

Leveraging HR
to Achieve Excellence



Attock Refinery Limited



Leveraging Human Resource to Achieve Excellence

At Attock Refinery Limited (ARL), we consider Human Resource (HR) as our prime resource and it is our corporate HR policy to attain the highest standards of professionalism throughout the organization by promoting and recognizing individual capabilities, productivity, commitment and contribution. We take pride in the fact that ARL is an Equal Opportunity Employer guided by a Values System thoroughly embedded in our organizational culture.

Our highly professional and dedicated HR works in a culture supportive of openness, fairness, meritocracy, teamwork, empowerment, knowledge sharing and innovation in relentless pursuit of continual improvement and achieving excellence.

ARL training and development system aims at developing a workforce which understands the organizational culture and adheres to its values and norms in letter and spirit. In this realm, we have devised an all-encompassing training programme comprising specific on-the-job-training including use of highly advanced Operator Training Simulators. Our training matrix also exposes our employees to variety of off-the-job trainings as speakers and participants in professional conferences / workshops held in-house as well as in-country and abroad.

In line with our policy of developing the management for enhanced responsibilities, Career and Succession Planning is considered a major HR activity to prepare the staff for greater responsibilities. Departmental heads in coordination with HR department, work out development and progression plan for potential employees.

ARL regularly participates in different HR surveys for continual improvement of HR systems and remuneration policy to remain competitive. The Company also obtains employees' feedback through a structured performance improvement system.



The Company lays special emphasis on healthy work- life balance. Employees are encouraged to participate in various social and recreational activities and to use our state-of-the-art indoor and outdoor sports facilities.

In order to boost the morale of its staff, the Company presents Quarterly Awards in the areas of Performance, Safety, Energy Conservation and House Keeping. The Company also has Long Service Awards Policy to recognize and appreciate employees' long meritorious service.

Organizational functioning, the world over, is being transformed and new challenges are emerging. Organizations are implementing strategies aimed at creation and sharing of information for organizational effectiveness and high performance. This process of Knowledge Management needs a corporate environment fostering learning and innovation. The current economic down turn confronts us with a daunting challenge calling for creative and out of box solutions.

Our HR is ready and capable not only to face the challenges ahead but also to seek opportunities in them.

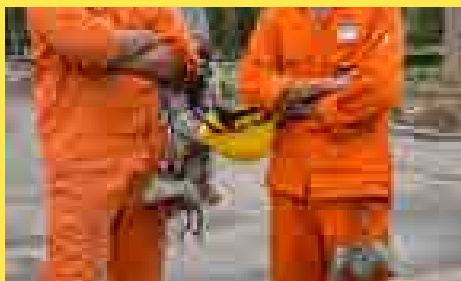
Contents



01

COMPANY OVERVIEW

- 04** Honors and Achievements
- 06** Vision, Mission & Core Values
- 07** Strategic Plan
- 08** Company Profile
- 09** Accreditation & Certifications
- 10** Series of Firsts & Major Events
- 12** ARL Products
- 14** Board of Directors
- 18** Board Committees
- 19** Company Information
- 20** The Management
- 22** Management Committees
- 23** Organogram
- 24** Health, Safety, Environment & Quality (HSEQ) Policy
- 25** Energy Policy
- 26** Human Resource Policy
- 28** Whistle Blowing Policy
- 30** Code of Conduct for Protection against Harassment at Workplace
- 32** United Nations Global Compact
- 34** Business Process Re-Engineering Research & Development
- 36** Corporate Social Responsibility



02

CHAIRMAN'S REVIEW & DIRECTORS' REPORT

- 42** Chairman's Review
- 44** Directors' Report
- 69** Directors' Report (In Urdu)



03

SHAREHOLDERS' INFORMATION

- 70** Financial Statistical Summary
- 72** Financial Highlights of ARL
- 75** Analysis of Financial Statements
- 76** Composition of Statement of Financial Position
- 78** Vertical Analysis
- 80** Horizontal Analysis
- 82** Statement of Contribution & Value Addition
- 83** Financial Highlights of AHL
- 84** Pattern of Shareholding

04



GOVERNANCE

- 88** Code of Conduct
- 94** Statement of Compliance
- 96** Review Report on Statement of Compliance

05

FINANCIAL STATEMENTS

- 99** Independent Auditors' Report to the Members
- 104** Statement of Financial Position
- 106** Statement of Profit or Loss
- 107** Statement of Comprehensive Income
- 108** Statement of Cash Flow
- 109** Statement of Changes in Equity
- 110** Notes to the Financial Statements



06

CONSOLIDATED FINANCIAL STATEMENTS

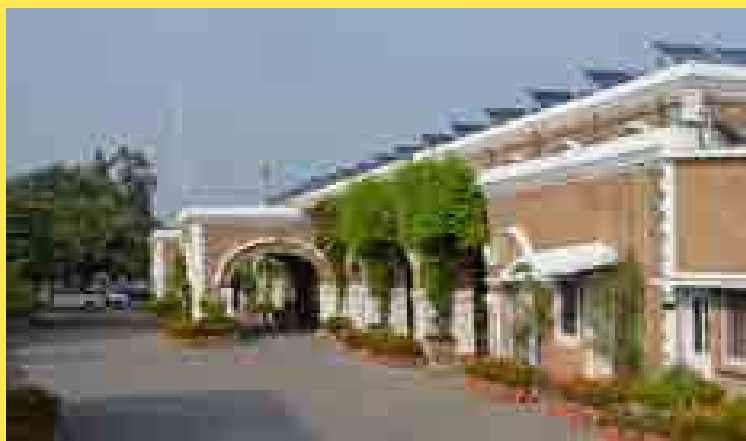
- 153** Independent Auditors' Report to the Members
- 158** Consolidated Statement of Financial Position
- 160** Consolidated Statement of Profit or Loss
- 161** Consolidated Statement of Comprehensive Income
- 162** Consolidated Statement of Cash Flow
- 163** Consolidated Statement of Changes in Equity
- 164** Notes to the Consolidated Financial Statements



07

NOTICE OF AGM & PROXY FORM

- 206** Notice of Annual General Meeting
- 210** AGM Location Map
- 211** Glossary
- 213** Proxy Form
- 215** Proxy Form (in Urdu)



Honors & **Achievements**



**15th Annual
Environment
Excellence Awards
2018 by FFEH**



**Asia
Sustainability
Reporting
Award 2017
by CSR Works
Singapore**



**First prize of
“Living the UN
Global Compact
Business
Sustainability
Award 2017**



**Best
Sustainability
Report
Award 2017
by ICAP & ICMAP**



**Platinum Award”
in overall category
of EFP’s 13th Best
Practices Award for
OHS&E 2017**



A full-page photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, two workers wearing bright orange coveralls and white hard hats are walking on a metal walkway. To their left is a large, vertical, silver-colored cylindrical vessel with a corrugated texture. To their right are large, horizontal, silver-colored storage tanks. The background is filled with a complex network of pipes, structural steel, and yellow safety railings. The lighting is bright, suggesting daylight.

**Great
vision
without
great
people is
irrelevant.**

Vision, Mission & Core Values



VISION

To be a world class and leading organization continuously providing high quality diversified environment-friendly energy resources and petrochemicals.

MISSION

We will utilize best blend of state-of-the-art technologies, high performing people, excellent business processes and synergetic organizational culture thus exceeding expectations of all stakeholders.

CORE VALUES

Our success will not be a matter of chance, but a commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:



Strategic Plan

The Company's strategic plans include enhancement of its refining capacity and production of better and more environment friendly petroleum products to maintain and expand its market in an efficient, effective and economical manner. Under this plan, the Company has completed an Up-gradation Project comprising of installation of a Pre-flash Unit, an Isomerization Complex, a Diesel Hydro Desulfurization Unit and expansion of captive power plant. Projects targeting environmental and social improvement for community development are also regular feature of Company's strategic plans.

Integrity & Ethics

Integrity, honesty, high ethical, legal and safety standards are a cornerstone of our business practices.

Quality

We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence.

Social Responsibility

We believe in respect for the community and preserving the environment for our future generations and keeping National interest paramount in all our actions.

Learning & Innovation

We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work

We believe that competent and satisfied people are the Company's heart, muscle and soul. We savour flashes of genius in the organization's life by reinforcing attitude of teamwork and knowledge-sharing based on mutual respect, trust and openness.

Empowerment

We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

Company Profile



Attock Refinery Limited (ARL) was incorporated as a Private Limited Company in November, 1978 to take over the business of The Attock Oil Company Limited (AOC) relating to refining of crude oil and supplying of refined petroleum products. It was subsequently converted into a Public Limited Company in June, 1979 and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is also registered with Central Depository Company of Pakistan Limited (CDC).

Original paid-up capital of the Company was Rs 80 million which was subscribed by the holding company i.e. AOC, Government of Pakistan, investment companies and general public. The present paid-up capital of the Company is Rs 852.93 million.

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a rich experience of more than 96 years of successful operations, ARL's plants have been gradually upgraded/ replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

It all began in February 1922, when two small stills of 2,500 barrel per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of oil flowed. After discovery of oil in Dhulian in 1937, the Refinery was expanded in late thirties and early forties. A 5,500 bpd Lummus Two-Stage-Distillation Unit, a Dubbs Thermal Cracker Lubricating Oil Refinery, Wax Purification facility and the Edeleanu

Solvent Extraction Unit for smoke-point correction of Kerosene were added.

There were subsequent discoveries of oil at Meyal and Toot (1968). Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd capacity, respectively. Due to their vintage, the old units for lube/ wax production, as well as Edeleanu, were closed down in 1986. Another expansion and up gradation project was completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. In 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned.

The latest Expansion / Up-gradation Project completed in November 2016 comprised the following:

- i) Diesel Hydro Desulphurization (DHDS) unit: This has reduced Sulphur contents in the High Speed Diesel to meet Euro II specification;
- ii) Preflash unit: This has increased refining capacity by 10,400 bpd;
- iii) Light Naphtha Isomerization unit: This has enhanced production of Premium Motor Gasoline by about 20,000 M. Tons per month;
- iv) Expansion of existing Captive power plant by 18 MW.

ARL's current nameplate capacity stands at 53,400 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes. The Company is ISO 9001, ISO 14001, ISO/ IEC 17025, OHSAS 18001 certified and is the first refinery in Pakistan to implement ISO 50001 (Energy Management System).

Accreditation & Certifications



ISO-9001: 2015
QUALITY MANAGEMENT
SYSTEM



ISO-14001 : 2015
ENVIRONMENTAL
MANAGEMENT SYSTEM



OHSAS-18001 : 2007
OCCUPATIONAL HEALTH AND
SAFETY ASSESSMENT SERIES



ISO/IEC-17025 : 2005
LABORATORY
MANAGEMENT SYSTEM

IMPLEMENTED AT ARL
ISO 50001

Energy Management System



Series of Firsts & Major Events

1922

First refinery
of the region

1987

First to start
dispensing major
products through
pipeline using
computerized
metering system

1998

First to
produce low
sulfur diesel
– less than
0.5%

First to
produce low
sulfur furnace
– less than 1%

1999

First to
produce low
lead premium
gasoline direct
from refinery
process

First to achieve
ISO 9002
certification for
quality control
laboratory

2001

First major
industry to get
ISO 9001: 2000
certification

First to
produce poly-
mer modified
asphalt

2002

First major
industry to get
ISO 14001
certification

2006

First major
industry to get
OHSAS 18001
certification



2007

First in Oil and Gas sector to get ISO 17025 accreditation

2008

First HSE Conference

2009

First HR Conference

2012

First in Pakistan to declare implementation of ISO 50001 (Energy Management System)

First Plant Maintenance & Operations Conference

2013

Commencement of setting up of ARL Up-gradation Project

2017

Preflash, ISOM, DHDS & Auxillary units commissioned

ARL Products

LIQUEFIED PETROLEUM GAS (LPG)

LPG, is a flammable mixture of hydrocarbon gases used as a fuel in heating appliances and vehicles. As its' boiling point is below room temperature, LPG will evaporate quickly at normal temperatures and pressures and is usually supplied in pressurized steel vessels. ARL is producing LPG as per PSQCA Specifications.

NAPHTHA

Number of flammable liquid mixtures of hydrocarbons i.e. a component of natural gas condensate or a distillation product. Export of high quality color-less Naphtha by ARL is adding to the national exchequer in terms of foreign exchange inflows.

JET FUEL

ARL is producing Jet fuel, a type of aviation fuel designed for use in aircraft powered by gas-turbine engines. It is clear to straw-colored in appearance. JP-1 is provided to PSO, Shell and JP-8 to Pakistan Air Force.

LIGHT DIESEL OIL (LDO)

Light diesel oil is a product that is burned in a furnace or boiler for the generation of heat or used in an engine for the generation of power. LDO is used for diesel engines, generally of the stationery type operating below 750 rpm.

MINERAL TURPENTINE TAR (MTT)

ARL is producing an inexpensive petroleum-based replacement for the vegetable-based turpentine. It is commonly used as paint thinner for oil-based paint and cleaning brushes and as an organic solvent in other applications.

FURNACE FUEL OIL (FFO)

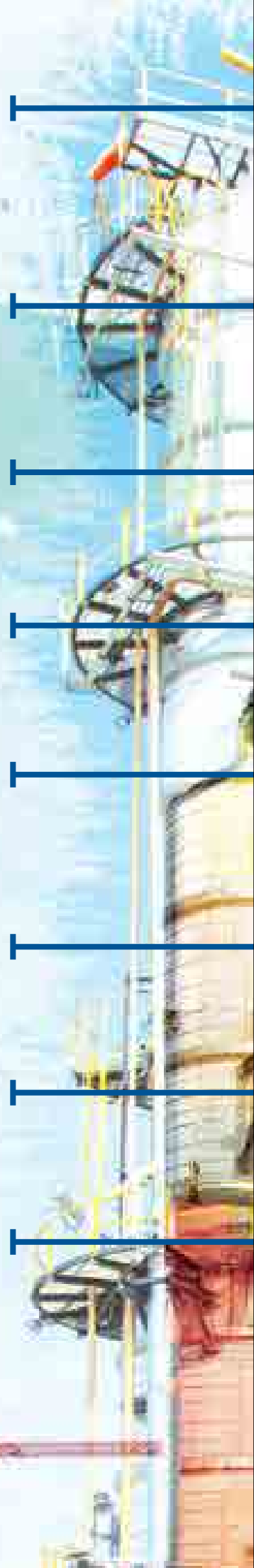
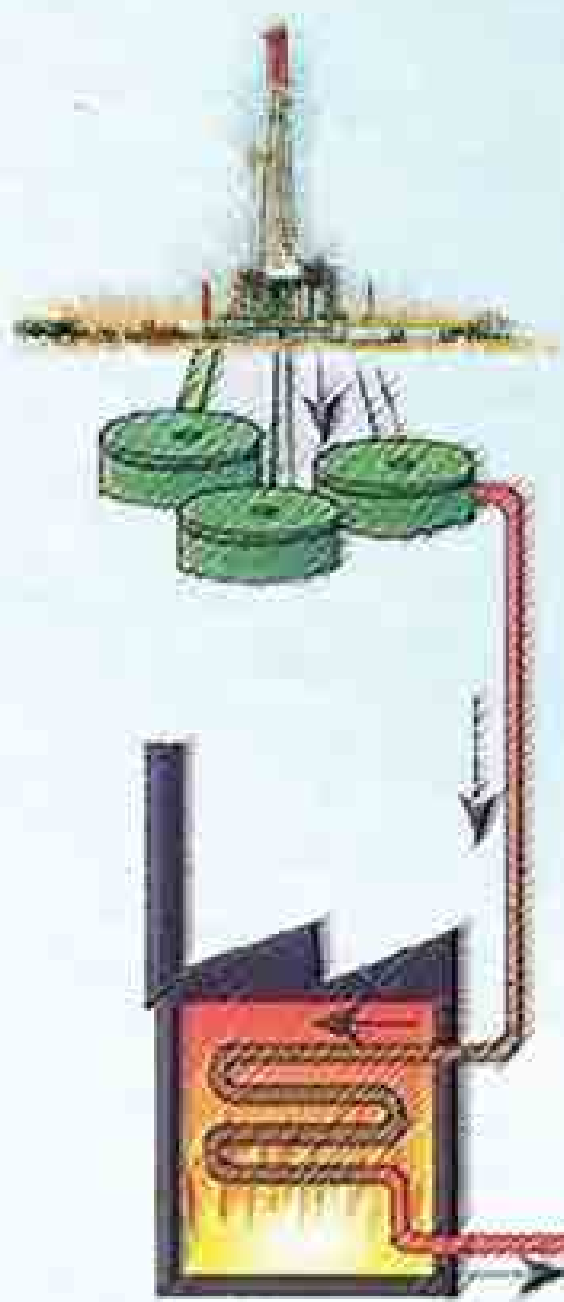
ARL supplies Furnace Fuel oil which is commercial heating oil for burner; it is also used in power plants. Major portion of this fuel is supplied to Independent Power Producers (IPPs) for the production of Electricity.

PAVING GRADE ASPHALTS

A dark brown to black cementations material in which the predominating constituents are bitumen which is obtained during processing. ARL is producing two grades products 60/70 and 80/100.

POLYMER MODIFIED BITUMEN (PMB)

ARL is the only refinery of Pakistan producing this special product. Bitumen is further treated with polymer which enhances consistency, reduces temperature susceptibility, improves stiffness and cohesion, increases flexibility, resilience and toughness, develops binder-aggregate adhesion. It is worth mentioning that Pakistan motorway is using latest polymer-modified bitumen produced by ARL.



PREMIUM MOTOR GASOLINE (PMG)

It is a transparent petroleum-derived liquid that is primarily used as a fuel in internal combustion engines. Some additives are also added in it to improve quality. ARL is a major provider of PMG around the country. During the year the Company started producing 90 RON PMG.

KEROSENE OIL

It is a thin, clear liquid formed from hydrocarbons. Kerosene is the main fuel used for cooking and kerosene stoves have replaced traditional wood-based cooking appliances.

HIGH SPEED DIESEL (HSD)

HSD produced by ARL is used as a fuel for high speed diesel engines like buses, lorries, generating sets, locomotives etc. Gas turbine requiring distillate fuels normally make use of HSD as fuel. After commissioning of DHDS units, ARL is supplying HSD with low sulphur contents (500ppm) to meet Euro-II specification.

SOLVENT OIL

It is a mixture of liquid hydrocarbon obtained from petroleum and used as a solvent in commercial production and laboratory research. It readily dissolves all petroleum fractions, vegetable oils & fats and organic compounds of sulfur, oxygen and nitrogen. The solvent action increases with the solvent's aromatic-hydrocarbon content.

JUTE BATCHING OIL (JBO)

JBO produced by ARL is mainly used as in the jute industry to make the jute fibers pliable. JBO is also used by processors to produce various industrial oils. ARL is the only refinery in Pakistan that produces JBO.

RESIDUAL FURNACE FUEL OIL (RFO)

It is special high-viscosity residual oil requiring preheating. This fuel is specially manufactured for Attock Gen Limited (165 Mega Watt) power plant.

CUTBACK ASPHALTS

Cutback Asphalt is manufactured by blending asphalt cement with a solvent. There are two major types of Cutback Asphalt based on the relative rate of evaporation of the solvent: Rapid-Curing (RC), Medium-Curing (MC). RC Cutback Asphalt is used primarily for surface treatments and tack coat. MC Cutback Asphalt is typically used for prime coat, surface treatments and stockpile patching mixes. ARL is producing three grades i.e. RC-70, RC-250 & MC-70.

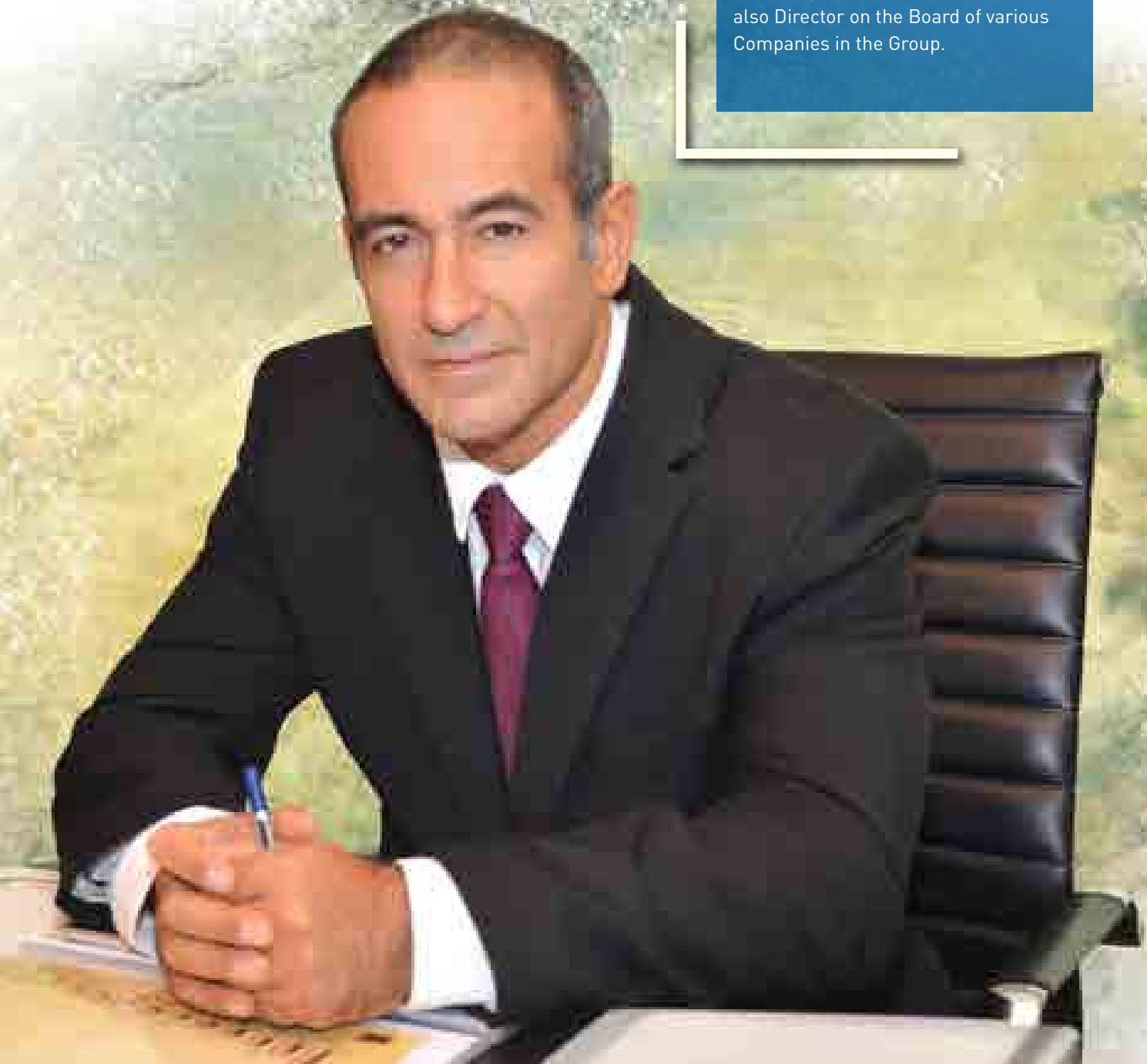


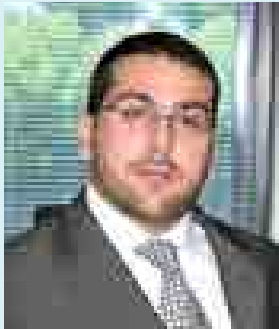
Board of Directors

MR. LAITH G. PHARAON

**Non Executive Director
(Chairman Attock Group of Companies)**

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Laith holds a graduate degree from the University of Southern California. He is also Director on the Board of various Companies in the Group.





MR. WAEL G. PHARAON

Non Executive Director

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Wael holds a graduate degree. He is also Director on the Board of various Companies in the Group.



MR. SHUAIB A. MALIK

Chairman/ Non Executive Director &
Alternate Director to Mr. Laith G. Pharaon

Mr. Shuaib A. Malik has been associated with Attock Group of Companies for around four decades. He started his career as an Executive Officer in The Attock Oil Company Limited in July 1977 and served in different Companies in the Group at various times with the responsibility to supervise and oversee the operations and affairs of these Companies. He has exhaustive experience related to various aspects of upstream, midstream and downstream petroleum business. He obtained his bachelor's degree from Punjab University and has attended many international management programs, workshops and conferences including two such programs at British Institute of Management, UK and Harvard Business School, USA. Presently, he is holding the position of Group Chief Executive of the Attock Group of Companies besides being a Director on the Board of all the Companies in the Group.



MR. ABDUS SATTAR

Non Executive Director

Mr. Abdus Sattar has over 35 years of Financial Management experience at key positions of responsibility in various Government organizations/ ministries, commercial organizations with the main objective of controlling costs of various commodities, to watch consumer interest, minimize government subsidies, improve government revenues, eliminate wasteful expenses/ leakages and fixation of gas and POL prices. After serving as Financial Advisor to Ministry of Petroleum & Natural Resources, Government of Pakistan, he also remained Financial Advisor for Mari Gas Company Limited for around 8 years including 6 years as its Director on the Board. While working as Financial Advisor in Ministry of Petroleum, he also served as Director on a number of boards like OGDCL, PPL, SNGPL, SSGCL, PSO, PARCO, ARL, POL, NRL, PMDC etc. as a nominee of Government of Pakistan for about 7 years. He is a fellow member of Institute of Cost and Management Accountants of Pakistan (ICMAP) and was also nominated as council member of ICMAP for 3 years (Jan 2000 to Dec 2002) by the Government of Pakistan. He has attended many advance financial management courses, programs and trainings in institutions of international repute in Pakistan and abroad. Presently, he is on the Board of Pakistan Oilfields Limited, Attock Refinery Limited, Attock Cement Pakistan Limited, Attock Petroleum Limited and National Refinery Limited and a visiting faculty member of a number of reputed universities and professional institutions.

Board of Directors



MR. JAMIL A. KHAN
Non Executive Director

Mr. Jamil A. Khan was previously working in Pakistan Air Force in General Duty Pilot Branch and continued to serve in various operational, administration and staff positions for over sixteen years.

He joined National Refinery Limited in 2005 immediately after its privatization and is presently serving as Deputy Managing Director and a member of the Board of Directors as an alternate director. He is a graduate in aero sciences and holds a degree of Masters in Business Administration (Finance) besides qualifying the directors training program from Pakistan Institute of Corporate Governance (PICG).



MR. SHAMIM AHMAD KHAN
Independent Non Executive Director

After joining Civil Service of Pakistan, Mr. Shamim Ahmad Khan served in senior positions in the Government, particularly in the Ministry of Finance and retired as Secretary, Ministry of Commerce. For ten years, he worked in Corporate Law Authority, regulatory body for the corporate sector as Member and later as Chairman. He restructured it as Securities and Exchange Commission of Pakistan (SECP) and became its first Chairman. After leaving SECP in 2000, he has been serving as director of a number of listed companies. Presently, he is a non executive director of Packages, IGI Insurance and Abbott Laboratories. He is also Chairman of IGI Life Insurance. Earlier he has served on the Boards of ABN AMRO/ Royal Bank of Scotland, Linde Pakistan and Pakistan Reinsurance Company. He has also been associated with non government sector. For six years, he served as Member/ Chairman, Certification Panel, Pakistan Center for Philanthropy and presently he is member of Board of Governors of SDPI. Mr. Khan has undertaken a number of consultancy assignments for Asian Development Bank, World Bank and DFID.



MR. G. A. SABRI
Independent Non Executive Director

Mr. G.A. Sabri did his Master's in Chemical Engineering from Punjab University in 1972. He has vast experience in the petroleum sector. He has served in senior positions in the Ministry of Petroleum and Natural Resources as Director General Renewables and Energy Resources, Director General Gas, Director General Oil, Director General Petroleum Concessions, Additional Secretary Petroleum and retired as Special Secretary Petroleum in 2010.

During his service, G.A. Sabri frequently tackled, and accomplished various tasks of national importance. He facilitated the approval and commissioning of PARCO refinery, Bosicar Refinery, White Oil Pipeline Project and Attock Petroleum Ltd. He zealously worked to strengthen policies, drafting concession agreements, both onshore & offshore, rules and the new Petroleum Policy 2008 in house. He was Chairman of two public sector organisations and member of Board of Directors of almost 18 top oil and gas companies from time to time. He remains one of the foremost energy experts of Pakistan.


MR. BABAR BASHIR NAWAZ

Alternate Director to
Mr. Wael G. Pharaon

Mr. Babar has over 32 years of experience with the Attock Group of Companies. During this period, he has held various positions in Finance, Personnel, Marketing & General Management before being appointed as the Chief Executive of Attock Cement Pakistan Limited in 2002. Mr. Bashir holds a Master's degree in Business Administration from the Quaid-e-Azam University in Islamabad and at present is also a Director on the Board of all the listed companies of the Group in Pakistan. He has attended various courses, workshops and seminars in Pakistan and abroad on the business management and has substantial knowledge of the cement industry in Pakistan. Currently he is also a member of the Management Committee of the Overseas Investors Chamber of Commerce and Industry and the All Pakistan Cement Manufacturing Association.


MR. M. ADIL KHATTAK

Chief Executive Officer

Mr. M. Adil Khattak, Chief Executive Officer of Attock Refinery Limited (ARL) since 2005 has been associated with The Attock Oil Group in Pakistan for the last 42 years. Prior to re-joining ARL as CEO, he worked for two years as Chief Operating Officer of Attock Petroleum Limited. Mr. Khattak has extensive experience in engineering, maintenance, human resource management, project management and marketing.

Mr. Khattak also holds the positions of Chief Executive Officer of Attock Hospital (Pvt.) Ltd., and National Cleaner Production Centre (NCPC). He is Director on the Boards of Attock Information Technology Services Limited and Petroleum Institute of Pakistan (PIP). He is also a Member on the Boards of Governors of Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), Sustainable Development Policy Institute (SDPI), Corporate Advisory Committee (NUST), Governing Council (PMQA), National Productivity Organization and Member Board of Studies, UET, Peshawar. Mr. Khattak is President of Attock Sahara Foundation, an NGO, working for the poor and needy people of Morgah and its surrounding areas.

Mr. Khattak holds a master's degree in engineering from Texas Tech University, USA and has attended many technical, financial and management programs in institutions of international repute in Pakistan, USA, Europe and Japan.

Board Committees



PHOTOGRAPH OF THE 192ND BOARD OF DIRECTORS MEETING HELD ON AUGUST 14, 2018, IN DUBAI, UNITED ARAB EMIRATES

AUDIT COMMITTEE

Shamim Ahmad Khan
Chairman
(Independent Director)

Shuaib A. Malik
Member

Abdus Sattar
Member

G. A. Sabri
Member
(Independent Director)

Babar Bashir Nawaz
Member
(Alternate Director)

Responsibility

The Audit Committee's primary role is to ensure compliance with the best practices of Code of Corporate Governance, statutory laws, safeguard of Company's assets through monitoring of internal control system and fulfill other responsibilities under the Code.

HR & REMUNERATION COMMITTEE

G. A. Sabri
Chairman
(Independent Director)

Shuaib A. Malik
Member

Jamil A. Khan
Member

M. Adil Khattak
Member

Responsibility

The prime role of the Human Resource & Remuneration Committee is to give recommendations on matters like human resource management policies, selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. The Committee also considers recommendations of CEO on such matters for key management positions.

Company Information

Chief Executive Officer

M. Adil Khattak

Chief Financial Officer

Syed Asad Abbas (FCA)

Company Secretary

Saif ur Rehman Mirza (FCA)

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates

Legal Advisors, Advocates & Solicitors

Share Registrar

Central Depository Company of Pakistan Limited

Share Registrar Department,
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400.

Registered Office

The Refinery, Morgah, Rawalpindi

Tel: (051) 5487041-5

Fax: (051) 5487093

(051) 5406229

E-mail: info@arl.com.pk

Website: www.arl.com.pk



The Management





Left to Right:

Saif-ur-Rehman Mirza
Company Secretary

Anwar Saeed
Manager (HSEQ)

Salman Tariq
AGM (Maintenance)

Javed Iqbal Malik
AGM (HR & A)

M. Adil Khattak
Chief Executive Officer

Ejaz H. Randhawa
DGM (Operations)

Syed Asad Abbas
Chief Financial Officer

Asif Saeed
Senior Manager (C & MM)

Munir A. Temuri
AGM (TS, P&D)

Usman Ishaq Raja
Manager (BR&A)

Saeed Uddin Faruqi
Manager (Engineering)

Management Committees

Various Committees have been formulated to look after the operational and financial matters of the Company. Brief description of the role of Committees involved in strategic matters is given below:



MANAGEMENT COMMITTEE

This Committee which is constituted of all departmental heads meets fortnightly under the chairmanship of CEO to coordinate and discuss various issues.

VALUE & ETHICS COMMITTEE

The primary role of this Committee is to investigate and advise the CEO appropriate action regarding violation of ARL Core Values and related codes and policies.

SUCCESSION PLANNING AND CAREER MANAGEMENT COMMITTEE

This Committee is responsible for initiating and taking all necessary steps towards formulation and implementation of an appropriate Succession Planning and Career Management System in the Company.

ECONO-TECH. COMMITTEE

This Committee reviews all new proposals relating to Refinery operations and projects and formulates recommendations after discussing/ evaluating it from technical and economic aspects.

BUDGET COMMITTEE

This Committee reviews and recommends the annual budget proposals for the approval of the Board of Directors. It also monitors the approved budget utilization.

APPRAISAL COMMITTEE

The role of this Committee is to review and propose annual increments and promotions of management staff. The Committee also proposes areas for improvement for each employee.

PRICING COMMITTEE

This Committee is responsible for determining prices of deregulated products from time to time.

CENTRAL HSE COMMITTEE

The primary role of this Committee is to set operating policy and procedures consistent with HSEQ Policy and to monitor implementation of the policy. Furthermore, this Committee provides a strategic direction, sets goals and objectives, monitors performance and provides a mechanism for dealing with safety behavior issues.

BID EVALUATION COMMITTEE

The primary responsibility of this Committee is to review cases of bids for purchase of goods and services to ensure acquisition of the most suitable resource at the optimum price.

RISK MANAGEMENT & STRATEGIC PLAN COMMITTEE

This Committee discusses and decides all matters related to risk management and strategic plan of Attock Refinery Limited.

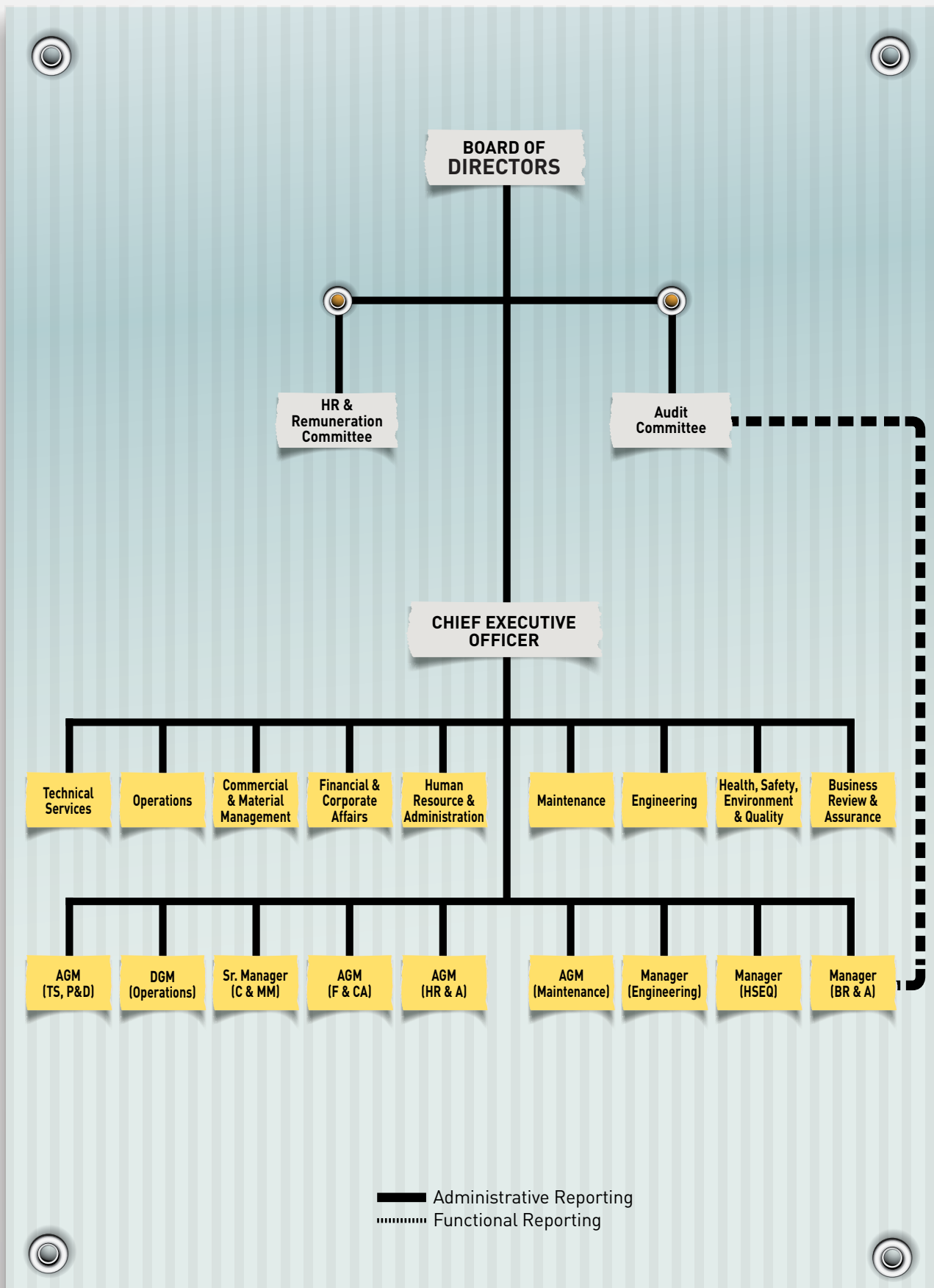
STANDING COMMITTEE FOR GENDER JUSTICE

The prime responsibility of this Committee is to safeguard rights of employees and making the work environment free of harassment. In case of any complaint, conduct proper investigation and advise CEO for appropriate action.

TRAINING STEERING & SCHOLARSHIP COMMITTEE

This Committee proposes names of staff members for outside trainings and also approves scholarships for employees' children.

Organogram



Health, Safety, Environment & Quality (HSEQ) Policy



ARL is committed to provide the best quality products in the market, endeavors to protect the environment and to ensure health and safety of its employees, contractors, customers and work for continual improvements in Health, Safety, Environment and Quality (HSEQ) systems. ARL is committed to comply with all applicable Health, Safety, Environment and Quality laws and regulations. The Policy shall be used to demonstrate this commitment through:

HEALTH

ARL seeks to conduct its activities in such a way as to promote the health of and avoid harm to its employees, contractors, visitors and the community.

SAFETY

ARL ensures that every employee or contractor works under the safest possible conditions. It is our firm belief that every effort must be made to avoid accidents, injury to people, damage to property and the environment.

ARL believes that practically all accidents are preventable by carrying out risk assessments and reducing risks identified by appropriate controls.

ENVIRONMENT

ARL is committed to prevent pollution by the efficient use of energy throughout its operations, recycle and reuse of the effluent wherever possible and use of cost-effective cleaner production techniques that lead to preventive approach for sustainable development.



QUALITY

ARL recognizes employees' input towards quality by emphasizing skills development and professionalism. ARL must be customer driven, cost effective and continuously improving services, works and products to meet requirements of the market.

ARL conducts periodic audits and risk assessment of its activities, processes and products for setting and reviewing its objectives and targets to provide assurance, to improve HSEQ standards and loss control. ARL is committed to share all pertinent information related to HSEQ with all concerned parties.

Energy Policy



As a responsible corporate entity, Attock Refinery Limited (ARL) is cognizant that natural energy resources are not only scarce but also very precious and need to be optimally utilized. Ever-increasing environmental consciousness as well as market competition demands enhancement of energy efficiency and energy conservation where possible. Energy conservation positively impacts environment and goes a long way in reducing greenhouse gases and other hazardous emissions.

ARL is committed to produce quality petroleum products by employing economical energy efficient processes and equipment. It is our goal to reduce energy consumption where possible by regular monitoring and up gradation. We believe that energy

efficiency and optimization is the key to sustainable development.

In our economic and development strategies, we focus on initiatives that will use energy resources more efficiently. To further enhance the energy management, ARL has set the following energy objectives:

1. USE OF ROBUST, SCIENTIFICALLY SOUND TECHNOLOGY:

This will enable the optimization of the existing resources and employing energy efficient equipment while protecting the environment.

2. ENERGY MANAGEMENT:

ARL believes in setting realistic targets pertaining

to energy efficiency and conservation and review them periodically to ensure sustainable growth.

3. RESPONSIBLE DEVELOPMENT:

ARL is committed to comply with all applicable legal requirements in respect of energy efficiency, conservation and its reporting.

4. ENERGY CONSERVATION AWARENESS:

To keep abreast with latest development in energy conservation technologies and inculcate energy conservation culture in all our activities.

Human Resource Policy

ARL Corporate policy on human resources is to attain the highest standards of professionalism throughout the organization by recognizing and revealing individual capabilities, productivity, commitment and contribution. ARL firmly believes that the continued progress and success of the Company depends upon to a great extent on its personnel – that only with a carefully selected, well trained, achievement oriented and dedicated employee force, can the Company maintain its Leadership in the Refining industry. And because the most valuable asset of the Company is its personnel, ARL has the following human resource policies:

1. Employ the best-qualified persons available, recognizing each person as an individual thus affording equal opportunity.
2. Pay just and responsible compensation in line with the industry standards, job requirements and work force.
3. Help employees to attain their maximum efficiency and effectiveness through a well-rounded training and development program.
4. Provide and maintain comfortable, peaceful and orderly working conditions.
5. Promote from within whenever possible and provide opportunities for growth and promotion to the employees.
6. Treat each employee with fairness and respect and in return expect from him service marked by dedication, devotion, commitment and loyalty.
7. Encourage each employee to improve and develop him/ her self and thereby prepare him/ her for positions of higher responsibility.
8. Recognize and reward efficiency, team work, discipline and dedication to duty and responsibility.
9. Exhaust all means to resolve Labor-Management differences, if any, promptly and amicably.
10. Provide a wholesome and friendly atmosphere for harmonious Labor-Management relations.





Whistle Blowing Policy

The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound effective and efficient internal control system and operational procedures.

All employees have signed a code of conduct and the Company takes any deviation very seriously.

The Company encourages Whistle Blowing to raise the issue directly to Chief Executive Officer provided that:-

- The Whistle Blower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his/ her own end.
- The Whistle Blower understands that his/ her act will cause more good than harm to the Company and he/ she is doing this because of his/ her loyalty with the Company and
- The Whistle Blower understands the seriousness of his/ her action and is ready to assume his/ her own responsibility.

The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal.



“
Technology is
teaching us to be
Human again
”



Code of Conduct for Protection against Harassment at Workplace

OBJECTIVE:

Attack Refinery Limited (ARL) is dedicated to provide a working environment that ensures that each & every employee is treated with respect & dignity and afforded with equitable conduct. The Company is committed to encourage a positive professional work atmosphere that is essential for the professional growth of its staff and it also promotes equality of opportunity. Harassment, therefore, has no place at ARL. This policy affirms ARL's zero tolerance for harassment on bases of race, color, origin, gender, religion, age or any physical attributes. The policy also assures employees the right to employment in a place of work that is free from harassment and intimidation in accordance with the spirit and theme of "Protection Against Harassment of Women at workplace Act, 2010"(the Act).

Harassment is not necessarily confined to the behavior of seniors toward juniors, it can take place between colleagues at the same level or involve staff behaving inappropriately towards more senior staff.

The Company views harassment to be among the most serious breaches of work place decorum. Consequently, appropriate disciplinary or corrective action, ranging from a warning to termination, can be expected if such a situation arises and demands for it.

It should be noted that harassment can also lead to civil and criminal claims beyond the Company's own disciplinary proceedings.

Application:

This policy applies to all employees who work in the Company; that includes Senior and Junior management employees and office staff members including internees or apprentices/ trainees. The Company will not tolerate harassment whether it is by fellow Employees, junior or senior staff members.

The workplace includes:

1. All offices or other premises where business of the Company is conducted;
2. All Company-related activities performed at any other location away from the Company's premises;
3. Any social, business or other functions where the behavior or remarks may have an effect on the place of work or workplace relations.

EXPLANATION:

Definition of Harassment:

For this policy, Harassment is defined as:

"Engaging in a course of vexatious comment or conduct against an employee in a workplace that is known or ought reasonably to be known to be unwelcomed, unsolicited, unreciprocated and usually (but not always) repeated. It is behavior that is likely to offend, humiliate or intimidate".

For harassment to occur there does not have to be an intention to offend or harass. It is the impact of the behavior on the person who is receiving it, together with the nature of the behavior, which determines whether it is harassment.

Further, 'workplace' in this context is defined to include not only the usual work environment, but also work related events, seminars, conferences, work functions and business trips.

Forms of harassment include but not limited to:

1. **Verbal abuse:** Unwanted comment that offends, humiliates or engenders anxiety or fear.
2. **Bullying:** Repeated mistreatment, verbal abuse, or conduct which is threatening, humiliating, intimidating, or that which interferes with work.
3. **Sexual harassment:** Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.
4. **Racial/ religious harassment:** Any unwanted comment referring to the worker's religious affiliation or racial background that attempts to humiliate or demean a worker.
5. **Age harassment:** include offensive remarks about a person's age and treating that person unfavorably on basis of his/ her age.
6. **Stalking:** is unwanted or obsessive attention which includes staring, following or monitoring.





ROLES AND RESPONSIBILITIES:

All staff members have a personal accountability to make sure that their conduct is not in conflict with this policy.

All staff members are expected to participate in this endeavor which in turn would strengthen and promote the development of a work environment free from harassment.

The Management is responsible for:

- Discouraging and stopping employment-related harassment;
- Examining every official written complaint of harassment;
- Taking proper corrective measures to react to any substantiated allegations of harassment in the Company;
- Ensuring that all staff members of the Company are aware of the harassment predicament and as to what their individual and collective responsibilities are with respect to circumventing/stopping harassment.

RESOLUTION OF HARASSMENT COMPLAINTS:

The Company is committed to provide a helpful working environment to resolve harassment worries by setting up an Inquiry Committee consisting of 3 members to be constituted by the Chief Executive Officer.

Complaints:

1. Although, it is the responsibility of the Departmental Heads/ Managerial Members to address the issue of Harassment however, in case of non-resolution of the complaint, any staff member of the Company with a harassment concern may bring an official complaint to the Inquiry Committee. All such complaints will be investigated promptly.
2. All records of complaints that include the meetings, discussions, dialogues, investigation results, and other related material will be kept confidential by the Committee/ Company, except for where revelation is required for disciplining or any other remedial process.
3. After investigating the matter, the Committee will forward its report to the competent Authority who is the Chief Executive Officer of the Company. If it is confirmed that a harassment allegation is valid, strict disciplinary or corrective actions will be taken accordingly. However, false allegations/complaints will result in disciplinary action against the original Complainant.

NO REPRISAL:

The Company is committed to ensure that no staff member, who brings forward a (genuine) harassment complaint, is subjected to any kind of reprisal. Any retaliatory action will be viewed as a disciplinable matter.

EMPLOYEES, WHO HAVE BEEN SUBJECTED TO HARASSMENT, MAY WRITE DIRECTLY TO THE CHIEF EXECUTIVE OFFICER FOR RESOLUTION OF THEIR CASES.

United Nations Global Compact



Ten Principles Adopted by the Company in January 2008 as a Guideline to Business Management

United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative is a call to action for corporate sector. Attock Refinery Limited adopted it voluntarily during the year 2008 in pursuance of its commitment to sustainable growth while contributing to global priorities. We wish to be among the architects of a better world by becoming key partner in tackling our world's most pressing challenges.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

Make sure that they are not complicit in human rights abuses.

LABOR STANDARDS

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.



Communication on Progress

Year: March 2017 to February 2018

STATEMENT OF CONTINUED SUPPORT

Since its inception in 1922, Attock Refinery Limited (ARL) has been taking keen interest in economic elevation, social cohesion, ethical consideration and environmental friendly impact of our activities on various stakeholders. To achieve this objective, we have been following the triple P approach i.e. People, Planet & Profits.

In addition to recognition of ARL's dedication towards the ten principles of UNGC, the Company was awarded "Living the UN Global Compact Business Excellence" Award in 2016. ARL transparent sustainable practices and sustainability reporting were also awarded by ICAP-ICMP Pakistan in year 2016. ARL won Environment Excellence Award 2017 of National Forum for Environment & Health (NFEH) and the Company was shortlisted as a finalist for the category of Asia's best Environmental Reporting & Asia's Best Stakeholder Reporting Awards in Asia's Sustainability Reporting Awards 2017.

The call of the United Nations Global Compact (UNGC) to corporate sector companies is a noble undertaking to embrace, support and enact, within their sphere of influence in four areas of Human Rights; Labour, Environment and Anti-Corruption. In this realm, ARL has adopted UNGC ten principles which make meaningful difference by developing holistic approach for society and future generations.

In pursuance of compliance with the UNGC principles, it is our privilege to confirm that ARL's strategic planning and development towards sustainability is based on diversification, competitiveness, transparency of our operations complying with all the pertinent and applicable national and international laws, rules, regulations and standards, environmental protection, synchronized community and social responsibility services.

We also realize that integrated approach to manage diverse

issues is a daunting task, especially to embark on patrolling of boundaries between legal and illegal, ethical and unethical, right and wrong, fair and unfair. In order to work within the defined boundaries and eliminate barriers to innovative ideas, ARL business practices are aligned with our deeply embedded core values. We believe that it is not a onetime stand, rather a continuous and enduring journey to achieve wholesome success.

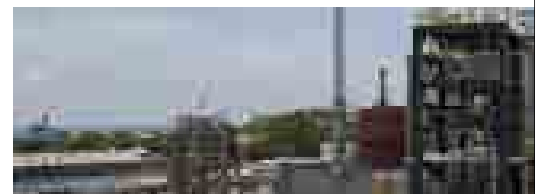
ARL reiterates its resolve towards best global practices to remain on the forefront of a socially responsible company through strict adherence of UNGC guiding principles.

– Sd –

M. Adil Khattak
Chief Executive Officer

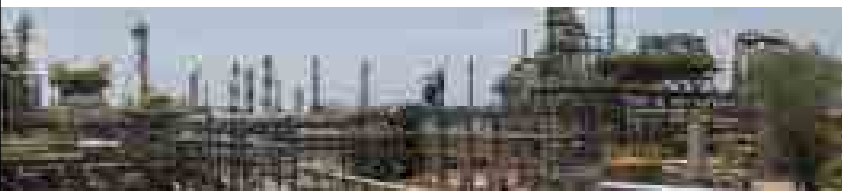
February 21, 2018

Business Process Re-Engineering, Research & Development



The Company continued its endeavors to further improving the operational and administrative efficiency in order to have positive impact over product quality and production slate. Some of the major tasks performed in this connection are as follows:

1. A Continuous Catalyst Regeneration (CCR) Reformer Unit is being planned to upgrade the surplus naphtha pool to PMG. This unit will enable ARL to meet the growing demand of PMG by producing high Octane product without addition of octane boosting additives. ARL invited bids from leading technology providers (Licensors) i.e. M/s UOP, USA and M/s Axens, France. The technology selection is in progress and it is expected that the Contract for Licensor Process Design Package (PDP) will be awarded by 3rd Quarter of 2018.
2. Government of Pakistan has imposed curbs on the use of fuel oil for power generation by Independent Power Producers (IPPs) due to the availability of re-gasified LNG. Reduced Furnace oil demand has a direct impact on refinery throughput. A scoping study for upgradation of bottom-of-barrel has been initiated to evaluate the most viable option / technology for Furnace oil minimization by maximizing middle distillates. For this purpose, correspondence with reputable technology providers like UOP, KBR, Axens and Haldor-Topsoe is underway.
3. Optimized performance test run of Diesel Hydro Desulphurization unit (DHDS) at 110% of the design capacity was done successfully.
4. ARL was facing abnormally high increase in Naphtha Hydrotreater Reactor pressure drop at Reformer plant. It was controlled by in-house modification in feed tanks and use of Cattrap disc technology in consultation with UOP.
5. The project of Remotely Operated Isolation Valves (ROIVs) installation was conceived to improve safety at plants. An in-house study was conducted in order to identify the number of ROIVs required and to outline the project requirements. Detailed engineering work for their installation has now been completed.
6. In-house safety review recommended the closed drain system for Sour Water Stripping Unit (SWS) in view of H₂S hazard. Initially basic engineering for the project was completed by ARL engineers. After that; a detailed engineering contract awarded to a third party consultant.



- 7.** Based on the R&D on spent caustic disposal, ARL team developed its treatment method and temporary facility using indigenous resources. After successful trial run and chemical process treatment of all the spent caustic streams; ARL engineers did basic engineering to install a permanent and properly designed facility with improved reliability, controls and efficiency. Contract has been awarded to a third party consultant for detailed engineering and expected to be completed during FY 2018-19.
- 8.** Low sulfur in ARL Diesel stream does not allow Sulfur Recovery Unit operation at minimum design capacity. The Licensor M/s Jacobs was contacted to review the turndown capacity of the unit. Basic engineering study has been done which has concluded that the unit can be operated with minor changes related to mechanical and instrumentation along with introduction of a new catalyst in first of the four reactors.
- 9.** ARL in consultation with UOP took initiative to test the Light naphtha Hydrotreater (LHT) at higher throughput after detailed evaluation. Plant throughput was gradually increased up to 125% load with respect to design feed rate. The test run provided satisfactory results and enabled ARL to operate LHT unit above its general design margin of 10%. LHT is now continuously operating on 116% load for more than 8 months. The Licensor UOP has also been contacted to review and validate the results. This has helped in maximum capacity utilization of ISOM unit for PMG production.
- 10.** Due to decreased supply of SNGPL gas different options of backup fuel availability were evaluated and LPG Vaporizer was finally selected for implementation. It uses stored liquid LPG as feedstock and vaporizes to gas for use through normal refinery gas gathering system. LPG Vaporizer has been installed, commissioned and tested successfully.
- 11.** Lummus unit was shut down for Annual Turnaround and third party inspection in February 2018. M/s SGS did detailed inspection of plant piping and equipment to ascertain useful life and declared fit for operation. Recommended plant piping along with Atmospheric Heater refractory and tubes were also replaced.
- 12.** In-house HAZOP study of Hydrogen Plant was carried out to fulfill HSEQ requirements and identify risk control techniques.
- 13.** Aviation fuel production facilities from plants to final dispatch are annually audited by third party. This year, Air Total Aviation France, ranked ARL overall level of operations from "SATISFACTORY" to "GOOD".
- 14.** Improved performance of Effluent Treatment Plant (ETP) resulted in yearly recovery of 20 Million gallons of reusable water for refinery operations and 11,000 barrels of recovered oil for reprocessing.
- 15.** Direct supplies of Aviation fuel from ARL to new Islamabad airport started.
- 16.** Three new tube wells (192,000 gallons/day) were developed and commissioned to fulfill refinery operations requirement of water.
- 17.** Process Water conservation (10,000 gallons/day) was ensured by diverting treated water from Sour Water Unit (SWU) to Heavy Crude Unit (HCU) for desalting purpose.
- 18.** Heavy crude unit as-built P & IDs drawings were updated.
- 19.** Continuous and enhanced fuel gas production from Amine Unit (AMU) was ensured using in-house jacketed steam modification on Sour gases feed line at AMU. This modification also helped to fix the H₂S release hazard at plant.
- 20.** Operator Training Simulator (OTS) is a tool which creates real time environment identical to control room for plant operators. During last year; 73 persons participated the training sessions. Out of these six (6) engineers, eight (8) board men and six (6) field operators are performing independent duty at different plants.

Corporate Social Responsibility

Since its inception in 1922, Attock Refinery Limited's contribution towards CSR has been an important part of our core values. During these long years, we have taken exhaustive initiatives in this realm and continue to find ways and means to meaningfully contribute towards community welfare activities as enumerated below:

ATTOCK SAHARA FOUNDATION (ASF)

ASF is Company sponsored Non Profit Organization (NPO) which is significantly contributing in national wellbeing by uplifting the socio economic condition of the deprived segment of local community especially the female population. During the year under review Rs. 19.54 million were spent on following:

- a. Apprenticeship Program, Scholarship Scheme, Marriage Support Fund, Poor Patient Fund, organized collection and distribution of Zakat and various welfare and community development projects like women skill development, capacity building and skill enhancement.
- b. ASF's focus is on enabling women to become earning hands to enhance their family incomes by imparting necessary skills like stitching, hand and machine embroidery, "Adda" work, training as beautician, basic and advanced computer training and spoken English skills.
- c. ASF sustains itself through a well equipped medium size Industrial Stitching Section which is the main source of income to meet its manifesto as well as providing employment to widows, physically challenged and special persons.
- d. With the view to augment income of ASF and to provide an opportunity to the local cottage industry (mostly based on the skills imparted to poor women of the area by ASF) as well as recreation to local population. Company organizes a grand ASF Meena Bazaar annually on its premises. This family event is whole heartedly participated by all and sundry of the surrounding communities and is another source of major income.
- e. ASF also has a play group level school on "no profit no loss basis" for about 70 children.





COMMUNITY WELFARE

- a. The Company sponsors well maintained playgrounds for hockey, cricket and football along with other sports facilities. We also patronize parks in the vicinity, provide potable water and health care to the surrounding communities. The total expenditure on such activities amounted to over Rs. 2.28 million.
- b. The Company provides administrative support to schools and mosques in the surrounding area. During the year we spent Rs. 1.48 million under this head.
- c. We provide financial assistance of Rs. 0.54 million to an NGO working for the betterment of the visually impaired.
- d. Fuel worth Rs. 100,000 per annum is being provided to Govt. Special School for Hearing Impaired.
- e. Fuel worth Rs. 1.55 million has also been provided to Rawalpindi Golf Club during 2017-18 for promotion of Golf.
- f. The Company pays Rs. 75,000 per annum to the two adjoining Union Councils i.e. Morgah and Kotha Kalan, as contribution towards their development expenditure.

EMPLOYMENT OF SPECIAL PERSONS

The Company not only provides equal employment opportunities to special persons but takes an extra step to help them to earn respectable living. Emoluments to the tune of Rs 3.27 million were spent in this noble cause.



EDUCATION/ TRAINING

- a. The Company is operating an extensive management training program of 1 to 2 years for fresh graduates. The annual expenditure on these training schemes amounts to over Rs. 28.57 million.
- b. The Company offers scholarships from class 6 to PhD level to employees' children. During the year 39 scholarships were awarded and 31 brilliant students amongst employees' children were recognized by awarding prizes. The Company incurred an annual expenditure of Rs. 3.41 million.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company has voluntarily adopted United Nations Global Compact (UNGC) principles since year 2008 in its business practices leading to fight against corruption in all its forms, including extortion and bribery.

Corporate Social Responsibility



HEALTH, SAFETY, ENVIRONMENT AND PROTECTION MEASURES

In line with the Health, Safety, Environment and Quality (HSEQ) policy of the Company, following activities and programs were conducted:

- a. The water used in the production process is treated at the Effluent Treatment Plant to ensure that the effluent water leaving the refinery meets the Punjab Environmental Quality Standards (PEQS). This has also helped in conservation and recycling of water.
- b. The Company supports National Cleaner Production Centre Foundation (NCPC), an NPO which provides analytical/ environmental and waste management services including bioremediation and incineration.
- c. The Company has taken a step forward towards achieving excellence in Environmental Management Systems by following British Safety Council 5 Star Environmental Audit Rating program guidelines for adopting best practices. The Company achieved 4 Star rating this year.
- d. Hazard and Operability (HAZOP) study is conducted on all process areas at regular intervals to identify and control the hazards at Process units. This year 31 HAZOP (Hydrogen Plant) recommendations have been successfully implemented.
- e. Waste water treatment facility recycles 4,000 liters per day of Canteen waste water for use in fruit orchard through drip irrigation.
- f. The Company is installing roof top solar panel system under a phased program to maximize use of clean and renewable energy.
- g. Safety Week, World Occupational Health & Safety Day, No Littering Day, World Water Day, Biodiversity Day, World Environment Day, Earth Day, Dengue Awareness Campaign and Global Hand Washing Day were observed in collaboration with National Cleaner Production Centre (NCPC).

GREEN ENVIRONMENTAL INITIATIVES

- a. The Company has established the Morgah Biodiversity Park which uses recycled water for its orchards through drip & sprinkler irrigation systems. It helps to conserve the biodiversity of the Potohar Region and provides a healthy environment, recreation and education to the visitors.





- b.** Under Morgah Biodiversity project, the Company has initiated several CSR activities for the benefits of employees and local communities which include natural honey production, fruits like peach, grapes, strawberries, citrus etc. and organic vegetables.

- c.** The Company plants 10,000 to 12,000 saplings each year which include about 2,000 fruit and indigenous plants. Tree saplings are also being donated to various educational institutions and local communities to enhance the vegetation cover and improve the environmental conditions in the surrounding communities to conserve natural ecosystems for future generations.
- d.** The Company has recently planted a Citrus & Guava orchard on 10 acres in the existing vegetable/ fruit orchard area with drip irrigation system in collaboration with the Government of Punjab.

ENERGY CONSERVATION

The Company has implemented Energy Management System ISO 50001-2011 and continues with its internal program to conserve energy by creating awareness among its employees and initiatives to optimize energy consumption in the Refinery.



Corporate Social Responsibility



INDUSTRIAL RELATIONS/ WORKERS WELFARE

The Company extends maximum benefits to its employees and ensures cordial industrial relations through the Collective Bargaining Agent (CBA). In this context the Company extends following facilities:

- a. The Company provides highly subsidized food through its dining facilities and wheat flour.
- b. The Company nominates on annual basis, four members each of Non-Management Staff along with their spouses or dependents through open ballot for performing Hajj and Umrah. The Company also nominates on annual basis, one non-Muslim worker along with spouse through open ballot for visiting their sacred places in Pakistan. The total cost incurred on this account was over Rs.3.4 million.
- c. The Company gives quarterly Good Performance and Long Service awards to its workers.
- d. The Company provides pick and drop for employees' school and college going children.

CONTRIBUTION TO THE NATIONAL ECONOMY

- a. The Company's annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 44.15 million while foreign exchange savings of US \$ 126 million were achieved through import substitution and exports. Through its recent expansion of refinery capacity the Company has substantially increased production of value added deficit products i.e. high speed diesel (HSD) and motor gasoline thereby further saving valuable foreign exchange.
- b. The Company not only operates on 100% indigenous crude oil thus providing a major outlet to more than 42 oilfields spread over the northern part of Pakistan but is the main source of petroleum products to the civil and defense sectors of the Northern Region of Pakistan. It is also a catalyst in the deployment of a large transportation fleet for crude oil and refined products movement.



PHOTOGRAPH OF THE RETIRING EMPLOYEES WITH CEO – DECEMBER 2017.





Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Company's 40th Annual Report which includes review of the Company's operations and the audited financial statements for the year ended June 30, 2018.

Business Review

The business environment during the financial year 2017-18 remained challenging and disturbing. Political instability, widening current account deficit and unprecedented continuous devaluation of currency were the major contributors towards the economic difficulties of the country.

The prices of crude oil kept on increasing throughout the year along with Pak Rupee devaluation and due to the prevailing pricing mechanism the resultant increase couldn't be fully compensated, through

prices of the petroleum products. The thin margins were not sufficient enough to absorb the refining cost and heavy exchange losses which resulted in loss from refinery operations. However, non-refinery income enabled the Company to post a net profit of Rs 579 million (June 30, 2017: Profit of Rs 5,414 million).

Overall Performance and Effectiveness of the Board

A formal and effective mechanism is in place for an annual evaluation of performance of the Board, members of the Board and its Committees. On the basis of the feedback received through this mechanism overall performance of the Board has been found to be Good and effective. Further, the Board has played a pivotal role in achieving the Company's objective.



Business Risks, Challenges and Future Outlook

Although present macroeconomic indicators of the country appear to be depressed. We hope that the post-election period may bring some stability on the economic front. In addition to the economic reforms, we look forward to the formulation of long term business friendly refining policy to avoid abrupt changes in energy mix and product's specs etc. without first letting the investor recover the investment already made based on incentives announced by the Government which unfortunately remained unfulfilled. The expected economic reforms and formulation of the long awaited refining policy would definitely result in restoring the investors' confidence.

Your Company is committed to pursuing its vision to provide high quality diversified environment-friendly

energy resources and petrochemicals. In pursuance of this commitment, studies are underway to improve products' specs and to further refine bottom of the barrel.

Acknowledgement

On behalf of the Board, I appreciate untiring efforts of our employees and express gratitude to all stakeholders including our valued customers, crude oil suppliers, banks, suppliers and contractors for their continued cooperation and support.

– Sd –

August 14, 2018
Dubai, United Arab Emirates

Shuaib A. Malik
Chairman



Directors' Report

It gives us immense pleasure to present on behalf of the Board of Directors, the Company's 40th Annual Report which includes the Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2018.

1 FINANCIAL RESULTS

During the year under review the Company suffered loss after tax of Rs 1,013 million from refinery operations (June 30, 2017: Profit of Rs 3,699 million). Non-refinery income during the current year was Rs 1,592 million (June 30, 2017: Rs 1,715 million). This enabled the Company to absorb the loss from refinery operations and post net profit of Rs 579 million (June 30, 2017: Profit of Rs 5,414 million) resulting in earning per share of Rs 6.79 (June 30, 2017: Rs 63.47 per share).

Multiple factors which were beyond control of the Company's management have contributed towards this loss. These mainly included continuous rise in price of crude oil which under the present pricing mechanism couldn't be forthwith recovered from prices of the petroleum products, heavy exchange loss of Rs 1,396 million due to phenomenal devaluation of Pak Rupee and some capacity constraints faced during second quarter of the year due to abrupt decision of the Government to shut-down furnace fueled IPPs.

Despite all these unfavourable factors, the Company managed timely payments of all financial commitments including repayment of long term loan, financial charges, payments to crude oil suppliers, government levies and taxes etc.

As more fully explained in note 6 to the accounts, the Company has changed its accounting policy with respect to accounting treatment and presentation of Surplus on Revaluation of Fixed Assets. Under the new policy, the surplus on revaluation of fixed assets would now be included in equity. This change has been made to comply with the new requirement as per the Companies Act, 2017.

2 APPROPRIATION AND DIVIDEND

2.1 Appropriation

	2018	2017
	Rs '000	
Profit after tax	578,978	5,413,664
Less: Other comprehensive loss	(129,777)	(36,572)
	449,201	5,377,092
Un-appropriated profit b/f	9,697,786	8,300,694
Profit available for appropriation	10,146,987	13,677,786
Appropriation:		
Amount transferred (to) /from special reserve for expansion/ modernisaion	1,012,558	(3,553,535)
Final Cash Dividend paid for the year 2017:		
Rs 6.00 per share (2016: Rs 5.00 per share)	(511,758)	(426,465)
Un-appropriated profit c/f	10,647,787	9,697,786



Directors' Report



2.2 Bonus Shares / Dividend

The Directors have recommended issuance of bonus shares at the rate of 25% i.e. one share for every four shares held (June 30, 2017: Nil). The recommendations of issuance of the bonus shares is subject to approval by the shareholders in the Annual General Meeting. No cash dividend has been proposed for the current year (June 30, 2017: 60%)

3 PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE

Principal activities, development and performance of the Company's business during the financial year were as follows:

In continuation of ARL up-gradation project; one year guarantee period of all the newly installed units was successfully completed. During the year, the overall utilization of the refinery capacity was about 94% (June 30, 2017: 98%). The declining trend in capacity utilization was mainly due to abrupt decision of government to shut-down furnace fueled power plants in country during second quarter of the year. As a result of this decision, the Company was forced to operate the refinery at lower throughput to deal with the problem of increasing stock of furnace fuel and the declining ullage. The matter was immediately taken up with Government at the highest level and few emergency steps were implemented by Government which provided relief to refineries.

During the year under review, the refinery's throughput was

2.279 million Tons (June 2017: 2.221 million Tons). Major part of the entire indigenous crude production from the northern region including enhanced production from certain fields was processed at the Refinery.

A total of 2.271 million Tons of crude oil (June 2017: 2.197 million Tons) was received from 42 different oil fields which was processed at various units. Your refinery has the unique capability and distinction of processing varied quality of both heavy and light crude oil produced from fields across the whole country.

All the crude processing units operated smoothly. The Company supplied 2.213 million Tons (June 2017: 2.162 million Tons) of various petroleum products during the year, meeting the standard quality specifications. The Company remains committed to improve business processes to ensure greater safety and

efficiency in refinery operations and to proactively pursue for improvement in products specifications. In this respect various tasks and activities were carried out. Details regarding business process re-engineering, research & development have been given in a separate section of the annual report (Please refer to page 34 of the annual report).

4 IMPACT OF THE COMPANY'S BUSINESS ON ENVIRONMENT

The Company remains well cognizant of its responsibility toward environment. In this connection the Company has taken concrete steps for energy management, water preservation, conservation of biodiversity and resource efficiency to demonstrate its seriousness to achieve the ultimate goal to control and minimize the impact on environment. Implementation of energy management Standard ISO-50001, up-gradation of





effluent treatment plant and water conservation measures like drip irrigation, waste water recycling/ reuse demonstrate our continuous commitment for environment, safety, and quality. Company's efforts in this regard have been recognized and the Company has received awards from prestigious organizations in the fields of Environmental and Sustainability Reporting.

5 PRICING FORMULA

The pricing of the Company's petroleum products is carried out under the Import Parity Pricing Formula, as modified from time to time by the Government whereby it is charged the cost of crude on import parity basis and is allowed product prices equivalent to the import parity price calculated under prescribed parameters. Among other directives, the Pricing Formula requires refineries to transfer the amount of profit above 50% of paid-up



Directors' Report



share capital as at July 1, 2002 to a Special Reserve account for expansion/modernization.

Your Company has taken up with the Government, the matter of withdrawal of enhancement in deemed duty on High Speed Diesel from 7.5% to 9% as this additional deemed duty was committed by the Government as an incentive for setting up of DHDS unit which the Company has successfully installed and commissioned.

The refineries have taken up some issues with the Government relating to sudden change in specification of the products and pricing mechanism.

6 SHARE CAPITAL

The issued, subscribed and paid-up capital of the Company as at June 30, 2018 was Rs 852.93 million. As per the pricing formula, the maximum profits available for distribution from refinery operations cannot exceed an amount equivalent to 50% of the paid-up capital of Rs 291.6 million as at July 01, 2002.



The Company's management has taken up this matter with the Government at various forums recommending that capping on payment of dividend should be removed or at least should be based on existing paid-up share capital as revised from time to time.

7 PRINCIPAL RISKS AND UNCERTAINTIES

Under the present pricing formula the Company remains exposed to the risk of adverse fluctuation in the prices of petroleum products and crude oil. The Company has time and again taken up the matter with the Government and look forward to formulation and implementation of a Refining Policy which can take care of all stakeholders. Financial risks relating to the business of the Company and the details to manage these risk have been explained in detail in note 40.3 to the accounts.



8 REFINERY'S FUTURE PLANS FOR EXPANSION AND UP-GRADATION

Upcoming challenges being faced by the refinery includes handling of continuously increasing local crude oil production from North of the country and further improvement in product specifications.

In order to further improve the product specifications and enhance value added products volume, studies are underway for installation of process units like Continuous Catalytic Reformer (CCR), Hydrocracker, Delayed Coker and additional reactor at DHDS Unit. With the setting up of these units, the Company aims to produce higher RON gasoline, diesel of Euro III and Euro IV quality and further refining of furnace fuel to high value products.

ARL has plans to install a state-of-the-art new deep conversion green- field refinery of 50,000 BPD capacity, if sustainable enhanced supplies of local crude from North become available and the Government announces an investment friendly Refining Policy.

All of the above mentioned plans are depended upon availability of sustainable local crude, suitable quality of crude, demand supply situation of petroleum products and the prevalent/future product specifications in the country.



9 HUMAN RESOURCE DEVELOPMENT

Human resource has always remained the most valuable asset of the Company. The Company makes sure that all employees are treated with dignity and respect. The Company also ensures maintenance of open and healthy working environment which in turn makes it possible for the employees to put in their best effort. Various steps taken by the Company for its human resource capital development are outlined below:

9.1 Employee Development and Training

We continuously endeavor to ensure systematic enhancement of technical and managerial competence of our human resource through well rounded training and development. Training plan forms a part of our performance management strategy and is formulated on the basis of training need assessment, staff career plans, succession plan and other organizational requirements. In connection with the commissioning of new units, over 285 employees were inducted after thorough screening of the candidates. The next step was to ensure training of the newly recruited employees. In this respect manpower training requirement for new units were accomplished through in-house resources and induction of Operator Training Simulator (OTS).

9.2 Motivational and Encouragement Awards

With a view to encourage staff in attaining their optimum level of performance, ARL organized regular quarterly awards ceremony where the star performers of all departments were recognized through commemorative shields and cash awards. These performance awards



were awarded in the fields of core performance, safety, and housekeeping. In addition to this, four employees along with spouse were selected through balloting for Haj and Umrah, and one Non-Muslim employee with spouse was also selected through balloting for visit of holy sites.

9.3 Manpower Rationalization Study

After completion of Manpower Rationalization Study, the revised organogram was approved by the Board and the required recruitment was made.

10 ORGANIZATIONAL DEVELOPMENT

10.1 Recruitment Job Portal

ARL management has taken the initiative for providing Online Job portal for easy access to target market for efficient recruitment process. The system will be used to build a pool of candidates and will provide online window for all the potential candidates for different positions.

Directors' Report

10.2 Refinery Security Re-vamp

In view of unfavorable national security environment, ARL security apparatus went through a major re-vamp. In doing so security manpower inside Refinery, main security barriers and General Office have been strengthened. Coverage of CCTV cameras has been enhanced and central control room has been set up. Private Security Company guards are being replaced with young, physically fit and well trained ARL guards having a higher sense of ownership.

10.3 HSE Conference

ARL's 5th conference on Health, Safety & Environment (HSE) was organized which was attended by over 100 participants. HSE professionals and experts from 33 industries participated in the one day conference.



10.4 CBA Referendum 2018

The referendum for Collective Bargaining Agent (CBA) was held on June 26, 2018 amongst three contesting Trade Unions. The Refinery Employees Union obtained majority votes. The Registrar of Trade Unions, Rawalpindi awarded the CBA certificate to them for a period of two years from June 2018 to June 2020.

10.5 CBA Agreement

CBA has submitted its charter of demand and negotiations thereon are in progress between the CBA and ARL Management. The resultant agreement would be valid for two years. Compensation and benefit of the agreement would be given to the workers w.e.f. July 1, 2017.

11 CORPORATE SOCIAL RESPONSIBILITY

The Company continued to carry out numerous steps and measures towards the activity of Corporate Social Responsibility (CSR). Details for CSR activity have been given in a separate section of the annual report (Please refer to page 36 of the annual report). The Company is proud to have long history of carrying out such activities.

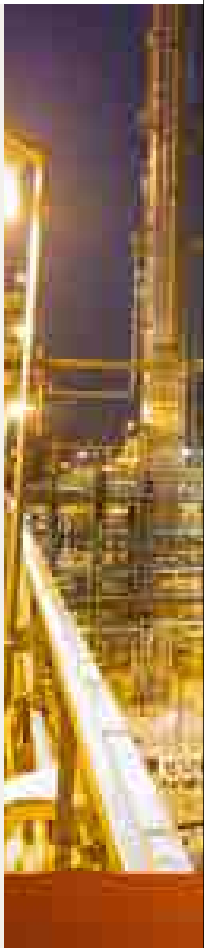
12 CORPORATE AWARDS AND RECOGNITIONS

12.1 Employers Federation of Pakistan (EFP)'s Award

Employers Federation of Pakistan (EFP) regularly holds competition among different industries to acknowledge the efforts taken for the improvement of Occupational health safety and environment. This year ARL has won "Platinum Award" in overall category of EFP's 13th Best Practices Award in Occupational Safety and Health (OSH). ARL's HSE team deserves appreciation over this distinction.

12.2 Asia Sustainability Reporting Awards 2017

ARL has been awarded as finalist for two categories of "Asia's Best Stakeholders Reporting" and "Asia's Best Environmental Reporting" in Asia Sustainability Reporting Awards 2017 organized by CSR Works International Pte Ltd, Singapore.





12.3 United Nations Global Compact Award

This award recognizes and acknowledges enterprises which integrate the ten principles of United Nations Global Compact into their business philosophy and demonstrate adherence to these principles in action.

ARL won first prize of "Living the UN Global Compact Business Sustainability Award 2017" in the large national companies category, in recognition of best practices in Embracing SDGs and Integrating the Ten Principles of UNGC presented by Global Compact Network Pakistan & Employers Federation of Pakistan.

12.4 15th Annual Environment Excellence Awards 2018

The Company won "15th Annual Environment Excellence Award 2018" on the platform of "National Forum for Environment and Health". This award is recognition of the tremendous work put in by ARL Health Safety & Environment team.



13 CORPORATE GOVERNANCE

The Board of Directors and the Company remain committed to the principles of good corporate management practice with emphasis on transparency and disclosures. The Board and management are cognizant of their responsibilities and monitor the refinery operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Company is fully compliant with the Code of Corporate Governance and as per the requirements of the listing regulations, following specific statements are being given hereunder:

- i. Proper books of accounts of the Company have been maintained.
- ii. The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the Approved Accounting Standards as applicable in Pakistan. The accounting estimates, wherever required, are based on reasonable and prudent judgment.

Directors' Report

- iv. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts upon the Company's ability to continue as a going concern.
- vii. There is no reported instance of any material departure from the best practices of Corporate Governance.
- viii. Significant deviations from last year's operating results, future plans and changes, if any, in pricing formula have been separately disclosed, as appropriate, in the Chairman's Review and this Report of the Directors.
- ix. All major Government levies in the normal course of business, amounting to Rs. 1,464 million, payable as at June 30, 2018 have been cleared subsequent to the year end.
- x. The value of investments in employee's retirement funds based on the latest unaudited accounts as at June 30, 2018 are as follows:

	Rs in million
Management Staff Pension Fund	853
Staff Provident Fund	379
General Staff Provident Fund	504
Gratuity Fund	442

- xi. In terms of Regulation 20 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Companies shall ensure that all the directors on their boards have acquired the prescribed certification under Director Training Program by June 30, 2021. Amongst the new elected Board four (4) directors of the Company meet the exemption requirement of the Director's Training Program (DTP), while one (1) director has already completed this program. The remaining two (2) directors shall obtain certification under the

DTP in due course of time. Further, an alternate director and the Chief Executive Officer of the Company have also completed the DTP.

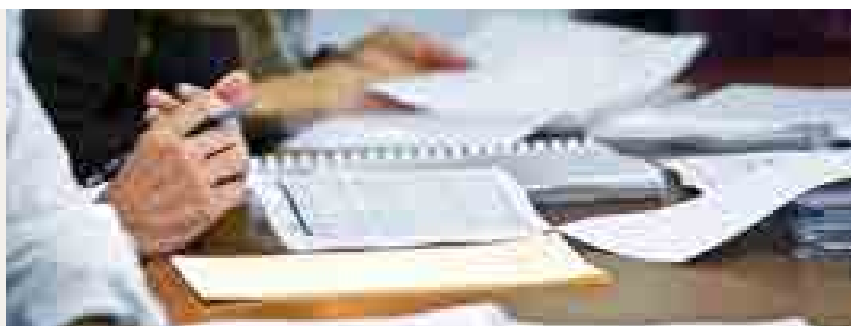
- xii. The Board strives to continuously improve its and Board Committees' effectiveness. Board of Directors has developed a mechanism as required under the Code of Corporate Governance to undertake annual evaluation to assess Board's and its Committees' performance. The Board also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices.
- xiii. The Board of Directors have formulated a Directors' Remuneration Policy its main features include that every director including alternate directors are entitled to meeting fee as remuneration for attending meetings of the Board of Directors. No remuneration shall be paid for attending General Meeting(s) or meetings of the Committee(s) of the Board and/or any other business meetings of the Company.
- xiv. Key operating and financial data of last 6 years is annexed.

A separate statement of compliance signed by the Chairman is separately included in this Annual Report.

14 CREDIT RATING

The Company's long term and short term rating is 'AA' (Double A) and 'A1+' (A one plus) respectively. The credit rating was conducted by The Pakistan Credit Rating Agency (PACRA). These rating denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments.





15 DIRECTORS AND BOARD MEETINGS HELD DURING THE YEAR

15.1 Directors of the Company & Board's Composition

The following persons were the Directors of the Company during the year:

S. No.	Name of Directors	Designation	Gender
1.	Mr. Laith G. Pharaon	Non-Executive Director	Male
2.	Mr. Wael G. Pharaon	Non-Executive Director	Male
3.	Mr. Shuaib A. Malik (Chairman)	Non-Executive Director	Male
4.	Mr. Abdus Sattar	Non-Executive Director	Male
5.	Mr. Sajid Nawaz	Non-Executive Director	Male
6.	Mr. Jamil A. Khan	Non-Executive Director	Male
7.	Mr. Shamim Ahmad Khan	Independent Director	Male

15.2 Directors meetings held during the year

During the year under review, five meetings of the Board of Directors were held and the attendance of Directors was as under:-

Name of Directors	Total number of board meetings	Number of board meetings attended
Mr. Laith G. Pharaon **	5	4*
Mr. Wael G. Pharaon	5	5
Mr. Shuaib A. Malik (Chairman)	5	5
Mr. Abdus Sattar	5	5
Mr. Sajid Nawaz	5	5
Mr. Jamil A. Khan	5	5
Mr. Shamim Ahmad Khan **	5	4
Mr. M. Adil Khattak, CEO	5	5

* Overseas directors attended the meetings either in person or through alternate directors.

** Leave of absence was granted to director who could not attend the meeting.

15.3 Meeting Held outside Pakistan

During the year ended June 30, 2018, one meeting of Board of Directors was held outside Pakistan to review and approve annual audited financial statements of the Company.



Directors' Report



16 BOARD COMMITTEES MEETINGS HELD DURING THE YEAR

During the year under review, detail of Board's Committees meetings held is as under:-

AUDIT COMMITTEE

Name of Directors	Total number of meetings	Number of meetings attended
Mr. Tariq Iqbal Khan	4	4
Mr. Abdus Sattar	4	4
Mr. Sajid Nawaz	4	4
Mr. Shamim Ahmad Khan	4	2
Mr. Babar Bashir Nawaz	4	4

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Name of Directors	Total number of meetings	Number of meetings attended
Mr. Shuaib A. Malik	1	1
Mr. Sajid Nawaz	1	1
Mr. M. Adil Khattak	1	1

17 NEWLY ELECTED BOARD & ITS COMPOSITION

An Extra-Ordinary General Meeting of the shareholders was held on July 16, 2018 at which following seven persons were elected as directors for a term of 3 years commencing from July 18, 2018:

The Board of Directors of the Company as at July 18, 2018 consists of following persons:

S. No.	Name of Directors	Designation	Gender
1.	Mr. Laith G. Pharaon	Non-Executive Director	Male
2.	Mr. Wael G. Pharaon	Non-Executive Director	Male
3.	Mr. Shuaib A. Malik (Chairman)	Non-Executive Director	Male
4.	Mr. Abdus Sattar	Non-Executive Director	Male
5.	Mr. Jamil A. Khan	Non-Executive Director	Male
6.	Mr. Shamim Ahmad Khan	Independent Director	Male
7.	Mr. G.A. Sabri	Independent Director	Male

The Board places on record its appreciation for the valuable services rendered by the outgoing directors.

The newly elected Board of Directors appointed Mr. Shuaib A. Malik as Chairman of the Board for a term of three years commencing from July 18, 2018. The Board also re-appointed Mr. M Adil Khattak as Chief Executive Officer for a period of one year commencing from July 18, 2018.

The newly elected Board constituted the following Committees of the Board namely:

AUDIT COMMITTEE

S. No.	Name of Directors	Designation
1.	Mr. Shamim Ahmad Khan	Chairman
2.	Mr. Shuaib A. Malik	Member
3.	Mr. Abdus Sattar	Member
4.	Mr. G.A. Sabri	Member
5.	Mr. Babar Bashir Nawaz	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

S. No.	Name of Directors	Designation
1.	Mr. G.A. Sabri	Chairman
2.	Mr. Shuaib A. Malik	Member
3.	Mr. Jamil A. Khan	Member
4.	Mr. M. Adil Khattak	Member



Directors' Report



18 AUDITORS

The Auditors Messrs A.F. Ferguson & Co. Chartered Accountants retired and offered themselves for reappointment. The Audit Committee has recommended the reappointment of Messrs A.F. Ferguson & Co. Chartered Accountants as auditors for the financial year ending June 30, 2019.

19 PATTERN OF SHAREHOLDING

The total number of Company's shareholders as at June 30, 2018 was 4,475 as against 3,585 on June 30, 2017. The pattern of shareholding as at June 30, 2018 is included in this Annual Report. All trades in the shares of the Company, if any, carried out by the Directors, CEO, CFO and Company Secretary and their spouses and minor children are also annexed.

20 EARNINGS PER SHARE

Based on the net profit for the current year the earnings per share was Rs 6.79 (June 2017: Rs 63.47).

21 HOLDING COMPANY

The Attock Oil Company Limited, incorporated in England, is the Holding Company of Attock Refinery Limited.

22 SUBSIDIARY COMPANY

The Company has a wholly owned subsidiary company; Attock Hospital (Private) Limited (AHL). The accounts of AHL have been consolidated with the accounts of ARL and are annexed to these accounts.

23 CONSOLIDATED ACCOUNTS

The consolidated accounts of the Company and its subsidiary are annexed.

For and on behalf of the Board.

– Sd –

Abdus Sattar
Director

– Sd –

M. Adil Khattak
Chief Executive Officer

August 14, 2018
Dubai, United Arab Emirates

۲۳۔ اشتهال شدہ گوشوارے (CONSOLIDATED ACCOUNTS):

کمپنی اور اس کے ذیلی ادارے کے اشتهال شدہ گوشوارے (Consolidated Accounts) کی تفصیل منسلک ہے۔

بورڈ کی جانب سے

- Sd -

عبدالستار

ڈائریکٹر

- Sd -

ایم عادل عتیک

چیف ایگزیکٹو آفیسر

۱۴ اگست، ۲۰۱۸ء

دبئی، متحدہ عرب امارات

Directors' Report

انسانی وسائل و معاوضہ (HR&R) کمیٹی:

نمبر شمار	نام	عہدہ
۱	جناب جی اے صابری	چیئر مین
۲	جناب شعیب اے ملک	ممبر
۳	جناب جمیل اے خان	ممبر
۴	جناب ایم عادل خٹک	ممبر

۱۸۔ آڈیٹرز:

آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اگلے برس کے لیے اپنی خدمات کی پیش کش کی ہے۔ آڈٹ کمیٹی نے میسرز اے ایف فرگوسن اینڈ کمپنی کی اگلے مالی سال کے لیے، جس کا اختتام ۳۰ جون ۲۰۱۹ء کو ہو گا بطور آڈیٹرز تقرر کی سفارش کی ہے۔

۱۹۔ حصہ داران کی تفصیل (PATTERN OF SHAREHOLDING):

کمپنی کے کل حصہ داروں کی تعداد ۳۰ جون ۲۰۱۸ء کو ۴,۴۵,۷۵۷ تھی جبکہ گزشتہ برس ۳۰ جون ۲۰۱۷ء کو یہ تعداد ۳,۵۸,۵۸۵ تھی۔ حصہ داران کی تفصیل (Patteren of Shareholding) اس سالانہ رپورٹ کے ساتھ منسلک ہے۔ کمپنی کے حصص میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے ازواج یا چھوٹے بچوں کی جانب سے کئے گئے ہر لین دین، اگر کوئی ہوا، ان کی تفصیل بھی رپورٹ کے ہمراہ منسلک ہے۔

۲۰۔ فی حصص آمدن (EARNINGS PER SHARE):

خالص منافع کی بنیاد پر رواں برس کے لیے فی حصص آمدن ۶.۷۹ روپے ہے (جون ۲۰۱۷ء: ۶.۳۷ روپے)

۲۱۔ محلوک کمپنی (HOLDING COMPANY):

"دی انک آئل کمپنی لمیٹڈ" جو انگلینڈ میں قائم کی گئی ہے، انک ریفرنری کمپنی کی محلوک کمپنی (Holding Company) ہے۔

۲۲۔ ذیلی کمپنی (SUBSIDIARY COMPANY):

کمپنی بلا شرکت غیر ایک ذیلی کمپنی (Subsidiary Company) کی ملکیت رکھتی ہے جو "انک ہاسپٹل پرائیویٹ لمیٹڈ (AHL)" ہے۔ AHL کے اکاؤنٹس، انک ریفرنری لمیٹڈ (ARL) کے اکاؤنٹس سے مربوط ہیں۔

انسانی وسائل و معاوضہ (HR&R) کمیٹی:

ڈائریکٹرز کے نام	منعقدہ اجلاس	شرکت
جناب شعیب اے ملک	۱	۱
جناب ساجد نواز	۱	۱
جناب محمد عادل خٹک	۱	۱

۱۔ نیا منتخب شدہ بورڈ اور ترتیب و تفصیل:

حصہ داران کا ایک غیر معمولی اجلاس عام ۱۶ جولائی ۲۰۱۸ء کو منعقد ہوا جس میں مندرجہ ذیل سات افراد کو ۱۸ جولائی ۲۰۱۸ء سے شروع ہونے والی تین سالہ مدت کے لیے بطور ڈائریکٹرز منتخب کیا گیا۔

۱۸ جولائی ۲۰۱۸ء کو ڈائریکٹرز کی تفصیل مندرجہ ذیل افراد پر مشتمل ہے:

نمبر شمار	نام	عہدہ	جنس
۱۔	جناب لیث جی فرعون	نان ایگزیکٹو ڈائریکٹر	مرد
۲۔	جناب وائل جی فرعون	نان ایگزیکٹو ڈائریکٹر	مرد
۳۔	جناب شعیب اے ملک (چیرمین)	نان ایگزیکٹو ڈائریکٹر	مرد
۴۔	جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	مرد
۵۔	جناب جمیل اے خان	نان ایگزیکٹو ڈائریکٹر	مرد
۶۔	جناب شمیم احمد خان	خود مختار ڈائریکٹر	مرد
۷۔	جناب جی اے صابری	خود مختار ڈائریکٹر	مرد

بورڈ سبکدوش ہونے والے ڈائریکٹرز کی گرانقدر خدمات کو خراج تحسین پیش کرتا ہے۔

نئے منتخب شدہ بورڈ آف ڈائریکٹرز نے جناب شعیب اے ملک کو ۱۸ جولائی ۲۰۱۸ء سے شروع ہونے والی تین سالہ مدت کے لیے چیرمین کی حیثیت سے تقرر کیا۔ اس کے علاوہ بورڈ نے جناب ایم عادل خٹک کا ۱۸ جولائی ۲۰۱۸ء سے شروع ہونے والی ایک سالہ مدت کے لیے بطور چیف ایگزیکٹو آفیسر دوبارہ تقرر کیا۔

نئے منتخب شدہ بورڈ نے مندرجہ ذیل ڈائریکٹرز پر مشتمل کمیٹیاں تشکیل دیں:-

آڈٹ کمیٹی:

نمبر شمار	نام	عہدہ
۱	جناب شمیم احمد خان	چیرمین
۲	جناب شعیب اے ملک	ممبر
۳	جناب عبدالستار	ممبر
۴	جناب جی اے صابری	ممبر
۵	جناب بابر بشیر نواز	ممبر

Directors' Report

۱۵.۲۔ سال کے دوران ڈائریکٹرز کے اجلاس:

زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے اور اس میں ڈائریکٹرز کی شرکت کچھ اس طرح تھی:-

ڈائریکٹرز کے نام	منعقدہ اجلاس	شرکت
جناب لیث جی فرعون **	۵	۴*
جناب وائل جی فرعون	۵	۵*
جناب شعیب اے ملک (چیئر مین)	۵	۵
جناب عبدالستار	۵	۵
جناب ساجد نواز	۵	۵
جناب جمیل اے خان	۵	۵
جناب شمیم احمد خان **	۵	۴
جناب ایم عادل خٹک (سی ای او)	۵	۵

* بیرون ملک مقیم ڈائریکٹرز نے اجلاس میں بذات خود یا ان کی طرف سے متبادل ڈائریکٹرز نے شرکت کی۔
** ان ڈائریکٹرز کی چھٹی منظور کی گئی جو اجلاس میں شرکت نہ کر سکے۔

۱۵.۳۔ پاکستان سے باہر منعقد ہونے والے اجلاس:

۳۰ جون ۲۰۱۸ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کا ایک اجلاس، کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی نظر ثانی کرنے اور منظوری کرنے کے لئے، ملک سے باہر منعقد ہوا۔

۱۶۔ سال کے دوران بورڈ کمیٹیوں کے اجلاس:

زیر جائزہ سال میں بورڈ کمیٹیوں کے اجلاسوں کی تفصیل درج ذیل ہے:-

آڈٹ کمیٹی:

ڈائریکٹرز کے نام	منعقدہ اجلاس	شرکت
جناب طارق اقبال خان	۴	۴
جناب عبدالستار	۴	۴
جناب ساجد نواز	۴	۴
جناب شمیم احمد خان	۴	۲
جناب بابر بشیر نواز	۴	۴

- XIII- بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی ایک پالیسی تشکیل دی ہے جس کی اہم خصوصیات میں شامل ہے کہ ہر ایک ڈائریکٹر بشمول متبادل ڈائریکٹر، بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لیے فیس بطور معاوضہ لینے کا حقدار ہو گا۔ اجلاس عام یا بورڈ کی کمیٹیوں کے اجلاس اور کمپنی کے کاروباری اجلاس میں شرکت کرنے کے لیے کوئی بھی معاوضہ نہیں دیا جائے گا۔
- XIV- کمپنی کے گزشتہ ۶ برس کے انتظامی و مالی امور سے متعلق اعداد و شمار منسلک ہیں۔

علاوہ ازیں اس ضابطے پر عمل درآمد کا چیئرمین سے دستخط شدہ تعمیل کا بیان اس سالانہ رپورٹ کے ساتھ الگ سے شامل کیا گیا ہے۔

۱۴- کریڈٹ ریٹنگ :

کمپنی کی طویل المدت درجہ بندی (ریٹنگ) ”AA“ (ڈبل اے) جبکہ قلیل المدت درجہ بندی ”A1+“ (اے ون پلس) ہے۔ یہ درجہ بندی ”پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA)“ نے متعین کی ہے۔ اس درجہ بندی سے ظاہر ہوتا ہے کہ کمپنی کو کسی کریڈٹ رسک کا سامنا کرنے کا بہت کم امکان ہے جس کی بنیاد مالیاتی واجبات کی بروقت ادائیگی ہے۔

۱۵- ڈائریکٹرز اور سال کے دوران ہونے والے بورڈ کے اجلاس :

۱۵.۱- کمپنی کے ڈائریکٹرز اور ترتیب و تفصیل :

سال کے دوران مندرجہ ذیل افراد کمپنی کے ڈائریکٹرز تھے :

نمبر شمار	نام	عہدہ	جنس
۱-	جناب لیث جی فرعون	نان ایگزیکٹو ڈائریکٹر	مرد
۲-	جناب وائل جی فرعون	نان ایگزیکٹو ڈائریکٹر	مرد
۳-	جناب شعیب اے ملک (چیئرمین)	نان ایگزیکٹو ڈائریکٹر	مرد
۴-	جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	مرد
۵-	جناب ساجد نواز	نان ایگزیکٹو ڈائریکٹر	مرد
۶-	جناب جمیل اے خان	نان ایگزیکٹو ڈائریکٹر	مرد
۷-	جناب شمیم احمد خان	خود مختار ڈائریکٹر	مرد

Directors' Report

- III مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں جو منظور شدہ حسابداری کے معیارات سے مطابقت رکھتے ہیں جن کا پاکستان میں اطلاق ہوتا ہے۔ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔
- IV پاکستان میں لاگو "انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز" کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے۔ اگر کہیں ان کے سفارش کردہ ضوابط سے انحراف کیا جاتا ہے تو واضح طور پر اس کی بھی نشاندہی اور وضاحت کی جاتی ہے۔
- V اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس کی مسلسل نگرانی بھی کی جاتی ہے۔
- VI کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔
- VII کمپنی میں "ضابطہ برائے کاروباری نظم و نسق" میں بیان کردہ ضابطوں کی کوئی واضح خلاف ورزی سامنے نہیں آئی۔
- VIII گزشتہ برس کے انتظامی نتائج، مستقبل کے منصوبوں سے واضح انحراف اور قیمتوں کے تعین میں تبدیلی اگر کوئی ہوئی، کی نشاندہی "چیرمین کا جائزہ" یا اس "بورڈ آف ڈائریکٹرز" رپورٹ میں جہاں مناسب تھا، ذکر کیا گیا ہے۔
- IX اپنی عمومی کاروباری سرگرمیوں کے لیے حکومت کو واجب الادا تمام رقوم جو ۳۰ جون ۲۰۱۸ء کو واجب الادا تھیں اور جن کی مالیت ۱,۴۶۳ ملین روپے تھی، وہ سال کے اختتام کے بعد ادا کی جا چکی ہیں۔
- X کارکنوں کے ریٹائرمنٹ فنڈ میں کی گئی سرمایہ کاری کل مالیت جو تازہ ترین غیر آڈٹ شدہ مالیاتی کھاتوں ۳۰ جون ۲۰۱۸ء کے اعداد و شمار سے مرتب کی گئی ہے، وہ کچھ یوں ہے:-

روپے ملین میں

۸۵۳	مینجمنٹ اسٹاف پنشن فنڈ
۳۷۹	اسٹاف پراویڈنٹ فنڈ
۵۰۴	جنرل اسٹاف پراویڈنٹ فنڈ
۴۴۲	گریجویٹ فنڈ

- XI لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ء کے ریگولیشن نمبر ۲۰ کی شرط کو پورا کرنے کے لیے کمپنی اپنے تمام ڈائریکٹرز کو ۳۰ جون ۲۰۲۱ء تک ڈائریکٹرز ٹریننگ پروگرام کی مقرر کردہ سرٹیفیکیشن کو یقینی بنائے گی۔ نئے منتخب بورڈ میں چار ڈائریکٹرز ایسے ہیں جو ڈائریکٹرز ٹریننگ پروگرام (DTP) سے استثنیٰ کے تقاضوں پر پورا اترتے ہیں جبکہ ایک ڈائریکٹر پہلے ہی پروگرام مکمل کر چکے ہیں باقی دو ڈائریکٹرز DTP کے تحت سرٹیفیکیشن مناسب وقت پر حاصل کر لیں گے علاوہ ازیں ایک متبادل ڈائریکٹر اور کمپنی کے چیف ایگزیکٹو آفیسر بھی DTP مکمل کر چکے ہیں۔

- XII بورڈ اس بات کے لئے مسلسل کوشاں ہے کہ وہ اپنی اور بورڈ کمیٹیوں کی افادیت میں اضافہ کرے۔ "ضابطہ برائے کاروباری نظم و نسق" میں تجویز کردہ طریقہ کار کے مطابق بورڈ نے اپنی اور بورڈ کمیٹیوں کی کارکردگی کا سالانہ جائزہ لینے کا انتظام کیا ہے۔ اس کے علاوہ بورڈ مسلسل کاروباری انتظام کے حوالے سے تازہ ترین پیش رفت سے خود کو آگاہ رکھتا ہے تاکہ انتظامی حوالے سے بہترین طریقہ کار اختیار کیا جاسکے۔

۱۲۔ تجارتی ایوارڈز اور اعترافات:

۱۲.۱۔ ایمپلائز فیڈریشن آف پاکستان ایوارڈ (Employees Federation of Pakistan Award):

ایمپلائز فیڈریشن آف پاکستان باقاعدگی کے ساتھ مختلف صنعتوں کے مابین پیشہ ورانہ صحت، ماحول اور کارکنان کے تحفظ کے اقدامات کے لیے مقابلوں اور ایوارڈز کا اعلان کرتی رہتی ہے۔ اس سال اے آر ایل نے پیشہ ورانہ سیفٹی اور صحت (OSH) میں EFP کے ۱۳ ویں بہترین پریکٹس ایوارڈ کی مجموعی کیٹیگری میں "پلائٹیم ایوارڈ" جیت لیا ہے۔ اے آر ایل کی ایچ ایس ای ٹیم اس شاندار کامیابی پر تعریف کی مستحق ہے۔

۱۲.۲۔ ایشیاء میں پائیداری کی رپورٹنگ کے ایوارڈز ۲۰۱۷ء (Asia Sustainability Reporting Awards 2017):

اے آر ایل کو ایشیاء رپورٹنگ ایوارڈ ۲۰۱۷ء میں "ایشیاء کے بہترین اسٹیک ہولڈرز رپورٹنگ" اور "ایشیاء کی بہترین ماحولیاتی رپورٹنگ" کی دو کیٹیگریوں کے لیے فائنلسٹ کے طور پر اعزاز سے نوازا گیا۔ جس کا اہتمام CSR ورکس انٹرنیشنل پرائیویٹ لمیٹڈ، سنگاپور کی جانب سے کیا تھا۔

۱۲.۳۔ یونائیٹڈ نیشنز گلوبل کمپیکٹ ایوارڈ (United Nations Global Compact Award):

یونائیٹڈ نیشنز گلوبل کمپیکٹ ایوارڈ ان عالمی کمپنیوں کو دیا جاتا ہے جو اقوام متحدہ کے گلوبل کمپیکٹ کے دس اصولوں کو اپنے کاروباری فلسفے کا حصہ بناتی ہیں اور ان اصولوں اور مشقوں سے اپنی وابستگی ظاہر کرتی ہیں۔

گلوبل کمپیکٹ نیٹ ورک پاکستان اور ایمپلائز فیڈریشن آف پاکستان کے پیش کردہ SDGs کے بہتر طریقہ کار اور UNGC کے دس اصولوں سے مطابقت کے اعتراف میں اے آر ایل نے بڑی قومی کمپنیوں کے زمرے میں "اقوام متحدہ کے گلوبل کمپیکٹ بزنس پائیداری ایوارڈ ۲۰۱۷ء" کا پہلا انعام حاصل کیا۔

۱۲.۴۔ ۱۵واں سالانہ ماحولیاتی اعلیٰ ایوارڈ ۲۰۱۸ء (15th Annual Environment Excellence Award 2018):

کمپنی نے ماحولیات اور صحت کے قومی فورم پر "۱۵واں سالانہ ماحولیاتی اعلیٰ ایوارڈ ۲۰۱۸ء" جیت لیا۔ یہ ایوارڈ اے آر ایل کی صحت کے تحفظ اور ماحولیات کی ٹیم کے شاندار کام کا نتیجہ ہے۔

۱۳۔ ضابطہ برائے کاروباری نظم و نسق:

کمپنی اور بورڈ آف ڈائریکٹرز بہترین کارپوریٹ مینجمنٹ کے اصولوں پر عمل کرنے پر یقین رکھتا ہے اور اس کے لیے شفافیت اور افشائے حقائق پر زور دیتا ہے۔ بورڈ اور انتظامیہ اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں اور اس امر کے لیے کوشاں ہیں کہ ریفائٹری کی سرگرمیوں اور کارکردگی کو اس طرح فروغ دیں کہ مالی و غیر مالی معاملات سے متعلق تمام معلومات کو مکمل درستگی، جامعیت اور شفافیت کے ساتھ مرتب اور پیش کیا جائے۔

کمپنی پوری طرح "ضابطہ برائے کاروباری نظم و نسق" پر عمل پیرا ہے اور قواعد و ضوابط کے مطابق درج ذیل مخصوص نکات پیش ہیں۔

- I۔ کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔
- II۔ انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمدورفت اور کاروباری سرمائے میں ہونے والی تبدیلیاں۔

Directors' Report

۱۰۔ ادارہ جاتی ترقی:

۱۰.۱۔ کمپنی ویب سائٹ پر ملازمتوں کے مواقع کی اطلاع:

اے آرایل انتظامیہ نے ملازمین کی بھرتی کے عمل کو تیز کرنے کے لیے کمپنی کی ویب سائٹ پر بھی آن لائن ملازمتوں کے مواقع فراہم کئے ہیں تاکہ مطلوبہ مارکیٹ تک آسان رسائی حاصل ہو سکے۔ موجودہ سسٹم پر امیدواروں کو مختلف اسامیوں کے لیے اپنی درخواست / خدمات پیش کرنے میں آسانی ہوگی۔

۱۰.۲۔ ریفائٹری کی سیکورٹی نظام میں بہتری:

قومی سطح پر سلامتی کی ناقص صورتحال کی وجہ سے اے آریل انتظامیہ نے اپنے سیکورٹی کے نظام میں بڑی اصلاحات کیں۔ اس کام کے دوران ریفائٹری کے اندر سیکورٹی پر مامور افراد کی تعداد بڑھائی گئی، سیکورٹی کی بیرونی رکاوٹوں کو مضبوط کیا گیا اور جنرل آفس کی سیکورٹی بڑھائی گئی۔ سی سی ٹی وی کیمرے بھی نصب کئے گئے ہیں اور ایک کنٹرول روم بھی قائم کیا گیا ہے۔ نجی سیکورٹی کمپنی کے گارڈز کی جگہ اے آریل کے نوجوان، صحت مند اور تربیت یافتہ گارڈز تعینات کئے جا رہے ہیں جن میں بہت زیادہ احساس ذمہ داری ہے۔

۱۰.۳۔ ایچ ایس ای (HSE) کانفرنس:

صحت ، سیفٹی اور ماحول (HSE) پر اے آریل کی پانچویں کانفرنس کا انعقاد کیا گیا جس میں ۱۰۰ سے زیادہ افراد نے شرکت کی۔ ۳۳ صنعتوں کے ایچ ایس ای کے شعبے کے پیشہ وارانہ افراد اور ماہرین بھی اس ایک روزہ کانفرنس میں موجود تھے۔

۱۰.۴۔ سی بی اے (CBA) ریفرنڈم ۲۰۱۸:

مشترکہ سودا کاری نمائندہ (سی بی اے) کارپوریشن ۲۶ جون ۲۰۱۸ء کو ہوا جس میں تین ٹریڈ یونینوں کے مابین مقابلہ ہوا۔ ریفائٹری ایمپلائز یونین نے سب سے زیادہ ووٹ لیے۔ رجسٹرار ٹریڈ یونیز، راولپنڈی نے انھیں جون ۲۰۱۸ء سے جون ۲۰۲۰ء تک دو سال کے لیے سی بی اے سرٹیفیکٹ دیا۔

۱۰.۵۔ سی بی اے (CBA) معاہدہ:

سی بی اے نے اپنا چارٹر آف ڈیمانڈ پیش کیا ہے اور سی بی اے اور اے آریل کے درمیان مذاکرات جاری ہیں۔ مذکورہ معاہدہ دو سال کے لیے موثر ہوگا۔ کارکنوں کو اس معاہدے کے تحت معاوضہ اور مراعات کا اطلاق یکم جولائی ۲۰۱۷ء سے ہوگا۔

۱۱۔ تجارتی اور سماجی ذمہ داری:

کمپنی نے اپنی تجارتی و سماجی ذمہ داری (CSR) کو پورا کرنے کے لئے مزید کئی اقدامات جاری رکھے ہوئے ہیں۔ ان سرگرمیوں کی تفصیلات بھی سالانہ رپورٹ کے ایک الگ حصے میں درج ہیں۔ (مہربانی فرما کر سالانہ رپورٹ کا صفحہ ۳۶ ملاحظہ کریں)۔ کمپنی کو ان ذمہ داریوں کو نبھانے کی اپنی طویل تاریخ پر فخر ہے۔

اے آر ایل کا منصوبہ ہے کہ ایک اعلیٰ قسم کی ڈیپ کنورین (Deep Conversion) گرین فیلڈ ریفاؤنڈری کی تنصیب کی جائے جس کی گنجائش ۵۰,۰۰۰ بیرل فی دن ہو۔ تاہم اس کا انحصار شمال سے خام تیل کی مسلسل فراہمی اور حکومت کی سرمایہ کاری کے لیے مفید پالیسیوں کے اعلان پر ہے۔

مندرجہ بالا تمام منصوبوں کا انحصار مقامی خام تیل کی پائیدار دستیابی، خام تیل کے مناسب معیار، پٹرولیم مصنوعات کی طلب و رسد کی صورت حال اور ملک میں موجودہ / مستقبل کی مصنوعات کی تصریحات کی دستیابی پر ہے۔

۹۔ انسانی وسائل کی ترقی:

کمپنی انسانی وسائل کو اپنا سب سے قیمتی اثاثہ تصور کرتی ہے اور اس کے لیے پُر عزم ہے کہ تمام کارکنان کو یکساں عزت اور احترام دیا جائے اور ایسا ماحول تشکیل دیا جائے جہاں ہر کارکن کی خدمات کو تسلیم کیا جائے اور اسے اہمیت دی جائے۔ اپنے انسانی وسائل کو ترقی دینے کے لیے کمپنی نے جو اقدامات کیے ہیں، ان کا خلاصہ پیش کیا جا رہا ہے:-

۹.۱۔ ملازمین کی ترقی اور تربیت:

ہم اپنے انسانی وسائل کی تکنیکی اور انتظامی صلاحیت کے منظم اضافہ کو مسلسل تربیت اور ترقی کے ذریعے یقینی بنانے کی کوشش کرتے ہیں۔ تربیتی منصوبہ ہماری کارکردگی کی انتظامی حکمت عملی کا ایک حصہ ہے اور اسے تربیتی ضرورت کے جائزے، عملے کے پیشہ وارانہ منصوبے، ماتحت عملے کی تیاری اور دیگر تنظیمی ضروریات کو مد نظر رکھا جاتا ہے۔ نئے یونٹس کے شروعات کے سلسلے میں امیدواروں کی مکمل چھان بین کے بعد ۲۸۵ سے زائد ملازمین کو بھرتی کیا گیا تھا۔ اگلا قدم ان نئے بھرتی کردہ ملازمین کی تربیت کو یقینی بنایا جانا تھا۔ اس حوالے سے نئے یونٹس کے لیے افرادی قوت کی تربیت کا کام اندرونی وسائل اور آپریٹر ٹریننگ سیمولیٹر (OTS) کی تنصیب سے پورا کیا گیا۔

۹.۲۔ تحریک و ترغیب اور حوصلہ افزائی کے اعزازات:

کارکنان کی بہترین صلاحیتوں سے کام لینے کو یقینی بنانے کے لئے انک ریفاؤنڈری میں ہر سہ ماہی کے اختتام پر ایک تقریب کا اہتمام کیا جاتا ہے جس میں ہر شعبے کے بہترین کارکنان کو شیلڈ اور نقد انعامات سے نوازا جاتا ہے۔ کارکردگی کے یہ اعزازات بنیادی کارکردگی، تحفظ، دفتری صفائی ستھرائی اور ادارے کی بہتری جیسے شعبوں میں دیئے جاتے ہیں۔ اس کے علاوہ قرعہ اندازی کے ذریعے چار ملازمین کو شریک حیات کے ساتھ عمرے اور حج کے لیے چنا گیا جبکہ ایک غیر مسلم ملازم کو بھی شریک حیات کے ساتھ مقدس مقامات کی زیارتوں کے لیے چنا گیا۔

۹.۳۔ افرادی قوت کی مناسب سطح کا جائزہ:

افراد کی قوت کی مناسب سطح کا جائزہ کرانے کے بعد بورڈ نے نظر ثانی شدہ تنظیم کے ڈھانچے کی منظوری دی اور مطلوبہ بھرتی بھی کر لی گئی ہے۔

Directors' Report

آپ کی کمپنی نے حکومت کے ساتھ ہائی اسپید ڈیزل پر ۷.۵ فیصد سے ۹ فیصد تک ہونے والی ڈیوٹی (Deemed Duty) کی واپسی کا معاملہ اٹھایا ہے کیونکہ بنیادی طور پر حکومت کی جانب سے یہ رعایت اس لیے دی گئی تھی کہ ڈیزل ہائیڈروڈی سلفر ایزیشن (Diesel Hydrodesulphurization DHDS) کے یونٹ پر کی جانے والی سرمایہ کاری کی لاگت پوری کی جاسکے جو کہ کمپنی نے کامیابی سے لگا بھی دیا ہے اور چلا بھی دیا ہے۔

ریفائنریوں نے مصنوعات اور قیمتوں کے تعین کے نظام کی تصریحات میں ہونے والی اچانک تبدیلی سے متعلق حکومت کے ساتھ بعض مسائل اٹھائے ہیں۔

۶۔ سرمایہ حصص (Share Capital):

کمپنی کے ۳۰ جون ۲۰۱۸ء تک جاری کردہ، وصول کردہ اور ادا شدہ سرمایہ کا حصہ ۹۳.۹۳ ملین روپے تھا۔ قیمتوں کے تعین کے فارمولے کے مطابق ریفائنری آپریشنز سے زیادہ سے زیادہ دستیاب منافع کی رقم یکم جولائی ۲۰۰۲ء تک ادا شدہ سرمایہ ۶.۲۹۱ ملین روپے کے ۵۰ فیصد کے مساوی رقم سے زیادہ تقسیم نہیں ہو سکتی۔

کمپنی کی انتظامیہ نے یہ معاملہ کئی سطحوں پر حکومت کے سامنے پیش کیا اور یہ سفارش کی کہ منافع میں حصہ کی ادائیگی پر حد کی پابندی ختم کی جانی چاہیے یا کم از کم اسے موجودہ ادا شدہ سرمایہ کے حصے کی بنیاد پر مقرر کیا جانا چاہیے جس میں وقتاً فوقتاً نظر ثانی کی جاتی ہے۔

۷۔ اہم خطرات اور غیر یقینی عوامل:

قیمتوں کے حالیہ تعین کے فارمولے کے تحت کمپنی پٹرولیم مصنوعات اور خام تیل کی قیمتوں کے منفی اتار چڑھاؤ کے خطرے سے دوچار ہے۔ کمپنی نے بار بار حکومت کے سامنے یہ معاملہ اٹھایا ہے اور ایک ایسی ریفائننگ پالیسی کی تیاری اور اس پر عملدرآمد پر زور دیا ہے جو تمام شرائط کا خیال رکھ سکے۔ کمپنی کے کاروبار سے منسلک مالیاتی خطرات اور ان خطرات پر قابو پانے سے متعلق تفصیلات کو اکاؤنٹس کے نوٹ ۳.۴ میں تفصیل سے بیان کیا گیا ہے۔

۸۔ ریفائنری کی وسعت اور تجدید کے منصوبے:

ریفائنری کو جن چیلنجوں کا سامنا ہے، ان میں ملک کے شمال میں خام تیل کی پیداوار میں مسلسل اضافہ اور پیداواری تصریحات میں مزید بہتری شامل ہیں۔

مصنوعات کے تصریحات کو مزید بہتر بنانے اور بیش قیمت مصنوعات کی حجم میں اضافہ کرنے کے لیے جدید ترین مشینوں کی تنصیب کے منصوبے زیر غور ہیں جن میں کانٹینوس کیٹلیٹک ریفارمر (CCR) (Continuous Catalytic Reformer)، ہائیڈروکریکر (Hydrocracker)، ڈیلیڈ کوکر (Delayed Coker) اور ڈی ایچ ڈی ایس (DHDS) پر اضافی ری ایکٹر (Reactor) شامل ہیں۔ ان یونٹس کے قیام کے ساتھ کمپنی کا مقصد اعلیٰ ران (RON) گیسولین، ڈیزل یورو-II اور یورو-IV کوالٹی کی پیداوار بڑھانا اور بیش قیمت مصنوعات کے لیے فرنس آئل کو مزید نتھارنا ہے۔

زیر جائزہ سال کے دوران ریفائنری کی پیداوار ۲.۲۷ ملین ٹن رہی (جون ۲۰۱۷: ۲.۲۲۱ ملین ٹن)۔ ملک کے شمالی علاقے سے نکالے جانے والے تمام خام تیل کا اکثر حصہ، جس میں بعض تیل کے کنوؤں کی اضافی پیداوار بھی شامل رہی، اس ریفائنری پر صاف کیا گیا ہے۔

مجموعی طور پر ۲.۲۷ ملین ٹن خام تیل (جون ۲۰۱۷: ۲.۱۹۷ ملین ٹن) مختلف کنوؤں سے حاصل کیا گیا جسے نتھارا اور صاف کیا گیا۔ آپ کی کمپنی کو یہ منفرد مقام حاصل ہے کہ یہ پورے ملک سے آنے والے ہلکے اور بھاری دونوں اقسام کے خام تیل کو نتھارا اور صاف کر سکتی ہے۔

خام تیل کو نتھارنے والے تمام یونٹس بالکل درست حالت میں کام کر رہے ہیں۔ کمپنی نے اس سال ۲.۲۱۳ ملین ٹن (جون ۲۰۱۷: ۲.۱۶۲ ملین ٹن) مختلف پٹرولیم مصنوعات فراہم کیں جو سب کی سب طے کردہ معیارات کی تصریحات کے عین مطابق تھیں۔

کمپنی ریفائنری آپریشنز میں زیادہ سے زیادہ تحفظ اور کارکردگی کو یقینی بنانے اور مصنوعات کی تصریحات میں بہتری لانے کے لیے کاروباری طریقہ ہائے کار کو بہتر بنانے کے لیے ہمیشہ عملی طور پر پُر عزم رہتی ہے۔ اس سلسلے میں مختلف کام اور سرگرمیاں انجام دی گئی تھیں۔ کاروباری عمل کی ری انجینئرنگ، تحقیق اور ترقی کے سلسلے میں تفصیلات سالانہ رپورٹ کے ایک علیحدہ حصے میں دی گئی ہیں (مہربانی فرما کر سالانہ رپورٹ کا صفحہ ۳۴ ملاحظہ کریں)۔

۳۔ کمپنی کے کاروبار کے ماحول پر اثرات:

کمپنی ماحولیاتی ذمہ داری سے مکمل طور پر آگاہ ہے۔ اس سلسلے میں، کمپنی نے توانائی کے انتظام، پانی کے تحفظ، حیاتیاتی تنوع اور وسائل کی استعداد کے تحفظ کے لیے ٹھوس اقدامات کیے ہیں تاکہ ماحول پر مرتب ہونے والے منفی اثرات پر قابو پانے اور کم کرنے کے حتمی مقصد کو حاصل کیا جاسکے۔ توانائی کے انتظام کے معیار ISO-۵۰۰۰ پر عمل درآمد، پانی کی صفائی کے پلانٹ کی تجدید اور پانی کے تحفظ کے اقدامات جیسے پانی کے قطروں سے آبپاشی، گندے پانی کو دوبارہ قابل استعمال بنانا وغیرہ سے ماحول کے تحفظ کے لیے ہمارے مسلسل عزم کا اظہار ہوتا ہے۔ اس ضمن میں کمپنی کی کوششوں کے اعتراف میں ماحولیاتی اور پائیداری کی رپورٹنگ کے شعبوں میں معتبر اداروں کی جانب سے ایوارڈ دیے گئے۔

۵۔ قیمتوں کے تعین کا طریقہ:

کمپنی کی پٹرولیم مصنوعات کی قیمتوں کا تعین ”درآمدی قیمت سے برابری کا فارمولہ“ (Import Parity Pricing Formula) اور حکومت کی طرف سے اس میں کی گئی وقتاً فوقتاً ترامیم کی بنیاد پر کیا جاتا ہے۔ اس فارمولے کے تحت خام تیل کی قیمت برآمدی قیمت کی بنیاد پر طے کی جاتی ہے اور اس سے تیار کردہ مصنوعات کا برآمدی قیمت کے مقررہ ضابطوں کے تحت حساب کیا جاتا ہے۔ حکومت کی دیگر ہدایات کے ساتھ ساتھ ریفائنریاں یکم جولائی ۲۰۰۲ء تک کے سرمایہ حصص سے ۵۰ فیصد سے زیادہ منافع کو ریفائنری کے توسیع و جدت کے لیے ”سپیشل ریزرو اکاؤنٹ“ میں منتقل کریں گی۔

Directors' Report

۲۔ اختصاص اور منافع کا تصرف:

۲.۱۔ اختصاص:

۲۰۱۷	۲۰۱۸	
روپے (ہزار میں)		
۵,۴۱۳,۶۶۴	۵۷۸,۹۷۸	ٹیکس کی ادائیگی کے بعد منافع
(۳۶,۵۷۲)	(۱۲۹,۷۷۷)	منفی: دیگر جامع اخراجات
۵,۳۷۷,۰۹۲	۴۴۹,۲۰۱	
۸,۳۰۰,۶۹۴	۹,۶۹۷,۷۸۶	غیر منقسم منافع (پچھلے سال کا)
۱۳,۶۷۷,۷۸۶	۱۰,۱۴۶,۹۸۷	دستیاب منافع برائے اختصاص
		اختصاص:
(۳,۵۵۳,۵۳۵)	۱,۰۱۲,۵۵۸	توسیع / جدت پسندی کے لیے خصوصی مختص شدہ فنڈ (کو) / سے منتقل شدہ رقم
		سال ۲۰۱۷ کے لیے ادا شدہ نقد منافع:
(۴۲۶,۴۶۵)	(۵۱۱,۷۵۸)	۲ روپے فی حصص (۲۰۱۶: ۵ روپے فی حصص)
۹,۶۹۷,۷۸۶	۱۰,۶۴۷,۷۸۷	غیر منقسم منافع

۲.۲۔ بونس حصص / منافع کا تصرف:

ڈائریکٹرز نے بونس حصص کے اجراء کے لیے بشرح ۲۵% یعنی ہر چار حصص کے عوض ایک حصص کی سفارش کی ہے (۳۰ جون ۲۰۱۷ء: صفر)۔ اس بونس حصص کا اجراء جس کی سفارش کی گئی ہے سالانہ عام اجلاس میں حصہ داران کی حتمی منظوری کے ساتھ مشروط ہے۔ حالیہ مالی سال کے لیے نقد منافع تجویز نہیں کیا گیا (۳۰ جون ۲۰۱۷: ۶۰%)۔

۳۔ اہم سرگرمیاں، ترقی و کارکردگی:

موجودہ مالی سال کے دوران کمپنی کی اہم کاروباری سرگرمیاں، ترقی اور کارکردگی مندرجہ ذیل تھیں:

کمپنی کے توسیعی منصوبے کے تحت نصب ہونے والے تمام یونٹس کی ایک سالہ گارنٹی کی مدت کامیابی کے ساتھ مکمل ہو گئی۔ اس سال کے دوران، ریفائنری کی استعداد کا مجموعی استعمال تقریباً ۹۴ فیصد تھا (۳۰ جون ۲۰۱۷: ۹۸ فیصد)۔ اس استعداد کے استعمال میں کمی کے رجحان کی بنیادی وجہ سال کی دوسرے سہ ماہی کے دوران حکومت کا ٹلک میں فرنس آئل سے چلنے والے بجلی کے پلانٹس کو فوری طور پر بند کرنے کا فیصلہ تھا۔ اس فیصلے کے نتیجے میں کمپنی کو فرنس آئل کے اسٹاک میں اضافے اور ذخیرہ کرنے کی گنجائش میں کمی کی وجہ سے ریفائنری کو مجبوراً کم پیداواری سطح پر چلانا پڑا۔ یہ معاملہ فوری طور پر حکومت کے ساتھ اعلیٰ ترین سطح پر اٹھایا گیا تھا جس کے نتیجے میں حکومت نے بعض ہنگامی اقدامات کیے جس کی وجہ سے ریفائنریوں کی دادرسی ہوئی۔



انک ریفرنری لمیٹڈ ڈائریکٹرز کی رپورٹ

ہم بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی ۳۰ ویں سالانہ رپورٹ جو ۳۰ جون ۲۰۱۸ء کو اختتام پذیر ہونے والے مالی سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز رپورٹ پر مشتمل ہے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

۱۔ مالیاتی نتائج:

زیر جائزہ مدت کے دوران کمپنی کو ٹیکس ادا نیگی کے بعد ریفرنری سرگرمیوں سے ۱,۰۱۳ ملین روپے کا نقصان ہوا (۳۰ جون ۲۰۱۷ء: ۳,۶۹۹ ملین روپے کا منافع) جبکہ غیر ریفرنری ذرائع سے ہونے والی آمدن ۱,۵۹۲ ملین روپے رہی (۳۰ جون ۲۰۱۷ء: ۱,۷۱۵ ملین روپے) اس آمدن نے ریفرنری آپریشنز سے ہونے والے خسارے کو ختم کیا اور اس طرح کمپنی نے ۵۷۹ ملین روپے کا منافع کمایا (۳۰ جون ۲۰۱۷ء: ۵,۴۱۴ ملین روپے منافع) نتیجتاً فی حصص آمدنی ۶.۷۹ روپے رہی (۳۰ جون ۲۰۱۷ء: ۲۳.۴۷ روپے فی حصص)۔

اس خسارے کی وجہ ایسے متعدد عوامل بنے جو کہ کمپنی کے دائرہ اختیار میں نہ تھے۔ اس کی بنیادی وجہ خام تیل کی قیمتوں کا مسلسل بڑھنا اور قیمتوں کے تعین کے حالیہ طریقہ کار کے تحت پیٹرولیم مصنوعات کی قیمتوں میں فوری اضافہ نہ ہونا تھا، پاکستانی روپے کی قدر میں غیر معمولی کمی کی وجہ سے شرح مبادلہ کی مد میں ۱,۳۹۶ ملین روپے کا بھاری نقصان اور دوسری سہ ماہی میں ملک میں فرنس آئل سے چلنے والے بجلی کے کارخانوں کو اچانک بند کرنے کے حکومتی فیصلے کی وجہ سے ریفرنری کا کم استعداد پر چلنا شامل ہیں۔

ان تمام ناموافق عوامل کے باوجود، کمپنی نے طویل المدتی قرض کی اقساط، خام تیل کے سپلائرز کی ادائیگیاں اور حکومتی ٹیکس وغیرہ کی ادائیگی سمیت تمام مالی ادائیگیوں کو بروقت پورا کیا۔

جیسا کہ اکاؤنٹس کے نوٹ نمبر ۶ میں وضاحت کی گئی ہے کہ کمپنی نے متعین اثاثوں کی نظر ثانی شدہ قدر و قیمت میں اضافہ کو حساب داری میں پیش کرنے کے لئے طریقہ کار کو تبدیل کر دیا ہے۔ نئی پالیسی کے تحت اب متعین اثاثوں کی قدر و قیمت میں اضافہ کو ایکویٹی (Equity) میں شامل کر دیا گیا ہے۔ یہ تبدیلی کمپنیز ایکٹ، ۲۰۱۷ کے نئے تقاضے کی تعمیل کے لیے کی گئی ہے۔

Financial Statistical Summary

Attock Refinery Limited

30 June (Rupees in Million)

	2018	2017	2016	2015	2014	2013
TRADING RESULTS						
Sales (Net of Govt. Levies)	129,588.62	101,386.94	66,564.92	128,905.43	175,067.85	163,300.53
Reimbursement from/ (to) Government	7.95	24.85	-	-	-	-
Turnover	129,596.57	101,411.79	66,564.92	128,905.43	175,067.85	163,300.53
Cost of Sales	130,675.23	97,078.92	67,466.75	128,352.37	174,930.91	160,259.07
Gross profit/ (loss)	(1,078.66)	4,332.87	(901.83)	553.06	136.94	3,041.46
Administration and Distribution cost	695.28	644.07	571.08	539.04	469.43	398.78
Other Income	1,977.48	1,434.22	927.38	1,349.64	1,764.18	3,082.10
Non-Refinery Income	1,591.54	1,714.33	1,519.74	1,409.45	1,847.12	1,298.09
Operating profit	1,795.08	6,837.35	974.21	2,773.11	3,278.81	7,022.87
Financial and other charges	2,819.03	1,465.80	162.68	397.06	104.61	954.51
Profit before tax	(1,023.95)	5,371.55	811.53	2,376.05	3,174.20	6,068.36
Taxation	(1,602.93)	(42.11)	(4.82)	561.81	630.81	2,142.68
Profit after tax	578.98	5,413.66	816.35	1,814.24	2,543.39	3,925.68
Dividend	-	(511.76)	(426.47)	(426.47)	-	(426.47)
Transfer from/ (to) special reserves	1,012.56	(3,553.53)	-	(259.00)	(550.48)	(2,481.80)
STATEMENT OF FINANCIAL POSITION SUMMARY						
Paid-up Capital	852.93	852.93	852.93	852.93	852.93	852.93
Reserves	28,767.54	30,227.19	24,399.35	25,445.05	25,551.55	21,878.63
Unappropriated Profit brought forward	9,697.79	8,300.70	7,937.28	6,528.17	4,753.55	4,034.65
Share holder' funds	39,318.26	39,380.82	33,189.56	32,826.15	31,158.03	26,766.21
Financing facilities (Long term including current portion)	14,842.92	19,872.17	15,163.68	11,658.99	480.69	-
Property, plant & equipment (less depreciation)	33,239.76	35,356.80	34,965.03	31,571.32	16,858.66	10,015.57
Net current assets	4,110.24	7,902.64	(1,102.24)	(1,397.99)	1,260.78	3,358.31
CASH FLOW SUMMARY						
Cash flows from operating activities	7,353.16	7,156.81	(2,727.70)	399.96	1,438.58	74.16
Cash flows from investing activities	2,491.91	1,963.22	(172.69)	(11,832.72)	(1,453.25)	2,376.51
Cash flows from financing activities	(8,542.68)	2,826.74	1,887.58	10,859.03	276.64	(1,291.09)
Increase / (Decrease) in cash and cash equivalents	1,302.39	11,946.77	(1,012.81)	(573.72)	261.97	1,161.30
PROFITABILITY RATIOS						
Gross profit ratio %	(0.83)	4.27	(1.35)	0.43	0.08	1.86
Net profit to sales %	0.45	5.34	1.23	1.41	1.45	2.40
EBITDA margin to sales %	2.55	8.78	1.71	2.07	2.00	3.87
Operating leverage ratio Time	(3.21)	11.32	1.26	0.96	(0.17)	13.61
Return on equity %	1.47	13.75	2.46	5.53	8.16	14.67
Return on capital employed %	1.02	10.06	1.76	4.77	8.71	18.85
LIQUIDITY RATIO						
Current ratio Time	1.08	1.23	0.96	0.96	1.04	1.09
Quick/ acid test ratio Time	0.82	1.00	0.65	0.72	0.69	0.76
Cash to current liabilities Time	0.45	0.63	0.35	0.29	0.31	0.29
Cash flow from operations to sales Time	0.06	0.07	(0.04)	-	0.01	-
ACTIVITY/TURNOVER RATIO						
Inventory turnover ratio Time	16.86	15.63	10.16	14.16	15.02	14.31
No. of days in inventory Days	22	23	36	26	24	26
Debtor turnover ratio Time	12.05	14.16	8.41	11.63	14.31	5.97
No.of days in receivables Days	30	26	44	31	26	61
Creditor turnover ratio Time	5.75	5.88	3.64	5.87	8.36	4.08
No. of days in payables Days	63	62	101	62	44	89
Total assets turnover ratio Time	1.35	1.11	0.88	1.60	2.59	2.53
Fixed assets turnover ratio Time	3.78	2.87	1.90	4.08	10.38	16.30
Operating cycle	(11)	(13)	(21)	(5)	6	(2)

		30 June (Rupees in Million)					
		2018	2017	2015	2014	2013	2012
INVESTMENT/ MARKET RATIO							
Earnings per share (EPS)	Rs	6.79	63.47	9.57	21.27	29.82	46.03
(on shares outstanding at 30 June)							
Dividend	%	-	60	50	50	-	50
Cash dividend per share	Rs	-	6.00	5.00	5.00	-	5.00
Bonus share issue *	%	25	-	-	-	-	-
Price earning ratio	Time	31.71	6.03	29.27	10.74	7.12	5.54
Dividend yield ratio	%	-	1.57	1.78	2.19	-	1.96
Dividend cover ratio	Time	-	10.58	1.91	4.25	-	9.21
Dividend payout ratio	%	-	9.45	52.25	23.51	-	10.86
Break-Up Value (Rs per share)	Rs	460.98	461.71	389.12	384.86	365.31	313.81
Highest market value per share during the year	Rs	430.88	508.16	288.77	235.11	272.81	208.28
Lowest market value per share during the year	Rs	187.05	294.14	188.67	146.48	173.85	123.94
Market value per share June 30,	Rs	215.31	382.58	280.14	228.45	212.29	255.15
CAPITAL STRUCTURE RATIOS							
Financial leverage ratio	Time	0.38	0.50	0.46	0.36	0.02	-
Debt to equity ratio	%	27 : 73	34 : 66	31 : 69	26 : 74	2 : 98	-
Weighted average cost of debt	%	5.54	5.41	6.77	7.61	7.81	-
Interest cover ratio	Time	0.48	5.42	-	-	-	-

* The Board has proposed bonus shares @ 25% in their meeting held on August 14, 2018.

Comparative figures have been restated to reflect changes as per Companies Act, 2017.

Ratio Analysis

PROFITABILITY RATIOS

Decline in profitability ratios of the company due to unfavourable fluctuations in international prices of Petroleum Products as well as decline in Refinery's throughput during the year.

LIQUIDITY RATIOS

The company has slight decline in liquidity ratios of the Company which was due to continuous increase in the prices of crude oils and devaluation of Pakistani Rupee.

ACTIVITY TURNOVER RATIOS

Overall activity turnover Ratios have improved, mainly due to the change in creditors' turnover ratio and number of days in payables.

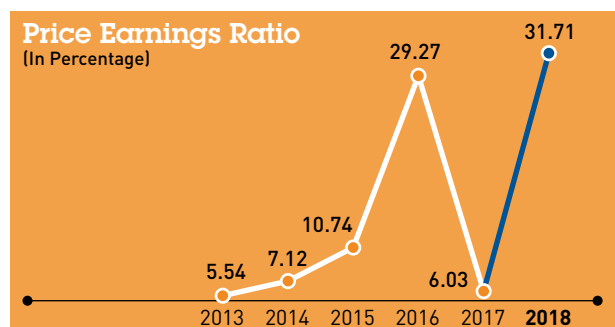
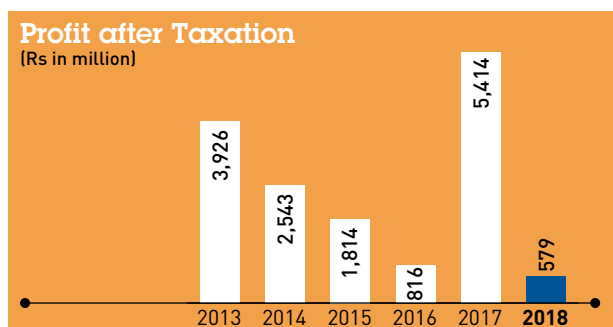
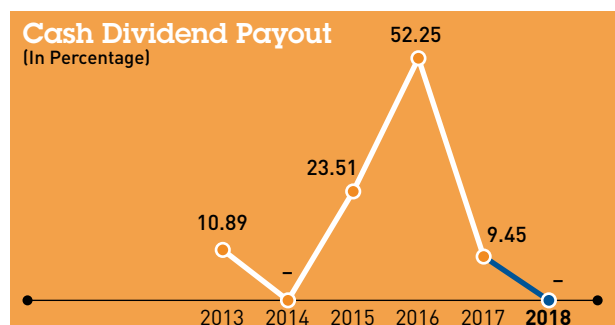
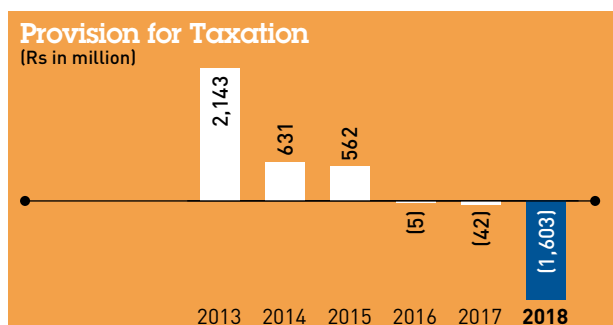
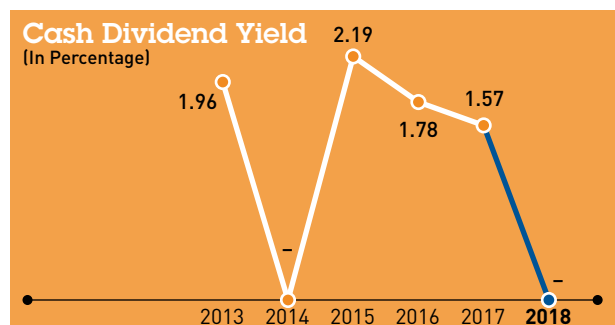
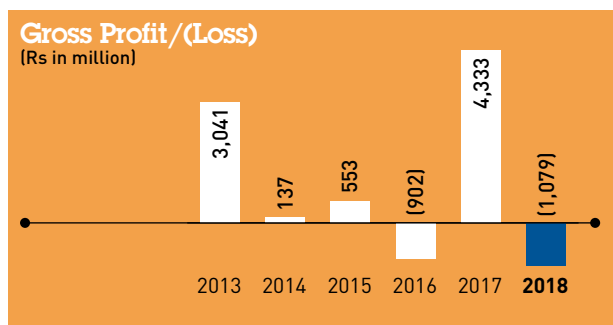
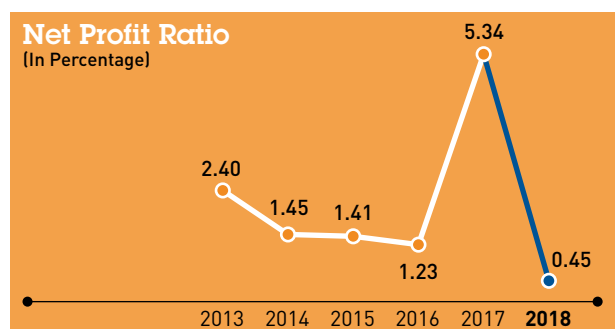
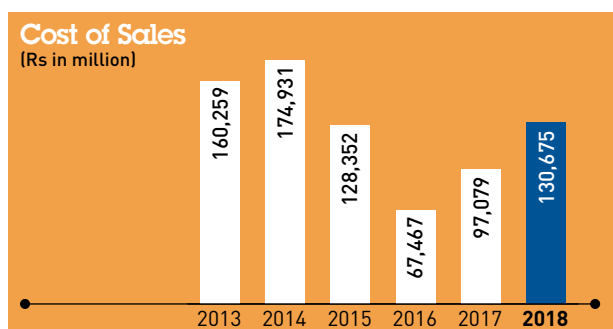
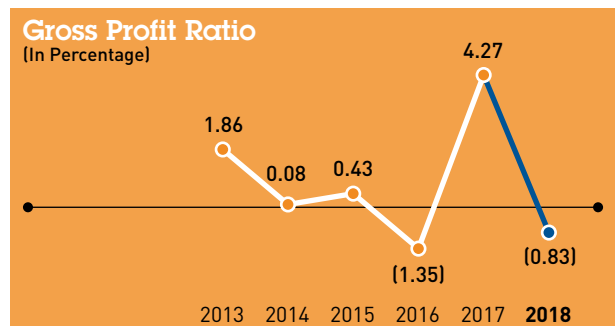
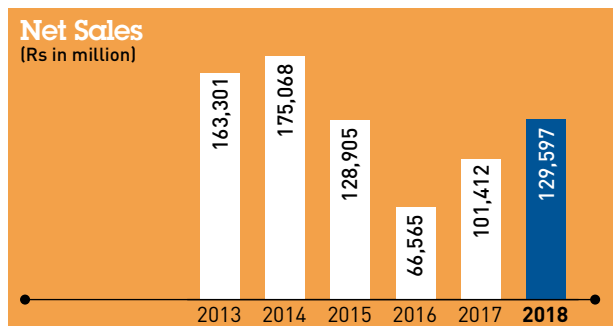
INVESTMENT / MARKET RATIOS

Decline in overall profitability of the company resulted in reduction in Market/ Investment Ratios. Heavy Exchange loss of Rs. 1.4 billion due to devaluation of Pak Rupees added to the aggrieved situation.

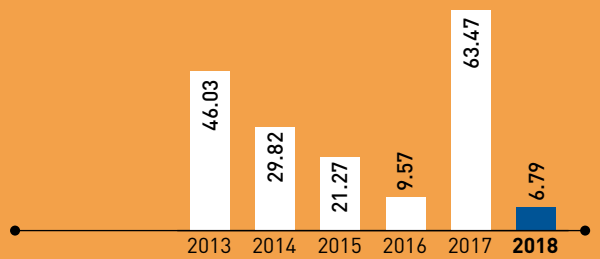


Financial Highlights

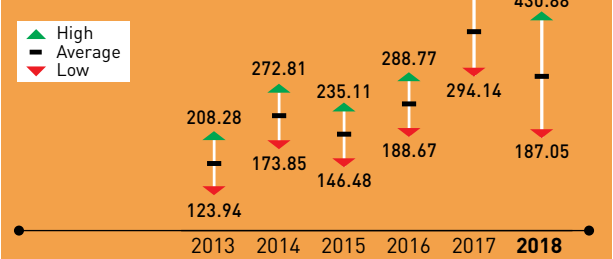
Attock Refinery Limited



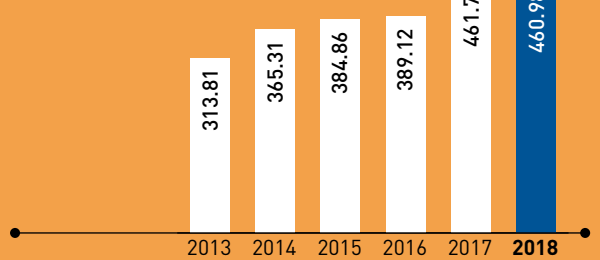
Earnings Per Share (Rupees)



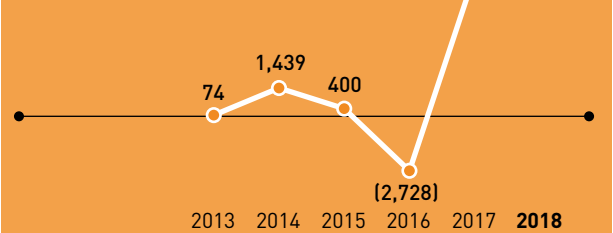
Market Value Per Share High - Low (Rupees)



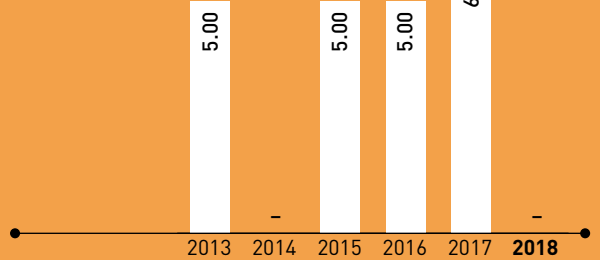
Break-up Value (Rs per Share)



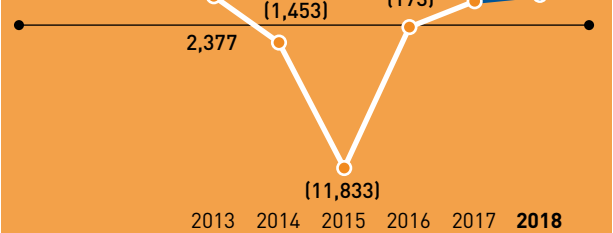
Cash Flow from Operating Activities (Rupees in million)



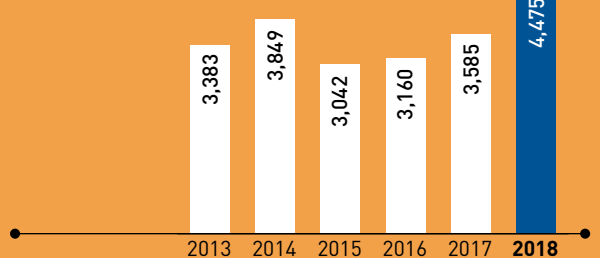
Dividend Per Share (Rupees)



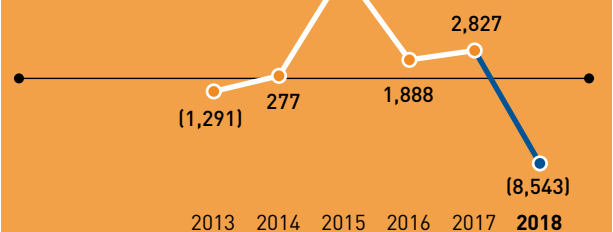
Cash Flow from Investing Activities (Rupees in million)



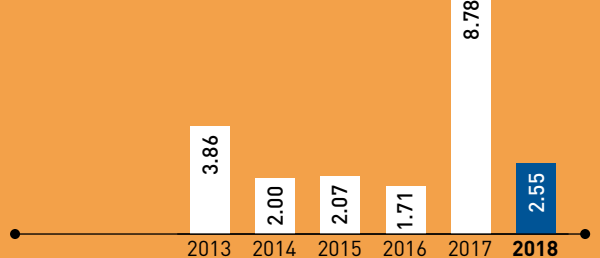
Number of Shareholders (Numbers)



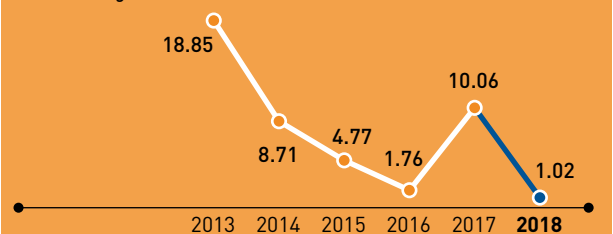
Cash Flow from Financing Activities (Rupees in million)



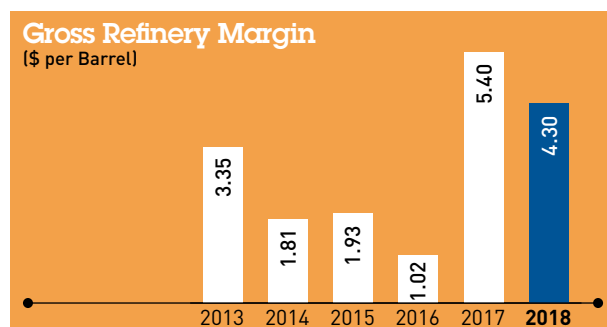
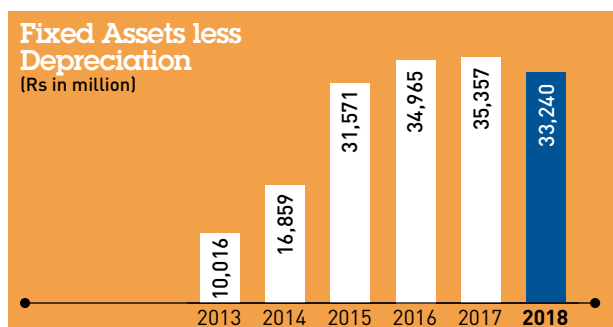
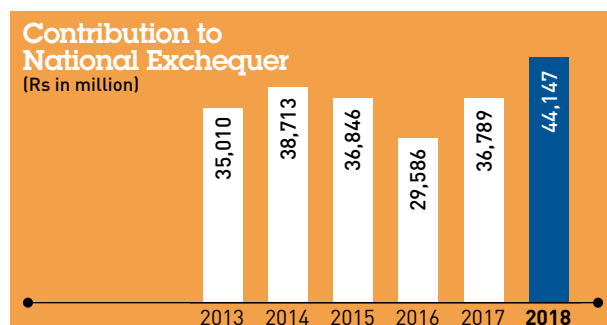
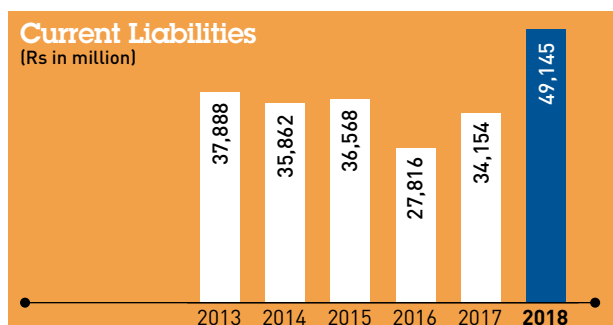
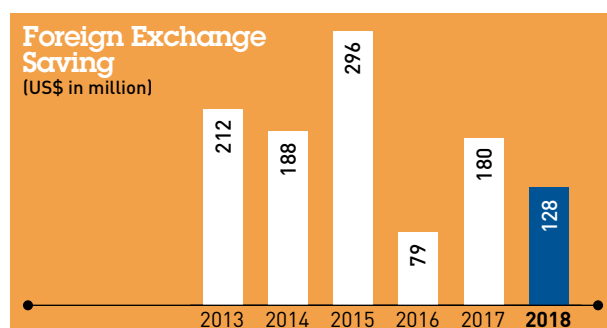
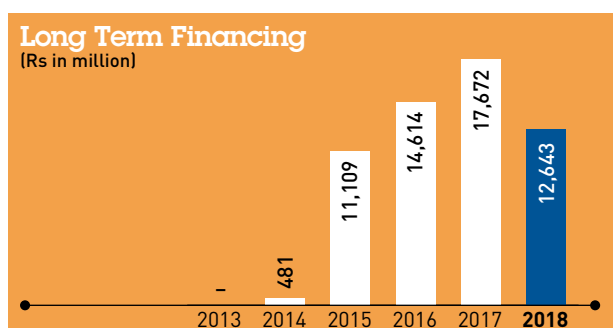
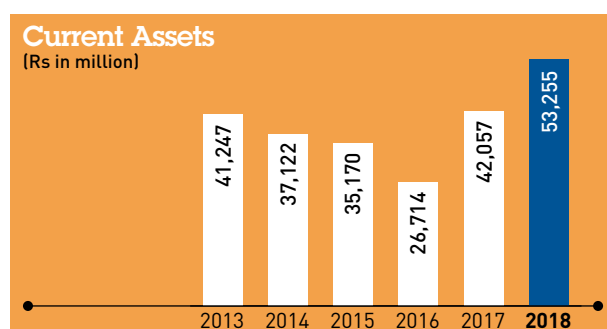
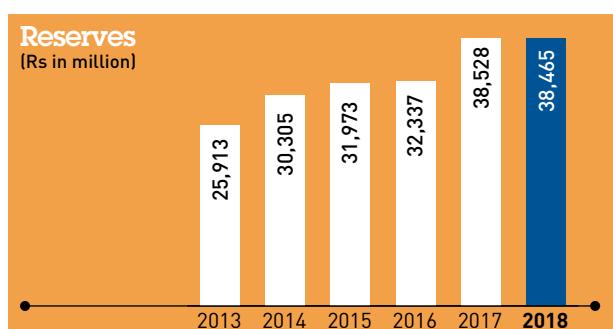
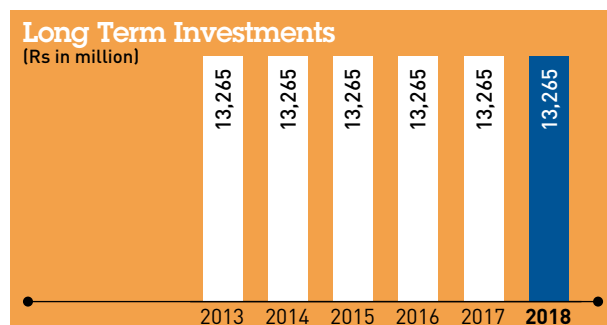
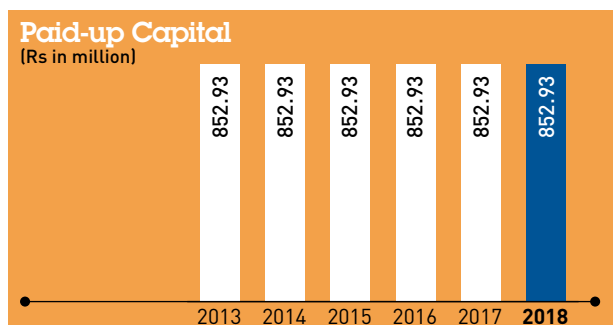
EBITDA - Margin to Sales (In Percentage)



Return on Capital Employed (In Percentage)



Financial Highlights - Attock Refinery Limited



Analysis of Financial Statements

Attock Refinery Limited

ANALYSIS OF FINANCIAL POSITION

Share capital and Reserve:

Equity didn't show much variation as a result of payment of dividend which was partially offset by profit for the current year.

Long term financing:

During the year long term financing has decreased from Rs 17,672 million to Rs 12,643 million. After completion of up gradation Project, there were scheduled payments of Rs. 2,200 million and prepayment of Rs 3,000 million.

Current liabilities:

Trade and other payables have increased during the year due to increase in prices of crude oil and devaluation of Pak Rupee against US Dollar.

Property, plant and equipment:

Property, plant and equipment have witnessed a downward trend due to decrease in operating assets as a result of depreciation charge for the year being Rs 2.5 billion. Property, plant and equipment represents 33% of Company's Statement of Financial Position.

Current assets:

Current Assets have increased by 27% from Rs 42,057 million to Rs 53,255 million during the current financial year, mainly due to increase in stock in trade and trade debtors as a result of increase in prices of crude oil and products.

ANALYSIS OF PROFIT OR LOSS

Revenue:

During the current year, net sales revenue has increased by 28% from Rs 101,412 million to Rs 129,597 million. This increase reflects upward trend in international prices of Petroleum Products by 25% which prevailed during the year as well as increase in Refinery's throughput resulting in increase of sales volume by 2% after the successful completion of Up-gradation Projects.

Cost of Sales:

During the period under review, cost of sales increased by 35% from Rs 97,079 million to Rs 130,675 million due to upward trend in prices of crude oil in international market as well as increase in Refinery's throughput.

Administration and distribution cost:

Administration and distribution cost increased by 8% from Rs 644 million in 2017 to Rs 695 million in 2018 due to normal escalation.

Finance cost:

During the year finance cost has increased as a result of devaluation of Pak rupee.

Other Income:

Other income increased by 38% from Rs 1,434 million to Rs 1,977 million mainly on account of increase in Income from bank deposits.

Taxation:

The current year's tax liability has been adjusted against balance of tax credit for Balancing Modernization and Replacement carried forward from last year. Provision for income tax recorded by the Company for tax years 2011 and 2012 has been partially written back amounting to Rs 1,072 million in view of favourable judgments of tax appellate authorities including those passed in Company's own matter or in such matters as are being contested by the Company.

Non-refinery income:

Non-refinery income decreased from Rs 1,715 million to Rs 1,592 million due to decrease in dividend income from associated companies during the year as compared to the last year.

ANALYSIS OF CASH FLOWS STATEMENT

Operating activities:

There was a net cash inflow of Rs 7,353 million during the year. The main reason was favourable fluctuation in prices of crude oil and petroleum products, along with increase in throughput. Moreover there was an improvement in recoveries from customers.

Investing activities:

Cash flow from investing activities has improved as cash outflow from investing activities decreased significantly during the current financial year after completion of ARL up gradation Project. Income from bank deposits has also increased.

Financing activities:

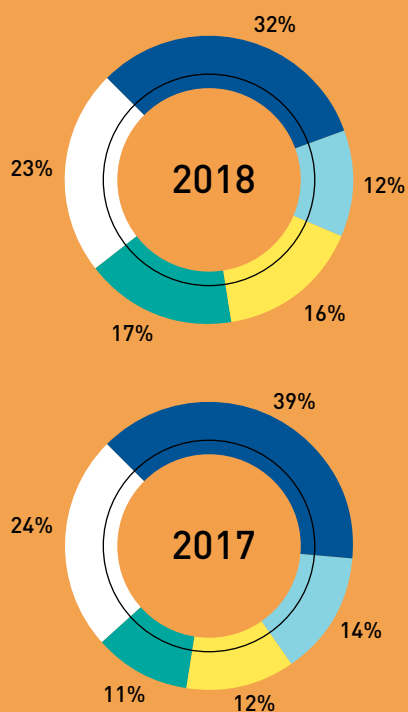
Cash outflow from financing activities has increased during the current Financial Year as a result of repayment of loan facility availed for ARL Upgradation Project.

Composition of Statement of Financial Position

Attock Refinery Limited

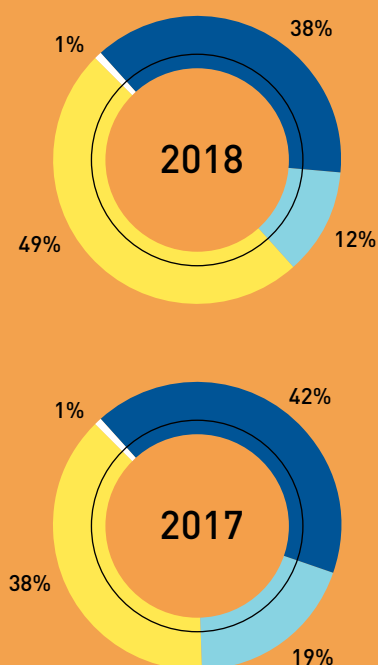


Fixed and Current Assets
(In Percentage)



- Property, plant and equipment
- Long term investments
- Trade debts
- Stock-in-trade and others
- Cash and bank balances

Equities and Liabilities
(In Percentage)



- Issued, subscribed and paid-up capital
- Reserves and surplus
- Long term financing
- Current liabilities and provisions



Vertical Analysis

	2018		2017	
	Rs in million	%	Rs in million	%
STATEMENT OF FINANCIAL POSITION				
Equity and reserves	39,318.26	38.89	39,380.81	43.17
Long term loan	12,642.92	12.50	17,672.17	19.38
Total current liabilities	49,144.86	48.61	34,153.92	37.45
	101,106.04	100.00	91,206.90	100.00
Property, plant and equipment	33,239.76	32.88	35,356.80	38.77
Long term investments	13,264.92	13.12	13,264.92	14.54
Non-current assets	1,346.26	1.33	528.63	0.58
Stores, spares and loose tools	2,905.75	2.87	2,193.27	2.40
Stock-in-trade	9,789.00	9.68	5,712.34	6.26
Trade debts	15,748.28	15.58	10,678.54	11.71
Loans, advances, deposits, prepayments and other receivables	1,871.72	1.85	1,842.29	2.02
Short term investment	985.84	0.98	-	-
Cash and bank balances	21,954.51	21.71	21,630.11	23.72
	101,106.04	100.00	91,206.90	100.00
STATEMENT OF PROFIT & LOSS				
Net Sales	129,596.57	100.00	101,411.79	100.00
Cost of sales	(130,675.23)	(100.83)	(97,078.92)	(95.73)
Gross profit/ (loss)	(1,078.66)	(0.83)	4,332.87	4.27
Administration expenses	645.12	0.50	595.02	0.59
Distribution cost	50.16	0.04	49.05	0.05
Other charges	(106.27)	(0.08)	202.66	0.20
	(589.01)	(0.46)	(846.73)	(0.84)
Other income	1,977.48	1.53	1,434.22	1.41
Operating profit/ (loss)	309.81	0.24	4,920.36	4.84
Finance cost	(2,925.30)	(2.26)	(1,263.14)	(1.25)
Profit/ (loss) before taxation from refinery operations	(2,615.49)	(2.02)	3,657.22	3.59
Taxation	1,602.93	1.24	42.11	0.04
Profit/ (loss) after taxation from refinery operations	(1,012.56)	(0.78)	3,699.33	3.63
Income from non-refinery operations less applicable charges and taxation	1,591.54	1.23	1,714.33	1.69
Profit for the year	578.98	0.45	5,413.66	5.32



2016		2015		2014		2013	
Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
33,189.56	43.89	32,826.15	40.78	31,158.04	46.16	26,766.21	41.40
14,613.68	19.33	11,108.99	13.80	480.69	0.71	-	-
27,815.95	36.78	36,568.27	45.42	35,861.58	53.13	37,888.48	58.60
75,619.19	100.00	80,503.41	100.00	67,500.31	100.00	64,654.69	100.00
34,965.03	46.24	31,571.32	39.22	16,858.66	24.98	10,015.57	15.50
13,264.92	17.54	13,264.92	16.48	13,264.92	19.65	13,264.92	20.52
675.54	0.89	496.89	0.62	254.36	0.38	127.42	0.17
1,815.41	2.40	2,008.56	2.49	786.54	1.17	688.13	1.06
6,707.64	8.87	6,574.13	8.17	11,555.71	17.11	11,744.81	18.17
6,889.43	9.11	14,417.78	17.91	13,239.27	19.61	17,499.31	27.07
1,618.02	2.14	1,475.22	1.83	273.93	0.41	309.56	0.48
-	-	-	-	-	-	-	-
9,683.20	12.81	10,694.59	13.28	11,266.92	16.69	11,004.97	17.03
75,619.19	100.00	80,503.41	100.00	67,500.31	100.00	64,654.69	100.00
66,564.92	100.00	128,905.43	100.00	175,067.85	100.00	163,300.53	100.00
(67,466.75)	(101.35)	(128,352.37)	(99.57)	(174,930.91)	(99.92)	(160,259.07)	(98.14)
(901.83)	(1.35)	553.06	0.43	136.94	0.08	3,041.46	1.86
520.54	0.78	492.55	0.38	425.89	0.24	358.36	0.22
50.54	0.08	46.48	0.04	43.53	0.02	40.40	0.02
5.80	0.01	81.94	0.06	102.86	0.06	405.96	0.25
(576.88)	(0.87)	(620.97)	(0.48)	(572.28)	(0.32)	(804.72)	(0.49)
927.38	1.39	1,349.64	1.05	1,764.18	1.01	3,082.10	1.89
(551.33)	(0.83)	1,281.73	1.00	1,328.84	0.77	5,318.84	3.26
(156.88)	(0.25)	(315.12)	(0.25)	(1.75)	-	(548.56)	(0.34)
(708.21)	(1.08)	966.61	0.75	1,327.09	0.77	4,770.28	2.92
4.82	0.01	(561.81)	(0.44)	(630.81)	(0.36)	(2,142.68)	(1.31)
(703.39)	(1.07)	404.80	0.31	696.28	0.41	2,627.60	1.61
1,519.74	2.28	1,409.46	1.09	1,847.13	1.06	1,298.10	0.79
816.35	1.21	1,814.26	1.40	2,543.41	1.47	3,925.70	2.40

Horizontal Analysis

	2018		2017	
	Increase/ (Decrease) from last year		Increase/ (Decrease) from last year	
	Rs in million	%	Rs in million	%
STATEMENT OF FINANCIAL POSITION				
Equity and reserves	39,318.26	(0.16)	39,380.81	18.65
Long term loan	12,642.92	(28.46)	17,672.17	20.93
Total current liabilities	49,144.86	43.89	34,153.92	22.79
	101,106.04	10.85	91,206.90	20.61
Property, plant and equipment	33,239.76	(5.99)	35,356.80	1.12
Long term investments	13,264.92	-	13,264.92	-
Non-current assets	1,346.26	154.67	528.63	(21.75)
Stores, spares and loose tools	2,905.75	32.48	2,193.27	20.81
Stock-in-trade	9,789.00	71.37	5,712.34	(14.84)
Trade debts	15,748.28	47.48	10,678.54	55.00
Loans, advances, deposits, prepayments and other receivables	1,871.72	1.60	1,842.29	13.86
Short term investment	985.84	100.00	-	-
Cash and bank balances	21,954.51	1.50	21,630.11	123.38
	101,106.04	10.85	91,206.90	20.61
STATEMENT OF PROFIT & LOSS				
Net Sales	129,596.57	27.79	101,411.79	52.35
Cost of sales	(130,675.23)	34.61	(97,078.92)	43.89
Gross profit/ (loss)	(1,078.66)	(124.89)	4,332.87	580.45
Administration expenses	645.12	8.42	595.02	14.31
Distribution cost	50.16	2.26	49.05	(2.95)
Other charges	(106.27)	(152.44)	202.66	3,394.14
	(589.01)	(30.44)	(846.73)	46.78
Other income	1,977.48	37.88	1,434.22	54.65
Operating profit/ (loss)	309.81	(93.70)	4,920.36	992.45
Finance cost	(2,925.30)	131.59	(1,263.14)	705.16
Profit/ (loss) before taxation from refinery operations	(2,615.49)	(171.52)	3,657.22	616.40
Taxation	1,602.93	3,706.53	42.11	773.65
Profit/ (loss) after taxation from refinery operations	(1,012.56)	(127.37)	3,699.33	625.93
Income from non-refinery operations less applicable charges and taxation	1,591.54	(7.16)	1,714.33	12.80
Profit for the year	578.98	(89.31)	5,413.66	563.15



2016		2015		2014		2013	
Increase/ (Decrease) from last year		Increase/ (Decrease) from last year		Increase/ (Decrease) from last year		Increase/ (Decrease) from last year	
Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
33,189.56	1.11	32,826.15	5.35	31,158.04	16.41	26,766.21	100.00
14,613.68	31.55	11,108.99	2,211.05	480.69	100.00	-	-
27,815.95	(23.93)	36,568.27	1.97	35,861.58	(5.35)	37,888.48	100.00
75,619.19	(6.07)	80,503.41	19.26	67,500.31	4.40	64,654.69	100.00
34,965.03	10.75	31,571.32	87.27	16,858.66	68.32	10,015.57	100.00
13,264.92	-	13,264.92	-	13,264.92	-	13,264.92	100.00
675.54	35.96	496.89	95.35	254.36	99.62	127.42	100.00
1,815.41	(9.62)	2,008.56	155.37	786.54	14.30	688.13	100.00
6,707.64	2.03	6,574.13	(43.11)	11,555.71	(1.61)	11,744.81	100.00
6,889.43	(52.22)	14,417.78	8.90	13,239.27	(24.34)	17,499.31	100.00
1,618.02	9.68	1,475.22	438.54	273.93	(11.51)	309.56	100.00
-	-	-	-	-	-	-	-
9,683.20	(9.46)	10,694.59	(5.08)	11,266.92	2.38	11,004.97	100.00
75,619.19	(6.07)	80,503.41	19.26	67,500.31	4.40	64,654.69	100.00
66,564.92	(48.36)	128,905.43	(26.37)	175,067.85	7.21	163,300.53	100.00
(67,466.75)	(47.44)	(128,352.37)	(26.63)	(174,930.91)	9.16	(160,259.07)	100.00
(901.83)	(263.06)	553.06	303.86	136.94	(95.50)	3,041.46	100.00
520.54	5.68	492.55	15.65	425.89	18.84	358.36	100.00
50.54	8.73	46.48	6.78	43.53	7.75	40.40	100.00
5.80	(92.92)	81.94	(20.34)	102.86	(74.66)	405.96	100.00
(576.88)	(7.10)	(620.97)	8.51	(572.28)	(28.88)	(804.72)	100.00
927.38	(31.29)	1,349.64	(23.50)	1,764.18	(42.76)	3,082.10	100.00
(551.33)	(143.02)	1,281.73	(3.55)	1,328.84	(75.02)	5,318.84	100.00
(156.88)	(50.22)	(315.12)	17,906.86	(1.75)	(99.68)	(548.56)	100.00
(708.21)	(173.27)	966.61	(27.16)	1,327.09	(72.18)	4,770.28	100.00
4.82	100.86	(561.81)	(10.94)	(630.81)	(70.56)	(2,142.68)	100.00
(703.39)	(273.77)	404.80	(41.86)	696.28	(73.50)	2,627.60	100.00
1,519.74	7.82	1,409.46	(23.69)	1,847.13	42.29	1,298.10	100.00
816.35	(55.01)	1,814.26	(28.67)	2,543.41	(35.21)	3,925.70	100.00

Statement of Contribution & Value Addition



	2018 Rs '000	2017 Rs '000
VALUE ADDITION AND DISTRIBUTIONS		
Employees as remuneration	1,504	1,414
Government as taxes	43,295	36,208
Shareholders as dividends *	-	512
Retained within the business	(1,013)	3,554
Foreign exchange savings US\$ 128 million		
CONTRIBUTION TO NATIONAL EXCHEQUER		
Government levies on petroleum products	43,295	36,208
Income tax paid	672	516
Import/export duties	180	65
	44,147	36,789

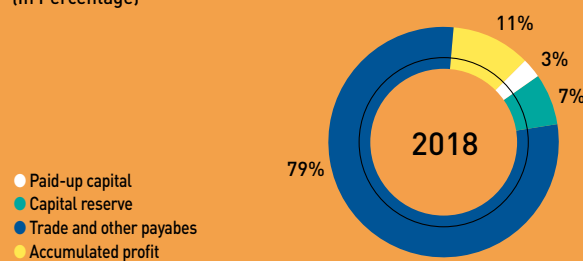
* The Board has proposed bonus shares @ 25% in its meeting held on August 14, 2018.

Financial Highlights

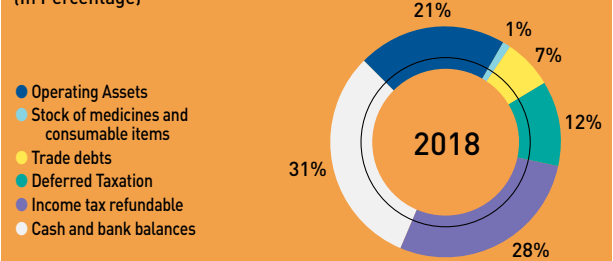
Attock Hospital (Pvt.) Limited



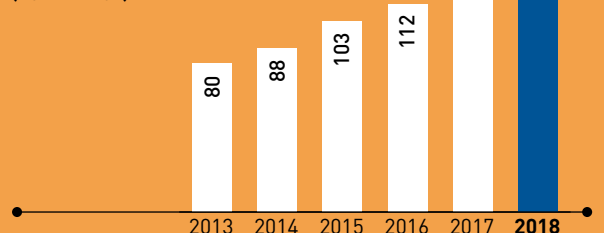
Equities & Liabilities
(In Percentage)



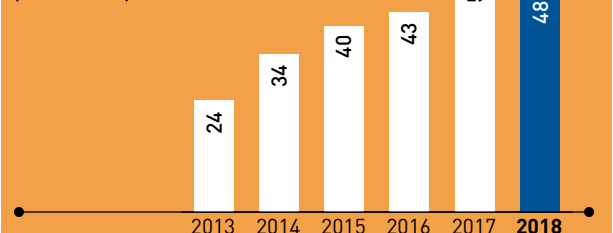
Fixed and Current Assets
(In Percentage)



Total Revenue including Other Income
(Rs in million)



Revenue from Private Patients
(Rs in million)



Pattern of Shareholding

As at June 30, 2018

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1109	1	100	65,472
1301	101	500	431,672
671	501	1000	580,469
916	1001	5000	2,124,378
202	5001	10000	1,552,858
75	10001	15000	974,761
38	15001	20000	697,119
24	20001	25000	561,329
22	25001	30000	615,450
8	30001	35000	272,728
12	35001	40000	461,400
8	40001	45000	341,112
7	45001	50000	349,200
3	50001	55000	160,000
8	55001	60000	460,000
9	60001	65000	560,933
1	65001	70000	69,200
2	70001	75000	150,000
2	75001	80000	155,160
3	80001	85000	244,600
3	90001	100000	300,000
1	100001	105000	100,224
3	105001	110000	323,500
1	110001	115000	111,000
1	135001	140000	140,000
2	140001	145000	285,000
4	150001	155000	613,514
3	160001	165000	487,700
1	165001	170000	170,000
1	170001	175000	171,204
1	180001	185000	182,600
3	195001	200000	595,300
1	215001	220000	217,100
2	220001	225000	442,272
1	235001	240000	240,000
1	240001	245000	244,000
1	245001	250000	245,109
1	255001	260000	257,700
1	295001	300000	300,000
1	305001	310000	308,359
1	340001	345000	345,000
1	345001	350000	347,034
2	350001	355000	704,000
1	375001	380000	375,062
1	395001	400000	398,600
1	425001	430000	430,000
1	455001	460000	457,500
1	525001	530000	527,500

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
2	615001	620000	1,232,057
1	621001	625000	625,000
1	665001	670000	666,200
1	760001	765000	763,300
1	860001	870000	868,600
1	1005001	1010000	1,005,700
1	1430001	1435000	1,432,000
1	2450001	2455000	2,450,700
1	4060001	4065000	4,063,100
1	7260001	7265000	7,260,400
1	44775001	44780000	44,778,824
4475			85,293,000

Categories of Shareholders

As at June 30, 2018

Category No.	Categories of Shareholders	Number of shares held	Category-wise No. of folios/ CDC	Category-wise shares held	%age
1	Individuals		4,235	13,886,334	16.28
2	Investment Companies		3	206,300	0.24
3	Joint Stock Companies		101	2,297,820	2.70
4	Directors, Chief Executive Officer and their Spouse and minor Children		12	275,998	0.32
	Mr. Laith G. Pharaon	1			
	Mr. Wael G. Pharaon	1			
	Mr. Shuaib A. Malik	264,301			
	Mr. Abdus Sattar	1			
	Mr. Tariq Iqbal Khan	5,001			
	Mrs. Azra Tariq (Wife of Mr. Tariq Iqbal Khan)	2,000			
	Mr. Sajid Nawaz	5			
	Mr. Jamil A. Khan	1			
	Mr. Muhammad Adil Khattak	4,687			
5	Executives		2	58	0.00
6	Associated Companies, Undertakings and Related Parties		3	53,471,224	62.69
	The Attock Oil Company Limited	52,039,224			
	Attock Petroleum Limited	1,432,000			
7	Public Sector Companies and Corporations				-
8	Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds		61	8,839,921	10.37

Categories of Shareholders as at June 30, 2018

Category No.	Categories of Shareholders	Number of shares held	Category-wise No. of folios/ CDC	Category-wise shares held	%age
9	Mutual Funds		36	1,769,371	2.08
	Prudential Stocks Fund Ltd (03360)	8,400			
	MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	2,000			
	MCBFSL - Trustee NAFA Income Fund - MT	23,300			
	MC FSL Trustee JS - Income Fund - MT	39,800			
	CDC - Trustee First Dawood Mutual Fund	3,200			
	CDC - Trustee Unit Trust of Pakistan	25,000			
	CDC - Trustee AKD Index Tracker Fund	7,419			
	CDC - Trustee HBL Energy Fund	60,500			
	CDC - Trustee NAFA Income Opportunity Fund	1,500			
	CDC - Trustee Al Meezan Mutual Fund	600			
	CDC - Trustee Meezan Islamic Fund	154,400			
	CDC - Trustee NAFA Stock Fund	1,600			
	CDC - Trustee NAFA Multi Asset Fund	2,100			
	CDC - Trustee MCB DCF Income Fund	25,500			
	CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	69,200			
	CDC - Trustee Dawood Islamic Fund	3,200			
	CDC - Trustee NAFA Islamic Asset Allocation Fund	33,600			
	CDC - Trustee APIF - Equity Sub Fund	5,000			
	CDC - Trustee NIT-Equity Market Opportunity Fund	375,062			
	CDC - Trustee NAFA Savings Plus Fund - MT	17,500			
	CDC - Trustee KSE Meezan Index Fund	61,333			
	CDC - Trustee Lakson Income Fund - MT	13,800			
	CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	400			
	CDC - Trustee NAFA Islamic Pension Fund Equity Account	5,900			
	CDC - Trustee First Capital Mutual Fund	2,500			
	CDC - Trustee Faysal Savings Growth Fund - MT	5,200			
	CDC - Trustee National Investment (Unit) Trust	616,057			
	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	100			
	CDC - Trustee NAFA Income Opportunity Fund - MT	56,600			
	CDC - Trustee First Habib Income Fund - MT	50,500			
	CDC - Trustee Faysal MTs Fund - MT	55,900			
	CDC - Trustee NAFA Islamic Energy Fund	300			
	CDC - Trustee Meezan Energy Fund	900			
	CDC - Trustee UBL Income Opportunity Fund - MT	25,100			
	CDC - Trustee - Meezan Dedicated Equity Fund	15,800			
	M/s National Bank of Pakistan	100			
10	Foreign Investors		12	1,749,970	2.05
11	Co-operative Societies		1	900	0.00
12	Charitable Trusts		7	173,200	0.20
13	Others		2	2,621,904	3.07
	Total		4,475	85,293,000	100.00

Shareholders holding five percent or more voting interest in the listed company

Total paid-up Capital of the Company	85,293,000 shares
5% of the paid-up Capital of the Company	4,264,650 shares

Name (s) of Shareholder (s)	Description	No. of shares held	% age
The Attock Oil Company Limited	Falls in Category # 6	52,039,224	61.01

Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children

Name	Designation	No. of shares purchased	No. of shares sold
Mr. Shuaib A. Malik	Director & Chairman	6,600	-



Code of Conduct

INTRODUCTION

At Attock Refinery Limited we are committed to conduct business in an honest, ethical, transparent and legal manner. Our actions are governed by the values and principles that we share. The Company wants to be seen as a role model in the corporate community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of the Company's affairs with the outside world. All directors and employees have to be familiar with their obligations in this regard and have to conduct accordingly.



This Code of conduct in general is in accordance with Company's core values, goals and objectives that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

1. Integrity & Ethics

"Integrity, honesty, high ethical, legal and safety standards are cornerstones of our business practices".

i) Respect, Honesty and Integrity

Directors and employees are expected to exercise honesty, objectivity and due diligence in performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

ii) Compliance with Laws, Rules and Regulations

The Company is committed to comply and take all reasonable actions for compliance, with all applicable laws, rules and regulations of the State or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

iii) Full and Fair Disclosure

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company.

iv) Prevent Conflict of Interest

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company. Also, no employee will perform any kind of work (involving monetary benefit directly or otherwise) for a third party without proper approval of CEO.

Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

v) Trading in Company's shares

Trading by directors and employees in the Company's shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

vi) Inside information

Directors and employees may become aware of information about the Company that has not been made public. The use of such non-public or "inside" information about the Company other than in the normal performance of one's work, profession or position is unethical and may also be a violation of law.

Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidentially and not disclosed to any colleagues or to third parties other than on a strict need-to-know basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.

vii) Media relations and disclosures

To protect commercially sensitive information, financial details released to the media should



never exceed the level of detail provided in quarterly and annual reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of "insider trading" on the stock market.

viii) Corporate Opportunities

Directors and Employees are expected not to:

- a) take personal use of opportunities that are discovered through the use of Company's property, information or position.
- b) use Company's property, information, or position for personal gains.

Directors and employees are expected to put aside their personal interests in favor of the Company's interests.

ix) Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with

Code of Conduct



Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code.

Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company.

The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's book of accounts.

x) Protect Health, Safety and Security

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors should avoid violence and threatening behavior and report to work in fair condition to perform their duties.

xi) Record Keeping

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason.

Records must always be retained or destroyed according to the Company's record retention policies.

xii) Protection of Privacy and Confidentiality

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure.

All the Company's assets (processes, data, designs, etc.) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of services/ employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

xiii) Protection and Proper use of Company's Assets/ Data

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All of the Company's assets should be used for legitimate business purposes only.

The use, directly or indirectly, of Company's funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

xiv) Gift Receiving

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company.

However, this does not preclude giving or receiving gifts or entertainment which are customary and proper in the circumstances, provided that no obligation could be, or be perceived to be, expected in connection with the gifts or entertainment.

xv) Internet use/ Information Technology

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/ or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products, or its customers outside the official communication structures is strictly prohibited.

xvi) Compliance with Business Travel Policies

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/ her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

2. Quality

"We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence."

ARL recognizes employees' input towards quality by emphasizing skills development and professionalism.



It will be responsibility of all of us to ensure that ARL must be customer driven, cost effective and continuously improving services, works and products to meet requirements of the market.

3. Social Responsibility

"We believe in respect for the community and preserving the environment for our future generations and keeping national interests paramount in all our actions."

ARL encourages the spirit of volunteerism in its employees for activities of environmental protection and Social and Community development to fulfill ARL's commitment for its Corporate Social Responsibility.

ARL is committed to prevent pollution by efficient use of energy throughout its operations, recycle and reuse the effluent where it is possible and use cost effective cleaner production techniques that lead to preventive approach for sustainable development.

4. Learning and Innovation

"We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future".

All employees of ARL will strive to keep themselves abreast with the new developments in their respective areas and will not hesitate to take

Code of Conduct

initiatives that could bring improvement in the way of our working. All efforts in this respect should eventually translate into improved efficiencies and minimization of wastages at all levels.

The Company encourages and facilitates its employees in the activities of knowledge sharing, research and development and promoting the change management culture.

5. Team Work

"We believe that competent and satisfied people are the Company's heart, muscle and soul. We savor flashes of genius in organization's life by reinforcing attitude of team work and knowledge sharing based on mutual respect, trust and openness."

We will all make our utmost efforts to foster team work in our respective areas of operation and will give special attention to the following aspects:

i) Equal Employment Opportunity

The Company believes in providing equal opportunity to everyone around. The Company policies in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable. No harassment or discrimination of any kind will be tolerated. Directors and employees must comply with standards/ laws with regard to child labor and forced labor.

ii) Employee Retention

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee-training programs are arranged regularly.

iii) Work Environment

All employees are to be treated with respect. The Company is highly committed to provide its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation, or personal behavior not conducive to a productive work climate. In response, the Company expects consummate employee allegiance to the Company and due diligence in his/ her job.

The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

6. Empowerment

"We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions."

i) Communication

All communications, whether internal or external, should be accurate, forthright and wherever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue.

ii) Delegation of Authority and Accountability

The guidelines in respect of delegation of authority i.e. "Limits of Authority" will be implemented in letter and spirit. All employees are expected to follow these limits and ensure maximum decentralization of decision making in their respective areas. The Company also expects that with such a level of empowered culture the employees will understand that they will be responsible for their decisions and would be fully accountable for that.

7. Compliance

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code.

Any employee meeting with difficulties in the understanding or application of this Code should refer to his/ her functional head or, if required to CEO. Director in such a situation may refer to the Board.



Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Attock Refinery Limited

Year ended: June 30, 2018

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

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

Gender	Number
Male	7
Female	Nil

In accordance with the contents of Regulation 7 of the Code of Corporate Governance Regulations, 2017 (the 2017 Code), grace period is available to the Company in appointing female director.

2. The composition of the Board as at June 30, 2018 is as follows:

Category	Names
Independent Director	Mr. Shamim Ahmad Khan
Other Non-executive Directors	Mr. Laith G. Pharaon (Alternate Director: Mr. Tariq Iqbal Khan)
	Mr. Wael G. Pharaon (Alternate Director: Mr. Babar Bashir Nawaz)
	Mr. Shuaib A. Malik
	Mr. Abdus Sattar
	Mr. Sajid Nawaz
	Mr. Jamil A. Khan
Executive Directors	-

Further, as per the proviso to Regulation 6 of the 2017 Code, grace period has been prescribed in respect of transition phase for composition of the Board with respect to minimum number of independent directors as specified in the 2017 Code. Subsequent to the year end, fresh election for the Company's Board of Directors were held on July 16, 2018, and the related requirement of the 2017 Code has also been complied with.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of Companies Act 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, four (4) directors of the Company meet the exemption requirement of the Director's Training Program (DTP), while two (2) directors have already completed this program. The remaining one (1) director shall obtain certification under the DTP in due course of time. Further, two alternate directors and the Chief Executive Officer (CEO) of the Company have also completed the DTP.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Committees	Composition/Name
Audit Committee	Chairman Mr. Shamim Ahmad Khan Members Mr. Abdus Sattar Mr. Sajid Nawaz Mr. Tariq Iqbal Khan (Alternate Director for Mr. Laith G. Pharaon) Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)
HR & Remuneration Committee	Chairman Mr. Shamim Ahmad Khan Members Mr. Shuaib A. Malik Mr. Sajid Nawaz Mr. M. Adil Khattak

The Company was in compliance with the Code of Corporate Governance, 2012 for the year ended June 30, 2018. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2018.
HR and Remuneration Committee	One meeting was held during the financial year ended June 30, 2018.



15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

– Sd –

(SHUAIB A. MALIK)

Chairman
August 14, 2018

To the members of Attock Refinery Limited

Review Report on the Statement of Compliance

contained in Listed Companies (Code of Corporate Governance) Regulations, 2017



A.F. FERGUSON & Co.

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies

Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

– Sd –

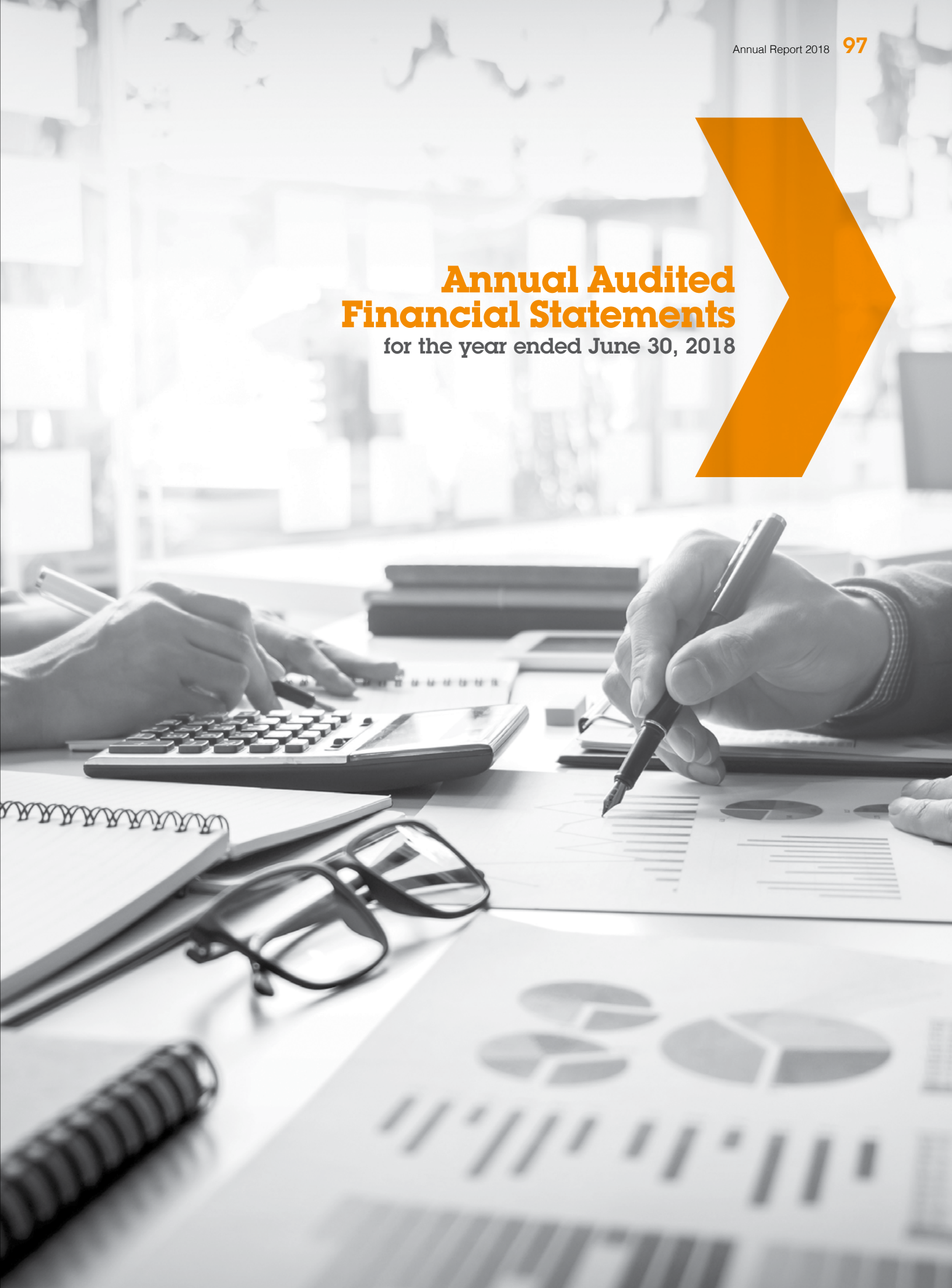
Chartered Accountants

Islamabad

Date: August 30, 2018

Annual Audited Financial Statements

for the year ended June 30, 2018



Independent Auditors' Report to the Members

A·F·FERGUSON&Co.

CHARTERED ACCOUNTANTS
KARACHI-LAHORE-ISLAMABAD



Report on the Audit of Financial Statements

OPINION

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

A.F.FERGUSON&Co.



A.F.FERGUSON&Co.



Following are the key audit matters:

Key Audit Matter

i) New requirements under the Companies Act, 2017

(Refer note 4 to the financial statements)

The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements.

The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.

As part of this transition to the requirements, the management performed a gap analysis to identify differences, between the previous and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements.

In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.

How the matter is addressed in our audit

We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:

- Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.
- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.
- Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.

ii) Review of recoverability of deferred tax asset

(Refer note 17 of the financial statements)

Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period.

Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company based on an approved business plan. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses as to determine the availability of future profits against which tax deductions represented by the deferred tax assets can be offset.

As at June 30, 2018, the Company carries a net deferred tax asset of Rs 1,397 million in its statement of financial position after derecognizing deferred tax asset to the extent of Rs 154.37 million.

We considered this matter due to significant value of deferred tax asset and assumptions used by management in this area.

Our procedures in relation to this matter included:

- Evaluating the appropriateness of components of management's computation including consideration of un-used tax losses, tax credit on investments, minimum tax and alternative corporate tax for which deferred tax assets were recognised.
- Analysing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted.
- Assessing the reasonableness of cash flow and taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, comparing the assumptions to, historical results, considering approved budget comparing the current year's results with prior year forecast and considering other relevant information to assess the quality of Company's forecasting process in determining the projections.
- Testing mathematical accuracy of projections along consideration of use of appropriate tax rate as applicable on temporary differences.
- Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.

iii) Contingency with respect to crude oil pricing

(Refer note 12 of the financial statements)

The Company purchases crude oil from various oilfields in the country per the allocation made to the Company by the Federal Government from respective oilfields. Likewise, the Company was allocated crude oil from two oil fields in March 2007 and September 2009 respectively on provisional price basis as per the related Petroleum Concession Agreement (PCA).

In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of the above mentioned PCA whereby various matters including the pricing mechanism for crude oil were prescribed. Subsequently, an amount of Rs 2,484 million has been demanded by the crude oil suppliers from the Company in respect of the alleged arrears of crude oil price for certain period prior to signing of COSA.

The demand has not been acknowledged by the Company and not provided for in its books of account based on the Company's assessment of related matter and on the legal advices obtained from its legal consultants. Contingency has been disclosed in the financial statements.

We focused on this matter due to the significance of the amount involved, demand raised by crude oil suppliers and significant management judgement in this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the contents of the signed PCA.
- Reviewed the pricing mechanism historically followed by the working interest owners of the PCA.
- Reviewing the contents of the signed COSA.
- Reviewing the debit note received by the Company from the operator of the PCA and Company's certain subsequent correspondence with the operator of PCA.
- Reviewing legal opinions obtained by the Company from its legal consultants.
- Seeking independent advice from auditor's legal consultant to assess the matter and Company's contention in this respect.

iv) Reversal of prior year tax and related provisions

(Refer note 29 and 32 of the financial statements)

During the year, the Company, based on the advice of its tax consultant, reversed a cumulative provision of Rs 1,190 million in respect of tax and related amount of Workers Welfare Fund (WWF) on the premise that demands raised for related tax years have already been paid by the Company and the likelihood of further tax demands arising in respect of those tax years is remote.

We focused on this matter due to the significance of the amount involved and significant management judgement this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the assessment documents issued by the taxation department (the Department) and details related to the proceedings in the matter of instant tax years at different forums including the High Court and the Supreme Court.
- Reviewing the advice obtained by the Company from its tax consultants.
- Involving auditor's tax specialist to review the relevant supporting documentation including the advice of management's tax consultant to assess the reasonableness of the management's assessment of the matter.



INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.

– Sd –

Chartered Accountants
Islamabad
Date: August 30, 2018

Following are the key audit matters:

Key Audit Matter

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(Refer note 4 to the financial statements)

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In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.

How the matter is addressed in our audit

We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:

- Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.
- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.
- Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.

ii) Review of recoverability of deferred tax asset

(Refer note 17 of the financial statements)

Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period.

Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company based on an approved business plan. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses as to determine the availability of future profits against which tax deductions represented by the deferred tax assets can be offset.

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We considered this matter due to significant value of deferred tax asset and assumptions used by management in this area.

Our procedures in relation to this matter included:

- Evaluating the appropriateness of components of management's computation including consideration of un-used tax losses, tax credit on investments, minimum tax and alternative corporate tax for which deferred tax assets were recognised.
- Analysing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted.
- Assessing the reasonableness of cash flow and taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, comparing the assumptions to, historical results, considering approved budget comparing the current year's results with prior year forecast and considering other relevant information to assess the quality of Company's forecasting process in determining the projections.
- Testing mathematical accuracy of projections along consideration of use of appropriate tax rate as applicable on temporary differences.
- Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.

iii) Contingency with respect to crude oil pricing*(Refer note 12 of the financial statements)*

The Company purchases crude oil from various oilfields in the country per the allocation made to the Company by the Federal Government from respective oilfields. Likewise, the Company was allocated crude oil from two oil fields in March 2007 and September 2009 respectively on provisional price basis as per the related Petroleum Concession Agreement (PCA).

In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of the above mentioned PCA whereby various matters including the pricing mechanism for crude oil were prescribed. Subsequently, an amount of Rs 2,484 million has been demanded by the crude oil suppliers from the Company in respect of the alleged arrears of crude oil price for certain period prior to signing of COSA.

The demand has not been acknowledged by the Company and not provided for in its books of account based on the Company's assessment of related matter and on the legal advices obtained from its legal consultants. Contingency has been disclosed in the financial statements.

We focused on this matter due to the significance of the amount involved, demand raised by crude oil suppliers and significant management judgement in this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the contents of the signed PCA.
- Reviewed the pricing mechanism historically followed by the working interest owners of the PCA.
- Reviewing the contents of the signed COSA.
- Reviewing the debit note received by the Company from the operator of the PCA and Company's certain subsequent correspondence with the operator of PCA.
- Reviewing legal opinions obtained by the Company from its legal consultants.
- Seeking independent advice from auditor's legal consultant to assess the matter and Company's contention in this respect.

iv) Reversal of prior year tax and related provisions*(Refer note 29 and 32 of the financial statements)*

During the year, the Company, based on the advice of its tax consultant, reversed a cumulative provision of Rs 1,190 million in respect of tax and related amount of Workers Welfare Fund (WWF) on the premise that demands raised for related tax years have already been paid by the Company and the likelihood of further tax demands arising in respect of those tax years is remote.

We focused on this matter due to the significance of the amount involved and significant management judgement in this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the assessment documents issued by the taxation department (the Department) and details related to the proceedings in the matter of instant tax years at different forums including the High Court and the Supreme Court.
- Reviewing the advice obtained by the Company from its tax consultants.
- Involving auditor's tax specialist to review the relevant supporting documentation including the advice of management's tax consultant to assess the reasonableness of the management's assessment of the matter.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.

– Sd –

Chartered Accountants
Islamabad
Date: August 30, 2018

Statement of Financial Position

As at June 30, 2018

	Note	June 30, 2018 Rs '000	June 30, 2017 Rs '000 (Restated)	July 1, 2016 Rs '000 (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised share capital	8	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid-up capital	8	852,930	852,930	852,930
Reserves and surplus	9	26,412,754	26,475,311	21,524,684
Surplus on revaluation of freehold land	13	12,052,576	12,052,576	10,811,949
		39,318,260	39,380,817	33,189,563
NON CURRENT LIABILITIES				
Long term financing	10	12,642,916	17,672,166	14,613,682
CURRENT LIABILITIES				
Trade and other payables	11	44,510,275	28,166,813	23,035,971
Accrued mark-up on long term financing	10	260,909	338,226	266,556
Current portion of long term financing	10	2,200,000	2,200,000	550,000
Unclaimed dividends		9,839	8,898	7,658
Provision for taxation		2,163,842	3,439,980	3,955,760
		49,144,865	34,153,917	27,815,945
TOTAL EQUITY AND LIABILITIES				
		101,106,041	91,206,900	75,619,190
CONTINGENCIES AND COMMITMENTS				
	12			

	Note	June 30, 2018 Rs '000	June 30, 2017 Rs '000 (Restated)	July 1, 2016 Rs '000 (Restated)
ASSETS				
NON CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Operating assets	13	32,817,565	35,133,344	12,148,054
Capital work-in-progress	14	303,043	142,057	22,733,687
Major spares parts and stand-by equipment		119,151	81,396	83,293
		33,239,759	35,356,797	34,965,034
LONG TERM INVESTMENTS				
	15	13,264,915	13,264,915	13,264,915
LONG TERM LOANS AND DEPOSITS				
	16	42,115	34,642	31,289
DEFERRED TAXATION				
	17	1,304,152	493,985	644,246
CURRENT ASSETS				
Stores, spares and loose tools	18	2,905,748	2,193,275	1,815,409
Stock-in-trade	19	9,788,997	5,712,344	6,707,642
Trade debts	20	15,748,278	10,678,545	6,889,427
Loans, advances, deposits, prepayments and other receivables	21	1,871,717	1,842,288	1,618,030
Short term investment	22	985,846	-	-
Cash and bank balances	23	21,954,514	21,630,109	9,683,198
		53,255,100	42,056,561	26,713,706
TOTAL ASSETS				
		101,106,041	91,206,900	75,619,190

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 Rs '000	2017 Rs '000
Gross sales	24	179,430,555	139,515,951
Taxes, duties, levies, discounts and price differential	25	(49,833,990)	(38,104,159)
Net sales		129,596,565	101,411,792
Cost of sales	26	(130,675,227)	(97,078,919)
Gross (loss)/ profit		(1,078,662)	4,332,873
Administration expenses	27	645,120	595,023
Distribution cost	28	50,156	49,047
Other charges	29	(106,271)	202,660
		(589,005)	(846,730)
Other income	30	1,977,477	1,434,222
Operating profit		309,810	4,920,365
Finance cost	31	(2,925,299)	(1,263,141)
(Loss)/ profit before taxation from refinery operations		(2,615,489)	3,657,224
Taxation	32	1,602,931	42,111
(Loss)/ profit after taxation from refinery operations		(1,012,558)	3,699,335
Income from non-refinery operations less applicable charges and taxation	33	1,591,536	1,714,329
Profit for the year		578,978	5,413,664
(Loss)/ earnings per share - basic and diluted (Rs)			
Refinery operations		(11.87)	43.37
Non-refinery operations		18.66	20.10
	34	6.79	63.47

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Statement of Comprehensive Income

For the year ended June 30, 2018

	Note	2018 Rs '000	2017 Rs '000
Profit for the year		578,978	5,413,664
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement loss on staff retirement benefit plans	35	(168,758)	(52,246)
Related deferred tax credit		47,252	15,674
Effect of change in rate of tax		(8,271)	-
		(129,777)	(36,572)
Surplus on revaluation of freehold land	13.1	-	1,240,627
Other comprehensive (loss)/ income - net of tax		(129,777)	1,204,055
Total comprehensive income for the year		449,201	6,617,719

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Statement of Cash Flow

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - customers	174,378,760	135,793,300
- others	793,213	564,202
	175,171,973	136,357,502
Cash paid for operating costs	(123,851,464)	(92,476,563)
Cash paid to Government for duties, taxes and other levies	(43,294,913)	(36,208,351)
Income tax paid	(672,432)	(515,780)
Net cash generated from operating activities	7,353,164	7,156,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(452,480)	(953,733)
Proceeds against disposal of operating assets	7,987	7,685
Long term loans and deposits	(7,472)	(3,353)
Income received on bank deposits	1,124,301	889,065
Dividends received	1,819,574	2,023,553
Net cash flows generated from investing activities	2,491,910	1,963,217
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(5,200,000)	4,689,509
Transaction cost on long term financing	(500)	(6,076)
Finance cost	(2,831,366)	(1,431,464)
Dividends paid	(510,818)	(425,225)
Net cash (outflows)/inflows from financing activities	(8,542,684)	2,826,744
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1,302,390	11,946,769
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	21,630,109	9,683,198
Effect of exchange rate changes	7,861	142
CASH AND CASH EQUIVALENTS AT END OF THE YEAR 43	22,940,360	21,630,109

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Statement of Changes in Equity

For the year ended June 30, 2018

	Capital reserve				Revenue reserve			Surplus on revaluation of freehold land	Total
	Share capital	Special reserve for expansion/modernisation	Utilised special reserve for expansion/modernisation	Others	Investment reserve	General reserve	Un-appropriated Profit		
	Rs '000								
Balance as at July 1, 2016	852,930	9,455,212	-	5,948	3,762,775	55	8,300,694	10,811,949	33,189,563
Distribution to owners:									
Final cash dividend @ 50% related to the year ended June 30, 2016	-	-	-	-	-	-	(426,465)	-	(426,465)
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	5,413,664	-	5,413,664
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	(36,572)	1,240,627	1,204,055
	-	-	-	-	-	-	5,377,092	1,240,627	6,617,719
Transfer to special reserve for expansion/modernisation - note 9.1	-	3,553,535	-	-	-	-	(3,553,535)	-	-
Transfer to utilised special reserve - note 9.2	-	(10,962,934)	10,962,934	-	-	-	-	-	-
Balance at June 30, 2017	852,930	2,045,813	10,962,934	5,948	3,762,775	55	9,697,786	12,052,576	39,380,817
Distribution to owners:									
Final cash dividend @ 60% related to the year ended June 30, 2017	-	-	-	-	-	-	(511,758)	-	(511,758)
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	578,978	-	578,978
Other comprehensive loss for the year	-	-	-	-	-	-	(129,777)	-	(129,777)
	-	-	-	-	-	-	449,201	-	449,201
Loss from refinery operations transferred from unappropriated profit to Special Reserve - note 9.1	-	(1,012,558)	-	-	-	-	1,012,558	-	-
Balance at June 30, 2018	852,930	1,033,255	10,962,934	5,948	3,762,775	55	10,647,787	12,052,576	39,318,260

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

- Sd -

Syed Asad Abbas
Chief Financial Officer

- Sd -

M. Adil Khattak
Chief Executive Officer

- Sd -

Abdus Sattar
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

Attock Refinery Limited (the Company) was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public company on June 26, 1979. The registered office of the Company is situated at Morgah, Rawalpindi. Its shares are quoted on Pakistan Stock Exchange Limited. It is principally engaged in the refining of crude oil.

The Company is subsidiary of the Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

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

The financial position and performance of the Company was affected by the following events and transactions during the year:

- i) The Company has suffered a net exchange loss of Rs 1,396.03 million in respect of its purchases and liabilities denominated in US Dollars and as also referred to in note 31.
- ii) Consequent to the decision of government to shut-down furnace fueled power plants in country there was a reduction in capacity utilization of the refinery during the month of November 2017. In view of the foregoing, the Company was compelled to operate the refinery at lower throughput to deal with the problem of increasing stock of furnace fuel and the declining ullage.
- iii) Other significant transactions and events have been adequately described in these financial statements. For detail performance review of the Company, refer Directors' Report.

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4. NEW AND REVISED STANDARDS AND INTERPETATIONS

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

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.
- Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 2, 5.7, 6, 11, 12, 13.2, 13.3, 16, 20.2, 21.2, 27.2, 32.4, 36, 38.2, 38.3, 39, 44, 45.1, 45.2 and 45.4.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40	Investment property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance contracts (Amendments)	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty Over Income Tax	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 14 Regulatory Deferral Accounts

IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an arrangement contains lease

IFRIC 12 Service concession arrangements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

These financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 5.7, certain financial instruments which are carried at their fair values and staff retirement gratuity and pension plans which are carried at present value of defined benefit obligation net of fair value of plan assets.

5.2 Dividend and revenue reserves appropriation

Dividend and movement in revenue reserves are recognised in the financial statements in the period in which these are approved.

5.3 Employee retirement benefits

The main features of the retirement benefit schemes operated by the Company for its employees are as follows:

i) Defined benefit plans

The Company operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of Pension and gratuity funds are made through approved trust funds. Gratuity is deductible from pension. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 35 to the financial statements. The obligation at the statement of

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

ii) Defined contribution plans

The Company operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

5.4 Employee compensated absences

The Company also provides for compensated absences for all employees in accordance with the rules of the Company.

5.5 Taxation

Income tax expense comprises of current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred income tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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.

5.6 Provisions

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

5.7 Property, plant and equipment and capital work-in-progress**a) Cost**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount. Capital work-in-progress and major spare parts and standby equipment are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

b) Revaluation

Increase in the carrying amount arising on revaluation of freehold land are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of freehold land. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

c) Depreciation

Depreciation on operating assets is calculated using the straight-line method to allocate their cost over their estimated useful life at the rates specified in note 13.

d) Repairs and maintenance

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

e) Gains and losses on disposal

Gains and losses arising on disposal of assets are included in income currently.

5.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/ amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

5.9 Investments**5.9.1 Investment in subsidiaries**

Investment in subsidiary is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the statement of profit or loss.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

5.9.2 Investment in associates

Investments in associates and jointly controlled entities are initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

the statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss. The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in the statement of profit or loss.

5.10 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are stated at invoice value plus other charges incidental thereto.

5.11 Stock in trade

Stock-in-trade is valued at the lower of cost and net realisable value.

Cost in relation to crude oil is determined on a First-in-First-Out (FIFO) basis. In relation to semi-finished and finished products, cost represents the cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value represents selling prices in the ordinary course of business less costs necessarily to be incurred for its sale.

5.12 Revenue recognition

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

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.

The Company is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed to charge product prices equivalent to the 'import parity' price, calculated under prescribed parameters.

- ii) Income from crude desalter operations, rental income, handling and service income are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits is recognised using the effective yield method.

5.13 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

5.14 Foreign currency transactions and balances

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the statement of financial position date. Exchange differences are dealt with through the statement of profit or loss.

5.15 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

5.16 Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date the date on which the Company commits to purchase or sell the asset.

5.16.1 Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses.

5.16.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the statement of financial position. Loans and receivables are carried at amortized cost using the effective interest method.

5.16.3 Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Available-for-sale investments are initially recognised at cost and carried at fair value at the statement of financial position date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the statement of financial position date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. Adjustment arising from remeasurement of investment to fair value is recorded in equity and taken to income on disposal of investment or when the investment is determined to be impaired.

5.16.4 Investment at fair value through profit or loss

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses recognised directly in the statement of profit or loss. The fair value of such investments is determined on the basis of prevailing market prices.

5.17 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortised cost less an allowance for any uncollectable amounts. Carrying amounts of trade debts and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

5.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Basic and diluted EPS relating to Refinery and Non-refinery operations is also calculated in line with the manner described above by dividing the profit or loss attributable to ordinary shareholders from Refinery and Non-refinery operations respectively.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

5.19 Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gain on disposal of available-for-sale financial assets and changes in fair value of investments held for trading. Interest income is recognised as it accrues in the statement of profit or loss, using effective interest method. Dividend income is recognised in the statement of profit or loss on the date that the Company's right to receive payment is established.

5.20 Finance cost

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through the statement of profit or loss and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported separately.

5.21 Contingent Liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.22 Trade and other payables

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

5.23 Offsetting

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

5.24 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments.

5.25 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs on the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a transaction cost on borrowing and amortised over the period of the facility to which it relates.

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

5.26 Operating segments

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.

6. CHANGE IN ACCOUNTING POLICY

Section 235 of the Repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision/section in the Repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. In view of foregoing and the contents of note 3 & note 4.1 the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- present surplus on revaluation of fixed assets under equity;
- offset the deficit arising from revaluation of the particular asset; and
- transfer the realized surplus directly to the retained earnings/unappropriated profit;

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of freehold land to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Surplus on revaluation of freehold land - 13.1
- ii) Contingencies - note 12
- iii) Estimated useful life of operating assets - note 13
- iv) Deferred taxation - note 17
- v) Provision for taxation - note 32
- vi) Provision for employees' defined benefit plans - note 35

8. SHARE CAPITAL**8.1 Authorised share capital**

	2018 Number of shares	2017		2018 Rs '000	2017 Rs '000
	150,000,000	150,000,000	Ordinary shares of Rs 10 each	1,500,000	1,500,000

8.2 Issued, subscribed and paid up capital

	2018 Number of shares	2017		2018 Rs '000	2017 Rs '000
			Ordinary shares of Rs 10 each		
	8,000,000	8,000,000	Fully paid in cash	80,000	80,000
	77,293,000	77,293,000	Shares issued as fully paid bonus shares	772,930	772,930
	85,293,000	85,293,000		852,930	852,930

The parent company Attock Oil Company Limited held 52,039,224 (2017: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (2017: 1,432,000) ordinary shares at the year end.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
9. RESERVES AND SURPLUS		
Capital reserve		
Special reserve for expansion/ modernisation - note 9.1	1,033,255	2,045,813
Utilised special reserve for expansion/ modernisation - note 9.2	10,962,934	10,962,934
Others		
Liabilities taken over from The Attock Oil Company Limited no longer required	4,800	4,800
Capital gain on sale of building	654	654
Insurance and other claims realised relating to pre-incorporation period	494	494
	5,948	5,948
Revenue reserve		
Investment reserve - note 9.3	3,762,775	3,762,775
General reserve	55	55
Unappropriated profit	10,647,787	9,697,786
	14,410,617	13,460,616
	26,412,754	26,475,311

- 9.1** Represents amounts retained as per the stipulations of the Government under the pricing formula and is available only for making investment in expansion or Up-gradation of the refinery or off setting any loss of the refinery. Transfer to/from special reserve is recognised at each quarter end and is reviewed for adjustment based on profit/loss on an annual basis.

Under the Policy Framework for Up-gradation and Expansion of Refineries, 2013 issued by the Ministry of Energy - Petroleum Division (the Ministry) as amended from time to time, the refineries are required to transfer the amount of profit above 50% of paid-up capital as at July 1, 2002 into a Special Reserve Account which shall be available for utilisation for Up-gradation of refineries or may also be utilized in off setting losses of the refinery from refinery operations.

Following is the status of special reserve for expansion/ modernization utilization on up-gradation and expansion projects from July 1, 1997 to June 30, 2018:

	2018 Rs '000	2017 Rs '000
Balance as at July 1	2,045,813	9,455,212
Transfer (from)/to for the year	(1,012,558)	3,553,535
Transfer to utilised special reserve for expansion/modernisation - note 9.2	-	(10,962,934)
Balance as at June 30	1,033,255	2,045,813

- 9.2** Represents amounts utilized out of the Special Reserve for expansion/modernization of the refinery. The total amount of capital expenditure incurred on Refinery expansion/modernisation till June 30, 2018 is Rs 28,390 million including Rs 17,427 million spent over and above the available balance in the Special Reserve which has been incurred by the Company from its own resources.

- 9.3** The Company has set aside gain on sale of investment as investment reserve to meet any future losses/ impairment on investments.

	2018 Rs '000	2017 Rs '000
10. LONG TERM FINANCING - secured		
From banking companies		
Syndicated Term Finance - note 10.1	11,494,985	15,380,448
Musharaka Finance - note 10.2	3,762,252	5,034,006
	15,257,237	20,414,454
Less: Unamortized transaction cost on financing:		
Balance as at July 1	204,062	243,300
Addition during the year	500	6,076
Amortization for the year	(51,150)	(45,314)
Balance as at June 30	153,412	204,062
	15,103,825	20,210,392
Current portion of long term financing	(2,200,000)	(2,200,000)
	12,903,825	18,010,392
Mark-up payable shown as current liability	(260,909)	(338,226)
	12,642,916	17,672,166

- 10.1** The Company entered into a syndicated finance agreement with a consortium of banks which includes Bank Al-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which is payable on quarterly basis. The tenure of this facility is 13 years.
- 10.2** The Company obtained Musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil % (2017: 47.64%) while its share in Musharaka Assets B is 68.72% (2017: 69.90%) respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 100% (2017: 52.36%) while its share in Musharaka Assets B is 31.28% (2017: 30.10%) respectively. The tenure of this facility is 13 years. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each Musharaka Assets purchase date under Musharaka agreement.
- 10.3** The facilities referred to in notes 10.1 and 10.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/ Investment Agent, permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.
- 10.4** During the year the Company, in addition to the scheduled quarterly principal payments, also repaid an amount of Rs 3,000 million in respect of facilities referred to in note 10.1 and 10.2.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
11. TRADE AND OTHER PAYABLES		
Creditors - note 11.1	24,291,759	16,159,357
Due to The Attock Oil Company Limited - Holding Company	110,497	24,006
Due to Attock Hospital (Private) Limited - Subsidiary Company	220	-
Due to associated companies		
Pakistan Oilfields Limited	2,478,433	1,221,175
Attock Sahara Foundation	754	-
Attock Solar (Private) Limited	970	-
Accrued liabilities and provisions - note 11.1	4,027,691	3,874,612
Due to the Government under pricing formula	4,883,264	2,247,775
Custom duty payable to Government	6,888,202	3,318,978
Sales tax payable	168,206	-
Payable to statutory authorities in respect of petroleum development levy and excise duty	1,295,938	1,053,049
Advance payments from customers	119,274	101,336
Workers' Profit Participation Fund - note 21.1	-	83,663
ARL Gratuity Fund	102,136	54,523
Staff Pension Fund	123,877	5,536
Crude oil freight adjustable through inland freight equalisation margin	15,761	20,010
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	2,917	2,417
	44,510,275	28,166,813

- 11.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,113.17 million (2017: Rs 2,944.91 million).

	2018 Rs '000	2017 Rs '000
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
<p>i) Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 was withdrawn. As a result all imports relating to the ARL Up-gradation Project were subjected to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014 in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing release of the imports against submission of bank guarantees and restrained customs authorities from charging increased amount of customs duty/ sales tax. Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/ claimable government levies.</p> <p>Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision and accordingly this liability has not been recognized in the financial statements. Several hearings of the case have been held but the matter is still under adjudication.</p>	1,326,706	1,326,706
<p>ii) Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/ received on their due dates of payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged as debt by either party.</p>		
<p>iii) Guarantees issued by banks on behalf of the Company (other than (i) above)</p>	414	493
<p>iv) Claims for land compensation contested by the Company</p>	1,300	1,300
<p>v) Price adjustment related to crude oil purchases as referred to in note 26.1, the amount of which can not be presently quantified</p>		
<p>vi) In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 has been executed between the President of Pakistan and the working interest owners of a Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the related oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million has been demanded from the Company as alleged arrears of crude oil price for certain period prior to signing of aforementioned COSA.</p> <p>Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants the Company has not acknowledged the related demand and accordingly, not provided for the same in its books of account.</p>	2,484,098	-

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
<p>vii) Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for Up-gradation of Refineries, the Government had committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive has been withdrawn on April 25, 2016.</p> <p>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned.</p>	1,081,087	464,638
<p>viii) The Finance Act, 2017 introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.</p> <p>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax."</p>	418,470	-
Commitments:		
i) Capital expenditure	129,754	77,194
ii) Letters of credit for purchase of store items	88,941	143,871

13. OPERATING ASSETS

	Freehold land (note 13.1)	Buildings on freehold land	Plant and machinery	Computer equipment	Furniture, fixtures and equipment	Vehicles	Total
Rs '000							
As at June 30, 2016							
Cost or valuation	10,866,170	206,774	5,352,287	72,440	146,870	127,632	16,772,173
Accumulated depreciation	-	(99,049)	(4,318,517)	(52,683)	(70,342)	(83,528)	(4,624,119)
Net book value	10,866,170	107,725	1,033,770	19,757	76,528	44,104	12,148,054
Year ended June 30, 2017							
Opening net book value	10,866,170	107,725	1,033,770	19,757	76,528	44,104	12,148,054
Additions	-	6,981	23,755,609	9,084	12,432	28,198	23,812,304
Revaluation surplus	1,240,628	-	-	-	-	-	1,240,628
Disposals							
Cost	-	-	(33,334)	(6,941)	(2,033)	(4,307)	(46,615)
Depreciation	-	-	33,334	6,926	1,559	4,307	46,126
	-	-	-	(15)	(474)	-	(489)
Depreciation charge	-	(10,336)	(2,022,588)	(7,429)	(10,728)	(16,072)	(2,067,153)
Closing net book value	12,106,798	104,370	22,766,791	21,397	77,758	56,230	35,133,344
As at June 30, 2017							
Cost or valuation	12,106,798	213,755	29,074,562	74,583	157,269	151,523	41,778,490
Accumulated depreciation	-	(109,385)	(6,307,771)	(53,186)	(79,511)	(95,293)	(6,645,146)
Net book value	12,106,798	104,370	22,766,791	21,397	77,758	56,230	35,133,344
Year ended June 30, 2018							
Opening net book value	12,106,798	104,370	22,766,791	21,397	77,758	56,230	35,133,344
Additions	-	27,653	174,356	9,019	9,803	32,909	253,740
Revaluation surplus	-	-	-	-	-	-	-
Disposals							
Cost	-	-	-	(2,413)	(2,232)	(13,012)	(17,657)
Depreciation	-	-	-	2,405	2,056	12,971	17,432
	-	-	-	(8)	(176)	(41)	(225)
Depreciation charge	-	(9,771)	(2,519,379)	(7,656)	(11,508)	(20,980)	(2,569,294)
Closing net book value	12,106,798	122,252	20,421,768	22,752	75,877	68,118	32,817,565
As at June 30, 2018							
Cost or valuation	12,106,798	241,408	29,248,918	81,189	164,840	171,420	42,014,573
Accumulated depreciation	-	(119,156)	(8,827,150)	(58,437)	(88,963)	(103,302)	(9,197,008)
Net book value	12,106,798	122,252	20,421,768	22,752	75,877	68,118	32,817,565
Annual rate of depreciation (%)	-	5	10	20	10	20	

13.1 Freehold land was revalued in May 2017 and the revaluation surplus of Rs 1,240.63 million was added to the value of freehold land and corresponding amount was transferred to surplus on revaluation of freehold land. Had the freehold land been stated on the historical cost basis, the carrying amount of land would have been Rs 54.22 million (2017: Rs 54.22 million)

13.2 Forced sales value of freehold land based on valuation conducted in May 2017 was Rs 9,685.44 million.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

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

Location	Usage of immovable property	Total Area (In acres)
Morgah Rawalpindi	Refinery processing plants, office and staff colony	398.44
Chak Shahpur, Morgah, Rawalpindi	Water wells	44.96
Humak (adjacent DHA II), Islamabad	Water wells	7.34

	2018 Rs '000	2017 Rs '000
13.4 The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 26	2,542,227	2,042,846
Administration expenses - note 27	26,301	23,564
Distribution cost - note 28	766	743
	2,569,294	2,067,153
14. CAPITAL WORK-IN-PROGRESS		
Balance as at July 1	142,057	22,733,687
Additions during the year - note 14.1	322,186	1,170,751
Transfer to operating assets		
- Buildings on freehold land	27,653	6,981
- Plant and machinery	133,547	23,746,756
- Furniture and fixtures	-	8,644
	(161,200)	(23,762,381)
Balance as at June 30	303,043	142,057
Breakup of the closing balance of capital work-in-progress		
Civil works	7,720	15,830
Plant and machinery	294,323	125,227
Pipeline project	1,000	1,000
	303,043	142,057

14.1 Financing cost amounting to Rs nil (2017: Rs 265.04 million) has been capitalised which includes Rs nil (2017: Rs 11.21 million) in respect of amortization of transaction cost on long term financing arranged for the purpose of ARL Up-gradation projects.

	2018		2017	
	% age holding	Rs '000	% age holding	Rs '000
15. LONG TERM INVESTMENTS - AT COST				
Associated Companies				
Quoted				
National Refinery Limited (NRL)	25	8,046,635	25	8,046,635
19,991,640 (2017: 19,991,640) fully paid ordinary shares including 3,331,940 (2017: 3,331,940) bonus shares of Rs 10 each				
Market value as at June 30, 2018: Rs 8,856 million (June 30, 2017: Rs 14,514 million)				
Attock Petroleum Limited (APL)	21.88	4,463,485	21.88	4,463,485
18,144,138 (2017: 18,144,138) fully paid ordinary shares including 7,644,058 (2017: 7,644,058) bonus shares of Rs 10 each				
Market value as at June 30, 2018: Rs 10,705 million (June 30, 2017: Rs 11,366 million)				
		12,510,120		12,510,120
Unquoted				
Attock Gen Limited (AGL)	30	748,295	30	748,295
7,482,957 (2017: 7,482,957) fully paid ordinary shares of Rs 100 each - note 15.1				
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500
450,000 (2017: 450,000) fully paid ordinary shares of Rs 10 each				
		752,795		752,795
Subsidiary Company				
Unquoted				
Attock Hospital (Private) Limited	100	2,000	100	2,000
200,000 (2017: 200,000) fully paid ordinary shares of Rs 10 each				
		13,264,915		13,264,915

All associated and subsidiary companies are incorporated in Pakistan.

- 15.1** In October 2017, the Board of Directors of the Company approved to offer 3.95% out of the Company's 30% shareholding in paid up capital of Attock Gen Limited's (AGL) to the general public including employees/officers of the Company upon listing of the shares of AGL on the Pakistan Stock Exchange Limited. However, the proposed offer has not yet been made.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
16. LONG TERM LOANS AND DEPOSITS		
Loans - secured and considered good - note 16.1		
Employees	65,716	51,621
Executives	7,888	2,892
	73,604	54,513
Amounts due within next twelve months shown under current assets - note 21	(44,479)	(31,880)
	29,125	22,633
Security deposits	12,990	12,009
	42,115	34,642

- 16.1** These are interest free loans for miscellaneous purposes and are recoverable in 24, 36, and 60 equal monthly installments depending on case to case basis. These loans are secured against outstanding provident fund balance or a third party guarantee. Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive. The maximum amount due from executives of the Company at the end of any month during the year was Rs 7.89 million (2017: Rs 6.26 million).

	2018 Rs '000	2017 Rs '000
17. DEFERRED TAXATION		
The balance of deferred tax is in respect of following major temporary differences:		
Accelerated tax depreciation	(1,787,485)	(2,085,362)
Minimum tax - note 17.2	1,244,201	785,230
Unused tax losses	1,531,518	1,068,004
Alternative corporate tax in excess of minimum tax	102,684	102,684
Remeasurement loss on staff retirement benefit plans	163,049	124,068
Unused tax credit on investment	-	444,065
Provisions	50,185	55,296
	1,304,152	493,985
17.1 Movement of deferred tax asset		
Balance as at July 1	493,985	644,246
Tax charge recognised in statement of profit or loss	771,186	(165,935)
Tax charge recognised in other comprehensive income	38,981	15,674
Balance as at June 30	1,304,152	493,985

- 17.2** The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in the future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax and unused tax loss against the taxable profits of future years. Based on management's assessment of future available taxable profits, the carrying amount of deferred tax asset was reduced by an amount of Rs 154.37 million in respect of minimum tax expiring in 2019.

	2018 Rs '000	2017 Rs '000
18. STORES, SPARES AND LOOSE TOOLS		
Stores (including items in transit amounting to Rs 537.31 million; 2017: Rs 327.807 million)	2,196,757	1,682,902
Spares	854,077	642,909
Loose tools	864	997
	3,051,698	2,326,808
Less: Provision for slow moving items - note 18.1	145,950	133,533
	2,905,748	2,193,275
18.1 Movement in provision for slow moving items		
Balance at July 1	133,533	123,358
Provision for the year	12,417	10,175
Balance at June 30	145,950	133,533
19. STOCK-IN-TRADE		
Crude oil	1,981,197	1,382,589
Semi-finished products	1,434,159	791,726
Finished products - note 19.2	6,373,641	3,538,029
	9,788,997	5,712,344

- 19.1** Stock-in-trade include stocks carried at net realisable value of Rs 5,688.51 million (2017: Rs 3,118.46 million). Adjustments amounting to Rs 871.36 million (2017: Rs 553.63 million) have been made to closing inventory to write down stocks to their net realisable value.

	2018 Rs '000	2017 Rs '000
19.2 Naphtha stock held by third parties		
At National Refinery Limited	625,357	366,263
In transit	46,671	86,782
	672,028	453,045

20. TRADE DEBTS - unsecured and considered good

- 20.1** Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 10,413 million (2017: Rs 7,290 million) and Pakistan Oilfields Limited Rs 42 million (2017: Rs nil).

Age analysis of trade debts from associated companies, past due but not impaired.

	2018 Rs '000	2017 Rs '000
0 to 6 months	3,649,697	3,883,005
6 to 12 months	3,074,531	1,243,505
Above 12 months	-	-
	6,724,228	5,126,510

- 20.2** The maximum aggregate amount due from the related party at the end of any month during the year was Rs 12,921.54 million (2017: Rs 9,339.53 million).

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
21. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Current portion of long term loans - secured - note 16		
Employees	37,723	29,337
Executives	6,756	2,543
	44,479	31,880
Advances		
Suppliers	50,078	64,084
Employees	4,644	3,653
	54,722	67,737
	99,201	99,617
Deposits and prepayments		
Trade deposits	286	286
Short term prepayments	151,446	112,126
	151,732	112,412
Other receivables - considered good		
Due from Subsidiary Company		
Attock Hospital (Private) Limited	-	589
Due from associated companies		
Attock Information Technology Services (Private) Limited	503	481
Attock Petroleum Limited	1,462,881	1,419,677
Attock Leisure and Management Associates (Private) Limited	12	12
Attock Gen Limited	247	322
National Cleaner Production Centre Foundation	4,906	3,518
National Refinery Limited	3,087	3,726
Attock Sahara Foundation	-	994
Income accrued on bank deposits	104,729	30,236
Sales tax receivable	-	145,620
Workers' Profit Participation Fund - note 21.1	20,000	-
Other receivables	24,419	25,084
	1,620,784	1,630,259
	1,871,717	1,842,288
21.1 Workers' Profit Participation Fund		
Balance receivable / (payable) as at July 1	(83,663)	56,950
Interest on fund utilised in Company's business	(5,673)	-
Amount paid to the fund	109,336	153,050
Amount allocated for the year - note 29 & 33	-	(293,663)
Balance receivable / (payable) as at June 30	20,000	(83,663)

- 21.2** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 1,471.64 million (2017: Rs 1,429.32 million)

Age analysis of related parties from associated companies, past due but not impaired.

	2018 Rs '000	2017 Rs '000
0 to 6 months	468,064	260,300
6 to 12 months	204,705	96,701
Above 12 months	798,867	1,072,318
	1,471,636	1,429,319

22. SHORT TERM INVESTMENT

Represents investment in 3 months Government Treasury Bills bearing markup @ 6.24% (2017: nil %) per annum.

	2018 Rs '000	2017 Rs '000
23. CASH AND BANK BALANCES		
Cash in hand (includes US \$ 2,298; 2017: US \$ 4,126)	1,200	1,298
With banks:		
Local currency		
Current accounts	27,959	7,286
Deposit accounts - note 23.1, 23.2 and 23.3	8,005,069	8,883,105
Savings accounts	13,862,915	12,689,007
Foreign currency		
Saving accounts (US \$ 472,578; 2017: US \$ 471,502)	57,371	49,413
	21,954,514	21,630,109

23.1 Deposit accounts include Rs nil (2017: Rs 2,883.11 million) placed in 90 days interest-bearing account consequent to directives of the Ministry of Energy (Petroleum Division) on account of amounts withheld alongwith related interest earned thereon net of withholding tax as referred to in note 11.1. Pursuant to same directives a Term Deposit Receipt (TDR) amounting to Rs 3,005 million (2017: Rs nil) was initially placed in 12 months interest bearing account with the term that allows the Company to opt for pre-mature encashment. The said TDR has been encashed subsequent to the balance sheet date.

23.2 Balances with banks include Rs 5,000 million (June 30, 2017: Rs 6,000 million) in respect of deposits placed in 90-days interest-bearing account.

23.3 Bank deposits of Rs 1,327.12 million (2017: Rs 1,327.20 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

23.4 Balances with banks include Rs 2.92 million (2017: Rs 2.42 million) in respect of security deposits received from customers etc.

23.5 Interest/ mark-up earned on balances with banks ranged between 4.00% to 7.50% (2017: 3.75% to 7.25%) with weighted average rate of 6.06% (2017: 6.10%) per annum.

	2018 Rs '000	2017 Rs '000
24. GROSS SALES		
Local sales	172,373,033	128,882,780
Naphtha export sales	7,049,572	10,608,323
Reimbursement due from the Government under import parity pricing formula - note 24.1	7,950	24,848
	179,430,555	139,515,951

24.1 This represents amount due from the Government of Pakistan on account of shortfall in ex-refinery prices of Kerosine oil under the import parity pricing formula.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
25. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL		
Sales tax	29,675,049	23,230,312
Petroleum development levy	15,488,407	11,873,201
Custom duties and other levies - note 25.1	3,569,384	2,360,571
Discounts	50,201	-
HSD price differential - note 25.2	-	4,848
PMG RON differential - note 25.3	1,050,949	635,227
	49,833,990	38,104,159

- 25.1** This includes Rs 3,569.22 million (2017: Rs 2,360.37 million) recovered from customers and payable to the Government of Pakistan (GoP) on account of custom duty on PMG and HSD. OGRA has approved the mechanism for recovery of regulatory duty/ custom duty on November 16, 2017. The mechanism is yet to be implemented.
- 25.2** This represents amount payable to GoP on account of differential between import parity price of HSD and import price of Pakistan State Oil Company Limited (PSO) relating to the period July 1 to July 3, 2016. After commencement of production of Euro II compliant diesel by the Company with effect from July 4, 2016, this price differential has ceased to arise.
- 25.3** This represents amount payable to GoP on account of differential between price of PSO's imported 92 RON PMG and 87/90 RON PMG sold by the Company during the year.

	2018 Rs '000	2017 Rs '000
26. COST OF SALES		
Opening stock of semi-finished products	791,726	571,674
Crude oil consumed - note 26.1	122,516,323	87,812,553
Transportation and handling charges	836,153	1,562,521
Salaries, wages and other benefits - note 26.2	1,084,525	1,013,863
Printing and stationery	4,030	3,945
Chemicals consumed	3,072,736	1,029,130
Fuel and power	3,209,026	2,662,637
Rent, rates and taxes	65,125	57,309
Telephone	2,065	3,298
Professional charges for technical services	6,482	5,829
Insurance	267,759	149,397
Repairs and maintenance (including stores and spares consumed Rs 194.44 million; 2017: Rs 114.23 million)	501,571	515,146
Staff transport and traveling	16,689	13,333
Cost of receptacles	21,879	21,657
Research and development	6,682	8,255
Depreciation - note 13.4	2,542,227	2,042,846
	134,944,998	97,473,393
Closing stock of semi-finished products	(1,434,159)	(791,726)
	133,510,839	96,681,667
Opening stock of finished products	3,538,029	3,935,281
Closing stock of finished products	(6,373,641)	(3,538,029)
	(2,835,612)	397,252
	130,675,227	97,078,919

	2018 Rs '000	2017 Rs '000
26.1 Crude oil consumed		
Stock at July 1	1,382,589	2,200,687
Purchases - note 26.1.1	123,114,931	86,994,455
	124,497,520	89,195,142
Stock at June 30	(1,981,197)	(1,382,589)
	122,516,323	87,812,553

Certain crude oil purchases have been recorded based on provisional prices notified by the Government and may require adjustment in subsequent periods.

26.1.1 Crude oil purchases are net of Rs 209.29 million in respect of reversal of certain accrued charges related to crude oil purchases for prior periods, considered to be no more payable based on finalization/settlement of the related charges.

26.2 Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include the Company's contribution to the Pension and Gratuity Fund Rs 38.64 million (2017: Rs 45.41 million) and to the Provident Fund Rs 34.17 million (2017: Rs 31.47 million).

	2018 Rs '000	2017 Rs '000
27. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits - note 26.2	384,665	365,594
Board meeting fee	5,927	5,065
Transport, traveling and entertainment	19,987	17,470
Telephone	2,561	2,508
Electricity, gas and water	12,185	16,528
Printing and stationery	5,553	6,043
Auditor's remuneration - note 27.1	5,640	6,399
Legal and professional charges	12,938	14,511
Repairs and maintenance	117,059	96,560
Subscription	23,541	13,742
Publicity	6,064	6,535
Scholarship scheme	3,415	2,855
Rent, rates and taxes	16,379	13,834
Insurance	827	914
Donations - note 27.2 & 27.3	540	586
Training expenses	1,538	2,315
Depreciation - note 13.4	26,301	23,564
	645,120	595,023
27.1 Auditor's remuneration		
Annual audit	1,805	1,670
Review of half yearly financial information, audit of consolidated financial statements, employee funds and special certifications	1,272	995
Tax services	2,043	3,516
Out of pocket expenses	520	218
	5,640	6,399

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

27.2 Donation equal to/ in excess of Rs 0.5 million includes donation made to Pakistan Foundation for Fighting Blindness Rs 0.54 million (2017: Rs 0.54 million).

27.3 No director or his spouse had any interest in the donee institutions.

	2018 Rs '000	2017 Rs '000
28. DISTRIBUTION COST		
Salaries, wages and other benefits - note 26.2	32,032	32,403
Transport, traveling and entertainment	642	675
Telephone	312	271
Electricity, gas and water	2,294	3,601
Printing and stationery	64	47
Repairs and maintenance including packing and other stores consumed	10,041	7,847
Rent, rates and taxes	4,005	3,460
Depreciation - note 13.4	766	743
	50,156	49,047
29. OTHER CHARGES		
Provision for slow moving store items	12,417	10,175
Workers' Profit Participation Fund	-	192,485
Reversal of Workers' Welfare Fund for prior years	(118,688)	-
	(106,271)	202,660
30. OTHER INCOME		
Income from financial assets		
Income on bank deposits	1,198,793	903,956
Interest on delayed payments	517,453	295,223
Exchange gain (net) - note 30.1	-	7,067
	1,716,246	1,206,246
Income from non-financial assets		
Income from crude desalter operations - note 30.2	422	6,297
Insurance agency commission	1,671	1,110
Rental income	104,653	94,436
Sale of scrap	31,158	1,426
Profit on disposal of operating assets	7,761	7,196
Calibration charges	3,799	3,779
Handling and service charges	102,112	104,201
Penalties from carriage contractors	94	577
Miscellaneous - note 30.3	9,561	8,954
	261,231	227,976
	1,977,477	1,434,222

30.1 This is net of exchange loss of Rs nil (2017: Rs 31.25 million) on realization of Naphtha export proceeds.

	2018 Rs '000	2017 Rs '000
30.2 Income from crude desalter operations		
Income	73,779	92,448
Less: Operating costs		
Salaries, wages and other benefits	2,302	2,624
Chemical consumed	2,859	14,661
Fuel and power	45,684	53,538
Repairs and maintenance	22,512	15,328
	73,357	86,151
	422	6,297

30.3 This mainly includes income on account of laboratory services provided to different entities.

	2018 Rs '000	2017 Rs '000
31. FINANCE COST		
Exchange loss (net) - note 31.1 and note 31.2	1,396,027	-
Interest on long term financing	1,523,002	1,527,118
Interest on Worker Profit Participation Fund	5,673	-
Bank and other charges	597	1,067
	2,925,299	1,528,185
Finance cost capitalised - note 31.3	-	(265,044)
	2,925,299	1,263,141

31.1 This is net of exchange gain of Rs 25.27 million (2017: Rs nil) on realization of Naphtha export proceeds.

31.2 Exchange loss is net of Rs 178 million in respect of reversal of a provision made in prior period relating to probable liability towards exchange loss, considered to be no more payable based on final settlement of the related liability.

31.3 The effective interest rate used to determine the amount of financing costs is nil % (2017: 7.82%).

	2018 Rs '000	2017 Rs '000
32. TAXATION		
Current tax		
For the year - note 32.1	239,773	-
Prior years - note 32.2	(1,071,518)	-
	(831,745)	-
Deferred	(771,186)	(42,111)
	(1,602,931)	(42,111)

32.1 This is net of tax credit on investment amounting to Rs 444.07 million (2017: Rs 662.92 million) under the provisions of the Income Tax Ordinance, 2001.

32.2 Provision for income tax recorded by the Company for certain tax years has been partially written back in view of favourable judgments of tax appellate authorities including those passed in Company's own matter or in such matters as are being contested by the Company.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
32.3 Relationship between tax expense and accounting profit		
(refinery operations)		
Accounting profit/(loss) before taxation	(2,615,489)	3,657,224
Tax at applicable tax rate of 30% (2017: 31%)	(784,647)	1,133,739
Prior year adjustment	(1,071,518)	-
Tax effect of income taxable at special rates	100,240	175,756
Effect of tax credit on investment	-	(1,315,034)
Effect of lower tax rate for deferred taxation	130,774	(36,572)
Effect of change in tax rate	(126,432)	-
Deferred tax asset derecognized on minimum tax	154,371	-
Others	(5,719)	-
	(1,602,931)	(42,111)

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

Tax year	Provision for taxation	Tax assessed	Excess / (deficit)
2017	870,969	769,327	101,642
2016	345,969	370,868	(24,899)
2015	882,453	784,949	97,504

32.4.1 "Tax assessed" represents liability assessed or deemed to be assessed by Tax Authorities. Further, for prior tax years the Tax Authorities and Company are contesting their respective view points at various fora. After due consideration of related matters, adequate tax provision is being maintained in respect of the matters pending at various assessment/appellate fora and same shall be subject to final adjustment upon culmination of related proceedings.

	2018 Rs '000	2017 Rs '000
33. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION		
Dividend income from associated companies		
National Refinery Limited	449,812	399,833
Attock Petroleum Limited	771,126	725,765
Attock Gen Limited	598,637	897,955
	1,819,575	2,023,553
Less: Related charges		
Workers' Profit Participation Fund	-	101,178
Workers' Welfare Fund	-	-
	-	(101,178)
Income before taxation from non-refinery operations	1,819,575	1,922,375
Less: Taxation - current - note 33.1	228,039	-
- deferred	-	208,046
	(228,039)	(208,046)
	1,591,536	1,714,329

- 33.1** This is net of tax credit on investment amounting to Rs nil (2017: Rs 208.05 million) under section 65b of the Income Tax Ordinance, 2001.

	2018 Rs '000	2017 Rs '000
33.2 Relationship between tax expense and accounting income (non-refinery operations)		
Accounting profit before taxation	1,819,575	1,922,375
Tax at applicable tax rate of 30% (2017: 31%)	545,873	595,936
Effect of inadmissible expenses	-	31,365
Tax effect of income taxable at special rates	(317,834)	(419,255)
	228,039	208,046
34. EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss)/ profit after taxation from refinery operations	(1,012,558)	3,699,335
Income from non-refinery operations less applicable charges and taxation	1,591,536	1,714,329
	578,978	5,413,664
Weighted average number of fully paid ordinary shares ('000)	85,293	85,293
(Loss)/ earnings per share - Basic and diluted (Rs)		
Refinery operations	(11.87)	43.37
Non-refinery operations	18.66	20.10
	6.79	63.47

There was no dilutive effect on basic earnings per share.

35. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2018 using the projected unit credit method. Details of the defined benefit plans are:

	Funded pension		Funded gratuity	
	2018 Rs '000	2017	2018 Rs '000	2017
a) The amounts recognised in the statement of financial position:				
Present value of defined benefit obligations	977,257	850,975	544,016	515,263
Fair value of plan assets	(853,381)	(845,439)	(441,880)	(460,740)
Net liability	123,876	5,536	102,136	54,523
b) The amounts recognised in the statement of profit or loss:				
Current service cost	18,232	16,352	15,907	14,055
Net interest cost	412	13,030	4,079	1,975
	18,644	29,382	19,986	16,030

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

		Funded pension		Funded gratuity	
		2018	2017	2018	2017
		Rs '000		Rs '000	
c)	Movement in the present value of defined benefit obligation:				
	Present value of defined benefit obligation				
	as at July 1	850,975	790,068	515,263	476,151
	Current service cost	18,232	16,352	15,907	14,055
	Interest cost	65,848	57,135	38,145	32,781
	Benefits paid	(45,280)	(38,449)	(65,506)	(77,716)
	Remeasurement loss/(gain) on defined benefit obligation	87,482	25,869	40,207	69,992
	Present value of defined benefit obligation as at June 30	977,257	850,975	544,016	515,263
d)	Movement in the fair value of plan assets:				
	Fair value of plan assets as at July 1	845,439	603,950	460,740	447,939
	Expected return on plan assets	65,436	44,105	34,066	30,806
	Contributions	16,183	200,179	25,253	51,750
	Benefits paid	(45,280)	(38,449)	(65,507)	(77,716)
	Remeasurement gain/(loss) on plan assets	(28,397)	35,654	(12,672)	7,961
	Fair value of plan assets as at June 30	853,381	845,439	441,880	460,740
	Actual return on plan assets	37,038	79,759	21,394	38,767

The Company expects to contribute Rs 58 million during 2018-19 to its defined benefit pension and gratuity plans (2017-18: Rs 120 million).

		Funded pension		Funded gratuity	
		2018	2017	2018	2017
		Rs '000		Rs '000	
e)	Plan assets comprise of:				
	Investment in equity securities	150,139	146,584	9	9
	Investment in mutual funds	129,882	142,250	64,449	68,654
	Debt instruments	689,275	648,055	392,635	403,000
	Deposits with banks	28,237	38,634	27,659	20,751
	Share of asset of related parties	(144,152)	(130,084)	(42,872)	(31,674)
		853,381	845,439	441,880	460,740

f) The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

		Funded pension		Funded gratuity	
		2018	2017	2018	2017
		Rs '000		Rs '000	
g)	Remeasurement recognised in OCI:				
	Remeasurement (loss)/gain on obligation				
	(Loss)/gain due to change in:				
	Financial assumptions	26,916	(22,916)	5,826	(81)
	Experience adjustments	(114,398)	(2,953)	(46,033)	(69,911)
		(87,482)	(25,869)	(40,207)	(69,992)
	Remeasurement (loss) / gain on plan assets	(28,397)	35,654	(12,672)	7,961
		(115,879)	9,785	(52,879)	(62,031)

	Funded pension		Funded gratuity	
	2018	2017	2018	2017
	Rs '000		Rs '000	
h) Principal actuarial assumptions used in the actuarial valuation are as follows:				
Discount rate	9.00%	7.75%	9.00%	7.75%
Expected return on plan assets	9.00%	7.75%	9.00%	7.75%
Future salary increases	8.00%	7.00%	8.00%	7.00%
Future pension increases	3.50%	2.50%	N/A	N/A
Demographic assumptions				
Rates of employee turnover				
Management	Low	Low	Low	Low
Non-management	Nil	Nil	Nil	Nil
Mortality rates (pre-retirement)	SLIC (2001 -05)-1 year	SLIC (2001 -05)-1 year	SLIC (2001 -05)-1 year	SLIC (2001 -05)-1 year
Mortality rates (post retirement)	SLIC (2001 -05)-1 year	SLIC (2001 -05)-1 year	N/A	N/A

i) Sensitivity Analysis:

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1 percent increase Rs '000	Effect of 1 percent decrease Rs '000
Discount rate	1,385,905	1,685,113
Future salary growth	1,583,544	1,464,645
Pension increase	1,623,281	1,433,648

If the life expectancy increases/decreases by 1 year, the impact on defined benefit obligation would be Rs 8.930 million.

The above sensitivity analysis are based on the changes in assumptions 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 defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

j) Projected benefit payments from fund are as follows:

	Pension Rs '000	Gratuity
FY 2018	23,817	84,453
FY 2019	49,801	144,089
FY 2020	53,906	82,356
FY 2021	57,897	67,488
FY 2022	62,255	86,150
FY 2023-27	414,496	255,031

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

k) The weighted average number of years of defined benefit obligation is given below:

	Pension Years	Gratuity
Plan duration		
June 30, 2018	11.54	4.15
June 30, 2017	11.76	4.27

l) The Company contributes to the gratuity and pension funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

36. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on un-audited financial statements for the year ended June 30, 2018 are as follows:

	2018 Rs '000	2017 Rs '000
Staff provident fund		
Size of the fund	447,885	421,551
Cost of investments made	379,081	308,260
Fair value of investments made	442,914	418,343
%age of investments made	99%	99%

	2018		2017	
	Rs '000	%age	Rs '000	%age
Breakup of investment - at cost				
Shares	27,108	7%	23,323	8%
Mutual funds	54,834	14%	19,681	6%
Bank deposits	36,997	10%	16,283	5%
Term deposits	260,142	69%	248,973	81%
	379,081	100%	308,260	100%

	2018 Rs '000	2017 Rs '000
General staff provident fund		
Size of the fund	551,092	579,729
Cost of investments made	504,023	475,775
Fair value of investments made	541,739	573,657
%age of investments made	98%	99%

	2018		2017	
	Rs '000	%age	Rs '000	%age
Breakup of investment - at cost				
Shares	20,311	4%	17,999	4%
Mutual funds	79,270	16%	25,581	5%
Bank deposits	30,609	6%	16,788	4%
Term deposits	373,833	74%	415,407	87%
	504,023	100%	475,775	100%

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

37. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company are as follows:

	2018 Rs '000	2017 Rs '000
High speed diesel	66,499,887	52,813,387
Jet petroleum	60,005,438	9,819,224
Motor gasoline	12,565,554	36,648,005
Furnace fuel oil	22,097,005	22,164,987
Naphtha	7,993,626	11,352,259
Others	10,269,045	6,718,089
	179,430,555	139,515,951
Less: Duties, taxes and levies	49,833,990	38,104,159
	129,596,565	101,411,792

Revenue from four major customers of the Company constitute 84% (2017: 85%) of total revenue during the year.

38. RELATED PARTY TRANSACTIONS

38.1 Attock Oil Company Limited holds 61.01% (2017: 61.01%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 39 to the financial statements.

	2018 Rs '000	2017 Rs '000
Associated Companies		
Pakistan Oilfields Limited		
Purchase of crude oil	15,071,353	9,050,827
Purchase of gas	3,779	9,874
Purchase of services	6,470	6,302
Sale of petroleum products	116,936	96,562
Sale of services	17,691	16,488
Attock Petroleum Limited		
Sales of petroleum products	43,912,012	29,761,914
Sales of services	86,656	97,882
Purchase of petroleum products	2,289	2,123
Purchases of services	132,569	230,225
Dividend paid	8,592	7,160
Dividend received	771,126	725,766
Interest income on delayed payments	517,453	295,223
National Refinery Limited		
Purchases of services	104,620	156,972
Sales of services	126	131
Dividend received	449,812	399,833

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
Attock Cement Pakistan Limited		
Purchase of services	302	792
Sale of services	-	12
Attock Gen Limited		
Sales of petroleum products	1,232	1,103
Land lease income	26,399	25,467
Storage tank lease income	18,881	15,385
Dividend received	598,637	897,955
Income from other services and facilities provided to AGL	19,287	18,774
National Cleaner Production Centre		
Purchase of services	5,629	2,396
Sale of services	20,352	17,141
Sale of petroleum products	94	-
Attock Information Technology Services (Private) Limited		
Purchase of services	48,156	43,224
Sales of petroleum products	265	244
Sale of services	4,376	4,164
Attock Leisure and Management Associates (Private) Limited		
Sale of services	50	309
Attock Sahara Foundation		
Purchases of services	11,961	8,053
Sales of services	956	684
Attock Solar (Private) Limited		
Purchases of services	2,136	-
Sales of services	567	-
Holding Company		
Attock Oil Company Limited		
Purchases of crude oil	401,879	111,855
Purchases of services	398,316	77,086
Sales of services	25,461	25,084
Dividend paid	312,235	260,196
Subsidiary Company		
Attock Hospital (Private) Limited		
Purchase of services	75,288	74,385
Sale of services	13,431	12,444
Sale of petroleum products	156	85

	2018 Rs '000	2017 Rs '000
Other related parties		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	165,240	142,308
Dividend paid to Chief Executive and key management personnel	1,364	1,148
Directors Fees	5,927	5,065
Contribution to staff retirement benefit plans		
Staff Pension Fund	16,183	200,179
Staff Gratuity Fund	25,253	51,750
Staff Provident Fund	34,168	31,472
Contribution to Workers' Profit Participation Fund	-	293,663

38.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

Sr. No.	Company Name	Basis of association	Aggregate % of shareholding
1	The Attock Oil Company Limited (Incorporated in UK - Pakistan Branch Office)	Holding Company	61.01%
2	National Refinery Limited	Associated Company	25.00%
3	Attock Petroleum Limited	Associated Company	21.88%
4	Attock Gen Limited	Associated Company	30.00%
5	Attock Information Technology Services (Private) Limited	Associated Company	10.00%
6	Pakistan Oilfields Limited	Associated Company	Nil
7	Attock Cement Pakistan Limited	Associated Company	Nil
8	National Cleaner Production Centre Foundation	Associated Company	Nil
9	Attock Leisure & Management Associates (Private) Limited	Associated Company	Nil
10	Attock Solar (Private) Limited	Associated Company	Nil
11	Attock Hospital (Private) Limited	Wholly owned Subsidiary	100.00%

38.3 Associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

Name of undertaking	The Attock Oil Company Limited
Registered address	4, Swan Street Manchester England M4 5JN
Country of incorporation	United Kingdom
Basis of association	Parent company
Aggregate %age of shareholding	61.01%
Chief executive officer	Shuaib A. Malik
Operational status	Private Limited Company
Auditor's opinion on latest available financial statements	Unqualified opinion

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including benefits and perquisites, are as follows:

	Chief Executive		Executives	
	2018 Rs '000	2017 Rs '000	2018 Rs '000	2017 Rs '000
Managerial remuneration/honorarium	8,951	7,464	57,400	50,534
Bonus	4,375	3,572	24,609	20,673
Company's contribution to Provident, Pension and Gratuity Funds	-	-	13,097	10,005
Housing and utilities	6,324	5,573	46,663	43,719
Leave passage	1,250	1,134	6,516	4,957
	20,900	17,743	148,285	129,888
Less: charged to Attock Gen Limited	3,945	5,323	-	-
	16,955	12,420	148,285	129,888
No of person(s)	1	1	24	23

* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

39.1 In addition to above, the Chief Executive and 19 (2017: 19) executives were provided with limited use of the Company's cars. The Chief Executive and all executives were provided with medical facilities. Limited residential telephone facility was also provided to the Chief Executive and 21 (2017: 21) executives. Gratuity and pension is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuation. Leave passage is paid to Chief Executive and all executives in accordance with the terms of employment.

39.2 In addition, meeting fee based on actual attendance was paid to 5 (2017: 5) non-executive directors Rs 3.75 million (2017: Rs 2.99 million), Chief Executive Rs 0.77 million (2017: Rs 0.69 million) and 2 (2017: 2) alternate directors Rs 1.40 million (2017: Rs 1.39 million) of the Company.

	2018 Rs '000	2017 Rs '000
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
40.1 Financial assets and liabilities		
Financial assets :		
Loans and receivables		
Maturity upto one year		
Trade debts	15,748,278	10,678,545
Loans, advances, deposits & other receivables	1,670,193	1,520,458
Short term investments	985,846	-
Cash and bank balances		
Foreign currency - US \$	57,371	49,413
Local currency	21,897,143	21,580,696
Maturity after one year		
Long term loans and deposits	42,115	34,642
	40,400,946	33,863,754

	2018 Rs '000	2017 Rs '000
Financial liabilities :		
Other financial liabilities		
Maturity upto one year		
Trade and other payables	31,155,391	21,362,012
Unclaimed dividends	9,839	8,898
Long term financing	2,200,000	2,200,000
Accrued mark-up on long term financing	260,909	338,226
Maturity after one year		
Long term financing	12,642,916	17,672,166
	46,269,055	41,581,302

40.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2018 Rs '000	2017 Rs '000
Trade debts			
Counterparties with external credit rating	A 1+	2,829,141	1,559,007
Counterparties without external credit rating			
Due from associated companies		10,455,088	7,289,726
Others *		2,464,049	1,829,812
		15,748,278	10,678,545
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		1,712,308	1,555,100
Short term investments			
Counterparties with external credit rating	A 1+	985,846	-
Bank balances			
Counterparties with external credit rating	A 1+	21,196,360	21,573,379
	A 1	756,954	55,432
		21,953,314	21,628,811

* These balances represent receivable from oil marketing companies and defence agencies.

40.3 Financial risk management

40.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts and balances at banks. Credit sales are essentially to oil marketing companies and reputable foreign customers. The Company maintains balances with banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

At June 30, 2018, trade debts of Rs 6,724,228 thousand (2017: Rs 5,126,510 thousand) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2018 Rs '000	2017 Rs '000
0 to 6 months	3,649,697	3,883,005
6 to 12 months	3,074,531	1,243,505
Above 12 months	-	-
	6,724,228	5,126,510

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 11 to the financial statements.

The table below analysis the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount Rs '000	Contractual cash flows Rs '000	Less than 1 Year Rs '000	Above 1 year Rs '000
At June 30, 2018				
Long term financing	12,642,916	5,200,000	2,200,000	13,050,000
Trade and other payables	31,155,391	31,155,391	31,155,391	-
At June 30, 2017				
Long term financing	17,672,166	4,689,509	2,200,000	18,250,000
Trade and other payables	21,362,012	21,362,012	21,362,012	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 57 million (2017: Rs 49 million) and financial liabilities include Rs 3,275 million (2017: Rs 3,093 million) which were subject to currency risk.

	2018	2017
Rupees per USD		
Average rate	109.98	104.62
Reporting date rate	121.60	105.00

Sensitivity analysis

At June 30, 2018, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 225 million (2017: Rs 210 million) lower/ higher.

ii) Interest rate risk

Interest rate risk represents 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 has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 22,911 million (2017: Rs 21,622 million) and Rs 17,956 million (2017: Rs 22,762 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

At June 30, 2018, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 35 million (2017: Rs 8 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

40.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year.

As mentioned in note - 9.1, the Company is subject to pricing formula whereby profits after tax from refinery operations in excess of 50% of the paid up capital as of July 1, 2002 are transferred to special reserve and can only be utilized to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

40.4 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

41. FAIR VALUE HIERARCHY

Fair value of land

Valuation of the freehold land owned by the Company was valued by independent valuers to determine the fair value of the land as at June 30, 2017. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of freehold land'. The different levels have been defined as follows:

- Level 1

Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value of land has been determined using level 2 fair values under following valuation technique.

Level 2 fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

	2018 Rs '000	2017 Rs '000
42. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(2,615,489)	3,657,224
Adjustments for:		
Depreciation	2,569,294	2,067,153
Gain on disposal of property, plant and equipment	(7,761)	(7,196)
Provision for slow moving, obsolete and in transit stores	12,417	10,175
Workers Profit Participation Fund	(118,688)	192,485
Interest income	(1,198,793)	(903,956)
Finance cost (net)	2,925,299	1,263,141
Effect of exchange rate changes	(7,861)	(142)
Interest on delayed payments	(517,453)	(295,223)
	1,040,965	5,983,661
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(724,890)	(388,041)
Stock-in-trade	(4,076,653)	995,298
Trade debts	(5,051,795)	(3,722,651)
Loans, advances, deposits, prepayments and other receivables	582,517	28,906
	(9,270,821)	(3,086,488)
Increase in current liabilities:		
Trade and other payables	16,359,115	4,928,465
Cash generated from operations		
Payments of WPPF and WWF	(103,663)	(153,050)
Income taxes paid	(672,432)	(515,780)
	(776,095)	(668,830)
Net cash generated from operating activities	7,353,164	7,156,808
43. CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,954,514	21,630,109
Short term investments - treasury bills	985,846	-
	22,940,360	21,630,109

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

44. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under Paragraph 10 of Part I of the 4th Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	
i) Loans and advances obtained as per islamic mode	Disclosed in note 10	
ii) Deposits	Non-interest bearing	
iii) Segment revenue	Disclosed in note 37	
iv) Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:	
	1. Meezan Bank Limited	
	2. Al-Baraka Bank (Pakistan) Limited	
	3. Dubai Islamic Bank	
v) Short term investments	As at June 30, 2018	Rs '000'
	Placed under interest arrangement	985,846
vi) Bank balances	As at June 30, 2018	
	Placed under interest arrangement	18,140,005
	Placed under Shariah permissible arrangement	808,240
		18,948,245
vii) Income on bank deposits including income accrued as at reporting date	For the year ended June 30, 2018	
	Placed under interest arrangement	1,185,341
	Placed under Shariah permissible arrangement	13,452
		1,198,793
viii) Interest paid including accrued as at reporting date	For the year ended June 30, 2018	
	Under interest arrangement	1,147,444
	Under Shariah permissible arrangement	375,558
		1,523,002
ix) All sources of other income	Disclosed in note 30.3	
x) Dividend income	Disclosed in note 33	
xi) Exchange gain	Earned from actual currency	

Disclosures other than above are not applicable to the Company.

45. GENERAL**45.1 Capacity and production**

Against the designed annual refining capacity of US barrels 18.690 million (2017: 18.690 million) the actual throughput during the year was US barrels 17.552 million (2017: 17.103 million).

	2018	2017
45.2 Number of employees		
Number of employees at June 30		
Permanent	621	583
Contract	296	335
	917	918
This includes 617 (2017: 625) number of factory employees.		
Average number of employees for the year		
Permanent	590	550
Contract	323	374
	913	924

This includes 620 (2017: 629) number of factory employees.

45.3 Non-adjusting events after the statement of financial position date

The Board of Directors in its meeting held on August 14, 2018 has proposed an issue of bonus shares in the proportion of one (2017: nil) share for every four (2017: nil) shares held i.e. 25% (2017: nil) out of unappropriated profits and a final cash dividend for the year ended June 30, 2018 @ Rs nil (2017 @ Rs 6.00 per share), amounting to Rs nil (2017: Rs 511,758 thousand) for approval of the members in the annual general meeting to be held on September 25, 2018.

45.4 Unavailed credit facilities

The Company has entered into an arrangement with banks for obtaining Letter of Credit facility to import chemical, spare parts and other materials upto a maximum of Rs 3,228.00 million (2017: Rs 3,228.00 million). The facility is secured against lien on shipping documents. The unavailed facility at June 30, 2018 was Rs 1,784.95 million (2017: Rs 1,705.14 million). The facilities will expire on various dates after June 30, 2018.

45.5 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

46. DATE OF AUTHORISATION

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

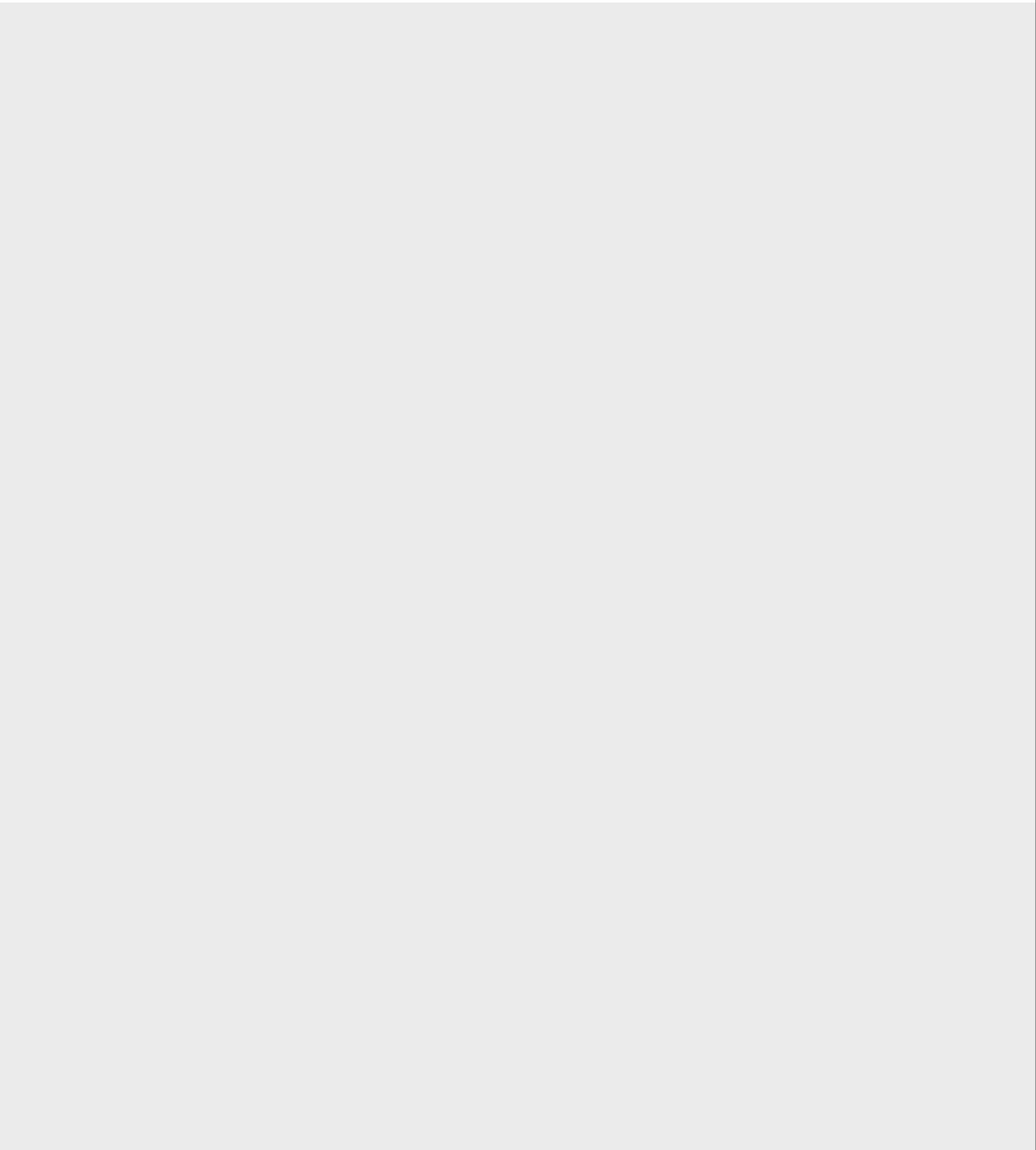
– Sd –

Abdus Sattar
Director

Annual Audited Consolidated Financial Statements

for the year ended June 30, 2018





Independent Auditors' Report to the Members

A·F·FERGUSON & CO.

CHARTERED ACCOUNTANTS
KARACHI-LAHORE-ISLAMABAD



Report on the Audit of Consolidated Financial Statements

OPINION

We have audited the annexed consolidated financial statements of Attock Refinery Limited (the Group), and its subsidiary, Attock Hospital (Private) Limited which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss and consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the group as at June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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



Following are the key audit matters:

Key Audit Matter

i) New requirements under the Companies Act, 2017
(Refer note 4 to the consolidated financial statements)

The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Group for the first time in the preparation of these annexed consolidated financial statements.

The Act, has also brought certain changes with regards to preparation and presentation of the annual consolidated financial statements of the Group.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current financial reporting framework and as a result certain changes were made in the Group's annexed consolidated financial statements.

In view of the extensive impacts in the annexed consolidated financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.

How the matter is addressed in our audit

We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:

- Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements.
- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence
- Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.

ii) Contingency with respect to crude oil pricing
(Refer note 12 of the consolidated financial statements)

The Company purchases crude oil from various oilfields in the country per the allocation made to the Company by the Federal Government from respective oilfields. Likewise, the Company was allocated crude oil from two oil fields in March 2007 and September 2009 respectively on provisional price basis as per the related Petroleum Concession Agreement (PCA).

In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of the above mentioned PCA whereby various matters including the pricing mechanism for crude oil were prescribed. Subsequently, an amount of Rs 2,484 million has been demanded by the crude oil suppliers from the Company in respect of the alleged arrears of crude oil price for certain period prior to signing of COSA.

The demand has not been acknowledged by the Company and not provided for in its books of account based on the Company's assessment of related matter and on the legal advices obtained from its legal consultants. Contingency has been disclosed in the consolidated financial statements.

We focused on this matter due to the significance of the amount involved, demand raised by crude oil suppliers and significant management judgement in this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the contents of the signed PCA.
- Reviewed the pricing mechanism historically followed by the working interest owners of the PCA.
- Reviewing the contents of the signed COSA.
- Reviewing the debit note received by the Company from the operator of the PCA and Company's certain subsequent correspondence with the operator of PCA.
- Reviewing legal opinions obtained by the Company from its legal consultants.
- Seeking independent advice from auditor's legal consultant to assess the matter and Company's contention in this respect.



iii) Reversal of prior year tax and related provisions
(Refer note 29 and 32 of the consolidated financial statements)

During the year, the Company, based on the advice of its tax consultant, reversed a cumulative provision of Rs 1,190 million in respect of tax and related amount of Workers Welfare Fund (WWF) on the premise that demand raised for related tax years have already been paid by the Company and the likelihood of further tax demands arising in respect of those tax years is remote.

We focused on this matter due to the significance of the amount involved and significant management judgement this area.

Our procedures in relation to management judgement regarding the matter included:

- Reviewing the assessment documents issued by the taxation department (the Department) and details related to the proceedings in the matter of instant tax years at different forums including the High Court and the Supreme Court.
- Reviewing the advice obtained by the Company from its tax consultants.
- Involving auditor's tax specialist to review the relevant supporting documentation including the advice of management's tax consultant to assess the reasonableness of the management's assessment of the matter.

iv) Investment in associated company
(Refer note 15 to the consolidated financial statements)

The Company has investment in its associated company National Refinery Limited (NRL). As at June 30, 2018, the carrying amount of investment in above referred associated company amounted to Rs 14,794 million (net of recognised impairment loss of Rs 2,391 million) which carrying value is higher by Rs 5,938 million in relation to the quoted market value of such shares. The Company carries out impairment assessment of the value of Investment where there are indicators of impairment.

The Company has assessed the recoverable amount of the investment in associated companies based on the higher of the value-in-use ("VIU") and fair value. VIU is based on a valuation analysis carried out by an

independent external investment advisor engaged by the Company using a discounted cash flow model which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows.

In view of significant management judgement involved in the estimation of VIU we consider this as a key audit matter.

Our procedures in relation to assessment of carrying value of investment in associated company included:

- Assessing the appropriateness of management's accounting for investment in associated company.
- Understanding management's process for identifying the existence of impairment indicators in respect of investment in associated company.
- Evaluating the independent external investment advisor's competence, capabilities and objectivity.
- Assessing the valuation methodology used by the independent external investment advisor.
- Checking, on sample basis, the reasonableness of the input data provided by the management to the independent external investment advisor, to supporting evidence.
- Assessing the reasonableness of cash flow projection, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecast and other relevant information.
- Testing mathematical accuracy of cash flows projection.
- Performing independently a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions.



INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the consolidated financial statements of the Group and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional misstatements, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.

– Sd –

Chartered Accountants
Islamabad
Date: August 30, 2018

Following are the key audit matters:

Key Audit Matter

i) New requirements under the Companies Act, 2017

(Refer note 4 to the consolidated financial statements)

The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Group for the first time in the preparation of these annexed consolidated financial statements.

The Act, has also brought certain changes with regards to preparation and presentation of the annual consolidated financial statements of the Group.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current financial reporting framework and as a result certain changes were made in the Group's annexed consolidated financial statements.

In view of the extensive impacts in the annexed consolidated financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.

How the matter is addressed in our audit

We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:

- Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements.
- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence
- Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.

ii) Contingency with respect to crude oil pricing

(Refer note 12 of the consolidated financial statements)

The Company purchases crude oil from various oilfields in the country per the allocation made to the Company by the Federal Government from respective oilfields. Likewise, the Company was allocated crude oil from two oil fields in March 2007 and September 2009 respectively on provisional price basis as per the related Petroleum Concession Agreement (PCA).

In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of the above mentioned PCA whereby various matters including the pricing mechanism for crude oil were prescribed. Subsequently, an amount of Rs 2,484 million has been demanded by the crude oil suppliers from the Company in respect of the alleged arrears of crude oil price for certain period prior to signing of COSA.

The demand has not been acknowledged by the Company and not provided for in its books of account based on the Company's assessment of related matter and on the legal advices obtained from its legal consultants. Contingency has been disclosed in the consolidated financial statements.

We focused on this matter due to the significance of the amount involved, demand raised by crude oil suppliers and significant management judgement in this area.

Our procedures in relation to management judgement regarding the matter included:

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RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional misstatements, misrepresentations, or the override of internal control.
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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.

– Sd –

Chartered Accountants
Islamabad
Date: August 30, 2018

Consolidated Statement of Financial Position

As at June 30, 2018

	Note	June 30, 2018 Rs '000	June 30, 2017 Rs '000 (Restated)	July 1, 2016 Rs '000 (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised	8	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid-up	8	852,930	852,930	852,930
Reserves and surplus	9	36,722,462	36,002,274	29,036,918
Surplus on revaluation of freehold land	13	12,052,576	12,052,576	10,811,949
Fair value gain on available for sale investment		108	-	-
		49,628,076	48,907,780	40,701,797
NON CURRENT LIABILITIES				
Long term financing	10	12,642,916	17,672,166	14,613,682
DEFERRED TAXATION				
	17	-	652,945	-
CURRENT LIABILITIES				
Trade and other payables	11	44,552,948	28,212,632	23,089,140
Accrued mark-up on long term financing	10	260,909	338,226	266,556
Current portion of long term financing	10	2,200,000	2,200,000	550,000
Unclaimed dividends		9,839	8,898	7,658
Provision for taxation		2,163,842	3,439,980	3,955,760
		49,187,538	34,199,736	27,869,114
TOTAL EQUITY AND LIABILITIES				
		111,458,530	101,432,627	83,184,593
CONTINGENCIES AND COMMITMENTS				
	12			

	Note	June 30, 2018 Rs '000	June 30, 2017 Rs '000 (Restated)	July 1, 2016 Rs '000 (Restated)
ASSETS				
NON CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Operating assets	13	32,829,945	35,140,631	12,156,008
Capital work-in-progress	14	303,043	142,057	22,733,687
Major spares parts and stand-by equipment		119,151	81,396	83,293
		33,252,139	35,364,084	34,972,988
LONG TERM INVESTMENTS				
	15	24,830,227	23,939,539	20,787,112
LONG TERM LOANS AND DEPOSITS				
	16	42,115	34,757	31,405
DEFERRED TAXATION				
	17	43,494	-	654,124
CURRENT ASSETS				
Stores, spares and loose tools	18	2,905,748	2,193,275	1,815,409
Stock-in-trade	19	9,789,826	5,713,476	6,708,327
Trade debts	20	15,748,306	10,678,578	6,889,447
Loans, advances, deposits, prepayments and other receivables	21	1,888,643	1,858,901	1,636,512
Short term investment	22	985,846	-	-
Cash and bank balances	23	21,972,186	21,650,017	9,689,269
		53,290,555	42,094,247	26,738,964
TOTAL ASSETS				
		111,458,530	101,432,627	83,184,593

The annexed notes 1 to 47 are an integral part of these consolidated financial statements.

- Sd -

Syed Asad Abbas
Chief Financial Officer

- Sd -

M. Adil Khattak
Chief Executive Officer

- Sd -

Abdus Sattar
Director

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 Rs '000	2017 Rs '000
Gross sales	24	179,430,555	139,515,951
Taxes, duties, levies, discounts and price differential	25	(49,833,990)	(38,104,159)
Net sales		129,596,565	101,411,792
Cost of sales	26	(130,675,227)	(97,078,919)
Gross (loss) /profit		(1,078,662)	4,332,873
Administration expenses	27	645,120	595,023
Distribution cost	28	50,156	49,047
Other charges	29	(106,271)	202,660
		(589,005)	(846,730)
Other income	30	1,977,477	1,434,222
Operating profit		309,810	4,920,365
Finance cost	31	(2,925,299)	(1,263,141)
(Loss) /profit before taxation from refinery operations		(2,615,489)	3,657,224
Taxation	32	1,602,931	42,111
(Loss) /profit after taxation from refinery operations		(1,012,558)	3,699,335
Profit after taxation from non-refinery operations			
Impairment reversal on investment in associated company	15	178,420	1,254,835
Profit of Attock Hospital (Private) Limited	33	10,035	21,982
Share in profit of associated companies	34	2,212,851	2,438,662
		2,401,306	3,715,479
Profit for the year		1,388,748	7,414,814
Earnings / (loss) per share - basic and diluted (Rs)			
Refinery operations		(11.87)	43.37
Non-refinery operations		28.15	43.56
	35	16.28	86.93

The annexed notes 1 to 47 are an integral part of these consolidated financial statements.

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	Note	2018 Rs '000	2017 Rs '000
Profit for the year		1,388,748	7,414,814
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement loss on staff retirement benefit plans	36	(174,749)	(57,980)
Related deferred tax credit		48,749	17,394
Effect of change in tax rate		(9,579)	-
Share of other comprehensive (loss)/profit of associated companies - net of tax		(21,223)	17,593
		(156,802)	(22,993)
Surplus on revaluation of freehold land	13.1	-	1,240,627
		(156,802)	1,217,634
Items that will be reclassified to profit or loss			
Fair value adjustment on available for sale investments		108	-
Total comprehensive income for the year		1,232,054	8,632,448

The annexed notes 1 to 47 are an integral part of these consolidated financial statements.

- Sd -

Syed Asad Abbas
Chief Financial Officer

- Sd -

M. Adil Khattak
Chief Executive Officer

- Sd -

Abdus Sattar
Director

Consolidated Statement of Cash Flow

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - customers	174,524,466	135,940,118
- others	793,213	564,202
	175,317,679	136,504,320
Cash paid for operating costs	(123,985,695)	(92,605,439)
Cash paid to Government for duties, taxes and other levies	(43,294,913)	(36,208,351)
Income tax paid	(680,397)	(519,894)
Net cash generated from operating activities	7,356,674	7,170,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(459,103)	(954,282)
Proceeds against disposal of operating assets	7,987	7,685
Long term loans and deposits	(7,472)	(3,353)
Income received on bank deposits	1,125,178	889,623
Dividends received	1,819,574	2,023,553
Net cash generated from investing activities	2,486,164	1,963,226
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(5,200,000)	4,689,509
Transaction cost on long term financing	(500)	(6,076)
Finance cost	(2,831,366)	(1,431,464)
Dividends paid	(510,818)	(425,225)
Net cash (outflow)/inflow from financing activities	(8,542,684)	2,826,744
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1,300,154	11,960,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	21,650,017	9,689,269
Effect of exchange rate changes	7,861	142
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22,958,032	21,650,017

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- Sd -

Syed Asad Abbas
Chief Financial Officer

- Sd -

M. Adil Khattak
Chief Executive Officer

- Sd -

Abdus Sattar
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Share capital	Capital reserve				Revenue reserve		Surplus on revaluation of freehold land	Fair value gain on available for sale investment	Total
		Special reserve for expansion/modernisation	Utilised special reserve for expansion/modernisation	Maintenance reserve	Others	General reserve	Un-appropriated profit			
										Rs '000
Balance at June 30, 2016	852,930	10,408,276	-	190,269	119,708	5,102,380	13,216,285	10,811,949	-	40,701,797
Distribution to owners:										
Final cash dividend @ 50% related to the year ended June 30, 2016	-	-	-	-	-	-	(426,465)	-	-	(426,465)
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	7,414,814	-	-	7,414,814
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	(22,993)	1,240,627	-	1,217,634
	-	-	-	-	-	-	7,391,821	1,240,627	-	8,632,448
Transfer to special reserve for expansion/modernisation - note 9.1	-	3,553,535	-	-	-	-	(3,553,535)	-	-	-
Profit after tax from fuel refinery operations transferred to special reserve by associated companies - note 9.1	-	992,968	-	-	-	-	(992,968)	-	-	-
Transfer to maintenance reserve by an associated company - note 9.3	-	-	-	6,410	-	-	(6,410)	-	-	-
Transfer to general reserve by an associated company	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Transfer to utilised special reserve for expansion/modernisation by the Company - note 9.1	-	(10,962,934)	10,962,934	-	-	-	-	-	-	-
by associated company	-	(1,946,032)	1,946,032	-	-	-	-	-	-	-
Balance at June 30, 2017	852,930	2,045,813	12,908,966	196,679	119,708	6,102,380	14,628,728	12,052,576	-	48,907,780
Distribution to owners:										
Final cash dividend @ 60% related to the year ended June 30, 2017	-	-	-	-	-	-	(511,758)	-	-	(511,758)
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	1,388,748	-	-	1,388,748
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	(156,802)	-	108	(156,694)
	-	-	-	-	-	-	1,231,946	-	108	1,232,054
Transfer to special reserve for expansion/modernisation - note 9.1	-	(1,012,558)	-	-	-	-	1,012,558	-	-	-
Profit after tax from fuel refinery operations transferred to special reserve by associated companies - note 9.1	-	-	-	-	-	-	-	-	-	-
Transfer to maintenance reserve by an associated company - note 9.3	-	-	-	4,946	-	-	(4,946)	-	-	-
Transfer to general reserve by an associated company	-	-	-	-	-	750,000	(750,000)	-	-	-
Transfer to utilised special reserve for expansion/modernisation by the Company - note 9.1	-	-	-	-	-	-	-	-	-	-
by associated company	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2018	852,930	1,033,255	12,908,966	201,625	119,708	6,852,380	15,606,528	12,052,576	108	49,628,076

The annexed notes 1 to 47 are an integral part of these consolidated financial statements.

- Sd -

Syed Asad Abbas
Chief Financial Officer

- Sd -

M. Adil Khattak
Chief Executive Officer

- Sd -

Abdus Sattar
Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

Attock Refinery Limited (the Company) was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public company on June 26, 1979. The registered office of ARL is situated at Morgah, Rawalpindi. Its shares are quoted on the Pakistan Stock Exchange. It is principally engaged in the refining of crude oil.

The Company is subsidiary of the Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

Attock Hospital (Private) Limited (AHL) was incorporated in Pakistan on August 24, 1998 as a private limited company and commenced its operations from September 1, 1998. AHL is engaged in providing medical services. AHL is a wholly owned subsidiary of ARL. For the purpose of these financial statements, the Company and its above referred wholly owned subsidiary AHL is referred to as the Group.

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

The financial position and performance of the Company was affected by the following events and transactions during the year:

- i) The Company has suffered a net exchange loss of Rs 1,396.03 million in respect of its purchases and liabilities denominated in US Dollars and as also referred to in note 31.
- ii) Consequent to the decision of government to shut-down furnace fueled power plants in country there was a reduction in capacity utilization of the refinery during the month of November 2017. In view of the foregoing, the Company was compelled to operate the refinery at lower throughput to deal with the problem of increasing stock of furnace fuel and the declining ullage.
- iii) Other significant transactions and events have been adequately described in these financial statements. For detail performance review of the Company, refer Directors' Report.

3. STATEMENT OF COMPLIANCE

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

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

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

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The Act has also brought certain changes with regard to preparation and presentation of annual and interim consolidated financial statements of the Group. These changes include change in nomenclature of primary consolidated financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.
- Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 2, 5.8, 6, 9, 11, 12, 13.2, 13.3, 16, 20.2, 21.2, 27.2, 32.4, 37, 39.2, 39.3, 40, 45, 46.1, 46.2 and 46.4

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

	Effective date (annual reporting periods beginning on or after)
IAS 19 Employee benefits (Amendments)	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40 Investment property (Amendments)	January 1, 2018
IFRS 2 Share-based Payment (Amendments)	January 1, 2018
IFRS 4 Insurance contracts (Amendments)	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 Uncertainty Over Income Tax	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the consolidated financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
 IFRS 14 Regulatory Deferral Accounts
 IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an arrangement contains lease
 IFRIC 12 Service concession arrangements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 5.8, certain financial instruments which are carried at their fair values and staff retirement gratuity and pension plans which are carried at present value of defined benefit obligation net of fair value of plan assets.

5.2 Basis of consolidation

a) Subsidiary

The consolidated financial statements include the financial statements of Attock Refinery Limited (ARL) and its wholly owned subsidiary, Attock Hospital (Private) Limited.

Subsidiary is an entity over which ARL has the control and power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has power to elect and appoint more than one half of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-company balances and transactions have been eliminated for consolidated purposes.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

b) Associates

Associates are all entities over which the Company has significant influence but not control. Investment in associated companies is accounted for using the equity method. Under this method the investments are stated at cost plus the Company's share in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of profit or loss where applicable.

The Company's share of post-acquisition profit is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in consolidated statement of other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses 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 legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to share of profit/ (loss) of associates in the consolidated statement of profit or loss.

5.3 Dividend and revenue reserves appropriation

Dividend and movement in revenue reserves are recognised in the consolidated financial statements in the period in which these are approved.

5.4 Employee retirement benefits

The main features of the retirement benefit schemes operated by the Group for its employees are as follows:

i) Defined benefit plans

The Group operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of Pension and gratuity funds are made through approved trust funds. Gratuity is deductible from pension. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 36 to the consolidated financial statements. The obligation at the statement of consolidated financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to consolidated statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in consolidated statement of profit or loss when they occur.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

ii) Defined contribution plans

The Group operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

5.5 Employee compensated absences

ARL also provides for compensated absences for all employees in accordance with the rules of the Company.

5.6 Taxation

Income tax expense comprises of current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred income tax is accounted for using the consolidated statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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.

5.7 Provisions

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

5.8 Property, plant and equipment and capital work-in-progress**a) Cost**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

b) Revaluation

Increase in the carrying amount arising on revaluation of freehold land are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of freehold land. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

c) Depreciation

Depreciation on operating assets is calculated using the straight-line method to allocate their cost over their estimated useful life at the rates specified in note 13.

d) Repairs and maintenance

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

e) Gains and losses on disposal

Gains and losses on deletion of assets are included in income currently.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

5.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the consolidated statement of profit or loss.

5.10 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are stated at invoice value plus other charges paid thereto.

5.11 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value.

Cost in relation to crude oil is determined on a First-in-First-Out (FIFO) basis. In relation to semi-finished and finished products, cost represents the cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value represents selling prices in the ordinary course of business less costs necessarily to be incurred for its sale.

5.12 Revenue recognition

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

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.
The company is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed product prices equivalent to the 'import parity' price, calculated under prescribed parameters.
- ii) Income from crude desalter operations, rental income, handling and service income are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits is recognised using the effective yield method.
- v) Income on investment in associated companies is recognised using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated company is recognised in the profit or loss, and its share of post-acquisition movements in reserve is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.

5.13 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

5.14 Foreign currency transactions and balances

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the consolidated statement of financial position date. Exchange differences are dealt with through the consolidated statement of profit or loss.

5.15 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

5.16 Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset.

5.16.1 Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses.

5.16.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the consolidated statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the consolidated statement of financial position. Loans and receivables are carried at amortized cost using the effective interest method.

5.16.3 Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the consolidated statement of financial position date.

Available-for-sale investments are initially recognised at cost and carried at fair value at the consolidated statement of financial position date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the consolidated statement of financial position date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. Adjustment arising from remeasurement of investment to fair value is recorded in equity and taken to income on disposal of investment or when the investment is determined to be impaired.

5.16.4 Investment at fair value through profit or loss

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses recognised directly in the consolidated statement of profit or loss. The fair value of such investments is determined on the basis of prevailing market prices.

5.17 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortised cost less an allowance for any uncollectable amounts. Carrying amounts of trade debts and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

5.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

Basic and diluted EPS relating to Refinery and Non-refinery operations is also calculated in line with the manner described above by dividing the profit or loss attributable to ordinary shareholders from Refinery and Non-refinery operations respectively.

5.19 Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gain on disposal of available-for-sale financial assets and changes in fair value of investments held for trading. Interest income is recognised as it accrues in the consolidated statement of profit or loss, using effective interest method. Dividend income is recognised in the consolidated statement of profit or loss on the date that the Company's right to receive payment is established.

5.20 Finance cost

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through the consolidated statement of profit or loss and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported separately.

5.21 Contingent Liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.22 Trade and other payables

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

5.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

5.24 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments.

5.25 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs on the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a transaction cost on borrowing and amortised over the period of the facility to which it relates.

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

5.26 Operating segments

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.

6. CHANGE IN ACCOUNTING POLICY

Section 235 of the Repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision/section in the Repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. In view of foregoing and the contents of note 3 & note 4.1 the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- present surplus on revaluation of fixed assets under equity;
- offset the deficit arising from revaluation of the particular asset; and
- transfer the realized surplus directly to the retained earnings/unappropriated profit;

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of freehold land to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are as follows:

- i) Contingencies - note 12
- ii) Surplus on revaluation of freehold land - note 13.1
- iii) Estimated useful life of operating assets - note 13
- iv) Estimate of recoverable amount of investment in an associated company - note 15
- v) Deferred taxation - note 17
- vi) Provision for taxation - note 32
- vii) Provision for employees' defined benefit plans - note 36

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

8. SHARE CAPITAL

8.1 Authorised share capital

	2018 Number of shares	2017 Number of shares		2018 Rs '000	2017 Rs '000
	150,000,000	150,000,000	Ordinary shares of Rs 10 each	1,500,000	1,500,000

8.2 Issued, subscribed and paid up capital

	2018 Number of shares	2017 Number of shares	Ordinary shares of Rs 10 each	2018 Rs '000	2017 Rs '000
	8,000,000	8,000,000	Fully paid in cash	80,000	80,000
	77,293,000	77,293,000	Shares issued as fully paid bonus shares	772,930	772,930
	85,293,000	85,293,000		852,930	852,930

The parent company Attock Oil Company Limited held 52,039,224 (2017: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (2017: 1,432,000) ordinary shares at the year end.

	2018 Rs '000	2017 Rs '000
9. RESERVES AND SURPLUS		
Capital reserve		
Special reserve for expansion/modernisation - note 9.1	1,033,255	2,045,813
Special reserve for expansion/modernisation of associated company	-	-
	1,033,255	2,045,813
Utilised special reserve for expansion/modernisation - note 9.2	10,962,934	10,962,934
Utilised special reserve for expansion/modernisation of associated company	1,946,032	1,946,032
	12,908,966	12,908,966
Maintenance reserve - note 9.3	201,625	196,679
Others		
Liabilities taken over from The Attock Oil Company Limited		
no longer required	4,800	4,800
Capital gain on sale of building	654	654
Insurance and other claims realised relating to		
pre-incorporation period	494	494
Donation received for purchase of hospital equipment	4,000	4,000
Bonus shares issued by associated companies	109,760	109,760
	119,708	119,708
Revenue reserve		
General reserve	6,852,380	6,102,380
Unappropriated profit	15,606,528	14,628,728
	22,458,908	20,731,108
	36,722,462	36,002,274

- 9.1** Represents amounts retained as per the stipulations of the Government under the pricing formula and is available only for making investment in expansion or Up-gradation of the refinery or off setting any loss of the refinery. Transfer to/from special reserve is recognised at each quarter end and is reviewed for adjustment based on profit/loss on an annual basis.

Under the Policy Framework for Up-gradation and Expansion of Refineries, 2013 issued by the Ministry of Energy- Petroleum Division (the Ministry) as amended from time to time, the refineries are required to transfer the amount of profit above 50% of paid-up capital as at July 1, 2002 into a Special Reserve Account which shall be available for utilisation for Up-gradation of refineries or may also be utilized in off setting losses of the refinery from refinery operations.

Following is the status of utilization out of the Special Reserve on Up-gradation and expansion projects from July 1, 1997 to June 30, 2018:

	2018 Rs '000	2017 Rs '000
Balance as at July 1	2,045,813	9,455,212
Transfer (from)/to for the year	(1,012,558)	3,553,535
Transfer to utilised special reserve for expansion/modernisation - note 9.2	-	(10,962,934)
Balance as at June 30	1,033,255	2,045,813

9.2 Represents amounts utilized out of the special reserve for expansion/ modernization of the refinery. The total amount of capital expenditure incurred on Refinery expansion/ modernisation till June 30, 2018 is Rs 28,390 million including Rs 17,427 million spent over and above the available balance in the Special Reserve which have been incurred by the Company from its own resources.

9.3 Represents amount retained by Attock Gen Limited to pay for major maintenance expenses in terms of the Power Purchase Agreement.

	2018 Rs '000	2017 Rs '000
10. LONG TERM FINANCING - secured		
From banking companies		
Syndicated Term Finance - note 10.1	11,494,985	15,380,448
Musharaka Finance - note 10.2	3,762,252	5,034,006
	15,257,237	20,414,454
Less: Unamortized transaction cost on financing:		
Balance as at July 1	204,062	243,300
Addition during the year	500	6,076
Amortization for the year	(51,150)	(45,314)
Balance as at June 30	153,412	204,062
	15,103,825	20,210,392
Current portion of long term financing	(2,200,000)	(2,200,000)
	12,903,825	18,010,392
Mark-up payable shown as current liability	(260,909)	(338,226)
	12,642,916	17,672,166

10.1 The Company has entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which will be payable on quarterly basis. The tenure of this facility is 13 years.

10.2 The Company obtained Musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil % (2017: 47.64%) while its share in Musharaka Assets B is 68.72% (2017: 69.90%) respectively. While the Managing Co-owner's (the Company) share

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

in Musharaka Assets A is 100% (2017: 52.36%) while its share in Musharaka Assets B is 31.28% (2017: 30.10%) respectively. The tenure of this facility is 13 years. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each Musharaka Assets purchase date under Musharaka agreement.

- 10.3** The facilities referred to in notes 10.1 and 10.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.
- 10.4** During the year the Company, in addition to the scheduled quarterly principal payments, also repaid an amount of Rs 3,000 million in respect of facilities referred to in note 10.1 and 10.2.

	2018 Rs '000	2017 Rs '000
11. TRADE AND OTHER PAYABLES		
Creditors - note 11.1	24,294,232	16,160,601
Due to The Attock Oil Company Limited - Holding Company	110,475	24,001
Due to associated companies		
Pakistan Oilfields Limited	2,475,616	1,218,186
Attock Sahara Foundation	754	-
Attock Solar (Pvt.) Limited	970	-
Accrued liabilities and provisions - note 11.1	4,048,226	3,890,947
Due to the Government under pricing formula	4,883,264	2,247,775
Custom duty payable to Government	6,888,202	3,318,978
Advance payments from customers	119,274	101,336
Sales tax payable	168,206	-
Workers' Profit Participation Fund - note 21.1	-	83,663
ARL Gratuity Fund	109,694	67,879
Staff Pension Fund	138,823	23,194
Crude oil freight adjustable through inland freight equalisation margin	15,761	20,010
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Payable to statutory authorities in respect of petroleum development levy and excise duty	1,295,938	1,053,049
Security deposits	3,137	2,637
	44,552,948	28,212,632

- 11.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,113.17 million (2017: Rs 2,944.91 million).

	2018 Rs '000	2017 Rs '000
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
<p>i) Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 was withdrawn. As a result all imports relating to the ARL Up-gradation Project were subjected to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014 in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing release of the imports against submission of bank guarantees and restrained customs authorities from charging increased amount of customs duty/ sales tax. Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/ claimable government levies.</p> <p>Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision and accordingly this liability has not been recognized in the financial statements. Several hearings of the case have been held but the matter is still under adjudication.</p>	1,326,706	1,326,706
<p>ii) Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/ received on their due dates of payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged as debt by either party.</p>		
<p>iii) Guarantees issued by banks on behalf of the Company (other than (i) above)</p>	414	493
<p>iv) Claims for land compensation contested by ARL</p>	1,300	1,300
<p>v) Price adjustment related to crude oil purchases recorded on the basis of provisional prices as referred to in note 26.1, the amount of which cannot be presently quantified.</p>		
<p>vi) In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 has been executed between the President of Pakistan and the working interest owners of a Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the related oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million has been demanded from the Company as alleged arrears of crude oil price for certain period prior to signing of aforementioned COSA.</p> <p>Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants the Company has not acknowledged the related demand and accordingly, not provided for the same in its books of account.</p>	2,484,098	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
<p>vii) Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for Up-gradation of Refineries, the Government had committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive has been withdrawn on April 25, 2016.</p> <p>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned.</p>	1,081,087	464,638
<p>viii) The Finance Act, 2017 introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.</p> <p>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax.</p>	418,470	-
ix) The Company's share in tax contingency of associated companies	1,474,866	1,523,411
Commitments:		
i) Capital expenditure	129,754	77,194
ii) Letters of credit for purchase of store items	88,941	143,871
iii) The Company's share of commitments of associated companies.		
Capital expenditures commitments	1,796,604	1,339,985
Outstanding letters of credit	4,559,627	3,782,297
Others	506,929	503,985

13. OPERATING ASSETS

	Freehold land (note 13.1)	Buildings on freehold land	Plant and machinery	Computer equipment	Furniture, fixtures and equipment	Vehicles	Total
	Rs '000						
As at June 30, 2016							
Cost or valuation	10,866,170	206,774	5,368,809	74,386	149,786	127,632	16,793,557
Accumulated depreciation	-	(99,049)	(4,328,434)	(54,156)	(72,382)	(83,528)	(4,637,549)
Net book value	10,866,170	107,725	1,040,375	20,230	77,404	44,104	12,156,008
Year ended June 30, 2017							
Opening net book value	10,866,170	107,725	1,040,375	20,230	77,404	44,104	12,156,008
Additions	-	6,981	23,756,068	9,084	12,522	28,198	23,812,853
Revaluation surplus	1,240,628	-	-	-	-	-	1,240,628
Disposals							
Cost	-	-	(33,371)	(7,536)	(2,166)	(4,307)	(47,380)
Depreciation	-	-	33,371	7,521	1,692	4,307	46,891
	-	-	-	(15)	(474)	-	(489)
Depreciation charge	-	(10,336)	(2,023,510)	(7,565)	(10,886)	(16,072)	(2,068,369)
Closing net book value	12,106,798	104,370	22,772,933	21,734	78,566	56,230	35,140,631
As at June 30, 2017							
Cost or valuation	12,106,798	213,755	29,091,506	75,934	160,142	151,523	41,799,658
Accumulated depreciation	-	(109,385)	(6,318,573)	(54,200)	(81,576)	(95,293)	(6,659,027)
Net book value	12,106,798	104,370	22,772,933	21,734	78,566	56,230	35,140,631
Year ended June 30, 2018							
Opening net book value	12,106,798	104,370	22,772,933	21,734	78,566	56,230	35,140,631
Additions	-	27,653	179,913	9,428	10,460	32,909	260,363
Revaluation surplus	-	-	-	-	-	-	-
Disposals							
Cost	-	-	(274)	(2,709)	(2,235)	(13,012)	(18,230)
Depreciation	-	-	274	2,701	2,059	12,971	18,005
	-	-	-	(8)	(176)	(41)	(225)
Depreciation charge	-	(9,771)	(2,520,510)	(7,858)	(11,705)	(20,980)	(2,570,824)
Closing net book value	12,106,798	122,252	20,432,336	23,296	77,145	68,118	32,829,945
As at June 30, 2018							
Cost or valuation	12,106,798	241,408	29,271,145	82,653	168,367	171,420	42,041,791
Accumulated depreciation	-	(119,156)	(8,838,809)	(59,357)	(91,222)	(103,302)	(9,211,846)
Net book value	12,106,798	122,252	20,432,336	23,296	77,145	68,118	32,829,945
Annual rate of							
Depreciation (%)	-	5	10	20	10	20	

13.1 Freehold land was revalued in May 2017 and the revaluation surplus of Rs 1,240.63 million was added to the value of freehold land and corresponding amount was been transferred to surplus on revaluation of fixed assets. Had the freehold land been stated on the historical cost basis, the carrying amount of land would have been Rs 54.22 million (2017: Rs 54.22 million).

13.2 Forced sales value of freehold land based on valuation conducted in May 2017 was Rs 9,685.44 million.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

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

Location	Usage of immovable property	Total Area (In acres)
Morgah Rawalpindi	Refinery processing plants, office and staff colony	398.44
Chak Shahpur, Morgah, Rawalpindi	Water wells	44.96
Humak (adjacent DHA II), Islamabad	Water wells	7.34

	2018 Rs '000	2017 Rs '000
13.4 The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 26	2,542,227	2,042,846
Administration expenses - note 27	26,301	23,564
Distribution cost - note 28	766	743
Depreciation of subsidiary company	1,530	1,216
	2,570,824	2,068,369
14. CAPITAL WORK-IN-PROGRESS		
Balance as at July 1	142,057	22,733,687
Additions during the year - note 14.1	322,186	1,170,751
Transfer to operating assets		
Buildings on freehold land	27,653	6,981
Plant and machinery	133,547	23,746,756
Furniture and fixtures	-	8,644
	(161,200)	(23,762,381)
Balance as at June 30	303,043	142,057
Breakup of the closing balance of capital work-in-progress		
Civil works	7,720	15,830
Plant and machinery	294,323	125,227
Pipeline project	1,000	1,000
	303,043	142,057

14.1 Financing cost amounting to Rs nil (2017: Rs 265.04 million) has been capitalised which includes Rs nil (2017: Rs 11.21 million) in respect of amortization of transaction cost on long term financing arranged for the purpose of ARL Up-gradation projects.

	2018 Rs '000	2017 Rs '000
15. LONG TERM INVESTMENTS		
Balance as at July 1	23,939,539	20,787,112
Share of profit after tax of associated companies	2,552,958	3,903,552
Share in other comprehensive (loss)/income	(21,115)	17,593
Dividend received from associated companies	(1,819,575)	(2,023,553)
Impairment reversal on investment	178,420	1,254,835
Balance as at June 30	24,830,227	23,939,539

	2018		2017	
	% age holding	Rs '000	% age holding	Rs '000
15.1 Investment in associated companies				
Associated companies				
Quoted				
National Refinery Limited (NRL) - note 15.4	25	14,793,813	25	14,637,479
19,991,640 (2017: 19,991,640) fully paid ordinary shares including 3,331,940 (2017: 3,331,940) bonus shares of Rs 10 each				
Market value as at June 30, 2018: Rs 8,856 million (June 30, 2017: Rs 14,514 million)				
Attock Petroleum Limited (APL)	21.88	7,345,605	21.88	6,897,179
18,144,138 (2017: 18,144,138) fully paid ordinary shares including 7,644,058 (2017: 7,644,058) bonus shares of Rs 10 each				
Market value as at June 30, 2018: Rs 10,705 million (June 30, 2017: Rs 11,366 million)				
Unquoted				
Attock Gen Limited (AGL)	30	2,666,574	30	2,384,395
7,482,957 (2017: 7,482,957) fully paid ordinary shares of Rs 100 each note 15.2				
Attock Information Technology Services (Private) Limited (AITSL)	10	24,235	10	20,486
450,000 (2017: 450,000) fully paid ordinary shares of Rs 10 each				
		24,830,227		23,939,539

All associated companies are incorporated in Pakistan. Although ARL has less than 20 percent shareholding in Attock Information Technology Services (Private) Limited, this company has been treated as associates since ARL has representation on its Board of Directors.

15.2 In October 2017, the Board of Directors of the Company approved to offer 3.95% out of the Company's 30% shareholding in paid up capital of Attock Gen Limited's (AGL) to the general public including employees/officers of the Company upon listing of the shares of AGL on the Pakistan Stock Exchange Limited. However, the proposed offer has not yet been made.

15.3 The tables below provide summarised financial information for associated companies that are material to the Company. The information disclosed reflects the amounts presented in the audited consolidated financial statements of the relevant associates. Adjustments made by the reporting entity when using the equity method, including fair value adjustments have been reflected in these consolidated financial statements.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	National Refinery Limited		Attock Petroleum Limited		Attock Gen Limited		Attock Information Technology Services (Pvt) Limited	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees ('000)		Rupees ('000)		Rupees ('000)		Rupees ('000)	
Summarised statement of financial position								
Current assets	27,547,962	22,751,593	38,148,564	32,500,125	12,798,393	10,957,141	216,946	168,656
Non- current assets	38,266,309	38,634,352	7,346,360	5,303,840	7,527,911	8,000,643	46,546	53,880
Current liabilities	(22,206,011)	(16,683,185)	(26,802,124)	(21,339,059)	(11,437,725)	(9,791,461)	(18,146)	(13,768)
Non- current liabilities	(356,723)	(1,362,880)	(911,540)	(733,581)	-	(1,218,339)	(2,991)	(3,901)
Net assets	43,251,537	43,339,880	17,781,260	15,731,325	8,888,579	7,947,984	242,355	204,867
Reconciliation to carrying amounts:								
Net assets as at July 1	43,339,880	36,822,443	15,731,325	13,858,343	7,947,984	8,432,118	204,866	167,310
Profit for the period	1,770,684	8,045,781	5,583,113	5,194,825	2,950,743	2,506,584	37,487	37,557
Other comprehensive income/(loss)	(59,779)	70,987	(8,058)	(4,083)	(14,693)	2,465	-	-
Dividends paid	(1,799,248)	(1,599,331)	(3,525,120)	(3,317,760)	(1,995,455)	(2,993,183)	-	-
Net assets as at June 30	43,251,537	43,339,880	17,781,260	15,731,325	8,888,579	7,947,984	242,353	204,867
Company's percentage shareholding in the associate	25%	25%	21.88%	21.88%	30.00%	30.00%	10.00%	10.00%
Company's share in net assets	10,812,884	10,834,970	3,889,686	3,441,260	2,666,574	2,384,395	24,235	20,486
Excess of purchase consideration over carrying amount at the date of acquisition	6,371,654	6,371,654	3,455,919	3,455,919	-	-	-	-
Proportionate share in carrying value of net assets before impairment	17,184,538	17,206,624	7,345,605	6,897,179	2,666,574	2,384,395	24,235	20,486
Impairment	(2,390,725)	(2,569,145)	-	-	-	-	-	-
Carrying amount of investment	14,793,813	14,637,479	7,345,605	6,897,179	2,666,574	2,384,395	24,235	20,486
Summarised statements of comprehensive income								
Net revenue	136,984,940	107,447,444	177,344,437	138,660,665	13,204,988	12,386,538	111,615	100,959
Profit for the year	1,770,684	8,045,781	5,583,113	5,194,825	2,950,743	2,506,584	37,487	37,557
Other comprehensive income / (loss)	(59,779)	70,987	(8,058)	(4,083)	(14,693)	2,465	-	-
Total comprehensive income	1,710,905	8,116,768	5,575,055	5,190,742	2,936,050	2,509,049	37,487	37,557

During the year, dividend received from National Refinery Limited was Rs 449.81 million (2017: Rs 399.83 million), Attock Petroleum Limited was Rs 771.13 million (2017: Rs 725.77 million) and Attock Gen Limited was Rs 598.64 million (2017: Rs 897.96 million).

- 15.4** The carrying value of investment in National Refinery Limited at June 30, 2018 is net of impairment loss of Rs 2,390.72 million (2017: Rs 2,569.14). The carrying value is based on valuation analysis carried out by an external investment advisor engaged by ARL. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes average gross profit margin of 5.32% (2017: 4.10%), terminal growth rate of 3% (2017: 4%) and weighted average cost of capital model based discount rate of 15.13% (2017: 11.67%).

	2018 Rs '000	2017 Rs '000
16. LONG TERM LOANS AND DEPOSITS		
Loans to employees - considered good - note 16.1		
Employees	65,729	51,751
Executives	7,888	2,892
	73,617	54,643
Amounts due within next twelve months shown under current assets - note 21	(44,492)	(31,895)
	29,125	22,748
Security deposits	12,990	12,009
	42,115	34,757

- 16.1** These are interest free loans for miscellaneous purposes and are recoverable in 24, 36, and 60 equal monthly installments depending on case to case basis. These loans are secured against outstanding provident fund balance or a third party guarantee. Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive. The maximum amount due from executives of the Company at the end of any month during the year was Rs 7.89 million (2017: Rs 6.26 million).

	2018 Rs '000	2017 Rs '000
17. DEFERRED TAXATION		
Temporary differences between accounting and tax base of non-current assets and investment in associated companies	(3,056,182)	(3,241,602)
Unused tax losses and minimum taxes	2,878,403	1,957,378
Unused tax credit on investment	-	444,065
Remeasurement loss on staff retirement benefit plans	171,088	131,918
Provisions	50,185	55,296
	43,494	(652,945)
17.1 Movement of deferred tax asset		
Balance as at July 1	(652,945)	654,124
Tax charge recognised in profit or loss	659,117	(1,321,601)
Tax charge related to subsidiary accounted for separately	(1,848)	(2,862)
	657,269	(1,324,463)
Tax charge recognised in other comprehensive income	39,170	17,394
Balance as at June 30	43,494	(652,945)

- 17.2** The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in the future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax and unused tax loss against the taxable profits of future years. Based on management's assessment of future available taxable profits, the

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

carrying amount of deferred tax asset was reduced by an amount of Rs 155.43 million in respect of minimum tax expiring as follows:

Tax year	Rs '000
2019	154,890
2020	539

- 17.3** The carry amount of deferred tax asset was reduced by the amount of Rs 0.40 million in respect of minimum tax expired during the current year.

	2018 Rs '000	2017 Rs '000
18. STORES, SPARES AND LOOSE TOOLS		
Stores (including items in transit Rs 537.31 million; 2017: Rs 327.807 million)	2,196,757	1,682,902
Spares	854,077	642,909
Loose tools	864	997
	3,051,698	2,326,808
Less: Provision for slow moving items - note 18.1	145,950	133,533
	2,905,748	2,193,275
18.1 Movement in provision for slow moving items		
Balances at July 1	133,533	123,358
Provision for the year	12,417	10,175
Balances at June 30	145,950	133,533
19. STOCK-IN-TRADE		
Crude oil	1,981,197	1,382,589
Semi-finished products	1,434,159	791,726
Finished products - note 19.2	6,373,641	3,538,029
Medical supplies	829	1,132
	9,789,826	5,713,476

- 19.1** Stock-in-trade include stocks carried at net realisable value of Rs 5,688.51 million (2017: Rs 3,118.46 million). Adjustments amounting to Rs 871.36 million (2017: Rs 553.63 million) have been made to closing inventory to write down stocks to their net realisable value.

	2018 Rs '000	2017 Rs '000
19.2 Naphtha stock held by third parties		
At National Refinery Limited	625,357	366,263
In transit	46,671	86,782
	672,028	453,045

20. TRADE DEBTS - unsecured and considered good

- 20.1** Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 10,413 million (2017: Rs 7,290 million) and Pakistan Oilfields Limited Rs 42 million (2017: Rs nil).

Age analysis of trade debts from associated companies, past due but not impaired.

	2018 Rs '000	2017 Rs '000
0 to 6 months	3,649,697	3,883,005
6 to 12 months	3,074,531	1,243,505
Above 12 months	-	-
	6,724,228	5,126,510

20.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs 12,921.54 million (2017: Rs 9,339.53 million).

	2018 Rs '000	2017 Rs '000
21. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
LOANS AND ADVANCES - considered good		
Current portion of long term loans to employees - note 16		
Employees	37,736	5,801
Executives	6,756	26,094
	44,492	31,895
Advances		
Suppliers	50,078	64,084
Employees	4,702	4,085
	54,780	68,169
	99,272	100,064
DEPOSITS AND PREPAYMENTS		
Trade deposits	286	286
Short term prepayments	151,471	112,150
	151,757	112,436
OTHER RECEIVABLES - considered good		
Due from associated companies		
Attock Information Technology Services (Private) Limited	503	481
Attock Petroleum Limited	1,463,364	1,420,272
Attock Leisure and Management Associates (Private) Limited	12	12
Attock Gen Limited	398	446
Attock Cement Pakistan Limited	5	4
National Cleaner Production Centre Foundation	4,946	3,547
Capgas (Private) Limited	111	27
National Refinery Limited	3,087	3,726
Attock Sahara Foundation	-	994
Income accrued on bank deposits	104,729	30,236
Sales tax receivable	-	145,620
Workers' Profit Participation Fund - note 21.1	20,000	-
Income tax refundable	16,040	15,952
Other receivables	24,419	25,084
	1,637,614	1,646,401
	1,888,643	1,858,901

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
21.1 Workers' Profit Participation Fund		
Balance as at July 1	(83,663)	56,950
Interest on fund utilised in Company's business	(5,673)	-
Amount paid to the fund	109,336	153,050
Amount allocated for the year - note 29 and 34	-	(293,663)
Balance as at June 30	20,000	(83,663)

- 21.2** The maximum aggregate amount due from the related party at the end of any month during the year was Rs 1,473.62 million (2017: Rs 1,430.87 million).

Age analysis of other receivables from associated companies, past due but not impaired.

	2018 Rs '000	2017 Rs '000
0 to 6 months	468,114	260,331
6 to 12 months	204,705	96,701
Above 12 months	798,892	1,072,316
	1,471,711	1,429,348

22. SHORT TERM INVESTMENT

This represents investment in 3 months Government Treasury Bills bearing markup @ 6.24% (2017: nil %) per annum.

	2018 Rs '000	2017 Rs '000
23. CASH AND BANK BALANCES		
Cash in hand (includes US \$ 2,298; 2017: US \$ 4,126)	1,472	1,428
With banks:		
Local Currency		
Current accounts	28,267	7,749
Deposit accounts - note 23.1, 23.2 and 23.3	8,015,069	8,883,105
Savings accounts	13,870,007	12,708,322
Foreign Currency		
Saving accounts (US \$ 471,502; 2017: US \$ 471,502)	57,371	49,413
	21,972,186	21,650,017

- 23.1** Deposit accounts include Rs nil (2017: Rs 2,883.11 million) placed in 90 days interest-bearing account consequent to directives of the Ministry of Energy (Petroleum Division) on account of amounts withheld alongwith related interest earned thereon net of withholding tax as referred to in note 11.1. Pursuant to same directives a Term Deposit Receipt (TDR) amounting to Rs 3,005 million (2017: Rs nil) was initially placed in 12 months interest bearing account with the term that allows the Company to opt for pre-mature encashment. The said TDR has been encashed subsequent to the statement of financial position date.
- 23.2** Balances with banks include Rs 5,010 million (June 30, 2017: Rs 6,000 million) in respect of deposits placed on 90-days interest-bearing account.
- 23.3** Bank deposits of Rs 1,327.12 million (2017: Rs 1,327.20 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

23.4 Balances with banks include Rs 3.14 million (2017: Rs 2.42 million) in respect of security deposits received from customers etc.

23.5 Interest/ mark-up earned on balances with banks ranged between 4.00% to 7.50% (2017: 3.75% to 7.25%) with weighted average rate of 6.06% (2017: 6.10%) per annum.

	2018 Rs '000	2017 Rs '000
24. GROSS SALES		
Local sales	172,373,033	128,882,780
Naphtha export sales	7,049,572	10,608,323
Reimbursement due from the Government under import parity pricing formula - note 24.1	7,950	24,848
	179,430,555	139,515,951

24.1 This represents amount due from the Government of Pakistan on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.

	2018 Rs '000	2017 Rs '000
25. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL		
Sales tax	29,675,049	23,230,312
Petroleum development levy	15,488,407	11,873,201
Custom duties and other levies - note 25.1	3,569,384	2,360,571
Discounts	50,201	-
HSD price differential - note 25.2	-	4,848
PMG RON differential - note 25.3	1,050,949	635,227
	49,833,990	38,104,159

25.1 This includes Rs 3,569.22 million (2017: Rs 2,360.37 million) recovered from customers and payable to the Government of Pakistan (GoP) on account of custom duty on PMG and HSD. OGRA has approved the mechanism for recovery of regulatory duty/ custom duty on November 16, 2017. The mechanism is yet to be implemented.

25.2 This represents amount payable to GoP on account of differential between import parity price of HSD and import price of Pakistan State Oil Company Limited (PSO) relating to the period July 1 to July 3, 2016. After commencement of production of Euro II compliant diesel by the Company with effect from July 4, 2016, this price differential has ceased to arise.

25.3 This represents amount payable to GoP on account of differential between price of PSO's imported 92 RON PMG and 87/90 RON PMG sold by the Company during the year.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
26. COST OF SALES		
Opening stock of semi-finished products	791,726	571,674
Crude oil consumed - note 26.1	122,516,323	87,812,553
Transportation and handling charges	836,153	1,562,521
Salaries, wages and other benefits - note 26.2	1,084,525	1,013,863
Printing and stationery	4,030	3,945
Chemicals consumed	3,072,736	1,029,130
Fuel and power	3,209,026	2,662,637
Rent, rates and taxes	65,125	57,309
Telephone	2,065	3,298
Professional charges for technical services	6,482	5,829
Insurance	267,759	149,397
Repairs and maintenance (including stores and spares consumed Rs 194.44 million; 2017: Rs 114.277 million)	501,571	515,146
Staff transport and traveling	16,689	13,333
Cost of receptacles	21,879	21,657
Research and development	6,682	8,255
Depreciation - note 13.4	2,542,227	2,042,846
	134,944,998	97,473,393
Closing stock of semi-finished products	(1,434,159)	(791,726)
	133,510,839	96,681,667
Opening stock of finished products	3,538,029	3,935,281
Closing stock of finished products	(6,373,641)	(3,538,029)
	(2,835,612)	397,252
	130,675,227	97,078,919
26.1 Crude oil consumed		
Stock as at July 1	1,382,589	2,200,687
Purchases - note 26.1.1	123,114,931	86,994,455
	124,497,520	89,195,142
Stock as at June 30	(1,981,197)	(1,382,589)
	122,516,323	87,812,553

Certain crude purchases have been recorded based on provisional prices notified by the Government and may require adjustment in subsequent periods.

26.1.1 Crude oil purchases are net of Rs 209.29 million in respect of reversal of certain accrued charges related to crude oil purchases for prior periods, considered to be no more payable based on finalization/settlement of the related charges.

26.2 Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include the Company's contribution to the Pension and Gratuity Fund Rs 38.64 million (2017: Rs 45.41 million) and to the Provident Fund Rs 34.17 million (2017: Rs 31.47 million).

	2018 Rs '000	2017 Rs '000
27. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits - note 26.2	384,665	365,594
Board meeting fee	5,927	5,065
Transport, traveling and entertainment	19,987	17,470
Telephone	2,561	2,508
Electricity, gas and water	12,185	16,528
Printing and stationery	5,553	6,043
Auditor's remuneration - note 27.1	5,640	6,399
Legal and professional charges	12,938	14,511
Repairs and maintenance	117,059	96,560
Subscription	23,541	13,742
Publicity	6,064	6,535
Scholarship scheme	3,415	2,855
Rent, rates and taxes	16,379	13,834
Insurance	827	914
Donations - note 27.2 and 27.3	540	586
Training expenses	1,538	2,315
Depreciation - note 13.4	26,301	23,564
	645,120	595,023
27.1 Auditor's remuneration		
Annual audit	1,805	1,670
Review of half yearly financial information, audit of consolidated financial statements, employee funds and special certifications	1,272	995
Tax services	2,043	3,516
Out of pocket expenses	520	218
	5,640	6,399

27.2 Donation equal to/in excess of Rs 0.5 million includes donation made to Pakistan Foundation for Fighting Blindness Rs 0.54 million (2017: Rs 0.54 million).

27.3 No director or his spouse had any interest in the donee institutions.

	2018 Rs '000	2017 Rs '000
28. DISTRIBUTION COST		
Salaries, wages and other benefits - note 26.2	32,032	32,403
Transport, traveling and entertainment	642	675
Telephone	312	271
Electricity, gas, fuel and water	2,294	3,601
Printing and stationery	64	47
Repairs and maintenance including packing and other stores consumed	10,041	7,847
Rent, rates and taxes	4,005	3,460
Depreciation - note 13.4	766	743
	50,156	49,047

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
29. OTHER CHARGES		
Provision for slow moving store items	12,417	10,175
Workers' Profit Participation Fund	-	192,485
Reversal of Workers' Welfare Fund for prior years	(118,688)	-
	(106,271)	202,660
30. OTHER INCOME		
Income from financial assets		
Income on bank deposits	1,198,793	903,956
Interest on delayed payments	517,453	295,223
Exchange gain (net) - note 30.1	-	7,067
	1,716,246	1,206,246
Income from non-financial assets		
Income from crude desalter operations - note 30.2	422	6,297
Insurance agency commission	1,671	1,110
Rental income	104,653	94,436
Sale of scrap	31,158	1,426
Profit on disposal of operating assets	7,761	7,196
Calibration charges	3,799	3,779
Handling and service charges	102,112	104,201
Penalties from carriage contractors	94	577
Miscellaneous - note 30.3	9,561	8,954
	261,231	227,976
	1,977,477	1,434,222

30.1 This is net of exchange loss of Rs nil (2017: Rs 31.25 million) on realization of Naphtha export proceeds.

	2018 Rs '000	2017 Rs '000
30.2 Income from crude desalter operations		
Income	73,779	92,448
Less: Operating costs		
Salaries, wages and other benefits	2,302	2,624
Chemicals consumed	2,859	14,661
Fuel and power	45,684	53,538
Repairs and maintenance	22,512	15,328
	73,357	86,151
	422	6,297

30.3 This mainly includes income on account of laboratory services provided to different entities.

	2018 Rs '000	2017 Rs '000
31. FINANCE COST		
Exchange loss (net) - note 31.1 and 31.2	1,396,027	-
Interest on long term financing	1,523,002	1,527,118
Interest on Workers' Profit Participation Fund	5,673	-
Bank and other charges	597	1,067
	2,925,299	1,528,185
Finance cost capitalised - note 31.2	-	(265,044)
	2,925,299	1,263,141

31.1 This is net of exchange gain of Rs 25.27 million (2017: Rs nil) on realization of Naphtha export proceeds.

31.2 Exchange loss is net of Rs 178 million in respect of reversal of a provision made in prior period relating to probable liability towards exchange loss, considered to be no more payable based on final settlement of the related liability.

31.3 The effective interest rate used to determine the amount of financing costs is nil (2017: 7.82%).

	2018 Rs '000	2017 Rs '000
32. TAXATION		
Current		
For the year - note 32.1	239,773	-
Prior years - note 32.2	(1,071,518)	-
	(831,745)	-
Deferred	(771,186)	(42,111)
	(1,602,931)	(42,111)

32.1 This is net of tax credit on investment amounting to Rs 444.07 million (2017: Rs 662.92 million) under the provisions of the Income Tax Ordinance, 2001.

32.2 Provision for income tax recorded by the Company for certain tax years has been partially written back in view of favourable judgments of tax appellate authorities including those passed in Company's own matter or in such matters as are being contested by the Company.

	2018 Rs '000	2017 Rs '000
32.3 Relationship between tax expense and accounting profit (refinery operations)		
Accounting (loss)/profit before taxation	(2,615,489)	3,657,224
Tax at applicable tax rate of 30% (2017: 31%)	(784,647)	1,133,739
Prior year adjustment	(1,071,518)	-
Tax effect of income taxable at special rates	100,240	175,756
Effect of tax credit on investment	-	(1,315,034)
Effect of lower tax rate for deferred taxation	130,774	(36,572)
Effect of change in tax rate	(126,432)	-
Deferred tax asset derecognized on minimum tax	154,371	-
Others	(5,719)	-
	(1,602,931)	(42,111)

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

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

Tax year	Provision for taxation	Tax assessed	Excess / (deficit)
2017	870,969	769,327	101,642
2016	345,969	423,256	[77,287]
2015	882,453	784,949	97,504

“Tax assessed” represents liability assessed or deemed to be assessed by Tax Authorities. Further, for prior tax years the Tax Authorities and Company are contesting their respective view points at various fora. After due consideration of related matters, adequate tax provision is being maintained in respect of the matters pending at various assessment/appellate fora and same shall be subject to final adjustment upon culmination of related proceedings.

33. INTEREST IN SUBSIDIARY

Attock Hospital (Private) Limited (AHL) is ARL's wholly owned subsidiary with principal activities of provision of medical services to the Attock Group employees as well as private patients. Unless otherwise stated, it has share capital consisting solely of ordinary shares that are held directly by ARL. AHL was incorporated in Pakistan which is also its principal place of business. There are no significant restrictions on Company's ability to use assets, or settle liabilities of Attock Hospital (Private) Limited.

- 33.1** Following is the summarised financial information of AHL. The amounts disclosed are before inter-company eliminations:

	2018 Rs '000	2017 Rs '000
Summarised statement of financial position		
Current assets	38,518	41,272
Non- current assets	19,457	16,138
Current liabilities	[45,732]	[49,401]
Net assets	12,243	8,009
Summarised statements of other comprehensive income		
Revenue - note 33.2	145,779	148,449
Expenses and taxation - note 33.2	136,622	126,467
Profit for the year	10,035	21,982
Other comprehensive loss	[5,802]	[4,014]
Total comprehensive income for the year	4,233	17,968
Summarised statement of cash flows		
Cash flow from operating activities	3,510	13,828
Cash flow from investing activities	[5,746]	9
Cash flow from financing activities	-	-
	[2,236]	13,837

- 33.2** The revenue includes amount billed by AHL to ARL amounting to Rs 75.29 million (2017: Rs 74.39 million) and operating expenses include Rs 13.59 million (2017: 12.53 million) billed by ARL to AHL, which have not been eliminated from revenue and expenses. It is considered that this gives a fairer view of the operating results of ARL since profit from refinery operation are separately presented.

34. SHARE IN PROFIT OF ASSOCIATED COMPANIES

Share in profits of associated companies is based on the audited financial statements of the associated companies for the year ended June 30, 2018 and has been reflected net of taxation, applicable charges in respect of Workers' Profit Participation Fund and Workers' Welfare Fund. Taxation is based on presumptive tax rate applicable to dividend income from associated companies.

	2018 Rs '000	2017 Rs '000
35. EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss) / profit after taxation from refinery operations	(1,012,558)	3,699,335
Profit after taxation from non-refinery operations	2,401,306	3,715,479
	1,388,748	7,414,814
Weighted average number of fully paid ordinary shares ('000)	85,293	85,293
(Loss) earnings per share - Basic and diluted (Rs)		
Refinery operations	(11.87)	43.37
Non-refinery operations	28.15	43.56
	16.28	86.93

36. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2018 using the projected unit credit method. Details of the defined benefit plans are:

		Funded pension		Funded gratuity	
		2018	2017	2018	2017
		Rs '000		Rs '000	
a)	The amounts recognised in the statement of financial position:				
	Present value of defined benefit obligations	1,060,600	928,339	566,829	533,769
	Fair value of plan assets	(921,777)	(905,145)	(457,135)	(465,890)
	Net liability	138,823	23,194	109,694	67,879
b)	The amounts recognised in the statement of profit or loss:				
	Current service cost	19,568	17,679	16,955	15,013
	Net interest cost	1,731	14,407	5,109	3,191
		21,299	32,086	22,064	18,204

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	Funded pension		Funded gratuity	
	2018	2017	2018	2017
	Rs '000		Rs '000	
c) Movement in the present value of defined benefit obligation:				
Present value of defined benefit obligation as at July 1	928,339	857,971	533,771	493,550
Current service cost	19,568	17,679	16,955	15,013
Interest cost	71,826	62,044	39,542	33,997
Benefits paid	(49,179)	(41,797)	(65,711)	(78,582)
Benefits payable to outgoing member	-	-	-	(1,730)
Remeasurement loss/(gain) of defined benefit obligation	90,046	32,442	42,272	71,521
Present value of defined benefit obligation as at June 30	1,060,600	928,339	566,829	533,769
d) Movement in the fair value of plan assets:				
Fair value of plan assets as at July 1	905,145	652,305	465,890	446,344
Expected return on plan assets	70,095	47,637	34,433	30,806
Contributions	25,810	209,245	34,859	60,824
Benefits paid	(49,179)	(41,797)	(65,711)	(78,582)
Benefits payable to outgoing member	(30,094)	-	(12,336)	(1,730)
Remeasurement gain/(loss) of plan assets	-	37,755	-	8,228
Fair value of plan assets as at June 30	921,777	905,145	457,135	465,890
Actual return on plan assets	40,000	85,392	22,096	39,034

The Company expects to contribute Rs 62 million (2017-18: Rs 124 million) to its defined benefit pension and gratuity plans during 2018 - 2019.

	Funded pension		Funded gratuity	
	2018	2017	2018	2017
	Rs '000		Rs '000	
e) Plan assets comprise of:				
Investment in equity securities	300,278	293,167	17	17
Investment in mutual funds	259,765	284,500	128,899	137,309
Deposits with banks	56,474	77,269	55,319	41,502
Debt instruments	1,378,551	1,296,109	785,269	806,000
Benefits due	-	-	-	(1,730)
Share of asset of related parties	(1,073,291)	(1,045,900)	(512,369)	(517,208)
	921,777	905,145	457,135	465,890

f) The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

	Funded pension		Funded gratuity	
	2018	2017	2018	2017
	Rs '000		Rs '000	
g) Remeasurement recognised in OCI:				
Remeasurement (loss)/gain on obligation				
(Loss)/gain due to change in:				
Financial assumptions	28,884	(28,383)	6,169	(85)
Experience adjustments	(118,930)	(4,059)	(48,442)	(71,436)
	(90,046)	(32,442)	(42,273)	(71,521)
Remeasurement (loss)/gain on plan assets	(30,094)	37,755	(12,336)	8,228
	(120,140)	5,313	(54,609)	(63,293)
h) Principal actuarial assumptions used in the actuarial valuation are as follows:				
Discount rate	9.00%	7.75%	9.00%	7.75%
Expected return on plan assets	9.00%	7.75%	9.00%	7.75%
Future salary increases	8.00%	7.00%	8.00%	7.00%
Future pension increases	3.50%	2.50%	N/A	N/A
Demographic assumptions				
Rates of employee turnover				
Management	Low	Low	Low	Low
Non-management	Nil	Nil	Nil	Nil
Mortality rates (pre-retirement)	SLIC (2001	SLIC (2001	SLIC (2001	SLIC (2001
	-05)-1 year	-05)-1 year	-05)-1 year	-05)-1 year
Mortality rates (post retirement)	SLIC (2001	SLIC (2001	N/A	N/A
	-05)-1 year	-05)-1 year		

i) Sensitivity Analysis:

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1 percent increase Rs '000	Effect of 1 percent decrease Rs '000
Discount rate	1,459,845	1,768,039
Future salary growth	1,669,142	1,560,573
Pension increase	1,715,371	1,534,314

If the life expectancy increase/decreases by 1 year, the impact on defined benefit obligation would be Rs 9.50 million.

The above sensitivity analysis are based on the changes in assumptions 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 defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

j) Projected benefit payments from fund are as follows:

	Pension Rs '000	Gratuity
FY 2018	25,977	87,401
FY 2019	54,256	148,526
FY 2020	58,948	89,166
FY 2021	63,551	67,943
FY 2022	68,078	86,576
FY 2023-27	449,449	265,271

k) The weighted average number of years of defined benefit obligation is given below:

	Pension Years	Gratuity
Plan Duration		
June 30, 2018	11.54	4.15
June 30, 2017	11.76	4.27

l) The Company contributes to the gratuity and pension funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

37. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on un audited financial statements for the year ended June 30, 2018 are as follows:

	2018 Rs '000	2017 Rs '000
Staff provident fund		
Size of the fund	475,194	447,597
Cost of investments made	402,195	327,306
Fair value of investments made	469,920	444,191
%age of investments made	99%	99%

	2018		2017	
	Rs '000	%age	Rs '000	%age
Breakup of investment - at cost				
Shares	28,761	7%	24,764	8%
Mutual Funds	58,177	14%	20,897	6%
Bank deposits	55,115	14%	32,672	10%
Term deposits	260,142	65%	248,973	76%
	402,195	100%	327,306	100%

	2018 Rs '000	2017 Rs '000
General Staff Provident Fund		
Size of the fund	564,537	592,279
Cost of investments made	516,200	486,075
Fair value of investments made	554,956	586,076
%age of investments made	98%	99%

	2018		2017	
	Rs '000	%age	Rs '000	%age
Breakup of investment - at cost				
Shares	20,806	4%	18,389	4%
Mutual Funds	81,085	16%	26,135	5%
Bank deposits	40,476	8%	26,144	5%
Term deposits	373,833	72%	415,407	86%
	516,200	100%	486,075	100%

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

38. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company are as follows:

	2018 Rs '000	2017 Rs '000
High Speed Diesel	66,499,887	52,813,387
Jet Petroleum	60,005,438	9,819,224
Motor Gasoline	12,565,554	36,648,005
Furnace Fuel Oil	22,097,005	22,164,987
Naphtha	7,993,626	11,352,259
Others	10,269,045	6,718,089
	179,430,555	139,515,951
Less: Taxes, duties, levies and price differential	49,833,990	38,104,159
	129,596,565	101,411,792

Revenue from four major customers of the Company constitute 84% (2017: 85%) of total revenue during the year.

39. RELATED PARTY TRANSACTIONS

39.1 Attock Oil Company Limited holds 61.01% (2017: 61.01%) shares of ARL at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of ARL. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 40 to the consolidated financial statements.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
Associated companies		
Pakistan Oilfields Limited		
Purchase of crude oil	15,071,353	9,050,827
Purchase of gas	3,779	9,874
Purchase of services	6,470	6,302
Sale of petroleum products	116,936	96,562
Sale of services	29,100	28,132
Attock Petroleum Limited		
Sale of petroleum products	43,912,012	29,761,914
Sale of services	94,770	104,656
Purchase of petroleum products	2,289	2,123
Purchase of services	132,569	230,225
Dividend paid	8,592	7,160
Dividend received	771,126	725,766
Interest income on delayed payments	517,453	295,223
National Refinery Limited		
Purchase of services	104,620	156,972
Sale of services	126	131
Dividend received	449,812	399,833
Attock Cement Pakistan Limited		
Purchase of services	302	792
Sale of services	12	19
Attock Gen Limited		
Sale of petroleum products	1,232	1,103
Land lease income	26,399	25,467
Storage tank lease income	18,881	15,385
Dividend received	598,637	897,955
Income from other services and facilities provided to AGL	20,380	19,791
National Cleaner Production Centre Foundation		
Purchase of services	5,914	2,396
Sale of services	20,442	17,177
Sale of petroleum products	94	-
Attock Information Technology Services (Private) Limited		
Purchase of services	48,156	43,224
Sales of petroleum products	265	244
Sale of services	4,376	4,164
Capgas (Private) Limited		
Sale of services	590	570
Attock Leisure & Management Associates (Private) Limited		
Sales of services	50	309
Attock Sahara Foundation		
Purchases of services	11,961	8,053
Sales of services	1,697	684

	2018 Rs '000	2017 Rs '000
Holding Company		
Attock Oil Company Limited		
Purchase of crude oil	401,879	111,855
Purchase of services	398,316	77,086
Sale of services	25,537	25,156
Dividend paid	312,235	260,196
Other related parties		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	165,241	142,308
Dividend paid to Chief Executive and key management personnel	1,364	1,148
Directors Fees	5,927	5,065
Contribution to staff retirement benefits plans		
Staff Pension Fund	25,810	209,245
Staff Gratuity Fund	34,859	60,824
Staff Provident Fund	35,699	32,794
Contribution to Workers' Profit Participation Fund	-	293,663

39.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

Sr. No.	Company Name	Basis of association	Aggregate % of shareholding
1	The Attock Oil Company Limited (Incorporated in UK -Pakistan Branch Office)	Holding Company	61.01%
2	National Refinery Limited	Associated Company	25.00%
3	Attock Petroleum Limited	Associated Company	21.88%
4	Attock Gen Limited	Associated Company	30.00%
5	Attock Information Technology Services (Private) Limited	Associated Company	10.00%
6	Pakistan Oilfields Limited	Associated Company	Nil
7	Attock Cement Pakistan Limited	Associated Company	Nil
8	National Cleaner Production Centre Foundation	Associated Company	Nil
9	Attock Leisure & Management Associates (Private) Limited	Associated Company	Nil
10	Attock Solar (Private) Limited	Associated Company	Nil
11	Attock Hospital (Private) Limited	Wholly owned Subsidiary	100.00%

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

- 39.3** Associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

Name of undertaking	The Attock Oil Company Limited
Registered address	4, Swan Street Manchester England M4 5JN
Country of incorporation	United Kingdom
Basis of association	Parent company
Aggregate %age of shareholding	61.01%
Chief executive officer	Shuaib A. Malik
Operational status	Private Limited Company
Auditor's opinion on latest available financial statements	Unqualified opinion

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including benefits and perquisites, were as follows:

	Chief Executive		Executives	
	2018 Rs '000	2017 Rs '000	2018 Rs '000	2017 Rs '000
Managerial remuneration/honorarium	8,951	7,464	57,400	50,534
Bonus	4,375	3,572	24,609	20,673
Company's contribution to Provident, Pension and Gratuity Funds	-	-	13,097	10,005
Housing and utilities	6,324	5,573	46,663	43,719
Leave passage	1,250	1,134	6,516	4,957
	20,900	17,743	148,285	129,888
Less: charged to Attock Gen Limited	(3,945)	(5,323)	-	-
	16,955	12,420	148,285	129,888
No of person(s)	1	1	24	23

* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

- 40.1** In addition to above, the Chief Executive and 19 (2017: 19) executives were provided with limited use of the Company's cars. The Chief Executive and all executives were provided with medical facilities. Limited residential telephone facility was also provided to the Chief Executive and 21 (2017: 21) executives. Gratuity and pension is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuation. Leave passage is paid to Chief Executive and all executives in accordance with the terms of employment.
- 40.2** In addition, meeting fee based on actual attendance was paid to 5 (2017: 5) non-executive directors Rs 3.75 million (2017: Rs 2.99 million), Chief Executive Rs 0.77 million (2017: Rs 0.69 million) and 2 (2017: 2) alternate directors Rs 1.40 million (2017: Rs 1.39 million) of the Company.

	2018 Rs '000	2017 Rs '000
41. FINANCIAL INSTRUMENTS		
41.1 Financial assets and liabilities		
Financial assets :		
Loans and receivables		
Maturity upto one year		
Trade debts	15,748,306	10,678,578
Loans, advances, deposits & other receivables	1,687,094	1,521,095
Short term investments	985,846	-
Cash and bank balances		
Foreign currency - US \$	57,371	49,413
Local currency	21,914,815	21,600,604
Maturity after one year		
Long term loans and deposits	42,115	34,757
	40,435,547	33,884,447
Financial liabilities :		
Other financial liabilities		
Maturity upto one year		
Trade and other payables	31,198,064	21,316,758
Unclaimed dividends	9,839	8,898
Long term borrowings	2,200,000	2,200,000
Accrued mark-up on long term financing	260,909	338,226
Maturity after one year		
Long term borrowings	12,642,916	17,672,166
	46,311,728	41,536,048

41.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	Rating	2018 Rs '000	2017 Rs '000
Trade debts			
Counterparties with external credit rating	A 1+	2,829,141	1,559,007
Counterparties without external credit rating			
Due from associated companies		10,455,088	7,289,726
Others *		2,464,077	1,829,812
		15,748,306	10,678,545
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		1,729,209	1,555,852
Short term investments			
Counterparties with external credit rating	A 1+	985,846	-
Bank balances			
Counterparties with external credit rating			
	A 1+	20,227,914	21,593,157
	A 1	756,954	55,432
		20,984,868	21,648,589

* These balances represent receivable from oil marketing companies and defence agencies.

41.3 Financial risk management

41.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts and placements with banks. The sales are essentially to oil marketing companies and reputable foreign customers. The Company's placements are with banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

At June 30, 2018, trade debts of Rs 6,726,007 thousand (2017: Rs 5,128,753 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018 Rs '000	2017 Rs '000
0 to 6 months	3,651,382	3,885,179
6 to 12 months	3,074,531	1,243,505
Above 12 months	94	69
	6,726,007	5,128,753

Based on past experience, the management believes that no impairment allowance is necessary in respect of bad debts.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 11 to the financial statements.

The table below analysis the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount Rs '000	Contractual cash flows Rs '000	Less than 1 Year Rs '000	Above 1 year Rs '000
At June 30, 2018				
Long term financing	12,642,916	5,200,000	2,200,000	13,050,000
Trade and other payables	31,198,064	31,198,064	31,198,064	-
At June 30, 2017				
Long term financing	17,672,166	3,650,000	550,000	18,250,000
Trade and other payables	21,316,758	21,316,758	21,316,758	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 57 million (2017: Rs 49 million) and financial liabilities include Rs 3,275 million (2017: Rs 3,093 million) which were subject to currency risk.

	2018	2017
Rupees per USD		
Average rate	109.98	104.62
Reporting date mid point rate	121.60	105.00

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

Sensitivity analysis

At June 30, 2018, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 225 million (2017: Rs 210 million) lower/ higher.

ii) Interest rate risk

Interest rate risk represents 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 has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 14,926 million (2017: Rs 21,641 million) and Rs 17,956 million (2017: Rs 22,817 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

At June 30, 2018, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 21 million (2017: Rs 8 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

41.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

As mentioned in note - 9.1, the Company is subject to pricing formula whereby profits after tax from refinery operations in excess of 50% of the paid up capital as of July 1, 2002 are transferred to special reserve and can only be utilized to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

41.4 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

42. FAIR VALUE HIERARCHY

Fair value of land

Valuation of the freehold land owned by the Company was valued by independent valuers to determine the fair value of the land as at June 30, 2017. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of freehold land'. The different levels have been defined as follows:

- Level 1

Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value of land has been determined using level 2 fair values under following valuation technique.

Level 2 fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

	2018 Rs '000	2017 Rs '000
43. CASH GENERATED FROM OPERATIONS		
Profit before taxation	135,649	8,847,692
Adjustments for:		
Depreciation	2,570,824	2,068,369
Gain on disposal of property, plant and equipment	(7,761)	(7,196)
Provision for slow moving, obsolete and in transit stores	12,417	10,175
Workers Profit Participation Fund	-	192,485
Workers' Welfare Fund	(118,318)	460
Interest income	(1,199,671)	(904,513)
Finance cost (net)	2,925,299	1,263,141
Effect of exchange rate changes	(7,861)	(142)
Interest on delayed payments	(517,453)	(295,223)
Share of profit in associates	(2,552,958)	(3,903,552)
Impairment reversal on investment in associated company	(178,420)	(1,254,835)
	1,061,747	6,016,861
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(724,890)	(388,041)
Stock-in-trade	(4,076,349)	994,851
Trade debts	(5,051,790)	(3,722,664)
Loans, advances, deposits, prepayments and other receivables	582,406	27,651
	(9,270,623)	(3,088,203)
Increase/(decrease) in current liabilities:		
Trade and other payables	16,349,611	4,914,921
Cash generated from operations		
Payments of WPPF and WWF	(103,663)	(153,050)
Income taxes paid	(680,398)	(519,893)
	(784,061)	(672,943)
Net cash from operating activities	7,356,674	7,170,636

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	2018 Rs '000	2017 Rs '000
44. CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,962,186	21,650,017
Short term investments	995,846	-
	22,958,032	21,650,017

45. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 29 of 2016 dated September 5, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation	
i) Loans and advances obtained as per islamic mode	Disclosed in note 10	
ii) Deposits	Non-interest bearing	
iii) Segment revenue	Disclosed in note 38	
iv) Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations: 1. Meezan Bank Limited 2. Al-Baraka Bank (Pakistan) Limited 3. Dubai Islamic Bank	
v) Short term investment	As at June 30, 2018	Rs '000
	Placed under interest arrangement	995,847
vi) Bank balances	As at June 30, 2018	
	Placed under interest arrangement	18,157,097
	Placed under Shariah permissible arrangement	808,240
		18,965,337
vii) Income on bank deposits including income accrued as at reporting date	For the year ended June 30, 2018	
	Placed under interest arrangement	2,062,879
	Placed under Shariah permissible arrangement	13,452
		2,076,331
vii) Interest paid including accrued as at reporting date	For the year ended June 30, 2018	
	Placed under interest arrangement	1,147,444
	Placed under Shariah permissible arrangement	375,558
		1,523,002
viii) All sources of other income	Disclosed in note 30.3	
ix) Exchange gain	Earned from actual currency	

Disclosures other than above are not applicable to the Company.

46. GENERAL**46.1 Capacity and production**

Against the designed annual refining capacity of US barrels 18.690 million (2017: 18.690 million) the actual throughput during the year was US barrels 17.552 million (2017: 17.103 million).

	2018	2017
46.2 Number of employees		
Number of employees at June 30		
Permanent	654	616
Contract	325	363
	979	979
This includes 617 (2017: 625) number of factory employees		
Average number of employees for the year		
Permanent	623	582
Contract	353	403
	976	985

This includes 620 (2017: 629) number of factory employees

46.3 Non-adjusting event after the statement of financial position date

The Board of Directors in its meeting held on August 14, 2018 has proposed an issue of bonus shares in the proportion of one (2017: nil) share for every four (2017: nil) shares held i.e. 25% (2017: nil) out of unappropriated profits and a final cash dividend for the year ended June 30, 2018 @ Rs nil (2017 @ Rs 6.00 per share), amounting to Rs nil (2017: Rs 511,758 thousand) for approval of the members in the annual general meeting to be held on September 25, 2018.

46.4 Unavailed credit facilities

The Company has entered into an arrangement with banks for obtaining Letter of Credit facility to import chemical, spare parts and other materials upto a maximum of Rs 3,228.00 million (2017: Rs 3,228.00 million). The facility is secured against lien on shipping documents. The unavailed facility at June 30, 2018 was Rs 1,784.95 million (2017: Rs 1,705.14 million). The facilities will expire on various dates after June 30, 2018.

46.5 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

47. DATE OF AUTHORISATION

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

– Sd –

Syed Asad Abbas
Chief Financial Officer

– Sd –

M. Adil Khattak
Chief Executive Officer

– Sd –

Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the Company will be held at **Attock House, Morgah, Rawalpindi on Tuesday, September 25, 2018 at 11:45 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Twentieth (20th) Extra-Ordinary General Meeting held on July 16, 2018.
2. To receive, consider and approve the audited financial statements of the Company together with Directors' and Auditor's Reports for the year ended June 30, 2018.
3. To appoint auditors for the year ending on June 30, 2019 and fix their remuneration.
4. To transact such other business as may be placed before the meeting with the permission of the Chairman.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

"Resolved:

- a) that a sum of Rs. 213,232,500 out of profits of the Company available for appropriation as at June 30, 2018, be capitalized and applied for issue of 21,323,250 ordinary shares of Rs. 10 each allotted as fully paid bonus shares to the members of the Company, whose names appear on the register of members as at close of business on September 18, 2018, in the proportion of one (1) new share for every four (4) shares held;
- b) that the bonus shares so allotted shall rank pari passu in every respect with the existing shares;
- c) that the members entitled to fractions of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market; and
- d) that the Company Secretary be authorised and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares or payment of the sale proceeds of the fractions. In the case of non-resident member(s), the Secretary is further authorised to issue/export the bonus shares after fulfilling the statutory requirements."

By Order of the Board

– Sd –

Registered Office:
The Refinery,
Morgah, Rawalpindi
September 4, 2018

Saif-ur-Rehman Mirza
Company Secretary

NOTES:

- i. A member may appoint a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
- ii. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- iii. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

FOR APPOINTING PROXIES:

- i. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxies shall produce their original CNIC or original passport at the time of meeting.
- v. In case of corporate entities, 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 (unless it has been provided earlier) along with proxy form to the Company.



DEDUCTION OF INCOME TAX FOR FILER AND NON FILER:

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

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

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

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

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

EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

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

CLOSURE OF SHARE TRANSFER BOOKS:

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 19, 2018 to September 25, 2018 (both days inclusive). Transfers received in order at the Shares Registrar Department of M/s Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan at the close of business on September 18, 2018 will be treated in time for the purpose of entitlement of bonus shares, if approved by the shareholders.

TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:

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

CONSENT FOR VIDEO CONFERENCE FACILITY:

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

" The Company Secretary, Attock Refinery Limited, Refinery Post Office, Morgah, Rawalpindi."

CHANGE OF ADDRESS:

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

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website www.arl.com.pk in addition to annual and quarterly financial statements for the prior years.

PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY):

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested to fill in E-Dividend Form available on Company's website i.e. www.arl.com.pk and send the duly signed Form along with a copy of CNIC to the Share Registrar of the Company, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan, in case of physical shares. In case shares are held in CDC then E-Dividend Form must be submitted directly to shareholder's broker/ participant/ CDC account services.

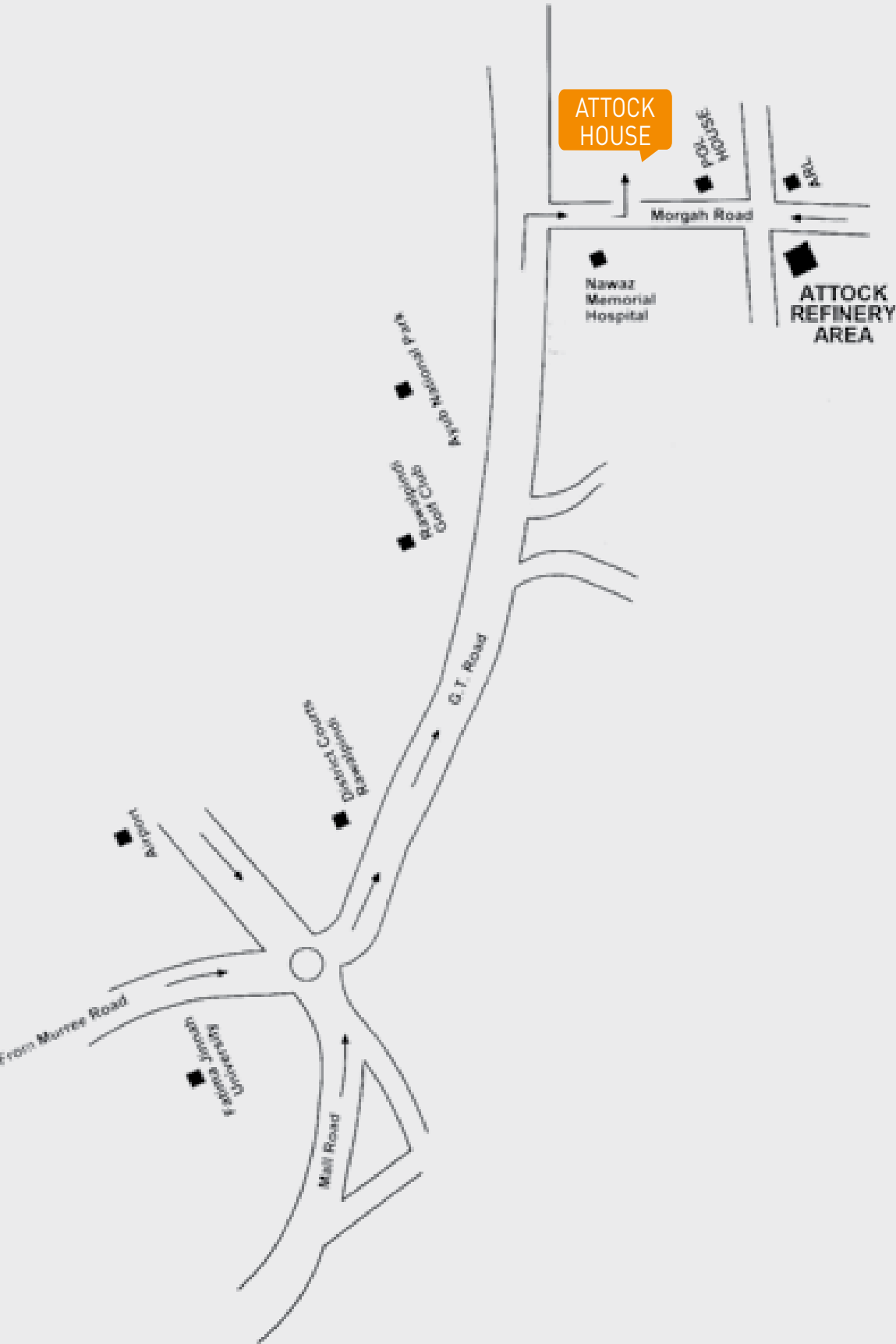
In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend of those shareholders who have not provided the same.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**Issue of Bonus Shares:**

The Directors are of the view that with the existing profitability, the Company's financial position justifies capitalization of Rs. 213,232,500 out of profits available for appropriation as at June 30, 2018, by issuing fully paid Bonus Shares in the proportion of one (1) Bonus share for every four (4) ordinary shares held. The Directors of the Company, directly or indirectly, are not personally interested in this issue, except to the extent of their shareholding in the Company.



AGM Location Map



Glossary

AGL

Attock Gen Limited

AGM

Annual General Meeting

AHL

Attock Hospital (Pvt.) Limited

AOC

Attock Oil Company Limited

APL

Attock Petroleum Limited

ASF

Attock Sahara Foundation

AITSL

Attock Information Technology Services (Pvt.) Limited

BPD

Barrels Per Day

BR&A

Business Review and Assurance

CBA

Collective Bargaining Agent

CCG

Code of Corporate Governance

CDC

Central Depository Company of Pakistan Limited

CSR

Corporate Social Responsibility

DHDS

Diesel Hydro De-Sulphurization

EPS

Earning Per Share

FFO

Furnace Fuel Oil

GRM

Gross Refiner's Margin

HBU

Howe Baker Unit

HOBC

High Octane Blending Component

HR&A

Human Resource and Administration

HSD

High Speed Diesel

HSEQ

Health Safety Environment and Quality

HSFO

High Sulfur Furnace Fuel Oil

IAS

International Accounting Standards

ICAP

Institute of Chartered Accountants of Pakistan

ICMAP

Institute of Cost and Management Accountants of Pakistan

IFEM

Inland Freight Equalisation Margin

IFRS

International Financial Reporting Standards

IPP

Independent Power Producer

ISO

International Organization for Standardization

JBO

Jute Batching Oil

JPs

Jet Petroleum

LDO

Light Diesel Oil

LPG

Liquefied Petroleum Gas

LSFO

Low Sulfur Furnace Fuel Oil

LSRN

Light Straight Run Naphtha

MTT

Mineral Turpentine Tar

NCPC

National Cleaner Production Centre

NRL

National Refinery Limited

OGRA

Oil and Gas Regulatory Authority

OHSAS

Occupational Health and Safety Management System

OMCs

Oil Marketing Companies

PACRA

The Pakistan Credit Rating Agency Limited

PICG

Pakistan Institute of Corporate Governance

PMB

Polymer Modified Bitumen

PMG

Premium Motor Gasoline

POL

Pakistan Oilfields Limited

PSO

Pakistan State Oil Company Limited

PSQCA

Pakistan Standard Quality Control Authority

RFO

Residual Fuel Oil

SECP

Securities and Exchange Commission of Pakistan

UNGC

United Nations Global Compact

UOP

Universal Oil Products

WPPF

Workers Profit Participation Fund

WWF

Workers Welfare Fund

Notes

[illegible]

Form of Proxy

Attock Refinery Limited

40th Annual General Meeting

I / We _____
 of _____
 being member(s) of Attock Refinery Limited holding _____
 ordinary shares hereby appoint Mr. / Mrs. / Miss _____
 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 40th Annual General Meeting of the
 Company to be held on Tuesday, September 25, 2018 at 11:45 a.m. at Attock House, Morgah, Rawalpindi and at
 any adjournment thereof.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree
with the specimen registered
with the Company

Dated this _____ day of _____ 2018

Signature of Shareholder _____

Signature of Proxy _____

1. WITNESS:

Signature _____

Name _____

Address _____

CNIC No. or - -

Passport No. _____

2. WITNESS:

Signature _____

Name _____

Address _____

CNIC No. or - -

Passport No. _____

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office, P.O. Refinery, Morgah, Rawalpindi-46600, Pakistan not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities:
 In addition to the above the following requirements have to be met:

- i. Attested copies of CNIC or the passport of the shareholders and the proxy shall be provided with the proxy form.
- ii. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iii. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

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The Company Secretary,
ATTOCK REFINERY LIMITED
P.O. Refinery, Morgah,
Rawalpindi - 46600,
Pakistan.

نیابت داری فارم
ایٹک ریفرنسز لمیٹڈ
۴۰ واں سالانہ اجلاس عام

[illegible]

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	پارٹیسپنٹ آئی ڈی	اکاؤنٹ نمبر

پانچ روپے کی
رسیدی ٹکٹ
پر دستخط

دستخط کمپنی میں محفوظ نمونے کے مطابق ہونے چاہیے

حصہ دار کے دستخط

نیا بت دار کے دستخط۔

تاریخ: دن _____ ماه _____ ۲۰۱۸ ع

۱- گواه:	۲- گواه:
دستخط	دستخط
نام	نام
پتہ	پتہ

شناختی کارڈ نمبر	شناختی کارڈ نمبر
یا	یا
پاسپورٹ نمبر	پاسپورٹ نمبر

ضروری اُمور:

۱. باضابطہ مکمل شدہ اور دستخط کردہ نیابت داری فارم اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ دفتر پوسٹ بکس ریفرنسز می، بیورو کار اور ایپنڈی - ۴۶۶۰۰ پاکستان میں جمع کرنا ضروری ہے۔
۲. اگر ایک ممبر ایک سے زیادہ نیابت دار مقرر کرتا ہے تو کمپنی میں ایک سے زیادہ نیابت داری کی دستاویزات جمع کر داتا ہے تو ایسی تمام دستاویزات غیر مؤثر ہو جائیں گی۔
۳. سی ڈی ای اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لیے:
مندرجہ بالا کے علاوہ درج ذیل تقاضے بھی پورے کرنا ہوں گے:-
(i) نیابت داری فارم کے ساتھ حصہ داران اور نیابت دار کا شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی فراہم کرنا ہوں گی۔
(ii) اجلاس کے وقت نیابت داران اصل شناختی کارڈ یا پاسپورٹ فراہم کرے گا۔
(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/اختتامیہ کے ساتھ نمونے کے دستخط (اگر پیشگی مہیا نہیں کیا گیا) کمپنی کے نیابت داری فارم کے ساتھ پیش کرنا ہوں گے۔

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ATTOCK REFINERY LIMITED
P.O. Refinery, Morgah,
Rawalpindi - 46600,
Pakistan.





Attock Refinery Limited

P.O. Refinery, Morgah, Rawalpindi, Pakistan.

Tel: 92-51-5487041-45 | Fax: 92-51-5487093 & 5406229

Email: info@arl.com.pk

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