VISION OF TODAY IS
TOMORROW'S ACHIEVEMENT

Annual Report 2014

National Refinery Limited


SAFETY

Contents

COMPANY OVERVIEW

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

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

- To remain the premium and preferred supply source for various petroleum products and petrochemicals.
- Offer products that are not only viable in terms of desirability and price but most importantly give value to our customers.
- Deliver strong returns on existing and projected investments of our stakeholders by use of specialised and high quality corporate capabilities.
- Business development by adoption of emerging technologies, growth in professional competence, support to innovation, enrichment of human resource and performance recognition.
- Be a responsible corporate citizen by serving the community through a variety of socio-economic acts and maintaining a high level of safety, occupational health and environmental care.

CORE VALUES

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

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

2. **Teamwork and Responsibility**
   We share information and resources and step in to help out other team members. Conflicts are worked out in spite of obstacles and difficulties. We accept responsibility with “can do” attitude.

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

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

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

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


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CORPORATE INFORMATION

Board of Directors

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

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

Wael G. Pharaon
Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik
Musa Bojang
Bahauddin Khan
Tariq Iqbal Khan

Chief Executive Officer

Shuaib A. Malik

Chief Financial Officer

Anwar A. Shaikh

Company Secretary

Nouman Ahmed Usmani

Audit Committee

Tariq Iqbal Khan	Chairman
Abdus Sattar Alternate to Dr. Ghaith R. Pharoan	Member
Babar Bashir Nawaz Alternate to Wael G. Pharaon	Member
Bahaudddin Khan	Member
Shaikh Ather Ahmed	Secretary

Human Resource and Remuneration (HR&R) Committee

Mosa Bojang	Chairman
Bahauddin Khan	Member
Babar Bashir Nawaz	Member
Alternate to Wael G. Pharaon	
Shuaib A. Malik	Member
Nouman Ahmed Usmani	Secretary

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Solicitors

Ali Sibtain Fazli & Associates

Bankers

MCB Bank Limited
Allied Bank Limited
Habib Bank Limited
Askari Bank Limited
United Bank Limited
Faysal Bank Limited
Samba Bank Limited
Bank Al-Habib Limited
National Bank of Pakistan
Habib Metropolitian Bank Limited

Registered Office

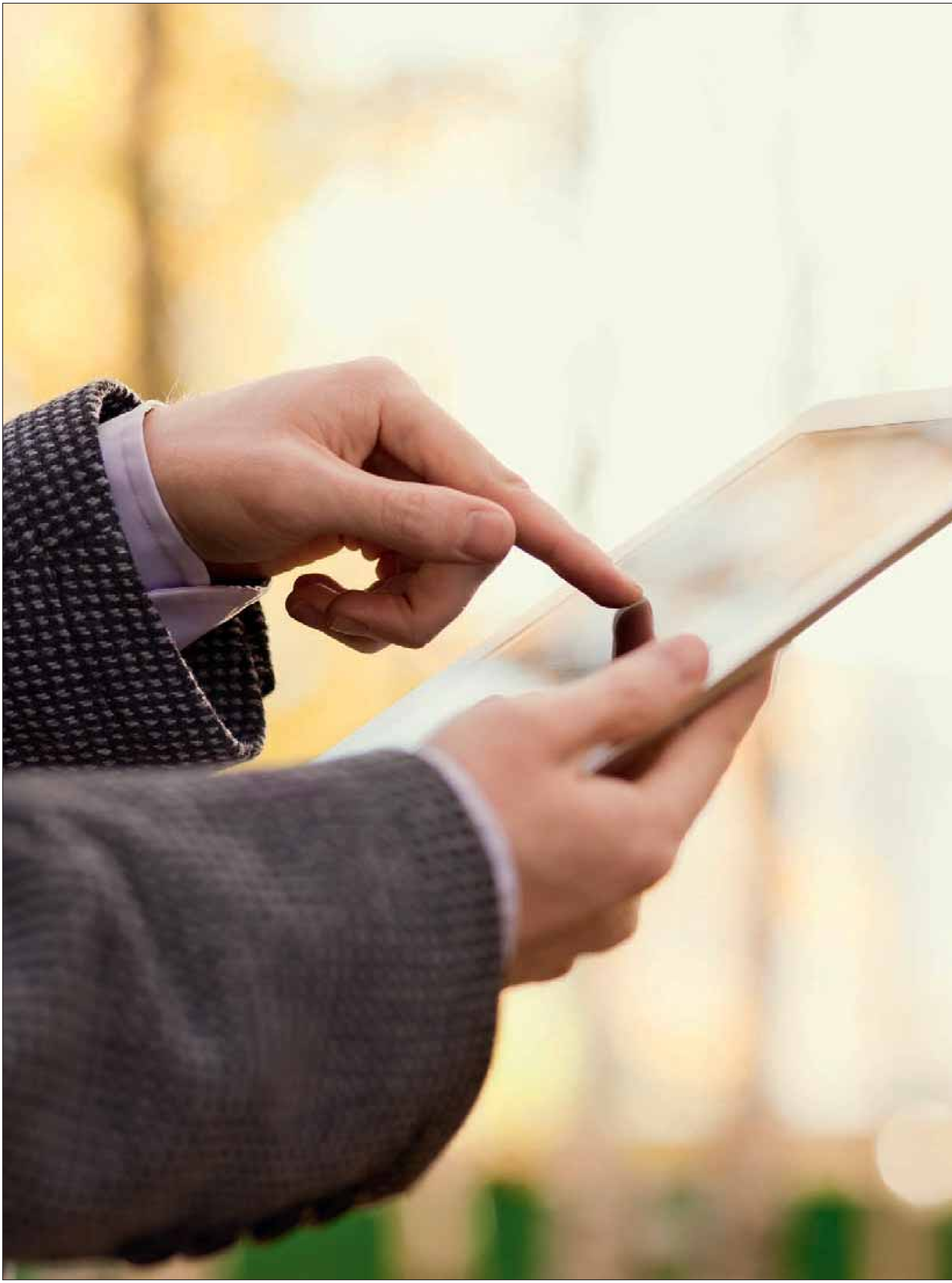
7-B, Korangi Industrial Area,
P.O. Box 8228, Karachi-74900
UAN: 111-675-675
PABX No. +92-21-35064981-86,
+92-21-35064977-79
Fax: +92-21-35054663
+92-21-35066705
Website: www.nrlpak.com
Email: info@nrlpak.com

Share Registrar

THK Associates (Pvt.) Ltd.,
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
Karachi-75530 P.O. Box. No. 8533
UAN: +92-21-111-000-322
Direct: +92-21-35693094-95
Fax: (92-21) 35655595
Email: secretariat@thk.com.pk
Website: www.thk.com.pk

NRL AT A GLANCE

First Lube Refinery	
Design Capacity	539,700 Tons per year of Crude processing
Design Capacity	76,200 Tons per year of Lube Base Oils
Date Commissioned	June 1966
Project Cost	Rs. 103.9 million
Fuel Refinery	
Befor Re-Vamp	
Design Capacity	1,500,800 Tons per year of Crude processing
Date Commissioned	April 1977
Project Cost	Rs. 607.5 million
After Re-Vamp	
Design Capacity	2,170,800 Tons per year of Crude processing
Date Commissioned	February 1990
Project Cost of Revamping	Rs. 125.0 million
BTX Unit	
Design Capacity	25,000 Tons per year of BTX
Date Commissioned	April 1979
Project Cost	Rs. 66.7 million
Second Lube Refinery	
Befor Re-Vamp	
Design Capacity	100,000 Tons per year of Lube Base Oils
Date Commissioned	January 1985
Project Cost	Rs. 2,082.4 million
After Re-Vamp	
Design Capacity	115,000 Tons per year of Lube Base Oils
Date Commissioned	June 2008
Project Cost of Revamping	Rs. 585.0 million
Shareholders' Equity	
June 1966	Rs. 20.0 million
June 2014	Rs. 26,593.6 million



CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

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

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

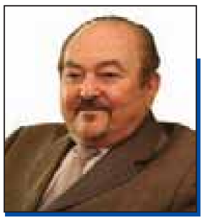
Corporate Objectives

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

Development Strategy

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

DIRECTORS' PROFILE



Dr. Ghaith R. Pharaon
Chairman and Director
(Non-Executive Director)

Chairman & Director
The Attock Oil Company Limited
Attock Petroleum Limited
Attock Cement Pakistan Limited

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

Mr. Laith G. Pharaon
(Non-Executive Director)

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

Mr. Wael G. Pharaon
(Non-Executive Director)

Director
Attock Petroleum Limited
Pakistan Oilfields Limited
The Attock Oil Company Limited
Attock Refinery Limited
Attock Cement Pakistan Limited
Attock Gen Limited
Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Rawal Lodges Development (Pvt.) Limited

Mr. Shuaib A. Malik
Deputy Chairman &
Chief Executive Officer
(Executive Director)

Chairman, Chief Executive & Director
Pakistan Oilfields Limited

Chairman & Director
Attock Hospital (Pvt.) Limited
Attock Refinery Limited

Chief Executive & Director
Attock Petroleum Limited
The Attock Oil Company Limited
Attock Information Technology Services (Pvt.) Limited
Angoori Heights Development (Pvt.) Limited
Attock Leisure & Management Associates (Pvt.) Limited
Falcon Pakistan (Pvt.) Limited

Director
Attock Cement Pakistan Limited
Attock Gen Limited
Rawal Lodges Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited

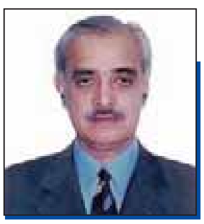
Resident Director
Pharaon Investment Group Limited Holding SAL

Group Regional Chief Executive

Chairman
NRL Management Staff Pension Fund

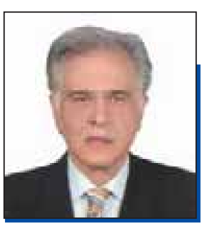
Mr. Musa Bojang
(Independent Director)

Team Leader
Budget & Performance Management Department-
Islamic Development Bank



Mr. Tariq Iqbal Khan
(Independent Director)

Director
Pakistan Oilfields Limited
Gillette Pakistan Limited
International Steels Limited
Lucky Cement Limited
Packages Limited
Silk Bank Limited
FFC Energy Limited



Mr. Bahauddin Khan
(Independent Director)

Chief Operating Officer
Bank Alfalah Limited

Mr. Abdus Sattar
Alternate for
Dr. Ghaith R. Pharaon
(Non-Executive Director)

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

Mr. Babar Bashir Nawaz
Alternate for
Mr. Wael G. Pharaon
(Non-Executive Director)

Director & Chief Executive
Attock Cement Pakistan Limited
Rawal Lodges Development (Pvt.) Limited

Director
Attock Petroleum Limited
Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Falcon Pakistan (Pvt.) Limited

Alternate Director
Attock Refinery Limited
Attock Leisure & Management Associates (Pvt.) Limited
Pakistan Oilfields Limited

Mr. Jamil A. Khan
Deputy Managing Director
Alternate for
Mr. Laith G. Pharaon
(Executive Director)

Chairman
NRL Executive Staff Post Retirement Medical Benefit Fund
NRL Non - MPT Staff Gratuity Fund

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

CHAIRMAN'S **REVIEW**

بسم الله الرحمن الرحيم

It gives me immense pleasure to welcome you all, on behalf of the Board of Directors, in the 51st Annual General Meeting of your Company and to present annual review of results and audited financial statements for the financial year ended June 30, 2014.

The overall World Economy has started to show some signs of growth due to recovery in developed economies. However, it is expected that growth of developing countries will be even slower. Oil Production in the Middle East and Africa is vulnerable due to internal conflicts. This will continue to make the crude oil prices unpredictable. The overall economy in other regions of the world is likely to remain under pressure due to increasing costs of energy.

Pakistan's economy is continuously facing low growth in the last few years due to various social, economic, political and security challenges. In addition to these, power crises in the country has halted Government's efforts for increase in economic activity. As per the Economic survey of Pakistan, the country's GDP growth rate touched 4.14% in current year from 3.7% last year, showing some signs of improvement. The country's Foreign exchange reserves have also increased after a sharp decline witnessed during the year.

Overall crude oil and product prices remained unpredictable during the year. The movement in prices, pattern of sales and changes in exchange rates kept Company's profitability under pressure. Despite these challenges, your Company managed to post a profit after tax of Rs.962 million compared to Rs. 2,846 million in the last year.

Fuel Segment incurred loss after tax of Rs.2,835 million compared to loss after tax of Rs.211 million in the last year due to unfavorable increase in crude oil prices versus selling prices of products and exchange losses.

Lube segment earned profit after tax of Rs.3,797 million compared to Rs.3,057 million in the last year. Profit increased due to better selling prices of lube base oils, better margins and increase in sale of Asphalt. The sale of Asphalt showed increase in last few months of the current year due to start of road infrastructure development work in the country. As per the recent announcements of Government to start major road construction in the coming year, it is anticipated that sale of Asphalt will increase and inventory levels of Asphalt will decline, making room for higher production and profitability for lube segment.

In order to comply with the Government directives, the Company is in the process of award of contract for installation of HSD desulphurization unit and isomerization unit in Phase-I. The completion time is expected to be over two years. The installation of other plants have been deferred to Phase-II due to involvement of huge finances and prevailing economic situation in the country. Your company is determined to undertake all efforts to improve the product mix which in turn will yield better profitability in future.

I would like to acknowledge and commend the efforts of the management, employees and all other stakeholders for their efforts and continued support in improving the performance of the Company and expect that they will not only continue the same but will also put more focused efforts in meeting the new challenges ahead and deliver increasingly better results.

Dr. Ghaith R. Pharaon
Chairman

August 14, 2014
Beirut, Lebanon

DIRECTORS' REPORT

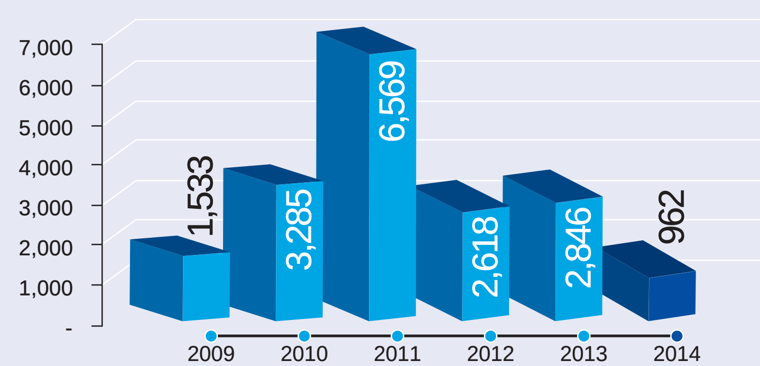
بسم الله الرحمن الرحيم

The Board of Directors is pleased to present the 51st Annual Report of National Refinery Limited (NRL) together with the audited financial statements and auditors' report thereon for the year ended June 30, 2014.

FINANCIAL RESULTS

The profitability remained depressed due to persistent negative margin, exchange loss and Price Differential payments on High Speed Diesel. All these factors reduced the Company's profit after tax to Rs.962 million as compared to Rs.2,846 million in the last year.

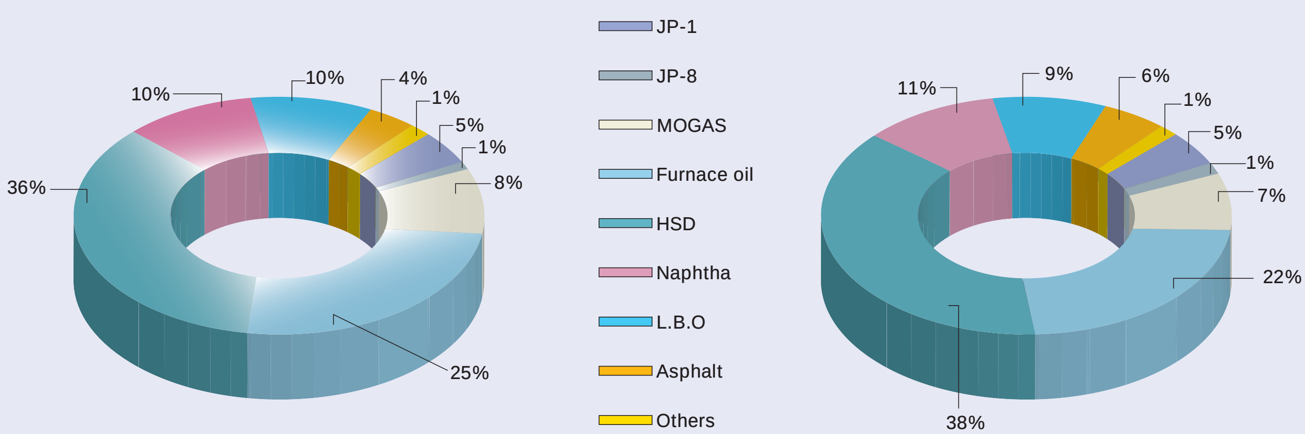
PROFIT AFTER TAX - (Rs in million)



Fuel Segment

Fuel Segment incurred loss after tax of Rs.2,835 million as compared to loss after tax of Rs.211 million in the last year. The profitability continued to remain low due to unfavorable trend in international prices of petroleum products and crude oil, resulting in negative gross refinery margins. The Company had sustained exchange loss of Rs.848 Million (2013: Rs.854 Million). The profitability has also declined due to full year charge on account of price differential claim on High Speed Diesel (HSD) which came into place from April 2013. PSO import price of HSD predominantly remained higher as compared to import parity price of NRL.

2012-2013 SALES VOLUME COMPOSITION 2013-2014



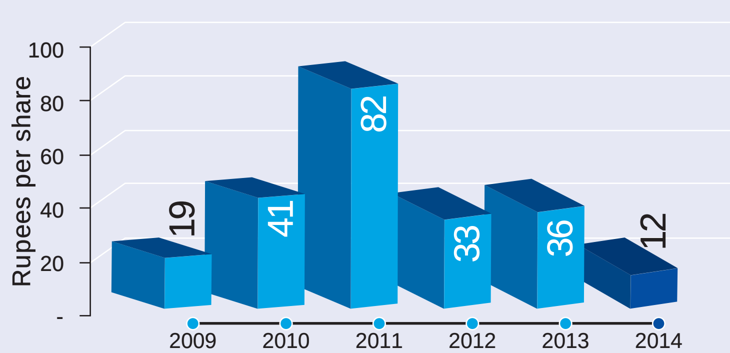
Lube Segment

The Lube Segment earned profit after tax of Rs.3,797 million compared to Rs.3,057 million during last year which is higher by Rs.740 million primarily due to better margins.

The local sale volume of Lube Base Oil declined from 173,723 M. Tons to 166,699 M. Tons whereas export sales of Lube Base Oil increased by 11,685 M. Tons to reach at 41,038 M. Tons from 29,353 M. Tons in the last year. The profitability was also favorably affected by increase in sale of Asphalt which increased by 28,798 M. Tons to close at 120,582 M. Tons during the current year. In view of Government plans for motor-ways and improvement of road infrastructure project, Asphalt inventory which is 75,322 M. Tons at year end is likely to show further reduction easing liquidity position of the Company.

EARNING PER SHARE

Earning per share was Rs.12.03 compared to Rs.35.59 in the last year.



APPROPRIATIONS

Description	2013-14	(Restated) 2012-13
	(Rupees in millions)	
Profit available for appropriation (including Other Comprehensive Income)	946	2,746
Transfer to General Reserves	-	1,600
Final Dividend @ NIL (2013: 150%)	-	1,199

DIVIDEND

The Board of directors approved to carry out refinery upgradation projects as stated in later paras of this report, it has been decided to omit dividend for the current year to keep the financial resources available for the projects.

FUTURE OUTLOOK

The Company has planned to upgrade its plant to enhance its production capacity, to comply with the Government directives to produce environment friendly products and to meet Country's growing demand of various products.

REFINERY UPGRADATION PROJECTS

Following are the projects in progress:

- Diesel De-sulphurization Unit
- Naphtha Isomerization Project

The Board of Directors in its meeting held on August 14, 2014, has approved to award the Inside Battery Limit (ISBL) job relating to (i) Diesel De-sulphurization; and (ii) Naphtha Isomerization Projects of the Company to Engineering Procurement and Construction Contractor (EPCC) M/s. CNCEC/Hualu of China, at an estimated amount of US$ 242 million, which constitutes 80% of the project's cost while the company is in process of finalizing balance placements. The projects are to be funded through consortium of banks and internal sources. The company has already signed Term Sheet with the consortium of local banks for Rs.24.2 billion in respect of financing of these projects which are expected to be completed within twenty six months.

Diesel De-sulphurization Project will facilitate to comply with environment standards of Euro-II as directed by the Government besides entitling Company for deemed duty of 9% as against 7.5%; whereas, Isomerization Project will enable to convert Naphtha into Motor Spirit (MS), a higher margin product. Government directives are to complete the project by 31 December 2015, which looks to be difficult to achieve. However, keeping in view the ground realities and progress of refineries in this regard, it is expected that the timeline would be extended.

- Deep Conversion Units

  These units shall be considered for implementation after completion of De-sulphurization and Isomerization projects.

- Two Stage Unit at Lube–1 Refinery

  The project has been planned to enhance the installed crude oil processing capacity from 12,050 Barrel per stream day (bpsd) to 17,000 bpsd and vacuum fractionation capacity from 5,200 bpsd to 6,600 bpsd. Design package and ITB documents for bidding are complete. Award of job to EPCC shall be considered after finalization of contract for De-sulphurization and isomerization.

- 101 Crude Distillation Unit at Fuel Refinery

  The project has been envisioned, to enhance the installed crude oil processing capacity from 50,000 bpsd to 53,000 bpsd at crude distillation unit of fuel refinery. Design package and ITB documents for bidding are complete. Award of job to EPCC shall be considered after finalization of contract for De-sulphurization and isomerization.

- **Nitrogen Gas Generator**

  For the purpose of financial economization it is planned to use Nitrogen Gas as inert media for MEK Units and for Tank Blanketing. Nitrogen Gas Generator with Technology of Pressure Swing Absorption is being planned having capacity of 400 Normal Cubic Meter / Hour. The contract is expected to be awarded in near future.

- **Reverse Osmosis Plant**

  250,000 gallons per day Reverse Osmosis plant has been completed by Company during the year which is now commissioned. The Company has planned another identical plant which will be commenced shortly.

- **Up gradation of SAP ERP System from Version 4.6c to SAP ECC6**

  The Company is in the process of up-gradation of its ERP system for improved Management and Financial Reporting. In this context, Company has purchased the new version of SAP with additional modules and has appointed consultants for the implementation of the new version of SAP. The implementation is expected to be completed by first quarter of next year.

PRICING FORMULA

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

According to the Import Parity Pricing Formula, the distribution of profits from Fuel Segment is restricted and only 50% of the paid-up capital as of July 1, 2002 can be distributed as dividend to shareholders and the remaining amount is to be transferred to special reserves. As per the initially announced formula Special Reserves could be utilized to offset against any future losses or to make investment for expansion or up-gradation of Refinery. However, following are some of the highlights of a directive issued last year by Government of Pakistan in this regard:

- Refineries have been restricted to adjust their losses from Special Reserve from the year June 30, 2013 and onwards.
- Refineries have been allowed to utilize the Special Reserves for up-gradation and expansion of fuel refinery operations, subject to GoP approvals and verification.
- Refineries have been directed to open Escrow Account for the amount held in Special Reserves less amount utilized as above.
- Government of Pakistan has agreed to increase the import duty on High Speed Diesel from 7.5% to 9% effective January 1, 2016 subject to compliance of Euro-II specification by December 31, 2015.

CRUDE OIL

The Company has its agreement for import of Arabian crude oil from Saudi Aramco. During the year, company succeeded in signing an agreement with ADNOC, for purchase of Murban crude oil. This will not only improve the operational flexibility of fuel section but is also likely to offset some of the existing negative pressure on fuel segment. As per the agreement, Company can purchase approximately 50,000 M. Tons Murban crude oil per quarter. It is expected that it will improve the performance of the company.

SIGNIFICANT RESOURCES

The Company has sufficient funds in the form of cash and bank balances and short-term investments to maintain its liquidity. The Company is currently managing its liquidity without any long-term and short-term borrowings.

RELATIONSHIPS

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

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

During the year, company has increased its sale to Pakistan State Oil Company Limited on receipt of post dated cheques, which has helped to increase the sales of the company, without any risk of default or amount stuck up in circular debt.

KEY OPERATING AND FINANCIAL DATA

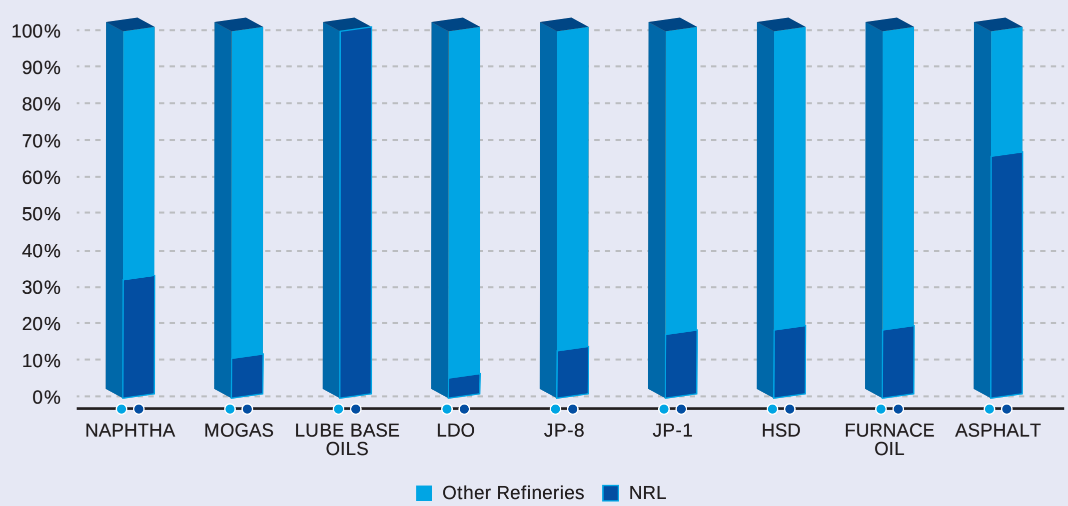
Key operating and financial data of last six years (2009 – 2014) is shown on page 43.

REFINERIES PRODUCTION AND PRODUCT-WISE SHARE PARTICIPATION 2012-13

Based on the latest "Pakistan Oil Report 2012-2013"

According to throughput analysis, NRL is the second largest refinery of Pakistan currently in operation with a production capacity of 2.71 million tons per year. NRL is the only Lube Refinery of Pakistan producing multiple grades of Lube Base Oils to meet the demand of the Country.

NRL SHARE IN INDUSTRY



CREDIT RATINGS

The long-term entity rating of the Company has been revised to "AA+" (Double A Plus) [Previous: "AAA"] during the year. The short-term entity rating has been maintained at "A1+" (A one Plus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

RISK & THREATS

The volatile crude oil and product prices in international market mostly result in narrow margins. In such case the Company adjusts its throughput to minimize the losses.

The Company faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies.

Your Company, being a strategic asset, focuses on security measures including acquiring and installing latest security hardware.

High inventory level of Asphalt has resulted in blocking up a substantial portion of your Company's working capital.

CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its social responsibility towards the national economy apart from its customers, employees and shareholders. As a responsible corporate citizen, the Company has contributed to different social segments of the economy in various ways for improving quality of life in the country. Recently, Company contributed Rs. 100,000 to "Sindh Institute of Urology and Transplantation (SIUT)" as a donation to help medical treatment of poor people.

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

EMPLOYEES & MANAGEMENT RELATIONS

The cordial relationship between the management and union persisted unabatedly. The productivity achieved reflects the concerted and sincere collective endeavors. An amicable bargained settlement was arrived at between the Management and the Collective Bargaining Agent for a period of two years which will go a long way to improve the cordial relationship between the two parties in the interest of the Company. The Company lays emphasis on enhancing the Sports activities and has provided the required facilities to achieve this objective which may go a long way in maintaining good health of the employees, boosting up their moral and sense of belonging.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

We ensure that our manufacturing activities are in line with the Government environmental laws and Company's standard operating procedures and safe work practices to support toward environment protection.

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

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

NRL has achieved 20.22 million Safe Man Hours without Lost Time Injury (LTI) as on June 30, 2014. Continuous efforts to ensure the effective application of operational controls for minimizing Occupational Health & Safety risk's values and environmental impacts.

ENVIRONMENT EXCELLENCE AWARDS

Company has participated in the following Environment Excellence Awards:

1. National Forum for Environment & Health (NFEH), Excellence award 2014, consecutively winner since last eleven years.
2. Continually participating in the ACCA-WWF Pakistan Best Environment Reporting Awards since 2003 and was winner of the victory stand in 2003, 2009 & 2010.

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

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 42,861 million to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US$ 267 million through the export of Naphtha and Lube Base Oils.

In addition to the above, the Company has paid to government Rs. 7,269 million as discount and windfall levy on account of local crude oil and condensates purchased from oil and gas exploration companies.

Under the Prime Minister's Tax Incentive Package, the FBR has issued a list of top taxpayers in four categories: salaried individuals, non-salaried individuals, association of persons and companies. Your company was ranked 43rd under category of top taxpayer companies.

HUMAN RESOURCE DEVELOPMENT

Human Resource of the Company is playing a very significant role in achieving the short and long term corporate and strategic objectives of the Company. Therefore, your Company focuses special attention on their training and development. Various staff members were nominated for local and overseas courses and workshops in different technical and non-technical disciplines. In addition to hands on executive training programs, the Company has also conducted apprenticeship program where theoretical and practical training in Refinery operations and maintenance was imparted which will extend a great help to the Petroleum Refining industry in the availability of trained manpower.

CORPORATE GOVERNANCE

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

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and change in equity.
b) Proper books of account have been maintained in the manner required under the Companies Ordinance, 1984.
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment. From current year, the policy for recognition of Actuarial gain / losses has been changed in compliance with the revised International Accounting Standard (IAS – 19). The details of the changes are discussed in note 3 of the financial statements.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There are no significant doubts upon the listed Company's ability to continue as a going concern.
g) The values of investment of various funds, based on their respective accounts as at 30 June 2014 are as under:

Description	(Rs. in million) Un-audited
Management staff	
Pension Fund	3,864
Provident Fund	811
Post-Retirement Medical Fund	858
Gratuity Fund	5
Non-Management staff	
Gratuity Fund	109
Provident Fund	376

h) During the year, Mr. Jamil A. Khan, alternate director to Mr. Laith G. Pharaon attended "Corporate Governance Leadership Skills" training program conducted by Pakistan Institute of Corporate Governance.
i) No trade in the shares of the Company was carried out by the Board of Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except that mentioned in "Pattern of Shareholding".

Composition and Meetings of the Board of Directors

During the financial year 2013-14 five meetings of the Board of Directors were held. The attendance of the Directors is as under:

Name of Directors	Total No of Meetings *	Meetings Attended
Dr. Ghaith R. Pharaon Alternate Director: Mr. Abdus Sattar	5	5
Mr. Laith G. Pharaon Alternate Director: Mr. Jamil A. Khan	5	5
Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz	5	5
Mr. Shuaib A. Malik Deputy Chairman / Chief Executive Officer	5	5
Mr. Musa Bojang – IDB Nominee	5	3
Mr. Bahauddin Khan – NIT Nominee	5	3
Mr. Tariq Iqbal Khan Alternate Director: Mr. Abdus Sattar	5	5

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

Human Resource & Remuneration Committee

Meeting of the Committee held and attendance of the members during the period from July 01, 2013 to June 30, 2014:

Name of Directors	Total No of Meetings	Meetings Attended
Mr. Musa Bojang	1	1
Mr. Bahauddin Khan	1	0
Mr. Babar Bashir Nawaz	1	1
Mr. Shuaib A. Malik	1	1

Audit Committee

The Directors have established Audit Committee. The attendance of the Directors' for Audit Committee meetings for the year ended June 30, 2014 is as follows:

Name of Directors	Total No of Meetings	Meetings Attended
Mr. Tariq Iqbal Khan	5	4
Mr. Babar Bashir Nawaz	5	5
Mr. Abdus Sattar	5	5
Mr. Bahauddin Khan	5	2

Pattern of Shareholding

Pattern of shareholdings is shown on page 98.

AUDITORS

Present Auditors Messrs A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. The Board recommends the reappointment of Messrs A. F. Ferguson & Co., Chartered Accountants as auditors for the financial year ending June 30, 2015.

ACKNOWLEDGEMENT

The Board places on record its appreciation and gratitude to the Company's management and its staff for their untiring efforts. The Board also acknowledges the efforts and contributions of customers, suppliers and other stakeholders for their patronage and business relations.

On behalf of the Board

SHUAIB A. MALIK
Deputy Chairman /
Chief Executive Officer

August 14, 2014
Beirut, Lebanon

CORPORATE GOVERNANCE

CODE OF CONDUCT

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

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

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

- The business principles are derived from the above stated corporate values and are applied to all facets of business through well-established procedures. These procedures define behavior expected from each employee in the discharge of his/her responsibility.

- NRL recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:

  - Safeguarding of shareholders' interest and a suitable return on equity.

  - Service customers by providing products, which offer value in terms of price, quality, safety and environmental impact.

  - Respect human rights, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.

  - Seek mutually beneficial business relationship with contractors, suppliers and investment partners.

- The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer places on products and services produced by the Company.

- The Company requires honesty and fairness in all aspect of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form is undesirable.

- The Company is fully committed to reliability and accuracy of financial statements and transparency of transactions in accordance with established procedures and practices.

- The Company does not support any political party or contributes funds to groups having political interests. The Company will however, promote its legitimate business interests through trade associations.

- The Company, consistent with its commitments to sustainable developments, has a systematic approach to the management of health, safety and environment.

- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as education, sports, environment preservation, training programs, skills development and employment within the parameters of its commercial objectives.

- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.

- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost.

- The Company requires all its board members and employees to essentially avoid conflict of interest between private financial and/or other activities and their professional role in the conduct of Company business.

- No board member or employee shall in any manner disclose to any person or cause disclosure of any information or documents, official or otherwise, relating to the Company, except those published, and unless he/she is authorised by the management.

- All papers, books, drawings, sketches, photographs, documents and similar papers containing analysis, formulas, notes or information relating to the Company's business affairs or operations shall always be treated as the Company property, whether prepared by the employee or otherwise and no employee shall be permitted to carry any of these outside business premises unless specifically authorised to do so by the management.

- The Company's property, funds, facilities and services must be used only for authorised purposes.

- The board members or employees of the Company specifically those coming in direct contact with the vendors doing or seeking to do business with the Company shall not receive favours or incur obligations. In case any contractor/supplier to have business relations with the Company happen to be a relative of an official who is entrusted the responsibility of opening/evaluation/award of supply/contract job or with execution or certification of material/services, he/she shall immediately bring the fact to the notice of Managing Director who may entrust the responsibility to another.

- Each employee shall devote his/her full time and energy exclusively to the business and interests of the Company. In particular, no employee (including those on leave) unless otherwise permitted by the Company, shall directly or indirectly engage in any other profession or business or enter the services of or be employed in any capacity for any purpose whatsoever and for any part of his/her time by any other person, government department, firm or company and/or shall not have any private financial dealings with any other persons of firms having business relations with the company for sale or purchase of any materials or equipments or supply of labour or for any other purpose. Every employee shall hold himself in readiness to perform any duties required of him by his/her superiors to the best of his/her ability.

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

- No board member or employee of the Company shall practice insider trading.

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

On behalf of the Board

SHUAIB A. MALIK
Deputy Chairman &
Chief Executive Officer

June 18, 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

Category	Names
Independent Directors	Mr. Tariq Iqbal Khan Mr. Musa Bojang Mr. Bahauddin Khan
Executive Directors	Mr. Shuaib A. Malik Mr. Jamil A. Khan Alternate to Mr. Laith G. Pharaon, Director
Non-Executive Directors	Dr. Ghaith R. Pharaon Alternate Director: Mr. Abdus Sattar Mr. Laith G. Pharaon Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz

   The independent directors meet the criteria of independence under clause (i)(b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of directors during the year ended June 30, 2014.

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

6. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman or Deputy Chairman, and the Chief Financial Officer and Company Secretary attended all the meetings. The Board meets at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded, circulated and signed by the Chairman of the meeting of the Board of Directors.

9. The Directors were apprised of their duties and responsibilities from time to time.

10. The Board has approved terms of appointment and remunerations of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit.

11. The director’s report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

12. The CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises of four members, of whom two are non-executive directors, one is independent director and the Chairman of the committee is also an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of four members, of whom one is non-executive director, one is independent director and the Chairman of the Committee is also an independent director.

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

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

On behalf of the Board

SHUAIB A. MALIK
Deputy Chairman &
Chief Executive Officer

August 14, 2014

pwc

A. F. FERGUSON & CO.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Refinery Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Chartered Accountants
Karachi

Dated: August 18, 2014

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THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

b) Review of preliminary announcements of results prior to publication;

c) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions.

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

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

f) Ensuring coordination between the internal and external auditors;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed;

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

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

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

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

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;

n) Consideration of any other issue or matter as may be assigned by the Board of Directors; and

o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.

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

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

The Committee shall be responsible for:

i) recommending human resource management policies to the board;

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

iii) recommending to the board the selection, evaluating, compensation(including retirement benefits) of COO, CFO, Company Secretory and Head of Internal Audit; and

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

STAKEHOLDERS' INFORMATION

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED JUNE 30, 2014

	2014		2013	
	Rupees in million	%	Rupees in million	%
Revenue Generated				
Gross sales revenue	249,769		216,123	
Less: Bought in material and services	205,968		175,702	
	43,801		40,421	
Add: Income from investment	797		706	
Other Income	639		1,474	
	1,436		2,180	
Total Revenue	45,237	100.0	42,601	100.0
Revenue Distributed				
To Employees remuneration as:				
Salaries, wages and benefits	1,603	3.6	1,579	3.7
To Government as:				
Levies	41,288	91.3	35,849	84.2
Company taxation	918	2.0	1,631	3.8
Worker's fund	139	0.3	348	0.8
	42,345	93.6	37,828	88.8
To Shareholders as:				
Cash Dividend	-	0.0	1,199	2.8
Retained in the business:				
Depreciation and amortization	327	0.7	310	0.7
Net earnings	962	2.1	1,685	4.0
	1,289	2.8	1,995	4.7
	45,237	100.0	42,601	100.0

SIX YEARS AT A GLANCE

		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
		Rupees in million					
Profit and Loss Account							
Net sales		207,403	179,184	174,797	148,558	110,186	109,578
Cost of sales		204,344	174,118	170,075	138,551	103,854	104,302
Purchases		200,565	166,130	171,149	141,383	98,964	99,503
Gross profit		3,060	5,067	4,722	10,007	6,333	5,277
Operating profit		2,732	5,347	5,795	10,179	5,831	5,208
Profit before tax		1,880	4,477	4,452	10,029	5,136	2,813
Profit after tax		962	2,846	2,618	6,569	3,285	1,533
Balance Sheet							
Share Capital		800	800	800	800	800	800
Reserves		25,794	25,994	24,491	23,808	18,838	16,553
Shareholder equity		26,594	26,794	25,290	24,607	19,638	17,353
Fixed Assets		5,061	4,363	3,696	3,235	3,248	3,025
Current Assets		47,465	51,232	53,323	53,366	47,868	39,156
Current Liabilities		25,802	28,440	31,492	31,858	31,862	24,856
Net current assets/ liabilities		21,664	22,792	21,831	21,508	16,006	14,299

		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Profitability Ratios							
Gross profit	%	1.48	2.83	2.70	6.74	5.75	4.81
Net profit to sales	%	0.46	1.59	1.50	4.42	2.98	1.40
EBITDA Margin to sales	%	1.06	2.68	2.72	7.02	5.20	2.79
Return on Equity	%	3.62	10.62	10.35	26.69	16.73	8.83
Return on Capital Employed	%	3.60	10.93	10.50	29.69	17.76	8.82
Liquidity Ratios							
Current Ratio	Times	1.84	1.80	1.69	1.68	1.50	1.58
Quick /Acid test ratio	Times	0.92	1.01	0.89	1.07	1.13	1.08
Cash to Current Liabilities	Times	0.34	0.56	0.32	0.28	0.51	0.31
Activity / Turnover Ratios							
Inventory turnover	Days	40.89	49.54	47.32	40.46	41.68	44.08
Debtors turnover	Days	18.39	24.35	28.18	36.82	50.86	41.09
Creditors turnover	Days	37.82	53.03	55.47	67.63	88.67	83.61
Total Assets turnover ratio	Times	3.93	3.22	3.06	2.62	2.13	2.59
Fixed assets turnover ratio	Times	40.98	41.07	47.30	45.93	33.92	36.22
Investment / Market Ratios							
Earnings per share (EPS) and diluted EPS	Rs.	12.03	35.57	32.74	82.14	41.08	19.17
Price earning ratio	Times	17.90	6.76	7.07	4.29	4.45	11.48
Dividend yield ratio	Times	-	6.23	6.48	7.10	10.94	5.68
Cash Dividend payout ratio	Times	-	42.17	45.82	30.44	48.69	65.21
Dividend cover ratio	Times	-	2.37	2.18	3.29	2.05	1.53
Cash Dividend per share	Rs.10/share	-	15.00	15.00	25.00	20.00	12.50
Market value per share at year end	Rs.10/share	215	241	231	352	183	220
Breakup value per share	Rs.10/share	333	336	316	308	246	217

HORIZONTAL BALANCE SHEET

AS AT JUNE, 30

	2014		2013		2012		2011		2010		2009	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
ASSETS												
NON-CURRENT ASSETS												
Fixed assets	5,061.22	167.3%	4,362.94	144.2%	3,695.73	122.2%	3,234.79	106.9%	3,248.36	107.4%	3,025.25	100.0%
Deferred taxation	165.34	195.7%	-	-	-	-	-	0.0%	432.73	512.1%	84.50	100.0%
Long term loans	41.49	75.3%	52.24	94.8%	65.41	118.8%	62.86	114.1%	60.06	109.0%	55.08	100.0%
Long term desposits	30.19	125.5%	30.19	125.5%	30.19	125.5%	30.17	125.4%	30.44	126.5%	24.06	100.0%
Retirement benefit prepayments	12.71		-		-		-		-		-	
	5,310.95	166.6%	4,445.37	139.4%	3,791.33	118.9%	3,327.82	104.4%	3,771.59	118.3%	3,188.89	100.0%
CURRENT ASSETS												
Stores, spares and chemicals	1,149.43	122.7%	788.08	84.1%	986.57	105.3%	887.29	94.7%	904.37	96.6%	936.59	100.0%
Stock-in-trade	23,856.56	194.7%	22,563.75	184.2%	25,359.71	207.0%	19,346.93	157.9%	11,798.20	96.3%	12,251.18	100.0%
Trade debts	10,207.07	68.8%	10,976.99	74.0%	13,262.18	89.4%	14,100.49	95.0%	16,291.70	109.8%	14,841.29	100.0%
Loans and advances	48.43	192.0%	36.28	143.9%	40.13	159.1%	23.96	95.0%	21.43	85.0%	25.22	100.0%
Trade deposits and short-term prepayments	53.24	99.1%	8.22	15.3%	6.67	12.4%	18.45	34.3%	16.30	30.3%	53.75	100.0%
Interest accrued	40.84	44.6%	86.12	94.1%	110.69	121.0%	57.00	62.3%	69.23	75.7%	91.50	100.0%
Other receivables	301.90	12.7%	274.71	11.5%	248.13	10.4%	932.49	39.1%	941.59	39.5%	2,382.59	100.0%
Short-term investments	3,002.86	1519.5%	492.52	249.2%	3,230.47	1634.7%	8,941.63	4524.7%	1,553.67	786.2%	197.62	100.0%
Tax refunds due from Government - Sales tax	-		-		-		-		62.03	10.8%	575.90	100.0%
Cash and bank balances	8,804.87	112.9%	16,004.88	205.2%	10,078.55	129.2%	9,058.20	116.1%	16,209.01	207.8%	7,800.08	100.0%
	47,465.20	121.2%	51,231.55	130.8%	53,323.10	136.2%	53,366.44	136.3%	47,867.53	122.3%	39,155.72	100.0%
TOTAL ASSETS	52,776.15	124.6%	55,676.92	131.5%	57,114.43	134.9%	56,694.26	133.9%	51,639.12	122.0%	42,344.61	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%	799.67	100.0%
Reserves	25,793.97	155.8%	25,994.04	157.0%	24,490.80	148.0%	23,807.51	143.8%	18,838.31	113.9%	16,553.07	100.0%
	26,593.64	153.3%	26,793.71	154.4%	25,290.47	145.7%	24,607.18	141.8%	19,637.98	113.2%	17,352.74	100.0%
LIABILITIES												
NON - CURRENT LIABILITIES												
Retirement benefit obligations	380.86	281.0%	396.00	292.1%	131.50	97.0%	179.86	132.7%	139.49	102.9%	135.55	100.0%
Deferred taxation	-		47.32		200.51		48.91					
CURRENT LIABILITIES												
Trade and other payables	24,931.27	108.3%	26,546.46	115.3%	29,748.89	129.2%	29,400.16	127.7%	29,888.90	129.8%	23,032.24	100.0%
Provisions	246.19	81.7%	411.40	136.5%	398.91	132.3%	428.68	142.2%	298.57	99.0%	301.48	100.0%
Taxation - provision less payments	624.19	41.0%	1,482.03	97.3%	1,344.15	88.3%	2,029.47	133.3%	1,674.18	110.0%	1,522.60	100.0%
	25,801.65	103.8%	28,439.89	114.4%	31,491.95	126.7%	31,858.31	128.2%	31,861.65	128.2%	24,856.32	100.0%
TOTAL EQUITY AND LIABILITIES	52,776.15	124.6%	55,676.92	131.5%	57,114.43	134.9%	56,694.26	133.9%	51,639.12	122.0%	42,344.61	100.0%

VERTICAL BALANCE SHEET

AS AT JUNE, 30

	2014		2013		2012		2011		2010		2009	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
ASSETS												
NON-CURRENT ASSETS												
Fixed assets	5,061.22	9.6%	4,362.94	7.8%	3,695.73	6.4%	3,234.79	5.7%	3,248.36	6.3%	3,025.25	7.1%
Deferred taxation	165.34	0.3%	-		-		-		432.73	0.8%	84.50	0.2%
Long term loans	41.49	0.1%	52.24	0.1%	65.41	0.1%	62.86	0.1%	60.06	0.1%	55.08	0.1%
Long term desposits	30.19	0.1%	30.19	0.1%	30.19	0.1%	30.17	0.1%	30.44	0.1%	24.06	0.1%
Retirement benefit prepayments	12.71	0.0%										
	5,310.95	10.1%	4,445.37	8.0%	3,791.33	6.6%	3,327.82	5.9%	3,771.59	7.3%	3,188.89	7.5%
CURRENT ASSETS												
Stores, spares and chemicals	1,149.43	2.2%	788.08	1.4%	986.57	1.7%	887.29	1.6%	904.37	1.8%	936.59	2.2%
Stock-in-trade	23,856.56	45.1%	22,563.75	40.5%	25,359.71	44.4%	19,346.93	34.1%	11,798.20	22.9%	12,251.18	28.9%
Trade debts	10,207.07	19.3%	10,976.99	19.7%	13,262.18	23.2%	14,100.49	24.9%	16,291.70	31.6%	14,841.29	35.1%
Loans and advances	48.43	0.1%	36.28	0.1%	40.13	0.1%	23.96	0.0%	21.43	0.0%	25.22	0.1%
Trade deposits and short-term prepayments	53.24	0.1%	8.22	0.0%	6.67	0.0%	18.45	0.0%	16.30	0.0%	53.75	0.1%
Interest accrued	40.84	0.1%	86.12	0.2%	110.69	0.2%	57.00	0.1%	69.23	0.1%	91.50	0.2%
Other receivables	301.90	0.6%	274.71	0.5%	248.13	0.4%	932.49	1.6%	941.59	1.8%	2,382.59	5.6%
Short-term investments	3,002.86	5.7%	492.52	0.9%	3,230.47	5.7%	8,941.63	15.8%	1,553.67	3.0%	197.62	0.5%
Tax refunds due from Government - Sales tax	-	-	-	-	-	-	-	-	62.03	0.1%	575.90	1.4%
Cash and bank balances	8,804.87	16.7%	16,004.88	28.7%	10,078.55	17.7%	9,058.20	16.0%	16,209.01	31.4%	7,800.08	18.4%
	47,465.20	89.9%	51,231.55	92.0%	53,323.10	93.4%	53,366.44	94.1%	47,867.53	92.7%	39,155.72	92.5%
TOTAL ASSETS	52,776.15	100.0%	55,676.92	100.0%	57,114.43	100.0%	56,694.26	100.0%	51,639.12	100.0%	42,344.61	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	799.67	1.5%	799.67	1.4%	799.67	1.4%	799.67	1.4%	799.67	1.6%	799.67	1.9%
Reserves	25,793.97	48.9%	25,994.04	46.7%	24,490.80	42.9%	23,807.51	42.0%	18,838.31	36.4%	16,553.07	39.1%
	26,593.64	50.4%	26,793.71	48.1%	25,290.47	44.3%	24,607.18	43.4%	19,637.98	38.0%	17,352.74	41.0%
LIABILITIES												
NON - CURRENT LIABILITIES												
Retirement benefit obligations	380.86	0.7%	396.00	0.7%	131.50	0.2%	179.86	0.3%	139.49	0.3%	135.55	0.3%
Deferred taxation	-		47.32	0.1%	200.51	0.4%	48.91	0.1%	-	-	-	-
CURRENT LIABILITIES												
Trade and other payables	24,931.27	47.2%	26,546.46	47.7%	29,748.89	52.0%	29,400.16	51.8%	29,888.90	57.9%	23,032.24	54.4%
Provisions	246.19	0.5%	411.40	0.7%	398.91	0.7%	428.68	0.8%	298.57	0.6%	301.48	0.7%
Taxation - provision less payments	624.19	1.2%	1,482.03	2.7%	1,344.15	2.4%	2,029.47	3.6%	1,674.18	3.2%	1,522.60	3.6%
	25,801.65	48.9%	28,439.89	51.1%	31,491.95	55.1%	31,858.31	56.2%	31,861.65	61.7%	24,856.32	58.7%
TOTAL EQUITY AND LIABILITIES	52,776.15	100.0%	55,676.92	100.0%	57,114.43	100.0%	56,694.26	100.0%	51,639.12	100.0%	42,344.61	100.0%

HORIZONTAL PROFIT & LOSS ACCOUNT

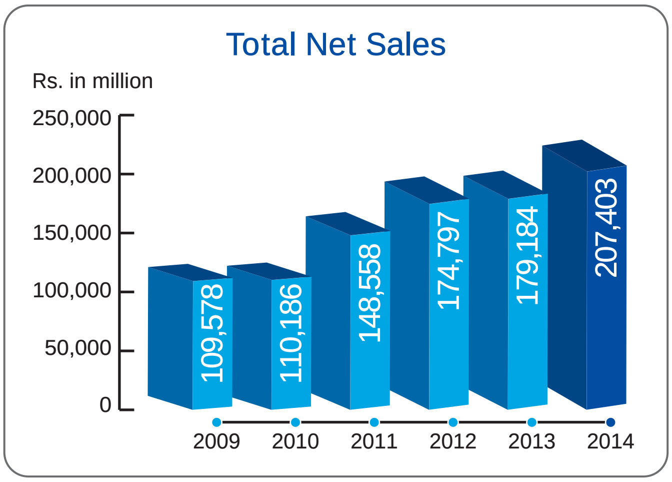
FOR THE YEAR ENDED

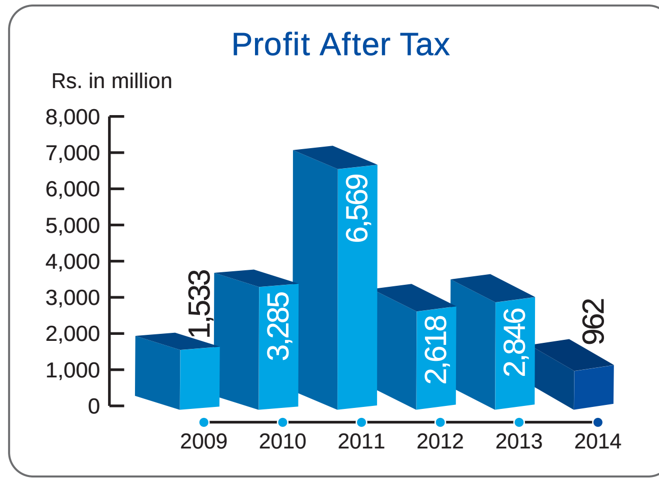
	2014		2013		2012		2011		2010		2009	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net sales	207,403.26	189.3%	179,184.42	163.5%	174,797.07	159.5%	148,558.50	135.6%	110,186.38	100.6%	109,578.36	100.0%
Cost of sales	(204,343.52)	195.9%	(174,117.51)	166.9%	(170,074.58)	163.1%	(138,551.42)	132.8%	(103,853.57)	99.6%	(104,301.66)	100.0%
Gross profit	3,059.74	58.0%	5,066.91	96.0%	4,722.49	89.5%	10,007.08	189.7%	6,332.81	120.0%	5,276.70	100.0%
Distribution and marketing expenses	(1,092.29)	127.0%	(1,037.57)	120.6%	(1,264.03)	147.0%	(1,136.00)	132.1%	(996.10)	115.8%	(860.11)	100.0%
Administrative expenses	(525.04)	146.3%	(507.51)	141.4%	(464.10)	129.3%	(421.00)	117.3%	(373.78)	104.1%	(358.93)	100.0%
Other income	1,436.15	105.2%	2,179.74	159.7%	3,136.82	229.8%	2,497.58	183.0%	1,278.11	93.6%	1,365.15	100.0%
Other operating expenses	(146.60)	68.2%	(354.52)	164.9%	(336.45)	156.5%	(768.58)	357.6%	(409.66)	190.6%	(214.96)	100.0%
Operating profit	2,731.96	52.5%	5,347.05	102.7%	5,794.73	111.3%	10,179.08	195.5%	5,831.38	112.0%	5,207.85	100.0%
Finance cost	(852.32)	35.6%	(870.54)	36.4%	(1,342.86)	56.1%	(150.47)	6.3%	(695.76)	29.1%	(2,394.39)	100.0%
Profit before taxation	1,879.64	66.8%	4,476.51	159.1%	4,451.87	158.2%	10,028.61	356.5%	5,135.62	182.5%	2,813.46	100.0%
Taxation	(917.77)	71.7%	(1,630.86)	127.4%	(1,833.49)	143.2%	(3,460.08)	270.2%	(1,850.81)	144.6%	(1,280.43)	100.0%
Profit after taxation	961.87	62.7%	2,845.65	185.6%	2,618.38	170.8%	6,568.53	428.5%	3,284.81	214.3%	1,533.03	100.0%

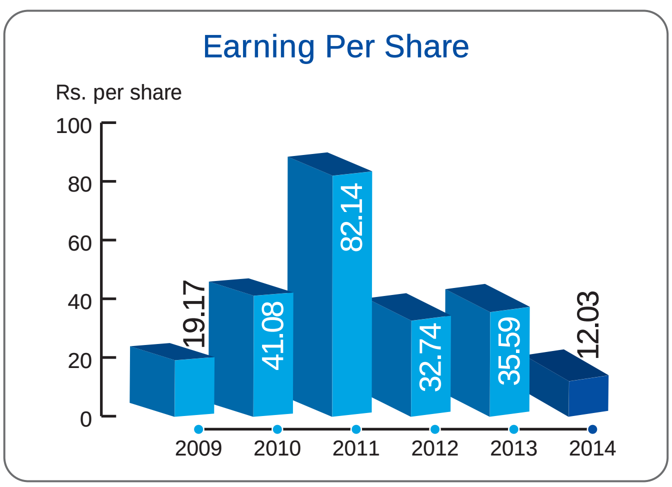
VERTICAL PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED

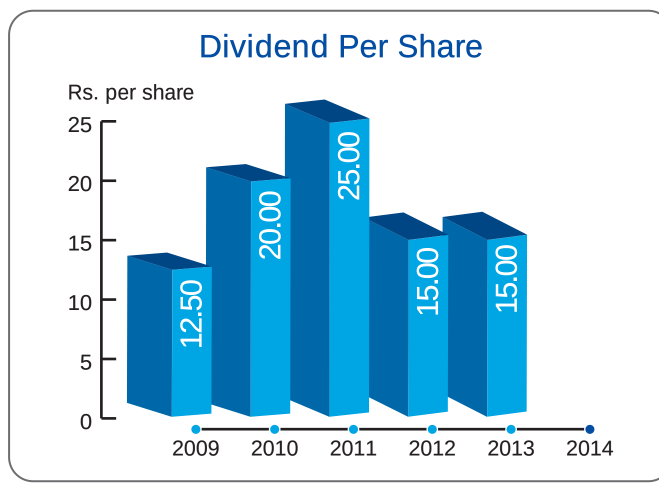
	2014		2013		2012		2011		2010		2009	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net sales	207,403.26	100.0%	179,184.42	100.0%	174,797.07	100.0%	148,558.50	100.0%	110,186.38	100.0%	109,578.36	100.0%
Cost of sales	(204,343.52)	-98.5%	(174,117.51)	-97.2%	(170,074.58)	-97.3%	(138,551.42)	-93.3%	(103,853.57)	-94.3%	(104,301.66)	-95.2%
Gross profit	3,059.74	1.5%	5,066.91	2.8%	4,722.49	2.7%	10,007.08	6.7%	6,332.81	5.7%	5,276.70	4.8%
Distribution and marketing expenses	(1,092.29)	-0.5%	(1,037.57)	-0.6%	(1,264.03)	-0.7%	(1,136.00)	-0.8%	(996.10)	-0.9%	(860.11)	-0.8%
Administrative expenses	(525.04)	-0.3%	(507.51)	-0.3%	(464.10)	-0.3%	(421.00)	-0.3%	(373.78)	-0.3%	(358.93)	-0.3%
Other income	1,436.15	0.7%	2,179.74	1.3%	3,136.82	1.8%	2,497.58	1.7%	1,278.11	1.2%	1,365.15	1.3%
Other operating expenses	(146.60)	-0.1%	(354.52)	-0.2%	(336.45)	-0.2%	(768.58)	-0.5%	(409.66)	-0.4%	(214.96)	-0.2%
Operating profit	2,731.96	1.3%	5,347.05	3.0%	5,794.73	3.3%	10,179.08	6.8%	5,831.38	5.3%	5,207.85	4.8%
Finance cost	(852.32)	-0.4%	(870.54)	-0.5%	(1,342.86)	-0.8%	(150.47)	-0.1%	(695.76)	-0.6%	(2,394.39)	-2.2%
Profit before taxation	1,879.64	0.9%	4,476.51	2.5%	4,451.87	2.5%	10,028.61	6.7%	5,135.62	4.7%	2,813.46	2.6%
Taxation	(917.77)	-0.4%	(1,630.86)	-0.9%	(1,833.49)	-1.0%	(3,460.08)	-2.3%	(1,850.81)	-1.7%	(1,280.43)	-1.2%
Profit after taxation	961.87	0.5%	2,845.65	1.6%	2,618.38	1.5%	6,568.53	4.4%	3,284.81	3.0%	1,533.03	1.4%

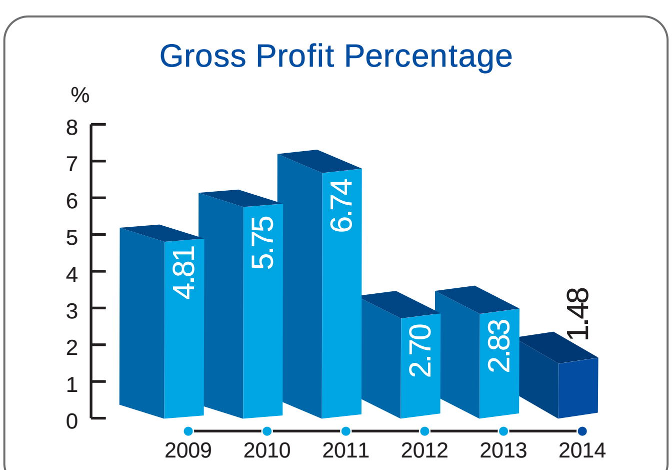
GRAPHICAL REPRESENTATION

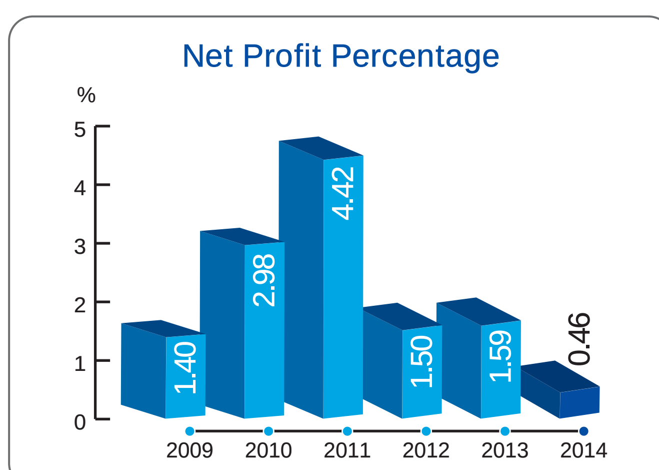






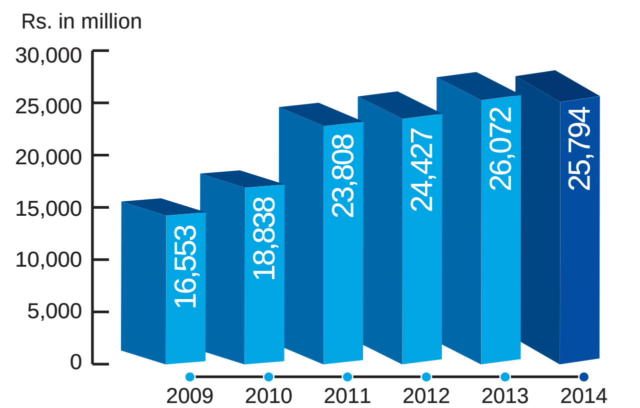




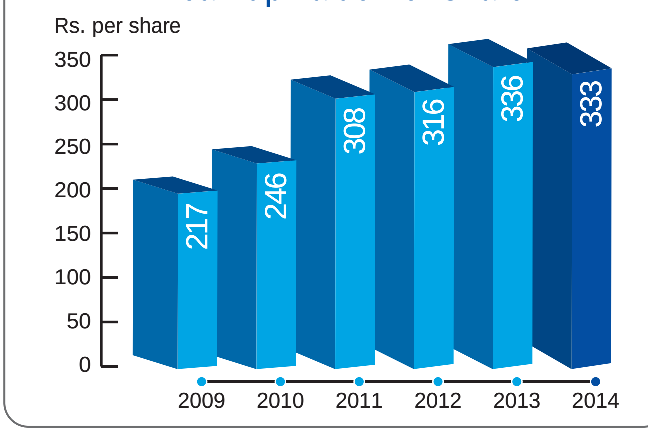


GRAPHICAL REPRESENTATION

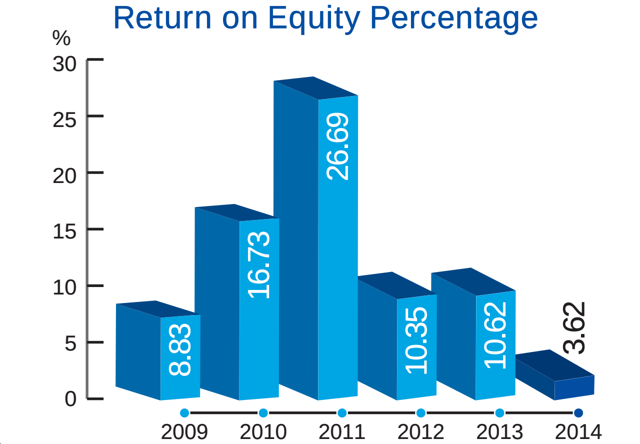
Reserves



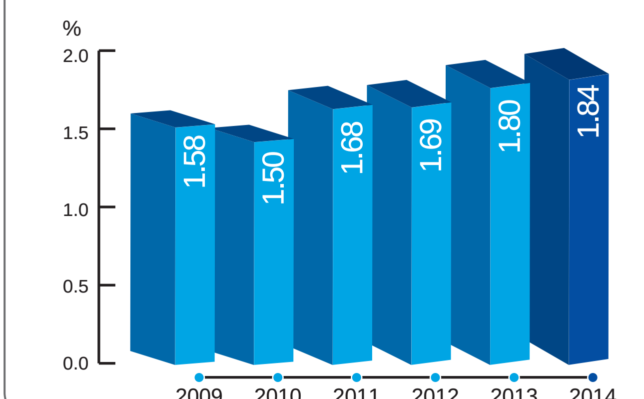
Break-up Value Per Share



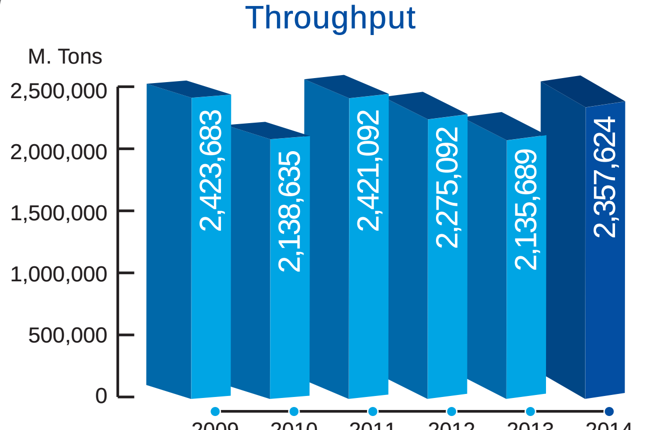
Return on Equity Percentage



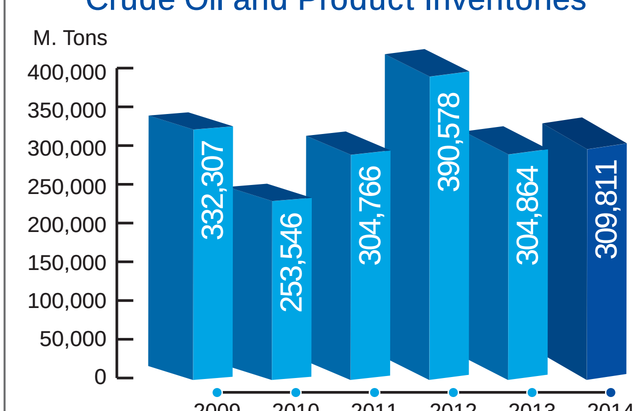
Current Ratio Percentage



Throughput



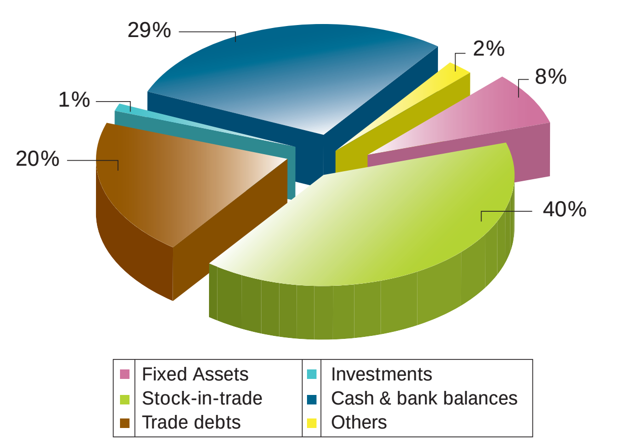
Crude Oil and Product Inventories



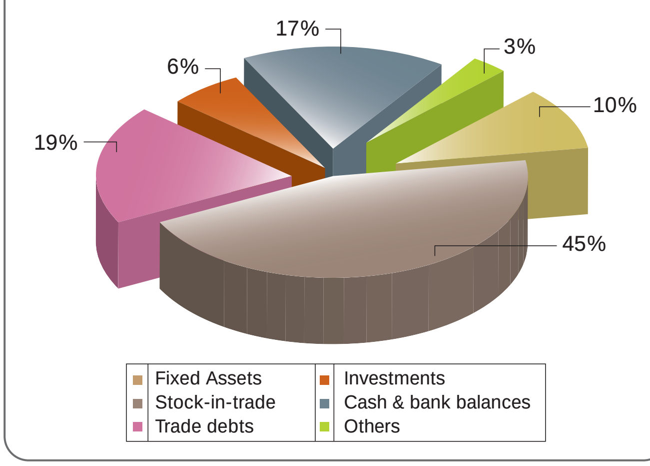
Balance Sheet Composition

Assets

As at June 30, 2013

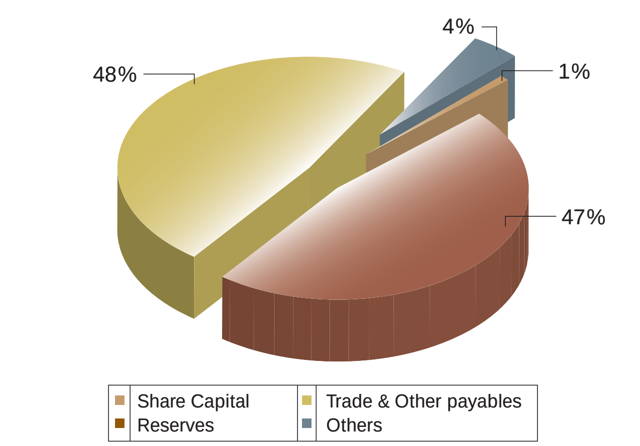


As at June 30, 2014

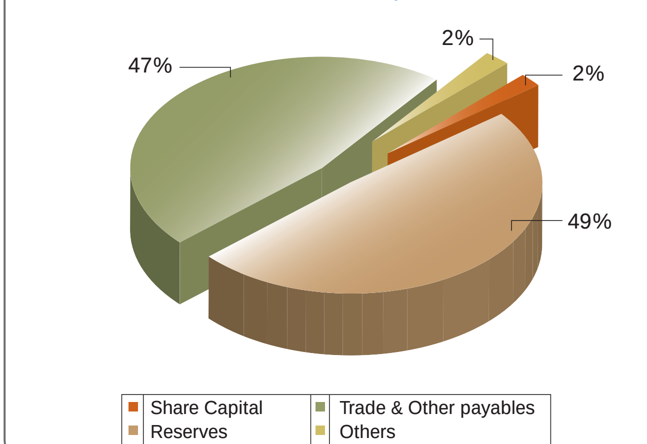


Share Capital, Reserves and Liabilities

As at June 30, 2013

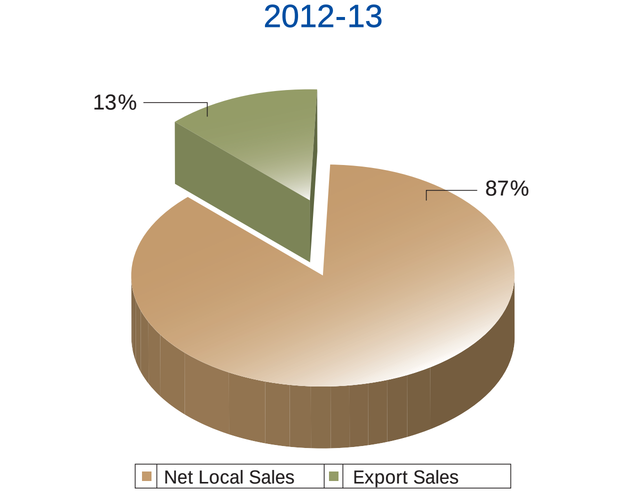


As at June 30, 2014

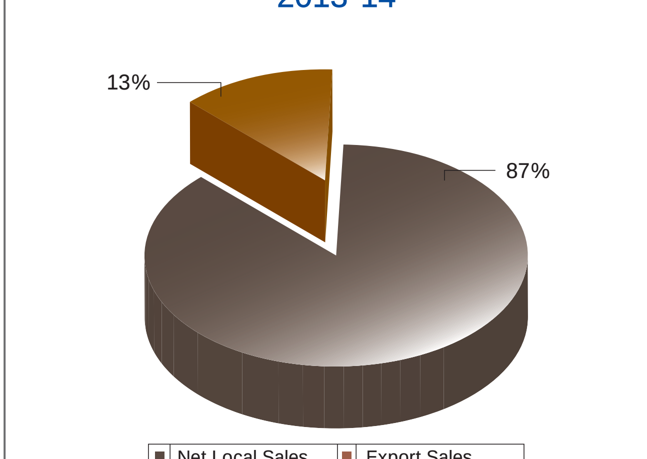


Comparison of Local and Export Sales

2012-13



2013-14



ANNUAL AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of National Refinery Limited as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 3 with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants
Karachi

Dated: 18 August 2014

Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

BALANCE SHEET

AS AT JUNE 30, 2014

	Note	2014	(Restated - note 3) 2013	(Restated - note 3) July 1, 2012
		(Rupees in thousand)		
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	4	5,061,222	4,362,936	3,695,731
Deferred taxation	5	165,344	-	-
Long term investment	6	-	-	-
Long term loans	7	41,486	52,242	65,413
Long term deposits	8	30,189	30,189	30,189
Retirement benefit prepayments	19	12,711	-	-
		5,310,952	4,445,367	3,791,333
CURRENT ASSETS				
Stores, spares and chemicals	9	1,149,428	788,078	986,568
Stock-in-trade	10	23,856,560	22,563,754	25,359,710
Trade debts	11	10,207,068	10,976,992	13,262,184
Loans and advances	12	48,432	36,276	40,127
Trade deposits and short-term prepayments	13	53,237	8,221	6,666
Interest accrued		40,843	86,120	110,686
Other receivables	14	301,904	274,711	248,126
Short term investments	15	3,002,863	492,524	3,230,473
Cash and bank balances	16	8,804,865	16,004,875	10,078,554
		47,465,200	51,231,551	53,323,094
TOTAL ASSETS		52,776,152	55,676,918	57,114,427
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	17	799,666	799,666	799,666
Reserves	18	25,793,973	25,994,038	24,490,796
		26,593,639	26,793,704	25,290,462
LIABILITIES				
NON-CURRENT LIABILITIES				
Retirement benefit obligations	19	380,867	396,008	131,505
Deferred taxation	5	-	47,319	200,512
		380,867	443,327	332,017
CURRENT LIABILITIES				
Trade and other payables	20	24,931,269	26,546,460	29,748,891
Provisions	21	246,187	411,401	398,905
Taxation - provision less payments		624,190	1,482,026	1,344,152
		25,801,646	28,439,887	31,491,948
TOTAL LIABILITIES		26,182,513	28,883,214	31,823,965
CONTINGENCIES AND COMMITMENTS	22			
TOTAL EQUITY AND LIABILITIES		52,776,152	55,676,918	57,114,427

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in thousand)	
Gross sales	23	249,769,259	216,123,042
Trade discounts, taxes, duties, levies and price differential	24	(42,366,001)	(36,938,627)
Net sales		207,403,258	179,184,415
Cost of sales	25	(204,343,524)	(174,117,505)
Gross profit		3,059,734	5,066,910
Distribution and marketing expenses	26	(1,092,288)	(1,037,569)
Administrative expenses	27	(525,036)	(507,513)
Other income	28	1,436,152	2,179,743
Other operating expenses	29	(146,597)	(354,519)
Operating profit		2,731,965	5,347,052
Finance cost	30	(852,319)	(870,547)
Profit before taxation		1,879,646	4,476,505
Taxation	31	(917,771)	(1,630,856)
Profit after taxation		961,875	2,845,649
		(Rupees)	
Earnings per share - basic and diluted	32	12.03	35.59

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

	2014	(Restated) 2013
	(Rupees in thousand)	
Profit after taxation	961,875	2,845,649
Other comprehensive income		
Items that will not be reclassified to Profit and Loss		
Remeasurements of post employment benefit obligations - note 19	56,318	(204,249)
Deferred tax thereon	(18,760)	61,340
	37,558	(142,909)
Total comprehensive income	999,433	2,702,740

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(1,216,724)	6,283,015
Income tax paid		(2,007,030)	(1,584,835)
Decrease in long term loans and advances		10,756	13,171
Payment made to pension fund		(82,920)	(69,778)
Payment made to gratuity fund		(14,676)	(7,217)
Post retirement medical benefits paid		(4,462)	-
Net cash flow (used in) / from operating activities		(3,315,056)	4,634,356
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,025,917)	(977,992)
Purchase of intangible assets		(100)	(2,816)
Proceeds from disposal of property, plant and equipment		4,131	600
Return on treasury bills received		102,334	199,392
Return received on bank accounts		697,573	558,259
Return on Pakistan Investment Bonds		42,259	-
Net cash flow used in investing activities		(179,720)	(222,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,194,855)	(1,195,924)
Net (decrease) / increase in cash and cash equivalents		(4,689,631)	3,215,875
Cash and cash equivalents at beginning of the year		16,494,400	13,278,525
Cash and cash equivalents at end of the year	34	11,804,769	16,494,400

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		Special reserve (note 18.2)	Total
	Issued, subscribed and paid-up	Capital compensation reserve (note 18.1)	Exchange equalisation reserve	General reserve	Unappropriated profit		
	(Rupees in thousand)						
Balance as at July 1, 2012 as previously reported	799,666	10,142	4,117	17,888,000	2,772,726	3,751,744	25,226,395
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax - note 3	-	-	-	-	42,711	21,356	64,067
Balance as at July 1, 2012 as restated	799,666	10,142	4,117	17,888,000	2,815,437	3,773,100	25,290,462
Total comprehensive income for the year ended June 30, 2013							
- Profit for the year ended June 30, 2013	-	-	-	-	2,845,649	-	2,845,649
- Other comprehensive income for the year ended June 30, 2013	-	-	-	-	(142,909)	-	(142,909)
	-	-	-	-	2,702,740	-	2,702,740
Transfer to general reserve	-	-	-	1,573,000	(1,573,000)	-	-
Final dividend for the year ended June 30, 2012 - Rs. 15 per share	-	-	-	-	(1,199,498)	-	(1,199,498)
Balance as at June 30, 2013 as restated	799,666	10,142	4,117	19,461,000	2,745,679	3,773,100	26,793,704
Total comprehensive income for the year ended June 30, 2014							
- Profit for the year ended June 30, 2014	-	-	-	-	961,875	-	961,875
- Other comprehensive income for the year ended June 30, 2014	-	-	-	-	37,558	-	37,558
	-	-	-	-	999,433	-	999,433
Transfer to general reserve	-	-	-	1,600,000	(1,600,000)	-	-
Final dividend for the year ended June 30, 2013 - Rs. 15 per share	-	-	-	-	(1,199,498)	-	(1,199,498)
Balance as at June 30, 2014	799,666	10,142	4,117	21,061,000	945,614	3,773,100	26,593,639

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND OPERATIONS

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

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

The Company has planned to upgrade its plant to enhance its production capacity, to comply with the Government directives to produce environment friendly products and to meet country's growing demand for various products. In this respect, refinery upgradation projects' engineering design has been completed and the Engineering, Procurement, Construction and Commissioning (EPCC) Contractor is being appointed to execute the projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 3.

2.1 Basis of preparation

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

2.2 Critical accounting estimates and judgments

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

i. Taxation

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

ii. Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 19.

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

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

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

2.3 Changes in accounting standards, interpretations and pronouncements

a) New and amended standards and interpretations that are effective in the current year

The amendments to following standard has been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

Amendment to IAS 19 - 'Employee benefits'. The change in the Company's accounting policies have been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / (asset). Impacts on the financial statements due to these changes have been disclosed in note 3 of these financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are not relevant

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2013 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

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

There are no other standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

2.4 Overall Valuation Policy

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

2.5 Property, plant and equipment

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

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

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

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

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

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

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

2.6 Intangible assets

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

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

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

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

2.7 Investments

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

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

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

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

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

Impairment, if any is charged to profit and loss account.

2.8 Stores, spares and chemicals

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

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

2.9 Stock-in-trade

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

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

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

2.10 Trade debts and other receivables

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

2.11 Cash and cash equivalents

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

2.12 Staff retirement benefits

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

2.12.1 Defined contribution plan

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

2.12.2 Defined benefit plans

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

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

The Company operates the following schemes:

i) Funded pension scheme for permanent, regular and full time managerial and supervisory staff of the Company who joined prior to January 01, 2012. Contributions are made to the fund on the basis of actuarial valuation and are charged to income. The most recent valuation of the scheme was carried out as at June 30, 2014, using the ‘Projected Unit Credit Method’.

ii) Funded gratuity scheme for non-management permanent employees of the Company. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2014, using the ‘Projected Unit Credit Method’.

iii) Funded medical scheme for its management employees who joined the Company prior to 1 September 2006. Provision is made annually to cover obligations under the scheme, by way of a charge to income, calculated in accordance with the actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2014, using the ‘Projected Unit Credit Method’.

iv) Funded gratuity scheme for management employees of the Company joining on or after January 1, 2012. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2014, using the ‘Projected Unit Credit Method’. The fund for the scheme has been established during the year for which the approval has been obtained from Commissioner Inland Revenue.

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

Past-service costs are recognised immediately in income.

2.13 Compensated absences

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

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2014 using the 'Projected Unit Credit Method'.

2.14 Trade and other payables

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

2.15 Provisions

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

2.16 Taxation

2.16.1 Current

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

2.16.2 Deferred

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

2.17 Revenue recognition

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

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

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

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

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

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

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

2.18 Borrowings and their cost

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

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

2.19 Foreign currency transactions and translation

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

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

2.20 Financial assets and liabilities

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

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

2.21 Segment reporting

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

2.22 Dividends and appropriation to general reserve

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

3. CHANGES IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost / (income) based on the net defined benefit liability / (asset) at the discount rate measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / (income). The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur, which are not later reclassified to profit and loss account.

Following the application of IAS 19 (revised), the Company's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur, which are not later reclassified to profit and loss account.

- 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 corresponding figures have been restated.

Consequent to recognition of remeasurements in other comprehensive income, the Company has also presented the 'Profit and Loss Account' and 'Total Comprehensive Income' separately as two statements. Previously there was no other comprehensive income item.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	June 30, 2013	July 1, 2012
	(Rupees in thousand)	
Impact on Balance Sheet		
(Increase) / decrease in retirement benefit obligation		
Pension fund	(190,450)	69,142
Medical fund	104,543	60,082
Gratuity fund - Non-management	(24,335)	(37,292)
Gratuity fund - Management	(377)	-
	(110,619)	91,932
Decrease / (increase) in deferred tax liability	32,969	(27,865)
Increase in special reserve	(21,356)	(21,356)
(Decrease) / increase in unappropriated profit	(99,006)	42,711
Decrease in unappropriated profit cumulative effect from prior years	-	42,711
Impact on total comprehensive income for the year ended	(141,717)	-

	June 30, 2013	July 1, 2012
	(Rupees in thousand)	
Impact on Profit and Loss		
Decrease in cost of sales	1,070	-
Decrease in distribution and marketing expenses	102	-
Decrease in administrative expenses	526	-
Increase in taxation expense	(506)	-

Impact on Other Comprehensive Income

Items that will not be reclassified to profit and loss account

Increase in remeasurement losses - net	(204,249)
Decrease in deferred taxation	61,340
	(142,909)

Impact on Segment Information

	June 30, 2013		
	Fuel	Lube	Total
Decrease in total comprehensive income	(47,636)	(95,273)	(142,909)
Increase in segment liabilities	36,873	73,746	110,619
Decrease in unallocated liabilities			32,969

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), on 'earnings per share' for the year ended June 30, 2013 is Rs. 0.02. There is no cash flow impact as a result of the retrospective application of change in accounting policy.

	2014	2013
	(Rupees in thousand)	

4. FIXED ASSETS

	2014	2013
Property, plant and equipment		
- Operating assets - note 4.1	2,878,179	2,977,683
- Major spare parts and stand-by equipments - note 4.2	164,123	149,193
- Capital work-in-progress - note 4.3	2,017,277	1,232,954
	5,059,579	4,359,830
Intangible assets - note 4.4	1,643	3,106
	5,061,222	4,362,936

4.1 Operating assets

	Leasehold land (note 4.1.1)	Buildings on leasehold land	Oil terminal	Processing plant and storage tanks	Power generation plant	Pipelines	Water, power and other utilities	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipments	Total
	(Rupees in thousand)											
Year ended June 30, 2014												
Opening net book value	46,625	178,080	377,978	1,227,299	70,599	178,159	470,514	14,639	5,228	8,845	399,717	2,977,683
Additions including transfers - note 4.1.2	-	13,766	4,092	4,732	574	7,517	146,518	6,112	860	6,343	36,754	227,268
Disposals												
Cost	-	-	-	-	-	-	(1,067)	(7,237)	-	-	(84)	(8,388)
Depreciation	-	-	-	-	-	-	1,067	6,093	-	-	84	7,244
	-	-	-	-	-	-	-	(1,144)	-	-	-	(1,144)
Depreciation charge	(600)	(15,308)	(31,841)	(123,831)	(38,436)	(24,767)	(44,094)	(3,271)	(814)	(5,890)	(36,776)	(325,628)
Closing net book value	46,025	176,538	350,229	1,108,200	32,737	160,909	572,938	16,336	5,274	9,298	399,695	2,878,179
As at June 30, 2014												
Cost	60,035	426,726	671,304	5,138,835	759,327	419,481	1,476,704	78,517	13,467	62,098	701,470	9,807,964
Accumulated depreciation	(14,010)	(250,188)	(321,075)	(4,030,635)	(726,590)	(258,572)	(903,766)	(62,181)	(8,193)	(52,800)	(301,775)	(6,929,785)
Net book value	46,025	176,538	350,229	1,108,200	32,737	160,909	572,938	16,336	5,274	9,298	399,695	2,878,179
Year ended June 30, 2013												
Opening net book value	47,225	184,835	406,267	1,165,551	96,013	190,771	441,413	13,440	5,275	8,721	380,066	2,939,577
Additions including transfers - note 4.1.2	-	8,329	4,081	178,037	11,460	11,583	69,335	5,519	730	4,042	53,213	346,329
Disposals												
Cost	-	-	-	-	-	-	-	(1,765)	-	-	(68)	(1,833)
Depreciation	-	-	-	-	-	-	-	1,750	-	-	60	1,810
	-	-	-	-	-	-	-	(15)	-	-	(8)	(23)
Depreciation charge	(600)	(15,084)	(32,370)	(116,289)	(36,874)	(24,195)	(40,234)	(4,305)	(777)	(3,918)	(33,554)	(308,200)
Closing net book value	46,625	178,080	377,978	1,227,299	70,599	178,159	470,514	14,639	5,228	8,845	399,717	2,977,683
As at June 30, 2013												
Cost	60,035	412,960	667,212	5,134,103	758,753	411,964	1,331,253	79,642	12,607	55,755	664,800	9,589,084
Accumulated depreciation	(13,410)	(234,880)	(289,234)	(3,906,804)	(688,154)	(233,805)	(860,739)	(65,003)	(7,379)	(46,910)	(265,083)	(6,611,401)
Net book value	46,625	178,080	377,978	1,227,299	70,599	178,159	470,514	14,639	5,228	8,845	399,717	2,977,683
Annual Rate of Depreciation %	1	5	5 to 20	5 & 33.33	7 & 20	8	5 & 33.33	20	7.5	10 & 33.33	5 to 20	

4.1.1 Leasehold land includes land subleased / licensed to the following lessees / licensees:

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

The carrying value of each of the above is immaterial.

4.1.2 During the year, the following amounts have been transferred from capital work-in-progress (note 4.3) to operating assets (note 4.1):

	2014	2013
	(Rupees in thousand)	
Buildings on leasehold land	13,766	8,329
Oil terminal	4,092	2,307
Processing plant and storage tanks	4,732	187,715
Pipelines	7,517	11,583
Water, power and other utilities	146,518	64,474
Office and other equipments	13,269	32,347
	189,894	306,755

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

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of buyer
	← (Rupees in thousand) →					
Vehicle	1,274	614	660	522	Company Policy	Mr. Abdus Sattar
Vehicle	1,319	835	484	810	Company Policy	Mr. Nisar Ahmed Khan
Written down value below Rs. 50,000 each						
Vehicles	4,644	4,644	-	2,799		
Office and other equipments	84	84	-	-		
Water, power and other utilities	1,067	1,067	-	-		
	8,388	7,244	1,144	4,131		

	2014	2013
	(Rupees in thousand)	
4.2 MAJOR SPARE PARTS AND STAND-BY EQUIPMENTS		
Gross carrying value		
Balance at beginning of the year	275,062	283,801
Additions during the year	206,064	96,377
Transfers made during the year	(191,738)	(105,116)
Balance at end of the year	289,388	275,062
Provision for impairment - note - 4.2.1	(125,265)	(125,869)
Net carrying value	164,123	149,193

4.2.1 During the year net reversal of provision amounting to Rs. 0.60 million (2013: Net charge of Rs. 4.19 million) has been recognised.

	2014	2013
	(Rupees in thousand)	
4.3 Capital work-in-progress		
Opening balance	1,232,954	592,552
Additions during the year	974,217	947,157
Transfers during the year - note 4.1.2	(189,894)	(306,755)
Closing balance - note 4.3.1	2,017,277	1,232,954

4.3.1 As at June 30, 2014 and 2013, capital work-in-progress represents:

	2014	2013
Buildings on leasehold land	2,961	2,823
Oil terminal	16,377	14,642
Refineries upgradation projects - note 4.3.1.1 and 18.3	1,777,174	1,096,437
Processing plant and storage tanks	65,993	40,318
Pipelines	18,116	6,188
Water, power and other utilities	25,667	3,388
Office and other equipments	64,628	19,415
Computer software under development	21,668	19,818
Advances to contractors / suppliers	24,693	29,925
	2,017,277	1,232,954

4.3.1.1 This relates to cost associated with front end engineering designs and process licenses in relation to the fuel and lube refineries upgradation projects. These projects have been undertaken; (i) to comply with the government's directives to produce High Speed Diesel with low sulphur contents and; (ii) to enhance Company's profitability on a sustainable basis.

4.4 INTANGIBLE ASSETS – Computer softwares

	2014	2013
	(Rupees in thousand)	
Net carrying value		
Balance at beginning of the year	3,106	1,484
Additions during the year	100	2,816
Amortisation for the year	(1,563)	(1,194)
Balance at end of the year	1,643	3,106
Gross carrying value		
Cost	55,549	55,449
Accumulated amortisation	(53,906)	(52,343)
Net book value	1,643	3,106

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

5. DEFERRED TAXATION

	2014	(Restated) 2013
	(Rupees in thousand)	
Debit / (Credit) balances arising in respect of:		
Provisions for:		
- slow moving & obsolete stores, spares and chemicals	156,603	164,430
- duties and taxes	14,331	63,803
- long term investment, doubtful debts, doubtful receivables, staff retirement benefits, pending litigations and others	3,501	141,656
- old outstanding liabilities offered for tax	142,696	135,971
	317,131	505,860
Minimum tax - note 5.1	366,803	-
Accelerated tax depreciation and amortisation	(518,590)	(553,179)
	165,344	(47,319)

5.1 Deferred tax debit balance is recognised on minimum tax based on the projected taxable profits of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as international oil prices, exchange rates and inflation. Any significant change in the key assumptions may have an effect on the realisibility of the deferred tax asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in thousand)	
6. LONG TERM INVESTMENT		
Available for sale		
Anoud Power Generation Limited [1,080,000 (2013: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2013: 9.09 percent)]	10,800	10,800
Less: Provision for impairment	10,800	10,800
	-	-

	2014	2013
7. LONG TERM LOANS		
Loans - considered good		
Secured - note 7.2		
- Executives	38,257	48,703
- Employees	16,179	18,440
	54,436	67,143
Less: Recoverable within one year shown under current assets - note 12		
- Executives	11,521	13,524
- Employees	2,278	2,547
	13,799	16,071
	40,637	51,072
Unsecured - note 7.3		
- Executives	452	388
- Employees	747	1,491
	1,199	1,879
Less: Recoverable within one year shown under current assets - note 12		
- Executives	178	207
- Employees	172	502
	350	709
	849	1,170
	41,486	52,242

7.1 Reconciliation of the carrying amount of loans:

	2014			2013		
	Executives	Employees	Total	Executives	Employees	Total
	(Rupees in thousand)					
Balance at beginning of the year	49,091	19,931	69,022	56,650	26,051	82,701
Effect of promotions to Executives	2,179	(2,179)	-	5,024	(5,024)	-
Add: Disbursements	7,008	8,505	15,513	4,620	2,870	7,490
Less: Recoveries	(19,569)	(9,331)	(28,900)	(17,203)	(3,966)	(21,169)
Balance at end of the year	38,709	16,926	55,635	49,091	19,931	69,022

7.2 The secured loans to executives and employees are for the purchase of motor cars and house building. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period ranging between 5 to 10 (2013: 5 to 10) years. Certain of these loans are interest free, whereas others carry interest ranging from 3% to 7% (2013: 3% to 7%) per annum in case of motor car loans and 5% (2013: 5%) per annum in case of house loans. These loans are secured against original title documents of respective assets.

7.3 The unsecured loans to executives and employees are either personal loans or given for the purchase of furniture and motor cycles. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period of 4 to 12 (2013: 4 to 12) years and are interest free.

8. LONG TERM DEPOSITS

	2014	2013
	(Rupees in thousand)	
Utilities	14,216	14,216
Others	15,973	15,973
	30,189	30,189

9. STORES, SPARES AND CHEMICALS

	2014	2013
In hand		
- Stores	495,899	268,358
- Spares	825,762	788,730
- Chemicals	151,657	111,281
	1,473,318	1,168,369
In transit	86,387	45,920
	1,559,705	1,214,289
Provision for slow moving and obsolete stores, spares and chemicals - note 9.1	(410,277)	(426,211)
	1,149,428	788,078

9.1 The Company made a reversal of provision for slow moving and obsolete stores, spares and chemicals of Rs. 15.93 million (2013: Rs. 19.22 million).

	2014	2013
	(Rupees in thousand)	
10. STOCK-IN-TRADE		
Crude oil and condensate [including in transit Rs. Nil (2013: Rs. 156.35 million)]	9,062,132	5,796,476
Semi finished products	2,471,067	2,906,729
Finished products - notes 10.1 and 10.2	12,323,361	13,860,549
	23,856,560	22,563,754

10.1 As at June 30, stock of finished goods has been written down by Rs. 154.71 million (2013: Rs. 32.36 million) to arrive at its net realisable value.

	2014	2013
	(Rupees in thousand)	
10.2 Includes stocks held with the following third parties:		
Lube based oils for export sales at Keamari terminal		
- Karachi Bulk Storage & Terminals (Pvt.) Limited	-	402,025
- Home Products International (Pvt.) Limited	200,164	-
Fuel products for onward sale to customers		
- Eastern Joint Hydrant Depot	-	107,547
- Pakistan State Oil Company Limited	63,125	83,970
	263,289	593,542

11. TRADE DEBTS - unsecured

	2014	2013
Considered good		
- Related party - Attock Petroleum Limited - note 11.1	8,257,036	6,714,759
- Others - note 11.2	1,950,032	4,262,233
Considered doubtful	7,832	21,174
	10,214,900	10,998,166
Provision for doubtful debts	(7,832)	(21,174)
	10,207,068	10,976,992

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

11.2 The age analysis of debt past due but not impaired is as follows:

	2014	2013
	(Rupees in thousand)	
Up to 3 months	424	39,514
3 to 6 months	314	2,456
More than 6 months	9,087	10,441

12. LOANS AND ADVANCES

	2014	2013
Loans - considered good		
Current portion of long term loans - note 7		
Secured		
- Executives	11,521	13,524
- Employees	2,278	2,547
	13,799	16,071
Unsecured		
- Executives	178	207
- Employees	172	502
	350	709
Short term loans to employees - unsecured, interest free	1,306	715
Advances		
- Executives	732	1,147
- Employees	1,117	1,712
- Suppliers	31,128	15,922
	32,977	18,781
	48,432	36,276

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2014	2013
Deposits	3,264	598
Prepayments		
- Insurance	194	886
- Advisory and arrangement fee - note 13.1	41,745	-
- Others	8,034	6,737
	49,973	7,623
	53,237	8,221

13.1 This represents arrangement fee paid for syndicated term finance facility from consortium of banks for amounts upto Rs. 24.2 billion in respect of financing for the Refinery Upgradation projects.

14. OTHER RECEIVABLES – considered good

	2014	2013
	(Rupees in thousand)	
Receivable from related parties:		
- Attock Petroleum Limited	4,441	4,894
- Attock Refinery Limited	7,026	8,811
Others:		
- Government of Pakistan - note 14.1	232,809	232,809
- Workers' profits participation fund - note 14.2	18,952	-
- Various - note 14.3	38,676	28,197
	301,904	274,711

14.1 This represents price differential claims receivable from Government of Pakistan. On behalf of oil refineries, Oil Companies Advisory Committee (OCAC) has presented the claims before the Ministry of Petroleum & Natural Resources, which are under review.

14.2 Workers' profits participation fund

	2014	2013
	(Rupees in thousand)	
Payable at beginning of the year	(16,256)	(14,091)
Allocation for the year - note 29	(101,049)	(241,256)
Interest on funds utilised in the Company's business - note 30	(1,904)	(2,041)
	(119,209)	(257,388)
Amount paid to the Trustees of the Fund	138,161	241,132
Receivable / (payable) at end of the year	18,952	(16,256)

14.3 This includes deposit with Sindh High Court as per Court's Order on account of dispute with Karachi Water and Sewerage Board relating to bills of sewerage charges amounting to Rs. 28.50 million (2013: Rs. 21.07 million).

15. SHORT TERM INVESTMENTS

	2014	2013
	(Rupees in thousand)	
Held to maturity		
3 months treasury bills - at amortised cost	-	492,524
Loans and receivables		
Pakistan Investment Bonds - note 15.1	3,002,863	-
	3,002,863	492,524

15.1 This represent placement in Pakistan Investment Bonds through Investment Participation Account (IPA) maintained with an authorised banker. These placements have been agreed to be repurchased by the authorised banker on July 07, 2014 with fixed rate of return of 9% per annum.

	2014	2013
	(Rupees in thousand)	
16. CASH AND BANK BALANCES		
Cash and pay order In hand	138,653	500
With banks on:		
Current accounts	46,283	99,350
Savings accounts - note 16.1	4,305,415	6,863,890
Deposit accounts - notes 16.1 and 16.2	4,314,514	9,041,135
	8,666,212	16,004,375
	8,804,865	16,004,875

16.1 These carry mark-up rates varying from 6% to 10.10% (2013: 6% to 11.90%) per annum.

16.2 These will mature in July 2014 and include Rs. 365.22 million (2013: Rs. 345.64 million) under lien with banks against bank guarantees issued on behalf of the Company.

17. SHARE CAPITAL

Number of shares		2014	2013
		(Rupees in thousand)	
Authorised			
100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
Issued, subscribed and paid-up			
59,450,417	Ordinary shares of Rs. 10 each fully paid in cash	594,504	594,504
6,469,963	Ordinary shares of Rs. 10 each issued for consideration other than cash	64,700	64,700
14,046,180	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	140,462	140,462
79,966,560		799,666	799,666

17.1 As at June 30, 2014 and 2013, Attock Group holds 51% equity stake in the Company through the following companies:

	2014	2013
	(Number of shares)	
- Attock Refinery Limited	19,991,640	19,991,640
- Pakistan Oilfields Limited	19,991,640	19,991,640
- Attock Petroleum Limited	799,665	799,665

18. RESERVES

	2014	(Restated) 2013
	(Rupees in thousand)	
Capital reserves		
Capital compensation reserve - note 18.1	10,142	10,142
Exchange equalisation reserve	4,117	4,117
	14,259	14,259
Revenue reserves		
General reserve	21,061,000	19,461,000
Unappropriated profit	945,614	2,745,679
	22,006,614	22,206,679
Special reserve - note 18.2 and 18.3	3,773,100	3,773,100
	25,793,973	25,994,038

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

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

During 2013, Government of Pakistan issued a policy framework for up-gradation and expansion of refinery project which interalia states that:

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

- the amount of profits above 50% will be accumulated in the Special Reserve account as per the pricing formula (including unutilised balance), which shall along with amounts presently available with refineries be deposited on half yearly basis (with final adjustment on annual basis) in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for up-gradation of refineries.

Based on above the Company has not transferred loss for the year ended June 30, 2014 on fuel refinery operations to special reserve and is in discussions with Ministry of Petroleum about the opening of ESCROW Account.

18.3 As at June 30, 2014, the Company has incurred capital expenditure of Rs. 1.78 billion (2013: Rs. 1.10 billion) on upgradation and expansion projects. It includes Rs. 1.58 billion (2013: Rs. 0.91 billion) for the upgradation and expansion of fuel refinery operations.

19. RETIREMENT BENEFIT OBLIGATIONS

19.1 Retirement benefit obligations

19.1.1 The Company operates approved funded pension scheme for permanent management staff who joined prior to January 01, 2012, approved funded gratuity scheme for permanent management employees who joined the Company on or after January 01, 2012, approved funded gratuity scheme for permanent non-management employees and approved funded medical scheme for management employees of the Company who joined prior to September 01, 2006. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2014.

19.1.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plans, including investment decisions, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

19.1.3 The latest actuarial valuation of the Plan as at June 30, 2014 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2014				(Restated) 2013			
	Pension fund	Medical fund	Non-management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non-management gratuity fund	Management gratuity fund
	(Rupees in thousand)							
19.1.4 Balance sheet reconciliation								
Present value of defined benefit obligation at June 30 - note 19.1.5	4,221,851	846,961	152,630	2,683	3,871,133	840,730	128,810	795
Fair value of plan assets at June 30 - note 19.1.6	(3,885,518)	(857,658)	(108,096)	(4,697)	(3,574,309)	(780,502)	(90,649)	-
Deficit / (surplus)	336,333	(10,697)	44,534	(2,014)	296,824	60,228	38,161	795
19.1.5 Movement in the present value of defined benefit obligation								
Balance at July 1	3,871,133	840,730	128,810	795	3,264,638	786,802	118,209	80
Benefits paid by the plan	(243,402)	(27,534)	(5,720)	-	(185,830)	(23,855)	(1,448)	-
Current service cost	99,403	13,753	5,503	1,316	87,931	14,082	5,314	288
Interest cost	389,521	92,267	14,477	232	406,113	105,301	16,557	50
Remeasurement on obligation	105,196	(72,255)	9,560	340	298,281	(41,600)	(9,822)	377
Balance at June 30	4,221,851	846,961	152,630	2,683	3,871,133	840,730	128,810	795
19.1.6 Movement in the fair value of plan assets								
Balance at July 1	3,574,309	780,502	90,649	-	3,252,080	712,300	73,844	-
Contributions paid into the plan	82,920	4,462	10,020	4,656	69,778	-	7,217	-
Benefits paid by the plan	(243,402)	(27,534)	(5,720)	-	(185,830)	(23,855)	(1,448)	-
Interest income	390,574	85,270	10,104	-	399,592	89,196	9,599	-
Remeasurement on plan assets	81,117	14,958	3,043	41	38,689	2,861	1,437	-
Balance at June 30	3,885,518	857,658	108,096	4,697	3,574,309	780,502	90,649	-

	2014				(Restated) 2013			
	Pension fund	Medical fund	Non-management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non-management gratuity fund	Management gratuity fund
	(Rupees in thousand)							
19.1.7 Expense recognised in profit and loss account								
Current service cost	99,403	13,753	5,503	1,316	87,931	14,082	5,314	288
Net interest cost / (income)	(1,053)	6,997	4,373	232	6,521	16,105	6,958	50
Expense recognised in profit and loss account	98,350	20,750	9,876	1,548	94,452	30,187	12,272	338
19.1.8 Remeasurement recognised in other Comprehensive income								
Remeasurement of present value of defined benefit obligation	105,196	(72,255)	9,560	340	298,281	(41,600)	(9,822)	377
Remeasurement of fair value of plan assets	(81,117)	(14,958)	(3,043)	(41)	(38,689)	(2,861)	(1,437)	-
Remeasurements	24,079	(87,213)	6,517	299	259,592	(44,461)	(11,259)	377
19.1.9 Net recognised liability / (asset)								
Net liability at the beginning of the year	296,824	60,228	38,161	795	12,558	74,502	44,365	80
Expense recognised in profit and loss account	98,350	20,750	9,876	1,548	94,452	30,187	12,272	338
Contribution made to the fund during the year	(82,920)	(4,462)	(10,020)	(4,656)	(69,778)	-	(7,217)	-
Remeasurements recognised in other comprehensive income	24,079	(87,213)	6,517	299	259,592	(44,461)	(11,259)	377
Recognised liability / (asset) as at June 30	336,333	(10,697)	44,534	(2,014)	296,824	60,228	38,161	795

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

	Pension fund		Medical fund		Non- management gratuity fund		Management gratuity fund	
	2014	2013	2014	2013	2014	2013	2014	2013
Debt Instrument	86.58%	89.34%	62.05%	63.46%	83.46%	90.79%	36.66%	-
Equity	3.34%	2.93%	0.00%	0.00%	7.54%	7.86%	0.00%	-
Mixed funds	9.28%	7.73%	37.92%	36.50%	0.00%	0.00%	0.00%	-
Others	0.80%	0.00%	0.03%	0.04%	9.00%	1.35%	63.34%	-
19.1.11 Actuarial Assumptions								
Discount rate at June 30	13.00%	11.00%	13.00%	11.00%	13.00%	11.00%	13.00%	11.00%
Future salary increases / increase in cost								
- Two years succeeding year's after valuation	8.00%	8.00%	10.00%	8.00%	10.00%	10.00%	8.00%	10.00%
- Third year	10.00%	8.00%	10.00%	8.00%	10.00%	10.00%	10.00%	10.00%
- Long term increase	12.00%	10.00%	10.00%	8.00%	12.00%	10.00%	12.00%	10.00%
Expected rate of increase in pension	7.00%	5.00%	-	-	-	-	-	-
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

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

19.1.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of national savings scheme and government securities. The Company believes that national savings scheme offer the best returns over the long term with an acceptable level of risk.

19.1.14 The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contributions to gratuity, pension and medical benefit funds in 2015 is expected to amount to Rs. 123.42 million.

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

19.2 Sensitivity analysis for actuarial assumptions

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.5%	(4,962)	5,511
Future salary increases	0.5%	4,434	(4,323)
Future pension increases	0.5%	4,356	(4,097)
Future medical increases	0.5%	905	(795)

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

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity, pension and medical benefit liability recognised within the balance sheet.

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

	2014	2013	2012	2011	2010
	(Rupees in thousand)				

19.3 Historical information

	2014	2013	2012	2011	2010
Pension fund					
Present value of defined benefit obligation	4,221,851	3,871,133	3,264,638	2,938,458	2,478,854
Fair value of plan assets	(3,885,518)	(3,574,309)	(3,252,080)	(2,950,214)	(2659,526)
Deficit / (surplus) in the plan	336,333	296,824	12,558	(11,756)	(180,672)
Experience Adjustments					
Loss / (gain) on obligation	105,196	298,281	20,271	223,123	(8,813)
Gain / (loss) on plan assets	81,117	38,689	(19,252)	104,861	67,285
Medical Benefit					
Present value of defined benefit obligation	846,961	840,730	786,802	728,221	645,699
Fair value of plan assets	(857,658)	(780,502)	(712,300)	(651,744)	(551,351)
(Surplus) / deficit in the plan	(10,697)	60,228	74,502	76,477	94,348
Experience Adjustments					
(Gain) / loss on obligation	(72,255)	(41,600)	(38,084)	7,611	6,556
Gain / (loss) on plan assets	14,958	2,861	(12,454)	5,708	(39,896)
Gratuity fund - Non-management					
Present value of defined benefit obligation	152,630	128,810	118,209	90,789	73,659
Fair value of plan assets	(108,096)	(90,649)	(73,844)	(59,039)	(47,721)
Deficit in the plan	44,534	38,161	44,365	31,750	25,938
Experience Adjustments					
Loss / (gain) on obligation	9,560	(9,822)	10,361	12,092	11,105
Gain / (loss) on plan assets	3,043	1,437	(775)	1,006	(1,199)
Gratuity fund management					
Present value of defined benefit obligation	2,683	795	80	-	-
Fair value of plan assets	(4,697)	-	-	-	-
(Surplus) / deficit in the plan	(2,014)	795	80	-	-
Experience Adjustments					
Loss / (gain) on obligation	340	377	-	-	-
Gain / (loss) on plan assets	41	-	-	-	-

19.4 The Company's contributions towards the provident fund for the year ended June 30, 2014 amounted to Rs. 44.98 million (2013: Rs. 42.18 million).

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

	No. of years
Pension fund	10.5
Gratuity fund - Non-management	10.0
Medical fund	13.5
Gratuity fund - Management	22.7

19.6 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2014.

20. TRADE AND OTHER PAYABLES

	2014	2013
	(Rupees in thousand)	
Trade creditors	18,005,884	19,582,252
Due to Government of Pakistan	1,973,811	925,163
Due to related parties:		
- Attock Petroleum Limited	26,553	36,687
- Attock Refinery Limited	6,575	-
- Pakistan Oilfields Limited	842,851	1,404,680
Accrued liabilities	681,244	709,788
Surplus price differential payable - note 20.1	429,011	273,297
Sales tax payable	1,606,115	1,960,272
Retention money	18,766	15,247
Deposits from contractors	33,332	30,486
Advances from customers	292,455	309,242
Workers' profits participation fund - note 14.2	-	16,256
Workers' welfare fund	70,255	138,914
Income tax deducted at source	260,491	5,106
Unclaimed dividend	68,553	63,910
Excise duty and petroleum levy	604,912	1,067,669
Others	10,461	7,491
	24,931,269	26,546,460

20.1 This represents amount payable in respect of surplus of High Speed Diesel (HSD) price as per Pakistan State Oil Limited's (PSO) actual import price excluding ocean losses over HSD price based on import price parity formula in accordance with the Economic Coordination Committee's decision dated February 26, 2013.

21. PROVISIONS

	2014	2013
	(Rupees in thousand)	
Duties and taxes - note 21.1	29,006	194,220
Others - note 21.2	217,181	217,181
	246,187	411,401

	2014	2013
	(Rupees in thousand)	

21.1 These represent provisions for:

	2014	2013
Claim by the Government	-	165,214
Sales tax and central excise duty - note 21.1.1	29,006	29,006
	29,006	194,220

21.1.1 This represents provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2013: Rs. 29.01 million), determined by the Collectorate of Customs, Sales Tax and Central Excise (Adjudication) in 2004 in respect of goods sold by the Company to one of its customer without deduction of sales tax and central excise duties.

21.2 This includes provision for interest made by the Company aggregating to Rs. 133.83 million (2013: Rs. 133.83 million) in respect of arbitration claim from one of the suppliers of the Company on account of cancellation of a supply contract and Rs. 55.62 million (2013: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.

21.3 Reconciliation of provisions

	2014	2013
	(Rupees in thousand)	
Balance at the beginning of the year	411,401	398,905
(Reversal) / provisions - note 28.1	(165,214)	12,496
Balance at the end of the year	246,187	411,401

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Outstanding counter guarantees at the end of the year amounted to Rs. 365.22 million (2013: Rs. 345.64 million).

22.1.2 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 4.53 billion (2013: Rs. 4.57 billion). These include claims accumulating to Rs. 4.31 billion (2013: Rs. 4.30 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 16.45 million (2013: Rs. 16.49 million) relating to freight claims.

22.1.3 The Company has raised claims on certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivables aggregating to Rs. 5.07 billion (2013: Rs. 5.08 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

22.2 Commitments

22.2.1 Commitments outstanding for capital expenditures as at June 30, 2014 amounted to Rs. 426.87 million (2013: Rs. 603.56 million).

22.2.2 Outstanding letters of credit at the end of the year amounted to Rs. 19.87 billion (2013: Rs. 17.35 billion).

23. GROSS SALES

	2014	2013
	(Rupees in thousand)	
Local	222,444,797	193,716,679
Exports	27,324,462	22,406,363
	249,769,259	216,123,042

24. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL

	2014	2013
	(Rupees in thousand)	
Trade discounts	1,078,559	1,089,998
Sales tax	32,321,508	26,807,541
Excise duty	495	518
Petroleum levy	8,392,121	8,767,273
Surplus price differential - note 20.1	573,318	273,297
	42,366,001	36,938,627

25. COST OF SALES

	2014	(Restated) 2013
	(Rupees in thousand)	
Opening stock of semi-finished products	2,906,729	5,091,602
Crude oil, condensate and drums consumed - notes 25.1 and 25.2	197,525,738	167,422,607
Stores, spares and chemicals consumed	563,626	472,150
Salaries, wages and staff benefits - note 25.3	1,056,818	1,052,367
Staff transport and canteen	114,645	98,307
Fuel, power and water	2,358,527	2,119,510
Rent, rates and taxes	43,962	37,309
Insurance	260,433	249,233
Contract services	61,235	59,206
Repairs and maintenance	89,837	317,392
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(16,538)	(15,029)
Depreciation - note 4.1	290,036	272,656
Health, safety, environment and related cost	5,524	5,734
Professional charges	3,159	1,529
Consultancy charges	7,725	5,605
Others	5,947	4,607
	202,370,674	172,103,183
Closing stock of semi-finished products - note 10	(2,471,067)	(2,906,729)
Cost of products manufactured	202,806,336	174,288,056
Opening stock of finished products	13,860,549	13,689,998
Closing stock of finished products - note 10	(12,323,361)	(13,860,549)
	1,537,188	(170,551)
	204,343,524	174,117,505

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in thousand)	
25.1 Crude oil, condensate and drums consumed		
Crude oil and condensate		
- Opening stock	5,796,476	6,578,110
- Purchases	200,565,489	166,130,365
- Closing stock - note 10	(9,062,132)	(5,796,476)
	197,299,833	166,911,999
Drums	225,905	510,608
	197,525,738	167,422,607

25.2 Cost of crude oil and condensate consumed in respect of non-finalised Crude Oil Sale Agreements has been recorded provisionally in line with notifications of the Ministry of Petroleum & Natural Resources.

25.3 Includes Rs. 85.39 million (2013: Rs. 90.94 million) and Rs. 31.22 million (2013: Rs. 28.94 million) in respect of defined benefit and defined contribution plans respectively.

26. DISTRIBUTION AND MARKETING EXPENSES

	2014	(Restated) 2013
	(Rupees in thousand)	
Salaries and staff benefits - note 26.1	57,858	58,698
Staff transport and canteen	6,910	6,058
Stores, spares and chemicals consumed	1,527	3,433
Commission on local sales	548,469	543,639
Commission on export sales	274,226	224,634
Export expenses	139,798	114,806
Depreciation - note 4.1	22,313	22,481
Storage charges	-	26,120
Repairs and maintenance	10,460	12,703
Postage and periodicals	3,637	3,048
Selling expenses	6,942	8,313
Pipeline charges	5,566	3,152
Others	14,582	10,484
	1,092,288	1,037,569

26.1 Includes Rs. 7.24 million (2013: Rs. 7.40 million) and Rs. 2.56 million (2013: Rs. 2.16 million) in respect of defined benefit and defined contribution plans respectively.

	2014	(Restated) 2013
	(Rupees in thousand)	

27. ADMINISTRATIVE EXPENSES

	2014	2013
Salaries and staff benefits - note 27.1	332,913	335,302
Staff transport and canteen	34,274	28,716
Directors' fee	2,905	3,520
Rent, rates and taxes	2,131	2,662
Depreciation - note 4.1	13,279	13,063
Amortisation of intangible assets - note 4.4	1,563	1,194
Legal and professional charges	1,889	2,365
Printing and stationery	5,872	6,692
Contract services	26,090	33,515
Repairs and maintenance	42,221	35,763
Telecommunication	6,540	5,876
Electricity and power	3,972	3,611
Insurance	1,027	1,621
Training and seminar	550	829
Travelling expenses	10,826	5,717
Postage and periodicals	7,375	6,119
Security charges	25,498	16,416
Others	6,111	4,532
	525,036	507,513

27.1 Includes Rs. 37.90 million (2013: Rs. 38.91 million) and Rs. 11.20 million (2013: Rs. 11.08 million) in respect of defined benefit and defined contribution plans respectively.

	2014	2013
	(Rupees in thousand)	

28. OTHER INCOME

	2014	2013
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts	652,296	533,693
- Secured loans to employees and executives	597	652
- Treasury bills	99,335	171,889
- Financial asset - loans and receivables	45,218	-
	797,446	706,234
Others		
Handling and storage income	210,609	160,818
Hospitality income	50,243	44,077
Liabilities no longer payable written back - note 28.1	321,411	1,224,109
Profit on disposal of property, plant and equipment	2,987	577
Sale of scrap and empties	32,043	5,015
Pipeline charges recovered	5,371	5,603
Rental income	8,495	7,796
Profit commission	6,504	5,327
Encashment of bank guarantee	-	12,287
Tender fees	181	229
Others	862	7,671
	1,436,152	2,179,743

28.1 This include write back of liabilities considered no longer payable consequent to finalisation of certain local crude oil / condensate sale and purchase agreements amounting to Rs. 68.19 million (2013: Rs. 516.28 million), settlement of old yield differentials with supplier during the year amounting to Rs. 86.64 million (2013: Rs. 605.31 million) and resolution of Government of Pakistan (GoP) claim amounting to Rs. 165.21 million.

	2014	2013
	(Rupees in thousand)	

29. OTHER OPERATING EXPENSES

	2014	2013
Workers' profits participation fund - note 14.2	101,049	241,256
Workers' welfare fund	38,360	107,019
Auditors' remuneration - note 29.1	7,088	6,144
Corporate Social Responsibility	100	100
	146,597	354,519

29.1 Auditors' remuneration

	2014	2013
Audit fee	2,000	1,815
Taxation services	3,427	2,725
Fee for review of half yearly financial information, special reports and certifications	1,240	1,177
Out-of-pocket expenses	421	427
	7,088	6,144

30. FINANCE COST

	2014	2013
Mark-up on late payment to supplier	-	12,452
Exchange loss - note 30.1	848,465	853,776
Interest on workers' profits participation fund	1,904	2,041
Guarantee commission and service charges	1,517	1,330
Bank charges	433	948
	852,319	870,547

30.1 This is net of exchange gain on export sales amounting Rs. 116.59 million (2013: Rs. 68.02 million).

31. TAXATION

	2014	(Restated) 2013
	(Rupees in thousand)	
Current		
- for the year	1,175,376	1,759,226
- for prior year	(26,182)	(36,517)
	1,149,194	1,722,709
Deferred	(231,423)	(91,853)
	917,771	1,630,856

31.1 Relationship between tax expense and accounting profit

	2014	(Restated) 2013
	(Rupees in thousand)	
Accounting profit before taxation	1,879,646	4,476,505
Tax at the applicable tax rate of 34% (2013: 35%)	639,080	1,566,777
Tax effect of expenses not allowed for tax	34	438
Tax effect of Final Tax Regime	327,039	143,850
Effect of tax credits	(13,716)	(39,341)
Effect of income taxable at lower rate	(1,679)	(1,984)
Effect of prior year tax	(26,182)	(36,517)
Effect of change in tax rate	(6,805)	(2,367)
Tax expense for the year	917,771	1,630,856

32. EARNINGS PER SHARE - basic and diluted

	2014	(Restated) 2013
Profit after taxation (Rupees in thousand)	961,875	2,845,649
Weighted average number of ordinary shares in issue (in thousand)	79,967	79,967
Basic earnings per share (Rupees)	12.03	35.59

There were no dilutive potential ordinary shares in issue as at June 30, 2014 and 2013.

33. CASH (USED IN) / GENERATED FROM OPERATIONS

	2014	(Restated) 2013
	(Rupees in thousand)	
Profit before taxation	1,879,646	4,476,505
Adjustment for non cash charges and other items:		
Depreciation and amortisation	327,191	309,394
Provision for pension	98,350	94,452
Provision for gratuity	11,424	12,610
Provision for post retirement medical benefits	20,750	30,187
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(16,538)	(15,029)
Return / interest on PLS savings and deposit accounts	(652,296)	(533,693)
Return on treasury bills	(99,335)	(171,889)
Return on Pakistan Investment Bonds	(45,218)	-
Profit on disposal of property, plant and equipment	(2,987)	(577)
(Increase) / Decrease in working capital - note 33.1	(2,737,711)	2,081,055
	(1,216,724)	6,283,015

	2014	(Restated) 2013
	(Rupees in thousand)	
33.1 (Increase) / Decrease in working capital		
(Increase) / Decrease in current assets		
Stores, spares and chemicals	(345,416)	217,705
Stock-in-trade	(1,292,806)	2,795,956
Trade debts	769,924	2,285,192
Loans and advances	(12,156)	3,851
Deposits and prepayments	(45,016)	(1,555)
Other receivables	(27,193)	(26,585)
	(952,663)	5,274,564
(Decrease) / Increase in current liabilities		
Trade and other payables	(1,619,834)	(3,206,005)
Provisions	(165,214)	12,496
	(2,737,711)	2,081,055

	2014	2013
	(Rupees in thousand)	
34. CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,804,865	16,004,875
Short term investments	2,999,904	489,525
	11,804,769	16,494,400
35. UNAVAILED CREDIT FACILITIES		
Short term running finance - note 35.1	1,000,000	350,000
Letters of credit and guarantee - note 35.2	37,781,480	36,873,379

35.1 Short term running finance

The rates of mark-up on these finance ranges between 9.39% and 10.73% (2013: 9.58% and 12.48%) per annum, payable quarterly.

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

35.2 Letters of credit and guarantee

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

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(Rupees in thousand)					
Managerial remuneration	9,828	5,806	331,239	10,190	5,616	330,088
Bonus	1,538	630	33,700	2,772	1,555	68,020
Retirement benefits	-	1,613	88,491	372	1,493	84,737
House rent	4,154	2,358	134,266	4,202	2,184	132,045
Conveyance	316	448	37,514	289	409	35,486
Leave benefits	853	506	33,647	2,296	473	37,506
	16,689	11,361	658,857	20,121	11,730	687,882
Number of person(s)	1	1	372	1	1	392

36.1 In addition to the above, fee to executive and non-executive directors during the year amounted to Rs. 0.77 million (2013: Rs. 1.16 million) and Rs. 2.14 million (2013: Rs. 2.36 million) respectively.

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

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Financial assets and liabilities

	Interest/mark-up bearing			Non-interest/mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
Financial assets							
Loans and receivables							
Loans and advances	1,706	7,458	9,164	15,598	34,028	49,626	58,790
Deposits	-	-	-	3,264	30,189	33,453	33,453
Trade debts	-	-	-	10,207,068	-	10,207,068	10,207,068
Accrued interest	-	-	-	40,843	-	40,843	40,843
Other receivables	-	-	-	301,904	-	301,904	301,904
Cash and bank balances	8,619,929	-	8,619,929	184,936	-	184,936	8,804,865
Short term investments	3,002,863	-	3,002,863	-	-	-	3,002,863
2014	11,624,498	7,458	11,631,956	10,753,613	64,217	10,817,830	22,449,786
2013	16,399,724	8,973	16,408,697	11,456,450	73,458	11,529,908	27,938,605
Financial liabilities							
Trade and other payables	241,365	-	241,365	21,426,665	-	21,426,665	21,668,030
2014	241,365	-	241,365	21,426,665	-	21,426,665	21,668,030
2013	529,943	-	529,943	22,245,761	-	22,245,761	22,775,704
On balance sheet gap							
2014	11,383,133	7,458	11,390,591	(10,673,052)	64,217	(10,608,835)	781,756
2013	15,869,781	8,973	15,878,754	(10,789,311)	73,458	(10,715,853)	5,162,901
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							426,874
Letters of credit							8,709,932
Letters of guarantees							365,215
2014							9,502,021
2013							18,295,816

37.2 Financial risk management objectives and policies

(i) Capital Risk Management

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

The capital structure of the Company is equity based with no financing through long term borrowings.

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The financial assets that are subject to credit risk amounted to Rs. 19.08 billion (2013: Rs. 27.21 billion).

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

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

	2014	2013
	(Rupees in thousand)	
Loans and advances	58,790	72,596
Deposits	33,453	30,787
Trade debts	10,197,243	10,924,581
Accrued interest	40,843	86,120
Other receivables	301,904	274,711
Short term investments	3,002,863	492,524
Cash and bank balances	8,804,865	16,004,875
	22,439,961	27,886,194

(iii) Foreign exchange risk

Foreign currency risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to US Dollar. Financial assets include Rs. Nil (2013: 958.14 million) and financial liabilities include Rs. 13.83 billion (2013: Rs. 14.31 billion) which are subject to foreign currency risk. The Company believes that it is not materially exposed to foreign exchange risk as its product prices are linked to the currency of its imports.

As at June 30, 2014, if the Pakistan Rupee had weakened / strengthened by 10% against US Dollar with all other variables held constant, profit before tax for the year would have been lower/higher by Rs. 1.38 billion (2013: Rs. 1.34 billion), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables and trade debts.

(iv) Liquidity risk

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

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

(v) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2014 the Company does not have any borrowings, hence management believes that the Company is not exposed to interest rate changes.

(vi) Price risk

The Company is not exposed to any price risk with respect to its investments in Pakistan Investment Bonds.

(vii) Fair values of financial assets and liabilities

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

38. SEGMENT INFORMATION

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

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

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	2014	(Restated) 2013	2014	(Restated) 2013	2014	(Restated) 2013
	(Rupees in thousand)					
Segment Revenue						
Sales to external customers						
- local, net of discounts, taxes, duties, levies and price differential	128,791,591	111,376,431	51,287,205	45,401,621	180,078,796	156,778,052
- exports	23,234,879	19,633,766	4,089,583	2,772,597	27,324,462	22,406,363
	152,026,470	131,010,197	55,376,788	48,174,218	207,403,258	179,184,415
Inter-segment transfers	43,820,063	40,716,707	-	-	43,820,063	40,716,707
Elimination of inter-segment transfers	-	-	-	-	(43,820,063)	(40,716,707)
Net sales	195,846,533	171,726,904	55,376,788	48,174,218	207,403,258	179,184,415
Segment results after tax	(2,835,105)	(210,767)	3,796,980	3,056,416	961,875	2,845,649
Other comprehensive income	12,519	(47,636)	25,039	(95,273)	37,558	(142,909)
Total Comprehensive income / (loss)	(2,822,586)	(258,403)	3,822,019	2,961,143	999,433	2,702,740
Segment assets	31,513,855	29,801,090	19,702,044	24,513,477	51,215,899	54,314,567
Unallocated assets	-	-	-	-	1,560,253	1,362,351
Total assets	31,513,855	29,801,090	19,702,044	24,513,477	52,776,152	55,676,918
Segment liabilities	24,400,760	25,876,483	1,157,561	1,477,388	25,558,321	27,353,871
Unallocated liabilities	-	-	-	-	624,192	1,529,343
Total liabilities	24,400,760	25,876,483	1,157,561	1,477,388	26,182,513	28,883,214
Other Segment Information:						
Capital expenditure	19,180	122,187	164,990	122,014	184,170	244,201
Unallocated capital expenditure	-	-	-	-	43,198	104,946
	19,180	122,187	164,990	122,014	227,368	349,147
Depreciation and amortisation	109,799	102,818	217,392	206,578	327,191	309,396
Interest income	265,815	235,411	531,631	470,823	797,446	706,234
Interest expense	635	1,316	1,269	13,177	1,904	14,493
Non-cash expenses other than depreciation	(5,513)	(5,010)	(11,025)	(10,019)	(16,538)	(15,029)
Stock-in-trade written down	154,712	32,358	-	-	154,712	32,358

38.3 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2013: two) of the Company's customers contributed towards 71.98% (2013: 58.98%) of the net revenues during the year amounting to Rs. 129.62 billion (2013: Rs. 105.69 billion) and each customer individually exceeds 10% of the net revenues.

39. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2014	2013
		(Rupees in thousand)	
Associated companies	Sale of petroleum products - note 39.1.1	125,700,517	105,533,386
	Purchase of crude oil and condensate - note 39.1.2	2,906,613	1,417,478
	Rental income	4,843	4,400
	Hospitality income	50,243	43,178
	Handling income	177,888	127,762
	Trade discounts and commission on sales	1,901,255	1,858,271
	Reimbursement of expenses	3,609	1,571
	Purchase of petroleum products	19,592	8,743
	Dividend paid	611,744	611,744
Post employment staff benefit plans			
	Contributions	143,179	119,175
Key management employees compensation			
	Salaries and other employee benefits	41,197	43,723
	Post retirement benefits	2,479	2,661
	Directors' fees	2,905	3,520

39.1.1 Sales of petroleum products to associated companies are based on prices fixed by Oil & Gas Regulatory Authority, import prices of Pakistan State Oil, Company announced prices and other services on contractual basis.

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

39.2 The related party status of outstanding balances as at June 30, 2014 is included in trade debts, other receivables and trade and other payables. These are settled in ordinary course of business.

40. CAPACITY

	Annual designed throughput capacity	Actual throughput 2014	Actual throughput 2013
	(In Metric Tons)		
Fuel section - throughput of crude oil	2,710,500	2,357,624	2,135,689
Lube section - throughput of reduced crude oil	620,486	684,021	645,775

40.1 Reduction is due to day to day monitoring of throughput based on expected product margins.

41. PROVIDENT FUNDS RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Funds as at June 30, 2014:

	2014	2013
	(Rupees in thousand)	
Size of the fund - Total assets	1,298,536	1,167,830
Fair value of investments	1,191,016	1,064,798
Percentage of investments made	92%	91%

41.1 The cost of above investments amounted to Rs. 1,072.3 million (2013: Rs. 1,022.4 million).

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

	2014	2013	2014	2013
	Percentage		(Rupees in thousand)	
National savings scheme	60%	55%	709,230	583,056
Bank deposits	4%	12%	42,450	125,142
Government securities	13%	10%	152,478	105,361
Equity securities	2%	2%	24,848	21,550
Unit trust schemes	21%	21%	262,010	229,689

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

	2014	2013
42. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at June 30	945	859
Average number of employees including contractual employees during the year	902	843

43. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 14, 2014 (i) approved transfer of Rs. Nil (2013: Rs. 1.6 billion) from unappropriated profit to general reserve; and (ii) proposed a final cash dividend of Rs. Nil per share (2013: Rs. 15 per share) for the year ended June 30, 2014 amounting to Rs. Nil (2013: Rs. 1.20 billion).

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 14, 2014 by the Board of Directors of the Company.

Chief Executive

Director

PATTERN OF SHARE HOLDING
NOTICE & FORMS

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2014

Form - 34

NUMBER OF SHARES FROM	TO	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
1	100	1,608	54,854	0.07
101	500	1,308	364,285	0.46
501	1,000	646	509,216	0.64
1,001	5,000	908	2,101,827	2.63
5,001	10,000	165	1,257,189	1.57
10,001	15,000	44	543,349	0.68
15,001	20,000	37	667,821	0.84
20,001	25,000	15	356,338	0.45
25,001	30,000	11	314,773	0.39
30,001	35,000	8	268,043	0.34
35,001	40,000	3	119,600	0.15
40,001	45,000	7	308,928	0.39
45,001	50,000	4	187,100	0.23
50,001	55,000	3	155,700	0.19
55,001	60,000	3	176,706	0.22
60,001	65,000	3	191,817	0.24
65,001	70,000	2	134,329	0.17
70,001	75,000	3	215,678	0.27
80,001	85,000	3	249,600	0.31
85,001	90,000	5	439,611	0.55
90,001	95,000	3	279,500	0.35
95,001	100,000	2	200,000	0.25
105,001	110,000	1	106,000	0.13
110,001	115,000	1	112,000	0.14
115,001	120,000	1	120,000	0.15
120,001	125,000	2	247,000	0.31
125,001	130,000	1	130,000	0.16
130,001	135,000	2	263,385	0.33
135,001	140,000	1	138,800	0.17
145,001	150,000	1	150,000	0.19
151,001	155,000	1	154,800	0.19
155,001	160,000	1	160,000	0.20
160,001	170,000	1	168,460	0.21
221,001	225,000	1	223,600	0.28
241,000	245,000	1	242,800	0.30
251,001	255,000	1	254,285	0.32
261,001	265,000	1	263,596	0.33
265,001	270,000	1	268,658	0.34
305,000	310,000	1	310,000	0.39
330,001	335,000	3	996,056	1.25
345,001	350,000	1	350,000	0.44
360,005	365,000	1	361,185	0.45
445,001	445,000	1	445,584	0.56
455,001	446,000	1	455,400	0.57
500,001	505,000	1	502,363	0.63
795,001	800,000	1	799,665	1.00
865,001	870,000	1	869,554	1.09
1,065,001	1,070,000	1	1,067,100	1.33
1,125,001	1,130,000	1	1,129,555	1.40
3,585,001	3,590,000	1	3,589,819	4.49
5,005,001	5,080,000	1	5,007,351	6.26
11,995,001	12,000,000	1	12,000,000	15.00
19,990,001	19,995,000	2	39,983,280	50.00
		4,827	**79,966,560**	**100.00**

CATEGORIES OF SHAREHOLDING

AS AT JUNE 30, 2014

Categories	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children	0.03	8	20,008
Associated Companies	50.00	2	39,983,280
NIT and ICP	8.78	8	7,019,083
Banks, Development Financial Institutions and Non Banking Financial Institutions	2.53	45	2,023,419
Insurance Companies	6.02	9	4,817,189
Modarabas and Mutual Funds	1.46	29	1,169,767
Shareholders holding 10% - Islamic Development Bank	15.00	1	12,000,000
General Public:			
a. Local	10.16	4,577	8,125,715
b. Foreign	0.05	30	36,809
Joint Stock Companies	1.14	15	913,218
Foreign Investsors - other than Individual	2.39	14	1,910,489
Others	2.44	89	1,947,583
	100.00	4,827	79,966,560

INFORMATION REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

Associated Companies

Attock Refinery Limited	19,991,640
Pakistan Oilfields Limited	19,991,640

Mutual Funds (as per LOBO* from CDC)

CDC-Trustee Atlas Islamic Stock Fund	25,000
CDC-Trustee Al-Ameen Shariah Stock Fund	50,000
CDC-Trustee NAFA Stock Fund	100
CDC-Trustee Pak. Int. Element Islamic Asset Allocation Fund	33,000
CDC-Trustee Al Meezan Mutual Fund	68,100
CDC-Trustee Meezan Islamic Fund	331,756
CDC-Trustee Pakistan Stock Market Fund	242,800
CDC-Trustee Pakistan Capital Market Fund	2,200
CDC-Trustee Pak Strategic Alloc. Fund	27,000
CDC-Trustee Meezan Balanced Fund	42,500
CDC-Trustee First Capital Mutual Fund	5,000
CDC-Trustee KSE Meezan Index Fund	34,151
CDC-Trustee APIF-Equity Sub Fund	15,000
CDC-Trustee Meezan Tahaffuz Pension Fund-Equity Sub Fund	82,000
CDC-Trustee AKD Index Tracker Fund	6,160
CDC-Trustee AKD Opportunity Fund	45,600
CDC-Trustee Meezan Capital Protected Fund-II	10,000
Golden Arrow Selected Stocks Fund Limited	51,400
Adamjee Life Assurance Company Limited - Amaanat Fund	1,200
Trustee - Pakistan Islamic Pension Fund - Equity Sub Fund	20,500
CDC-Trustee NIT - Equity Market Opportunity Fund	11,29,555
CDC-Trustee National Investment (Unit) Trust	5,007,351

* List of Beneficial owner Report

Categories	Percentage %	Number of Shares held
Directors, Chief Executive Officer, their spouse(s) and minor children		
Dr. Ghaith R. Pharaon		1
Mr. Laith G. Pharaon		1
Mr. Wael G. Pharaon		1
Mr. Shuaib A. Malik		2
Mr. Tariq Iqbal Khan		20,001
Mr. Babar Bashir Nawaz		1
Mr. Abdus Sattar		1
Executives		1,098
Public Sector Companies and Corporations		4,964,420
Banks, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas & Pension Funds		7,389,478
Shareholders holding 5% or more voting interest		
Attock Refinery Limited	25%	19,991,640
Pakistan Oilfields Limited	25%	19,991,640
Islamic Development Bank	15%	12,000,000
NIT & ICP	9%	7,019,083

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

Mr. Tariq Iqbal Khan, director acquired 10,000 shares during the year.

The expression “executive” means the CEO, CFO, Head of Internal Audit, Company Secretary and other employees of the Company drawing annual basic salary of Rs.738,000 including all employees of Finance Divison.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty First (51st) Annual General Meeting** of National Refinery Limited will be held on Tuesday, September 30, 2014 at 1600 hours at Marriot Hotel, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2014 together with the Directors' Report and the Auditors' Report thereon.

2. To appoint Company's auditors for the year ending June 30, 2015 and to fix their remuneration.

3. Any other business with the permission of the Chair.

By Order of the Board

Karachi:
Dated: September 08, 2014

Nouman Ahmed Usmani
Company Secretary

NOTES:

1. The Register of Members of the Company will remain closed and no transfer of shares will be accepted for registration from Friday, September 19, 2014 to Tuesday, September 30, 2014 (both days inclusive). Transfers received in order at the office of the Share Registrar:

   THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3,
   Dr. Ziauddin Ahmed Road, Karachi-75530,
   Telephone No. 021-111-000-322, Fax No. 021-35655595, email: secretariat@thk.com.pk

   at the close of business on Thursday, September 18, 2014 will be in time for the purpose of Annual General Meeting.

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

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

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

4. Shareholders are requested to promptly notify the office of the Share Registrar of any change in their addresses.

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

A. **For attending the meeting:**

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. **For appointing proxies:**

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

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

(v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

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

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

Members are also requested to update their tax paying status (Filer/Non-Filer) to the Company's Share Registrar.

The above information may please be provided as follows:

Folio/ CDC ID/AC#	Name	National Tax #	CNIC # (in case of individuals)	Income tax return for the year 2013 filed (Yes or No)

This would enable us to process future dividend payments, if any, in accordance with the tax payment status of the members in pursuant to the provisions of Finance Act, 2014, effective July 1, 2014 whereby the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

1.	Rate of tax deduction for filer of income tax returns	10%
2.	Rate of tax deduction for non-filers of income tax return	15%

8. The audited financial statements of the Company for the year ended June 30, 2014 have been placed at the Company's website www.nrlpak.com.

FORM OF PROXY

51st Annual General Meeting

NATIONAL REFINERY LIMITED

I ______________________________ of ______________________ in the district of _______________ being a Member of NATIONAL REFINERY LIMITED hereby appoint __________________ of _______________ as my proxy, and failing him, ______________ of ____________ another Member of the Company to vote for me and on my behalf at the 51st Annual General Meeting of the Company to be held on the 30th day of September 2014 and at any adjournment thereof.

Signed this _______ day of _______ 2014.

Signed by the said Member

SIGNED IN THE PRESENCE OF:

1. Signature: ________________

   Name: ________________

   Address: ________________

   CNIC/Passport No. __________

2. Signature: ________________

   Name: ________________

   Address: ________________

   CNIC/Passport No. __________

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

(*) Upon failing of appointed Proxy.

Affix
Revenue
Stamp of
Rs.5/

Notes:

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

2. This Proxy Form, duly completed and signed, together with Board Resolution / Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar, **THK Associates (Pvt.) Ltd.,** 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530, Telephone No. 021-111-000-322, not later than 48 hours before the time of holding the meeting.

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

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

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

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

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

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

AFFIX
CORRECT
POSTAGE

THK Associates (Pvt.) Ltd.,
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi-75530,
Telephone No. 021-111-000-322

Dividend Mandate Form

Members of National Refinery Limited

Subject: Dividend Mandate Form

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

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

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

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

YES	NO

If yes, then please provide the following information:

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

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

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

____

Signature of the Member/Shareholder

Date: _ _ _ _ _ _ _ _ _ _ _ _ _

Note:

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

AFFIX
CORRECT
POSTAGE

THK Associates (Pvt.) Ltd.,
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi-75530,
Telephone No. 021-111-000-322

National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900, Pakistan.
Tel: 92-21-35064981-86 Fax: 92-21-35054663
UAN: **111-675-675** URL: **www.nrlpak.com**
Email: info@nrlpak.com