energy) on March 27, 2013, refineries were required to install Diesel Hydro Desulphurisation Unit (DHDS) by June 30, 2017 to produce EURO II compliant HSD and in case of non-compliance, the ex-refinery price of HSD based on Import Parity Price (IPP) Formula will be downward adjusted / reduced due to higher Sulphur content. The Company did not meet the aforementioned deadline of setting up DHDS unit and hence will be subjected to downward adjustment of its HSD pricing in future until the setting up of DHDS unit. These conditions may cast a significant doubt on the Company's ability to continue as a going concern and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

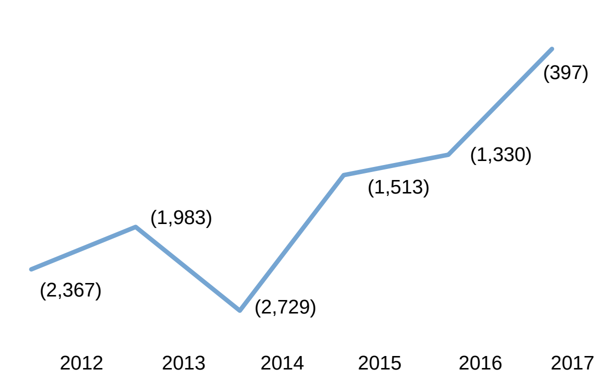
However, based on factors enumerated below, the Company believes that it will continue as a going concern and will be able to realise its assets and discharge its liabilities in the normal course of business:

- During the year, the Company earned a profit after taxation of Rs. 1,060 million and its negative equity has reduced to Rs. 396.6 million (2016: Rs. 1,330 million). The Company further projects that despite any downward adjustment in HSD pricing in future it will be able to continue profitable operations next year and this negative equity situation will be overcome.

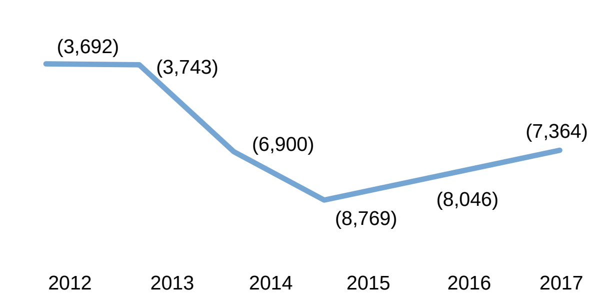
Profit after taxation (Rs. in mn)



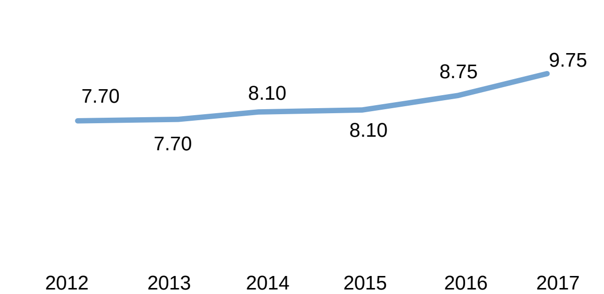
Net equity (Rs. in mn)



Net current assets / liabilities (Rs. in mn)



Running finance facilities (Rs. in billion)



- The Company has continued to timely discharge its liabilities and there has been no instance where the payments were delayed due to liquidity problems. Company has sufficient borrowing lines available from banks to support its operations and to timely discharge its liabilities. Further, the Company increased its running finance facilities to Rs. 9.75 billion from Rs. 8.75 billion during the year which demonstrates banks' confidence on Company's credit worthiness.

- The Company has completed a feasibility study in which various technological options have been considered for the refinery up-gradation including the installation of DHDS under the above policy framework.

Based on the above factors and projected profitability and cash flows, the financial statements have been prepared on 'Going Concern' basis.

The external auditors of the Company have included a paragraph of emphasis in their audit report drawing attention to the aforementioned conditions that may affect the Company's ability to continue as a going concern.

Dividend

The directors have declared a 'Nil' dividend for the year ended June 30, 2017 considering the financial challenges faced by the Company including negative equity. It was considered that declaration of dividend will further increase the negative equity.

Corporate and Financial Reporting Framework

- The financial statements of the Company have been prepared by the management and represent its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984 (now repealed).
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.
- International Financial Reporting Standards (previously referred to as International Accounting Standards), as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored regularly.

Credit Rating

During the year, The Pakistan Credit Rating Agency (PACRA) reassessed the credit rating of the Company and maintained the earlier credit rating i.e. long-term entity rating of A- (Single A minus) and short-term entity rating of A2 (Single A two). These ratings depict high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial commitments.

Health, Safety, Environment & Quality (HSEQ)

We are thankful to Allah for achieving 10 million man-hours without any Lost Time Injury (LTI). This would not have been possible without the active contribution of all employees and our contractors. Credit is also due to our management for its commitment to HSEQ standards.

The best practices adopted by the Company in the field of Operational Health, Safety & Environment (OHS&E) have also been acknowledged at the Employers' Federation of Pakistan platform by ranking the Company at 1st position in their 12th Annual OHS&E Award Ceremony held in July 2017.

Compliance to Regulatory Requirements

All results of effluent and emission tests conducted by Sindh Environmental Protection Agency (SEPA) nominated independent laboratories met the Sindh Environmental Quality Standards (SEQS) limits and were duly reported through Self-Monitoring and Reporting Tool (SMART) program to Pakistan Environmental Protection Agency (PEPA).

Compliance to Third Party Certification

The Company successfully acquired revalidation of ISO 9001, 14001 & OHSAS 18001 certification without any Non-Conformity Report (NCR) for another year after the recertification audit by an independent consultant in September 2016.

Environment Day Celebrations

An Environment Day was celebrated to coincide with World Environment Day 2017. This year's theme was “Connecting people to nature” which implores people to get outdoors and into nature, to appreciate its beauty and its importance and to take forward the call to protect the Earth that we share. Tree plantation was carried out in Refinery to demonstrate the Company's corporate level commitment towards environment.

Training

As part of overall HSEQ management culture, extensive and continuous efforts are being made to enrich and raise the HSEQ standard of the Contractors' and Company's staff through well-structured training courses.

Mock Drills

In addition to weekly fire drills, mock drills are executed bi-annually with different fire scenarios according to the Emergency Response Plan (ERP) to check the effectiveness of emergency equipment and expertise in emergency mitigation by emergency response staff.

Refinery Management and Operations

The Refinery operations remained smooth and safe throughout the year including a planned shutdown during 3rd quarter of the current financial year. All key performance indicators were maintained within the targets. Highest standards of process safety and product quality were maintained while focus remained on minimizing operating cost.

Turnaround including Platformer Catalyst Regeneration

During the 3rd quarter of current financial year, a 14 day planned shutdown of the Refinery was carried out, primarily for Platformer Unit catalyst regeneration and Hydrotreater Unit reactor catalyst skimming operation. Other planned turnaround activities included overhaul, repair works and maintenance of critical plant piping, heat exchangers, air coolers, crude towers, rotating equipment, instrumentation and electrical equipment. This activity is required to be carried out periodically to rectify wear and tear and environmental degradation of critical equipment, which ensures uninterrupted Refinery operations.

All maintenance activities and restart of Refinery was done in the stipulated timeframe without any HSEQ related incident.

Reconstruction of Imported Crude Oil Storage Tank at Keamari Terminal

A crude oil storage tank has been reconstructed at Keamari Terminal with enhanced storage capacity and is equipped with state of the art Aluminum Geodesic Dome Roof (AGDR), which has been used for the first time in the Company. In order to reduce evaporation losses and to protect environment, the tank is also equipped with double seal Internal Floating Screen.

Business Continuity Planning

a) High Speed Diesel (HSD) Gantry

To facilitate direct upliftment of HSD from Refinery by the Oil Marketing Companies (OMCs), two loading bays of existing Fuel Oil gantry have been converted into HSD gantry while maintaining HSEQ standards.

b) JP-1 Gantry

Refinery is connected through integrated pipeline network with Eastern Joint Hydrant Depot (EJHD) run by OMCs at Jinnah International Airport, Karachi. To augment the smooth supply of Jet Fuel, a JP-1 gantry with two bays is under construction at a fast pace.

Crude Oil Sales Contract with Abu Dhabi National Oil Company

The second year of the two-year contract for supply of crude oil with Abu Dhabi National Oil Company (ADNOC) saw the Company importing 28,940 barrels per day under the 29,000 barrels per day Crude Oil Sales Contract. Under this contract, the Company imports various crude grades from ADNOC and processes them into different petroleum products. During the year under review, the Company received around 61% Das crude and 39% Upper Zakum crude from ADNOC. Upon expiry of the last contract in June 2017 this Contract has been successfully renewed for a further two-year term till June 30, 2019.

Engineering

Maintenance of Intracity Pipelines

The Company operates and maintains arterial pipeline system between its Korangi Refinery and Keamari Terminal for uninterrupted transportation of imported crude oil to the Refinery and petroleum products to OMCs and export customers. These pipelines were laid in the early 1960s along the Right-of-Way (ROW). With time and expansion and development of Karachi City, a number of commercial and residential centres have come along the Company's ROW thus creating constant challenges to operate and maintain these lines.

Pursuing Company policy of safeguarding public life, property and the environment, the Company's engineering team is on a constant lookout for new methods to minimize impact of a growing city and disturbance in the vicinity, whilst maintaining these lines. During the year the Company deployed a very effective maintenance technique / method called Horizontal Directional Drilling (HDD). HDD enables laying / replacing of long lengths (~400 meters) of large diameter lines underground with almost no interference or blocking of residential / commercial structures along the ROW. With this technology, underground lines were installed where previously it was almost impossible to do so, such as across Malir River bed and Shahrah-e-Faisal.

40 Tons Per Hour (TPH) Steam Boiler

The Refinery has been in operation since the early 1960's. There are three (3) steam boilers, each with a capacity of 20 TPH. These boilers produce superheated steam at 20 kg / cm2g. In view of enhanced requirement of steam, the Company has taken a strategic decision to install a new 40 TPH, 20 kg / cm2g steam boiler.

The philosophy is to operate the new boiler at about 75 percent of its rated capacity with the remaining load shared between two of the three existing boilers. One existing boiler would be on stand-by. The scope of the current project includes detailed engineering, procurement, construction and commissioning of the new 40 TPH Boiler. The project is currently in the construction and erection stage.

4.5 Megawatts (MW) Captive Power Plant Project

Power requirements for the Refinery are currently met through K-Electric feeders. To ensure uninterrupted power supply and to avoid voltage dips and power failures which not only affect smooth plant operation but also affect long term plant integrity, the Company has decided to produce its own power by installing a gas engine based captive power plant, with waste heat recovery boiler, having a capacity of 4.5 MW.

The plant is designed to operate continuously with uninterrupted power supply to the process plant. The total cost of the project is approximately Rs. 355 million. The net cost per unit is projected to be Rs. 6.92 per unit against present cost of Rs. 14.24 per unit. The project is expected to be commissioned in 3rd quarter of the next financial year.

Refinery Expansion and Upgradation

To comply with the Government of Pakistan's requirement to produce EURO II compliant HSD, the Company has completed work with an international consultant on the Detailed Feasibility Study which has evaluated different technological variants for upgradation of the Refinery including installation of the Diesel Hydro Desulphurisation Unit (DHDS).

New PRL Website and Revamped IT Infrastructure

A new and dynamic Company website was developed and activated in May 2017. The website was designed and developed in-house with sophisticated video effects, along with updated product prices, financial reports and full compliance with the requirements of the Securities and Exchange Commission of Pakistan including link to 'Jama Punji' and an Urdu version.

IT infrastructure cable revamping work was also completed during the year. The previous network cabling was laid in 1998. Sophisticated fiber and gigabit speed network cables have been laid throughout Refinery premises and now Operations Control Room, Workshop Area, Tank Farm, Weighbridge, Construction Workshop and Loading Gantry have centralized connection with the main IT Room Data Center.

Human Resources (HR)

The Company maintained its focus on retaining and developing employees. The strategic approach is to have smooth operations by ensuring that HR practices result in positive outcomes for key stakeholders - employees, line managers and customers.

The Company maintains a well-equipped learning centre for in-house customers (employees) and external service providers (contractors' staff), with focus to provide an efficient and effective training and learning services. During the year, the Company provided an average Twenty One (21) training hours per employee in an efficient and cost-effective manner through training in-house courses as well as by external institutes and service providers. The Company also promoted and inculcated sessions on Company values, ethics and business practices by providing useful learning sessions.

The Company continues to enjoy a cordial working relationship with the Collective Bargaining Agent (CBA). Upon the expiry of agreement with CBA in June 2017, negotiations are currently underway for the new two-year agreement for the period from July 2017 to June 2019.

Corporate Social Responsibility (CSR)

Renovation of Begum Rana Liaquat Government Girls Secondary School, Ibrahim Hyderi Campus

As a testimony to its commitment towards society, in general, and to the people who live in the close vicinity of the Refinery in particular, a Project was embarked upon by the Company's CSR Team. The selection was made, keeping in mind, the importance of education for our young girls. To cater to a larger audience the Project was specifically directed to the first step in a female child's process of enlightenment, thus, the choice automatically fell upon a derelict Primary School in the fishing hamlet, Ibrahim Hyderi.

After the successful renovation of Primary Section of the Begum Rana Liaquat Government Girls Secondary School during 2015-16, the Company once again embarked on the renovation of the Secondary Section of the same school as part of our CSR endeavours for 2016-17. The work was carried out with extra diligence and under the supervision of Company's Civil engineers and got completed in record time.

Corporate Governance

The Company remains committed to the high standards of corporate governance, conducting its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the Pakistan Stock Exchange Limited, which specify the roles and responsibilities of the Board of Directors and Company management. For further details, please refer to the 'Statement of Compliance with the Code of Corporate Governance'.

Key Operational and Financial Data

A statement summarizing key operational and financial data for the last six years is presented on page 43 of the report.

Contribution to the National Exchequer and Value Addition

The Company continues to enjoy the status of being one of the major taxpayers of the country. During the year, the Company contributed Rs. 30.3 billion (2016: Rs. 38.5 billion) to the National Exchequer in the form of direct and indirect taxes. In addition, the Company brought valuable foreign exchange of USD 30.0 million (2016: USD 30.1 million) through export of Naphtha, thereby making its contribution towards reducing burden on the country's balance of payments.

Trading in Company Shares

Directors, Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary and their spouses and minor children have not traded in the shares of the Company during the year under consideration. During the year M/s. Fossil Energy (Private) Limited, where Mr. Saleem Butt (a former director) and his spouse have majority shareholding, sold 1,314,400 shares of Pakistan Refinery Limited electronically at an average rate of Rs. 47.81 per share on July 25, 2016. There has been no trading in Company's shares by any other employee whose basic salary exceeds the threshold of Rs. 1.2 million in a year which is the threshold set by the Directors for disclosure in annual reports.

Chairman's Review Endorsement

The Directors duly endorse the contents of the Chairman's Review.

Elections of Directors

During the year, the term of office of the Board expired and elections were held on May 25, 2017. Following persons were elected as directors of the Company for a term of three years commencing June 7, 2017:

- Abdul Jabbar Memon
- Faisal Waheed
- Farooq Rahmatullah Khan
- Farrokh K. Captain
- Jawwad Ahmed Cheema
- Muhammad Aliuddin Ansari
- Muhammad Najam Shamsuddin
- Mumtaz Hasan Khan
- Sheikh Imran ul Haque
- Yacoob Suttar

Board of Directors' Meetings Held During the Year

During the year, six meetings of the Board of Directors were held and the attendance of each Director is given below:

Name of Director	Total No. of Board meetings*	No. of meetings attended
Abdul Jabbar Memon	6	6
Babar H. Chaudhary	4	4
Faisal Waheed	6	6
Farooq Rahmatullah Khan	6	6
Farrokh K. Captain	6	5
Jawwad Ahmed Cheema	6	6
Muhammad Aliuddin Ansari	2	2
Muhammad Najam Shamsuddin	6	2
Mumtaz Hasan Khan	6	3
Saleem Butt	4	0
Sheikh Imran ul Haque	6	6
Yacoob Suttar	2	2
Aftab Husain	6	6

*Held during the period when concerned Director was on Board.

The Board places on record its appreciation for the valuable services rendered by outgoing directors Mr. Saleem Butt and Mr. Babar H. Chaudhary.

Board Committees’ Meetings Held During the Year

Attendance of Directors in respective Board Committee Meetings is given below:

Name of Director	Total No. of Committee meetings*	No. of meetings attended
Board Audit Committee		
Babar H. Chaudhary	5	4
Faisal Waheed	5	4
Muhammad Aliuddin Ansari	0	0
Muhammad Najam Shamsuddin	5	4
Saleem Butt	5	0
Yacoob Suttar	0	0
Board Human Resource and Remuneration Committee		
Farooq Rahmatullah Khan	3	3
Farrokh K. Captain	3	3
Jawwad Ahmed Cheema	0	0
Mumtaz Hasan Khan	2	2
Sheikh Imran ul Haque	3	3
Aftab Husain	3	3
Board Strategic Committee		
Abdul Jabbar Memon	5	3
Farooq Rahmatullah Khan	0	0
Farrokh K. Captain	5	5
Jawwad Ahmed Cheema	4	2
Mumtaz Hasan Khan	5	1
Sheikh Imran ul Haque	5	5
Yacoob Suttar	0	0
Aftab Husain	5	5

During the year, no meeting of the Board Technical Committee and Board Share Transfer Committee was held.

* Held during the period when concerned Director was a Member of the Committee.

Value of Investment in Post - Employment Benefit Funds

The value of investments of provident, gratuity and pension funds on the basis of unaudited accounts as at June 30, 2017 was as follows:

	(Rupees in thousand)
Provident Fund	473,006
Gratuity Fund - Management Staff	143,131
Gratuity Fund - Non-management Staff	81,964
Pension Fund - Management Staff	1,031,937
Pension Fund - Non-management Staff	71,740

Pattern of Shareholding

The statement of Pattern of Shareholding as at June 30, 2017 is presented on page 49 of the report.

External Auditors

The External Auditors Messrs A.F. Ferguson & Co. Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Acknowledgement

We would like to take this opportunity to place on record our gratitude to shareholders, our strategic partners and financial institutions for their continuous support to the Company. The Board also appreciates the Company's dedicated human resource, whose diligence, commitment and hard work has ensured uninterrupted and safe operations during the year. We are equally thankful to the Ministry of Energy, Ministry of Finance, Government of Pakistan and other regulatory authorities for their guidance and continuous support.

On behalf of Board of Directors

Muhammad Aliuddin Ansari
Chairman

Karachi: September 12, 2017

پوسٹ ایمپلائمنٹ بینفٹ فنڈز میں سرمایہ کاری کی مالیت

30 جون 2017 کو غیر آڈٹ شدہ گوشواروں کی بنیاد پر پروویڈنٹ، گریجویٹی اور پنشن فنڈز میں سرمایہ کاری کی مالیت درجِ ذیل ہے:

	(روپے ہزار میں)
پروویڈنٹ فنڈ	473,006
گریجویٹی فنڈ۔ مینجمنٹ اسٹاف	143,131
گریجویٹی فنڈ۔ نان۔ مینجمنٹ اسٹاف	81,964
پنشن فنڈ۔ مینجمنٹ اسٹاف	1,031,937
پنشن فنڈ۔ نان۔ مینجمنٹ اسٹاف	71,740

شیئر ہولڈنگ کا خلاصہ

30 جون 2017 پر شیئر ہولڈنگ کا خلاصہ سالانہ رپورٹ کے صفحہ نمبر 49 پر درج ہے۔

بیرونی آڈیٹرز

میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ اجلاس عام کے اختتام پر سبکدوش ہو رہے ہیں اور اہل ہونے پر خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔

اظہارِ تشکر

ہم اس موقع پر اپنے شیئر ہولڈرز، اسٹریٹجک شراکت داروں اور مالیاتی اداروں کے تہہ دل سے مشکور ہیں کہ انہوں نے کمپنی کے ساتھ مستقل تعاون جاری رکھا۔ علاوہ ازیں، کمپنی کے ملازمین بھی قابل ستائش ہیں کہ ان کے عزم اور سخت محنت کی بدولت رواں سال کے دوران کسی خلل کے بغیر محفوظ آپریشن جاری رہے۔ ہم حکومتِ پاکستان، منسٹری آف انرجی، وزارتِ خزانہ اور دیگر حکومتی اداروں کی رہنمائی اور تعاون پر ان کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد علی الدین انصاری

چیئرمین

کراچی: 12 ستمبر 2017

رواں سال بورڈ کی مختلف کمیٹیوں کے منعقدہ اجلاس

بورڈ کمیٹی اجلاسوں میں ڈائریکٹرز کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	کمیٹی کے اجلاسوں کی کل تعداد*	اجلاسوں میں شرکت کی تعداد
بورڈ آڈٹ کمیٹی		
بابرایچ۔ چوہدری	5	4
فیصل وحید	5	4
محمد علی الدین انصاری	0	0
محمد نجم شمس الدین	5	4
سلیم بٹ	5	0
یعقوب ستار	0	0
بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی		
فاروق رحمت اللہ خان	3	3
فرخ کے۔ کیپٹن	3	3
جواد احمد چیمہ	0	0
ممتاز حسن خان	2	2
شیخ عمران الحق	3	3
آفتاب حسین	3	3
اسٹریٹیجک کمیٹی		
عبدالجبار میمن	5	3
فاروق رحمت اللہ خان	0	0
فرخ کے۔ کیپٹن	5	5
جواد احمد چیمہ	4	2
ممتاز حسن خان	5	1
شیخ عمران الحق	5	5
یعقوب ستار	0	0
آفتاب حسین	5	5

رواں سال بورڈ ٹیکنیکل کمیٹی اور بورڈ شیئر ٹرانسفر کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

* اس عرصے کے دوران منعقد ہوا جب متعلقہ ڈائریکٹر کمیٹی کے رکن تھے۔

رواں سال بورڈ آف ڈائریکٹرز کے منعقدہ اجلاس

رواں سال بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے اور ان میں ہر ڈائریکٹر کی حاضری درجِ ذیل ہے:

ڈائریکٹر کا نام	بورڈ کے اجلاسوں کی کل تعداد*	اجلاسوں میں شرکت کی تعداد
عبدالجبار میمن	6	6
بابر ایچ۔ چوہدری	4	4
فیصل وحید	6	6
فاروق رحمت اللہ خان	6	6
فرخ کے۔ کیپٹن	6	5
جواد احمد چیمہ	6	6
محمد علی الدین انصاری	2	2
محمد نجم شمس الدین	6	2
ممتاز حسن خان	6	3
سلیم بٹ	4	0
شیخ عمران الحق	6	6
یعقوب ستار	2	2
آفتاب حسین	6	6

* اس وقت منعقد ہوا جب متعلقہ ڈائریکٹر بورڈ میں تھے۔

بورڈ اپنے جانے والے ڈائریکٹرز محترم سلیم بٹ اور محترم بابر ایچ چوہدری کی خاطر خواہ خدمات کو خراجِ تحسین پیش کرتا ہے

چیئرمین کے جائزے کی توثیق

ڈائریکٹرز "چیئرمین کے جائزے" (Chairman's Review) میں موجود تفصیلات کی باقاعدہ طور پر توثیق کرتے ہیں۔

ڈائریکٹرز کا انتخاب

بورڈ کا پچھلا دورانیہ رواں سال کے دوران اختتام پذیر ہوا اور نئے مدتی الیکشن 25 مئی 2017 کو منعقد ہوئے۔ جس میں کمپنی کے درج ذیل ڈائریکٹرز کا انتخاب 7 جون 2017 سے اگلے تین سالہ دور کے لئے کیا گیا:

عبدالجبار میمن

فیصل وحید

فاروق رحمت اللہ خان

فرخ کے کیپٹن

جواد احمد چیمہ

محمد علی الدین انصاری

محمد نجم شمس الدین

ممتاز حسن خان

شیخ عمران الحق

یعقوب ستار

ریفائنری نے کلیکٹو بارگیننگ ایجنٹ(Collective Bargaining Agent-CBA) کے ساتھ ایک بامعنی کاروباری تعلق استوار رکھا ہے۔ CBA کے ساتھ جون 2017 میں معاہدے کے اختتام پر مزید دو سال یعنی 2017 سے 2019 تک کے نئے معاہدے کی تشکیل کے لئے بات چیت جاری ہے۔

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

بیگم رعنا لیاقت علی خان گورنمنٹ گرلز سیکنڈری اسکول، ابراہیم حیدری کیمپس کی تزئین و آرائش

کمپنی کے معاشرے کے ساتھ بالعموم اور ریفائنری کے قریب کی آبادی کے ساتھ بالخصوص تعلق کے پیش نظر کمپنی کی CSR ٹیم کو ایک منصوبہ دیا گیا۔ جس کا انتخاب طالبات کی تعلیم کی اہمیت کے پیش نظر کیا گیا۔ اس منصوبے سے زیادہ سے زیادہ فائدہ اٹھانے کے خیال سے مچھیروں کی بستی ابراہیم حیدری کا انتخاب ہوا۔ 16-2015 میں پرائمری سیکشن کی تزئین و آرائش کی تکمیل کے بعد کمپنی نے اپنے آئندہ سال 17-2016 کے لئے اسی اسکول کے سیکنڈری سیکشن کو اپنے CSR کے تحت منتخب کیا۔ کام کا آغاز بڑی جانفشانی اور کمپنی کے سول انجینئرز کی نگرانی میں ہوا اور ریکارڈ مدت میں پایۂ تکمیل کو پہنچا۔

کارپوریٹ گورننس

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین اقدار پر کاربند ہے اور رہے گی۔ کمپنی نے کارپوریٹ گورننس کے بہترین طریقہ کار، جو کہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ریگولیشنز میں مذکور ہیں، پر عمل درآمد کیا ہوا ہے، مزید تفصیلات کے لئے ''اسٹیٹمنٹ آف کمپلائنس وِتھ دی کوڈ آف کارپوریٹ گورننس'' ملاحظہ کیجئے۔

اہم آپریشنل اور مالیاتی اعداد و شمار

گزشتہ 6 سالوں کی اہم آپریٹنگ اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے صفحہ نمبر 43 پر درج ہیں۔

قومی خزانے میں شرکت اور اس کی قدر میں اضافہ

کمپنی ملک کے بڑے ٹیکس ادا کرنے والے اداروں میں سے ایک ہے اور قومی خزانے میں بلاواسطہ اور بلاواسطہ ٹیکسز کی مد میں 30.3 ارب روپے (جون 2016 : 38.5 ارب روپے) جمع کئے ہیں۔ مزید براں کمپنی نے 30.0 ملین امریکی ڈالرز (جون 2016 : 30.1 ملین امریکی ڈالرز) کا غیر ملکی زرمبادلہ Naphtha کی برآمدات سے حاصل کیا جس سے ملکی ادائیگیوں کے بیلنس کو کم کرنے میں بھی مدد ملی۔

کمپنی کے شیئرز میں کاروبار

زیرِ غور سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، چیف انٹرنل آڈیٹر، کمپنی سیکریٹری اور ان کی ازواج اور ان کے کمسن بچوں نے کمپنی کے شیئرز میں کاروبار نہیں کیا۔ اس سال میسرز فوسل انرجی (پرائیویٹ) لمیٹڈ جہاں جناب سلیم بٹ (سابقہ ڈائریکٹر) اور ان کی زوجہ کے پاس اکثریتی شیئر ہولڈنگ ہے، پاکستان ریفائنری لمیٹڈ کے 1,314,400 شیئرز 25 جولائی 2016 کو 47.81 روپے فی شیئر کے شرح قیمت سے الیکٹرانک طریقہ سے فروخت کردیئے۔ اس کے علاوہ کمپنی کے شیئرز میں کسی بھی ایسے ملازم کی ٹریڈنگ نہیں ہے جس کی بنیادی تنخواہ سال میں 1.2 ملین روپے سے زائد ہو۔ یہ حد سالانہ رپورٹس میں شامل کرنے کے لئے ڈائریکٹرز کی جانب سے قائم کی گئی ہے۔

4.5 میگا واٹ کیپٹو پاور پلانٹ منصوبہ

اس وقت ریفائنری کی بجلی کی ضروریات K-Electric کے فیڈرز سے پوری ہو رہی ہیں ۔بجلی کی بلاتعطل فراہمی اور کسی طرح کے وولٹیج ڈپس اور بندش جس سے نا صرف پلانٹ کے آپریشن میں خلل پیدا ہوتا ہے بلکہ پلانٹ کی سالمیت کو بھی خطرہ لاحق ہونے کا خدشہ رہتا ہے، سے نبرد آزما ہونے کے لئے کمپنی نے گیس انجن کے حامل کیپٹو پاور پلانٹ کے ذریعے اپنی بجلی پیدا کرنے کا فیصلہ کیا ہے جس میں ویسٹ ہیٹ ریکوری بوائلر (Waste Heat Recovery Boiler) لگا ہوگا اور اس کی صلاحیت 4.5 میگا واٹ ہوگی۔

یہ پاور پلانٹ اس طرح بنایا جا رہا ہے کہ یہ پروسیس پلانٹ کو بلاتعطل بجلی فراہم کرے گا۔اس منصوبے کی لاگت تقریباً 355 ملین روپے ہے۔اس کے ہر ایک یونٹ کی قیمت تقریباً 6.92 روپے ہوگی جبکہ اس وقت ایک یونٹ کی قیمت 14.24 روپے ہے۔آئندہ مالی سال کی تیسری سہ ماہی میں اس منصوبے کی تکمیل متوقع ہے۔

ریفائنری کی توسیع اور اپ گریڈیشن

EURO II کے مطابق ڈیزل کی پیداوار کے لئے حکومت پاکستان کی مطلوبہ ضروریات پر عمل کرنے کے سلسلے میں کمپنی ریفائنری کی اپ گریڈیشن کے ساتھ ڈیزل ہائیڈروڈی سلفیورائزیشن یونٹ (DHDS) کی تنصیب کیلئے بین الاقوامی کنسلٹنٹ کے ساتھ مل کر مفصل فزیبلٹی اسٹڈی مکمل کر چکی ہے جس میں مختلف تکنیکی پہلوؤں کو پیش کیا گیا ہے۔

پی آر ایل کی نئی ویب سائٹ اور پہلے سے بہتر آئی ٹی کا ڈھانچہ

کمپنی کی نئی اور متحرک ویب سائٹ تیار ہو کر مئی 2017 میں فعال ہو چکی ہے۔ویب سائٹ کو کمپنی نے اپنے اندرونی ذرائع سے ڈیزائن اور تیار کیا ہے جس میں قابل دید ویڈیو انفیکس ،مصنوعات کی نئی قیمتیں، مالیاتی رپوٹس اور SECP کی ضروریات کے عین مطابق ''جمع پونجی'' اور اردو ویب سائٹ کا لنک بھی دیا گیا ہے۔

آئی ٹی انفراسٹرکچر کیبل کی بہتری کا کام بھی اس سال مکمل کیا گیا۔پہلے لگی ہوئی کیبل 1998 میں ڈالی گئی تھی۔جدید فائبر اور گیگا بٹ اسپیڈ نیٹ ورک کیبلز کو پوری ریفائنری میں بچھایا گیا ہے اور اب آپریشن کنٹرول روم، ورکشاپ ایریا، ٹینک فارم، وے برج، کنسٹرکشن ورکشاپ اور لوڈنگ گینٹری کو مرکزی آئی ٹی ڈیٹا سینٹر سے ملا دیا گیا ہے۔

انسانی وسائل

کمپنی ملازمین کی بحالی اور ان کی صلاحیتوں میں نکھار لانے پر بھرپور توجہ مرکوز کئے ہوئے ہے۔انسانی وسائل کا بنیادی مقصد انسانی وسائل کے تجربات کو بروئے کار لاتے ہوئے اسٹیک ہولڈرز (ملازمین، لائن مینیجرز اور صارفین) کے لئے مثبت فوائد پیدا کرنا اور ان کی قدروں کو بڑھانا ہے۔کمپنی اپنے اندرونی صارفین (ملازمین) اور سروس فراہم کرنے والے بیرونی افراد کے لئے ایک جدید سہولیات سے بھرپور لرننگ سینٹر رکھتی ہے تا کہ انتظامیہ اور ملازمین کو پیشہ وارانہ اور ماہرانہ خدمات کی فراہمی جاری رہے۔رواں سال کمپنی نے موثر اور کم خرچ میں ہر ملازم کے لئے اوسطاً 21 سے زائد تربیتی گھنٹے فراہم کئے۔کمپنی نے ایسے تربیتی سیشنز بھی کئے جن سے اس کی اقدار، اخلاقیات اور کاروباری طریقہ کار کو فروغ دیا جا سکے۔

ب) JP-1 گینٹری

ریفائنری ایک پائپ لائن نیٹ ورک کے ذریعے آئل مارکیٹنگ کمپنیز کے زیرانتظام جناح انٹرنیشنل ایئرپورٹ پر ایسٹرن جوائنٹ ہائیڈرنٹ ڈپو (EJHD) سے منسلک ہے۔ جیٹ فیول کی بلاتعطل فراہمی کے لئے دوبیز کی حامل JP-1 گینٹری کا کام تیزی سے جاری ہے۔

ابوظہبی نیشنل آئل کمپنی کے ساتھ خام تیل کی فراہمی کا معاہدہ

ابوظہبی نیشنل آئل کمپنی سے خام تیل کی فراہمی کے دوسالہ معاہدے کے دوسرے سال کمپنی نے 29,000 بیرل یومیہ کے معاہدے کے تحت 28,940 بیرل یومیہ خام تیل درآمد کیا۔ اس معاہدے کے تحت کمپنی ابوظہبی نیشنل آئل کمپنی سے مختلف اقسام کے خام تیل درآمد کرتی ہے اور انہیں مختلف پیٹرولیم مصنوعات میں تبدیل کرتی ہے۔ زیرجائزہ سال کے دوران کمپنی نے تقریباً 61 فیصد Das اور 39 فیصد Upper Zakum درآمد کیا۔ کمپنی نے جون 2017 کو ختم ہونے والے معاہدے کی مزید دوسال یعنی 30 جون 2019 تک کامیابی سے تجدید کرلی ہے۔

انجینئرنگ

اندرونِ شہر پائپ لائن کی بحالی

کمپنی اپنی کورنگی ریفائنری اور کیماڑی ٹرمینل کے درمیان ایک پائپ لائن کے نظام سے منسلک ہے تاکہ ریفائنری کو درآمدی خام تیل کی بلاتعطل فراہمی جاری رہے اور ریفائنری سے آئل مارکیٹنگ کمپنیز اور برآمدی صارفین کو پیٹرولیم مصنوعات بھی آسانی سے فراہم کی جاسکیں۔ یہ پائپ لائن 1960 کی دہائی کی ابتداء میں رائٹ آف وے (ROW) کے ساتھ بچھائی گئی تھی۔ وقت گزرنے، کراچی شہر کی توسیع اور ترقی اور کمپنی کے ROW کے ساتھ ساتھ کئی تجارتی اور رہائشی مراکز کی تعمیر کے باعث ان پائپ لائنز کو چلانا اور برقرار رکھنا کمپنی کے لئے مسلسل چیلنج بنا ہوا ہے۔ عوام کی صحت، ملکیت اور ماحول کی حفاظت کی کمپنی کی پالیسی کے پیشِ نظر کمپنی کی انجینئرنگ ٹیم مستقل طور پر ایسے نئے طریقہ کاروں کو تلاش کررہی ہے جس سے بڑھتے ہوئے شہر کے اثرات اور آس پاس کے مسائل کو کم کرتے ہوئے ان لائنوں پر کام جاری رکھے۔ رواں سال کمپنی نے ایک بہت ہی موثر بحالی کی تکنیک / طریقہ کار کو اپنایا ہے جسے ہوریزونٹل ڈائریکشنل ڈرلنگ (Horizontal Directional Drilling-HDD) کہا جاتا ہے۔ HDD تکنیک سے ROW کے ساتھ موجود رہائشی اور تجارتی عمارتوں کو متاثر کئے بغیر 400 میٹر لمبائی تک بڑی قطر کی لائنوں کو تبدیل اور نئی لائن ڈالی جاسکتی ہے۔ اس تکنیک سے وہاں بھی زیرزمین لائنیں بچھائی گئی ہیں جہاں اس سے پہلے ناممکن تھا، جیسا کہ ملیرندی کی تہہ اور شاہراہ فیصل وغیرہ۔

40 ٹن فی گھنٹہ (TPH) اسٹیم بوائلر

ریفائنری 1960 کی دہائی کے آغاز سے فعال ہے۔ اس میں TPH 20 کی صلاحیت کے تین بھاپ کے بوائلر لگے ہوئے ہیں۔ یہ بوائلر 20 kg / cm 2g پر سپر ہیٹڈ بھاپ (Super Heated Steam) پیدا کرتے ہیں۔ بھاپ کی بڑھتی ہوئی طلب کے پیشِ نظر کمپنی نے ایک ٹھوس قدم اٹھاتے ہوئے 40 TPH, 20 kg/cm 2g کا بھاپ کا بوائلر نصب کرنے کا فیصلہ کیا۔ فلسفہ یہ ہے کہ نئے بوائلر کو 75% فیصد صلاحیت پر چلاتے ہوئے باقی لوڈ موجودہ تین میں سے دو بوائلرز میں تقسیم کیا جائے۔ تیسرے موجودہ بوائلر کو اسٹینڈ بائی پر رکھا جائے گا۔ اس نئے منصوبے کے اسکوپ میں انجینئرنگ، خریداری، تعمیر اور اس نئے 40 TPH بوائلر کی تنصیب شامل ہے۔ یہ منصوبہ زیرتعمیر ہے اور تنصیب کے مرحلے میں ہے۔

ٹریننگ

HSEQ نظام کے تحت اور HSEQ کے مطلوبہ معیار کو برقرار رکھنے اور بہتر بنانے کے لئے کمپنی اپنے ملازمین اور کنٹریکٹرز کی گاہے بگاہے بامقصد کورسز کا انعقاد کرتی ہے۔

موک ڈرل (فرضی مشق)

ہفتہ وار آگ بجھانے کی مشق کے ساتھ ساتھ، سال میں دو بار ایمرجنسی ریسپانس پلان (ERP) کے تحت آتشزدگی سے نمٹنے کے لئے فرضی مشقوں کا اہتمام کیا گیا تاکہ ایمرجنسی کے آلات کی موثریت معلوم ہوسکے اور ایمرجنسی ریسپانس کے لوگوں کی صلاحیتوں کا معیار بھی معلوم ہو۔

ریفائنری کی انتظامیہ اور آپریشنز

ریفائنری کے آپریشن سال بھر درست اور بحفاظت رہے بشمول Shutdown جو کہ تیسری سہ ماہی میں طے شدہ منصوبہ بندی کے تحت کیا گیا اور اس کارکردگی کے تمام مخصوص انڈیکیٹرز اپنے حدف پر برقرار رہے۔ اخراجات کو کم کرنے کے باوجود مصنوعات کی کوالٹی اور حفاظت کے اعلیٰ معیار کو برقرار رکھا گیا۔

ٹرن اراؤنڈ بشمول پلیٹ فارمر کیٹالسٹ کی ری جنریشن

حالیہ مالی سال کی تیسری سہ ماہی کے دوران ریفائنری کو 14 دن کے لئے بند کیا گیا، بنیادی طور پر یہ Shutdown پلیٹ فارمر یونٹ کیٹالسٹ (Platformer Unit Catalyst) کی ری جنریشن اور ہائیڈروٹریٹر یونٹ ری ایکٹر کیٹالسٹ (Hydrotreater Unit Reactor Catalyst) کے Skimming کے کام کے لئے کی گئی۔ دیگر ٹرن اراؤنڈ سرگرمیوں میں اوورہال، مرمتی کام اور پلانٹ پائپنگ، ہیٹ ایکسچینجرز، ایئر کولرز، کروڈ ٹاورز، روٹیٹنگ ایکوپمنٹ، انسٹرومینٹیشن اور الیکٹریکل ایکوپمنٹ کی بحالی شامل تھیں۔ یہ سرگرمی وقتاً فوقتاً انجام دینے کی ضرورت ہے کیونکہ ایکوپمنٹ کی ٹوٹ پھوٹ اور ماحولیاتی اثرات سے ہونے والی خرابیوں کا علم ہوسکے اور ریفائنری کے بلاتعطل آپریشن کو یقینی بنایا جائے۔ بحالی کی تمام سرگرمیاں اور ریفائنری کی دوبارہ شروعات کسی بھی HSEQ سے متعلق حادثہ کے بغیر مقررہ وقت میں پوری کی گئیں۔

کیماڑی ٹرمینل میں درآمدی خام تیل کے اسٹوریج ٹینک کی دوبارہ تعمیر

کیماڑی ٹرمینل پر خام تیل کی اضافی اسٹوریج کا حامل اسٹوریج ٹینک دوبارہ تعمیر کیا گیا جس میں جدید ایلومینم جیوڈیسک ڈوم روف (Alumunum Geodesic Dome Roof) لگایا گیا ہے جو کہ کمپنی کی تاریخ میں پہلی بار استعمال کیا جارہا ہے۔ تبخیری نقصانات کو کم کرنے اور ماحول کی حفاظت کے لئے اس ٹینک میں ڈبل سیل فلوٹنگ اسکرین بھی لگائی گئی ہے۔

کاروبار کے تسلسل کی منصوبہ بندی

الف) ہائی اسپیڈ ڈیزل (HSD) گینٹری

ریفائنری سے آئل مارکیٹنگ کمپنیز کو براہ راست ہائی اسپیڈ ڈیزل فراہم کرنے کے لئے دو موجودہ فیول آئل لوڈنگ بیز کو HSEQ معیار کی حامل ہائی اسپیڈ ڈیزل گینٹری میں تبدیل کیا جارہا ہے۔

- بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز (جنھیں ماضی میں بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز کہا جاتا تھا) جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں اِن پر عمل درآمد کیا گیا ہے اوراگرکوئی انحراف ہےتو اسے باقاعدہ واضح کیا گیا ہے۔
- کمپنی کا موثر اندرونی ضابطہ کا نظام موجود ہے اوراس پر مسلسل عمل درآمد اورنگرانی جاری رہتی ہے۔

کریڈٹ ریٹنگ

رواں سال پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا، جس میں کمپنی نے اپنے گزشتہ کریڈٹ ریٹنگ برقراررکھی یعنی طویل مدتی اینٹٹی ریٹنگ -'A' (سنگل اے مائنس) اورقلیل مدتی اینٹٹی ریٹنگ 'A2' (سنگل اے ٹو)۔ یہ درجہ بندی کمپنی کی کریڈٹ میں اعلیٰ کوالٹی اورکریڈٹ سے متعلق بہت کم خطرات کوواضح کرتی ہیں یعنی کمپنی مالیاتی وعدوں کے مطابق وقت پر ادائیگیوں کی مضبوط صلاحیت رکھتی ہے۔

صحت، حفاظت، ماحول اورمعیار (HSEQ)

ہم اللہ تعالیٰ کے شکرگزار ہیں کہ بغیرکسی حادثہ کے 10 ملین گھنٹوں کی تکمیل ہوئی۔ یہ ہمارے ملازمین اورکنٹریکٹرز کی فعال شراکت کے بغیرممکن نہیں تھا۔اس کا اعزاز ہماری انتظامیہ کوبھی جاتا ہے جس نے HSEQ اسٹینڈرڈز پر عمل درآمد کواپنایا ہے۔

کمپنی کی جانب سے آپریشنل صحت، حفاظت اور ماحول (OHS&E) کے میدان میں بہترین طریقہ کارکوایمپلائرز فیڈریشن آف پاکستان (EFP) کے پلیٹ فارم پربھی پزیرائی ملی اور جولائی 2017 میں منعقدہ بارہویں سالانہ OHS&E ایوارڈ تقریب میں پہلی پوزیشن پاکستان ریفائنری لمیٹڈ کوتفویض کی گئی۔

قانونی تقاضوں پر عمل درآمد

سندھ ماحولیاتی پروٹیکشن ایجنسی (SEPA) کی منتخب کردہ خودمختار لیبارٹریز کی جانب سے کئے گئے ریفائنری کے اخراج اور بہاؤ کے تمام ٹیسٹ کے نتائج قومی ماحولیاتی معیار (NEQS) کی حدود کے اندر رہے اورخود کار نگرانی اور رپورٹنگ ٹول (SMART) پروگرام سے ہونے والی رپورٹنگ پاکستان ماحولیاتی پروٹیکشن ایجنسی کومتواتر بھیجی جاتی ہے۔

تیسرے فریق کی سند سے متعلق عمل درآمد

ستمبر 2016 میں غیر جانبدار کنسلٹنٹ کی جانب سے کی جانے والی دوبارہ تصدیقی آڈٹ کے بعد اگلے سال کے لئے بھی کمپنی نے کسی نان کنفرمٹی رپورٹ (NCR) کے بغیر ISO 9001, 14001 اور OHSAS 18001 کی اہلیت کامیابی کے ساتھ حاصل کرلی ہے۔

عالمی دن برائے ماحولیات کی تقریبات

عالمی دن برائے ماحولیات 2017 کے حوالے سے ایک تقریب کا اہتمام کیا گیا۔اس سال کا موضوع ''لوگوں کوفطرت سے جوڑو'' تھا جوعوام کو یہ پیغام دیتا ہے کہ اپنے ماحول کوسرسبز بناتے ہوئے اس کی خوبصورتی اوراہمیت سے آگاہ کریں اوراپنی زمین کی حفاظت کریں۔اس دن ریفائنری میں درخت کاشت کرتے ہوئے کمپنی نے اپنی ماحول دوستی کا ثبوت دیا۔

تاہم درج ذیل عوامل کی بنیاد پر، کمپنی کو یقین ہے کہ وہ اپنا کام جاری رکھے گی اور کاروبار کے عمومی حالات میں اپنے اثاثوں کو استعمال کرے گی اور واجبات کو ادا کرے گی:

- دوران سال کمپنی نے 1,060 ملین روپے کا منافع بعد از ٹیکس کمایا اور اس کی منفی ایکوئٹی کم ہو کر 396.6 ملین روپے (2016 میں 1.33 ارب روپے) رہ گئی ہے۔ کمپنی یہ بھی سمجھتی ہے کہ مستقبل میں ڈیزل کی قیمتوں میں کمی یا ایڈجسمنٹ کے باوجود کمپنی آئندہ سال منافع بخش کاروبار جاری رکھنے کے قابل رہے گی اور منفی ایکوئٹی کے معاملے پر قابو پا لیا جائے گا۔
- کمپنی نے اپنے واجبات کی بروقت واپسی جاری رکھی ہوئی ہے اور ایسا کوئی بھی واقعہ نہیں ہوا کہ Liquidity مسائل کے سبب ادائیگیاں کرنے میں دیر ہوئی ہو۔ کمپنی کے پاس اپنے کاروبار کو سہارا دینے اور بروقت ادائیگیاں کرنے کے لئے بینکوں کی جانب سے مناسب قرضوں کی سہولتیں موجود ہیں۔ مزید یہ کہ دورانِ سال کمپنی نے اپنے Running Finance کی سہولیات کو 8.75 ارب روپے سے بڑھا کر 9.75 ارب روپے کر دیا ہے جو کمپنی کی ساکھ پر بینکوں کا اعتماد ظاہر کرتا ہے۔
- مندرجہ بالا پالیسی فریم ورک کے تحت کمپنی نے فزیبلٹی اسٹڈی مکمل کر لی ہے جس میں ریفائنری کی Upgradation بشمول DHDS کی تنصیب کے لئے مختلف تکنیکی پہلوؤں کا جائزہ لیا گیا ہے۔

مذکورہ بالا عوامل، متوقع منافع اور کیش فلوز کے پیش نظر مالیاتی گوشوارے ''Going Concern'' کی بنیاد پر تیار کئے گئے ہیں۔

کمپنی کے بیرونی آڈیٹرز نے اپنی رپورٹ میں ایک توجہ دلاؤ پیراگراف شامل کیا ہے، جو کہ کمپنی کے "Going Concern" ہونے پر ممکنہ اثرات پر توجہ دینے پر زور دیتا ہے۔

ڈیویڈنڈ (منافع منقسمہ)

ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے کمپنی کو لاحق مالی مشکلات بشمول منفی ایکوئٹی کو مدنظر رکھتے ہوئے "Nil" ڈیویڈنڈ تجویز کیا ہے کیونکہ کسی بھی ڈیویڈنڈ کے اجراء کا فیصلہ منفی ایکوئٹی میں مزید اضافہ کریگا۔

کارپوریٹ اور فنانشل رپورٹنگ کا طریقہ کار

- کمپنی کے مالیاتی گوشوارے انتظامیہ نے تیار کئے ہیں جس میں کمپنی کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکوئٹی کی تبدیلیوں کو پیش کیا گیا ہے۔
- کمپنی نے کمپنیز آرڈیننس 1984 (جو اب منسوخ ہو گیا ہے) کے تحت گوشواروں کی باقاعدہ کتابیں رکھی ہیں۔
- کمپنی نے اپنے مالیاتی گوشواروں کی تیاری میں متواتر اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں، اگر کہیں کی گئی ہیں تو انہیں مناسب طریقے سے مالیاتی گوشواروں میں واضح کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے احتیاط سے اور موزوں اندازے کی بنیاد پر لگائے گئے ہیں۔

ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز اپنی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے برائے سال ختم شدہ 30 جون 2017 پیش کر رہے ہیں۔

مالی نتائج (فنانشل رزلٹس)

	2017	2016
	(روپے ہزار میں)	
منافع بعد از ٹیکس	1,060,278	283,391
دیگر مجموعی نقصان	(34,265)	(100,109)
کل تسلیم شدہ آمدنی	1,026,013	183,282
منافع فی شیئر	Rs. 3.45	Rs. 0.93
تخصیص:		
اسپیشل ریزرو میں منتقلی	926,013	83,282

دوران سال کمپنی نے 1,060 ملین روپے کا منافع بعد از ٹیکس کمایا جو گزشتہ سال 283 ملین روپے منافع بعد از ٹیکس تھا۔اس کی بڑی وجوہات دوران سال بہتر ریفائنری مارجن، انوینٹری کا موثر نظام، روپے اور ڈالر کی قیمتوں میں استحکام اور اخراجات پر فعال کنٹرول ہے۔

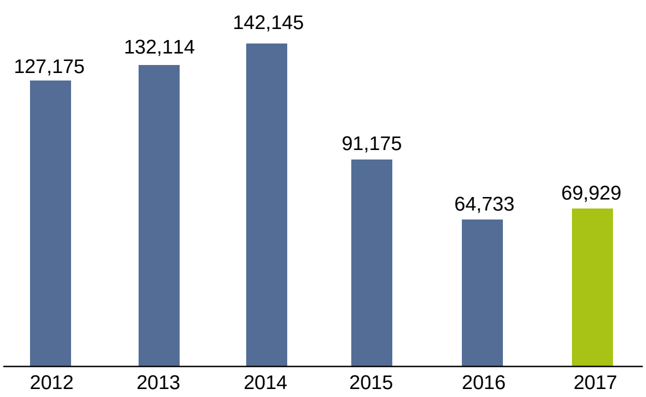
کمپنی پر ہائی اسپیڈ ڈیزل کی قیمتوں کے نظام کا منفی دباؤ مسلسل برقرار ہے، جس کے تحت ریفائنریز کو اصل امپورٹ قیمت اور notional ex-refinery قیمتوں کا فرق جمع کرانا ہوتا ہے۔امسال کمپنی کو اس مد میں 1.072 ارب روپے کا نقصان ہوا ہے۔ مارچ 2013 میں اس منفی نظام کے نفاذ سے لیکر اب تک اس کے تحت کمپنی نے کل 4.265 ارب روپے کا نقصان برداشت کیا ہے۔

30 جون 2017 تک کمپنی نے 4.74 ارب کے مجموعی نقصانات کئے ہیں (2016 میں 4.75 ارب روپے) جس کے نتیجے میں منفی ایکوئٹی 396.6 ملین روپے (2016 میں 1.33 ارب روپے) ہے، اور اس کی رواں ادائیگیاں کمپنی کے رواں اثاثوں سے 7.36 ارب روپے (2016 میں 8.05 ارب روپے) زائد ہیں۔ مزید یہ کہ منسٹری آف پیٹرولیم اینڈ نیچرل ریسورسز (اس وقت منسٹری آف انرجی) کے ریفائنری کی توسیع اور اپ گریڈیشن کے پالیسی فریم ورک جاری کردہ 27 مارچ 2013 کے تحت ریفائنریز پر لازم تھا کہ 30 جون 2017 تک EURO II کی صلاحیت کے حامل ڈیزل کی پیداوار کے لئے ڈیزل ہائیڈرو ڈی سلفیورائزیشن یونٹ (DHDS) لگائیں اور اس پر عمل درآمد میں ناکامی کی صورت میں ڈیزل کی ex-refinery قیمت Import (IPP) Parity Pricing فارمولا کی بنیاد پر کم یا نچلی سطح پر ایڈجسٹ کی جائے گی۔ چونکہ کمپنی DHDS یونٹ کی تکمیل متعین تاریخ تک نہیں کر پائی اس لئے مستقبل میں اس یونٹ کی تکمیل تک ڈیزل کی قیمتوں میں کمی کا شکار ہوگی۔ یہ حالات کمپنی کے Going Concern ہونے کے متعلق واضح شکوک پیدا کر سکتے ہیں اور یہ کہ کمپنی کاروبار کے عمومی حالات میں اپنے اثاثوں کو استعمال کرنے اور واجبات کو ادا کرنے کے قابل نہ رہے۔

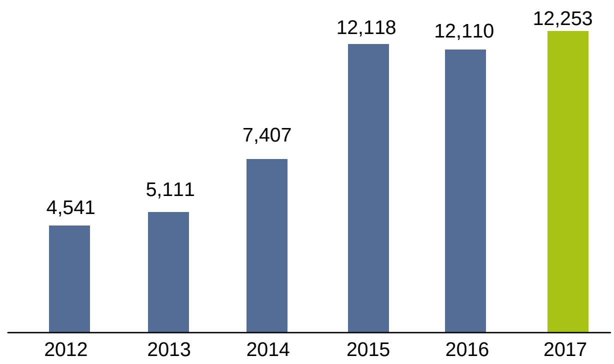
Key Operational and Financial Data

Six Years Summary

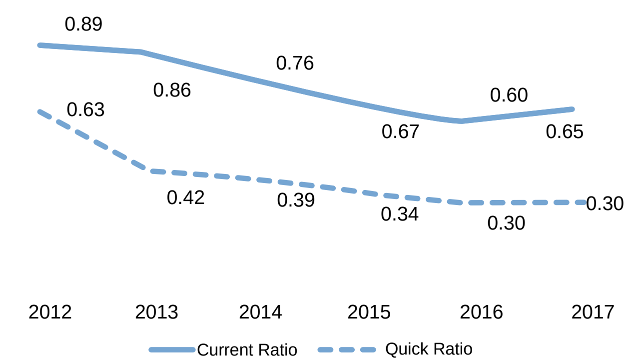
Revenue (Rs. in mn)



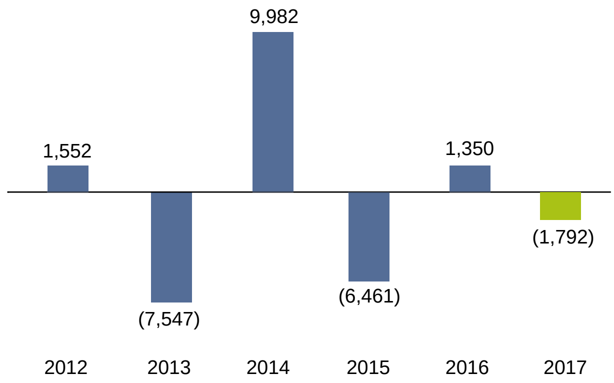
Fixed and intangible assets (Rs. in mn)



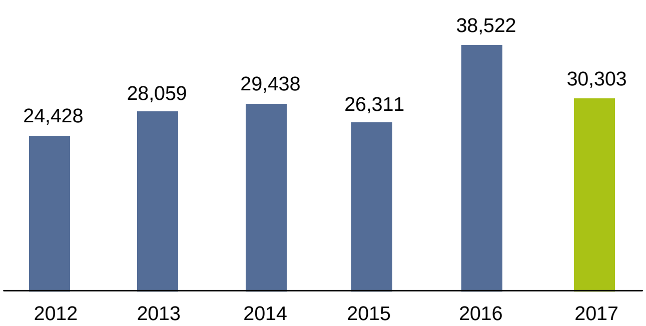
Liquidity Ratios



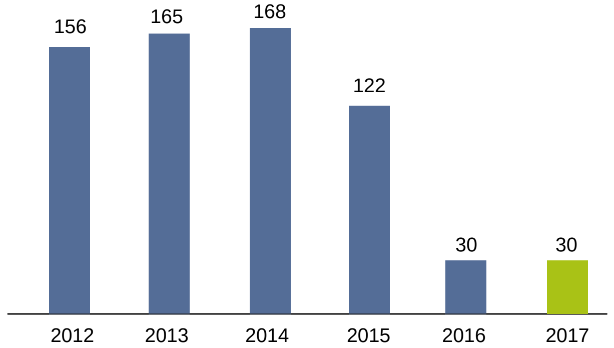
Net Cash Flows (Rs. in mn)



Contribution to National Exchequer (Rs. in mn)



Exports (USD in mn)



Key Operational and Financial Data

Six Years Summary

		2017	2016	2015	2014	2013	2012
Profit and loss							
Revenue (net)	Rs. /mn	69,928.6	64,732.9	91,174.7	142,144.5	132,114.4	127,174.8
Gross profit / (loss)	Rs. /mn	2,510.1	1,989.7	(677.0)	(707.9)	1,948.9	29.4
Operating profit / (loss)	Rs. /mn	2,034.0	1,390.1	(984.3)	(783.0)	1,587.7	13.5
Profit / (loss) before tax	Rs. /mn	1,440.9	486.6	(1,673.0)	(856.5)	1,237.6	(896.5)
Profit / (loss) after tax	Rs. /mn	1,060.3	283.4	(1,181.7)	(863.9)	496.0	(1,615.7)
Earnings before interest, taxes, depreciation and amortisation	Rs. /mn	2,886.5	2,217.4	(609.5)	(65.4)	1,771.0	(306.1)
Balance Sheet							
Share Capital	Rs. /mn	2,940.0	2,940.0	350.0	350.0	350.0	350.0
Share deposit money	Rs. /mn	-	-	2,590.0	-	-	-
Reserves	Rs. /mn	(3,336.6)	(4,270.4)	(4,453.1)	(3,079.1)	(2,333.2)	(2,717.1)
Fixed assets and intangible assets	Rs. /mn	12,252.9	12,109.5	12,118.2	7,407.3	5,111.4	4,541.2
Net current assets / liabilities	Rs. /mn	(7,363.5)	(8,046.4)	(8,768.9)	(6,900.1)	(3,742.8)	(3,692.3)
Long term / deferred liabilities	Rs. /mn	1,925.3	2,261.5	2,138.5	82.4	293.3	171.0
Surplus on revaluation of fixed assets	Rs. /mn	3,497.9	3,497.9	3,297.9	3,297.9	3,197.9	3,143.9
Investor Information							
Gross profit ratio	%	3.59	3.07	(0.74)	(0.50)	1.48	0.02
Net profit ratio	%	1.52	0.44	(1.30)	(0.61)	0.38	(1.27)
EBITDA margin	%	4.13	3.43	(0.67)	(0.05)	1.34	(0.24)
Cash flow from operations to sales	%	6.23	(1.66)	(0.06)	2.42	(5.21)	1.41
Inventory turnover	Days	30.37	30.93	30.18	26.38	26.37	24.23
Debtor turnover	Days	25.27	32.35	29.66	24.90	43.54	44.05
Operating cycle	Days	9.92	(5.38)	(12.14)	4.27	(0.40)	(7.61)
Debtor turnover	Times	14.45	11.32	12.31	14.66	8.38	8.29
Creditor turnover	Times	7.98	5.33	5.07	7.79	5.21	4.82
Inventory turnover	Times	12.02	11.83	12.09	13.83	13.84	15.06
Total assets turnover ratio	Times	2.70	2.61	2.96	4.93	4.82	3.72
Fixed assets turnover ratio	Times	5.71	5.35	7.52	19.19	25.85	28.00
Market value per share at the end of the year	Rs.	53.26	41.18	60.93	161.75	81.41	57.45
Market value per share - high during the year	Rs.	81.45	62.13	195.68	173.35	97.63	81.64
Market value per share - low during the year	Rs.	40.13	35.47	137.28	61.64	56.25	52.21
Breakup value per share without surplus on revaluation of fixed assets	Rs.	(1.35)	(4.53)	(43.23)	(77.98)	(56.66)	(67.63)
Breakup value per share including the effect of surplus on revaluation of fixed assets	Rs.	10.55	7.37	50.99	16.25	34.71	22.19
Earnings / (loss) per share (Restated)	Rs.	3.45	0.93	(5.42)	(3.96)	2.27	(7.40)
Price earning ratio (Restated)	Times	15.44	44.28	*	*	35.81	*
Cash dividend per share	Rs.	-	0.31	-	-	2.85	-
Dividend yield	%	-	0.75	-	-	-	-
Dividend pay out	%	-	33.33	-	-	125.38	-
Dividend cover (Restated)	Times	-	3.11	-	-	4.97	-
Interest cover ratio	Times	3.59	1.56	(1.27)	(0.47)	4.87	(1.24)
Current ratio	Ratio	0.65:1	0.60:1	0.67:1	0.76:1	0.86:1	0.89:1
Quick ratio / acid test ratio	Ratio	0.30:1	0.30:1	0.34:1	0.39:1	0.42:1	0.63:1
Cash to current liabilities	Ratio	0.034:1	0.029:1	0.105:1	0.081:1	-0.297:1	-0.004:1
Summary of cash flow statement							
Cash flows from operating activities	Rs. /mn	4,353.5	(1,071.6)	(56.4)	3,443.5	(6,886.3)	1,787.4
Cash flows from investing activities	Rs. /mn	(1,124.6)	(519.7)	(4,615.7)	(2,168.4)	(662.0)	(184.6)
Cash flows from financing activities	Rs. /mn	(5,020.4)	2,941.2	(1,788.9)	8,713.2	(0.0)	(51.2)
Net cash flows during the year	Rs. /mn	(1,791.5)	1,350.0	(6,461.0)	9,981.57	(7,547.3)	1,551.6

* Not applicable due to loss.

Horizontal Analysis of Profit and Loss Account

	2017	2016	2015	2014	2013	2012	2011
Sales	72.5	67.1	94.5	147.4	137.0	131.9	100.0
Cost of sales	(71.7)	(66.7)	(97.7)	(151.9)	(138.4)	(135.2)	(100.0)
Gross profit / (loss)	103.8	82.3	(28.0)	(29.3)	80.6	1.2	100.0
Distribution cost	(116.2)	(103.6)	(129.4)	(120.1)	(111.1)	(97.3)	(100.0)
Administrative expenses	(196.9)	(160.3)	(148.6)	(124.7)	(152.9)	(130.3)	(100.0)
Other operating expenses	(34.1)	(53.9)	(1.1)	(0.3)	(6.5)	(0.0)	(100.0)
Other income	180.0	205.0	59.7	112.3	60.1	121.2	100.0
Operating profit / (loss)	217.0	148.3	(105.0)	(83.5)	169.3	1.4	100.0
Finance costs	(284.8)	(428.7)	(333.3)	(41.0)	(169.0)	(434.3)	(100.0)
Share of income of associate	123.5	62.0	209.4	156.5	95.9	125.0	100.0
Profit / (loss) before taxation	196.3	66.3	(227.9)	(116.7)	168.6	(122.1)	100.0
Taxation	(74.6)	(39.8)	96.3	(1.5)	(145.4)	(141.0)	(100.0)
Profit / (loss) after taxation	473.4	126.5	(527.6)	(385.8)	221.5	(721.4)	100.0

Vertical Analysis of Profit and Loss Account (As a percentage of sales)

	2017	2016	2015	2014	2013	2012	2011
	(In percentages)						
Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(96.4)	(96.9)	(100.7)	(100.5)	(98.5)	(99.9)	(97.5)
Gross profit / (loss)	3.6	3.1	(0.7)	(0.5)	1.5	0.1	2.5
Distribution cost	(0.3)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)
Administrative expenses	(0.5)	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Other operating expenses	(0.7)	(1.2)	(0.0)	(0.0)	(0.1)	(0.0)	(1.5)
Other income	0.8	1.0	0.2	0.2	0.1	0.3	0.3
Operating profit / (loss)	2.9	2.2	(1.0)	(0.6)	1.2	0.1	0.9
Finance costs	(0.9)	(1.4)	(0.8)	(0.1)	(0.3)	(0.7)	(0.2)
Share of income of associate	0.02	0.0	0.0	0.0	0.0	0.0	0.0
Profit / (loss) before taxation	2.0	0.8	(1.8)	(0.7)	0.9	(0.6)	0.7
Taxation	(0.5)	(0.3)	0.5	(0.0)	(0.6)	(0.6)	(0.5)
Profit / (loss) after taxation	1.5	0.5	(1.3)	(0.7)	0.3	(1.2)	0.2

Horizontal Analysis of Balance Sheet

	2017	2016	2015	2014	2013	2012	2011
ASSETS							
Non-current assets							
Fixed assets and intangible assets	281.1	277.8	278.0	169.9	117.3	104.2	100.0
Investment in associate	119.0	121.0	129.6	127.2	121.1	110.3	100.0
Long-term loans and advances	99.2	111.7	89.7	53.2	52.5	120.6	100.0
Long-term deposits	153.6	156.6	156.5	373.5	372.4	109.1	100.0
Deferred taxation	-	100.0	100.0	-	-	-	-
Retirement benefit prepayments	100.0	-	-	-	-	-	-
Total non-current assets	278.5	280.4	285.3	169.7	118.0	104.3	100.0
Current assets							
Stores, spares and chemicals	144.9	136.7	82.9	102.3	75.8	70.2	100.0
Stock-in-trade	67.7	56.2	60.9	106.8	121.3	86.5	100.0
Trade debts	44.8	52.2	62.4	86.1	108.3	207.6	100.0
Loans and advances	114.7	238.9	53.0	121.7	183.6	126.2	100.0
Accrued mark-up	-	-	-	-	-	-	100.0
Trade deposits and short-term prepayments	38.1	162.1	74.1	28.4	16.8	108.5	100.0
Other receivables	88.6	8.4	219.7	5.4	4.0	37.6	100.0
Taxation - payments less provision	3,871.0	4,032.9	3,564.5	1,806.5	-	147.9	100.0
Cash and bank balances	9,941.2	8,190.8	39,287.1	31,935.6	1,187.7	4,280.6	100.0
Total current assets	65.9	59.9	88.0	103.7	107.9	144.0	100.0
Total assets	103.8	99.2	123.1	115.5	109.7	137.0	100.0
EQUITY AND LIABILITIES							
Share capital	840.0	840.0	100.0	100.0	100.0	100.0	100.0
Subscription money against rights issue	-	-	100.0	-	-	-	-
Accumulated loss	(517.3)	(518.2)	(529.2)	(379.9)	(298.6)	(296.6)	(100.0)
Fair value reserve	16.5	75.9	107.3	401.9	393.0	69.6	(100.0)
Exchange equalisation reserve	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General reserve	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Special reserve	100.0	100.0	100.0	100.0	100.0	-	-
Total equity	(70.0)	(234.6)	(266.9)	(481.3)	(349.8)	(417.5)	(100.0)
SURPLUS ON REVALUATION OF FIXED ASSETS	111.3	111.3	104.9	104.9	101.7	100.0	100.0
LIABILITIES							
Non-current liabilities							
Long-term borrowing	100.0	100.0	100.0	-	-	-	-
Retirement benefit obligations	2,493.7	2,007.9	1,151.3	490.8	2,259.4	1,254.0	100.0
Deferred taxation	281.8	-	-	351.5	325.0	304.4	100.0
Unearned income	100.0	100.0	-	-	-	-	-
Total non-current liabilities	10,315.0	12,116.2	11,457.1	441.2	1,571.5	916.3	100.0
Current liabilities							
Trade and other payables	69.3	56.1	84.7	95.4	84.3	160.1	100.0
Term finance certificates	100.0	100.0	100.0	100.0	-	-	-
Short-term borrowings / running finance	312.1	386.7	409.6	351.7	456.2	26.6	100.0
Current portion of long-term borrowing	100.0	-	-	-	-	-	-
Accrued mark-up	595.0	173.1	923.8	498.8	172.4	87.7	100.0
Taxation - provision less payments	-	-	-	-	100.0	-	-
Payable to government - sales tax	153.5	84.4	86.5	84.2	196.8	113.0	100.0
Total current liabilities	93.4	90.9	119.9	125.9	115.7	148.6	100.0
Total liabilities	101.9	100.9	129.3	126.2	116.9	149.2	100.0
Total equity and liabilities	103.8	99.2	123.1	115.5	109.7	137.0	100.0

Vertical Analysis of Balance Sheet

(As a percentage of total assets)

	2017	2016	2015	2014	2013	2012	2011
	(In percentages)						
ASSETS							
Non-current assets							
Fixed assets and intangible assets	47.3	48.9	39.4	25.7	18.6	13.3	17.4
Investment in associate	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Long-term loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term deposits	0.1	0.1	0.1	0.2	0.3	0.0	0.1
Deferred taxation	-	1.0	1.5	-	-	-	-
Retirement benefit prepayments	0.1	-	-	-	-	-	-
Total non-current assets	47.8	50.3	41.3	26.2	19.2	13.5	17.8
Current assets							
Stores, spares and chemicals	1.4	1.4	0.7	0.9	0.7	0.5	1.0
Stock-in-trade	23.6	20.5	17.9	33.5	40.0	22.9	36.2
Trade debts	17.2	21.0	20.3	29.8	39.4	60.5	40.0
Loans and advances	0.2	0.3	0.0	0.1	0.2	0.1	0.1
Accrued mark-up	-	-	-	-	-	-	0.0
Trade deposits and short-term prepayments	0.1	0.3	0.1	0.0	0.0	0.2	0.2
Other receivables	3.9	0.4	8.1	0.2	0.2	1.3	4.6
Taxation - payments less provision	3.1	3.4	2.4	1.4	-	0.1	0.1
Cash and bank balances	2.7	2.4	9.2	7.9	0.3	0.9	0.0
Total current assets	52.2	49.7	58.7	73.8	80.8	86.5	82.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EQUITY AND LIABILITIES							
Share capital	11.3	11.9	1.1	1.2	1.3	1.0	1.4
Subscription money against rights issue	-	-	8.4	-	-	-	-
Accumulated loss	(18.3)	(19.3)	(15.8)	(12.0)	(10.0)	(7.9)	(3.7)
Fair value reserve	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
Exchange equalisation reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special reserve	5.4	1.9	1.3	1.4	1.4	-	-
Total equity	(1.6)	(5.5)	(5.0)	(9.4)	(7.3)	(6.9)	(2.3)
SURPLUS ON REVALUATION OF FIXED ASSETS	13.5	14.1	10.7	11.4	11.7	9.2	12.6
LIABILITIES							
Non-current liabilities							
Long-term loan	6.3	8.1	6.5	-	-	-	-
Retirement benefit obligations	1.2	1.0	0.5	0.2	1.0	0.5	0.0
Deferred taxation	0.1	-	-	0.1	0.1	0.1	0.0
Unearned income	0.0	0.1	-	-	-	-	-
Total non-current liabilities	7.6	9.2	7.0	0.3	1.1	0.6	0.0
Current liabilities							
Trade and other payables	53.5	45.4	55.3	66.4	61.8	93.9	80.3
Term finance certificates	0.9	8.0	6.9	8.4	-	-	-
Short-term borrowings / running finance	20.5	26.6	22.7	20.8	28.4	1.3	6.9
Current portion of long-term borrowing	1.5	-	-	-	-	-	-
Accrued mark-up	0.6	0.2	0.8	0.4	0.1	0.1	0.1
Payable to government - sales tax	3.5	2.0	1.6	1.7	4.2	1.8	2.4
Total current liabilities	80.5	82.2	87.3	97.7	94.5	97.1	89.7
Total liabilities	88.1	91.4	94.3	98.0	95.6	97.7	89.7
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statement of Value Addition and its Distribution

For the year ended June 30, 2017

	2017 (Rupees in thousand)	%	2016 (Rupees in thousand)	%
Wealth Generated				
Total gross revenue and other income	103,409,061		105,717,229	
Brought in materials and services	(66,169,694)		(62,140,576)	
	37,239,367	100%	43,576,653	100%
Wealth distribution to stakeholders				
To employees Salaries, wages and other costs including retirement benefits	923,305	2.48%	815,476	1.87%
To Government Income tax, sales tax, excise duty, development surcharge, WPPF, WWF	30,302,671	81.37%	38,522,159	88.40%
To society Donation to an educational institute	4,964	0.01%	2,285	0.01%
To shareholders Dividends and bonus	90,423	0.24%	-	0.00%
To providers of finance Financial charges for borrowed funds	591,471	1.60%	872,031	2.00%
To Company Depreciation, amortisation and retained profit	5,326,533	14.30%	3,364,702	7.72%
	37,239,367	100%	43,576,653	100%

Pattern of Shareholding

As at June 30, 2017

Shareholder's Category	No. of Shareholders	No. of Shares	Percentage Issued Capital
Directors, Chief Executive Officer, and their spouse and minor children	6	84,220	0.03
Associated companies, undertakings and related parties	5	211,249,500	71.86
NIT and ICP	2	6,793,475	2.31
Banks, Development Financial Institutions, Non-Banking Financial Institutions	8	307,580	0.10
Insurance Companies	4	12,149,434	4.13
Modarabas and Mutual Funds	3	245,500	0.08
General Public : a. Local b. Foreign	7,368	52,117,352	17.73
Others	109	11,052,939	3.76
Total	7,505	294,000,000	100.00

Shareholder's Category	No. of Shareholders	No. of Shares
Associated Companies, Undertaking and Related Parties		
Chevron Global Energy Inc.	1	2,625,000
Hascol Petroleum Limited	1	43,249,500
Pakistan State Oil Company Limited	2	70,875,000
Shell Petroleum Company Limited	1	94,500,000
Total	5	211,249,500
Mutual Funds		
CDC - Trustee AKD Opportunity Fund	1	200,500
CDC - Trustee First Capital Mutual Fund	1	25,000
CDC - Trustee National Investment (Unit) Trust	1	6,435,544
CDC - Trustee NIT-Equity Market Opportunity Fund	1	357,931
Total	4	7,018,975
Directors and their spouse		
Farrokh K. Captain	3	27,720
Farooq Rahmatullah Khan	1	31,500
Mumtaz Hasan Khan	1	22,500
Muhammad Aliuddin Ansari	1	2,500
Total	6	84,220
Public Sector Companies and Corporations	3	7,595,934
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	13	12,477,014
Shareholders holding five percent of more voting rights in the Company		
Shell Petroleum Company Limited	1	94,500,000
Pakistan State Oil Company Limited	2	70,875,000
Hascol Petroleum Limited	1	43,249,500
Total	4	208,624,500

Pattern of Shareholding

As at June 30, 2017

Number of Shareholders	Shareholdings From	To	Number of Shares Held
958	1	100	31,432
1,592	101	500	667,736
1,389	501	1,000	1,309,861
2,324	1,001	5,000	6,307,774
561	5,001	10,000	4,367,303
174	10,001	15,000	2,222,253
123	15,001	20,000	2,263,868
69	20,001	25,000	1,598,659
56	25,001	30,000	1,589,595
27	30,001	35,000	882,767
22	35,001	40,000	838,002
23	40,001	45,000	1,002,078
21	45,001	50,000	1,040,458
14	50,001	55,000	735,459
8	55,001	60,000	472,261
12	60,001	65,000	768,339
5	65,001	70,000	337,376
7	70,001	75,000	505,257
9	75,001	80,000	708,046
3	80,001	85,000	247,000
4	85,001	90,000	356,050
5	90,001	95,000	466,500
20	95,001	100,000	1,998,000
1	100,001	105,000	102,000
9	105,001	110,000	974,998
3	120,000	125,000	365,000
2	125,001	130,000	257,107
3	130,001	135,000	398,009
2	135,001	140,000	279,000
1	140,001	145,000	141,245
4	145,001	150,000	590,101
3	150,001	155,000	454,990
2	160,000	165,000	325,000
2	180,001	185,000	366,664
1	185,001	190,000	187,119
6	195,001	200,000	1,199,216
2	200,001	205,000	401,200
1	210,001	215,000	214,816
3	230,001	235,000	697,600
1	245,001	250,000	248,500

Pattern of Shareholding

As at June 30, 2017

Number of Shareholders	Shareholdings From	Shareholdings To	Number of Shares Held
1	250,001	255,000	254,254
1	265,001	270,000	268,500
1	270,001	275,000	274,802
1	285,001	290,000	288,000
2	300,000	305,000	600,000
1	305,001	310,000	305,500
2	315,000	320,000	632,372
1	345,001	350,000	349,000
1	355,001	360,000	357,931
1	405,001	410,000	409,500
1	450,000	455,000	450,000
1	505,001	510,000	505,928
1	565,001	570,000	565,816
1	630,001	635,000	634,500
1	715,001	720,000	719,000
1	720,001	725,000	724,500
1	780,000	785,000	780,000
1	1,050,000	1,055,000	1,050,000
1	2,625,000	2,630,000	2,625,000
1	2,775,001	2,780,000	2,779,500
1	2,785,001	2,790,000	2,789,000
1	3,150,000	3,155,000	3,150,000
1	3,555,001	3,560,000	3,559,900
1	4,445,001	4,450,000	4,445,814
1	4,845,001	4,850,000	4,849,000
1	6,435,001	6,440,000	6,435,544
1	7,650,001	7,655,000	7,653,500
1	14,175,000	14,180,000	14,175,000
1	43,245,001	43,250,000	43,249,500
1	56,700,000	56,705,000	56,700,000
1	94,500,000	94,505,000	94,500,000
7,505			294,000,000

Notice of Annual General Meeting

Notice is hereby given that the Fifty-Seventh Annual General Meeting of the shareholders of Pakistan Refinery Limited ("the Company") will be held at Marriott Hotel, Karachi, on October 26, 2017 at 11:00 a.m. to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon.

2. To appoint External Auditors for the ensuing year and fix their remuneration. The present External Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

B. ANY OTHER BUSINESS

3. To consider any other business with the permission of the Chair.

By Order of the Board

Shehrzad Aminullah
Company Secretary

Karachi: October 4, 2017

Notes:

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012.

2. Share Transfer Books will be closed from October 20, 2017 to October 26, 2017 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of the Business on October 19, 2017 will be treated in time for the purposes of proceedings of the AGM.

3. All Members / shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.

4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (P.O. Box # 4612, Korangi Creek Road, Karachi 75190 Pakistan) at least 48 hours before the time of the meeting.

5. Any change of address of Members should be immediately notified to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

6. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

   A. For Attending the Meeting:

   i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her 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 Regulations, shall submit the proxy form accordingly.

   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 / her 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 of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

7. The Annual report of the Company for the year ended June 30, 2017 has been placed on the Company's website.

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations 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 recognizes representation of independent non-executive directors and directors representing minority interests on its Board of Directors.

Category	Names
Independent Director	Muhammad Aliuddin Ansari
Managing Director & CEO (Executive Director)	Aftab Husain
Non-Executive Directors	Abdul Jabbar Memon Faisal Waheed Farooq Rahmatullah Khan Farrokh K. Captain Jawwad Ahmed Cheema Muhammad Najam Shamsuddin Mumtaz Hasan Khan Sheikh Imran ul Haque Yacoob Suttar

   The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on 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 Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy was filled up by the Directors within the stipulated time frame under the Code.

5. The Board has developed a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company.

6. The Board has developed a vision / mission statement and overall corporate strategy. The Board approved significant policies as required by the Code. 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 Chief Executive Officer and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met 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 and circulated.

9. During the year fresh elections were held on May 25, 2017, due to this no training programs were held for the directors.

10. During the year fresh elections were held on May 25, 2017, due to this no annual evaluation of the Board's performance was carried out.

11. The Board had approved appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

12. The Directors' 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.

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

14. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. During the year, after election of Directors, audit committee was reconstituted which comprises of four members, all of whom are non-executive directors and one of whom is an independent director. Prior to the newly constituted audit committee, none of the members of the audit committee was an independent director.

17. 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.

18. The Board has a Human Resource and Remuneration Committee. It comprises five members, of whom four are non-executive directors including its Chairman.

19. The Board has set up an effective internal audit function.

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

21. 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.

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.

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

25. The Board of Directors have not defined roles and responsibilities of the Chairman and CEO.

26. As stated above, we confirm that all other material principles enshrined in the Code have been complied with, except those disclosed herein.

Muhammad Aliuddin Ansari
Chairman

Karachi: September 12, 2017

Review Report to the Members on the 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 Pakistan Refinery Limited for the year ended 30 June 2017 to comply with the Code contained in regulation No. 5.19 of the Pakistan Stock Exchange Limited 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 financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The 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 this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

S. No	Note Reference	Description
(i)	10	No annual evaluation of the Board was carried out.
(ii)	25	Roles and responsibilities of the Chairman and the CEO have not been defined by the Board.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

Dated: 26 September 2017


ESD

Financial Statements

For the year ended June 30, 2017

Auditors' Report To The Members

We have audited the annexed balance sheet of Pakistan Refinery Limited as at 30 June 2017 and the related profit and loss account, 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 account 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, 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 2017 and of the profit, 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 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 2.1.2 to the financial statements. As stated in the note, as at 30 June 2017 the Company has accumulated loss of Rs. 4.74 billion resulting in net negative equity of Rs. 396.6 million. Further, current liabilities of the Company exceed its current assets by Rs. 7.36 billion. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: 26 September 2017

Name of the engagement partner: Farrukh Rehman

Balance Sheet

As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	3	12,246,829	12,100,255
Intangible assets	4	6,080	9,214
Investment in associate	5	84,012	85,432
Long-term loans and advances	6	4,972	5,598
Long-term deposits	7	21,198	21,607
Deferred taxation	8	-	253,299
Retirement benefit prepayments	19	26,990	-
		12,390,081	12,475,405
Current assets			
Stores, spares and chemicals	9	367,937	347,029
Stock-in-trade	10	6,128,132	5,089,534
Trade debts	11	4,470,649	5,211,050
Loans and advances	12	29,919	62,291
Trade deposits and short-term prepayments	13	18,250	77,646
Other receivables	14	1,009,852	95,842
Taxation - payments less provision		798,200	831,593
Cash and bank balances	15	712,186	586,791
		13,535,125	12,301,776
		25,925,206	24,777,181
EQUITY			
Share capital	16	2,940,000	2,940,000
Exchange equalisation reserve		897	897
General reserve		1,050	1,050
Accumulated loss		(4,744,206)	(4,753,066)
Special reserve	17	1,405,313	479,300
Fair value reserve		300	1,380
		(396,646)	(1,330,439)
SURPLUS ON REVALUATION OF FIXED ASSETS		3,497,928	3,497,928
LIABILITIES			
Non-current liabilities			
Long-term borrowing	18	1,600,000	2,000,000
Deferred taxation	8	18,709	-
Retirement benefit obligations	19	299,921	241,495
Unearned income	20	6,667	20,000
		1,925,297	2,261,495
Current liabilities			
Trade and other payables	21	13,908,222	11,254,006
Term finance certificates	22	234,390	1,967,020
Short-term borrowings	23	4,963,636	5,688,057
Running finance under mark-up arrangements	24	358,764	905,685
Current portion of long-term borrowing	18	400,000	-
Accrued mark-up	25	135,095	39,299
Payable to government - sales tax	26	898,520	494,130
		20,898,627	20,348,197
		22,823,924	22,609,692
Contingencies and commitments	27		
		25,925,206	24,777,181

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

Muhammad Aliuddin Ansari Chairman	Aftab Husain Managing Director & CEO	Imran Ahmad Mirza Chief Financial Officer

Profit and Loss Account
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Net sales	28	69,928,562	64,732,948
Cost of sales	29	(67,418,422)	(62,743,236)
Gross profit		2,510,140	1,989,712
Distribution cost	30	(191,188)	(170,473)
Administrative expenses	31	(348,828)	(283,936)
Other operating expenses	32	(493,888)	(780,578)
Other income	33	557,772	635,351
Operating profit		2,034,008	1,390,076
Finance cost - net	34	(603,728)	(908,780)
Share of income of associate		10,602	5,327
Profit before taxation		1,440,882	486,623
Taxation	35	(380,604)	(203,232)
Profit after taxation		1,060,278	283,391
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of staff retirement benefits		(34,265)	(100,109)
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available for sale investments of associate		(1,392)	(735)
Deferred tax relating to fair value change of available for sale investments of associate		312	165
		(1,080)	(570)
Total comprehensive income		1,024,933	182,712
Earnings per share	36	Rs. 3.45	Rs. 0.93

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

Muhammad Aliuddin Ansari Chairman	Aftab Husain Managing Director & CEO	Imran Ahmad Mirza Chief Financial Officer

Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	5,064,468	107,352
Mark-up paid		(553,680)	(1,062,021)
Income tax paid - net		(74,891)	(96,587)
Contribution to defined benefit retirement plans		(83,452)	(59,183)
Proceeds from agreement signing fee		-	40,000
Decrease / (increase) in long-term loans and advances		626	(1,102)
Decrease / (increase) in long-term deposits		409	(15)
Net cash generated from / (used in) operating activities		4,353,480	(1,071,556)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,222,258)	(640,117)
Purchase of intangible assets		(379)	(10,507)
Proceeds from sale of fixed assets		91	107
Return received on deposits		87,321	120,151
Dividend received		10,630	10,630
Net cash (used in) investing activities		(1,124,595)	(519,736)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(90,423)	(184)
Proceeds from rights issue - net of issuance costs		-	42
Proceeds from foreign currency loans		10,993,774	16,032,496
Repayments of foreign currency loans		(14,191,146)	(12,935,507)
Redemptions against term finance certificates		(1,732,630)	(155,600)
Net cash (used in) / generated from financing activities		(5,020,425)	2,941,247
Net (decrease) / increase in cash and cash equivalents		(1,791,540)	1,349,955
Cash and cash equivalents at the beginning of the year		(2,818,894)	(4,169,290)
Exchange gains on cash and cash equivalents		220	441
Cash and cash equivalents at the end of the year	44	(4,610,214)	(2,818,894)

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

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

Statement of Changes in Equity
For the year ended June 30, 2017

	SHARE CAPITAL	SUBSCRIPT-ION MONEY AGAINST RIGHTS ISSUE	CAPITAL RESERVE	REVENUE RESERVES		SPECIAL RESERVE (note 17)	FAIR VALUE RESERVE	TOTAL
			Exchange equalisation reserve	General reserve	Accumulated loss			
	(Rupees in thousand)							
Balance as at July 1, 2015	350,000	2,589,958	897	1,050	(4,853,066)	396,018	1,950	(1,513,193)
Subscription money against rights issue	-	42	-	-	-	-	-	42
Issuance of right shares	2,590,000	(2,590,000)	-	-	-	-	-	-
Profit for the year ended June 30, 2016	-	-	-	-	283,391	-	-	283,391
Other comprehensive loss for the year ended June 30, 2016	-	-	-	-	(100,109)	-	(570)	(100,679)
	-	-	-	-	183,282	-	(570)	182,712
Profit for the year transferred to special reserve	-	-	-	-	(83,282)	83,282	-	-
Balance as at June 30, 2016	2,940,000	-	897	1,050	(4,753,066)	479,300	1,380	(1,330,439)
Profit for the year ended June 30, 2017	-	-	-	-	1,060,278	-	-	1,060,278
Other comprehensive loss for the year ended June 30, 2017	-	-	-	-	(34,265)	-	(1,080)	(35,345)
	-	-	-	-	1,026,013	-	(1,080)	1,024,933
Final Cash Dividend for the year ended June 30, 2016 - Rs. 0.31 per share	-	-	-	-	(91,140)	-	-	(91,140)
Profit for the year transferred to special reserve	-	-	-	-	(926,013)	926,013	-	-
Balance as at June 30, 2017	2,940,000	-	897	1,050	(4,744,206)	1,405,313	300	(396,646)

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

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is listed on Pakistan Stock Exchange. The registered office of the Company is at Korangi Creek Road, Karachi. The Company is engaged in the production and sale of petroleum products.

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

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

During the year, the Government of Pakistan promulgated the Companies Act, 2017 (the "Act") thereby repealing the Companies Ordinance, 1984 ("Repealed Ordinance") effective from May 30, 2017. The Act specified certain treatments and additional requirements for financial statements, however, the Securities and Exchange Commission of Pakistan (SECP) deferred the applicability of the Act on financial statements for the year ended June 30, 2017 vide its circular no. CLD/CCD/PR(11)/2017 dated July 20, 2017 and required that the financial statements for the year ended June 30, 2017 shall be prepared under the provisions or directives of the Repealed Ordinance. Accordingly, the provisions of the Act have not been considered for the preparation of these financial statements.

2.1.2 As at June 30, 2017, the Company has accumulated loss of Rs. 4.74 billion (2016: Rs. 4.75 billion) resulting in net negative equity of Rs. 396.6 million (2016: Rs. 1,330 million) and its current liabilities exceed its current assets by Rs. 7.36 billion (2016: Rs. 8.05 billion). Further, under the policy framework for up-gradation and expansion of refinery projects issued by the Ministry of Petroleum & Natural Resources on March 27, 2013, refineries were required to install Diesel Hydrodesulphurisation Unit (DHDS) by June 30, 2017 to produce Euro II compliant High Speed Diesel (HSD) and in case of non-compliance, the ex-refinery price of HSD based on Import Parity Price (IPP) formula will be downward adjusted / reduced due to higher Sulphur content. The Company did not meet the aforementioned deadline of setting up DHDS unit and hence will be subjected to downward adjustments of its HSD pricing in future until the setting up of DHDS unit. These conditions may cast a significant doubt on the Company's ability to continue as a going concern and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, despite the above challenges during the year, on account of improved gross refinery margins the Company earned profit after taxation of Rs. 1.06 billion for the current year. Further, the Company has increased its running finance facilities from Rs. 8.75 billion to Rs. 9.75 billion to support its liquidity management. In addition, the Company has completed a feasibility study in which various technological options have been considered for the refinery up-gradation including the installation of DHDS under above policy framework.

Based on the projected profitability and cash flows (after considering the effects of future downward adjustment / reduction in HSD price), the Company believes that the current negative equity / liquidity situation will be overcome in future. Accordingly, these financial statements have been prepared on a going concern basis.

2.2 Critical accounting estimates, judgements and policies

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 judgement in the process of applying the Company's accounting policies.

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

i. Taxation

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

ii. Other areas of significant judgement

Significant estimates relating to property, plant and equipment, deferred taxation and post employment benefits are disclosed in notes 3, 8 and 19 respectively. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on annual basis or when the indicators exist, considering the associated economic benefits derived / to be derived by the Company.

Estimates and judgements 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 effect on the amounts disclosed in the financial statements.

No critical judgement 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 are effective in the current year and are relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2016 and are considered to be relevant to the Company's operations.

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 provide clarification on number of issues, including:

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

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

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

- 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.

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

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

IAS-7, 'Statement of cashflows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

2.4 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise stated below in the respective accounting policy notes.

2.5 Fixed assets

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses, if any, except land which is carried at revalued amount less accumulated depreciation and impairment loss, if any, capital work-in-progress which is stated at cost less accumulated impairment loss, if any, and major spare parts and stand-by equipments which are stated at cost less accumulated impairment, if any.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

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

Depreciation is charged to income by applying the straight-line method whereby the carrying amount less residual value, if not insignificant, of an asset is depreciated over its estimated remaining useful life to the Company. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Assets' residual values and useful lives are reviewed and adjusted, if expectations significantly differ from previous estimates, at each balance sheet date.

Surplus arising on revaluation of land is recognised as surplus on revaluation of fixed assets. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

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

Gains and losses on disposal of property, plant and equipment are included in income currently.

2.6 Impairment

The carrying values of 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 values exceed the estimated recoverable amount, the assets are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

2.7 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 cost of such asset can be measured reliably. Intangibles acquired by the Company are initially recognised at cost and are carried at cost less accumulated amortisation and impairment. Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and that have probable economic benefits exceeding their cost and beyond one year, are recognised as intangible assets.

Amortisation is charged to income by applying the straight-line method whereby the carrying amount less residual value, if not insignificant, of an asset is amortised over its estimated remaining useful life to the Company. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

2.8 Investment in associate

Investment in associate is accounted for using equity method of accounting. It is initially recognised at cost. The Company's share in its associate's post-acquisition profits or losses and other comprehensive income are respectively recognised in the income statement and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.9 Taxation

2.9.1 Current

The charge for current taxation is based on taxable income at the relevant rates of taxation after taking into account tax credits and rebates available, if any.

2.9.2 Deferred

Deferred tax is accounted for, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Investment tax credits are considered not substantially different from other tax credits. Accordingly in such situations tax credits are deducted from current tax amount to the extent of tax credit availed while recognising deferred tax credit for the unused investment tax credit.

2.10 Stores, spares and chemicals

These are valued at cost less provision for obsolescence. Cost is determined using weighted average method except items in transit where cost comprises invoice value plus other charges incurred thereon.

2.11 Stock-in-trade

Stock in trade is valued at lower of cost and net realisable value. Cost is determined using "first-in, first-out" method except crude oil in transit where cost comprises invoice value plus other charges incurred thereon. Cost in relation to finished products represents cost of crude oil and appropriate manufacturing overheads. Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and costs necessarily to be incurred to make the sale.

2.12 Trade and other debts

Trade and other debts are recognised at the fair value of consideration to be received against goods and services and are carried at amortised cost. Provision is made in respect of doubtful debts, if any.

2.13 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, running finance under mark-up arrangements and short-term finance.

2.14 Trade and other payables

Trade and other payables are recognised at the fair value of the consideration to be paid for goods and services and are carried at amortised cost.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently these are measured at amortised cost using the effective interest method.

2.16 Borrowing costs

Borrowing costs are recognised as expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset.

2.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

2.18 Retirement benefits

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

2.18.1 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity 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 an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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 recognised gratuity and pension funds for all its eligible employees. The latest actuarial valuations were carried out as at June 30, 2017 using the Projected Unit Credit Method.

The amount arising as a result of remeasurements is 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.

2.18.2 Defined contribution plan

The Company operates a recognised provident fund for all its eligible employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 10% 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Foreign currency translation

These financial statements are presented in Pak Rupees (Rupees) which is also the functional currency of the Company.

Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the balance sheet date. Foreign currency gains and losses are recognised in the profit and loss account. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

2.20 Financial instruments

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 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The Company recognises revenue when the amounts of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Accordingly:

(a) Local sales are recognised on the basis of products pumped in oil marketing companies' tanks. Sale of products loaded through gantry is recognised when the products are loaded into tank lorries.

(b) Export sales are recognised on the basis of products shipped to customers.

(c) Dividend is recognised when the right of receipt is established.

(d) Income on bank deposits is recognised on accrual basis.

(e) Handling income including income from gantry operations, pipeline charges, scrap sales, insurance commission and rental incomes are recognised on accrual basis.

2.22 Government Grants

Government grants related to costs are deferred and recognised in the income statement as a deduction from the related expense over the period necessary to match them with the costs that these are intended to compensate.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

2.24 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved.

	2017	2016
	(Rupees in thousand)	
3. FIXED ASSETS		
Operating assets - note 3.1	10,789,255	11,352,104
Major spare parts and stand-by equipments - note 3.2	235,703	170,629
Capital work-in-progress - note 3.3	1,221,871	577,522
	12,246,829	12,100,255

3.1 Operating assets

	Freehold land (note 3.1.1 and note 3.1.2)	Buildings	Processing plant	Korangi tank farm	Keamari terminal	Pipelines	Steam generation plant	Power generation, transmission and distribution	Water treatment and cooling system	Equipment including furniture	Fire fighting and telecommu -nication systems	Vehicles and other automotive equipment	TOTAL
	(Rupees in thousand)												
Net carrying value basis													
Year ended June 30, 2017													
Opening net book value (NBV)	3,500,000	30,554	6,224,881	738,193	376,570	55,066	7,919	203,511	18,322	111,766	84,151	1,171	11,352,104
Additions (at cost)	-	3,104	219,645	214,332	33,981	14,806	5,275	41,726	4,031	25,580	6,219	-	568,699
Disposals (at NBV)	-	-	-	*-	*-	-	-	-	*-	(34)	-	-	(34)
Reclassification (at NBV)	-	(3)	(1,670)	(1,736)	158	(309)	(51)	754	(106)	3,361	474	(872)	-
Impairment charge - note 3.1.4	-	-	(274,062)	-	-	-	-	-	-	-	-	-	(274,062)
Depreciation charge	-	(7,630)	(599,253)	(105,681)	(53,084)	(9,967)	(2,110)	(25,466)	(4,133)	(35,514)	(14,315)	(299)	(857,452)
Closing net book value	3,500,000	26,025	5,569,541	845,108	357,625	59,596	11,033	220,525	18,114	105,159	76,529	-	10,789,255
Gross carrying value basis													
At June 30, 2017													
Cost or revaluation	3,500,000	131,548	7,963,978	1,387,911	629,606	211,372	61,323	345,130	97,855	519,030	153,004	53,983	15,054,740
Accumulated depreciation	-	(105,523)	(2,120,375)	(542,803)	(271,981)	(151,776)	(50,290)	(124,605)	(79,741)	(413,871)	(76,475)	(53,983)	(3,991,423)
Accumulated impairment - note 3.1.4	-	-	(274,062)	-	-	-	-	-	-	-	-	-	(274,062)
Net book value	3,500,000	26,025	5,569,541	845,108	357,625	59,596	11,033	220,525	18,114	105,159	76,529	-	10,789,255
Net carrying value basis													
Year ended June 30, 2016													
Opening net book value (NBV)	3,300,000	33,742	6,220,293	808,940	429,012	52,502	11,949	193,404	17,020	90,096	68,218	2,342	11,227,518
Additions (at cost)	-	4,671	607,928	33,576	-	14,984	-	32,804	5,616	55,291	28,598	-	783,468
Revaluation	200,000	-	-	-	-	-	-	-	-	-	-	-	200,000
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	*-	-	-	-
Depreciation charge	-	(7,859)	(603,340)	(104,323)	(52,442)	(12,420)	(4,030)	(22,697)	(4,314)	(33,621)	(12,665)	(1,171)	(858,882)
Closing net book value	3,500,000	30,554	6,224,881	738,193	376,570	55,066	7,919	203,511	18,322	111,766	84,151	1,171	11,352,104
Gross carrying value basis													
At June 30, 2016													
Cost or revaluation	3,500,000	128,721	7,809,913	1,191,340	602,705	196,565	56,064	302,650	94,204	431,418	146,311	54,179	14,514,070
Accumulated depreciation	-	(98,167)	(1,585,032)	(453,147)	(226,135)	(141,499)	(48,145)	(99,139)	(75,882)	(319,652)	(62,160)	(53,008)	(3,161,966)
Net book value	3,500,000	30,554	6,224,881	738,193	376,570	55,066	7,919	203,511	18,322	111,766	84,151	1,171	11,352,104
Depreciation rate % per annum	-	5 to 20	5 to 33	5 to 20	5 to 20	10	10 to 33	5 to 33	10 to 20	10 to 33	5 to 33	25	

* Assets written off / disposed off having nil net book value.

3.1.1 The land is freehold to be used for oil refinery by the Company.

3.1.2 During the year ended June 30, 2016, the land measuring 200 acres located at Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi, where the Refinery is situated, was revalued. The revaluation was carried out by an independent valuer on June 30, 2016 on the basis of present market value keeping in view that the land is freehold and to be used for oil refinery by the Company (level 2).

The different levels for determination of fair value hierarchy have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

Had there been no revaluation, the net book value of land would have been Rs. 2.07 million.

3.1.3 During the year, the Company has capitalised borrowing costs amounting to Rs. 28.74 million (June 30, 2016: Rs. 2.18 million). Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 7.75% per annum (June 30, 2016: general borrowings of 9.35% per annum).

3.1.4 Towards the close of the year, the Catalyst of Isomerisation Unit having cost and NBV of Rs. 450.17 million and Rs. 364.06 million respectively, was impaired due to contamination and consequently was written down to its recoverable amount of Rs. 90 million, which was determined by reference to the fair value of platinum used in catalyst less its recovery costs. The main valuation inputs used were market value of platinum as at June 30, 2017, quantity of platinum to be recovered and costs of recovery.

Since the estimated quantity of platinum to be recovered and its costs of recovery are based on "indirectly derived prices", the fair value of the platinum is classified as a level 2 fair value as prescribed under IFRS 13.

The impairment loss is included in other operating expenses in the profit and loss account.

3.1.5 Details of disposals of operating assets are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds
	← (Rupees in thousand) →			
Items having net book value not exceeding Rs. 50,000 each:				
Processing plant	107	107	-	1
Korangi tank farm	18,200	18,200	-	* -
Keamari terminal	7,079	7,079	-	* -
Steam generation plant	17	17	-	1
Water treatment and cooling system	379	379	-	* -
Equipment including furniture	2,247	2,213	34	89
	28,029	27,995	34	91

* The assets were written off during the year.

		2017	2016
		(Rupees in thousand)	
3.2	Major spare parts and stand-by equipment		
	Gross carrying value		
	Balance at beginning of the year	188,744	517,263
	Additions during the year	148,936	87,202
	Transfers made during the year	(81,721)	(415,721)
	Balance at end of the year	255,959	188,744
	Provision for impairment - note - 3.2.1	(20,256)	(18,115)
	Net carrying value	235,703	170,629

3.2.1 During the year net charge of Rs. 2,141 thousand (2016: Rs. 42 thousand) was recorded.

		2017	2016
3.3	Capital work-in-progress		
	Processing plant	279,888	89,998
	Korangi tank farm	37,115	174,116
	Keamari terminal	204,298	96,405
	Pipelines	139,519	21,182
	Power generation, transmission and distribution	214,104	491
	Water treatment and cooling system	2,088	-
	Equipment including furniture	-	876
	Fire fighting and telecommunication systems	19,626	-
	Advances to contractors / suppliers	325,233	194,454
		1,221,871	577,522

3.3.1 During the year, the Company has capitalised borrowing costs amounting to Rs. 29.27 million (June 30, 2016: Rs. 17.35 million). Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 7.75% per annum (June 30, 2016: 9.35% per annum).

		2017	2016
		(Rupees in thousand)	
4.	INTANGIBLE ASSETS - COMPUTER SOFTWARE		
	Net carrying value basis		
	Opening net book value (NBV)	9,214	-
	Additions (at cost)	379	10,507
	Amortisation charge	(3,513)	(1,293)
	Closing net book value	6,080	9,214
	Gross carrying value basis		
	Cost as at the beginning of the year	22,285	11,778
	Additions during the year	379	10,507
	Cost as at June 30	22,664	22,285
	Accumulated amortisation	(16,584)	(13,071)
	Net book value	6,080	9,214

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

	2017	2016
	(Rupees in thousand)	
5. INVESTMENT IN ASSOCIATE		
Pak Grease Manufacturing Company (Private) Limited - 850,401 (2016: 850,401) fully paid ordinary shares - note 5.1	84,012	85,432

5.1 The Company holds 27.26% (2016: 27.26%) share in the associate. The above amount represents proportionate carrying value of the associate's net assets - refer note 5.2. The associate has share capital consisting solely of ordinary shares, which are held directly by the Company.

The registered office of the associate is at 6, Oil Installation Area, Keamari, Karachi, Pakistan. The country of incorporation or registration is also its principal place of business.

The principal activity of the associate is manufacture and sale of petroleum grease products.

	2017	2016
	(Rupees in thousand)	
Opening balance	85,432	91,470
Share of income for the year	10,602	5,327
Change in fair value of available for sale investments	(1,392)	(735)
Dividend received	(10,630)	(10,630)
	84,012	85,432

5.2 Summarised financial information of Company's associate:

Set out below is the summarised financial information for Pak Grease Manufacturing Company (Private) Limited which is accounted for using the equity method.

	Unaudited 2017	2016
	(Rupees in thousand)	
Revenue	138,843	123,996
Profit from continuing operations	38,883	19,538
Other comprehensive loss	(5,107)	(2,699)
Total comprehensive income	33,776	16,839
Non-current assets	251,757	201,709
Current assets	82,471	138,202
Non-current liabilities	(1,269)	(832)
Current liabilities	(24,773)	(25,682)
Net assets	308,186	313,397
Carrying value	84,012	85,432

	2017	2016
	(Rupees in thousand)	
6. LONG-TERM LOANS AND ADVANCES – secured and considered good		
To executives - notes 6.1 & 6.2	1,394	799
To other employees - note 6.2	10,131	11,136
	11,525	11,935
Recoverable within one year – note 12		
- Executives	(967)	(531)
- Other employees	(5,586)	(5,806)
	(6,553)	(6,337)
	4,972	5,598
6.1 Reconciliation of carrying amount of loans to executives:		
Opening balance	799	10
Promotion to executive	1,105	-
Disbursements	700	1,266
Recoveries	(1,210)	(477)
	1,394	799

6.2 Loans and advances to all eligible employees are given in accordance with the Company's policy for payment of house rent and to defray personal expenditure. These do not carry any interest and are repayable over a period of two to three years (2016: two to three years).

7. LONG-TERM DEPOSITS

This includes Rs. 11.38 million (2016: Rs. 11.04 million) given to Karachi Port Trust - an associated undertaking, as interest-free security deposits.

	2017	2016
	(Rupees in thousand)	
8. DEFERRED TAXATION		
Debit balances arising in respect of:		
- unabsorbed depreciation	797,962	856,599
- unused investment tax credit	-	272,327
	797,962	1,128,926
Credit balances arising in respect of:		
- accelerated tax depreciation	(797,962)	(856,599)
- investment in associate accounted for using equity method	(18,709)	(19,028)
	(18,709)	253,299

8.1 Deferred tax debit balances of Rs. 2.3 billion (2016: Rs. 2.97 billion) in respect of unabsorbed depreciation, tax losses, minimum tax and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Company.

	2017	2016
	(Rupees in thousand)	
9. STORES, SPARES AND CHEMICALS		
Stores	163,838	154,035
Spares	98,932	92,507
Chemicals	130,375	122,426
	393,145	368,968
Provision for slow moving stores, spares and chemicals	(25,208)	(21,939)
	367,937	347,029

During the year net charge amounting to Rs. 3,269 thousand (2016: net reversal of Rs. 678 thousand) has been recorded.

	2017	2016
	(Rupees in thousand)	
10. STOCK-IN-TRADE		
Raw material		
Crude oil [including in transit Rs. 2.76 billion (2016: Rs. 959.41 million)]	4,993,586	4,155,155
Finished products - note 10.2	1,134,546	934,379
	6,128,132	5,089,534

10.1 As at June 30, 2017 stock of crude oil has been written down by Rs. Nil (2016: Rs. 31.54 million) and finished products by Rs. 18.12 million (2016: Rs. 83.76 million) to arrive at their net realisable values.

10.2 Includes stocks held with the following third parties for onward sales to customers:

	2017	2016
	(Rupees in thousand)	
Related parties		
- Pakistan State Oil Company Limited	7,208	15,506
- Shell Pakistan Limited	40,565	15,707
Others		
- Total Parco Marketing Limited	669	-
	48,442	31,213
11. TRADE DEBTS		
Considered good		
Due from related parties – note 11.1	3,506,249	4,772,507
Others	964,400	438,543
	4,470,649	5,211,050
Considered doubtful - others	12,953	-
	4,483,602	5,211,050
Less: Provision for doubtful debts	(12,953)	-
	4,470,649	5,211,050

11.1 These represent receivables from Pakistan State Oil Company Limited, Shell Pakistan Limited and Hascol Petroleum Limited and are in the normal course of business.

11.2 The age analysis of trade debts past due is as follows:

	2017	2016
	(Rupees in thousand)	
Up to 3 months	411,402	6,596
3 to 6 months	76	268
More than 6 months	128,451	140,773
11.3 The age analysis of trade debts past due from related parties is as follows:		
Up to 3 months	18	250
3 to 6 months	76	268
More than 6 months	5,451	4,857
12. LOANS AND ADVANCES – considered good		
Loans and advances recoverable within one year – note 6		
- Executives	967	531
- Other employees	5,586	5,806
	6,553	6,337
Advances for supplies and services	23,366	55,954
	29,919	62,291

12.1 Loans and advances do not carry any interest.

	2017	2016
13. TRADE DEPOSITS AND SHORT–TERM PREPAYMENTS		
Trade deposits - note 13.1 [including Rs. 1.17 million (2016: Rs. 0.07 million) paid to related parties]	7,631	7,559
Short-term prepayments [including Rs. 3.25 million (2016: Rs. 1.02 million) paid to related parties]	10,619	70,087
	18,250	77,646

13.1 Trade deposits do not carry any interest.

	2017	2016
	(Rupees in thousand)	
14. OTHER RECEIVABLES		
Receivable from refinery - note 14.1	979,881	58,860
Workers' Profits Participation Fund - note 14.2	27,225	33,865
Others	2,746	3,117
	1,009,852	95,842

14.1 This represents amount due in respect of sharing of crude oil, freight and other charges.

14.2 WORKERS' PROFITS PARTICIPATION FUND

	2017	2016
Balance at the beginning of year	33,865	-
Allocation for the year - note 32	(77,775)	(26,135)
	(43,910)	(26,135)
Amount paid - net	71,135	60,000
Balance at the end of year	27,225	33,865

15. CASH AND BANK BALANCES

	2017	2016
With banks on		
- current accounts - note 15.1	11,572	12,948
- mark-up bearing savings accounts - notes 15.2 & 15.3 [including foreign currency account Rs. 230.73 million (2016: Rs. 230.40 million)]	699,544	572,668
Cash in hand	1,070	1,175
	712,186	586,791

15.1 These bank balances are maintained under current accounts and do not carry any interest.

15.2 The rates of mark-up on savings accounts during the year ranged from 3.75% to 5.75% per annum (2016: 3.85% to 5.75% per annum).

15.3 This includes local and foreign currency balances maintained with Faysal Bank Limited - a related party of Rs. Nil and Rs. 230.73 million (2016: Rs. 3.22 million and Rs. 230.40 million) respectively.

	2017	2016
	(Rupees in thousand)	

16. SHARE CAPITAL

	2017	2016
Authorised		
400,000,000 (2016: 400,000,000) 'A' ordinary shares of Rs. 10 each	4,000,000	4,000,000
600,000,000 (2016: 600,000,000) 'B' ordinary shares of Rs. 10 each	6,000,000	6,000,000
	10,000,000	10,000,000

Issued, subscribed and paid-up
Ordinary shares of Rs. 10 each

2017	2016		2017	2016
114,400,000	114,400,000	'A' ordinary shares fully paid in cash	1,144,000	1,144,000
150,600,000	150,600,000	'B' ordinary shares fully paid in cash	1,506,000	1,506,000
265,000,000	265,000,000		2,650,000	2,650,000
11,600,000	11,600,000	'A' ordinary shares issued as fully paid bonus shares	116,000	116,000
17,400,000	17,400,000	'B' ordinary shares issued as fully paid bonus shares	174,000	174,000
29,000,000	29,000,000		290,000	290,000
294,000,000	294,000,000		2,940,000	2,940,000

16.1 Movement in issued, subscribed and paid-up capital

2017	2016		2017	2016
		Opening shares outstanding		
126,000,000	14,000,000	- 'A' ordinary shares	1,260,000	140,000
168,000,000	21,000,000	- 'B' ordinary shares	1,680,000	210,000
294,000,000	35,000,000		2,940,000	350,000
		Right shares issued		
-	112,000,000	- 'A' ordinary shares	-	1,120,000
-	147,000,000	- 'B' ordinary shares	-	1,470,000
-	259,000,000		-	2,590,000
294,000,000	294,000,000		2,940,000	2,940,000

16.2 As at June 30, 2017 associated undertakings held 43,249,500 'A' ordinary shares and 168,000,000 'B' ordinary shares (2016: 44,563,900 'A' ordinary shares and 168,000,000 'B' ordinary shares) of Rs. 10 each.

16.3 During the year ended June 30, 2016, the Company issued 259 million right shares out of the total size of issue of 280 million rights shares at the rate of Rs. 10 each. 21 million right shares has not been issued due to the restraining order obtained under Suit No. 931 of 2015 by one of the Class B shareholder 'Pakistan State Oil Company Limited' against another Class B shareholder 'Chevron Global Energy Inc. (Chevron)'. The order in the suit interalia directs all the defendants to maintain status quo in respect of the letters of rights issued to and shares held by Chevron; and restrains Chevron from creating any third party interest in respect of shares offered to it under the letters of rights issued to another class B shareholder namely Shell Petroleum Company Limited.

17. SPECIAL RESERVE

Under directive from the Ministry of Petroleum & Natural Resources (MoPNR), any profit after taxation above 50% of the paid-up capital as on July 1, 2002 is required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and is not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including the Company, to operate on a self financing basis.

On March 27, 2013, the Government of Pakistan issued a policy framework for up-gradation and expansion of refinery projects, amended through a letter dated April 25, 2016, which interalia states that:

- till completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and

- the refineries are required to install Diesel Hydro Desulphurisation (DHDS) plant by June 30, 2017. If any refinery fails to install DHDS by June 30, 2017 then the ex-refinery price of High Speed Diesel (HSD) based on Import Parity Price (IPP) formula will be adjusted / reduced due to higher sulphur content.

During the year, the Company has completed a feasibility study in which various technological options have been considered for the Refinery up-gradation including the installation of DHDS unit under above policy framework.

Based on the above the Company has transferred profit amounting to Rs. 926.01 million for the year ended June 30, 2017 (June 30, 2016: Rs. 83.28 million) to special reserve.

	2017	2016
	(Rupees in thousand)	
18. LONG-TERM BORROWING		
Syndicated long term loan	2,000,000	2,000,000
Less: Current portion of long-term borrowing	(400,000)	-
	1,600,000	2,000,000

18.1 During the year ended June 30, 2015, the Company obtained a syndicated long term loan under mark-up arrangement through NIB Bank Limited amounting to Rs. 2 billion at a mark-up of 6 month KIBOR + 1.75% per annum for a tenor of 7 years (including 2 years grace period). The loan is repayable in 10 semi-annual installments beginning from July 2017 and is secured by way of hypothecation of present and future stocks-in-trade, trade debts and fixed assets (excluding land).

19. RETIREMENT BENEFITS

19.1.1 The Company operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2017.

19.1.2 Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Trust Act, 1882; the repealed Companies Ordinance, 1984; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

19.1.3 The latest actuarial valuation of the Schemes as at June 30, 2017 was carried out using the Projected Unit Credit Method, details of which as per the actuarial valuation are as follows:

		Pension Schemes				Gratuity Schemes			
		Management		Non-Management		Management		Non-Management	
		2017	2016	2017	2016	2017	2016	2017	2016
		(Rupees in thousand)							
19.1.4	Balance sheet reconciliation								
	Present value of defined benefit obligation at June 30 - note 19.1.5	1,234,935	1,109,017	161,569	127,105	150,225	129,853	54,974	40,764
	Fair value of plan assets at June 30 - note 19.1.6	(1,031,937)	(949,593)	(71,740)	(56,191)	(143,131)	(118,696)	(81,964)	(75,794)
	Amount not recognised as an asset	-	-	-	-	-	-	-	35,030
	Deficit / (Surplus)	202,998	159,424	89,829	70,914	7,094	11,157	(26,990)	-
19.1.5	Movement in the present value of defined benefit obligation								
	Opening balance	1,109,017	892,717	127,105	90,487	129,853	111,362	40,764	30,138
	Benefits paid by the plan	(50,671)	(48,386)	(1,496)	(1,548)	(5,110)	(5,474)	-	-
	Benefits payable to outgoing member	-	-	-	-	(330)	-	-	-
	Current service cost	40,163	32,347	6,032	4,200	9,411	8,335	2,202	1,734
	Interest cost	100,258	93,771	11,673	9,678	11,765	11,690	3,749	3,238
	Remeasurement on obligation	36,168	138,568	18,255	24,288	4,636	3,940	8,259	5,654
	Closing balance	1,234,935	1,109,017	161,569	127,105	150,225	129,853	54,974	40,764
19.1.6	Movement in the fair value of plan assets								
	Opening balance	949,593	812,049	56,191	40,310	118,696	103,744	75,794	66,446
	Contributions paid into the plan	58,914	40,537	13,407	9,631	11,131	9,015	-	-
	Benefits paid by the plan	(50,671)	(48,386)	(1,496)	(1,548)	(5,110)	(5,474)	-	-
	Benefits payable to outgoing members	-	-	-	-	(330)	-	-	-
	Interest income	84,979	84,458	5,099	4,262	10,803	10,929	6,060	7,051
	Remeasurement of plan assets	(10,878)	60,935	(1,461)	3,536	7,941	482	110	2,297
	Closing balance	1,031,937	949,593	71,740	56,191	143,131	118,696	81,964	75,794

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)							
19.1.7 Expense recognised in profit and loss account								
Current service cost	40,163	32,347	6,032	4,200	9,411	8,335	2,202	1,734
Net interest cost / (income)	15,279	9,313	6,574	5,416	962	761	(2,311)	(3,813)
Interest on the effect of asset ceiling	-	-	-	-	-	-	2,311	3,813
Expense recognised in profit and loss account	55,442	41,660	12,606	9,616	10,373	9,096	2,202	1,734
19.1.8 Remeasurement recognised in Other Comprehensive Income								
Remeasurement of present value of defined benefit obligation	36,168	138,568	18,255	24,288	4,636	3,940	8,259	5,654
Remeasurement of fair value of plan assets	10,878	(60,935)	1,461	(3,536)	(7,941)	(482)	(110)	(2,297)
Change in effect of asset ceiling - excluding interest amount	-	-	-	-	-	-	(37,341)	(5,091)
Remeasurements	47,046	77,633	19,716	20,752	(3,305)	3,458	(29,192)	(1,734)
19.1.9 Net recognised liability								
Net liability at the beginning of the year	159,424	80,668	70,914	50,177	11,157	7,618	-	-
Expense recognised in profit and loss account	55,442	41,660	12,606	9,616	10,373	9,096	2,202	1,734
Contribution made to the fund during the year	(58,914)	(40,537)	(13,407)	(9,631)	(11,131)	(9,015)	-	-
Remeasurements recognised in other comprehensive income	47,046	77,633	19,716	20,752	(3,305)	3,458	(29,192)	(1,734)
Recognised liability as at June 30	202,998	159,424	89,829	70,914	7,094	11,157	(26,990)	-

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

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2017	2016	2017	2016	2017	2016	2017	2016
Equity securities	0.00%	0.00%	0.00%	0.00%	9.03%	6.64%	0.00%	0.06%
Debt securities	93.23%	94.69%	82.71%	84.37%	88.00%	64.53%	95.41%	48.16%
Others	6.77%	5.31%	17.29%	15.63%	2.97%	28.83%	4.59%	51.78%
19.1.11 Actuarial assumptions								
Discount rate at June 30	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%
Future salary increases								
- First year following the valuation	9.25%	9.00%	23.00%	9.00%	9.25%	9.00%	23.00%	9.00%
- Second year following the valuation	9.25%	9.00%	6.00%	9.00%	9.25%	9.00%	6.00%	9.00%
- Third year following the valuation	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%
- Long term increase	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%	9.25%	9.00%
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years
Pension increase rate								
- First year following the valuation	5.00%	3.00%	5.00%	3.00%				
- Long term pension increase rate	3.00%	3.00%	3.00%	3.00%				

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

The Company ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of government securities and corporate bonds.

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 balance sheet date.

The Company's contributions to gratuity and pension benefit funds in 2018 is expected to amount to Rs. 89.27 million.

19.2 Sensitivity analysis for actuarial assumptions

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

		Impact on defined benifit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.5%	(1,517,918)	1,694,049
Future salary increases	0.5%	1,646,592	(1,559,408)
Future pension increases	0.5%	1,442,336	(1,353,982)

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 and pension 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.

	2017	2016	2015	2014	2013
	(Rupees in thousand)				
19.3 Historical information					
Management Pension Fund					
Present value of defined benefit obligation	1,234,935	1,109,017	892,717	655,637	774,621
Fair value of plan assets	(1,031,937)	(949,593)	(812,049)	(652,072)	(574,568)
Deficit in the plan	202,998	159,424	80,668	3,565	200,053
Experience adjustments					
Loss / (gain) on obligation	36,168	138,568	169,305	(194,136)	84,872
Gain / (loss) on plan assets	(10,878)	60,935	87,858	4,987	(4,531)
Non-Management Pension Fund					
Present value of defined benefit obligation	161,569	127,105	90,487	77,253	59,357
Fair value of plan assets	(71,740)	(56,191)	(40,310)	(29,639)	(21,656)
Deficit in the plan	89,829	70,914	50,177	47,614	37,701
Experience adjustments					
Loss / (gain) on obligation	18,255	24,288	3,504	9,334	17,979
Gain / (loss) on plan assets	(1,461)	3,536	1,369	(51)	(182)
Management Gratuity Fund					
Present value of defined benefit obligation	150,225	129,853	111,362	97,049	108,706
Fair value of plan assets	(143,131)	(118,696)	(103,744)	(89,205)	(74,717)
Deficit in the plan	7,094	11,157	7,618	7,844	33,989
Experience Adjustments					
Loss / (gain) on obligation	4,636	3,940	1,818	(21,999)	8,730
Gain / (loss) on plan assets	7,941	482	1,498	4,278	(1,706)
Non-Management Gratuity Fund					
Present value of defined benefit obligation	54,974	40,764	30,138	28,758	19,808
Fair value of plan assets	(81,964)	(75,794)	(66,446)	(58,882)	(50,713)
Surplus in the plan	(26,990)	(35,030)	(36,308)	(30,124)	(30,905)
Experience adjustments					
(Gain) / loss on obligation	8,259	5,654	(2,194)	5,257	4,663
Gain / (loss) on plan assets	110	2,297	1,742	2,604	(1,821)

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

	No. of years
Management Pension fund	11.16
Non-management Pension fund	13.59
Management Gratuity fund	7.06
Non-management Gratuity fund	9.47

19.5 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2017.

20. UNEARNED INCOME

This represents agreement signing fee received during the year ended June 30, 2016 in consideration of signing of supply agreements for continued supply of Liquified Petroleum Gas (LPG) to certain Oil Marketing Companies which is being amortised over the three years period of the agreement.

	2017	2016
	(Rupees in thousand)	
21. TRADE AND OTHER PAYABLES		
Creditors – note 21.1	8,452,000	7,185,764
Accrued liabilities - notes 21.2 & 21.3	3,641,023	2,465,051
Advances from customers – note 21.1	45,834	38,421
Payable to the Government – note 21.4	519,446	666,979
Surplus price differential payable	1,129,315	829,845
Retention money	38,515	18,605
Workers' Welfare Fund	45,997	9,950
Unclaimed dividend	21,919	21,202
Tax deducted at source	840	4,856
Current portion of unearned income - note 20	13,333	13,333
	13,908,222	11,254,006
21.1 Related party balances		
Creditors } note 21.1.1	1,456	6,583
Advances from customers } note 21.1.1	14,606	13,885

21.1.1 These include amount payable to / advances from Pakistan State Oil Company Limited and Shell Pakistan Limited as at June 30, 2017.

21.2 This includes differential of regulatory duty levied amounting to Rs. 1.83 billion (June 30, 2016: Rs. 857.91 million) on import of crude oil consumed in the production and sale of 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 for regulated products through which refineries are expected to operate on no gain / loss basis on this account.

21.3 Included in accrued liabilities is an amount of Rs. 396.1 million (exchange gains of Rs. 618.95 million net of exchange losses of Rs. 222.85 million) (2016: Rs. 405.42 million) in respect of foreign currency loans (FC loans) taken by the Company for retirement of LCs of crude oil based on discussions with Ministry of Finance (MoF). During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains and losses on the FC loans by the oil importing companies and invited views / comments thereupon. The Company, alongwith other oil importing companies is currently in discussions with MoF and State Bank of Pakistan (SBP) in this respect for finalisation of the mechanism.

21.4 This includes Government of Pakistan's share in the value of local crude purchased and petroleum levy on sale of petroleum products. The balance is net of Rs. 259.09 million (2016: Rs. 257.56 million) receivable from the Government in respect of price differential claims which resulted from restricting the ex-refinery prices charged by the Company to the oil marketing companies on instructions from MoPNR.

	2017	2016
	(Rupees in thousand)	
22. TERM FINANCE CERTIFICATES		
PRL Taraqqi TFC1 - 'TFC1' - note 22.1	-	1,722,130
PRL Taraqqi TFC2 - 'TFC2' - notes 22.2 & 22.3	234,390	244,890
	234,390	1,967,020

22.1 During the year, TFC1 was fully redeemed after expiry of tenor of 3 years.

22.2 During the year ended June 30, 2014, the Company issued TFC2 to general public and raised money thereagainst amounting to Rs. 0.54 billion. The profit is payable quarterly at the fixed mark-up rate of 10.75% from the date of investment by the certificate holder. The certificates are issued for a tenor of 5 years and are structured to redeem 100% of the principal amount in the 60th month from the date of issue. The Certificate holder, however, may ask the Company for early redemption at any time from the date of investment subject to service charges. The issue of these certificates is listed on Pakistan Stock Exchange.

These certificates are secured by way of hypothecation of stocks and book debts and hypothecation of fixed assets located in Karachi (excluding any immovable properties).

Pak Oman Investment Company Limited has been appointed as trustee in respect of these certificates.

22.3 As at June 30, 2017, staff retirement funds of the Company held 7,500 (2016: 7,500) term finance certificates of Rs. 10,000 each.

	2017	2016
	(Rupees in thousand)	
23. SHORT-TERM BORROWINGS - Secured		
Short-term finance - note 23.1	4,963,636	2,500,000
Foreign currency loan	-	3,188,057
	4,963,636	5,688,057

23.1 This represents mark-up based short term finance from commercial banks repayable in 34 to 59 (2016: 18 to 22) days from the date of balance sheet at a mark-up ranging from 6.49% to 6.63% (2016: 6.74% to 6.89%) per annum.

24. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

As at June 30, 2017 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.75 billion (2016: Rs. 8.75 billion). This includes facility of Rs. 1 billion (2016: Rs. 1 billion) from Faysal Bank Limited - a related party of which amount utilised as at June 30, 2017 amounts to Rs. 348.76 million (2016: Rs. Nil). The utilised running finance amount was obtained at a mark-up rate of three months KIBOR+0.55% per annum.

These arrangements are secured by way of hypothecation over stock of crude oil and finished products and trade debts of the Company.

The rates of mark-up range between three months KIBOR+0.55% to one month KIBOR+3% per annum as at June 30, 2017 (2016: one month KIBOR+0.6% to one month KIBOR+3% per annum). Purchase prices are payable on demand.

24.1 Unutilised credit facilities

Facilities for opening letters of credit as at June 30, 2017 accumulated to Rs. 40.06 billion (2016: Rs. 29.90 billion) of which the amount remaining unutilised at year end was Rs. 31.78 billion (2016: Rs. 20.70 billion). This includes facility for opening letters of credit amounting to Rs. 900 million (2016: Rs. 600 million) from Faysal Bank Limited - a related party.

	2017	2016
	(Rupees in thousand)	
25. ACCRUED MARK-UP		
Mark-up on long term loan	78,323	-
Mark-up on term finance certificates - note 25.1	1,920	14,782
Mark-up on short term loan	32,150	2,881
Running finance under mark-up arrangements - note 25.2	22,702	13,748
Mark-up on foreign currency loan	-	7,888
	135,095	39,299

25.1 This includes an amount of Rs. 441 thousand (2016: Rs. 2,010 thousand) in respect of term finance certificates held by the retirement benefit funds of the Company.

25.2 This includes an amount of Rs. 10.67 million (2016: Rs. 1.83 million) in respect of accrued mark-up on running finance obtained from Faysal Bank Limited - a related party.

	2017	2016
	(Rupees in thousand)	
26. PAYABLE TO GOVERNMENT - SALES TAX		
Payable to Government	971,181	566,791
Refundable from Government - note 26.1	(72,661)	(72,661)
	898,520	494,130

26.1 The Federal Government, through S.R.O. 1164(I)/2007 dated November 30, 2007 directed that sales tax shall be charged at the rate of zero percent on Petroleum Crude Oil. Sales tax refundable from Government represents the refunds due prior to November 30, 2007.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

a) Claims against the Company not acknowledged as debt amount to Rs. 4.82 billion (June 30, 2016: Rs. 4.74 billion). These include Rs. 4.13 billion (June 30, 2016: Rs. 4.11 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.36 billion (June 30, 2016: Rs. 7.36 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

b) Bank guarantees of Rs. 53 million (2016: Rs. 54 million) were issued in favour of third parties.

27.2 Commitments

a) As at June 30, 2017 commitments outstanding for capital expenditure amounted to Rs. 1.07 billion (2016: Rs. 0.41 billion).

b) Commitments for rentals under ijarah arrangements amounted to Rs. 26.51 million (2016: Rs. 32.57 million) payable as follows:

	2017	2016
	(Rupees in thousand)	
Not later than 1 year	10,715	12,521
Later than 1 year but not later than 5 years	15,793	20,048
	26,508	32,569

28. NET SALES

	2017	2016
Local sales - notes 28.1 & 28.2	99,311,937	101,977,293
Exports	3,541,061	3,110,804
Gross sales	102,852,998	105,088,097
Less:		
- Sales tax	(19,628,808)	(27,054,967)
- Excise duty and development levy	(8,911,353)	(9,864,869)
- Surplus price differential - note 28.3	(1,263,666)	(1,359,128)
- Regulatory Duty - note 28.4	(3,120,609)	(2,076,185)
	69,928,562	64,732,948

28.1 The Company sells its manufactured products to Oil Marketing Companies (OMCs). Out of these, three (2016: four) of the Company's customers contributed towards 86.02% (2016: 94.99%) of the gross revenues during the year amounting to Rs. 88.47 billion (2016: Rs. 99.83 billion) and each customer individually exceeds 10% of the gross revenues.

28.2 Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products (MS, HOBC, HSD, LDO and Aviation Fuels) are based on prices set under notifications of the MoPNR.

28.3 This includes price differential amounting to Rs. 1.07 billion (2016: Rs. 1.36 billion) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013. Further, this amount also includes price differential amounting to Rs. 191.72 million (2016: Rs. Nil) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoPNR dated September 5, 2016.

28.4 This represents regulatory duty recovered on sale of products subject to regulatory duty.

	2017	2016
	(Rupees in thousand)	
29. COST OF SALES		
Crude oil and condensate consumed - note 29.1	64,871,398	59,137,434
Salaries and wages	571,652	532,616
Retirement benefits	83,514	65,878
Fuel, power and water	459,493	467,660
Depreciation	770,120	765,556
Stores, spares and chemicals	388,806	302,618
Repairs and maintenance	175,022	175,299
Exchange loss - note 29.2	111,982	280,762
Rent, rates and taxes	37,320	33,748
Insurance	55,300	21,689
Security expenses	32,893	30,327
Staff transport	16,723	14,984
Consultancy	16,685	16,364
Amortisation of intangible assets	3,513	1,293
Subscriptions	11,138	8,988
Rentals under ijarah arrangements	7,410	6,504
Travelling and entertainment	4,231	6,730
Other expenses	1,389	7,169
	2,747,191	2,738,185
	67,618,589	61,875,619
Opening stock of finished products	934,379	1,801,996
Closing stock of finished products	(1,134,546)	(934,379)
	67,418,422	62,743,236

29.1 Cost of crude oil and condensate consumed in respect of non-finalised Crude Oil Sale Agreements and Condensate Sale Agreements have been recorded in line with notifications of MoPNR.

29.2 This represents exchange loss incurred due to fluctuation in the value of foreign currency in terms of local currency.

	2017	2016
	(Rupees in thousand)	
30. DISTRIBUTION COST		
Salaries and wages	56,212	51,090
Retirement benefits	6,585	5,566
Rent, rates and taxes	28,489	25,658
Depreciation	58,841	63,996
Insurance	16,884	6,563
Transportation and handling charges	4,371	3,170
Fuel, power and water	5,590	3,550
Repairs and maintenance	5,499	4,053
Security expenses	3,259	1,735
Staff transport	1,310	1,341
Subscriptions	1,962	1,903
Other expenses	2,186	1,848
	191,188	170,473

	2017	2016
	(Rupees in thousand)	

31. ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and wages	152,902	114,080
Retirement benefits	15,872	12,664
Depreciation	28,491	29,330
Insurance	12,551	10,729
Staff transport	6,758	5,641
Rentals under ijarah arrangements	3,355	4,156
Communication	5,726	3,939
Legal and professional charges	14,114	23,033
Travelling and entertainment	4,479	4,951
Auditors' remuneration - note 31.1	4,316	4,622
Security expenses	8,745	7,468
Printing and stationery	4,946	4,499
Subscriptions	4,341	3,417
Repairs and maintenance	11,166	8,042
Directors' fee	5,383	3,961
Computer related and software maintenance expenses	19,775	17,049
Cleaning and janitorial services	17,546	14,200
Advertising and publicity	2,723	3,314
Training expenses	7,547	2,663
Stamp duty charges	13,734	-
Other expenses	4,358	6,178
	348,828	283,936

31.1 Auditors' remuneration

	2017	2016
Audit fee	1,740	1,600
Fee for:		
- limited review of half yearly financial information and other certifications	1,097	1,646
- audit of retirement benefit funds	950	235
- review of application system	-	300
Out of pocket expenses	529	841
	4,316	4,622

	2017	2016
	(Rupees in thousand)	
32. OTHER OPERATING EXPENSES		
Donations - note 32.1	4,964	2,285
Capital work-in-progress written off	-	18,661
Impairment loss - note 3.1.4	274,062	-
Provision for doubtful debts	12,953	-
Workers' Profits Participation Fund	77,775	26,135
Workers' Welfare Fund	36,047	9,950
Research cost on refinery upgradation - note 32.2	87,287	125,288
Charge in respect of exchange gains on foreign currency loans	-	597,259
Penalty - note 32.3	800	1,000
	493,888	780,578

32.1 None of the donations were made to parties where directors are interested.

32.2 Research cost represents feasibility study carried by the Company in respect of Refinery up-gradation project including the installation of Diesel Hydrodesulphurisation Unit (DHDS).

32.3 The penalty has been imposed by Board of Revenue, Sindh under the Stamp Act, 1899.

	2017	2016
	(Rupees in thousand)	
33. OTHER INCOME		
Income from financial assets		
Profit on mark-up based term deposits	13,218	77,407
Profit on savings accounts	74,103	42,744
Others		
Rent of equipment and handling charges [including Rs. 64.58 million (2016: Rs. 63.87 million) from related parties]	81,946	90,780
Exchange gain - note 33.1	12,311	11,545
Insurance commission	2,601	3,204
Insurance claim	6,727	16,222
Interest on late payments from related party	2,130	2,096
Sale of scrap	3	9,063
Gain (net) on disposal of fixed assets - note 33.2	57	107
Liabilities no longer required written back - note 33.3	350,847	373,079
Agreement signing fee	13,333	6,667
Others - note 33.4	496	2,437
	557,772	635,351

33.1 This represents exchange gain on foreign currency trade debts incurred due to fluctuation in the value of foreign currency in terms of local currency.

33.2 This includes loss of Rs. 4 thousand on sale of printer to ex-chairman having net book value of Rs. 34 thousand.

33.3 This includes net reversal of Rs. 350.85 million representing accrued amount in respect of crude purchases consequent to finalisation of these amounts by the Company as per the agreement, which are no more considered payable.

33.4 Others include deductions from suppliers due to non-fulfilment of terms of contracts.

	2017	2016
	(Rupees in thousand)	
34. FINANCE COST - NET		
Mark-up on running finance under mark-up arrangements	53,069	75,164
Mark-up on short term loans	136,049	80,363
Mark-up on term finance certificates	62,114	201,662
Mark-up on foreign currency loans	183,385	341,068
Mark-up on long term loans	156,854	173,777
Exchange loss net - note 34.1	8,492	33,311
Bank charges	3,765	3,435
	603,728	908,780

34.1 This represents exchange loss incurred due to fluctuation in the value of foreign currency in terms of local currency.

	2017	2016
35. TAXATION		
Current for the year - note 35.1	108,284	-
Deferred	272,320	203,232
	380,604	203,232

35.1 This includes tax charge in respect of super tax for the tax year 2017 amounting to Rs. 50.73 million.

35.2 Relationship between tax income and accounting profit

	2017	2016
Accounting profit	1,440,882	486,623
Tax at the applicable tax rate of 31% (2016: 32%)	446,673	155,719
Effect of:		
- non-recognition of deferred tax on tax loss and deductible temporary differences - note 8.1	(421,957)	(273,198)
- expenses not deductible for tax purposes	1,787	120,999
- final tax	(26,510)	(4,714)
- tax credit	272,327	204,426
- minimum tax	57,556	-
- super tax	50,728	-
	380,604	203,232

	2017	2016
	(Rupees in thousand)	

36. EARNINGS PER SHARE

	2017	2016
Profit after taxation attributable to ordinary shareholders	1,060,278	283,391
Weighted average number of ordinary shares outstanding during the year (in thousand)	307,741	305,221
Basic earnings per share	Rs. 3.45	Rs. 0.93

There were no dilutive potential ordinary shares in issue as at June 30, 2017 and 2016.

37. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts of remuneration including benefits to Non-executive Directors, Chief Executive and Executives of the Company are as follows:

	2017			2016		
	Non - Executive Directors	Chief Executive	Executives	Non - Executive Directors	Chief Executive	Executives
	(Rupees in thousand)					
Fees	4,250	-	-	2,725	-	-
Managerial remuneration	-	18,173	223,480	-	15,885	193,713
Honorarium	1,100	-	-	1,200	-	-
Bonus	-	3,053	59,593	-	5,507	57,984
Retirement benefits	-	-	71,404	-	-	60,197
Housing	-	-	88,274	-	-	73,811
Utilities	-	-	19,470	-	-	16,403
Leave passage	-	-	32,225	-	-	25,172
Club expenses	-	-	996	-	-	876
Others	33	274	75,487	36	15	51,122
	33	274	216,452	36	15	167,384
	5,383	21,500	570,929	3,961	21,407	479,278
Number of persons	*12	1	162	10	1	150

*As at June 30, 2017, the total number of Directors were 10.

As at June 30, 2017, Chief Executive and certain executives are provided with free use of Company maintained cars and household equipment. In addition, certain executives are provided furnished accomodation within refinery premises according to their respective terms of employment.

38. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transaction	2017	2016
		(Rupees in thousand)	
(a) Associated companies	Sale of goods - net	63,017,974	53,489,876
	Services rendered	64,578	63,867
	Purchase of goods	17,986	33,355
	Services received	70,549	62,622
	Mark-up paid	16,092	25,846
	Interest received	2,130	2,097
	Dividend paid	65,487	-
	Dividend received	10,630	10,630
	Bank charges	175	170
(b) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	120,619	111,239
	Post-employment benefits	15,515	16,232
(c) Non-executive Directors	Fee including honorarium	5,383	3,961
	Dividend paid	26	-
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	142,991	111,928
	Mark-up paid on TFC	10,073	6,074

Sale of certain products is transacted at prices fixed by the Oil & Gas Regulatory Authority. Other transactions with related parties are carried out on commercially negotiated terms.

Status of outstanding balances in respect of related parties as at June 30, 2017 is included in long-term deposits, trade deposits and short term prepayments, trade debts, stock in trade, trade and other payables, term finance certificates, running finance under mark-up arrangements and accrued mark-up. Transactions, status and information relating to staff retirement funds are disclosed in note 19 and note 39.

39. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund as at June 30, 2017 and June 30, 2016:

	2017	2016
	(Rupees in thousand)	
Size of the fund - total assets	483,498	434,583
Fair value of investments	473,006	417,263
Percentage of investments made	98%	96%

39.1 The cost of above investments amounted to Rs. 409.03 million (2016: Rs. 345.88 million).

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

	2017	2016	2017	2016
	(Percentage)		(Rupees in thousand)	
Government securities	70%	61%	332,850	254,693
Debt securities	4%	4%	17,603	18,070
Equity securities	23%	17%	109,485	72,340
Bank deposits	3%	17%	13,068	72,160

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

39.4 During the year, the Company recognised Rs. 25.35 million (2016: Rs. 22 million) as contribution for employees' provident fund.

40. NUMBER OF EMPLOYEES

	2017	2016
Number of employees including contractual employees at the end of year	288	291
Average number of employees including contractual employees during the year	288	293

41. CAPACITY AND ACTUAL PERFORMANCE

Against the designed nominal annual capacity of 2,133,705 metric tons, the actual throughput during the year was 1,643,941 metric tons (2016: 1,693,020 metric tons) due to planned platformer catalyst regeneration shutdown. The company operated the plant considering the level which gives optimal yield of products.

42. FINANCIAL INSTRUMENTS

42.1 Financial assets and liabilities

	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Loans and advances	-	-	-	6,553	4,972	11,525	11,525
Trade deposits	-	-	-	7,631	21,198	28,829	28,829
Trade debts	-	-	-	4,470,649	-	4,470,649	4,470,649
Other receivables	-	-	-	982,627	-	982,627	982,627
Cash and bank balances	699,544	-	699,544	12,642	-	12,642	712,186
2017	699,544	-	699,544	5,480,102	26,170	5,506,272	6,205,816
2016	572,668	-	572,668	5,301,046	27,205	5,328,251	5,900,919
FINANCIAL LIABILITIES							
Long-term borrowing	400,000	1,600,000	2,000,000	-	-	-	2,000,000
Trade and other payables	-	-	-	12,153,457	-	12,153,457	12,153,457
Accrued mark-up	-	-	-	135,095	-	135,095	135,095
Running finance under mark-up arrangements	358,764	-	358,764	-	-	-	358,764
Term finance certificates	234,390	-	234,390	-	-	-	234,390
Short-term borrowings	4,963,636	-	4,963,636	-	-	-	4,963,636
2017	5,956,790	1,600,000	7,556,790	12,288,552	-	12,288,552	19,845,342
2016	8,560,762	2,000,000	10,560,762	9,729,921	-	9,729,921	20,290,683

42.2 Financial risk management objectives and policies

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. However, as also mentioned in note - 17, the Company operates under tariff protection formula whereby profits after tax in excess of 50% of the paid-up capital as of July 1, 2002 are diverted to special reserve.

The Company has long-term borrowing, short-term borrowing, running finance and term finance certificates issued to meet its working capital and capital expenditure requirements.

(i) 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. 6.2 billion (2016: Rs. 5.90 billion).

The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company believes that it is not exposed to any major credit risk as it operates in an essential products industry and its customers are organisations with good credit history.

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

	2017	2016
	(Rupees in thousand)	
Loans to employees	11,525	11,935
Deposits	28,829	29,166
Trade debts	3,930,720	5,063,413
Other receivables	982,627	61,977
Cash and bank balances	712,186	586,791
	5,665,887	5,753,282

(ii) Liquidity risk

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

(iii) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to the US Dollar. Financial assets include Rs. 1.54 billion (2016: Rs. 0.29 billion) and financial liabilities include Rs. 7.57 billion (2016: Rs. 8.98 billion) which are subject to foreign currency risk. The Company manages its currency risk by close monitoring of currency markets. As per State Bank's regulations, the Company can not hedge its currency risk exposure against procurement of crude oil.

At June 30, 2017, if the Pakistan Rupee had weakened / strengthened by 5% against the foreign currencies with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs. 301.28 million (2016: Rs. 434.57 million) respectively, mainly as a result of foreign exchange losses / gains on translation of foreign currency creditors and receivables.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk on its running finance arrangements, short-term finance and long term borrowing which is repriced at a maximum period of 90 days.

As at June 30, 2017, if average LIBOR and KIBOR interest rate on long term borrowing, short term borrowings, running finance arrangements and cash at bank in savings accounts, had been 100 basis points higher / lower with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 66.23 million (2016: Rs. 80.21 million) mainly as a result of higher / lower interest exposure on floating rate borrowing.

(v) 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.

	2017	2016
	(Rupees in thousand)	
43. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,440,882	486,623
Adjustments for non-cash charges and other items:		
Depreciation	857,452	858,882
Amortisation of intangible assets	3,513	1,293
Impairment loss - note 3.1.4	274,062	-
Share of income of associate	(10,602)	(5,327)
Gain on disposal of fixed assets - net	(57)	(107)
Capital work-in-progress written off	-	18,661
Profit on deposits	(87,321)	(120,151)
Mark-up expense	591,471	872,034
Exchange gains on cash and cash equivalents	(220)	(441)
Charge / (reversal) of provision for slow moving stores and spares	5,410	(636)
Provision for defined benefit retirement plans	80,623	62,106
Agreement signing fee	(13,333)	(6,667)
	1,700,998	1,679,647
Working capital changes - note 43.1	1,922,588	(2,058,918)
Cash generated from operations	5,064,468	107,352
43.1 Working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and chemicals	(24,177)	(135,856)
Stock-in-trade	(1,038,598)	426,586
Trade debts	740,401	1,019,735
Loans and advances	32,372	(48,484)
Trade deposits and short-term prepayments	59,396	(42,159)
Other receivables	(914,010)	2,408,782
	(1,144,616)	3,628,604
Increase / (Decrease) in current liabilities		
Trade and other payables	2,662,814	(5,675,208)
Payable to government - sales tax	404,390	(12,314)
	1,922,588	(2,058,918)
44. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 15	712,186	586,791
Short-term borrowings - note 23	(4,963,636)	(2,500,000)
Running finance under mark-up arrangements - note 24	(358,764)	(905,685)
	(4,610,214)	(2,818,894)

45. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 12, 2017 has proposed 'Nil' dividend for the year ended June 30, 2017.

The Government through Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 introducing income tax at the rate of 7.5% on accounting profit before tax on every public company that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares.

Subsequent to the year end, the Company along with some other companies has filed a Constitutional Petition in the Honorable High Court of Sindh against the legality and lawfulness of the above amendment. In addition, the Company has also approached MoPNR, MoF and the Federal Board of Revenue explaning the conflict between applicable policy framework laid down by MoPNR as explained in note 17 to these financial statements and the requirements of the Income Tax Ordinance, 2001 in respect of payment of dividends.

Liability in respect of such income tax, if any is recognised when the prescribed time period for distribution of dividend expires.

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 12, 2017 by the Board of Directors of the Company.

Muhammad Aliuddin Ansari	Aftab Husain	Imran Ahmad Mirza
Chairman	Managing Director & CEO	Chief Financial Officer

Form of Proxy
57th Annual General Meeting 2017

I / We ____

of ____ being a Member(s) __________

of Pakistan Refinery Limited holding ____

ordinary shares hereby appoint ____

of ___________________________________ or failing him / her ___________________

of ____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Fifty Seventh Annual General Meeting of the Company to be held on October 26, 2017 and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ________________ 2017.

Signed by the ____

In the presence of 1. ____

2. ____

____

____

Shareholder No.

Signature on Revenue stamp of appropriate value (to the extent applicable)

This signature should agree with the specimen registered with the Company.

IMPORTANT

Instruments of Proxy will not be considered as valid unless they are deposited or received at the Company's Registered Office at Korangi Creek Road, Karachi or Share Registrar's office not later than 48 hours before the time of holding the meeting.

The Secretary
Pakistan Refinery Limited
P.O. Box 4612, Korangi Creek Road, Karachi-75190, Pakistan.
Tel: (92-21) 35122131-40, Fax (92-21) 35060145, 35091780
Email: info@prl.com.pk
Website: www.prl.com.pk

مختار نامہ (پراکسی فارم)
ستاؤنواں (57) سالانہ اجلاسِ عام

میں مسمّی / مسمآۃ ____________________ ساکن ____________________ بحثیت رکن پاکستان ریفائنری لمیٹڈ،

مسمّی / مسمآۃ ____________________ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے ستاؤنواں (57) سالانہ اجلاسِ عام جو بتاریخ 26 اکتوبر 2017 بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

شیئر ہولڈر نمبر ____________________ دستخط شیئر ہولڈر ____________________

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو ہونا ضروری ہے)

متعین شدہ مالیت کا ریونیو ٹکٹ

آج بروز ____________________ بتاریخ ____________________ 2017 کو دستخط کئے گئے۔ دستخط مختار نمائندہ ____________________

گواہان:

ا۔ دستخط: ____________________ ۲۔ دستخط: ____________________

مختار نامہ (پراکسی فارم) اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل مکمل کوائف اور دستخط کے ساتھ کمپنی کے رجسٹرڈ آفس کورنگی کریک روڈ کراچی یا شیئر رجسٹرار کے آفس میں جمع کرانا ضروری ہے۔

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Dividend Mandate

The Companies Act, 2017 requires all listed companies to have the bank account details of their shareholders for the purpose of dividend payment, if any, to be made through electronic mode directly instead of receiving them through dividend warrants (crossed as A/c Payee only).

Bank Account Details of Shareholder for Payment of Cash Dividend through electronic mode

I hereby wish to communicate my desire to receive my future dividends directly in my bank account as detailed below:

Name of shareholder: ______________________________

Folio number: ______________________________

Contact number of shareholder: ______________________________

Bank Account No.: ______________________________

Title of Account: ______________________________

Name of Bank: ______________________________

Bank Branch & full mailing address: ______________________________

Contact No. of Bank: ______________________________

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in the future.

____________________	____________________	____________________
Shareholder’s signature	Date	CNIC / SNIC No. (copy attached)

The Secretary
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PRL

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