Annual Report 2018

PEOPLE FOR PEOPLE

HASCOL

For many imagination is a dream. For Hascol Petroleum Limited, imagination is a reality. Our reality leads us to achieve. This year, we explore our continued progress which lead to our achievements.

People For People

Our engine works on our endeavors, our road to success is lead with experience, diversified range of our products and facilities, and our expertise. The future progress for Hascol Petroleum Limited is invested in its stakeholders. We are a company that keeps it in front the need of its people. We believe that our future is secured with your trust.

We implement our learnings to the development of our dreams. Our dreams are that of leaders not followers. Our success is in our dreams

PEOPLE FOR TOMORROW

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PEOPLE FOR CHANGE

Vision

To become the leading energy marketing company in Pakistan through operational exellence, talent management, business diversification and substainable expansion.


Mission

To gain recognition and leadership in the hydrocarbon and energy sectors, by maximizing customer satisfaction and shareholder value through continuous improvement, high quality human capital, appropriate technology, and by adhering to the Company's Core Values.

INVESTING IN SUCCESS

CORPORATE INFORMATION

Chairman
Mumtaz Hasan Khan

Chief Executive Officer
Saleem Butt

Directors
Farooq Rahmatullah Khan
Najmus Saquib Hameed
Liaquat Ali
Farid Arshad Masood
(Nominee of Vitol Dubai Limited)
Abdul Aziz Khalid
(Nominee of Vitol Dubai Limited)

Chief Financial Officer
Khurram Shahzad Venjhar

Company Secretary
Zeeshan Ul Haq

Audit Committee
Najmus Saquib Hameed (Chairman)
Liaquat Ali (Member)
Abdul Aziz Khalid (Member)

Strategy Committee
Farooq Rahmatullah Khan (Chairman)
Mumtaz Hasan Khan (Member)
Abdul Aziz Khalid (Member)
Saleem Butt (Member)

Human Resource Committee
Najmus Saquib Hameed (Chairman)
Mumtaz Hasan Khan (Member)
Saleem Butt (Member)
Farid Arshad Masood (Member)

Auditors
Grant Thornton Anjum Rahman
Chartered Accountants

Bankers
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
The Bank of Khyber
The Bank of Punjab
The Citibank N. A. Pakistan Karachi Branch
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

Share Registrar
Central Depository Company of Pakistan Limited

Legal Advisor
Mohsin Tayebaly & Co.
Corporate Legal Consultants - Barristers & Advocates

Registered Office
The Forum, Suite No. 105-106, First Floor,
Khayaban-e-Jami, Clifton, Block - 9, Karachi, Pakistan.
Phone: +92-21-35301343-50
Fax: +92-21-35301351
UAN: 111-757-757
E-mail: info@hascol.com
Website: www.hascol.com

ZERO HARM-CONTINUING WITH THE LEGACY OF SAFETY...

Our continuing success has never wavered our determination from keeping health, safety and environment as our top priority. Our Zero Harm Policy continues to flourish and is continuously being shared and implemented with our employees, contractors, and other stakeholders.

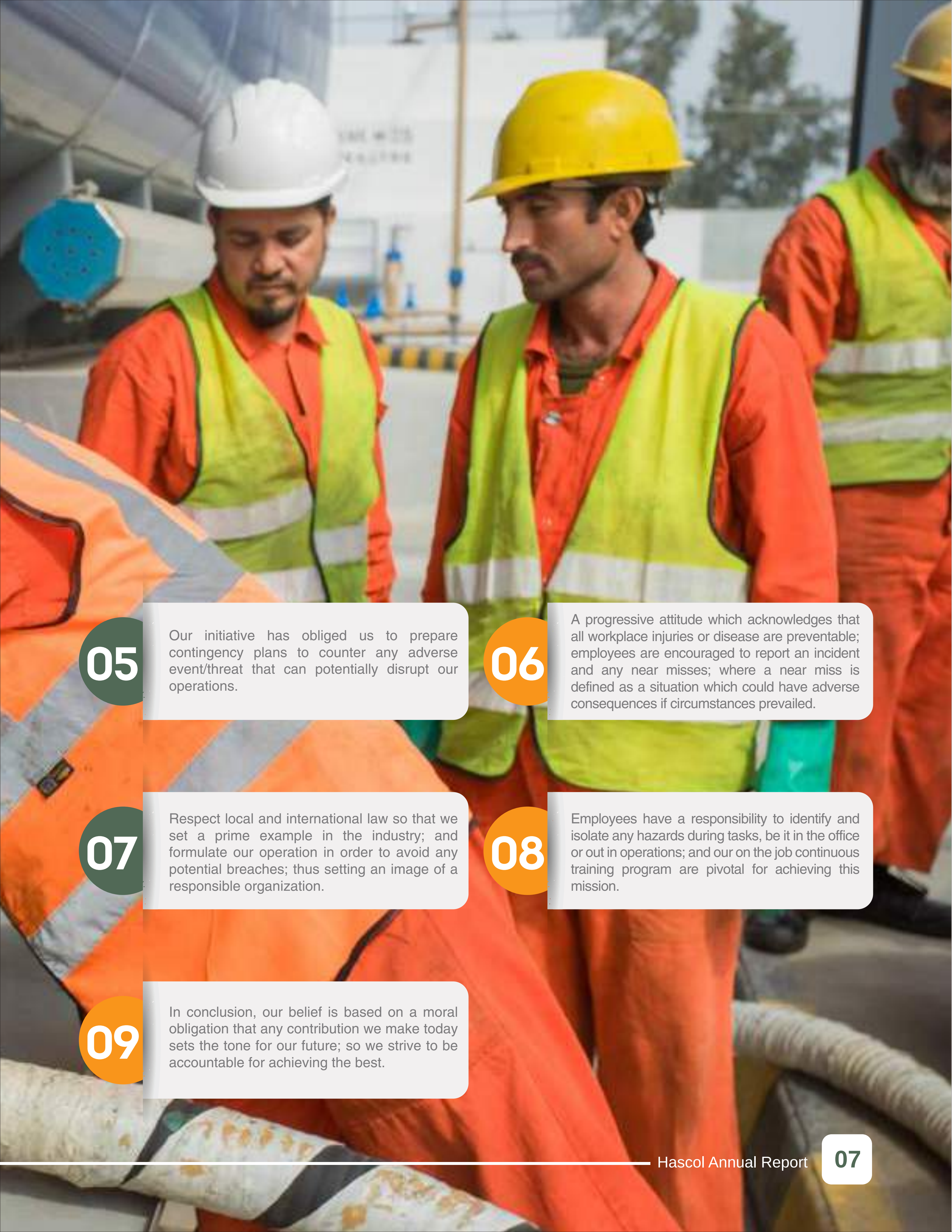
Hascol Petroleum Limited has set following guiding principles throughout its business in order to achieve the aims & objectives of Zero Harm Policy.

01 HASCOL believes that communication is the most powerful tool; hence, we proactively communicate with our people & implement programs that address specific hazards faced in our industry.

02 Ongoing risk assessment of our operations where management actively seeks feedback from employees as our operational growth occurs.

03 Benchmark our HSEQ policy with our strategic partners and competitors to add value in our standards and continually review them to achieve or even exceed industry standards.

04 Our actions have a direct consequential affect to the environment; so we aim to monitor our carbon foot-print and other contaminations / pollution that occurs in the span of our operations and mitigate them.



05

Our initiative has obliged us to prepare contingency plans to counter any adverse event/threat that can potentially disrupt our operations.

06

A progressive attitude which acknowledges that all workplace injuries or disease are preventable; employees are encouraged to report an incident and any near misses; where a near miss is defined as a situation which could have adverse consequences if circumstances prevailed.

07

Respect local and international law so that we set a prime example in the industry; and formulate our operation in order to avoid any potential breaches; thus setting an image of a responsible organization.

08

Employees have a responsibility to identify and isolate any hazards during tasks, be it in the office or out in operations; and our on the job continuous training program are pivotal for achieving this mission.

09

In conclusion, our belief is based on a moral obligation that any contribution we make today sets the tone for our future; so we strive to be accountable for achieving the best.

CORPORATE OBJECTIVES AND BUSINESS STRATEGY

At HASCOL, our focus on sustainability healthy ethics plan is driven by our long-standing commitment to doing what is right.

The objective of Hascol Petroleum Limited is to create a retail network catering the fuel needs of its customer base throughout the country;

reaching remote areas for domestic consumption and to cater the energy needs of all the industrial clients in an efficient and profitable manner.

Hascol Petroleum Limited recognizes oil and gas as an energy resource integral to future needs for economic development in this era of world globalization.

Our business strategy is devised in a manner that ensures fulfilling energy needs in an environmentally viable and socially responsible conduct. At Hascol Petroleum Limited, our aspiration is to attain a high standard of performance with robust profitability as well as strengthening market position in the competitive environment. We closely liaise with our customers, partners and policy-makers to fulfill everyone's needs.

A reputation is not built overnight. But when core values are in place, customers give it recognition for international standards, good governance and fair play.

Hascol Petroleum Limited transacts its business based on the following Business Principles; for which the objectives are stated below:

Values of HASCOL,

We at HASCOL, follow a set of business principles that let us achieve remarkable success in every aspect. HASCOL Petroleum limited functions effectively by aligning the following business goals, these values are abide by the set of beliefs as prescribed by our founding father – Unity, Faith and Discipline. We strongly value the importance of trust, openness, teamwork and professionalism, and take great pride in how we do business. Hascol keeps its doors open for feedback/suggestions to the management and human resource and constantly emphasis on employees to demonstrate a high level of discipline in their role, establishing a culture of ingenuity.

Competitive Environment

HASCOL focuses on building the competitive environment that supports the practical implementation of free and fair competition amongst the industry members. We believe in following honest business practices that are sustainable and rewarding for the business in the long run. We seek to compete ethically abiding by the local and international legislation and within the framework of applicable competition laws in the relevant jurisdiction.

Integrity and Honesty

For HASCOL, honesty, integrity, and fairness is what matters the most in all aspects of its business; be it a customers, suppliers, contractors or external partnerships while expecting the same in our interactions. The direct or indirect offer, facilitation payments, soliciting or acceptance of bribes in any form is unacceptable. Employees are expected to avoid conflicts of interest between their private activities and their part in the conduct of company business. Insider trading and passing on sensitive company information is strictly forbidden. HASCOL encourages honesty in all its dealings and business transactions that is reflected in accurate and fair financial statements of the company.

Safeguarding the Human Capital

HASCOL vigilantly takes care that business functions are performed safely. This is the reason we keep aligned the health, safety, security, and environmental management factors with our business functions to achieve the high potential of our employees. Our "Zero Harm Charter" revolves around the contribution and importance our workforce provides in our growth. At HASCOL, we promotes an open culture that allows every employee to come forward and address their personal concerns to the human resource on confidential basis or any issue that may affect their performance. In case of personal counselling general management do take notice. HASCOL understand that advancement in these matters will enhance their business operations and keep on exploring the area of improvement.

Economics

Profitability makes businesses fuelled up with growth, sustainability and prosperity. It speaks about the brand
value and customers' commitment to the product & service. Profitability helps us to simplify business processes bringing in innovations to market more effectively. On the other hand, the considerable saving of costs frees up cash for investment for another place or plan, further improving our prospects for growth. HASCOL make sure to invest and reallocate the resources in all aspects including, social, economic and environmental on micro and macro level, validating our decision making process and their outcomes.

Meetings and Engagements

HASCOL gives importance to the views of it stakeholders and this makes it obligatory for us to share the right amount of information at right time. We lift the confidence of legitimately interested parties by representing the authentic and reliable information. The regular investor's relations programme of meetings between shareholders, analysts, senior management and directors makes the operations workout smoothly. This helps us to respond to their concern easily, and providing them feedback honestly and responsibly. Our employees also follow a stringent rule of having formal work relations and not to compromise on principles.

Compliance

We comply with all applicable laws and regulations of the Islamic Republic of Pakistan where we operate. Any breach is a matter of prompt scrutiny and immediate action against the perpetrators. Within our organization, we have also internal procedures which are just as important as our daily tasks. General Management ensures that employees follow the code of conduct and work under the assigned principles without following any shortcuts. Our retail sites ensure the safe disposal of hazardous material and other elements that cause environmental pollution.

Business based on our Principles

Hascol's core values of unity, faith and discipline coupled with honesty, integrity and respect for people are the basis for all the work we do and are the foundation of our Business Principles. These rules apply to all transactions, and are the basis of the behavior expected of every employee in Hascol Petroleum Limited at all times. Our reputation is based on our actions and it will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to follow these principles. We persuade our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of Hascol Petroleum Limited. It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement. The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In return, it is the responsibility of the employees to report suspected breaches of the Business Principles to the management. The Business Principles have been fundamental to how we conduct our business and living by them is crucial to our continued success.

COUNTRY POLITICS

a. Of Companies

Hascol Petroleum Limited pursues its activities within the laws and statutes of the Islamic Republic of Pakistan whereby our aim is to legitimately accomplish our commercial objectives. The initiatives of Triple Bottom Reporting are gradually evolving among the corporate circles of Pakistan, where the pillars of focus are People, Profit and Planet and Corporate Social Responsibility. Throughout our general principle statement, there will be
extracts of practical implementation of the TBR charter.

Hascol Petroleum Limited

as a rule of thumb does not make payments to political parties or organization, or to their affiliates /representatives whatsoever. The Company does not take part in any external/internal affairs with regulatory bodies unless compliance issue arises or authorized instruction permits us to do so. However, with such dealings, Hascol Petroleum Limited has the right to make our position known on any matters which affect us, our employees, our customers, our shareholders or the local communities in which we operate, in a manner which is in accordance with our ethical values and the best practices of our company.

b. Of Employees

Hascol Petroleum Limited has encouraged the need of a friendly work environment and identified the deal conduct for a decent workplace culture and interaction with all stakeholders. Harassment has been explicitly stated and what is unacceptable includes: jokes, insults, threats, and other unwelcome actions about a person's race, gender, age, religion, ancestry, social or economic status or educational background is strictly forbidden. Nor is any employee eligible to verbally or physically conduct himself/herself that upsets another's work performance creating a fearful or hostile work environment. Hascol Petroleum Limited has ensured to provide safe working environment based on our statements in the "Zero Harm Charter". Also, we discourage intoxication or use of illegal substance at work premises and employees violating shall be subjected to disciplinary action. Where individuals wish to engage in political activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate keeping in view the specific circumstances of that particular scenario.

Business Compliance, & Ethics Guideline

We have a Business Ethics Charter by the name of BUSINESS, COMPLIANCE & ETHICS GUIDELINE that dictates our commitment to fair dealing and high-lighting ourselves as a professional entity in the oil marketing sector. Our initiative is to avoid any consequential events due to non-conformance of local and foreign legislation and be subjected to penal scrutiny. Apart from General Business Principles; Hascol Petroleum Limited has placed this additional guideline for its operational engage-ment with the relevant stakeholders.

Customer Relation

Hascol Petroleum Limited will compete for business aggressively and honestly in the competitive oil marketing industry, and shall constrict itself in the following ways:

- Will not misrepresent any products, services and prices.
- Will not make false claims about our competitors.
- Product alteration / blending or change in specifications is only allowed if requested by the customer, or permitted by regulation or commercial practice.
- Only supply safe products and services that meet all applicable government standards and regulations.

Supplier Relation

Hascol Petroleum Limited shall ensure all procurement decisions are based on best value received by us and a supplier analysis needs to be conducted. Base the purchase of goods and services only on the merits of price, quality, performance and suitability.

- Avoid reciprocal agreements or exchange of favors.
- The fee or price paid for goods and services by Hascol Petroleum Limited shall represent the value of the goods or services provided. Hascol Petroleum Limited shall ensure its maximum ability to refrain from using suppliers who participate in the following activities:
- Supply unsafe products or services.
- Break laws or regulations.
- Hidden deals and unscrupulous commitments.

Entertainment & Gifts

Gifts, favor or entertainment should not be accepted or provided if it will obligate or appear to obligate the person who receives it. Employees may accept or give gifts, favors and entertainment subject to the following criteria:

- Not against the laws and policies of other parties' company.
- Not intended to serve as a bribe, payoff or to get improper influence.
- Should not have been requested or asked to be provided.
- Should not affect business relationship in any negative manner.

Information Sharing

Unless sharing information with external suppliers and customers is against the law or our standard business practise, Hascol Petroleum Limited shall encourage sharing information when it may improve the quality or use of our products. Passing on internal memos and confidential documentation / paperwork is strictly forbidden; if Hascol proprietary information is given outside the company, it has to be ensured that a written confidentiality and non-disclosure agreement is prepared, and that proper controls are established to manage the flow of information. Otherwise, the concerned employee is in serious breach of the business ethics and subject to prosecution.

General Public Relation

Hascol Petroleum Limited considers the general public as its brand ambassador; our brilliance in products and services must outshine that of competitors; thus allow for our market share to rise at our desired optimal level. Dispelling rumours and misinforming about competitors products and services to the public is highly prohibited and any competitor that indulges in such activities must be dealt with the guidelines prescribed by OGRA and other regulations and legislation. Our business ethics guide us to avoid unnecessary comparisons and benchmarking of retrospective performance of competitors.

Society and Local Communities

Hascol Petroleum Limited aims to be society's best friend and foster healthy relationships within our communities. Our aim is to monitor possible impacts of the actions we pursue and ensure that we create recreational facilities adjacent to our retail outlets with provision of fast food franchise chains. This was an idea provisioned by our marketing team to provide a means of light entertainment to the local residents. In addition, Hascol Petroleum Limited takes a constructive interest in societal matters directly or indirectly related to our business and donation payments for social causes are made on a regular basis. Two well-renowned charities are regular recipients of our donations. Employees can in some instances given time of for appropriate volunteer work and can also refer to legitimate registered.

Responsibilities

Hascol Petroleum Limited recognizes its responsibilities towards all the stakeholders. The management is responsible to continuously assess these priorities and discharge them on the basis of its assessment. These responsibilities pertain to:

- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.
- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.
- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.
- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

  General Principles, Business, Compliance and Ethics and Zero Harm Charter is subject to constant review and updated as per our business requirements. We seek continuous feedback from a variety of stakeholders and vested interest group as the dynamic and unpredictable nature of the oil marketing business demands us to be proactive.

I welcome the sincere initiatives of any respective reader of our General Principles and overall this report to present Hascol Petroleum Limited with any clarification and constructive feedback they deem has to be brought to our attention.

Mumtaz Hasan Khan
Chairman & Director

INSPIRING THE PROGRESS OF SUCCESS

Chairman's Review

The year 2018 was a very challenging year both for Hascol and for the other Oil Marketing Companies. Certain Government steps like stopping the use of Furnace Oil in power generation, severe currency devaluation to the tune of 30%, raising of interest rates by the State Bank of Pakistan, all had a negative impact on our profitability. As such, despite the hard work by the entire Management Team of Hascol our results have been disappointing and we ended the year with a very modest profit.

The response of the Ministry of Petroleum and OGRA to the problems being faced by Oil Marketing Companies have also had no satisfactory response, thereby, creating a lot of uncertainty about the business model of the Hascol and other Oil Marketing Companies. Our efforts are continuing to engage the Government and make them realize the seriousness of the situation.

I am pleased to advise that our joint venture company Hascol Terminals Limited has finally started work. The terminal was completed in December last year but due to the delay in getting Ministry of Defence approval, the formal opening was delayed by more than 2 months. With this terminal, our supply chain management will become more efficient and thereby, give us a competitive edge over some of our competitors.

I am also happy to report that, we were able to complete our oil storage facility at Thalian (near Islamabad) and at Kotlajam. The completion of all these storage facilities will again benefit our supply chain management and give us a significant advantage over most of our competitors.

Our Lube Oil Blending & Grease Plant is almost at a finishing stage and we are hoping to commission it by the June this year. This should give a big boost to our lubricant sales and profitability of the company.

As, I mentioned last year Hascol has formally started the marketing of LPG in cylinders under the Hascol brand. We are confident that this business will also become a major profit centre of the company in 2019.

Finally, I would like to thank the Board for their guidance in pursuing an aggressive business strategy and in making recommendations in our corporate governance. I would also like to place on record the efforts of the management team and all employees for efficiently responding to the challenges facing the company, due to factors outlined above.

I am confident that 2019 will prove to be a much better year than 2018 and the company will maintain its growth and profitability momentum.

Mumtaz Hasan Khan
Chairman & Director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Directors' Report

The Directors of your Company are pleased to present the Annual Report of the Company along with audited standalone and consolidated financial statements and auditors' report thereon for the year ended 31st December 2018.

1. Financial Results

The profit for the year ended 31st December 2018 after providing for administrative, marketing and distribution expenses, financial and other charges amounts to:

	(Rupees in '000)
Profit before taxation	651,882
Taxation	(444,739)
Profit for the year	207,143
	(Rupees)
Earnings per share	1.14

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 51 of the Annual Report.

During the year the Company posted a profit after tax of Rs. 207,143,000 (2017: Rs. 1,401,248,000), with sales volume at 2,577,937 MT (2017: 2,591,978 MT). The Gross Profit stood at Rs. 10,276,649 (2017: Rs. 7,388,976) representing an increase of 39%.

The standalone EPS for the year stood at Rs. 1.14 as compared to Rs. 8.56 (restated) in 2017.

The main reason for the decline in profitability has been the losses incurred due to devaluation of the Pakistani rupee. As you are aware, our rupee has devalued by more than 30% during the last 12 months. As, there is no mechanism for hedging the currency movements, all the oil companies, which import petroleum products, have suffered huge financial losses. Our various representations to the Ministry and the OGRA have not been sympathetically considered by the Government and this is putting a lot of pressure on the margins of the Oil Marketing Companies. Our margins have not been revised for over the last 09 months, despite increase in prices and operating cost (due to devaluation and general inflationary pressure in the economy).

Moreover, interest rates have also gone up sharply and as such, the cost of borrowing has increased considerably, thereby, eroding our profitability.

The Government needs to take a more sympathetic view to the problems facing Oil Marketing Companies like Hascol, who are making huge investments in storage infrastructure and retail development.

2. Adoption of the Companies Act, 2017 for preparation of Financial Statements

During the year, Companies Act, 2017 (the "Act") was adopted for the first time for the preparation of financial statements. The Act brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include recognition criteria of revaluation surplus on property, plant and equipment, changes in nomenclature of primary statements, etc. All such changes have been duly considered in the preparation of the financial statements.

3. Cash and Stock Dividends

The Company had already paid an interim cash dividend of Rs. 3.50 per share i.e. 35% and bonus shares in the proportion of one (1) share for every four (4) shares held i.e. 25% for the year ended 31st December 2018. The Company in its meeting held on 3rd April 2019 announced a final dividend of bonus shares in the proportion of 1 share for every 10 shares held i.e. 10% for the year ended 31st December 2018. The total dividend for the year ended 31st December 2018 stands at 35% cash dividend and 35% Bonus shares.

4. Corporate and Financial Reporting Framework

The management of Hascol Petroleum Limited is committed to good corporate governance and complying with the best practices. As required under the Code of Corporate Governance, the directors are pleased to state as follows:

(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 changes in equity.

(b) The Company has maintained proper books of accounts as required under the Companies Act, 2017.

(c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

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

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

5. Health, Safety & Environment (HSE)

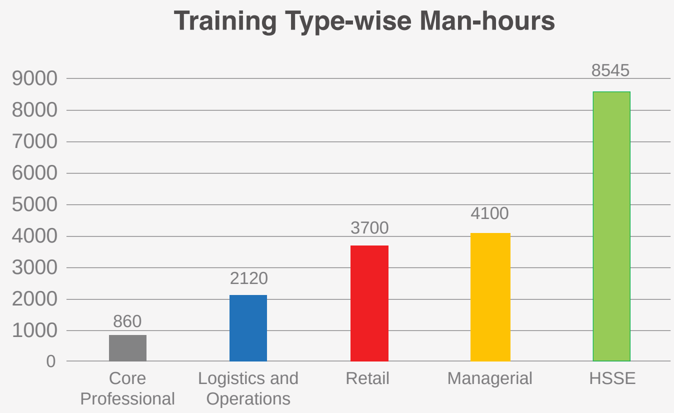
HSE is an integral part of the Company's management philosophy and values. HPL aims to achieve business excellence and strives to protect people, environment, assets and reputation. An integrated HSE management manual is in place and has been implemented by the Company. This covers all operational areas and incorporates regulatory and best industrial practices. The Company recorded its 2nd consecutive year with Zero LTI and achieved 2.3 million safe man-hours. Intensive HSE trainings, drills, audits and inspections are conducted regularly. Altogether, 8,545 HSE training man-hours in 474 sessions, 182 drills and 754 audits and inspections were done in 2018.

All near misses and incidents are being reported and investigated as per the Company's Incident Reporting and Investigation System (IRIS) and remedial measures are taken. An Emergency Response Plan (ERP) is in place. Mutual Aid Emergency Response Plans (MAERP) are also practiced.

6. Human Resource

The Company's human capital is its real strength and competitive advantage. With the expansion of operations and diversification into new businesses like LPG, Chemicals, Aviation and the construction of the Lube Oil Blending and Grease Plant, a major recruitment drive was undertaken and 295 people, including 45 trainees, were inducted in 2018.

Concurrently, intensive training programs have been conducted, both in-house as well as externally, to enhance the competencies and performance of employees, and a record 19,365 training man-hours were completed. A management development program is also being implemented. Internships are offered to promising students from local and foreign institutions, and a trainee program for engineers, business and accounting graduates is underway in which 80 trainees, at different stages, are working in various assignments across the organization.



As the organizational structure grows and changes to meet business needs, it is continuously being rightsized, job analyses, and salary surveys conducted and employee engagement initiatives like the Annual Conference, Women's Day, Sports, Independence Day, Eid Milan, and other employee activities etc., are organized.

We provide a conducive professional environment for employees' continuous improvement and career development. New offices are being acquired and equipped with state-of-the-art facilities, workstations with distinctive architecture as well as training rooms for in-house trainings have been set up.

In recognition of our HR initiatives, Hascol Petroleum was conferred the third prize amongst Large National Companies in Pakistan for Best HR Practices 2018 by the Employers Federation of Pakistan (EFP).

7. Corporate Social Responsibility (CSR)

Your Company has a roadmap with respect to Corporate Social Responsibility to support in the areas of education, health and environment through various philanthropic efforts. During the current year, the Company contributed Rs. 11.79 million to various education institutions, hospitals and charitable organizations.

Hascol is now a member of the prestigious United Nations Global Compact (UNGC) and submitted its First Communication on Progress (COP) Report to the UNGC. This report reaffirms our commitment to the 10 Principles of UNGC and mentions the actions that Hascol has undertaken to implement them. HPL was also conferred the first prize amongst multinationals in Pakistan at the United Nations Global Compact Best Practices Sustainability award ceremony.

8. Corporate Governance

The Company remains committed to conducting its business in line with the best practices of the Code of Corporate Governance, the Companies Act 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited. Details are particularly mentioned in the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017.

9. Key Operational and Financial Data

A statement summarizing key operational and financial data for the last six years is given on page 27 of the report.

10. Contribution to the National Exchequer and Economy

During the year your Company has made a total contribution of Rs. 64.3 billion to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

11. Composition of Board

Total number of Directors:

(a) Male: 7
(b) Female: Nil

Composition:

(a)	Independent Directors:	Mr. Najmus Saquib Hameed
(b)	Non-executive Directors:	Mr. Mumtaz Hasan Khan Mr. Farooq Rahmatullah Khan Mr. Liaquat Ali Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c)	Executive Directors:	Mr. Saleem Butt

12. Board Changes During the Year 2018

During the year, Mr. Farid Arshad Masood was appointed as director in place of Mr. Paul Anthony Himsworth.

13. Board of Directors and Meetings of the Board held during the year 2018

During the year, seven (7) meetings of the Board of Directors were held and the attendance of each Director is given below:

S.No	Director's Name	Meetings Attended
1	Mr. Mumtaz Hasan Khan(Chairman)	5
2	Mr. Saleem Butt (Chief Executive Officer)	7
3	Mr. Farooq Rahmatullah Khan	7
4	Mr. Najmus Saquib Hameed	4
5	Mr. Liaquat Ali	6
6	Mr. Abdul Aziz Khalid	7
7	Mr. Farid Arshad Masood	2
8	Mr. Paul Anthony Himsworth*	4

*Mr. Paul Anthony Himsworth retired as director on 23rd July 2018.

14. Board Committee Meetings held during the year 2018

During the year, the Audit Committee held five (5) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	4
2	Mr. Liaquat Ali (Member)	5
3	Mr. Abdul Aziz Khalid (Member)	4

During the year, the Human Resource Committee held one (1) meeting. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Najmus Saquib Hameed (Chairman)	1
2	Mr. Farid Arshad Masood (Member)*	1
3	Mr. Mumtaz Hasan Khan (Member)	1
4	Mr. Saleem Butt (Member)	1

*Mr. Paul Anthony Himsworth retired as director on 23rd July 2018.

15. Performance Evaluation of the Board

The performance of the Board of your Company was evaluated during the year. The Board members effectively bring diversity to the Board and constitute a mix of independent and non-executive directors. The overall performance of the Board is good and the board members are aligned with the results of the evaluation.

16. Directors' Remuneration

The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017. The non-executive and independent directors, are paid a fee of PKR 100,000 each for attending board meeting and Committee meeting as approved by shareholders in the Company's Annual General Meeting held on 28th April 2016.

17. Directors Training Programme

Presently, three (03) directors namely, Mr. Farooq Rahmatullah Khan, Najmus Saquib Hameed and Mr. Liaquat Ali have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG).

18. Value of Investment in Post – Employment Benefit Funds

The Company maintains retirement benefit plans for its employees. Contribution to provident and gratuity funds on the basis of audited financial statements as at 31st December 2018 are as follows:

	(Rupees in '000)
Provident Fund	29,834
Gratuity	34,275

19. External Auditors

The external auditors Messrs Grant Thornton Anjum Rahman, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for the re-appointment.

The Board has recommended the appointment of Messrs Grant Thornton Anjum Rahman as Auditors of the Company for the year 2019, subject to Shareholders' approval at the next AGM to be held on 29th April 2019.

20. Pattern of Shareholding

The statement of Pattern of Shareholding as at 31st December 2018 is given on page 24 of the report.

21. Acknowledgement

The Board acknowledges the dedication, commitment and hard work of the Company's Chiefs, Head of Departments, Managers and all of its employees, and also place on record the gratitude to the shareholders, financial institutions and Government authorities for their continuous support and confidence in the Company.

22. Future Outlook

A reasonable indication of future prospects is discussed in the Chairman's Review on page 14.

Thanking you all.
On behalf of the Board

Director

Director

Pattern of Shareholding

As of December 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUMTAZ HASAN KHAN	1	34,110,203	18.84
LIAQUAT ALI	1	3,974,135	2.20
FAROOQ RAHMATULLAH KHAN	1	411,638	0.23
NAJMUS SAQUIB HAMEED	2	79,926	0.04
SALEEM BUTT	2	399,608	0.22
NAZIA MALIK	2	1,683,650	0.93
Associated Companies, undertakings and related parties			
FOSSIL ENERGY (PRIVATE) LIMITED	2	19,288,718	10.66
MARSHAL GAS (PVT) LIMITED	1	11,653,157	6.44
Executives	**27**	**2,046,223**	**1.13**
Public Sector Companies and Corporations	0	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	21	11,152,791	6.16
Mutual Funds			
CDC - TRUSTEE JS LARGE CAP. FUND	1	118	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	171,385	0.09
CDC - TRUSTEE FAYSAL STOCK FUND	1	3,875	0.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	2,037	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	14,050	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	216,647	0.12
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,339,117	0.74
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	4,500	0.00
CDC - TRUSTEE NAFA STOCK FUND	1	43,620	0.02
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	4,080	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	133,970	0.07
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	3,503	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	1,155	0.00
CDC - TRUSTEE ABL STOCK FUND	1	4,305	0.00
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	46,425	0.03
CDC - TRUSTEE ASKARI EQUITY FUND	1	2,981	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	107,663	0.06
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	18,750	0.01
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	10,625	0.01
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	1,243	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	12,138	0.01
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	268	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	156,496	0.09
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	8,000	0.00
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	6,750	0.00
CDC - TRUSTEE HBL ENERGY FUND	1	170,000	0.09
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	9,875	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	24,700	0.01
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	6,250	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	6,275	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	11,375	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	725	0.00
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	299,250	0.17
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	261,325	0.14
CDC - TRUSTEE MEEZAN ENERGY FUND	1	529,775	0.29
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	3,250	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	276,000	0.15
CDC - TRUSTEE PICIC INVESTMENT FUND	1	64,275	0.04
CDC - TRUSTEE PICIC GROWTH FUND	1	119,500	0.07
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	13,750	0.01
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	3,750	0.00
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	1	41,750	0.02
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	38,950	0.02
General Public			
a. Local	7302	22,815,546	12.60
b. Foreign	4	528,210	0.29
Foreign Companies	21	65,556,117	36.22
OTHERS	118	3,124,402	1.73
Totals	**7548**	**181,018,800**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
MUMTAZ HASAN KHAN	34,110,203	18.84
FOSSIL ENERGY (PRIVATE) LIMITED	19,288,718	10.66
MARSHAL GAS (PVT) LIMITED	11,653,157	6.44
VITOL DUBAI LIMITED	49,705,956	27.46

Pattern of Shareholding

As of December 31, 2018

# Of Shareholders	Shareholdings' Slab			Total Shares Held
1399	1	to	100	50,306
1597	101	to	500	421,548
2412	501	to	1000	2,071,810
1525	1001	to	5000	3,435,262
252	5001	to	10000	1,842,338
79	10001	to	15000	998,715
67	15001	to	20000	1,198,029
31	20001	to	25000	721,044
22	25001	to	30000	613,444
12	30001	to	35000	385,790
13	35001	to	40000	487,257
10	40001	to	45000	434,730
9	45001	to	50000	430,534
7	50001	to	55000	363,946
3	55001	to	60000	175,320
6	60001	to	65000	376,582
3	65001	to	70000	203,433
6	70001	to	75000	437,265
6	75001	to	80000	469,107
3	80001	to	85000	244,543
2	85001	to	90000	174,912
2	90001	to	95000	188,900
2	95001	to	100000	194,945
2	100001	to	105000	202,698
3	105001	to	110000	324,438
3	115001	to	120000	356,125
2	120001	to	125000	246,250
1	130001	to	135000	133,970
1	135001	to	140000	137,300
2	140001	to	145000	281,972
1	145001	to	150000	150,000
3	155001	to	160000	466,664
3	165001	to	170000	500,921
1	170001	to	175000	171,385
1	180001	to	185000	185,000
2	185001	to	190000	375,000
2	190001	to	195000	382,791
2	195001	to	200000	392,527
1	200001	to	205000	201,715
2	215001	to	220000	432,522
1	230001	to	235000	234,850
1	235001	to	240000	235,500
1	240001	to	245000	243,500
3	245001	to	250000	749,195
1	255001	to	260000	257,125
2	260001	to	265000	523,948
1	270001	to	275000	271,750
1	275001	to	280000	276,000
1	290001	to	295000	293,200
2	295001	to	300000	596,250
1	325001	to	330000	325,625
1	335001	to	340000	337,100
1	345001	to	350000	350,000
3	370001	to	375000	1,120,742
1	385001	to	390000	387,500
1	395001	to	400000	399,600
1	410001	to	415000	411,638
1	420001	to	425000	425,000
1	450001	to	455000	451,625
2	495001	to	500000	996,067
1	505001	to	510000	506,550
1	525001	to	530000	529,775
1	810001	to	815000	812,500
1	905001	to	910000	907,442
1	930001	to	935000	935,000
1	1040001	to	1045000	1,041,299
1	1335001	to	1340000	1,339,117
1	1370001	to	1375000	1,371,632
1	1425001	to	1430000	1,427,250
1	1580001	to	1585000	1,583,125
1	1680001	to	1685000	1,681,982
1	2135001	to	2140000	2,135,213
1	2480001	to	2485000	2,483,235
1	3900001	to	3905000	3,902,125
1	3970001	to	3975000	3,974,135
1	4255001	to	4260000	4,257,508
1	8435001	to	8440000	8,438,125
1	11650001	to	11655000	11,653,157
1	18475001	to	18480000	18,476,218
1	34110001	to	34115000	34,110,203
1	49705001	to	49710000	49,705,956
7548				181,018,800

Sales - net

275.6

27.79% billion

Gross profit

10.3

39.09% billion

Key Operational and Financial Data

Six Years Summary

	2018	2017	2016	2015	2014	2013
Profit and Loss Account						Rs/mn
Revenue (Gross)	**275,604**	215,662	128,759	94,065	99,061	57,469
Revenue (net)	**233,607**	173,739	76,774	84,856	49,820	25,992
Cost of good sold	**224,167**	166,851	95,000	74,018	82,877	48,506
Gross profit	**10,277**	7,389	4,708	2,839	2,037	1,360
Operating profit	**5,996**	4,528	2,627	1,630	1,237	579
Profit before tax	**652**	2,659	2,154	1,197	865	425
Profit after tax	**207**	1,401	1,133	640	392	218
Earnings before interest, taxes, depreciation and amortisation	**2,953**	3,751	2,987	1,788	1,264	633
Balance Sheet						
Share Capital	**1,810**	1,448	1,207	906	656	656
Property, plant and equipment	**22,563**	13,680	8,689	6,278	3,291	2,436
Inventory	**22,615**	18,557	16,478	8,470	3,474	3,154
Current assets	**49,485**	42,184	33,710	17,916	10,975	6,557
Current liabilities	**56,875**	43,798	35,035	20,171	12,059	7,630
Non current assets	**24,447**	15,911	10,940	8,703	4,642	2,798
Non current liabilities	**4,573**	4,031	3,510	662	459	281
Surplus on revaluation of fixed assets	**4,389**	1,026	1,143	1,257	321	358
Summary of cash flow statements						
Cash flows from operating activities	**(7,819)**	1,276	2,421	4,364	722	948
Cash flows from investing activities	**(5,517)**	(5,825)	(2,933)	(2,290)	(1,793)	(642)
Cash flows from financing activities	**1,518**	4,748	1,785	104	1,367	(214)
Net cash flows during the year	**(11,818)**	199	1,273	2,178	296	93
Investor Information						%
Profitability Ratios						
Gross profit ratio	**4.40**	4.25	5.16	3.70	2.40	2.73
Net profit ratio	**0.09**	0.81	1.22	1.48	0.75	0.79
EBITDA margin	**1.07**	1.74	2.18	1.90	1.28	1.10
Cost / Income ratio	**1.12**	0.77	0.79	0.74	0.65	1.35
Return on equity	**0.02**	0.14	0.24	0.25	0.23	0.36
Liquidity Ratios						Ratio
Current ratio	**0.87 : 1**	0.96 : 1	0.97:1	0.88:1	0.91:1	0.88:1
Quick ratio	**0.47 : 1**	0.54 : 1	0.50:1	0.47:1	0.62:1	0.47:1
						%
Cash flows from operations to sales	**-3.35**	0.73	2.42	5.68	0.85	1.90
Cash to current liabilities	**0.15**	0.22	0.23	0.20	0.15	0.11
Investment / Market Ratios						Rs
Earnings per share	**1.14**	8.56	9.41	9.39	5.89	5.97
Breakup value per share without surplus on revaluation of fixed assets	**55.90**	63.81	41.12	37.53	30.67	16.54
Breakup value per share with surplus on revaluation of fixed assets	**86.21**	70.89	50.59	47.94	34.21	22.01

Notice of Seventeen (17th) Annual General Meeting

Notice is hereby given that the Seventeen (17th) Annual General Meeting of Hascol Petroleum Limited will be held on Monday, 29th April 2019 at 10:00 a.m. at the Marriott Hotel Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 10th October 2018.

2. To receive, consider and adopt the audited accounts of the Company for the year ended 31st December 2018, together with the directors' and auditors' reports thereon.

3. To appoint auditors and fix their remuneration for the financial year 2019.

4. Special Business

   To approve the issue of bonus shares in the proportion of 1 share for every 10 shares held i.e. 10 %, as recommended by the Board of Directors, and if deemed appropriate, pass the following ordinary resolution:

   RESOLVED THAT a sum of Rs. 181,018,800/- out of the Company's reserves be capitalized and applied towards the issue of 18,101,880 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on 22nd April 2019, in the proportion of 1 share for every 10 ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

   FURTHER RESOLVED THAT fractional entitlement of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to any registered charitable institution.

   FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of bonus shares.

5. To transact any other business with the permission of the Chair.

   Statement under section 134(3) of the Companies Act, 2017, pertaining to the special business referred above is annexed to the notice of the Annual General Meeting.

By Order of the Board

8th April 2019
Karachi

Zeeshan Ul Haq
Company Secretary

NOTES:

Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from 23rd April 2019 to 29th April 2019 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, Messrs Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on 22nd April 2019 will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

Participation in the Meeting

Only those persons, whose names appear in the register of members of the Company as on 22nd April 2019, are entitled to attend, participate in, and vote at the Annual General Meeting.

A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed. A form of proxy is attached herewith in the Annual Report.

Transmission of Annual Financial Statements through Email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website www.hascol.com, to be sent along with copy of his / her / its CNIC / Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice.

Notice to Members Who Have Not Provided CNIC

SECP vide Notification S.R.O. 19(1)/2014 dated 10th January 2014 read with Notification S.R.O 831(1)/2012 dated 5th July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, in case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the directives of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.

Consent for video Conference Facility

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company.

Availability of Audited Financial Statements on Company's Website

The audited financial statements of the Company for the year ended 31st December 2018 have been made available on the Company's website www.hascol.com.

Change of Address

Members are requested to immediately notify the Company's Share Registrar, Messrs Central Depository Company of Pakistan Limited of any change in their registered address.

Payment of Dividend through electronic mode (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

Guidelines for CDC Account Holders

CDC account holders are required to comply with the following guidelines as laid down in Circular No.1 of 2000 dated 26th January 2000 issued by SECP:

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 CDC regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting; and

(ii) In case of corporate entities, 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 their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirement;

(ii) The proxy form shall be witnessed by two (2) persons whose names, addresses, and CNIC numbers shall be mentioned on the form;

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

(iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

(v) In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Statement under Section 134(3) of the Companies Act, 2017

Issue of Bonus Shares

The Directors are of the view that the Company's financial position justifies capitalization of Rs. 181,018,800/- out of the Company's reserves and applied towards the issue of 18,101,880 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares in the proportion of one (1) bonus share for every ten (10) ordinary shares held. The Directors of the Company, directly or indirectly, are not personally interested in this issue, except to the extent of their shareholding in the Company.

INVESTING IN PEOPLE

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

Hascol Petroleum Limited (herein after referred to as 'the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

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

   (a) Male: 7
   (b) Female: Nil

2. The composition of Board is as follows:

(a) Independent Directors:	Mr. Najmus Saquib Hameed
(b) Non-executive Directors:	Mr. Mumtaz Hasan Khan Mr. Farooq Rahmatullah Khan Mr. Liaquat Ali Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c) Executive Directors:	Mr. Saleem Butt

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

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

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.

8. The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017.

9. Presently, three (03) directors of the Company have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG). Following directors have attended the Directors' Training Program:

   - Mr. Farooq Rahmatullah Khan
   - Mr. Najmus Saquib Hameed
   - Mr. Liaquat Ali

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

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

12. The Board has formed committees comprising of members given below:

a) Audit Committee:

Mr. Najmus Saquib Hameed	Chairman
Mr. Abdul Aziz Khalid	
Mr. Liaquat Ali	

b) Strategy Committee:

Mr. Farooq Rahmatullah Khan	Chairman
Mr. Mumtaz Hasan Khan	
Mr. Abdul Aziz Khalid	
Mr. Saleem Butt	

c) Human Resource and Remuneration Committee

Mr. Najmus Saquib Hameed	Chairman
Mr. Mumtaz Hasan Khan	
Mr. Farid Arshad Masood	
Mr. Saleem Butt	

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

14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committees were as per following:

a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

Mumtaz Hasan Khan
Chairman
Karachi: 3rd April 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

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Karachi 75530

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To the members of Hascol Petroleum Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Hascol Petroleum Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Chartered Accountants
Member of Grant Thornton International Ltd

Offices at Islamabad, Lahore

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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Place: Karachi
Date: 03 APR 2019

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

Statement of Compliance with The Sukuk (Privately Placed) Regulations, 2017 and Issue of Sukuk Regulations, 2015

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended December 31, 2018.

Hascol Petroleum Limited (the Company) entered into an arrangement for issue of Sukuk amounting to Rs. 2,000 Million inclusive of Green Shoe Option of Rs. 500 Million, on December 31, 2015 for a period of 6 years including a grace period of 1 year. We state that the Company is in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations.

We specifically confirm that:

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shari'ah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shari'ah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the board of directors, and personnel responsible to ensure the Company's compliance with the Sukuk Features and Shari'ah Requirements are properly trained and systems are properly updated.

The Sukuk Features and Shari'ah Requirements in accordance with issue of the Regulations comprises of the following:

a. Requirements of Shariah Structure and Transaction Documents as stated in the Information Memorandum, with respect to issuance of Sukuk:
- Trust Deed
- Musharka Agreements
- Payment Agreements
- Purchase Undertaking
- Asset Purchase Agreement
- Investment Agency Agreement
- Security Documents

b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
d. Other compliances specified in the Regulations as issued by the SECP.

The above Statement has been duly endorsed by the Board of Directors of the Company.

Director

Director

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Independent Assurance Report to the Boardof Directors of Hascol Petroleum Limited on Shari'ah Compliance of Rs. 2 billion privately placed Sukuk

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Introduction

We were engaged by the Board of Directors ("the Board") of Hascol Petroleum Limited ("the Company") to express an opinion on the annexed Statement of Compliance ("Statement") prepared by the management for the year ended December 31, 2018,with Sukuk Features and Shari'ah Requirements about whether the annexed Statement presents fairly the status of Compliance with Sukuk Features and Sharia'ah Requirements as required under under Issue of Sukuk Regulations, 2015 and Sukuk (privately placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprises of the provisions of the Regulations and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor.

Company's Responsibilities for Shari'ah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements; contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shari'ah Requirements as specified above. The Company's Board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management systems as the management determines is necessary to mitigate the risk of non-compliance of the Sukuk Features and Shari'ah Requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk features and Shari'ah requirements are properly trained and systems are properly updated.

Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of*

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Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we comply with the ethical requirements, and plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

The procedures selected depend on our professional judgment including the assessment of the risk of the Company's non-compliance with Sukuk Features and Shari'ah Requirements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to ensure compliance with Sukuk Features and Shari'ah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Features and Shari'ah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk features and Shari'ah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shari'ah Requirement will be met.

The procedures performed included:

- Evaluation of the systems, procedures and practices in place with respect to Sukuk related transactions against the Features and Shari'ah Requirements;
- Evaluation of the systems established to help ensure the Company's compliance with the systems, procedures and practices with respect to Sukuk Features and Shari'ah Requirements;
- Verification that payments were made on time and there was no delay; and
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended December 31, 2018, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

Date: 0 3 APR 2019
Karachi

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement partner

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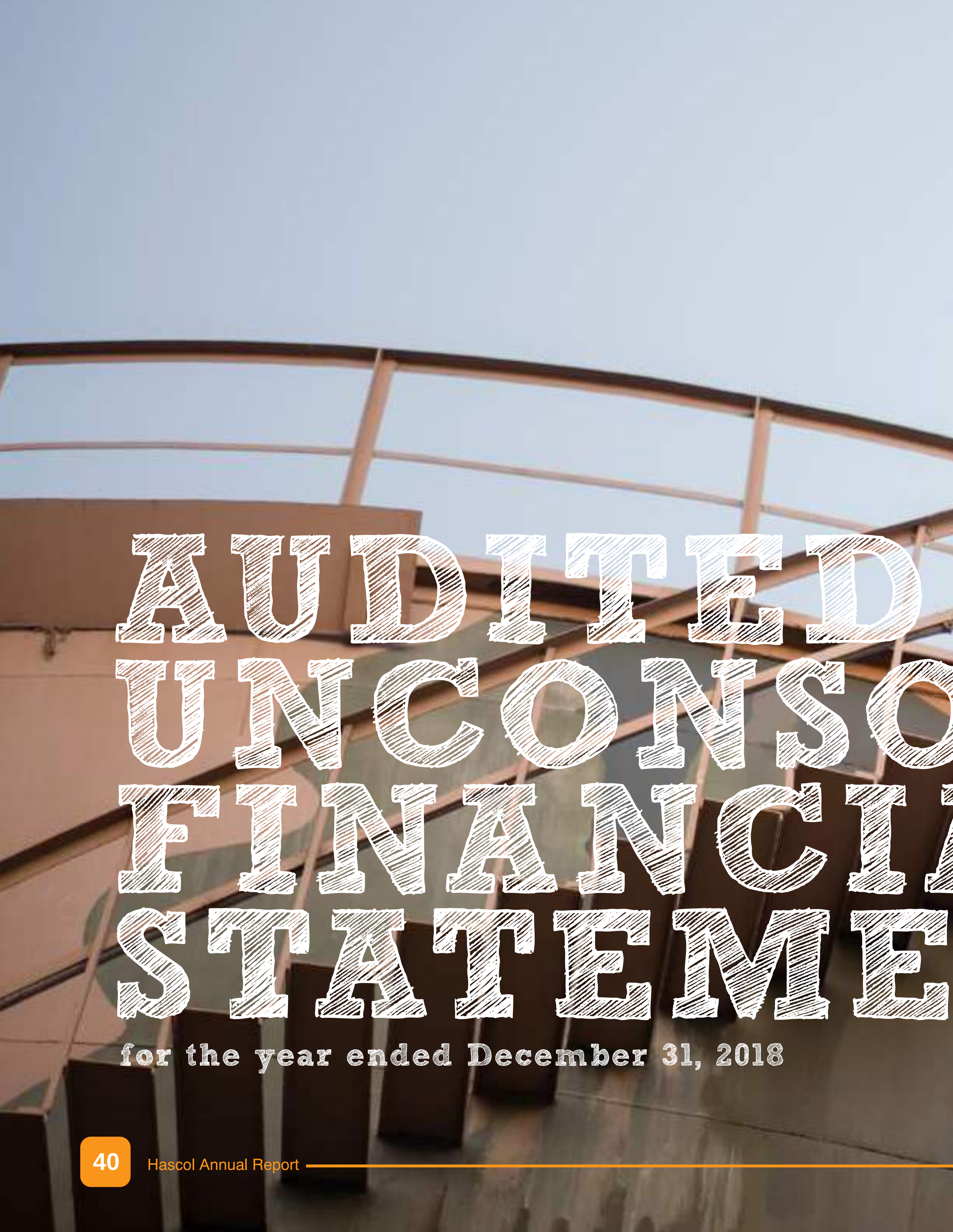

AUDITED UNCONSO FINANCIA STATEME

for the year ended December 31, 2018


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INDEPENDENT AUDITOR'S REPORT

GRANT THORNTON ANJUM RAHMAN
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To the members of Hascol Petroleum Limited

Report on the audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Hascol Petroleum Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit or loss, total comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis of Opinion

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

Key Audit Matters

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

Following are the key audit matters.

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Key audit matters	How the matter was addressed in our audit
<u>First time application of fourth schedule to the Companies Act, 2017</u> (Refer note 2.7 to the annexed unconsolidated financial statements). The fourth schedule to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments relating to disclosures required in the Company's unconsolidated financial statements. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We have reviewed and understood the requirements of the fourth schedule of the Companies Act, 2017 and our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Company's annexed Unconsolidated Financial Statements; • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence; and • Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
<u>Valuation of Defined benefit obligation</u> (Refer note 24.3 to the unconsolidated financial statements) The Company operates an unfunded gratuity scheme for its employees. The Company's obligation in respect of defined benefit plans as at December 31, 2018 amounted to Rs. 250.593 million. In determining the obligation in respect of defined benefit plan, the Company engaged an actuarial expert to perform the actuarial valuation of plan assets and the present value of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of increase in future salaries, rate of employee turnover and mortality rates.	Our audit procedures amongst others, comprised understanding the management valuation process, including the involvement of actuarial expert in performing the actuarial valuation of plan assets and defined benefit obligation. We assessed the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under IAS 19 'Employee Benefits'. We assessed the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plans.

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Changes in any of these key assumptions can have a material impact on the calculation of these liabilities. We identified retirement benefit obligation as a key audit matter because of significant management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	We tested data provided by the Company to actuary for the purpose of valuation. We also reviewed the adequacy of the related disclosures in the unconsolidated financial statements.
<u>Revaluation of Property, plant and equipment</u> (Refer note 8.1 to the unconsolidated financial statements) As at 31 December, 2018, the Property, plant and equipment of the Company, which are accounted for by the revaluation method amounted to Rs. 16.542 billion. Following the revaluation model, management has assessed these carrying values. The revaluation gain of Rs. 4.476 billion has been recognized by increasing the carrying values of respective assets These conclusions are dependent upon, significant management judgment, including in respect of estimates and forced sale values provided by an independent external valuer.	Our procedures in relation to management revaluation assessment of property, plant and equipment included: • Reviewed and verified the reports of independent evaluators; • Checked the experience and qualification of independent evaluators; • Evaluated the appropriateness of methodologies used to estimate forced sale values by the independent external valuer. • Considering the application of the forced sale value estimated by the independent external valuer based on our knowledge of the industry and values of the assets that have been disposed of during the year. • Assessed the adequacy of disclosures in the unconsolidated financial statements, including disclosures of key assumptions, estimates and sensitivity.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended December 31, 2018, but does not include the Unconsolidated Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Unconsolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: 0 3 APR 2019

Chartered Accountants
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Unconsolidated Statement of Financial Position

AS AT DECEMBER 31, 2018

(Rupees in thousand)

ASSETS	Note	2018	Restated 2017	Restated 2016
Non-current assets				
Property, plant and equipment	8	22,563,232	13,680,349	8,688,947
Intangible asset	9	2,565	-	-
Long-term investments	10	1,333,814	1,899,518	1,961,977
Long-term deposits	11	547,772	331,537	288,882
Total non-current assets		24,447,383	15,911,404	10,939,806
Current assets				
Stock-in-trade	12	22,615,303	18,557,106	16,477,668
Trade debts	13	13,552,235	11,518,218	7,871,281
Advances	14	109,489	181,365	253,413
Deposits and prepayments	15	199,829	80,633	106,179
Other receivables	16	2,845,526	2,161,031	1,144,753
Mark-up and profit accrued	17	92,718	57,398	35,816
Taxation - net	18	1,270,808	-	-
Cash and bank balances	19	8,799,447	9,735,983	7,829,834
Total current assets		49,485,355	42,291,734	33,718,944
TOTAL ASSETS		73,932,738	58,203,138	44,658,750
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	20	1,810,188	1,448,150	1,206,792
Reserves	21	6,285,646	7,792,097	3,755,346
Surplus on revaluation of property, plant and equipment - net of tax		4,389,156	1,025,789	1,142,880
Total shareholders' equity		12,484,990	10,266,036	6,105,018
LIABILITIES				
Non-current liabilities				
Long-term financing	22	2,625,850	2,240,163	2,307,749
Liabilities against assets subject to finance lease	23	1,015,993	377,603	471,731
Deferred and other liabilities	24	931,300	1,413,122	1,144,581
Total non-current liabilities		4,573,143	4,030,888	3,924,061
Current liabilities				
Trade and other payables	25	34,531,147	34,321,373	29,222,758
Unclaimed dividend	26	362,674	107,926	8,764
Mark-up and profit accrued	27	311,976	117,258	91,185
Short-term borrowings	28	18,877,466	6,944,699	3,889,629
Current portion of non-current liabilities	29	2,791,342	1,642,892	747,466
Taxation - net	18	-	772,066	669,869
Total current liabilities		56,874,605	43,906,214	34,629,671
TOTAL LIABILITIES		61,447,748	47,937,102	38,553,732
TOTAL EQUITY AND LIABILITIES		73,932,738	58,203,138	44,658,750
CONTINGENCIES AND COMMITMENTS	30			

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

*The Chief Executive Officer is for the time being not available in Pakistan therefore, these unconsolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director	Chief Financial Officer	Director

Unconsolidated Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
Sales - net	31	275,604,114	215,662,302
Less: sales tax		(41,996,694)	(41,923,129)
Net sales		233,607,420	173,739,173
Other revenue	32	836,711	500,460
Net revenue		234,444,131	174,239,633
Cost of products sold	33	(224,167,482)	(166,850,657)
Gross profit		10,276,649	7,388,976
Distribution and marketing expense	34	(3,925,143)	(2,666,666)
Administrative expenses	35	(882,969)	(611,439)
Operating expenses		(4,808,112)	(3,278,105)
Other income	36	527,342	417,481
Operating profit		5,995,879	4,528,352
Finance cost	37	(1,324,262)	(582,785)
Other expenses	38	(116,694)	(491,095)
Exchange loss - net		(3,903,041)	(795,773)
		(5,343,997)	(1,869,653)
Profit before taxation		651,882	2,658,699
Taxation	39	(444,739)	(1,257,451)
Profit for the year		207,143	1,401,248
			(Restated)
Earnings per share - basic and diluted (Rupees)	40	1.14	8.56

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

*The Chief Executive Officer is for the time being not available in Pakistan therefore, these unconsolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director | Chief Financial Officer | Director

Unconsolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
Profit for the year		**207,143**	1,401,248
Items that will not be reclassified to unconsolidated profit and loss account subsequently			
Remeasurement of actuarial losses on defined benefit obligation - net of tax	24.3.3	**(20,915)**	(30,519)
Items that may be reclassified subsequently to unconsolidated profit and loss account			
Revaluation surplus on property, plant and equipment - net of tax		**3,585,979**	-
Unrealized loss on remeasurement of available-for-sale investments - net of tax		**(539,547)**	(302,341)
Other comprehensive income / (loss)		**3,025,517**	(332,860)
Total comprehensive income		**3,232,660**	1,068,388

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

*The Chief Executive Officer is for the time being not available in Pakistan therefore, these unconsolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director | **Chief Financial Officer** | **Director**

Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

		Capital Reserves	Revenue Reserves	Others		
	Share Capital	Share Premium	Unappropriated profit	Surplus on remeasurement of available for nvestments to fair value	Surplus on revaluation of property, plant and equipment	Total shareholders' equity
Balance as at January 01, 2017 as previously reported	1,206,792	1,070,828	2,059,588	624,930	-	4,962,138
Effect of change in Accounting policy (note 5)	-	-	-	-	1,142,880	1,142,880
Balance as at January 01, 2017 (Restated)	1,206,792	1,070,828	2,059,588	624,930	1,142,880	6,105,018
Total comprehensive income for the year						
Profit for the year	-	-	1,401,248	-	-	1,401,248
Other comprehensive loss						
Remeasurement of actuarial losses on defined benefit obligation - net of tax	-	-	(30,519)	-	-	(30,519)
Unrealized loss due to change in fair value of long-term investments - net of tax	-	-	-	(302,341)	-	(302,341)
Total comprehensive income	-	-	1,370,729	(302,341)	-	1,068,388
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of tax	-	-	117,091	-	(117,091)	-
	-	-	1,487,820	(302,341)	(117,091)	1,068,388
Transactions with owners recognized directly in equity						
Right issue 20% @ 165/- per share - September 2017	241,358	3,741,055	-	-	-	3,982,413
Issuance cost	-	(45,029)	-	-	-	(45,029)
	-	-		-		
	241,358	3,696,026	-	-	-	3,937,384
Final dividend at Rs. 3.50 per share - December 2016	-	-	(422,377)	-	-	(422,377)
Interim dividend at Rs. 3.50 per share - June 2017	-	-	(422,377)	-	-	(422,377)
	-	-	(844,754)	-	-	(844,754)
Total transactions with owners recognized directly in equity	241,358	3,696,026	(844,754)	-	-	3,092,630
Balance as at December 31, 2017 (Restated)	1,448,150	4,766,854	2,702,654	322,589	1,025,789	10,266,036
Balance as at January 01, 2018	1,448,150	4,766,854	2,702,654	322,589	1,025,789	10,266,036
Total comprehensive loss for the year						
Loss for the year	-	-	207,143	-	-	207,143
Other comprehensive loss						
Remeasurement of actuarial losses on defined benefit obligation - net of tax	-	-	(20,915)	-	-	(20,915)
Revaluation for the year - net of tax	-	-	-	-	3,585,979	3,585,979
Unrealized loss due to change in fair value of long-term investments - net of tax	-	-	-	(539,547)	-	(539,547)
Total comprehensive loss	-	-	186,228	(539,547)	3,585,979	3,232,660
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of tax	-	-	222,612	-	(222,612)	-
	-	-	408,840	(539,547)	3,363,367	3,232,660
Transactions with owners						
Bonus issue 25% per shares - September 2018	362,038	-	(362,038)	-		-
	362,038	-	(362,038)	-	-	-
Final dividend at Rs. 3.50 per share - December 2017	-	-	(506,853)	-	-	(506,853)
Interim dividend at Rs. 3.50 per share - June 2018	-	-	(506,853)	-	-	(506,853)
	-	-	(1,013,706)	-	-	(1,013,706)
Total transactions with owners	362,038	-	(1,375,744)	-	-	(1,013,706)
Balance as at December 31, 2018	1,810,188	4,766,854	1,735,750	(216,958)	4,389,156	12,484,990

*The Chief Executive Officer is for the time being not available in Pakistan therefore, these unconsolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director

Chief Financial Officer

Director

Unconsolidated Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	43	(3,727,319)	2,388,667
Finance cost paid		(1,114,401)	(555,825)
Profit received on bank deposits		383,267	257,471
Taxes paid		(3,344,269)	(788,425)
Gratuity paid	24.3.2	(16,698)	(25,825)
Net cash (used) in / generated from operating activities		(7,819,420)	1,276,063
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	8.3	(6,068,659)	(5,693,170)
Proceeds from disposal of property, plant and equipment		768,247	214,099
Long-term investment made during the year		-	(303,000)
Long-term deposits paid		(216,235)	(42,655)
Net cash used in investing activities		(5,516,647)	(5,824,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained / (repaid) - net		802,226	(131,977)
Proceeds from issue of shares - net of transaction cost		-	3,937,384
Dividend paid		(758,958)	(745,592)
Payment of commercial paper		(1,500,000)	-
Proceeds from issue of commercial paper	28.3	2,399,714	1,446,204
Long-term finance obtained - net		575,056	340,814
Net cash generated from financing activities		1,518,038	4,846,833
Net (decrease) / increase in cash and cash equivalents		(11,818,029)	298,170
Cash and cash equivalents at beginning of the year		4,178,375	3,880,205
Cash and cash equivalents at end of the year	44	(7,639,654)	4,178,375

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

*The Chief Executive Officer is for the time being not available in Pakistan therefore, these unconsolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director | Chief Financial Officer | Director

1 LEGAL STATUS AND NATURE OF BUSINESS

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company got listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.

1.1 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Company include the following:

Business Unit	Geographical Location
Head Office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan and Northern areas, the details of which is impracticable to disclose in these financial statements are required as required under Paragraph 1 (i) of Part I of the 4th Schedule to the Companies Act, 2017.

1.2 CAPACITY AND PRODUCTION

Considering the nature of the company's business, the information regarding production has no relevance whereas product storage capacities at company's facilities during the current year is detailed below:

	Storage Capacity Metric Tonnes	
Description	HSD	PMG
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Issuance of bonus shares

During the year the Company issued bonus shares in the proportion of one share for every four shares held i.e. 25%.

2.2 Revaluation of Proprety,plant and equipment

During the year the Company carried out revaluation of its plant and equipment which resulted in better reflection of its investment in network and infrastructure.

2.3 Acquisition of LPG Plant

The Company acquired liquified petroleum gas (LPG) plant from Marshal Gas (Pvt) Limited. The Company intends to commence its LPG Operations immediately upon receipt of the NOC from the Competition Commission of Pakistan.

2.4 Exchange loss - net

Due to devaluation of Pak Rupee during the year ended December 31, 2018, the Company suffered exchange loss amounting to Rs. 3.9 billion for liabilities denominated in US Dollar.

2.5 Hascol Terminals Limited - completion

During the year 232,760 cubic meter capacity came online as a result of completion of terminal at Port Qasim.

2.6 Petrochemical Business Unit

The Company further expanded its product range by adding chemicals business unit.

2.7 Applicability of Companies Act 2017

Due to applicability of the Companies Act, 2017 amounts reported for the previous year are restated. For detailed information refer note 5.

3 BASIS OF PREPARATION

3.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

3.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 7.1.1 of these consolidated financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 8.1), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 39.1), change in threshold for identification of executives (refer note 41), additional disclosure requirements for related parties (refer note 42) etc.

3.3 Accounting convention

These unconsolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Available for sale investment	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Monetary Liabilities	Spot exchange rates

3.3.1 In these unconsolidated financial statements, except for the unconsolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

3.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3.5 Standards, Amendments and Interpretations to Approved Accounting Standards

3.5.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Amendments	Effective Date
- IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
- IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2018.

3.5.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standards and amendment	Effective Date (Annual Periods beginning on or after)
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
- IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
- IFRS 16 - Leases	January 1, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
- Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
- IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
- IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

Standards and amendment	Effective Date (Annual Periods beginning on or after)
- IFRS 11 - Joint Venture - (Amendments to IFRS 11)	January 1, 2019
- IFRS 9 - Financial Instruments: Classification and Measurement	July 1, 2019
- IAS 1 / IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
- IFRS 3 - IFRS Definition of a business (Amendments to IFRS 3)	January 1, 2020

The Company is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the unconsolidated financial statements.

3.5.4 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP

Following new standards have been issued by the IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective Date (Annual Periods beginning on or after)
- IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
- IFRS 17 - Insurance Contracts	January 1, 2021

4 CRITICAL ASSUMPTIONS, ESTIMATES AND MEASUREMENT UNCERTAINITY

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(Rupees in thousand)

Accounting policies in respect of judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the Company's unconsolidated financial statements, estimates and assumptions with significant risk of material adjustments in the future period are included in the following notes:

		Note
a)	Depreciation method, rates and useful life of operating fixed assets	7.1
b)	Revaluation of operating fixed assets	7.1.2
c)	Amortization method, rates and useful life of intangible assets	7.2
d)	Estimate of fair value of investments available for sale	7.3
e)	Impairment of financial assets	7.3
f)	Estimate of recoverable amount of investment in subsidiaries	7.10
g)	Net realizable value of stock-in-trade	7.15
h)	Recoverable amount and impairment of non-financial assets	7.16
i)	Provisions and contingencies	7.19
j)	Provision for taxation	7.23
k)	Provision for gratuity	7.25

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

5 CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy for the surplus on revaluation of operating fixed assets, after enactment of the Companies Act, 2017, which has not carried forward requirement of disclosing the surplus on revaluation of operating fixed assets as a separate item below equity. Accordingly, in accordance with the requirements of International Accounting Standard - IAS 16, 'Property, plant and equipment', surplus on revaluation of operating fixed assets would now be presented within equity. The new accounting policy is explained in note 7.1.1.

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 comparative figures have been restated.

The effect of the change is recognition and presentation of Rs. 4.389 billion for surplus on revaluation of Property, plant and equipment previously presented below equity in the statement of financial position. There is no impact of change in accounting policy on statement on profit or loss and other comprehensive income and statement of cash flows.

	As previously reported	Adjustments	As restated
Impact on statement of financial position			
As at 01 January, 2017			
Surplus on revaluation of property, plant and equipment (below equity)	1,142,880	(1,142,880)	-
Surplus on revaluation of property, plant and equipment (within equity)	-	1,142,880	-
Impact on statement of changes in equity			
Surplus on revaluation of property, plant and equipment	-	-	1,142,880
Surplus on revaluation of property, plant and equipment			

(Rupees in thousand)

	As previously reported	Adjustments	As restated
Impact on statement of financial position			
As at 31 December, 2017			
Surplus on revaluation of property, plant and equipment (below equity)	1,025,789	(1,025,789)	-
Surplus on revaluation of property, plant and equipment (within equity)	-	1,025,789	-
Impact on statement of changes in equity			
Surplus on revaluation of property, plant and equipment	-	-	1,025,789

6 CORRECTION OF ERRORS

The Company had not accounted for unclaimed / unpaid dividend before since the amount was transferred to a special dividend account and was kept off balance sheet. As a consequence, Cash and bank balances and unclaimed/ unpaid dividend were understated. The error have been corrected by restating each of the affected financial statement line item for prior periods. The following table summarize the impacts on the Company's unconsolidated financial statements.

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Unconsolidated financial statements			
1 January 2017			
Total assets			
Cash and bank balances	7,821,070	8,764	7,829,834
Total Liabilities			
Unclaimed dividend	-	8,764	8,764
31 December 2017			
Total assets			
Cash and bank balances	9,628,057	107,926	9,735,983
Total Liabilities			
Unclaimed dividend	-	107,926	107,926

7 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Property, plant and equipment

7.1.1 Initial recognition

(a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the consolidated statement of profit or loss, however decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus is respect of the same assets. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

The Company accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liabilities. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased assets and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

(b) Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction/installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

7.1.2 Measurement subsequent to initial recognition

(a) Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment.;
- Furniture, office equipment and other assets; and
- Computer auxiliaries

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

(b) **Carried using cost model**

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation on operating fixed assets is charged to unconsolidated profit and loss account by applying the straight-line method whereby the cost/revalued amount of operating fixed assets is charged off over its remaining useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 8.1.

Depreciation method, useful lives, and residual values are reviewed at each reporting year and adjusted, if applicable. Capital work-in-progress is not depreciated.

Maintenance and normal repairs are charged to the unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of operating fixed assets is included in the unconsolidated profit and loss account in the year of disposal.

Surplus on revaluation of fixed assets

As disclosed in note 5 to the unconsolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended December 31, 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) —16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., January 01, 2017, and related notes in accordance with requirement of IAS 1 — Presentation of Financial Statements (Revised) (IAS 1).

Had the accounting policy not been changed, the revaluation surplus on property, plant and equipment would have been shown as a separate line item (below equity in the statement of financial position) amounting to Rs. 4,389 billion for the year ended December 31, 2018.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

7.2 Intangible assets - computer software

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets is charged in proportion to the period of use. The useful life and amortization method is reviewed and adjusted, if appropriate, at the balance sheet date. Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

7.3 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial Assets

Classification and subsequent measurement

For the purpose of classification and subsequent measurement of financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables; and
- available for sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The loan and receivables includes trade debts, advances, deposits, markup or profit accrued, other receivables and cash and bank balances.

Available for sale

Available for sale (AFS) financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equity securities held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Company also have investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period.

Changes in the carrying amount of AFS monetary financial assets relating to changes in market rate of the equity securities and dividends on AFS equity investments are recognized in unconsolidated profit or loss account. Other changes in the carrying amount of AFS financial assets are recognized in unconsolidated other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognize in unconsolidated comprehensive income is reclassified to unconsolidated profit and loss account.

Dividends on AFS equity instruments are recognized in unconsolidated profit and loss account when the Company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in unconsolidated profit and loss account.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through unconsolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in unconsolidated profit and loss account are not reversed through unconsolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income . In respect of AFS debt securities, impairment losses are subsequently reversed through unconsolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition

The Company derecognizes a financial assets when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial assets in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in unconsolidated other comprehensive income and accumulated in equity is recognized in unconsolidated profit and loss account.

On derecognition of financial asset other than in its entirety (e.g. when the Company retains an option to re-purchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continue to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in unconsolidated other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. All interest-related charges, if applicable, changes in an instrument's fair value that are reported in unconsolidated profit and loss account are included within finance costs.

Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in unconsolidated profit and loss account.

7.4 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the unconsolidated balance sheet if the Company has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.5 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

7.6 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

7.7 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

7.8 Dividend distribution

Final dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

7.9 Earnings per share

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

7.10 Investment in subsidiary

A subsidiary is an entity controlled by the entity. The Company control an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect the return through its power over the investee. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

Investment in subsidiary company is initially stated at cost. At subsequent reporting date recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly.

7.11 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but also neither has control nor joint control over those policies.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS-36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with an associate profit and losses resulting from the transactions with the associate are recognized in the Company's unconsolidated financial statements only to the extent of interests in the associate that are not related to the Company.

7.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

7.13 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired. The amount of provision is charged to unconsolidated profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables.

7.14 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

7.15 Stock-in-trade

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

Cost is determined as follows:

- Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.
- The cost of stock in trade is determined on moving weighted average basis.

Provision is made for obsolete/slow moving stocks where necessary and recognized in the unconsolidated profit and loss account. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

7.16 Impairment of non financial assets

The carrying amounts of non financial assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the unconsolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

7.17 Term deposit receipts (TDRs)

These represent placement in TDRs with financial institution having tenure of one year.

7.18 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated balance sheet at cost. For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

7.19 Provisions and contingent liabilities

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the unconsolidated balance sheet.

7.20 Commitment

Commitments are disclosed in the unconsolidated financial statements at committed amount.

7.21 Leases

Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 7.1.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to unconsolidated profit and loss account over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Payments made under operating leases (net of any incentives received from the lessor) are charged to the unconsolidated profit and loss account on a straight-line basis over the period of lease. In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis except where another systematic basis except where another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's unconsolidated balance sheet and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the unconsolidated profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

7.22 Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the unconsolidated balance sheet date. Transactions denominated in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to the unconsolidated profit and loss account. At the end of each reporting period, monetary amount denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

7.23 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the unconsolidated profit and loss account except to the extent that it relates to items recognized outside unconsolidated profit and loss account (whether in unconsolidated other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside unconsolidated profit and loss account.

- Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the unconsolidated balance sheet date, and any adjustments to tax payable in respect of prior years.

- Deferred

Deferred tax is provided for using the unconsolidated balance sheet method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Company takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the unconsolidated profit and loss account, except in the case of items credited or charged to equity or statement of other comprehensive income, in which case it is included in equity or statement of other comprehensive income as the case may be.

7.24 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Operating revenue

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.

- Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.

- Handling, storage and other services income is recognized when the services have been rendered.

Other income

- Dividend income is recognized when the Company's right to receive the dividend is established. - Return on bank deposits is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.

- Rental income from operating leases is recognized on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amounts of the leased assets and recognized on a straight line basis over the leased term.

7.25 Retirement and other service benefits

Unfunded gratuity scheme

The Company operates an unapproved and unfunded gratuity scheme covering of all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contribution therein are made in the accordance with actuarial recommendations.

The valuation in this regard is carried using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement of the defined benefit liability, which comprises of actuarial gain and losses are recognized in the unconsolidated other comprehensive income based on actuarial gain and losses.

The Company determine the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as result of contribution and benefit payments. Net interest expense, current service cost and past service cost related to defined benefit plans are recognized in the unconsolidated profit and loss account.

Contributory provident fund

The Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Company as well as the employees at the rate of 5.72% percent of the basic salary.

7.26 Operating segments

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

7.27 Related party transactions

All transactions with related parties are carried out by the Company at arm's length price using the comparable uncontrolled valuation method.

8 PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating fixed assets	8.1	18,115,431	9,869,027
Capital work-in-progress	8.2	4,447,801	3,811,322
		22,563,232	13,680,349

8.1 Operating fixed assets

	Owned assets											Leased assets							
		Building on lease hold land							Vehicles								Vehicles		
	Land lease hold	*Office and depots building	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Tank lorries	Motor cars	Total operating fixed assets
At January 1, 2018																			
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Year ended December 31, 2018																			
Opening net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Addition / transfer from CWIP	344,054	661,880	1,032,170	725,686	189,197	102,689	452,676	103,592	795,201	69,044	65,476	-	-	-	-	2,512	885,397	-	5,429,574
Revaluation	1,257,960	876,666	613,343	740,549	119,013	54,708	401,827	50,092	-	-	7,822	82,713	53,865	152,231	54,832	10,592	-	-	4,476,213
Transfer																			
Cost	-	368,112	-	262,461	787,347	135,154	77,951	-	(46,333)	28,253	-	(368,112)	(262,461)	(787,347)	(135,154)	(77,951)	46,333	(28,253)	-
Accumulated depreciation	-	(94,382)	-	(61,328)	(230,494)	(31,920)	(10,307)	-	7,316	(28,253)	-	94,382	61,328	230,494	31,920	10,307	(7,316)	28,253	-
	-	273,730	-	201,133	556,853	103,234	67,644	-	(39,017)	-	-	(273,730)	(201,133)	(556,853)	(103,234)	(67,644)	39,017	-	-
Disposals																			
Cost	-	-	-	-	-	-	-	-	(702,175)	(13,795)	-	-	-	-	-	-	-		(715,970)
Accumulated depreciation	-	-	-	-	-	-	-	-	33,912	17	-	-	-	-	-	-	-		33,929
	-	-	-	-	-	-	-	-	(668,263)	(13,778)	-	-	-	-	-	-		-	(682,041)
Depreciation charge for the year	-	(160,928)	(154,338)	(148,916)	(115,404)	(25,315)	(161,155)	(45,137)	(41,294)	(16,431)	(23,269)	-	-	-	-	-	(72,805)	(12,350)	(977,342)
Closing net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
At December 31, 2018																			
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	
At January 1, 2017																			
Cost / revalued amount	31,557	1,050,270	1,360,952	764,904	325,888	81,231	594,001	142,943	16,247	57,871	52,811	285,399	208,596	635,116	205,322	44,777	255,579	61,493	6,174,957
Accumulated depreciation	-	(129,881)	(144,557)	(60,462)	(50,228)	(8,476)	(95,457)	(62,158)	(2,118)	(9,766)	(33,735)	(74,627)	(47,545)	(165,157)	(35,326)	(7,767)	(15,898)	(17,263)	(960,421)
Net book value	31,557	920,389	1,216,395	704,442	275,660	72,755	498,544	80,785	14,129	48,105	19,076	210,772	161,051	469,959	169,996	37,010	239,681	44,230	5,214,536
Year ended December 31, 2017																			
Opening net book value	31,557	920,389	1,216,395	704,442	275,660	72,755	498,544	80,785	14,129	48,105	19,076	210,772	161,051	469,959	169,996	37,010	239,681	44,230	5,214,536
Addition / transfer from CWIP	857,520	1,608,596	226,179	1,358,026	53,182	78,379	554,514	22,996	309,242	67,964	16,949	-	-	-	-	20,070	174,919	7,723	5,356,259
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Disposals / transfers																			
Cost	-	-	-	-	-	-	-	-	(126,897)	(69,459)	-	-	-	-	-	-	-	(1,269)	(197,625)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	4,151	-	-	-	-	-	-	-	1,269	5,420
	-	-	-	-	-	-	-	-	(126,897)	(65,308)	-	-	-	-	-	-	-	-	(192,205)
Depreciation charge for the year	-	(64,163)	(81,277)	(48,487)	(26,972)	(5,364)	(72,014)	(21,837)	(6,238)	(12,954)	(10,293)	(19,755)	(13,783)	(65,337)	(12,219)	(2,540)	(35,638)	(10,692)	(509,563)
Residual Value	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-		-	-
Closing net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
At December 31, 2017																			
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33	5	5	6.67	5	10	10	20	

* Running finance facility from Summit Bank Limited is secured on office building for the value of Rs. 500 million (2017: Rs. 500 million).

(Rupees in thousand)

		Note	2018	2017
8.2	**Capital work-in-progress**			
			1,413,796	1,505,203
	Office building		807,801	697,086
	Tanks and pipelines		316,206	435,325
	Pump building		456,270	304,894
	Electrical, mechanical and fire fighting equipment		80,018	260,357
	Tank lorries		61,834	232,592
	Advances to contractors		156,146	160,087
	Dispensing pumps		239,304	155,567
	Furniture, office equipment and other assets		650,910	25,697
	Plant and machinery	8.3	249,984	22,035
	Borrowing cost capitalized		15,532	12,479
	Computer auxiliaries		4,447,801	3,811,322

8.3 During the year additions amounting to Rs. 6,068.6 million (2017: 5,693.17 million) have been made in capital work-in-progress. This also includes borrowing cost capitalized during the year at rates ranging from 7.51% - 13.22% (2017: 7.45% - 9.15%).

8.4 Due to large number of dealers it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Company are tanks and pipelines dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipments. These assets are not in possession of the Company as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Company's products.

8.5 In 2012, the Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,172 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million. In the year 2015 the Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 4,154 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018 the Company carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 14,009 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,550 million.

8.6 Had there been no revaluation, the written down value of the following assets in the unconsolidated balance sheet would have been as follows:

	Cost	Accumulated depreciation	Written down value 2018	Written down value 2017
Owned assets				
Building on lease hold land:				
- Land	1,233,131	-	1,233,131	-
- Office building	3,320,746	343,534	2,977,212	-
- Pump building	2,079,490	359,178	1,720,312	683,244
Tanks and pipelines	1,128,369	136,306	992,063	262,404
Dispensing units	388,229	122,260	265,969	46,338
Plant and machinery	189,306	44,880	144,426	14,422
Electrical mechanical and fire fighting equipment	693,741	121,073	572,668	156,503
Furniture, office equipment and other assets	269,531	94,354	175,177	-
Computers auxiliaries	135,236	54,940	80,296	-
Total owned assets	9,437,779	1,276,525	8,161,254	1,162,911

(Rupees in thousand)

	Cost	Accumulated depreciation	Written down value 2018	2017
Leased assets				
Pump building	-	-	-	83,068
Dispensing units	-	-	-	50,019
Plant and machinery	-	-	-	34,213
Tanks and pipelines	-	-	-	42,249
Electrical mechanical and fire fighting equipment	-	-	-	7,717
Total leased assets	-	-	-	217,266
Total assets	9,437,779	1,276,525	8,161,254	1,380,177

8.7 Forced sale values of asset class:

Class of assets	
Land	1,938,050
Building	3,951,700
Dispensing Pumps	3,637,000
Plant & machinery	1,201,450
Storage tanks & pipelines	1,896,100
Office Equipments	8,550
Furniture & Fixtures	5,000
Motors Cars / Vehicles	27,500
	12,665,350

8.8 The level of hierarchy for the fair value disclosed fall in level 3 i.e., inputs other than quoted prices included within level 3 that are unobservable either directly or indirectly.

8.9 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Addresses	Total Area of Land Square Yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar	14,520
Others		
Lubricant oil blending plant	Chemical Area, Eastern Industrial Zone, Port Qasim Authority, Karachi.	29,040
LPG terminal	North Western Industrial Zone, Port Qasim Authority	34,848
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton	386

(Rupees in thousand)

		Note	2018	2017
8.10	The depreciation charged for the year has been allocated as follows:			
	Distribution and marketing expenses	34	946,426	486,087
	Administrative expenses	35	30,916	23,476
			977,342	509,563

8.11 During the year written down value of operating fixed assets that have been disposed-off amount to Rs.428.55 million (2017: Rs. 192.2 million). Details of operating fixed assets disposed off with WDV above Rs. 500,000 are given below:

Type	No of Vehicles	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Particulars of buyers	Mode of disposal
			---Rupees in '000'---					
Motor cars								
	6	13,590	-	13,590	15,447	1,857	Askari Bank Limited	Sale and lease back
	6	13,590	-	13,590	15,447	1,857		
Tank Lorries								
	10	39,963	-	39,963	43,621	3,658	Askari Bank Limited	Sale and lease back
	41	371,349	14,445	356,904	400,000	43,096	First Habib Modaraba	Sale and lease back
	15	19,306	1,213	18,093	20,500	2,407	Meezan Bank Limited	Sale and lease back
	66	430,618	15,658	414,960	464,121	49,161		
2018	72	444,208	15,658	428,550	479,568	51,018		
2017	25	195,338	3,169	192,169	212,828	20,659		

		Note	2018	2017
9	**INTANGIBLE ASSET**			
	Computer software		2,565	-
	Net book value at beginning of the year		-	-
	Addition		2,608	-
	Amortization charge for the year	35	(43)	-
	Net book value at the end of the year	9.1	2,565	-
9.1	**Net book value**			
	Cost		10,907	8,299
	Accumulated amortization		(8,342)	(8,299)
	Net book value		2,565	-
	Rate of amortization - %		33.33	33.33

(Rupees in thousand)

		Note	2018	2017
10	**LONG-TERM INVESTMENTS**			
	Investment in subsidiary companies - at cost			
	Hascombe Lubricants (Private) Limited (unquoted)	10.1	-	-
	Investment in associated company - at cost			
	VAS LNG (Private) Limited (unquoted)	10.2	3,000	3,000
	Available for sale investments			
	Pakistan Refinery Limited (quoted) - at fair value	10.3	955,814	1,521,518
	Hascol Terminals Limited (unquoted) - at cost	10.4	375,000	375,000
			1,333,814	1,899,518
10.1	**Investment at cost**		30,604	30,604
	Movement in provision for impairment			
	Balance at the beginning of the year		(30,604)	(30,604)
	Provision made during the year		-	-
	Balance at the end of the year		(30,604)	(30,604)
	Net book value	10.1.1	-	-

10.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (2017: 9.78 million) of Rs. 10 per share.

10.2 Investment in VAS LNG (Private) Limited amounts to Rs. 3 million (2017: Rs. 3 million) representing 30% (2017: 30%) equity stake. The Company holds 0.3 million ordinary shares (2017: 0.3 million) of Rs. 10 per share.

		Note	Cost	Unrealised (loss)/gain	Carrying value
10.3	**Pakistan Refinery Limited**				
	December 31, 2018	10.3.1	1,172,772	(216,958)	955,814
	December 31, 2017		1,172,772	348,746	1,521,518

10.3.1 Investment in Pakistan Refinery Limited represents 13.72% (2017: 13.72%) equity stake which amounts to 43.25 million shares (2017: 43.25 million shares).

10.4 Investment in Hascol Terminals Limited amounts to Rs. 375 million (2017: Rs. 375 million) representing 15% (2017: 15%) equity stake which amounts to 37.5 million shares (2017: 37.5 million shares) as at December 31, 2018.

10.5 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act.

(Rupees in thousand)

		Note	2018	2017
11	**LONG-TERM DEPOSITS**			
	Lease deposits		352,331	133,888
	Less: current portion of lease deposits	15	(762)	(794)
			351,569	133,094
	Deposits against:			
	- depots		126,267	107,144
	- retail outlets		54,270	67,164
	- others		15,666	24,135
			196,203	198,443
			547,772	331,537
12	**STOCK-IN-TRADE**			
	Raw and packing materials - lubricants		54,577	97,636
	Finished goods			
	- fuels	12.1	21,227,881	16,624,943
	- lubricants		464,802	298,577
	- Petrochemicals		827,819	-
			22,520,502	16,923,520
	Stock in transit			
	- fuels		-	1,509,777
	- lubricants		40,224	26,173
			40,224	1,535,950
			22,615,303	18,557,106

12.1 Fuels include Rs. 6,114.41 million (2017: Rs. 3,620.17 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

		Note	2018	2017
13	**TRADE DEBTS**			
	Considered good			
	- Secured	13.1	9,173,127	3,658,244
	- Unsecured		4,379,108	7,859,974
			13,552,235	11,518,218
	Considered doubtful	13.2	92,873	7,973
			13,645,108	11,526,191
	Provision for impairment	13.3	(92,873)	(7,973)
			13,552,235	11,518,218

13.1 These debts are secured by way of bank guarantees, letter of credits and security deposits.

13.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.12 million (2017: Rs. 7.12 million).

13.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 7.12 million.

(Rupees in thousand)

		Note	2018	2017
13.4	**Movement of provision for impairment**			
	Balance at the beginning of the year		7,973	7,973
	Provisions made during the year		84,900	-
	Balance at the end of the year		92,873	7,973
14	**ADVANCES - considered good, unsecured**			
	To employees:			
	- against expenses		28,169	46,023
	- against salaries		20,071	63,755
	Advances against purchase of shares	14.1	44,385	60,721
	Suppliers		16,864	10,866
			109,489	181,365
14.1	**Advances against purchase of shares - related parties**			
	Hascol Terminals Limited		40,000	57,685
	Hascol Lubricants (Private) Limited		3,362	2,013
	VAS LNG (Private) Limited		1,023	1,023
			44,385	60,721
15	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Current portion of lease deposits	11	762	794
	Other deposits		6,636	2,477
			7,398	3,271
	Prepayments			
	- Rent		128,485	53,686
	- Insurance and others		63,946	23,676
			192,431	77,362
			199,829	80,633
16	**OTHER RECEIVABLES**			
	Inland freight equalization margin receivable		2,792,259	2,019,113
	Receivable against services rendered	16.1	22,069	53,346
	Franchise income receivable - net	16.2	-	34,642
	Receivable against regulatory duty		25,533	25,533
	Receivable from oil marketing companies	16.3	-	9,073
	Price differential claims	16.4	5,083	5,083
	Others		582	14,241
			2,845,526	2,161,031

16.1 This represents amount receivable from Hascol Terminals Limited (an associated company) against services rendered by the Company on account of business support services.

(Rupees in thousand)

		Note	2018	2017
16.2	**Franchise income receivable - net**			
	Movement in gross receivables			
	Balance at the beginning of the year		97,201	100,653
	Earned during the year		-	-
	Received during the year		(2,848)	(3,452)
	Balance at the end of the year		94,353	97,201
	Movement of provision			
	Balance at the beginning of the year		(62,559)	(27,349)
	Charged during the year	38	(31,794)	(35,210)
	Balance at the end of the year		(94,353)	(62,559)
		16.2.1	-	34,642

16.2.1 This represents amount receivable from CNG dealers.

16.3 This represents amount receivable from various oil marketing companies on account of share of motor gasoline imported on their behalf.

16.4 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively pursuing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

16.5 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 22.609 million.

		Note	2018	2017
17	**MARK - UP AND PROFIT ACCRUED**			
	From conventional banks		86,904	54,366
	From Islamic banks		5,814	3,032
			92,718	57,398
18	**TAXATION - NET**			
	Sales tax refundable/(payable)		1,133,647	(609,883)
	Income tax refundable/(payable)		137,161	(162,183)
			1,270,808	(772,066)

(Rupees in thousand)

		Note	2018	Restated 2017	Restated 2016
19	**CASH AND BANK BALANCES**				
	Balances with banks:				
	in current accounts:				
	- Conventional banks		829,318	864,735	1,408,267
	-Dividend account		362,674	107,926	8,764
	- Islamic banks		-	62,135	1,925
			1,191,992	1,034,796	1,418,956
	in saving accounts:				
	- Conventional banks		5,640,352	7,561,072	5,741,121
	- Islamic banks		1,897,519	1,079,278	608,028
		19.1	7,537,871	8,640,350	6,349,149
	Cash in hand		9,584	837	1,729
			8,739,447	9,675,983	7,769,834
	Term deposit receipts	19.2 & 22.2	60,000	60,000	60,000
			8,799,447	9,735,983	7,829,834

19.1 These carry mark-up ranging from 3.75% to 5.5% per annum (2017: 3.75% to 5.5% per annum).

19.2 This carry mark-up 5% per annum (2017: 5% per annum).

20 SHARE CAPITAL

20.1 Authorized share capital

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
250,000,000	150,000,000	Ordinary shares of Rs. 10 each	20.2	2,500,000	1,500,000

20.2 Issued, subscribed and paid-up share capital

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	20.3	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% Dec 2014		99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% Jun 2015		201,132	201,132
24,135,840	24,135,840	Right issue @ 20% Sep 2017		241,358	241,358
36,203,760	-	Bonus issue @ 25% Sep 2018		362,038	-
181,018,800	144,815,040			1,810,188	1,448,150

20.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

(Rupees in thousand)

20.4 An associated company held 49,705,956 (2017: 37,468,365) shares which represents 27.46% (2017 : 25.87%) of the equity stake of the Company.

20.5 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

		Note	2018	2017
21	**RESERVES**			
	Capital			
	Share premium	21.1	4,766,854	4,766,854
	Revenue			
	Unappropriated profit		1,735,750	2,702,654
	Others			
	Surplus on re-measurement of available for sale investments		(216,958)	322,589
			6,285,646	7,792,097

21.1 The reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

		Note	2018	2017
22	**LONG TERM FINANCING - secured**			
	Borrowings from conventional banks	22.1.1	1,910,500	562,500
	Borrowings from Non Banking Financial Institutions (NBFI)	22.1.2	631,290	1,013,769
	Sukuk certificates	22.1.3	1,280,908	1,671,373
			3,822,698	3,247,642
	Current portion of long term financing			
	Borrowings from conventional banks		444,938	225,000
	Borrowings from Non Banking Financial Institutions		351,910	382,479
	Sukuk certificates		400,000	400,000
		29	(1,196,848)	(1,007,479)
	Non - current portion of long term financing		2,625,850	2,240,163

(Rupees in thousand)

22.1 Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2018	2017
22.1.1	**Borrowings from conventional banks**								
	First Women Bank Limited Under DF scheme	22.2	36 monthly March-16	Nil	March 28, 2019	six month Kibor + 1.3% payable monthly	8,333	25,000	125,000
	National Bank of Pakistan Loan-1 Under LTF scheme	22.3	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	312,500	437,500
	National Bank of Pakistan Loan-2 Under LTF scheme	22.4	16 quarterly May-16	1 year	March 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	1,035,000	-
	National Bank of Pakistan Loan-3 Under LTF scheme	22.5	16 quarterly May-16	1 year	March 29, 2023	three month Kibor + 1.5% payable quarterly	33,625	538,000	-
22.1.2	**Borrowings from Non Banking Financial Institutior**								
	Pak China Investment Company Limited Under LTF scheme	22.6	12 quarterly February-17	Nil	February 29, 2020	three month Kibor + 2.25% payable quarterly	41,667	208,333	375,000
	Pak Oman Investment Company Limited Loan 1 Under LTF scheme	22.7	42 monthly December-14	6 months	November 19, 2018	six month Kibor + 3% payable monthly	950	-	10,450
	Pak Oman Investment Company Limited Loan 2 Under LTF scheme	22.7	42 monthly March-15	6 months	February 3, 2019	six month Kibor + 3% payable monthly	1,431	2,862	20,033
	Pak Oman Investment Company Limited Loan 3 Under LTF scheme	22.7	42 monthly June-15	6 months	May 19, 2019	six month Kibor + 3% payable monthly	2,190	10,952	37,238
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	22.8	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	20,571	36,000
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	22.8	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	21,905	35,048
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	22.9	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	71,429	100,000
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	22.10	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	295,238	400,000
22.1.3	**Sukuk certificates**	22.11	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	1,280,908	1,671,373
								3,822,698	3,247,642

22.2 This represents demand finance facility from First Women Bank Limited for construction of retail outlets which is secured against pledge of TDR of Rs. 60 million, Pledge of Pakistan Refinery Limited shares at 40% margin and personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

22.3 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge /mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), post-dated cheques covering facility amount and corporate guarantee of M/s Fossil Energy (Private) Limited and M/s Marshal Gas (Private) Limited.

22.4 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 350 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

22.5 This represents term finance facility from National Bank of Pakistan (Kotla Jam) for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kotla Jam site with 25% margin amounting to Rs. 200 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

22.6 This represents term finance facility from Pak China Investment Company Limited for the future expansion plans and working capital requirements of the Company which was secured against first pari passu charge over the Company's current assets with 25% margin amounting to Rs. 666.67 million, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman) and promissory note covering the charge amount to be obtained from the Company.

(Rupees in thousand)

22.7 This represents two term finance facilities from Pak Oman Investment Company Limited for establishment of Daulatpur bulk oil depot. The facility limit were utilized in multiple tranches out of which one of the facility with limit of Rs. 100 million was availed in two tranches, that is Rs. 39.9 million and Rs. 60.1 million. The other facility with a limit of Rs. 100 million was availed in a single trench amounting to Rs. 92 million. The finance facilities were secured against first pari passu charge on land, building, plant and machinery and equipment situated in Deh Kandah Nandho with 25% margin.

22.8 This represents term finance facility from Pak Oman Investment Company Limited for expansion of Daulatpur bulk oil depot. The facility limit of Rs. 100 million was utilized in multiple tranches that is Rs. 54 million and Rs. 46 million and facility was secured against first pari passu charge on the land, building, plant and machinery and equipment locate at the Daulatpur Bulk Storage depot with 25% margin.

22.9 This represents term finance facility from Pak Oman Investment Company Limited for the expansion of Daulatpur depot. The facility was secured against first pari passu charge on land, building, plant, machinery and equipment of the Company situated at Daulatpur bulk oil depot with 25% margin maintained all times.

22.10 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin maintained all times.

		Note	2018	2017
22.11	**Sukuk certificates - gross amount**	22.11.1	**1,300,000**	1,700,000
	Issuance cost			
	Balance at the beginning of the year		**(28,627)**	(38,179)
	Charged to profit and loss		**9,535**	9,552
	Balance at the end of the year		**(19,092)**	(28,627)
	Sukuk certificates - net amount		**1,280,908**	1,671,373

22.11.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Company. Summit Bank Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility is secured against first pari-passu charge over specific depots and retail outlets of the Company inclusive of 25% margin.

		Note	2018	2017
23	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Present value of future minimum lease payments		**1,290,367**	488,141
	Less: current portion	29	**(274,374)**	(110,538)
	Non current portion		**1,015,993**	377,603

23.1 The Company has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2022, have been discounted by using financing rates ranging from 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75% (2017 : 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

(Rupees in thousand)

23.2 The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:

	Note	2018	2017
Not later than one year		382,749	139,221
Later than one year but not later than five years		1,171,912	411,689
Total future minimum lease payments		1,554,661	550,910
Finance charge allocated to future years		(264,294)	(62,769)
Present value of future minimum lease payments		1,290,367	488,141
Not later than one year		(274,374)	(110,538)
Later than one year but not later than five years		1,015,993	377,603

24 DEFERRED AND OTHER LIABILITIES

	Note	2018	2017
Other liabilities	24.1	-	524,875
Deferred taxation - net	24.2	680,707	699,422
Deferred liability - gratuity	24.3	250,593	188,825
		931,300	1,413,122

24.1 Other liabilities

	Note	2018	2017
Payable to MENA Energy DMCC		1,320,120	1,049,750
Current portion	29	(1,320,120)	(524,875)
	24.1.1	-	524,875

24.1.1 This amount pertains to provision recorded against claim of MENA Energy DMCC against out of court settlement of an ongoing litigation dispute in the English Commercial Court, London between MENA Energy DMCC and the Company, based on advice and recommendation of the Solicitors and Senior Counsel representing the Company in the litigation. The settlement involves the Company agreeing, subject to State Bank of Pakistan's (SBP) approval, to pay the settlement amount over a period of 18 (eighteen) months in four equal installments of USD 2,375,000 each on 19th May 2018, 19th July 2018, 19th January 2019 and 19th July 2019. However, the approval from SBP is pending, due to which the whole amount is outstanding as at December 31, 2018.

24.2 DEFERRED TAXATION - NET

This comprises the following:

	Note	2018	2017
Taxable temporary difference arising in respect of :			
Accelerated depreciation		(673,552)	(826,625)
Assets under finance lease		(106,526)	(160,068)
Revaluation of operating fixed assets		(1,555,453)	(431,061)
Surplus on remeasurement on available for sale investment		-	(26,156)
Deductible temporary difference arising in respect of :			
Liabilities against assets subject to finance lease		356,942	146,442
Exchange loss		102,939	92,461
Provision for:			
- provision investments in subsidiary		8,569	9,181
- other liabilities		290,383	314,925
- retirement benefits		69,417	56,648
- doubtful trade debts		24,728	2,368
- franchise income		26,100	18,768
Turnover tax		775,746	103,695
	24.2.1	(680,707)	(699,422)

(Rupees in thousand)

	Note	2018	2017

24.2.1 Movement in deferred tax (liability)/ assets

Balance at the beginning of the year		(699,422)	(408,790)
Deferred tax expense			
- through unconsolidated profit and loss account		874,662	(362,430)
- through unconsolidated other comprehensive loss		34,289	71,798
- direct adjusted from revaluation		(890,236)	-
Balance at the end of the year		18,715	(290,633)
		(680,707)	(699,422)

24.3 DEFERRED LIABILITY - GRATUITY

The Company operates an unfunded gratuity scheme for employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in scheme are 390 (2017: 298).

The latest actuarial valuation of the scheme as at December 31, 2018 was carried out using the projected unit credit method, details of which as per the actuarial valuation are as follows:

	Note	2018	2017
Deferred liability - gratuity	24.3.1	250,593	188,825

24.3.1 Movement in liability recognized in unconsolidated balance sheet

Present value of defined benefit obligation as at the end of the year	24.3.2	250,593	188,825
Fair value of plan assets		-	-
Balance sheet liability		250,593	188,825

24.3.2 Movement in liability recognized in unconsolidated balance sheet

Balance at the beginning of the year		188,825	135,791
Add: charge for the year	24.3.4	49,418	35,261
Less: payments to outgoing employees		(16,698)	(25,825)
Remeasurements charged to other comprehensive income		29,048	43,598
Balance at the end of the year		250,593	188,825

(Rupees in thousand)

		Note	2018	2017
24.3.3	**Movement in present value of the defined benefit obligation**			
	Opening balance		188,825	135,791
	Current service cost		34,275	24,131
	Past service cost		-	248
	Interest cost	37	15,143	10,882
	Benefits paid during the year		(16,698)	(25,825)
			221,545	145,227
	Remeasurement of actuarial losses - net of tax		20,915	30,519
	Impact of deferred tax		8,133	13,079
			29,048	43,598
	Present value of defined benefit obligation at the end of the year		250,593	188,825
24.3.4	**Expense recognized in the unconsolidated profit and loss account**			
	Current service cost	35.1	34,275	24,131
	Past service cost		-	248
	Net interest cost	37	15,143	10,882
	Expense recognized in unconsolidated profit and loss account		49,418	35,261
24.3.5	**Remeasurement recognized in unconsolidated statement of comprehensive income**			
	Remeasurement of actuarial losses on defined benefit liability - net of tax		29,680	30,519
24.3.6	**Analysis of present value of defined benefit obligation**			
	Split by vested / non - vested			
	(i) Vested benefits		186,052	148,834
	(ii) Non-vested benefits		63,335	39,991
	Split by benefits earned to date			
	(i) Present value of guaranteed benefits		95,407	100,706
	(ii) Present value of benefits attributable to future salary increase		153,980	86,281
	Expected distribution of timing of benefit payments time in years			
	Within first year from the end of financial year		19,138	17,151
	Within second years from the end of financial year		25,320	26,209
	Within third years from the end of financial year		27,357	9,718
	Within fourth years from the end of financial year		22,897	28,546
	Within five years from the end of financial year		32,031	14,080
	Within six to ten years from the end of financial year		413,320	218,106

(Rupees in thousand)

Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	228,839	171,406
Discount rate -1%	273,277	205,229
Expected rate of salary increase +1%	274,255	205,997
Expected rate of salary increase -1%	227,657	170,475
Maturity profile of present value of defined benefit obligation	**2018**	2017
Weighted average duration of the present value of defined benefit obligation (time in years)	8.86	8.99
Key statistics		
Average age (time in years)	42.59	42.46
Average service (time in years)	4.85	5.36
Average entry age (time in years)	37.74	37.10
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

24.3.7 Historical information of staff retirement benefits

	2018	2017	2016	2015	2014
Present value of gratuity	250,593	188,825	135,791	99,090	71,057

24.3.8 The expected gratuity expense for the year ending December 31, 2018 works out to be Rs. 49.418 million.

24.3.9 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2018	2017
	% per annum	
- Expected long-term rate of increase in salary level	13.25	7.75
- Discount rate	13.25	7.75

	Note	2018	2017
25 TRADE AND OTHER PAYABLES			
Trade creditors	25.1	25,004,964	25,112,678
Advance from customers		4,278,366	4,608,668
Payable to cartage contractors		3,348,014	3,054,943
Dealers' and customers' security deposits	25.2	309,905	254,680
Accrued liabilities		13,838	11,220
Other liabilities		1,576,060	1,279,184
		34,531,147	34,321,373

(Rupees in thousand)

25.1 This includes Rs 14,141 million (2017: Rs. 13,609 million) amount payable to M/s Vitol Dubai Limited (an associated company).

25.2 The security deposits are non-interest bearing and are refundable on termination of contracts.

	Note	2018	2017
26 UNCLAIMED DIVIDEND			
Balance at beginning of the year		107,926	8,764
Add: dividend for the year		1,013,706	844,754
Less: payments during the year		(758,958)	(745,592)
Balance at end of the year		362,674	107,926
27 MARK - UP AND PROFIT ACCRUED			
Long-term financing		41,975	40,172
Short-term borrowings		263,216	71,400
Liabilities against assets subject to finance lease		6,785	2,431
Letter of credit		-	3,255
		311,976	117,258
28 SHORT-TERM BORROWINGS			
Borrowings from conventional banks - secured			
National Bank of Pakistan - FATR		3,999,990	-
Habib Bank Limited - FATR		2,332,298	-
National Bank of Pakistan		1,491,001	1,500,000
United Bank Limited - FATR		891,716	-
Industrial and Commercial Bank of China		500,000	-
Bank of Punjab		499,729	500,000
Bank of Khyber		484,388	-
Samba Bank Limited		397,675	196,070
Sindh Bank Limited		395,623	132,463
First Women Bank Limited		349,841	-
Summit Bank Limited		334,272	44,515
Habib Bank Limited		146,134	-
United Bank Limited		56,434	24,560
	28.1	11,879,101	2,397,608
Borrowings from Islamic bank - secured			
Meezan Bank Limited		3,500,000	3,000,000
Bank Alfalah - Salam		500,000	-
	28.1	4,000,000	3,000,000
Borrowings from Non Banking Financial Institutions - secured			
PAIR Investment Company Limited		500,000	-
Pak Oman Investment Company Limited		-	100,000
	28.2	500,000	100,000
Commercial paper - unsecured	28.3	2,498,365	1,447,091
		18,877,466	6,944,699

28.1 These facilities were availed from various commercial banks aggregating to Rs. 6,500 million (2017: Rs. 7,700 million). The rates of mark-up ranges from 3 month KIBOR plus 1.25% to 6 month KIBOR plus 2.25% (2017: 3 month KIBOR plus 1.25% to 6 month KIBOR plus 2.25%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with minimum 25% margin, pledge of Pakistan Refinery Limited shares, with minimum 40% margin, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

(Rupees in thousand)

28.2 These loans have been obtained aggregating to Rs. 800 million (2017: Rs. 300 million). The rate of mark-up is 1 month KIBOR plus 1.8% (2017: 3 month KIBOR plus 1.8%). These are secured against hypothecation charge over the Company's present and future current assets.

	Note	2018	2017
28.3 Movement in commercial paper			
Discounted value		2,399,714	1,446,204
Unwinding of discount		98,651	887
Amortized cost	28.4	2,498,365	1,447,091

28.4 This represents rated, privately placed, Shari'ah compliant, Commercial Paper (CP) amounting to Rs. 2,500 million issued to meet the working capital requirements of the Company. Bank Islami Pakistan Limited was the lead financial advisors and arrangers. The loan shall run for a period of one year covering two CP issues each having tenor of six months. The disbursement of second CP issue shall be subject to minimum two days clean-up period after complete adjustment of first CP issue. Instrument is unsecured, non-convertible and redeemable at maturity date in bullet payment.

	Note	2018	2017
29 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	22	1,196,848	1,007,479
Current portion of deferred and other liabilities	24.1	1,320,120	524,875
Current portion of liabilities subject to finance lease	23	274,374	110,538
		2,791,342	1,642,892

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

As per the deliberations of the main committee of the Oil Companies Advisory Committee (OCAC) held in their meeting number MCM-168 dated September 20, 2007, the financial costs on outstanding Price Differential Claims (PDCs) should be worked and billed to the Government of Pakistan (GoP) through OCAC by the Oil Marketing Companies (OMCs) on a regular basis. Although the Company had billed Rs. 65.97 million to the GOP/ OCAC, the management had not accounted for its impact in these unconsolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

30.2 Commitments

(i) The facility for opening letters of credit acceptances as at December 31, 2018 amounted to Rs. 68,250 million (2017: Rs. 45,425 million) of which the amount remaining unutilized as at that date was Rs. 6,433 million (2017: Rs. 14,752 million).

(Rupees in thousand)

		Note	2018	2017
(ii)	Bank guarantees		350,268	350,268
(iii)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:			
	Property, plant and equipment		1,029,427	978,418
(iv)	Commitments for rental of assets under operating lease / ijarah			
	Not later than one year		479,942	262,484
	Later than one year but not later than five years		1,719,780	913,557
	Later than five years		2,795,313	1,709,781
			4,995,035	2,885,822

31 SALES - NET

	2018	2017
Gross sales inclusive of sales tax	276,107,357	215,924,271
Less: sales discount	(503,243)	(261,969)
	275,604,114	215,662,302

32 OTHER REVENUE

	2018	2017
Owned tank lorries	663,248	316,408
Franchise fee	98,816	91,113
Joining fee for petrol pump operators	49,350	56,650
Non fuel retail and lubricants	25,297	36,289
	836,711	500,460

33 COST OF PRODUCTS SOLD

	Note	2018	2017
Opening stock of lubricants, raw and packing materials		422,386	394,986
Raw and packing materials purchased		1,041,273	1,080,201
Less: closing stock of lubricants, raw and packing materials	12	(559,603)	(422,386)
Lubricants, raw and packing materials consumed		904,056	1,052,801
Opening stock - fuel		18,134,720	16,082,682
Fuel purchased	33.1	196,726,031	137,104,662
Storage and handling charges		728,634	586,673
Duties and levies	33.2	29,729,741	30,158,559
Less: closing stock - fuel & petrochemical	12	(22,055,700)	(18,134,720)
		223,263,426	165,797,856
		224,167,482	166,850,657

33.1 This includes fuel purchased from local refineries and imports. Imports comprise 68% (2017: 79%) of totalpurchases from M/s Vitol Dubai Limited (an associated company).

(Rupees in thousand)

		Note	2018	2017
33.2	**Duties and levies**			
	Petroleum development levy		21,184,584	21,768,506
	Inland freight equalization margin		6,015,598	5,548,169
	Freight		2,529,559	2,841,884
			29,729,741	30,158,559
34	**DISTRIBUTION AND MARKETING EXPENSES**			
	Salaries, wages and other benefits	35.1	953,511	746,313
	Depreciation	8.10	946,426	486,087
	Rent, rates and taxes		359,000	252,142
	Fuel and power	34.1	325,431	155,859
	Traveling and conveyance		314,801	226,547
	Repairs and maintenance		266,371	152,922
	Insurance		239,126	181,726
	Commission		162,146	227,932
	Advertising and publicity		122,656	98,287
	Ujrah payments		118,370	64,251
	Royalty	34.2	47,785	21,144
	Printing, communication and stationery		39,094	33,786
	Fees and subscription		20,211	9,764
	Legal and professional charges		10,215	9,906
			3,925,143	2,666,666

34.1 Total expense of fuel and power includes fuel expense of owned tank lorries Rs. 229.63 million (2017: Rs. 82.12 million).

34.2 Royalty charged in these financial statement pertains to FUCHS Oil Middle East Limited having registered office at SAIF Zone, Sharjah, United Arab Emirates.

		Note	2018	2017
35	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits	35.1	462,650	289,474
	Fee and subscription	35.2	94,199	39,861
	Legal and professional charges		69,474	68,007
	Traveling and conveyance		44,163	39,952
	Insurance		38,613	31,800
	Repairs and maintenance		39,596	28,512
	Depreciation	8.10	30,916	23,476
	Rent, rates and taxes		27,958	25,462
	Printing, communication and stationery		25,024	21,563
	Advertising and publicity		21,814	18,114
	Fuel and power		13,164	9,860
	Donation	35.3	11,790	12,176
	Auditors' remuneration	35.4	3,565	3,182
	Amortization		43	-
			882,969	611,439

(Rupees in thousand)

35.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2018	2017
- Gratuity	24.3.4	34,275	24,379
- Contribution to provident fund		29,834	22,212

35.2 This includes Shariah audit fee amounting to Rs. 0.7 million (2017: Rs. 0.7 million) relating to Sukuk.

35.3 Donation includes amount of Rs. 1.00 million (2017: Rs. 0.88 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed, director of the Company, who is also Chief Executive Officer of LRBT. Further, names of donees to whom donation amount is equivalent or exceeds Rupees 0.5 million are as follows:

	Note	2018	2017
Tehzib Ul Akhlaq Trust		1,500,000	600,000
Layton Rahmatulla Benevolent Trust (LRBT)		1,000,000	880,000
Karwan-e-Hayat		1,000,000	-
SOS Children's Villages Pakistan		2,500,000	2,500,000
One to many		2,040,000	-
Pakistan Association of the Blind		2,500,000	300,000

35.4 Auditors' remuneration

	2018	2017
Statutory audit	1,630	1,455
Certifications	672	600
Half yearly review	541	483
Out of pocket expenses	425	379
Consolidation	297	265
	3,565	3,182

36 OTHER INCOME

	2018	2017
Income from financial assets		
Profit on bank deposits		
- conventional banks	357,131	237,434
- Islamic banks	61,456	41,619
	418,587	279,053
Income from non-financial assets		
Gain on disposal of operating fixed assets	86,207	21,894
Sundries	10,347	7,466
Promotional marketing fee	8,458	7,497
Scrap sales	2,168	1,525
Rental income	1,575	2,818
Reversal of provison of Workers' Welfare Fund	-	97,228
	108,755	138,428
	527,342	417,481

(Rupees in thousand)

		Note	2018	2017
37	**FINANCE COST**			
	Conventional			
	Short term borrowings		475,177	209,117
	Letter of credit		219,792	96,727
	Long term borrowings		17,807	7,837
	Assets obtained under finance lease		74,082	32,602
	Bank charges		23,703	10,431
	Interest cost of gratuity scheme	24.3.4	15,143	6,664
			825,704	363,378
	Islamic			
	Short term borrowings		321,226	141,366
	Letter of credit		94,907	41,767
	Long term borrowings		71,607	31,513
	Assets obtained under finance lease		3,626	1,596
	Bank charges		7,192	3,165
			498,558	219,407
			1,324,262	582,785
38	**OTHER EXPENSES**			
	Provision against franchise income	16.2	31,794	35,210
	Provision against doubtful debts		84,900	-
	Provision against MENA Energy DMCC claim		-	449,750
	Income tax penalty		-	6,135
			116,694	491,095
39	**TAXATION**			
	Current		1,081,640	764,662
	Prior		237,761	130,359
	Deferred		(874,662)	362,430
			444,739	1,257,451

39.1 Management of the Company has provided sufficient tax provision in the financial statements in accordance with Income Tax Ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	Deemed assessment	Provision
Tax year 2018	826,238	764,662
Tax year 2017	356,713	700,869
Tax year 2016	261,653	330,862

(Rupees in thousand)

		2018	2017
39.2	**Relationship between tax expense and accounting profit**		
	Accounting profit before taxation	651,882	2,658,699
	Tax at the applicable tax rate of 29% (2017: 30%)	189,046	797,610
	Tax effect on income under final tax regime	32,962	64,239
	Reversal of deferred tax asset - net	(874,662)	362,430
	Prior year tax	237,761	130,359
	Other adjustments	859,632	(97,187)
	Tax expense for the year	444,739	1,257,451

40 EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
Profit for the year	207,143	1,401,248

	2018	Restated 2017
Weighted average number of ordinary shares (in thousand)	181,019	163,691
Earning per share - basic (Rupees)	1.14	8.56

There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares outstanding at year end.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors S	*Executives
Director's fee	-	20,100	-	-	-	-
Managerial remuneration	63,311	-	425,618	34,769	34,769	323,884
Cost of living allowance	5,943	-	47,291	3,863	3,863	40,088
Reimbursement of medical expenses	58	4,323	30,634	2,012	2,012	22,871
Bonus	-	-	-	18,563	18,563	30,960
Retirement benefits	3,286	-	20,986	1,910	1,910	15,540
	72,598	24,423	524,529	61,117	61,117	433,343
Number of persons	1	8	172	2	2	136

41.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment

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

(Rupees in thousand)

42 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund.

Significant transactions with related parties, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

42.1 Transactions with related parties

Nature of relationship	Nature of transaction	Percentage of shareholding	2018	2017
Liaquat Noman	Consultancy services	2.20%	-	11,400
Vitol Dubai Limited	Procurement	27.46%	125,768,587	96,453,017
Clover Pakistan Limited	Procurement	N/A	122,667	-
Hascol Terminals Limited	Business support service	N/A	22,069	53,346
Hascombe Business Solutions	Procurement	N/A	408,522	-
Marshal Gas	Assets Procurement	6.44%	183,288	-

42.2 Balances with related parties

			2018	2017
Associated companies				
Hascol Terminals Limited	Advance against issue of shares	N/A	40,000	57,685
Hascol Lubricants (Private) Limited	Advance against issue of shares	N/A	3,362	2,013
VAS LNG (Private) Limited	Advance against issue of shares	N/A	1,023	1,023
VAS LNG (Private) Limited	Investments	N/A	3,000	3,000
Hascol Terminals Limited	Investments	N/A	375,000	375,000

42.3 Related parties with no transaction or balances

Name	Relationship	Percentage of shareholding 2018	2017
Fossil Energy (Private) Limited	Associated company	10.66%	10.45%

(Rupees in thousand)

42.4 Following are the associated companies with whom the company had ended into transactions or have agreement/ agreements:

S.No	Company Name	Basic of Association
1	Vitol Dubai Limited	Associated Company
2	Marshal Gas (Private) Limited	Common Directorship
3	Hascol Terminals Limted	Common Directorship

	Note	2018	2017
43 CASH (USED) IN / GENERATED FROM OPERATIONS			
Profit before taxation		651,882	2,658,699
Adjustment for:			
Depreciation and amortization		977,385	509,563
Provision against franchise income	16.2	31,794	35,210
Provision for gratuity	24.3.4	34,275	35,261
Provision for doubtful debts		84,900	-
Profit on bank deposits	36	(418,587)	(279,053)
(Reversal) / provision for Workers' Welfare Fund		-	(97,228)
Provision against MENA energy DMCC	38	-	449,750
Exchange loss - unrealised		372,133	308,204
Gain on disposal of operating fixed assets	36	(86,207)	(21,894)
Finance cost	37	1,324,262	582,785
Changes in working capital	43.1	(6,699,156)	(1,792,630)
		(3,727,319)	2,388,667
43.1 Changes in working capital			
Current assets			
Stock-in-trade		(4,058,197)	(2,079,438)
Trade debts		(2,118,917)	(3,646,937)
Advances		71,876	72,048
Deposits and prepayments		(119,196)	(9,664)
Other receivables		(684,495)	(1,016,278)
		(6,908,929)	(6,680,269)
Current liabilities			
Trade and other payables		209,773	4,887,639
Changes in working capital		(6,699,156)	(1,792,630)
44 CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	8,799,447	9,735,983
Less: term deposit receipt	19	(60,000)	(60,000)
		8,739,447	9,675,983
Short-term borrowings	28	(18,877,466)	(6,944,699)
Add: commercial paper	28	2,498,365	1,447,091
		(16,379,101)	(5,497,608)
		(7,639,654)	4,178,375

(Rupees in thousand)

45 OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.13 % (2017: 99.2 %) of total revenues of the Company.

- Out of total sales of the Company 98.9 % (2017: 99.1 %) related to customers in Pakistan.

- All non-current assets of the Company as at 31 December, 2018 are located in Pakistan.

The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the Company are around 43.09% during the year ended December 31, 2018 (2017: 41.1%).

	Note	2018	2017
46 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets as per Balance sheet			
Available for sale			
Long term investments	10	1,330,814	1,896,518
At amortized cost			
Deposits		555,170	334,808
Trade debts	13	13,552,235	11,518,218
Advances	14	81,320	135,342
Other receivables	16	2,845,526	2,161,031
Mark-up and profit accrued	17	92,718	57,398
Cash and bank balances	19	8,799,447	9,735,983
		25,926,416	23,942,780
Total financial assets		27,257,230	25,839,298
Financial liabilities as per Balance sheet			
At amortized cost			
Long-term financing	22	3,822,698	3,247,642
Unclaimed dividend	26	362,674	107,926
Other liabilities		1,320,120	1,049,750
Trade and other payables	25	34,517,309	34,310,153
Mark-up and profit accrued	27	311,976	117,258
Short-term borrowings	28	18,877,466	6,944,699
Total financial liabilities		59,212,243	45,777,428

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

(Rupees in thousand)

a) **Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated balance sheet are as follows:

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Long term investments	1,330,814	1,330,814	1,896,518	1,896,518
Deposits	555,170	555,170	334,808	334,808
Trade debts	13,552,235	13,552,235	11,518,218	11,518,218
Advances	81,320	81,320	135,342	135,342
Other receivables	2,845,526	2,845,526	2,161,031	2,161,031
Mark-up and profit accrued	92,718	92,718	57,398	57,398
Cash and bank balances	8,799,447	8,799,447	9,735,983	9,735,983
	27,257,230	27,257,230	25,839,298	25,839,298

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liability				
Long-term financing	3,822,698	3,822,698	3,247,642	3,247,642
Unclaimed dividend	362,674	362,674	107,926	107,926
Other liabilities	1,320,120	1,320,120	1,049,750	1,049,750
Trade and other payables	34,517,309	34,517,309	34,310,153	34,310,153
Mark-up and profit accrued	311,976	311,976	117,258	117,258
Short-term borrowings	18,877,466	18,877,466	6,944,699	6,944,699
	59,212,243	59,212,243	45,777,428	45,777,428

b) **Valuation of financial instruments**

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.
Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

(Rupees in thousand)

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) **Financial assets**

	Carrying value	Level 1	Level 2	Level 3	Total
2018					
Long term investments	**1,330,814**	**955,814**	**375,000**	**-**	**1,330,814**
2017					
Long term investments	1,896,518	1,521,518	375,000	-	1,896,518

d) Non-financial assets

	Carrying value	Level 1	Level 2	Level 3	Total
2018					
Building on lease hold land					
- Office and depots building	**4,116,170**	**-**	**-**	**4,116,170**	**4,116,170**
- Pump building	**2,852,472**	**-**	**-**	**2,852,472**	**2,852,472**
Tanks and pipelines	**3,532,433**	**-**	**-**	**3,532,433**	**3,532,433**
Dispensing pumps	**1,051,529**	**-**	**-**	**1,051,529**	**1,051,529**
Plant and machinery	**490,461**	**-**	**-**	**490,461**	**490,461**
Electrical, mechanical and fire fighting equipment	**1,742,036**	**-**	**-**	**1,742,036**	**1,742,036**
Furniture, office equipment and other assets	**190,491**	**-**	**-**	**190,491**	**190,491**
Computer auxiliaries	**75,761**	**-**	**-**	**75,761**	**75,761**
	14,051,353	**-**	**-**	**14,051,353**	**14,051,353**

	Carrying value	Level 1	Level 2	Level 3	Total
2017					
Building on lease hold land					
- Office and depots building	2,464,822	-	-	2,464,822	2,464,822
- Pump building	1,552,314	-	-	1,552,314	1,552,314
Tanks and pipelines	2,161,249	-	-	2,161,249	2,161,249
Dispensing pumps	706,492	-	-	706,492	706,492
Plant and machinery	303,547	-	-	303,547	303,547
Electrical, mechanical and fire fighting equipment	1,035,584	-	-	1,035,584	1,035,584
	8,224,008	-	-	8,224,008	8,224,008

(Rupees in thousand)

48 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:	Note
- Market risk	48.1.1
- Credit risk and concentration of credit risk	48.1.2
- Liquidity risk	48.1.3

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

48.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.
The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

48.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 102 million (2017: USD 129.67 million) having PKR equivalent amount of Rs. 14,188.63 million (2017: Rs. 13,333.70 million). The average rates applied during the year is Rs. 121.91 per USD (2017: Rs. 107.73 per USD) and the spot rate as at December 31, 2018 is Rs. 138.69 per USD (2017: Rs. 110.50 per USD).
The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 3,903.04 million (2017: Rs. 795.77 million) during the year.

(Rupees in thousand)

Sensitivity analysis

As at December 31, 2018, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, profit for the year would have been lower/higher by Rs. 98.583 million (2017: Rs. 667 million).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Profit and loss		Equity	
Cash flow sensitivity of variable rate instruments	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
(Expense) / income				
As at December 31, 2018	**(15,742)**	**15,742**	**(11,177)**	**11,177**
As at December 31, 2017	(6,048)	6,048	(4,234)	4,234

(Rupees in thousand)

(b) Interest / profit rate risk (continued)

2018		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
Financial assets	(a)								
Long term investments		-	-	-	-	-	1,330,814	1,330,814	1,330,814
Deposits		-	-	-	-	7,398	547,772	555,170	555,170
Trade debts		-	-	-	-	13,552,235	-	13,552,235	13,552,235
Advances		-	-	-	-	81,320	-	81,320	81,320
Other receivables		-	-	-	-	2,845,526	-	2,845,526	2,845,526
Mark-up and profit accrued		-	-	-	-	92,718	-	92,718	92,718
Cash and bank balances		3.75-5.5	7,537,871	60,000	7,597,871	1,201,576	-	1,201,576	8,799,447
			7,537,871	60,000	7,597,871	17,780,773	1,878,586	19,659,359	27,257,230
Financial liabilities	(b)								
Long term finances		7.95-10.15	1,196,848	2,625,850	3,822,698	-	-	-	3,822,698
Unclaimed dividend		-	-	-	-	362,674	-	362,674	362,674
Other liabilities		-	-	-	-	-	1,320,120	1,320,120	1,320,120
Trade and other payables		-	-	-	-	34,517,309	-	34,517,309	34,517,309
Mark-up and profit accrued		-	-	-	-	311,976	-	311,976	311,976
Short-term borrowings		7.39-9.12	18,877,466	-	18,877,466	-	-	-	18,877,466
			20,074,314	2,625,850	22,700,164	35,191,959	1,320,120	36,512,079	59,212,243
On balance sheet gap	(a)-(b)		(12,536,443)	(2,565,850)	(15,102,293)	(17,411,186)	558,466	(16,852,720)	(31,955,013)

2017		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
Financial assets	**(a)**								
Long term investments			-	-	-	-	1,896,518	1,896,518	1,896,518
Deposits			-	-	-	3,271	331,537	334,808	334,808
Trade debts			-	-	-	11,518,218		11,518,218	11,518,218
Advances			-	-	-	135,342	-	135,342	135,342
Other receivables			-	-	-	2,161,031	-	2,161,031	2,161,031
Mark-up and profit accrued						57,398	-	57,398	57,398
Cash and bank balances		3.75-6	8,640,350	60,000	8,700,350	1,035,633	-	1,035,633	9,735,983
			8,640,350	60,000	8,700,350	14,910,893	2,228,055	17,138,948	25,839,298
Financial liabilities	**(b)**								
Long term finances		7.95-10.15	1,007,479	2,240,163	3,247,642	-	-	-	3,247,642
Unclaimed dividend		-	-	-	-	107,926	-	107,926	107,926
Other liabilities		-	-	-	-	524,875	524,875	1,049,750	1,049,750
Trade and other payables		-	-	-	-	34,310,153	-	34,310,153	34,310,153
Mark-up accrued		-	-	-	-	117,258	-	117,258	117,258
Short-term borrowings		8.15-9.65	6,944,699	-	6,944,699	-	-	-	6,944,699
			7,952,178	2,240,163	10,192,341	35,060,212	524,875	35,585,087	45,777,428

(Rupees in thousand)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 955.81 million (2017: Rs. 1,522 million) at the balance sheet date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change at 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in pofit / (loss)
2018	**955,814**	**Increase**	**1,242,558**	**286,744**	**286,744**
		Decrease	**669,070**	**(286,744)**	**(286,744)**
2017	1,521,518	Increase	1,977,973	456,455	456,455
		Decrease	1,065,063	(456,455)	(456,455)

48.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

(Rupees in thousand)

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

	Note	2018	2017
Long term investments	10	1,330,814	1,896,518
Deposits		555,170	334,808
Trade debts - unsecured	13	4,379,108	7,859,974
Advances	14	81,320	135,342
Other receivables	16	2,845,526	2,161,031
Mark-up and profit accrued	17	92,718	57,398
Bank balances	19	8,789,863	9,735,146
		18,074,519	22,180,217

Aging analysis of trade debts:

	2018		2017	
	Gross	Impaired	Gross	Impaired
Past due 1-30 days	12,051,744	-	10,582,457	-
Past due 31-90 days	1,383,451	-	935,761	-
Past due 91-180 days	5,084	-	-	-
Past due 181-365 days	1,070	-	-	-
Over 1 year	106,313	81,500	-	-
Over 5 years	7973	7,973	7,973	7,973
	13,555,635	89,473	11,526,191	7,973

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

Islamic Banks	Short term	Short term	Long term
Al Baraka Bank Pakistan Limited	PACRA	A	A1
Bank Islami Pakistan Limited	PACRA	A+	A1
Meezan Bank Limited	JCR- VIS	AA+	A-1+
MCB Islamic Bank Limited	PACRA	A	A1
Dubai Islamic Bank Pakistan	JCR- VIS	AA-	A-1
Conventional banks			
Industrial and Commercial Bank of China	Moody's	A1	P-1
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	PACRA	A-1	A
Bank of Punjab	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1+	AA
Summit Bank Limited	JCR- VIS	A-1	A-

(Rupees in thousand)

	Rating Agency	Short term	Long term
United Bank Limited	JCR- VIS	A-1+	AAA
Pak China Investment Company Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

48.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

	Within one year	Over one year	Total
2018	**1,196,848**	2,625,850	3,822,698
Long-term finances - secured	**-**	1,320,120	1,320,120
Other liabilities	**34,517,309**	-	34,517,309
Trade and other payable	**362,674**	-	362,674
Unclaimed dividend	**311,976**	-	311,976
Mark-up accrued	**18,877,466**	-	18,877,466
Short-term running finances - secured	**55,266,273**	3,945,970	59,212,243
2017	1,007,479	2,240,163	3,247,642
Long term finances	524,875	524,875	1,049,750
Other liabilities	34,310,153	-	34,310,153
Trade and other payables	117,258	-	117,258
Mark-up accrued	107,926	-	107,926
Unclaimed dividend	6,944,699	-	6,944,699
Short-term borrowings	43,012,390	2,765,038	45,777,428

49 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	Note	2018	2017
Total interest bearing debt			
Trade and other payables	25	**23,990,531**	10,680,482
Mark-up and profit accrued	27	**34,531,147**	34,321,373
Less: cash and bank balances	19	**311,976**	117,258
Excess of net cash over debt/ net debt		**(8,799,447)**	(9,735,983)
Total shareholders' equity and revaluation surplus		**50,034,207**	35,383,130
Net equity		**12,484,990**	10,266,036
		62,519,197	45,649,166
Gearing ratio		**80.03%**	77.51%

(Rupees in thousand)

50 EMPLOYEES PROVIDENT FUND

The Company operates approved provident fund for its eligible employees as of 31 December, 2018. Details of assets and investments of the fund is as follows:

	Note	2018	2017
Size of fund - total assets (Rupees in '000)		122,179	99,071
Number of members		352	295
Cost of investments made (Rupees in '000)		121,826	101,727
Percentage of investments made		100%	103%
Fair value of investments (Rupees in '000)	50.1	121,576	100,695

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

	2018		2017	
	Investments (Rs in '000)	Percentage of investment made	Investments (Rs in '000)	Percentage of investment made
Saving bank accounts	88,365	73	67,043	66
Regular income certificates	19,365	16	17,919	18
Mutual fund	13,846	11	15,733	16
	121,576	100	100,695	100

50.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

51 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to “All Shares Islamic Index”.

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in Note 22 and 28
(ii)	Deposits	Non-interest bearing as disclosed in Note 11 and 15.
(iii)	Segment revenue	Disclosed in note 45.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 19.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 35.
(vi)	Gain/(loss) on disposal of available-for-sale investments	Not applicable during the year.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 31, 32 and 36.
(ix)	Exchange gain	Not applicable during the year.

(Rupees in thousand)

S.No	Description	Explanation
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 36.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.NO	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

S.No	Description	Explanation
(xii)	Profits earned or interest paid on any conventional loan or advance	Disclosed in note 36 and 37

52 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at year end	988	755
Average number of employees during the year	872	611

53 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 03, 2019 has proposed bonus issue @ 10% i.e. one share of every ten shares held for the year ended December 31, 2018 for approval of the members at the Annual General Meeting to be held on April 29, 2018. These unconsolidated financial statements do not include the effect of the proposed bonus issue which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2019.

54 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on April 03, 2018 by the Board of Directors of the Company.

Director | Chief Financial Officer | Director

DEFINING LEADERSHIP

AUDITED CONSOLI FINANCI STATEME

for the year ended December 31, 2018


DATED
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NTS

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INDEPENDENT AUDITOR'S REPORT

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To the members of Hascol Petroleum Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Hascol Petroleum Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Islamabad, Lahore

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: 0 3 APR 2019

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2018

(Rupees in thousand)

ASSETS	Note	2018	Restated 2017	Restated 2016
Non-current assets				
Property, plant and equipment	9	22,563,232	13,680,349	9,424,264
Intangible asset	10	2,565	-	-
Long-term investments	11	1,332,365	1,898,263	1,886,977
Long-term deposits	12	547,772	331,537	289,632
Total non-current assets		24,445,934	15,910,149	11,600,873
Current assets				
Stock-in-trade	13	22,615,303	18,557,106	16,477,668
Trade debts	14	13,552,235	11,518,218	7,871,281
Advances	15	109,489	181,365	44,605
Deposits and prepayments	16	199,829	80,633	109,755
Other receivables	17	2,844,944	2,161,031	1,153,880
Mark-up and profit accrued	18	92,718	57,398	35,816
Taxation - net	19	1,270,808	-	-
Cash and bank balances	20	8,799,447	9,736,439	7,834,911
Total current assets		49,484,773	42,292,190	33,527,916
TOTAL ASSETS		73,930,707	58,202,339	45,128,789
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	21	1,810,188	1,448,150	1,206,792
Reserves	22	6,282,360	7,789,623	3,746,665
Surplus on revaluation of property, plant and equipment - net of tax		4,389,156	1,025,789	1,142,880
Equity attributable to owners of the Holding Company		12,481,704	10,263,562	6,096,337
Non - controlling interest	23	-	-	469,714
Total shareholders' equity		12,481,704	10,263,562	6,566,051
LIABILITIES				
Non-current liabilities				
Long-term financing	24	2,625,850	2,240,163	2,307,749
Liabilities against assets subject to finance lease	25	1,015,993	377,603	471,731
Deferred and other liabilities	26	931,300	1,413,122	1,144,581
Total non-current liabilities		4,573,143	4,030,888	3,924,061
Current liabilities				
Trade and other payables	27	34,532,402	34,323,048	29,234,263
Unclaimed dividend	28	362,674	107,926	8,764
Mark-up and profit accrued	29	311,976	117,258	91,185
Short-term borrowings	30	18,877,466	6,944,699	3,889,629
Current portion of non-current liabilities	31	2,791,342	1,642,892	747,466
Taxation - net	19	-	772,066	667,370
Total current liabilities		56,875,860	43,907,889	34,638,677
TOTAL LIABILITIES		61,449,003	47,938,777	38,562,738
TOTAL EQUITY AND LIABILITIES		73,930,707	58,202,339	45,128,789
CONTINGENCIES AND COMMITMENTS	32			

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

* The Chief Executive Officer is for the time being not available in Pakistan therefore, these consolidated financial statements have been signed by two directors as required by section 232(1) of the Companies Act, 2017.

Director | Chief Financial Officer | Director

Consolidated Profit and Loss Account
FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
Sales - net	33	275,604,114	215,662,302
Less: sales tax		(41,996,694)	(41,923,129)
Net sales		233,607,420	173,739,173
Other revenue	34	836,711	500,460
Net revenue		234,444,131	174,239,633
Cost of products sold	35	(224,167,482)	(166,850,657)
Gross profit		10,276,649	7,388,976
Distribution and marketing expense	36	(3,925,143)	(2,666,666)
Administrative expenses	37	(883,587)	(683,341)
Operating expenses		(4,808,730)	(3,350,007)
Other income	38	527,342	417,481
Operating profit		5,995,261	4,456,450
Finance cost	39	(1,324,262)	(582,785)
Other expenses	40	(116,694)	(491,095)
Exchange loss - net		(3,903,041)	(795,773)
Share of loss of associate	11.1.2	(194)	(1,255)
		(5,344,191)	(1,870,908)
Profit before taxation		651,070	2,585,542
Taxation	41	(444,739)	(1,257,451)
Profit for the year		206,331	1,328,091
Profit for the year from continued operations		206,331	1,399,831
Loss for the year from discontinued operations		-	(71,740)
		206,331	1,328,091
Profit / (loss) attributable to:			
Owners of the Holding Company			
- continued operations		206,331	1,399,831
- discontinued operations		-	(44,837)
		206,331	1,354,994
Non - controlling interests			
- continued operations		-	-
- discontinued operations	23.1	-	(26,903)
		-	(26,903)
		206,331	1,328,091
			(Restated)
Basic and diluted earning/ (loss) per share			
- continued operation (Rupees)	42	1.14	8.11
- discontinued operation (Rupees)	42	-	(0.44)

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

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Director

Chief Financial Officer

Director

Consolidated Statement Of Comprehensive Income
FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
Profit for the year		206,331	1,328,091
Items that will not be reclassified to consolidated profit and loss account subsequently			
Remeasurement of actuarial losses on defined benefit obligation - net of tax	26.3.3	(20,915)	(30,519)
Items that may be reclassified subsequently to consolidated profit and loss account			
Revaluation surplus on property, plant and equipment - net of tax		3,585,979	-
Unrealized loss on remeasurement of available-for-sale investments - net of tax		(539,547)	(302,341)
Other comprehensive income		3,025,517	(332,860)
Total comprehensive (loss) / income		3,231,848	995,231
Total comprehensive (loss) / income attributable to:			
Equity holders of the Holding Company		3,231,848	1,022,134
Non - controlling interests	23.1	-	(26,903)
		3,231,848	995,231

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

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Director

Chief Financial Officer

Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Share Capital	Capital reserves: Share premium	Revenue reserve: Unappropri-ated profit	Others: Surplus on remeasurement of available for sale investments to fair value	Others: Surplus on revaluation of property, plant and equipment	Sub Total	Non - controlling interest	Total shareholders' equity
Balance as at January 01, 2017 as previously reported	1,206,792	1,070,828	2,050,907	624,930	-	4,953,457	469,714	5,423,171
Effect of change in Accounting policy (note 5)	-	-	-	-	1,142,880	1,142,880	-	1,142,880
Balance as at January 01, 2017 (Restated)	1,206,792	1,070,828	2,050,907	624,930	1,142,880	6,096,337	469,714	6,566,051
Total comprehensive income / (loss) for the year								
Profit / (loss) for the year	-	-	1,354,994	-	-	1,354,994	(26,903)	1,328,091
Other comprehensive income / (loss)								
Remeasurement of actuarial losses on defined benefit obligation - net of tax	-	-	(30,519)	-	-	(30,519)	-	(30,519)
Unrealized loss due to change in fair value of long-term investments - net of tax	-	-	-	(302,341)	-	(302,341)	-	(302,341)
Total comprehensive income / (loss)	-	-	1,324,475	(302,341)	-	1,022,134	(26,903)	995,231
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of tax	-	-	117,091	-	(117,091)	-	-	-
	-	-	1,441,566	(302,341)	(117,091)	1,022,134	(26,903)	995,231
Transactions with owners recognized directly in equity								
Right issue 20% @ 165/- per share - September 2017	241,358	3,741,055	-	-	-	3,982,413	-	3,982,413
Issuance cost	-	(45,029)	-	-	-	(45,029)	-	(45,029)
	241,358	3,696,026	-	-	-	3,937,384	-	3,937,384
Final dividend at Rs. 3.50 per share - December 2016	-	-	(422,377)	-	-	(422,377)	-	(422,377)
Interim dividend at Rs. 3.50 per share - June 2017	-	-	(422,377)	-	-	(422,377)	-	(422,377)
Changes in ownership structure in subsidiaries	-	-	52,461	-	-	52,461	-	52,461
Disposal of non-controlling interest	-	-	-	-	-	-	(442,811)	(442,811)
	-	-	(792,293)	-	-	(792,293)	(442,811)	(1,235,104)
Total transactions with owners recognized directly in equity	241,358	3,696,026	(792,293)	-	-	3,145,091	(442,811)	2,702,280
Balance as at December 31, 2017 (Restated)	1,448,150	4,766,854	2,700,180	322,589	1,025,789	10,263,562	-	10,263,562
Balance as at January 01, 2018	**1,448,150**	**4,766,854**	**2,700,180**	**322,589**	**1,025,789**	**10,263,562**	**-**	**10,263,562**
Total comprehensive income for the year								
Profit / (loss) for the year	**-**	**-**	**206,331**	**-**	**-**	**206,331**	**-**	**206,331**
Other comprehensive loss								
Remeasurement of actuarial losses on defined benefit obligation - net of tax	**-**	**-**	**(20,915)**	**-**	**-**	**(20,915)**	**-**	**(20,915)**
Revaluation for the year - net of tax	**-**	**-**	**-**	**-**	**3,585,979**	**3,585,979**	**-**	**3,585,979**
Unrealized loss due to change in fair value of long-term investments - net of tax	**-**	**-**	**-**	**(539,547)**	**-**	**(539,547)**	**-**	**(539,547)**
Total comprehensive loss	**-**	**-**	**185,416**	**(539,547)**	**3,585,979**	**3,231,848**	**-**	**3,231,848**
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of tax	**-**	**-**	**222,612**	**-**	**(222,612)**	**-**	**-**	**-**
	-	**-**	**408,028**	**(539,547)**	**3,363,367**	**3,231,848**	**-**	**3,231,848**
Transactions with owners								
Bonus issue 25% per shares - September 2018	**362,038**	**-**	**(362,038)**	**-**		**-**	**-**	**-**
	362,038	**-**	**(362,038)**	**-**	**-**	**-**	**-**	**-**
Final dividend at Rs. 3.50 per share - December 2017	**-**	**-**	**(506,853)**	**-**	**-**	**(506,853)**	**-**	**(506,853)**
Interim dividend at Rs. 3.50 per share - June 2018	**-**	**-**	**(506,853)**	**-**	**-**	**(506,853)**	**-**	**(506,853)**
	-	**-**	**(1,013,706)**	**-**	**-**	**(1,013,706)**	**-**	**(1,013,706)**
Total transactions with owners	**362,038**	**-**	**(1,375,744)**	**-**	**-**	**(1,013,706)**	**-**	**(1,013,706)**
Balance as at December 31, 2018	**1,810,188**	**4,766,854**	**1,732,464**	**(216,958)**	**4,389,156**	**12,481,704**	**-**	**12,481,704**

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

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Director	Chief Financial Officer	Dirextor

Consolidated Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2018

(Rupees in thousand)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	45	(3,727,775)	2,388,667
Finance cost paid		(1,114,401)	(555,825)
Profit received on bank deposits		383,267	257,471
Taxes paid		(3,344,269)	(788,425)
Gratuity paid	26.3.2	(16,698)	(25,825)
Net cash (used) in / generated from operating activities		(7,819,876)	1,276,063
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	9.3	(6,068,659)	(5,693,170)
Proceeds from disposal of property, plant and equipment		768,247	214,099
Discontinued operation of subsidiaries		-	(4,621)
Long-term investment made during the year		-	(303,000)
Long-term deposits paid		(216,235)	(42,655)
Net cash used in investing activities		(5,516,647)	(5,829,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability obtained / (repaid) - net		802,226	(131,977)
Proceeds from issue of shares - net of transaction cost		-	3,937,384
Dividend paid		(758,958)	(745,592)
Payment of commercial paper		(1,500,000)	-
Proceeds from issue of commercial paper	30.3	2,399,714	1,446,204
Long-term finance obtained - net		575,056	340,814
Net cash generated from financing activities		1,518,038	4,846,833
Net (decrease) / increase in cash and cash equivalents		(11,818,485)	293,549
Cash and cash equivalents at beginning of the year		4,178,831	3,885,282
Cash and cash equivalents at end of the year	46	(7,639,654)	4,178,831

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

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Director	Chief Financial Officer	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of:

1.1

Name of the Company	Status in the Group	Percentage of holding
Hascol Petroleum Limited	Holding Company	-
Hascombe Lubricants (Private) Limited	Subsidiary Company	100%

Hascol Petroleum Limited

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company got listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

1.2 The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company has not been prepared on a going concern basis.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Company include the following:

Business Unit	Geographical Location
Head Office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan and Northern areas, the details of which is impracticable to disclose in these financial statements are required as required under Paragraph 1 (i) of Part I of the 4th Schedule to the Companies Act, 2017.

1.4 CAPACITY AND PRODUCTION

Considering the nature of the company's business, the information regarding production has no relevance whereas product storage capacities at company's facilities during the current year is detailed below:

	Storage Capacity Metric Tonnes	
Description	HSD	PMG
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Issuance of Bonus Shares

During the year the Company issued bonus shares in the proportion of one share for every four shares held i.e. 25%.

2.2 Revaluation of property, plant and equipment

During the year the Company carried out revaluation of its property, plant and equipment which resulted in better reflection of its investment in network and infrastructure.

2.3 Acquisition of LPG Plant

The Company acquired liquified petroleum gas (LPG) plant from Marshal Gas (Pvt) Limited. The Company intends to commence its LPG Operations immediately upon receipt of the NOC from the Competition Commission of Pakistan.

2.4 Exchange Loss - net

Due to devaluation of Pak Rupee during the year ended December 31, 2018, the Company suffered exchange loss amounting to Rs. 3.9 billion for liabilities denominated in US Dollar.

2.5 Hascol Terminals Limited - Completion

During the year 232,760 cubic meter capacity came online as a result of completion of terminal at Port Qasim.

2.6 Petrochemical Business Unit

The Company further expanded its product range by adding chemicals business unit.

2.7 Applicability of Companies Act, 2017

Due to applicability of the Companies Act, 2017 amounts reported for the previous year are restated. For detailed information refer note 6.

3 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statement of Holding Company and its subsidiary, comprising together ‘the Group’. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary. These consolidated financial statements include Hascol Petroleum Limited and all companies in which it directly or indirectly controls, beneficially owns of holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiary).

Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

3.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The Group treats transaction with non-controlling interest as that do not results in loss of control as an equity transaction with owner of the Group. The difference between the fair value of consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gain and loss on disposal to non-controlling interest is recorded directly in equity.

3.4 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

3.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 BASIS OF PREPARATION

4.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 8.1.2 of these consolidated financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Group (refer note 9.1), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 41.1), change in threshold for identification of executives (refer note 43), additional disclosure requirements for related parties (refer note 44) etc.

4.2 Accounting convention

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Available for sale investment	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Monetary Liabilities	Spot exchange rates

4.2.1 In these consolidated financial statements, except for the consolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

4.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

4.4 Standards, Amendments and Interpretations to Approved Accounting Standards

4.4.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Amendments	Effective Date
- IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
- IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2018.

4.4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

4.4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standards and amendment	Effective Date (Annual Periods beginning on or after)
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
- IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
- IFRS 16 - Leases	January 1, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
- Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
- IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
- IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

Standards and amendment	Effective Date (Annual Periods beginning on or after)
- IFRS 11 - Joint Venture - (Amendments to IFRS 11)	January 1, 2019
- IFRS 9 - Financial Instruments: Classification and Measurement	July 1, 2019
- IAS 1 / IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
- IFRS 3 - IFRS Definition of a business (Amendments to IFRS 3)	January 1, 2020

The Company is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the consolidated financial statements.

4.4.4 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP

Following new standards have been issued by the IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective Date (Annual Periods beginning on or after)
- IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
- IFRS 17 - Insurance Contracts	January 1, 2021

5 CRITICAL ASSUMPTIONS, ESTIMATES AND MEASUREMENT UNCERTAINITY

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(Rupees in thousand)

Accounting policies in respect of judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the Company's consolidated financial statements, estimates and assumptions with significant risk of material adjustments in the future period are included in the following notes:

		Note
a)	Depreciation method, rates and useful life of operating fixed assets	8.1
b)	Revaluation of operating fixed assets	8.1.2
c)	Amortization method, rates and useful life of intangible assets	8.2
d)	Estimate of fair value of investments available for sale	8.3
e)	Impairment of financial assets	8.3
f)	Estimate of recoverable amount of investment in subsidiaries	8.10
g)	Net realizable value of stock-in-trade	8.15
h)	Recoverable amount and impairment of non-financial assets	8.16
i)	Provisions and contingencies	8.19
j)	Provision for taxation	8.23
k)	Provision for gratuity	8.25

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

6 CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy for the surplus on revaluation of operating fixed assets, after enactment of the Companies Act, 2017, which has not carried forward requirement of disclosing the surplus on revaluation of operating fixed assets as a separate item below equity. Accordingly, in accordance with the requirements of International Accounting Standard - IAS 16, 'Property, plant and equipment', surplus on revaluation of operating fixed assets would now be presented within equity. The new accounting policy is explained in note 8.1.1.

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 comparative figures have been restated.

The effect of the change is recognition and presentation of Rs. 4.389 billion for surplus on revaluation of Property, plant and equipment previously presented below equity in the statement of financial position. There is no impact of change in accounting policy on statement on profit or loss and other comprehensive income and statement of cash flows.

	As previously reported	Adjustments	As restated
Impact on statement of financial position As at 01 January, 2017			
Surplus on revaluation of property, plant and equipment (below equity)	1,142,880	(1,142,880)	-
Surplus on revaluation of property, plant and equipment (within equity)	-	1,142,880	-
Impact on statement of changes in equity			
Surplus on revaluation of property, plant and equipment	-	-	1,142,880

(Rupees in thousand)

	As previously reported	Adjustments	As restated
As at December 31, 2017			
Surplus on revaluation of property, plant and equipment (below equity)	1,025,789	(1,025,789)	-
Surplus on revaluation of property, plant and equipment (within equity)	-	1,025,789	-
Impact on statement of changes in equity			
Surplus on revaluation of property, plant and equipment	-	-	1,025,789

7 CORRECTION OF ERRORS

The Company had not accounted for unclaimed / unpaid dividend before since the amount was transferred to a special dividend account and was kept off balance sheet. As a consequence, Cash and bank balances and unclaimed/unpaid dividend were understated. The error have been corrected by restating each of the affected financial statement line item for prior periods. The following table summarise the impacts on the Company's consolidated financial statements.

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Consolidated financial statements			
1 January 2017			
Total assets			
Cash and bank balances	7,821,070	8,764	7,829,834
Total Liabilities			
Unclaimed dividend	-	8,764	8,764
31 December 2017			
Total assets			
Cash and bank balances	9,628,057	107,926	9,735,983
Total Liabilities			
Unclaimed dividend	-	107,926	107,926

8 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

8.1 Property, plant and equipment

8.1.1 *Initial recognition*

(a) Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the consolidated statement of profit or loss, however decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus is respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

The Company accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liabilities. These amounts are determined at the inception of lease, on the basis of the lower of the fair value of the leased assets and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

(b) Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction/installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

8.1.2 Measurement subsequent to initial recognition

(a) Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment.;
- Furniture, office equipment and other assets; and
- Computer auxiliaries

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

(b) Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation on operating fixed assets is charged to consolidated profit and loss account by applying the straight-line method whereby the cost/revalued amount of operating fixed assets is charged off over its remaining useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation is charged on straight line method from the month in which an asset is available for intended use, while no depreciation is charged from the month in which the asset is disposed off. Depreciation is provided at the rates as disclosed in note 8.1.

Depreciation method, useful lives, and residual values are reviewed at each reporting year and adjusted, if applicable. Capital work-in-progress is not depreciated.

Maintenance and normal repairs are charged to the consolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of operating fixed assets is included in the consolidated profit and loss account in the year of disposal.

Surplus on revaluation of fixed assets

As disclosed in note 6 to the consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended December 31, 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) —16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., January 01, 2017, and related notes in accordance with requirement of IAS 1 — Presentation of Financial Statements (Revised) (IAS 1).

Had the accounting policy not been changed, the revaluation surplus on property, plant and equipment would have been shown as a separate line item (below equity in the statement of financial position) amounting to Rs. 4,389 billion for the year ended December 31, 2018.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

8.2 Intangible assets - computer software

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized over their estimated useful lives using the straight line method.

Amortization on addition and deletion of intangible assets is charged in proportion to the period of use. The useful life and amortization method is reviewed and adjusted, if appropriate, at the balance sheet date. Intangible assets having indefinite useful life are not amortized and stated at cost less impairment losses, if any.

8.3 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial Assets

Classification and subsequent measurement

For the purpose of classification and subsequent measurement of financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables, and
- available for sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The loan and receivables includes trade debts, advances, deposits, markup or profit accrued, other receivables and cash and bank balances.

Available for sale

Available for sale (AFS) financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equity securities held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Company also have investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period.

Changes in the carrying amount of AFS monetary financial assets relating to changes in market rate of the equity securities and dividends on AFS equity investments are recognized in consolidated profit or loss account. Other changes in the carrying amount of AFS financial assets are recognized in consolidated other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognize in consolidated comprehensive income is reclassified to consolidated profit and loss account.

Dividends on AFS equity instruments are recognized in consolidated profit and loss account when the Company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated profit and loss account.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through consolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in consolidated profit and loss account are not reversed through consolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income . In respect of AFS debt securities, impairment losses are subsequently reversed through consolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition

The Company derecognizes a financial assets when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial assets in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in consolidated other comprehensive income and accumulated in equity is recognized in consolidated profit and loss account.

On derecognition of financial asset other than in its entirety (e.g. when the Company retains an option to re-purchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continue to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in consolidated other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. All interest-related charges, if applicable, changes in an instrument's fair value that are reported in consolidated profit and loss account are included within finance costs.

Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated profit and loss account.

8.4 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the consolidated balance sheet if the Company has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

8.5 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

8.6 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

8.7 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

8.8 Dividend distribution

Final dividend distribution to the Company's shareholders is recognized as a liability in the consolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

8.9 Earnings per share

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

8.10 Investment in subsidiary

A subsidiary is an entity controlled by the entity. The Company control an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect the return through its power over the investee. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

Investment in subsidiary company is initially stated at cost. At subsequent reporting date recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly.

8.11 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but also neither has control nor joint control over those policies.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS-36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with an associate profit and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

8.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

8.13 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired. The amount of provision is charged to consolidated profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables.

8.14 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

8.15 Stock-in-trade

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

Cost is determined as follows:
- Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.
- The cost of stock in trade is determined on moving weighted average basis.

Provision is made for obsolete/slow moving stocks where necessary and recognized in the consolidated profit and loss account. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

8.16 Impairment of non financial assets

The carrying amounts of non financial assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the consolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

8.17 Term deposit receipts (TDRs)

These represent placement in TDRs with financial institution having tenure of one year.

8.18 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

8.19 Provisions and contingent liabilities

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the consolidated balance sheet.

8.20 Commitment

Commitments are disclosed in the consolidated financial statements at committed amount.

8.21 Leases

Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets obtained under finance lease are accounted for in accordance with policy stated in note 7.1.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to consolidated profit and loss account over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit and loss account on a straight-line basis over the period of lease. In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis except where another systematic basis except where another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's consolidated balance sheet and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the consolidated profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

8.22 Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the consolidated balance sheet date. Transactions denominated in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to the consolidated profit and loss account. At the end of each reporting period, monetary amount denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

8.23 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated profit and loss account except to the extent that it relates to items recognized outside consolidated profit and loss account (whether in consolidated other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside consolidated profit and loss account.

- Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated balance sheet date, and any adjustments to tax payable in respect of prior years.

- Deferred

Deferred tax is provided for using the consolidated balance sheet method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Company takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the consolidated profit and loss account, except in the case of items credited or charged to equity or statement of other comprehensive income, in which case it is included in equity or statement of other comprehensive income as the case may be.

8.24 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Operating revenue

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.
- Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.
- Handling, storage and other services income is recognized when the services have been rendered.

Other income

- Dividend income is recognized when the Company's right to receive the dividend is established.
- Return on bank deposits is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.
- Rental income from operating leases is recognized on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amounts of the leased assets and recognized on a straight line basis over the leased term.

8.25 Retirement and other service benefits

Unfunded gratuity scheme

The Company operates an unapproved and unfunded gratuity scheme covering of all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contribution therein are made in the accordance with actuarial recommendations.

The valuation in this regard is carried using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement of the defined benefit liability, which comprises of actuarial gain and losses are recognized in the consolidated other comprehensive income based on actuarial gain and losses.

The Company determine the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as result of contribution and benefit payments. Net interest expense, current service cost and past service cost related to defined benefit plans are recognized in the consolidated profit and loss account.

Contributory provident fund

The Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Company as well as the employees at the rate of 5.72% percent of the basic salary.

8.26 Operating segments

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

8.27 Related party transactions

All transactions with related parties are carried out by the Company at arm's length price using the comparable uncontrolled valuation method.

(Rupees in thousand)

9 PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		-----------Rupees in '000-----------	
Operating fixed assets	9.1	18,115,431	9,869,027
Capital work-in-progress	9.2	4,447,801	3,811,322
		22,563,232	13,680,349

9.1 Operating fixed assets

Owned assets (Rupees in '000)

	Land lease hold	Building on lease hold land: *Office and depots building	Building on lease hold land: Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles: Tank lorries	Vehicles: Motor cars	Computer auxiliaries
At January 1, 2018											
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732
Year ended December 31, 2018											
Opening net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732
Addition / transfer from CWIP	344,054	661,880	1,032,170	725,686	189,197	102,689	452,676	103,592	795,201	69,044	65,476
Revaluation	1,257,960	876,666	613,343	740,549	119,013	54,708	401,827	50,092	-	-	7,822
Transfer											
Cost	-	368,112	-	262,461	787,347	135,154	77,951	-	(46,333)	28,253	-
Accumulated depreciation	-	(94,382)	-	(61,328)	(230,494)	(31,920)	(10,307)	-	7,316	(28,253)	-
	-	273,730	-	201,133	556,853	103,234	67,644	-	(39,017)	-	-
Disposals											
Cost	-	-	-	-	-	-	-	-	(702,175)	(13,795)	-
Accumulated depreciation	-	-	-	-	-	-	-	-	33,912	17	-
	-	-	-	-	-	-	-	-	(668,263)	(13,778)	-
Depreciation charge for the year	-	(160,928)	(154,338)	(148,916)	(115,404)	(25,315)	(161,155)	(45,137)	(41,294)	(16,431)	(23,269)
Closing net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761
At December 31, 2018											
Cost / revalued amount	2,491,091	4,565,524	3,232,644	3,851,626	1,474,627	452,161	2,080,969	319,623	245,285	139,878	143,058
Accumulated depreciation	-	(449,354)	(380,172)	(319,193)	(423,098)	(71,075)	(338,933)	(129,132)	(8,422)	(63,236)	(67,297)
Net book value	2,491,091	4,116,170	2,852,472	3,532,433	1,051,529	381,086	1,742,036	190,491	236,863	76,642	75,761
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33
At January 1, 2017											
Cost / revalued amount	31,557	1,050,270	1,360,952	764,904	325,888	81,231	594,001	142,943	16,247	57,871	52,811
Accumulated depreciation	-	(129,881)	(144,557)	(60,462)	(50,228)	(8,476)	(95,457)	(62,158)	(2,118)	(9,766)	(33,735)
Net book value	31,557	920,389	1,216,395	704,442	275,660	72,755	498,544	80,785	14,129	48,105	19,076
Year ended December 31, 2017											
Opening net book value	31,557	920,389	1,216,395	704,442	275,660	72,755	498,544	80,785	14,129	48,105	19,076
Addition / transfer from CWIP	857,520	1,608,596	226,179	1,358,026	53,182	78,379	554,514	22,996	309,242	67,964	16,949
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers											
Cost	-	-	-	-	-	-	-	-	(126,897)	(69,459)	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	4,151	-
	-	-	-	-	-	-	-	-	(126,897)	(65,308)	-
Depreciation charge for the year	-	(64,163)	(81,277)	(48,487)	(26,972)	(5,364)	(72,014)	(21,837)	(6,238)	(12,954)	(10,293)
Residual Value	-	-	-	-	-	-	-	-	-		-
Closing net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732
At December 31, 2017											
Cost / revalued amount	889,077	2,658,866	1,587,131	2,122,930	379,070	159,610	1,148,515	165,939	198,592	56,376	69,760
Accumulated depreciation	-	(194,044)	(225,834)	(108,949)	(77,200)	(13,840)	(167,471)	(83,995)	(8,356)	(18,569)	(44,028)
Net book value	889,077	2,464,822	1,361,297	2,013,981	301,870	145,770	981,044	81,944	190,236	37,807	25,732
Depreciation rate - %	-	5	5	5	6.67	5	10	20	10	20	33.33

Leased assets (Rupees in '000)

	Pump building	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Vehicles: Tank lorries	Vehicles: Motor cars	Total operating fixed assets
At January 1, 2018								
Cost / revalued amount	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Year ended December 31, 2018								
Opening net book value	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Addition / transfer from CWIP	-	-	-	-	2,512	885,397	-	5,429,574
Revaluation	82,713	53,865	152,231	54,832	10,592	-	-	4,476,213
Transfer								
Cost	(368,112)	(262,461)	(787,347)	(135,154)	(77,951)	46,333	(28,253)	-
Accumulated depreciation	94,382	61,328	230,494	31,920	10,307	(7,316)	28,253	-
	(273,730)	(201,133)	(556,853)	(103,234)	(67,644)	39,017	-	-
Disposals								
Cost	-	-	-	-	-	-	-	(715,970)
Accumulated depreciation	-	-	-	-	-	-	-	33,929
	-	-	-	-	-		-	(682,041)
Depreciation charge for the year	-	-	-	-	-	(72,805)	(12,350)	(977,342)
Closing net book value	-	-	-	109,375	-	1,230,571	28,911	18,115,431
At December 31, 2018								
Cost / revalued amount	-	-	-	125,000	-	1,362,228	39,694	20,523,408
Accumulated depreciation	-	-	-	(15,625)	-	(131,657)	(10,783)	(2,407,977)
Net book value	-	-	-	109,375	-	1,230,571	28,911	18,115,431
Depreciation rate - %	5	5	6.67	5	10	10	20	
At January 1, 2017								
Cost / revalued amount	285,399	208,596	635,116	205,322	44,777	255,579	61,493	6,174,957
Accumulated depreciation	(74,627)	(47,545)	(165,157)	(35,326)	(7,767)	(15,898)	(17,263)	(960,421)
Net book value	210,772	161,051	469,959	169,996	37,010	239,681	44,230	5,214,536
Year ended December 31, 2017								
Opening net book value	210,772	161,051	469,959	169,996	37,010	239,681	44,230	5,214,536
Addition / transfer from CWIP	-	-	-	-	20,070	174,919	7,723	5,356,259
Revaluation	-	-	-	-	-		-	-
Disposals / transfers								
Cost	-	-	-	-	-	-	(1,269)	(197,625)
Accumulated depreciation	-	-	-	-	-	-	1,269	5,420
	-	-	-	-	-	-	-	(192,205)
Depreciation charge for the year	(19,755)	(13,783)	(65,337)	(12,219)	(2,540)	(35,638)	(10,692)	(509,563)
Residual Value	-	-	-	-	-		-	-
Closing net book value	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
At December 31, 2017								
Cost / revalued amount	285,399	208,596	635,116	205,322	64,847	430,498	67,947	11,333,591
Accumulated depreciation	(94,382)	(61,328)	(230,494)	(47,545)	(10,307)	(51,536)	(26,686)	(1,464,564)
Net book value	191,017	147,268	404,622	157,777	54,540	378,962	41,261	9,869,027
Depreciation rate - %	5	5	6.67	5	10	10	20	

* Running finance facility from Summit Bank Limited is secured on office building for the value of Rs. 500 million (2017: Rs. 500 million).

(Rupees in thousand)

	Note	2018	2017
9.2 Capital work-in-progress			
Office building		1,413,796	1,505,203
Tanks and pipelines		807,801	697,086
Pump building		316,206	435,325
Electrical, mechanical and fire fighting equipment		456,270	304,894
Tank lorries		80,018	260,357
Advances to contractors		61,834	232,592
Dispensing pumps		156,146	160,087
Furniture, office equipment and other assets		239,304	155,567
Plant and machinery		650,910	25,697
Borrowing cost capitalized	9.3	249,984	22,035
Computer auxiliaries		15,532	12,479
	9.4	4,447,801	3,811,322

9.3 During the year additions amounting to Rs. 6,068.6 million (2017: 5,693.17 million) have been made in capital work-in-progress. This also includes borrowing cost capitalized during the year at rates ranging from 7.51% - 13.22% (2017: 7.45% - 9.15%).

9.4 This include amount related to discontinued operations which are as follows;

	2018	2017
Opening balance	-	115,376
Additions during the year	-	2,073,221
Transferred to operating assets	-	(11,103)
	-	2,062,118
Assets of subsidiary disposed off	-	(2,177,494)
Closing balance	-	-

9.5 Due to large number of dealers it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Company are tanks and pipelines dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipments. These assets are not in possession of the Company as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Company's products.

9.6 In 2012, the Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,172 million, resulting in surplus (net of deferred tax) amount to Rs. 387 million. In the year 2015 the Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 4,154 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018 the Company carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 14,009 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,550 million.

(Rupees in thousand)

9.7 Had there been no revaluation, the written down value of the following assets in the consolidated balance sheet would have been as follows:

	Cost	Accumulated depreciation	Written down value 2018	Written down value 2017
Owned assets				
Building on lease hold land:				
- Land	1,233,131	-	1,233,131	-
- Office building	3,320,746	343,534	2,977,212	-
- Pump building	2,079,490	359,178	1,720,312	683,244
Tanks and pipelines	1,128,369	136,306	992,063	262,404
Dispensing units	388,229	122,260	265,969	46,338
Plant and machinery	189,306	44,880	144,426	14,422
Electrical mechanical and fire fighting equipment	693,741	121,073	572,668	156,503
Furniture, office equipment and other assets	269,531	94,354	175,177	-
Computers auxiliaries	135,236	54,940	80,296	-
Total owned assets	9,437,779	1,276,525	8,161,254	1,162,911
Leased assets				
Pump building	-	-	-	83,068
Dispensing units	-	-	-	50,019
Plant and machinery	-	-	-	34,213
Tanks and pipelines	-	-	-	42,249
Electrical mechanical and fire fighting equipment	-	-	-	7,717
Total leased assets	-	-	-	217,266
Total assets	9,437,779	1,276,525	8,161,254	1,380,177

9.8 **Forced sale values of asset class:**

Class of assets	
Land	1,938,050
Building	3,951,700
Dispensing Pumps	3,637,000
Plant & machinery	1,201,450
Storage tanks & pipelines	1,896,100
Office Equipments	8,550
Furniture & Fixtures	5,000
Motors Cars / Vehicles	27,500
	12,665,350

9.9 The level of hierarchy for the fair value disclosed fall in level 3 i.e., inputs other than quoted prices included within level 3 that are unobservable either directly or indirectly.

(Rupees in thousand)

9.10 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Addresses	Total Area of Land Square Yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar	14,520
Others		
Lubricant oil blending plant	Chemical Area, Eastern Industrial Zone, Port Qasim Authority, Karachi.	29,040
LPG terminal	North Western Industrial Zone, Port Qasim Authority	34,848
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton	386

9.11 **The depreciation charged for the year has been allocated as follows:**

	Note	2018	2017
Distribution and marketing expenses	36	946,426	486,087
Administrative expenses	37	30,916	23,476
		977,342	509,563

9.12 During the year written down value of operating fixed assets that have been disposed-off amount to Rs.428.55 million (2017: Rs. 192.2 million). Details of operating fixed assets disposed off with WDV above Rs. 500,000 are given below:

Type	No of Vehicles	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Particulars of buyers	Mode of disposal
Motor cars								
	6	13,590	-	13,590	15,447	1,857	Askari Bank Limited	Sale and lease back
	6	13,590	-	13,590	15,447	1,857		
Tank Lorries								
	10	39,963	-	39,963	43,621	3,658	Askari Bank Limited	Sale and lease back
	41	371,349	14,445	356,904	400,000	43,096	First Habib Modaraba	Sale and lease back
	15	19,306	1,213	18,093	20,500	2,407	Meezan Bank Limited	Sale and lease back
	66	430,618	15,658	414,960	464,121	49,161		
2018	72	444,208	15,658	428,550	479,568	51,018		
2017	25	195,338	3,169	192,169	212,828	20,659		

(Rupees in thousand)

		Note	2018	2017
10	**INTANGIBLE ASSET**			
	Computer software		2,565	-
	Net book value at beginning of the year		-	-
	Addition		2,608	-
	Amortization charge for the year	37	(43)	-
	Net book value at the end of the year	10.1	2,565	-
10.1	**Net book value**			
	Cost		10,907	8,299
	Accumulated amortization		(8,342)	(8,299)
	Net book value		2,565	-
	Rate of amortization - %		33.33	33.33
11	**LONG-TERM INVESTMENTS**			
	Investment in associated company			
	VAS LNG (Private) Limited (unquoted)	11.1	1,551	1,745
	Available for sale investments			
	Pakistan Refinery Limited (quoted) - at fair value	11.2	955,814	1,521,518
	Hascol Terminals Limited (unquoted) - at cost	11.3	375,000	375,000
			1,332,365	1,898,263

11.1 Investment in associated company

2017	2016		Note	2018	2017
Number of shares		Unquoted			
300,002	300,002	VAS LNG (Private) Limited	11.1.1	1,551	1,745

11.1.1 The investment has been accounted for using equity method.

11.1.2 Shareholders of the Holding Company in the Annual General Meeting held on April 28, 2017 authorized investment upto Rs. 300 million i.e. 30% of equity interest in the VAS LNG (Private) Limited. In the year 2017, investment made by the Holding Company in VAS LNG (Private) Limited amounted to Rs. 3 million (2017: 3 million) representing 30% (2017: 30%) equity stake. The Company holds 0.3 million ordinary shares (2017: 0.3 million) of Rs. 10 per share. Details of investment is as follows:

	(Unaudited) 2018	(Audited) 2017
Balance at the beginning of the year	1,745	-
Investment made during the year	-	3,000
Share of loss for the period	(194)	(1,255)
Balance at the end of the year	1,551	1,745

(Rupees in thousand)

11.1.3 Summarized aggregated financial information of the Group's share in associated company is as follows:

	2018	2017
Total accumulated losses	4,829	4,182
Total assets	6,317	6,904
Total liabilities	(122)	(63)
Advance against issue of shares	(1,024)	(1,024)
	5,171	5,817
% share in net assets	30%	30%
Total amount of net assets	1,551	1,745

	Note	Cost	Unrealised (loss)/gain	Carrying value
11.2 Pakistan Refinery Limited				
December 31, 2018	11.2.1	1,172,772	(216,958)	955,814
December 31, 2017		1,172,772	348,746	1,521,518

11.2.1 Investment in Pakistan Refinery Limited represents 13.72% (2017: 13.72%) equity stake which amounts to 43.25 million shares (2017: 43.25 million shares).

11.3 Investment in Hascol Terminals Limited amounts to Rs. 375 million (2018: Rs. 75 million) representing 15% (2017: 15%) equity stake which amounts to 37.5 million shares (2017: 37.5 million shares) as at December 31, 2018. In the year 2017, the Holding Company subscribed to 30 million right shares at Rs. 10 each. These shares are not quoted on an active market and have been carried at cost. Hascol Terminals Limited provides storage facilities for imported and locally produced petroleum and related products. Due to change in ownership structure in 2017, the Holding Company lost control of Hascol Terminal Limited and therefore it is no longer subsidiary of Hascol Petroleum Limited.

11.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act.

12 LONG-TERM DEPOSITS

	Note	2018	2017
Lease deposits		352,331	133,888
Less: current portion of lease deposits	16	(762)	(794)
		351,569	133,094
Deposits against:			
- depots		126,267	107,144
- retail outlets		54,270	67,164
- others		15,666	24,135
		196,203	198,443
		547,772	331,537

(Rupees in thousand)

13 STOCK-IN-TRADE

	Note	2018	2017
Raw and packing materials - lubricants		54,577	97,636
Finished goods			
- fuels	13.1	21,227,881	16,624,943
- lubricants		464,802	298,577
- Petrochemicals		827,819	-
		22,520,502	16,923,520
Stock in transit			
- fuels		-	1,509,777
- lubricants		40,224	26,173
		40,224	1,535,950
		22,615,303	18,557,106

13.1 Fuels include Rs. 6,114.41 million (2017: Rs. 3,620.17 million) of High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

14 TRADE DEBTS

	Note	2018	2017
Considered good			
- Secured	14.1	9,173,127	3,658,244
- Unsecured		4,379,108	7,859,974
		13,552,235	11,518,218
Considered doubtful	14.2	85,749	849
		13,637,984	11,519,067
Provision for impairment	14.3.1	(85,749)	(849)
		13,552,235	11,518,218

14.1 These debts are secured by way of bank guarantees, letter of credits and security deposits.

14.2 This includes receivable from Hascombe Lubricants (Private) Limited (subsidiary company) amounting to Rs. 7.12 million (2017: Rs. 7.12 million).

14.3 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 7.12 million.

14.3.1 Movement of provision for impairment

	Note	2018	2017
Balance at the beginning of the year		849	849
Provisions made during the year		84,900	-
Balance at the end of the year		85,749	849

(Rupees in thousand)

		Note	2018	2017
15	**ADVANCES - considered good, unsecured**			
	To employees:			
	- against expenses		28,169	46,023
	- against salaries		20,071	63,755
	Advances against purchase of shares	15.1	44,385	60,721
	Suppliers		16,864	10,866
			109,489	181,365
15.1	**Advances against purchase of shares - related parties**			
	Hascol Terminals Limited		40,000	57,685
	Hascol Lubricants (Private) Limited		3,362	2,013
	VAS LNG (Private) Limited		1,023	1,023
			44,385	60,721
16	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Current portion of lease deposits	12	762	794
	Other deposits		6,636	2,477
			7,398	3,271
	Prepayments			
	- Rent		128,485	53,686
	- Insurance and others		63,946	23,676
			192,431	77,362
			199,829	80,633
17	**OTHER RECEIVABLES**			
	Inland freight equalization margin receivable		2,792,259	2,019,113
	Receivable against services rendered	17.1	22,069	53,346
	Franchise income receivable - net	17.2	-	34,642
	Receivable against regulatory duty		25,533	25,533
	Receivable from oil marketing companies	17.3	-	9,073
	Price differential claims	17.4	5,083	5,083
	Others		-	14,241
			2,844,944	2,161,031

17.1 This represents amount receivable from Hascol Terminals Limited (an associated company) against services rendered by the Company on account of business support services.

(Rupees in thousand)

		Note	2018	2017
17.2	**Franchise income receivable - net**			
	Movement in gross receivables			
	Balance at the beginning of the year		97,201	100,653
	Received during the year		(2,848)	(3,452)
	Balance at the end of the year		94,353	97,201
	Movement of provision			
	Balance at the beginning of the year		(62,559)	(27,349)
	Charged during the year	40	(31,794)	(35,210)
	Balance at the end of the year		(94,353)	(62,559)
		17.2.1	-	34,642

17.2.1 This represents amount receivable from CNG dealers.

17.3 This represents amount receivable from various oil marketing companies on account of share of motor gasoline imported on their behalf.

17.4 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively pursuing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

17.5 The maximum aggregate amount due from the related party at the end of any month during the year outstanding was Rs. 22.609 million.

		Note	2018	2017
18	**MARK - UP AND PROFIT ACCRUED**			
	From conventional banks		86,904	54,366
	From Islamic banks		5,814	3,032
			92,718	57,398
19	**TAXATION - NET**			
	Sales tax refundable/(payable)		1,133,647	(609,883)
	Income tax refundable/(payable)		137,161	(162,183)
			1,270,808	(772,066)

(Rupees in thousand)

	Note	2018	Restated 2017	Restated 2016
20 CASH AND BANK BALANCES				
Balances with banks:				
in current accounts:				
- Conventional banks		829,318	865,191	1,413,344
- Dividend account		362,674	107,926	8,764
- Islamic banks		-	62,135	1,925
		1,191,992	1,035,252	1,424,033
in saving accounts:				
- Conventional banks		5,640,352	7,561,072	5,741,121
- Islamic banks		1,897,519	1,079,278	608,028
	20.1	7,537,871	8,640,350	6,349,149
Cash in hand		9,584	837	1,729
		8,739,447	9,676,439	7,774,911
Term deposit receipts	20.2 & 24.2	60,000	60,000	60,000
		8,799,447	9,736,439	7,834,911

20.1 These carry mark-up ranging from 3.75% to 5.5% per annum (2017: 3.75% to 5.5% per annum).

20.2 This carry mark-up 5% per annum (2017: 5% per annum).

21 SHARE CAPITAL

21.1 Authorized share capital

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
250,000,000	150,000,000	Ordinary shares of Rs. 10 each	21.2	2,500,000	1,500,000

21.2 *Issued, subscribed and paid-up share capital*

2018 (Number of shares)	2017 (Number of shares)		Note	2018	2017
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	21.3	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% Dec 2014		99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% Jun 2015		201,132	201,132
24,135,840	24,135,840	Right issue @ 20% Sep 2017		241,358	241,358
36,203,760	-	Bonus issue @ 25% Sep 2018		362,038	-
181,018,800	144,815,040			1,810,188	1,448,150

21.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

21.4 An associated company held 49,705,956 (2017: 37,468,365) shares which represents 27.46% (2017 : 25.87%) of the equity stake of the Company.

(Rupees in thousand)

21.5 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

		Note	2018	2017
22	**RESERVES**			
	Capital			
	Share premium	22.1	4,766,854	4,766,854
	Surplus on re-measurement of available for sale investments		(216,958)	322,589
			4,549,896	5,089,443
	Revenue			
	Unappropriated profit		1,732,464	2,700,180
			6,282,360	7,789,623

22.1 The reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

		Note	2018	2017
23	**NON-CONTROLLING INTEREST (NCI)**			
	Opening balance		-	469,714
	NCI contribution in share capital of subsidiary company	23.1	-	-
	Loss allocated to NCI		-	(26,903)
	Net assets attributable to NCI		-	(26,903)
	NCI contribution in advance against equity of subsidiary company		-	-
	Disposal of non-controlling interest		-	(442,811)
	Closing balance		-	-
23.1	Total comprehensive loss of the subsidiary company		-	(71,740)
	Total comprehensive loss allocated to Owners of the Holding Company		-	(44,837)
	Total comprehensive loss allocated to NCI		-	(26,903)
	Cash (used in)/generated from:			
	- operating activities		-	-
	- investing activities		-	-
	- financing activities		-	-

(Rupees in thousand)

		Note	2018	2017
24	**LONG TERM FINANCING - secured**			
	Borrowings from conventional banks	24.1.1	1,910,500	562,500
	Borrowings from Non Banking Financial Institutions (NBFI)	24.1.2	631,290	1,013,769
	Sukuk certificates	24.1.3	1,280,908	1,671,373
			3,822,698	3,247,642
	Current portion of long term financing			
	Borrowings from conventional banks		444,938	225,000
	Borrowings from Non Banking Financial Institutions		351,910	382,479
	Sukuk certificates		400,000	400,000
		31	(1,196,848)	(1,007,479)
	Non - current portion of long term financing		2,625,850	2,240,163

24.1 Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2018	2017
24.1.1	**Borrowings from conventional banks**								
	First Women Bank Limited Under DF scheme	24.2	36 monthly March-16	Nil	March 28, 2019	six month Kibor + 1.3% payable monthly	8,333	25,000	125,000
	National Bank of Pakistan Loan-1 Under LTF scheme	24.3	16 quarterly May-16	1 year	May 24, 2021	three month Kibor + 2.5% payable quarterly	31,250	312,500	437,500
	National Bank of Pakistan Loan-2 Under LTF scheme	24.4	16 quarterly May-16	1 year	March 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	1,035,000	-
	National Bank of Pakistan Loan-3 Under LTF scheme	24.5	16 quarterly May-16	1 year	March 29, 2023	three month Kibor + 1.5% payable quarterly	33,625	538,000	-
24.1.2	**Borrowings from Non Banking Financial Institutions**								
	Pak China Investment Company Limited Under LTF scheme	24.6	12 quarterly February-17	Nil	February 29, 2020	three month Kibor + 2.25% payable quarterly	41,667	208,333	375,000
	Pak Oman Investment Company Limited Loan 1 Under LTF scheme	24.7	42 monthly December-14	6 months	November 19, 2018	six month Kibor + 3% payable monthly	950	-	10,450
	Pak Oman Investment Company Limited Loan 2 Under LTF scheme	24.7	42 monthly March-15	6 months	February 3, 2019	six month Kibor + 3% payable monthly	1,431	2,862	20,033
	Pak Oman Investment Company Limited Loan 3 Under LTF scheme	24.7	42 monthly June-15	6 months	May 19, 2019	six month Kibor + 3% payable monthly	2,190	10,952	37,238
	Pak Oman Investment Company Limited Loan 4 Under LTF scheme	24.8	42 monthly May-16	6 months	April 4, 2020	six month Kibor + 2.5% payable monthly	1,286	20,571	36,000
	Pak Oman Investment Company Limited Loan 5 Under LTF scheme	24.8	42 monthly September-16	6 months	August 19, 2020	six month Kibor + 2.5% payable monthly	1,095	21,905	35,048
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	24.9	42 monthly June-17	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	71,429	100,000
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	24.10	42 monthly July-17	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	295,238	400,000
24.1.3	**Sukuk certificates**	24.11	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	1,280,908	1,671,373
								3,822,698	3,247,642

(Rupees in thousand)

24.2 This represents demand finance facility from First Women Bank Limited for construction of retail outlets which is secured against pledge of TDR of Rs. 60 million, Pledge of Pakistan Refinery Limited shares at 40% margin and personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

24.3 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge /mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), post-dated cheques covering facility amount and corporate guarantee of M/s Fossil Energy (Private) Limited and M/s Marshal Gas (Private) Limited.

24.4 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 350 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

24.5 This represents term finance facility from National Bank of Pakistan (Kolta Jam) for the future expansion plans and working capital requirements of the Company which is secured against first pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kolta Jam site with 25% margin amounting to Rs. 200 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Chairman), corporate guarantee from Fossil Energy Pvt. Ltd and Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

24.6 This represents term finance facility from Pak China Investment Company Limited for the future expansion plans and working capital requirements of the Company which was secured against first pari passu charge over the Company's current assets with 25% margin amounting to Rs. 666.67 million, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman) and promissory note covering the charge amount to be obtained from the Company.

24.7 This represents two term finance facilities from Pak Oman Investment Company Limited for establishment of Daulatpur bulk oil depot. The facility limit were utilized in multiple tranches out of which one of the facility with limit of Rs. 100 million was availed in two tranches, that is Rs. 39.9 million and Rs. 60.1 million. The other facility with a limit of Rs. 100 million was availed in a single trench amounting to Rs. 92 million. The finance facilities were secured against first pari passu charge on land, building, plant and machinery and equipment situated in Deh Kandah Nandho with 25% margin.

24.8 This represents term finance facility from Pak Oman Investment Company Limited for expansion of Daulatpur bulk oil depot. The facility limit of Rs. 100 million was utilized in multiple tranches that is Rs. 54 million and Rs. 46 million and facility was secured against first pari passu charge on the land, building, plant and machinery and equipment locate at the Daulatpur Bulk Storage depot with 25% margin.

24.9 This represents term finance facility from Pak Oman Investment Company Limited for the expansion of Daulatpur depot. The facility was secured against first pari passu charge on land, building, plant, machinery and equipment of the Company situated at Daulatpur bulk oil depot with 25% margin maintained all times.

24.10 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin maintained all times.

		Note	2018	2017
24.11	**Sukuk certificates - gross amount**	24.11.1	1,300,000	1,700,000
	Issuance cost			
	Balance at the beginning of the year		(28,627)	(38,179)
	Charged to profit and loss		9,535	9,552
	Balance at the end of the year		(19,092)	(28,627)
	Sukuk certificates - net amount		1,280,908	1,671,373

(Rupees in thousand)

24.11.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Company. Summit Bank Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility is secured against first pari-passu charge over specific depots and retail outlets of the Company inclusive of 25% margin.

	Note	2018	2017
25 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of future minimum lease payments		1,290,367	488,141
Less: current portion	31	(274,374)	(110,538)
Non current portion		1,015,993	377,603

25.1 The Company has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2022, have been discounted by using financing rates ranging from 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75% (2017 : 6 month KIBOR plus 1.6% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

25.2 The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:

	Note	2018	2017
Not later than one year		382,749	139,221
Later than one year but not later than five years		1,171,912	411,689
Total future minimum lease payments		1,554,661	550,910
Finance charge allocated to future years		(264,294)	(62,769)
Present value of future minimum lease payments		1,290,367	488,141
Not later than one year		(274,374)	(110,538)
Later than one year but not later than five years		1,015,993	377,603
26 DEFERRED AND OTHER LIABILITIES			
Other liabilities	26.1	-	524,875
Deferred taxation - net	26.2	680,707	699,422
Deferred liability - gratuity	26.3	250,593	188,825
		931,300	1,413,122
26.1 Other liabilities			
Payable to MENA Energy DMCC	31	1,320,120	1,049,750
Current portion	26.1.1	(1,320,120)	(524,875)
		-	524,875

26.1.1 This amount pertains to provision recorded against claim of MENA Energy DMCC against out of court settlement of an ongoing litigation dispute in the English Commercial Court, London between MENA Energy DMCC and the Company, based on advice and recommendation of the Solicitors and Senior Counsel representing the Company in the litigation. The settlement involves the Company agreeing, subject to State Bank of Pakistan's (SBP) approval, to pay the settlement amount over a period of 18 (eighteen) months in four equal installments of USD 2,375,000 each on 19th May 2018, 19th July 2018, 19th January 2019 and 19th July 2019. However, the approval from SBP is pending, due to which the whole amount is outstanding as at December 31, 2018.

(Rupees in thousand)

	Note	2018	2017
26.2 DEFERRED TAXATION - NET			
This comprises the following:			
Taxable temporary difference arising in respect of :			
Accelerated depreciation		(673,552)	(826,625)
Assets under finance lease		(106,526)	(160,068)
Revaluation of operating fixed assets		(1,555,453)	(431,061)
Surplus on remeasurement on available for sale investment		-	(26,156)
Deductible temporary difference arising in respect of :			
Liabilities against assets subject to finance lease		356,942	146,442
Exchange loss		102,939	92,461
Provision for:			
- provision investments in subsidiary		8,569	9,181
- other liabilities		290,383	314,925
- retirement benefits		69,417	56,648
- doubtful trade debts		24,728	2,368
- franchise income		26,100	18,768
Turnover tax		775,746	103,695
	26.2.1	(680,707)	(699,422)

26.2.1 Movement in deferred tax (liability)/ assets

	2018	2017
Balance at the beginning of the year	(699,422)	(408,790)
Deferred tax expense		
- through consolidated profit and loss account	874,662	(362,430)
- through consolidated other comprehensive loss	34,289	71,798
- direct adjusted from revaluation	(890,236)	-
Balance at the end of the year	(680,707)	(699,422)

26.3 DEFERRED LIABILITY - GRATUITY

The Company operates an unfunded gratuity scheme for employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in scheme are 390 (2017: 298).

The latest actuarial valuation of the scheme as at December 31, 2018 was carried out using the projected unit credit method, details of which as per the actuarial valuation are as follows:

(Rupees in thousand)

	Note	2018	2017
Deferred liability - gratuity	26.3.1	250,593	188,825

26.3.1 Movement in liability recognized in consolidated balance sheet

	Note	2018	2017
Present value of defined benefit obligation as at the end of the year	26.3.2	250,593	188,825
Fair value of plan assets		-	-
Balance sheet liability		250,593	188,825

26.3.2 Movement in liability recognized in consolidated balance sheet

	Note	2018	2017
Balance at the beginning of the year		188,825	135,791
Add: charge for the year	26.3.4	49,418	35,261
Less: payments to outgoing employees		(16,698)	(25,825)
Remeasurements charged to other comprehensive income		29,048	43,598
Balance at the end of the year		250,593	188,825

26.3.3 Movement in present value of the defined benefit obligation

	Note	2018	2017
Opening balance		188,825	135,791
Current service cost		34,275	24,131
Past service cost		-	248
Interest cost	39	15,143	10,882
Benefits paid during the year		(16,698)	(25,825)
		221,545	145,227
Remeasurement of actuarial losses - net of tax		20,915	30,519
Impact of deferred tax		8,133	13,079
		29,048	43,598
Present value of defined benefit obligation at the end of the year		250,593	188,825

26.3.4 Expense recognized in the consolidated profit and loss account

	Note	2018	2017
Current service cost	37.1	34,275	24,131
Past service cost		-	248
Net interest cost	39	15,143	10,882
Expense recognized in consolidated profit and loss account		49,418	35,261

(Rupees in thousand)

	2018	2017
26.3.5 Remeasurement recognized in consolidated statement of comprehensive income		
Remeasurement of actuarial losses on defined benefit liability - net of tax	29,680	30,519
26.3.6 Analysis of present value of defined benefit obligation		
Split by vested / non - vested		
(i) Vested benefits	186,052	148,834
(ii) Non-vested benefits	63,335	39,991
Split by benefits earned to date		
(i) Present value of guaranteed benefits	95,407	100,706
(ii) Present value of benefits attributable to future salary increase	153,980	86,281
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	19,138	17,151
Within second years from the end of financial year	25,320	26,209
Within third years from the end of financial year	27,357	9,718
Within fourth years from the end of financial year	22,897	28,546
Within five years from the end of financial year	32,031	14,080
Within six to ten years from the end of financial year	413,320	218,106
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	228,839	171,406
Discount rate -1%	273,277	205,229
Expected rate of salary increase +1%	274,255	205,997
Expected rate of salary increase -1%	227,657	170,475

Maturity profile of present value of defined benefit obligation	2018	2017
Weighted average duration of the present value of defined benefit obligation (time in years)	8.86	8.99
Key statistics		
Average age (time in years)	42.59	42.46
Average service (time in years)	4.85	5.36
Average entry age (time in years)	37.74	37.10
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

26.3.7 Historical information of staff retirement benefits

	2018	2017	2016	2015	2014
Present value of gratuity	250,593	188,825	135,791	99,090	71,057

26.3.8 The expected gratuity expense for the year ending December 31, 2018 works out to be Rs. 49.418 million.

26.3.9 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2018	2017
	% per annum	
- Expected long-term rate of increase in salary level	13.25	7.75
- Discount rate	13.25	7.75

		2018	2017
		------------Rupees in '000------------	

27 TRADE AND OTHER PAYABLES

	Note	2018	2017
Trade creditors	27.1	25,004,964	25,112,678
Advance from customers		4,278,366	4,608,668
Payable to cartage contractors		3,348,014	3,054,943
Dealers' and customers' security deposits	27.2	309,905	254,680
Accrued liabilities		13,838	12,895
Other liabilities		1,577,315	1,279,184
		34,532,402	34,323,048

27.1 This includes Rs 14,141 million (2017: Rs. 13,609 million) amount payable to M/s Vitol Dubai Limited (an associated company).

27.2 The security deposits are non-interest bearing and are refundable on termination of contracts.

28 UNCLAIMED DIVIDEND

	2018	2017
Balance at beginning of the year	107,926	8,764
Add: dividend for the year	1,013,706	844,754
Less: payments during the year	(758,958)	(745,592)
Balance at end of the year	362,674	107,926

29 MARK - UP AND PROFIT ACCRUED

	2018	2017
Long-term financing	41,975	40,172
Short-term borrowings	263,216	71,400
Liabilities against assets subject to finance lease	6,785	2,431
Letter of credit	-	3,255
	311,976	117,258

(Rupees in thousand)

		Note	2018	2017
30	**SHORT-TERM BORROWINGS**			
	Borrowings from conventional banks - secured			
	National Bank of Pakistan - FATR		3,999,990	-
	Habib Bank Limited - FATR		2,332,298	-
	National Bank of Pakistan		1,491,001	1,500,000
	United Bank Limited - FATR		891,716	-
	Industrial and Commercial Bank of China		500,000	-
	Bank of Punjab		499,729	500,000
	Bank of Khyber		484,388	-
	Samba Bank Limited		397,675	196,070
	Sindh Bank Limited		395,623	132,463
	First Women Bank Limited		349,841	-
	Summit Bank Limited		334,272	44,515
	Habib Bank Limited		146,134	-
	United Bank Limited		56,434	24,560
		30.1	11,879,101	2,397,608
	Borrowings from Islamic bank - secured			
	Meezan Bank Limited		3,500,000	3,000,000
	Bank Alfalah - Salam		500,000	-
		30.1	4,000,000	3,000,000
	Borrowings from Non Banking Financial Institutions - secured			
	PAIR Investment Company Limited		500,000	-
	Pak Oman Investment Company Limited		-	100,000
		30.2	500,000	100,000
	Commercial paper - unsecured	30.3	2,498,365	1,447,091
			18,877,466	6,944,699

30.1 These facilities were availed from various commercial banks aggregating to Rs. 6,500 million (2017: Rs. 7,700 million). The rates of mark-up ranges from 3 month KIBOR plus 1.25% to 6 month KIBOR plus 2.25% (2017: 3 month KIBOR plus 1.25% to 6 month KIBOR plus 2.25%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with minimum 25% margin, pledge of Pakistan Refinery Limited shares, with minimum 40% margin, personal guarantee of Mr. Mumtaz Hasan Khan (Chairman).

30.2 These loans have been obtained aggregating to Rs. 800 million (2017: Rs. 300 million). The rate of mark-up is 1 month KIBOR plus 1.8% (2017: 3 month KIBOR plus 1.8%). These are secured against hypothecation charge over the Company's present and future current assets.

		Note	2018	2017
30.3	Movement in commercial paper			
	Discounted value		2,399,714	1,446,204
	Unwinding of discount		98,651	887
	Amortized cost	30.4	2,498,365	1,447,091

30.4 This represents rated, privately placed, Shari'ah compliant, Commercial Paper (CP) amounting to Rs. 2,500 million issued to meet the working capital requirements of the Company. Bank Islami Pakistan Limited was the lead financial advisors and arrangers. The loan shall run for a period of one year covering two CP issues each having tenor of six months. The disbursement of second CP issue shall be subject to minimum two days clean-up period after complete adjustment of first CP issue. Instrument is unsecured, non-convertible and redeemable at maturity date in bullet payment.

(Rupees in thousand)

		Note	2018	2017
31	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Current portion of long term financing	24	1,196,848	1,007,479
	Current portion of deferred and other liabilities	26.1	1,320,120	524,875
	Current portion of liabilities subject to finance lease	25	274,374	110,538
			2,791,342	1,642,892

32 CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

As per the deliberations of the main committee of the Oil Companies Advisory Committee (OCAC) held in their meeting number MCM-168 dated September 20, 2007, the financial costs on outstanding Price Differential Claims (PDCs) should be worked and billed to the Government of Pakistan (GoP) through OCAC by the Oil Marketing Companies (OMCs) on a regular basis. Although the Company had billed Rs. 65.97 million to the GOP/ OCAC, the management had not accounted for its impact in these consolidated financial statements as the inflow of economic benefits, though probable, is not virtually certain.

32.2 Commitments

(i) The facility for opening letters of credit acceptances as at December 31, 2018 amounted to Rs. 68,250 million (2017: Rs. 45,425 million) of which the amount remaining unutilized as at that date was Rs. 6,433 million (2017: Rs. 14,752 million).

		Note	2018	2017
(ii)	Bank guarantees		350,268	350,268
(iii)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:			
	Property, plant and equipment		1,029,427	978,418
(iv)	Commitments for rental of assets under operating lease / ijarah			
	Not later than one year		479,942	262,484
	Later than one year but not later than five years		1,719,780	913,557
	Later than five years		2,795,313	1,709,781
			4,995,035	2,885,822
33	**SALES - NET**			
	Gross sales inclusive of sales tax		276,107,357	215,924,271
	Less: sales discount		(503,243)	(261,969)
			275,604,114	215,662,302

(Rupees in thousand)

	Note	2018	2017
34 OTHER REVENUE			
Owned tank lorries		663,248	316,408
Franchise fee		98,816	91,113
Joining fee for petrol pump operators		49,350	56,650
Non fuel retail and lubricants		25,297	36,289
		836,711	500,460
35 COST OF PRODUCTS SOLD			
Opening stock of lubricants, raw and packing materials		422,386	394,986
Raw and packing materials purchased		1,041,273	1,080,201
Less: closing stock of lubricants, raw and packing materials	13	(559,603)	(422,386)
Lubricants, raw and packing materials consumed		904,056	1,052,801
Opening stock - fuel		18,134,720	16,082,682
Fuel purchased	35.1	196,726,031	137,104,662
Storage and handling charges		728,634	586,673
Duties and levies	35.2	29,729,741	30,158,559
Less: closing stock - fuel & petrochemical	13	(22,055,700)	(18,134,720)
		223,263,426	165,797,856
		224,167,482	166,850,657

35.1 This includes fuel purchased from local refineries and imports. Imports comprise 68% (2017: 79%) of total purchases from M/s Vitol Dubai Limited (an associated company).

	Note	2018	2017
35.2 Duties and levies			
Petroleum development levy		21,184,584	21,768,506
Inland freight equalization margin		6,015,598	5,548,169
Freight		2,529,559	2,841,884
		29,729,741	30,158,559

(Rupees in thousand)

36 DISTRIBUTION AND MARKETING EXPENSES

Salaries, wages and other benefits	37.1	953,511	746,313
Depreciation	9.11	946,426	486,087
Rent, rates and taxes		359,000	252,142
Fuel and power	36.1	325,431	155,859
Traveling and conveyance		314,801	226,547
Repairs and maintenance		266,371	152,922
Insurance		239,126	181,726
Commission		162,146	227,932
Advertising and publicity		122,656	98,287
Ujrah payments		118,370	64,251
Royalty	36.2	47,785	21,144
Printing, communication and stationery		39,094	33,786
Fees and subscription		20,211	9,764
Legal and professional charges		10,215	9,906
		3,925,143	2,666,666

36.1 Total expense of fuel and power includes fuel expense of owned tank lorries Rs. 229.63 million (2017: Rs. 82.12 million).

36.2 Royalty charged in these financial statement pertains to FUCHS Oil Middle East Limited having registered office at SAIF Zone, Sharjah, United Arab Emirates.

37 ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries, allowances and other benefits	37.1	462,650	329,005
Legal and professional charges		69,474	70,083
Traveling and conveyance		44,163	42,526
Fee and subscription	37.2	94,199	45,226
Insurance		38,613	32,023
Repairs and maintenance		39,596	29,651
Rent, rates and taxes		27,958	31,400
Depreciation	9.11	30,916	24,924
Printing, communication and stationery		25,024	21,835
Advertising and publicity		21,814	18,346
Donation	37.3	11,790	12,176
Fuel and power		13,164	10,662
Auditors' remuneration	37.4	3,727	3,344
Technical service fee		-	10,215
Amortization	10	43	-
Miscellaneous		456	1,925
		883,587	683,341

(Rupees in thousand)

37.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2018	2017
- Gratuity	26.3.4	34,275	24,379
- Contribution to provident fund		29,834	22,212

37.2 This includes Shariah audit fee amounting to Rs. 0.7 million (2017: Rs. 0.7 million) relating to Sukuk.

37.3 Donation includes amount of Rs. 1.00 million (2017: Rs. 0.88 million) paid to Layton Rahmatulla Benevolent Trust (LRBT), Mr. Najmus Saquib Hameed, director of the Company, who is also Chief Executive Officer of LRBT. Further, names of donees to whom donation amount is equivalent or exceeds Rupees 0.5 million are as follows:

	2018	2017
Tehzib Ul Akhlaq Trust	1,500,000	600,000
Layton Rahmatulla Benevolent Trust (LRBT)	1,000,000	880,000
Karwan-e-Hayat	1,000,000	-
SOS Children's Villages Pakistan	2,500,000	2,500,000
One to many	2,040,000	-
Pakistan Association of the Blind	2,500,000	300,000

37.4 Auditors' remuneration

	2018	2017
Remuneration for the audit of Holding Company		
Statutory audit	1,630	1,455
Certifications	672	600
Half yearly review	541	483
Out of pocket expenses	425	379
Consolidation	297	265
	3,565	3,182
Remuneration for the audit of Subsidiaries		
Statutory audit	137	137
Out of pocket expenses	25	25
	162	162
	3,727	3,344

38 OTHER INCOME

	2018	2017
Income from financial assets		
Profit on bank deposits		
- conventional banks	357,131	237,434
- Islamic banks	61,456	41,619
	418,587	279,053
Income from non-financial assets		
Gain on disposal of operating fixed assets	86,207	21,894
Sundries	10,347	7,466
Promotional marketing fee	8,458	7,497
Scrap sales	2,168	1,525
Rental income	1,575	2,818
Reversal of provision of Workers' Welfare Fund	-	97,228
	108,755	138,428
	527,342	417,481

(Rupees in thousand)

39 FINANCE COST

	Note	2018	2017
Conventional			
Short term borrowings		475,177	209,117
Letter of credit		219,792	96,727
Long term borrowings		17,807	7,837
Assets obtained under finance lease		74,082	32,602
Bank charges		23,703	10,431
Interest cost of gratuity scheme	26.3.4	15,143	6,664
		825,704	363,378
Islamic			
Short term borrowings		321,226	141,366
Letter of credit		94,907	41,767
Long term borrowings		71,607	31,513
Assets obtained under finance lease		3,626	1,596
Bank charges		7,192	3,165
		498,558	219,407
		1,324,262	582,785

40 OTHER EXPENSES

	Note	2018	2017
Provision against franchise income	17.2	31,794	35,210
Provision against doubtful debts		84,900	-
Provision against MENA Energy DMCC claim		-	449,750
Income tax penalty		-	6,135
		116,694	491,095

40.1 This represents amount of penalty paid to tax authorities in 2017 on account of failure to deduct withholding tax on sales discount as per Division VIA part III of the first schedule of Income Tax Ordinance 2001. However, historically the tax authorities have reversed this penalty subseqently.

41 TAXATION

	2018	2017
Current	1,081,640	764,662
Prior	237,761	130,359
Deferred	(874,662)	362,430
	444,739	1,257,451

41.1 Management of the Company has provided sufficient tax provision in the financial statements in accordance with Income Tax Ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	Deemed assessment	Provision
Tax year 2018	826,238	764,662
Tax year 2017	356,713	700,869
Tax year 2016	261,653	330,862

(Rupees in thousand)

		2018	2017
41.2	**Relationship between tax expense and accounting profit**		
	Accounting profit before taxation	651,070	2,585,542
	Tax at the applicable tax rate of 29% (2017: 30%)	188,810	775,663
	Tax effect on income under final tax regime	32,962	64,239
	Reversal of deferred tax asset - net	(874,662)	362,430
	Prior year tax	237,761	130,359
	Other adjustments	859,632	(97,187)
	Tax expense for the year	444,503	1,235,504

42 EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
Profit for the year from continued operations	206,331	1,328,091
Loss for the year from discontinued operations	-	(71,740)

	2018	Restated 2017
Weighted average number of ordinary shares (in thousand)	181,019	163,691
Earning / (loss) per share - basic		
- continued operation (Rupees)	1.14	8.11
- discontinued operation (Rupees)	-	(0.44)

There is no dilutive effect on basic earning per share as the Company has no potential ordinary shares outstanding at year end.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors S	*Executives
Director's fee	-	20,100	-	-	13,400	-
Managerial remuneration	63,311	-	425,618	34,769	31,894	323,884
Cost of living allowance	5,943	-	47,291	3,863	3,544	40,088
Reimbursement of medical expenses	58	4,323	30,634	2,012	2,475	22,871
Bonus	-	-	-	18,563	-	30,960
Retirement benefits	3,286	-	20,986	1,910	26,824	15,540
	72,598	24,423	524,529	61,117	78,137	433,343
Number of persons	1	8	172	2	7	136

43.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.
*Comparative figures have been restated to reflect changes in the description of executives as per Companies Act, 2017.

(Rupees in thousand)

44 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund.

Significant transactions with related parties, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

44.1 Transactions with related parties

Nature of relationship	Nature of transaction	Percentage of shareholding	2018	2017
Liaquat Noman	Consultancy services	2.20%	-	11,400
Vitol Dubai Limited	Procurement	27.46%	125,768,587	96,453,017
Clover Pakistan Limited	Procurement	N/A	122,667	-
Hascol Terminals Limited	Business support service	N/A	22,069	53,346
Hascombe Business Solutions	Procurement	N/A	408,522	-
Marshal Gas	Assets Procurement	6.44%	183,288	-

44.2 Balances with related parties

Associated companies

			2018	2017
Hascol Terminals Limited	Advance against issue of shares	N/A	40,000	57,685
Hascol Lubricants (Private) Limited	Advance against issue of shares	N/A	3,362	2,013
VAS LNG (Private) Limited	Advance against issue of shares	N/A	1,023	1,023
VAS LNG (Private) Limited	Investments	N/A	3,000	3,000
Hascol Terminals Limited	Investments	N/A	375,000	375,000

44.3 Related parties with no transaction or balances

Name	Relationship	Percentage of shareholding 2018	2017
Fossil Energy (Private) Limited	Associated company	10.66%	10.45%

(Rupees in thousand)

44.4 Following are the associated companies with whom the company had ended into transactions or have agreement/ agreements:

S.No	Company Name	Basic of Association
1	Vitol Dubai Limited	Associated Company
2	Marshal Gas (Private) Limited	Common Directorship
3	Hascol Terminals Limted	Common Directorship

	Note	2018	2017
45 CASH (USED) IN / GENERATED FROM OPERATIONS			
Profit before taxation		651,070	2,585,542
Adjustment for:			
Depreciation and amortization		977,385	511,011
Provision against franchise income	17.2	31,794	35,210
Provision for gratuity	26.3.4	34,275	35,261
Provision for doubtful debts		84,900	-
Profit on bank deposits	38	(418,587)	(279,053)
(Reversal) / provision for Workers' Welfare Fund		-	(97,228)
Provision against MENA energy DMCC	40	-	449,750
Exchange loss - unrealised		372,133	308,204
Gain on disposal of operating fixed assets	38	(86,207)	(21,894)
Finance cost	39	1,324,262	582,785
Expense of discontinued operations		-	70,292
Loss on associate	11.1.2	194	1,255
Changes in working capital	45.1	(6,698,994)	(1,792,468)
		(3,727,775)	2,388,667

	2018	2017
45.1 Changes in working capital		
Current assets	(4,058,197)	(2,079,438)
Stock-in-trade	(2,118,917)	(3,646,937)
Trade debts	71,876	72,048
Advances	(119,196)	(9,664)
Deposits and prepayments	(683,913)	(1,016,278)
Other receivables	(6,908,347)	(6,680,269)
Current liabilities		
Trade and other payables	209,353	4,887,801
Changes in working capital	(6,698,994)	(1,792,468)

	Note	2018	2017
46 CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	8,799,447	9,736,439
Less: term deposit receipt	20	(60,000)	(60,000)
		8,739,447	9,676,439
Short-term borrowings	30	(18,877,466)	(6,944,699)
Add: commercial paper	30	2,498,365	1,447,091
		(16,379,101)	(5,497,608)
		(7,639,654)	4,178,831

(Rupees in thousand)

47 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.13 % (2017: 99.2 %) of total revenues of the Company.
- Out of total sales of the Company 98.9 % (2017: 99.1 %) related to customers in Pakistan.
- All non-current assets of the Company as at 31 December, 2018 are located in Pakistan.

The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the Company are around 43.09% during the year ended December 31, 2018 (2017: 41.1%).

48 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2018	2017
Financial assets as per Balance sheet			
Available for sale			
Long term investments	11	1,330,814	1,896,518
At amortized cost			
Deposits		555,170	334,808
Trade debts	14	13,552,235	11,518,218
Advances	15	81,320	135,342
Other receivables	17	2,844,944	2,161,031
Mark-up and profit accrued	18	92,718	57,398
Cash and bank balances	20	8,799,447	9,736,439
		25,925,834	23,943,236
Total financial assets		27,256,648	25,839,754
Financial liabilities as per Balance sheet			
At amortized cost	24		
Long-term financing	28	3,822,698	3,247,642
Unclaimed dividend		362,674	107,926
Other liabilities		1,320,120	1,049,750
Trade and other payables	27	34,518,564	34,310,153
Mark-up and profit accrued	29	311,976	117,258
Short-term borrowings	30	18,877,466	6,944,699
Total financial liabilities		59,213,498	45,777,428

49 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.

(Rupees in thousand)

a) **Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet are as follows:

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Long term investments	1,330,814	1,330,814	1,896,518	1,896,518
Deposits	555,170	555,170	334,808	334,808
Trade debts	13,552,235	13,552,235	11,518,218	11,518,218
Advances	81,320	81,320	135,342	135,342
Other receivables	2,844,944	2,844,944	2,161,031	2,161,031
Mark-up and profit accrued	92,718	92,718	57,398	57,398
Cash and bank balances	8,799,447	8,799,447	9,736,439	9,736,439
	27,256,648	27,256,648	25,839,754	25,839,754

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liability				
Long-term financing	3,822,698	3,822,698	3,247,642	3,247,642
Unclaimed dividend	362,674	362,674	107,926	107,926
Other liabilities	1,320,120	1,320,120	1,049,750	1,049,750
Trade and other payables	34,518,564	34,518,564	34,310,153	34,310,153
Mark-up and profit accrued	311,976	311,976	117,258	117,258
Short-term borrowings	18,877,466	18,877,466	6,944,699	6,944,699
	59,213,498	59,213,498	45,777,428	45,777,428

b) **Valuation of financial instruments**

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.
Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

(Rupees in thousand)

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) Financial assets

	Carrying value	Level 1	Level 2	Level 3	Total
2018					
Long term investments	**1,330,814**	**955,814**	**375,000**	**-**	**1,330,814**
2017					
Long term investments	1,896,518	1,521,518	375,000	-	1,896,518

d) Non-financial assets

	Carrying value	Level 1	Level 2	Level 3	Total
2018					
Building on lease hold land					
- Office and depots building	**4,116,170**	**-**	**-**	**4,116,170**	**4,116,170**
- Pump building	**2,852,472**	**-**	**-**	**2,852,472**	**2,852,472**
Tanks and pipelines	**3,532,433**	**-**	**-**	**3,532,433**	**3,532,433**
Dispensing pumps	**1,051,529**	**-**	**-**	**1,051,529**	**1,051,529**
Plant and machinery	**490,461**	**-**	**-**	**490,461**	**490,461**
Electrical, mechanical and fire fighting equipment	**1,742,036**	**-**	**-**	**1,742,036**	**1,742,036**
Furniture, office equipment and other assets	**190,491**	**-**	**-**	**190,491**	**190,491**
Computer auxiliaries	**75,761**	**-**	**-**	**75,761**	**75,761**
	14,051,353	**-**	**-**	**14,051,353**	**14,051,353**

	Carrying value	Level 1	Level 2	Level 3	Total
2017					
Building on lease hold land					
- Office and depots building	2,464,822	-	-	2,464,822	2,464,822
- Pump building	1,552,314	-	-	1,552,314	1,552,314
Tanks and pipelines	2,161,249	-	-	2,161,249	2,161,249
Dispensing pumps	706,492	-	-	706,492	706,492
Plant and machinery	303,547	-	-	303,547	303,547
Electrical, mechanical and fire fighting equipment	1,035,584	-	-	1,035,584	1,035,584
	8,224,008	-	-	8,224,008	8,224,008

50 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:	Note
- Market risk	50.1.1
- Credit risk and concentration of credit risk	50.1.2
- Liquidity risk	50.1.3

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

50.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

50.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 102 million (2017: USD 129.67 million) having PKR equivalent amount of Rs. 14,188.63 million (2017: Rs. 13,333.70 million). The average rates applied during the year is Rs. 121.91 per USD (2017: Rs. 107.73 per USD) and the spot rate as at December 31, 2018 is Rs. 138.69 per USD (2017: Rs. 110.50 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 3,903.04 million (2017: Rs. 795.77 million) during the year.

Sensitivity analysis

As at December 31, 2018, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, profit for the year would have been lower/higher by Rs. 98.583 million (2017: Rs. 667 million).

(Rupees in thousand)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
(Expense) / income				
As at December 31, 2018	**(15,742)**	**15,742**	**(11,177)**	**11,177**
As at December 31, 2017	(6,048)	6,048	(4,234)	4,234

(b) Interest / profit rate risk (continued)

2018		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit 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 '000----------						
Financial assets	(a)								
Long term investments		-	-	-	-	-	1,330,814	1,330,814	1,330,814
Deposits		-	-	-	-	7,398	547,772	555,170	555,170
Trade debts		-	-	-	-	13,552,235	-	13,552,235	13,552,235
Advances		-	-	-	-	81,320	-	81,320	81,320
Other receivables		-	-	-	-	2,844,944	-	2,844,944	2,844,944
Mark-up and profit accrued		-	-	-	-	92,718	-	92,718	92,718
Cash and bank balances		3.75-5.5	7,537,871	60,000	7,597,871	1,201,576	-	1,201,576	8,799,447
			7,537,871	60,000	7,597,871	17,780,191	1,878,586	19,658,777	27,256,648
Financial liabilities	(b)								
Long term finances		7.95-10.15	1,196,848	2,625,850	3,822,698	-	-	-	3,822,698
Unclaimed dividend		-	-	-	-	362,674	-	362,674	362,674
Other liabilities		-	-	-	-	-	1,320,120	1,320,120	1,320,120
Trade and other payables		-	-	-	-	34,518,564	-	34,518,564	34,518,564
Mark-up and profit accrued		-	-	-	-	311,976	-	311,976	311,976
Short-term borrowings		7.39-9.12	18,877,466	-	18,877,466	-	-	-	18,877,466
			20,074,314	2,625,850	22,700,164	35,193,214	1,320,120	36,513,334	59,213,498
On balance sheet gap	(a)-(b)		(12,536,443)	(2,565,850)	(15,102,293)	(17,413,023)	558,466	(16,854,557)	(31,956,850)

(Rupees in thousand)

2017		Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
			Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
Financial assets	**(a)**								
Long term investments		-	-	-	-	-	1,896,518	1,896,518	1,896,518
Deposits		-	-	-	-	3,271	331,537	334,808	334,808
Trade debts		-	-	-	-	11,518,218		11,518,218	11,518,218
Advances		-	-	-	-	135,342	-	135,342	135,342
Other receivables		-	-	-	-	2,161,031	-	2,161,031	2,161,031
Mark-up and profit accrued		-				57,398	-	57,398	57,398
Cash and bank balances		3.75-6	8,640,350	60,000	8,700,350	1,036,089	-	1,036,089	9,736,439
			8,640,350	60,000	8,700,350	14,911,349	2,228,055	17,139,404	25,839,754
Financial liabilities	**(b)**								
Long term finances		7.95-10.15	1,007,479	2,240,163	3,247,642	-	-	-	3,247,642
Unclaimed dividend		-	-	-	-	107,926	-	107,926	107,926
Other liabilities		-	-	-	-	524,875	524,875	1,049,750	1,049,750
Trade and other payables		-	-	-	-	34,310,153	-	34,310,153	34,310,153
Mark-up accrued		-	-	-	-	117,258	-	117,258	117,258
Short-term borrowings		8.15-9.65	6,944,699	-	6,944,699	-	-	-	6,944,699
			7,952,178	2,240,163	10,192,341	35,060,212	524,875	35,585,087	45,777,428
On balance sheet gap	**(a)-(b)**		688,172	(2,180,163)	(1,491,991)	(20,148,863)	1,703,180	(18,445,683)	(19,937,674)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 955.81 million (2017: Rs. 1,522 million) at the balance sheet date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

(Rupees in thousand)

	Fair value	Hypothetical price change 30%	Estimated fair value hypothetical after change in price	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in pofit / (loss)
2018	**955,814**	**Increase**	**1,242,558**	**286,744**	**286,744**
		Decrease	**669,070**	**(286,744)**	**(286,744)**
2017	1,521,518	Increase	1,977,973	456,455	456,455
		Decrease	1,065,063	(456,455)	(456,455)

50.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

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

	Note	2018	2017
Long term investments	11	**1,330,814**	1,896,518
Deposits		**555,170**	334,808
Trade debts - unsecured	14	**4,379,108**	7,859,974
Advances	15	**81,320**	135,342
Other receivables	17	**2,844,944**	2,161,031
Mark-up and profit accrued	18	**92,718**	57,398
Bank balances	20	**8,789,863**	9,735,602
		18,073,937	22,180,673

Aging analysis of trade debts:

	2018		2017	
	Gross	Impaired	Gross	Impaired
Past due 1-30 days	**12,051,744**	**-**	10,582,457	-
Past due 31-90 days	**1,383,451**	**-**	935,761	-
Past due 91-180 days	**5,084**	**-**	-	-
Past due 181-365 days	**1,070**	**-**	-	-
Over 1 year	**106,313**	**81,500**	-	-
Over 5 years	**7973**	**7,973**	7,973	7,973
	13,555,635	**89,473**	11,526,191	7,973

(Rupees in thousand)

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

Islamic Banks	Rating Agency	Short term	Long term
Al Baraka Bank Pakistan Limited	PACRA	A	A1
Bank Islami Pakistan Limited	PACRA	A+	A1
Meezan Bank Limited	JCR- VIS	AA+	A-1+
MCB Islamic Bank Limited	PACRA	A	A1
Dubai Islamic Bank Pakistan	JCR- VIS	AA-	A-1
Conventional banks			
Industrial and Commercial Bank of China	Moody's	A1	P-1
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	PACRA	A-1	A
Bank of Punjab	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1+	AA
Summit Bank Limited	JCR- VIS	A-1	A-

Islamic Banks	Rating Agency	Short term	Long term
United Bank Limited	JCR- VIS	A-1+	AAA
Pak China Investment Company Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

50.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

	Within one year	Over one year	Total
2018			
Long-term finances - secured	1,196,848	2,625,850	3,822,698
Other liabilities	-	1,320,120	1,320,120
Trade and other payable	34,518,564	-	34,518,564
Unclaimed dividend	362,674	-	362,674
Mark-up accrued	311,976	-	311,976
Short-term running finances - secured	18,877,466	-	18,877,466
	55,267,528	3,945,970	59,213,498
2017			
Long term finances	1,007,479	2,240,163	3,247,642
Other liabilities	524,875	524,875	1,049,750
Trade and other payables	34,310,153	-	34,310,153
Mark-up accrued	117,258	-	117,258
Unclaimed dividend	107,926	-	107,926
Short-term borrowings	6,944,699	-	6,944,699
	43,012,390	2,765,038	45,777,428

(Rupees in thousand)

51 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	Note	2018	2017
Total interest bearing debt			
Trade and other payables		23,990,531	10,680,482
Mark-up and profit accrued	27	34,531,147	34,321,373
Less: cash and bank balances	29	311,976	117,258
Excess of net cash over debt/ net debt	30	(8,799,447)	(9,735,983)
Total shareholders' equity and revaluation surplus		50,034,207	35,383,130
Net equity		12,484,990	10,266,036
		62,519,197	45,649,166
Gearing ratio		80.03%	77.51%

52 EMPLOYEES PROVIDENT FUND

The Company operates approved provident fund for its eligible employees as of 31 December, 2018. Details of assets and investments of the fund is as follows:

	Note	2018	2017
Size of fund - total assets (Rupees in '000)		122,179	99,071
Number of members		352	295
Cost of investments made (Rupees in '000)		121,826	101,727
Percentage of investments made		100%	103%
Fair value of investments (Rupees in '000)	52.1	121,576	100,695

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

	2018		2017	
	Investments (Rs in '000)	Percentage of investment made	Investments	Percentage of investment made
Saving bank accounts	88,365	73	67,043	66
Regular income certificates	19,365	16	17,919	18
Mutual fund	13,846	11	15,733	16
	121,576	100	100,695	100

52.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

53 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

(Rupees in thousand)

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in Note 24 and 30.
(ii)	Deposits	Non-interest bearing as disclosed in Note 12 and 16.
(iii)	Segment revenue	Disclosed in note 47.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 20.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 38.
(vi)	Gain/(loss) on disposal of available-for-sale investments	Not applicable during the year.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 33, 34 and 38.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 39.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.NO	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

(xii)	Profits earned or interest paid on any conventional loan or advance	Disclosed in note 38 and 39.

54 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at year end	988	755
Average number of employees during the year	872	611

55 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 03, 2019 has proposed bonus issue @ 10% i.e. one share of every ten shares held for the year ended December 31, 2018 for approval of the members at the Annual General Meeting to be held on April 29, 2018. These consolidated financial statements do not include the effect of the proposed bonus issue which will be accounted for in the consolidated financial statements for the year ending December 31, 2019.

56 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue on April 03, 2018 by the Board of Directors of the Company.

Director	Chief Financial Officer	Director

Form of Proxy
17th Annual General Meeting

The Company Secretary
Hascol Petroleum Limited
The Forum, Suite No. 105-106, 1st Floor
Khayaban-e-Jami, Clifton
Karachi

I / We ____ of ____ being member(s) of Hascol Petroleum Limited and holder of ______________ ordinary shares as per Share Register Folio No. ____________ and/or CDC Participant I.D. No. and Sub Account No.______________________, hereby appoint ____ of ______________________ or failing him / her ______________________ of ______________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 17th Annual General Meeting of the Company to be held on Monday, 29th April 2019, and at any adjournment thereof.

As witness my / our hands / seal this ______________ day of April 2019.

Rs. 5/-
Revenue
Stamp

Witness No.1

Name ______________________
Address ______________________
____
CNIC ______________________

____
Signature
(Signature should agree with the specimen signature required with the Company)

Witness No.2
Name ______________________
Address ______________________
____
CNIC ______________________

Important

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at The Forum, Suite No. 105-106, 1st Floor Khayaban-e-Jami, Clifton, Karachi, not less than 48 hours before the time of holding the Meeting.

2. Members are requested:

   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above; and
   (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities
In addition to the above the following requirements have to be met:

i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form;

ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

iii) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

پراکسی فارم

سترھواں سالانہ اجلاسِ عام

محترم کمپنی سیکریڑی،
ہیسکول پٹرولیم لمیٹڈ،
دی فورم، 1st فلور، سوئٹ نمبر 106-105،
خیابانِ جامی، کلفٹن، کراچی۔

میں / ہم ________________ رکن ________________ بحیثیت شیئر ہولڈر ہیسکول پٹرولیم لمیٹڈ ________________
عمومی شیئرز کی تحویل رکھتا ہوں / رکھتے ہیں بحوالہ شیئر رجسٹر فولیو نمبر ________________ اور / یا سی ڈی سی شریک آئی ڈی نمبر ________________
اور اکاؤنٹ / ذیلی اکاؤنٹ نمبر / آئی اے ایس اکاؤنٹ نمبر ________________ یا بصورت دیگر ________________ شرکت نہ کرنے کی صورت میں
محترم / محترمہ ________________ رکن ________________ کو بطور پراکسی ہولڈر سترھواں سالانہ اجلاسِ عام
اور اس کے کسی التوا تک میری / ہماری جانب سے ووٹ دینے اور اجلاسِ میں شرکت کرنے کا اختیار دیتا ہوں جو کہ 29 اپریل، 2019 بروز پیر کو منعقد ہوگا۔

بتاریخ ________________ اپریل، 2019۔

پانچ روپے والے ریوینو اسٹیمپ پر دستخط کریں

گواہ کے طور پر میرا / ہمارا دستخط / مہر

گواہ نمبر ۱:
دستخط: ________________
نام: ________________
پتہ: ________________
____
سی این آئی سی / پاسپورٹ نمبر: ________________

گواہ نمبر ۲:
دستخط: ________________
نام: ________________
پتہ: ________________
____
سی این آئی سی / پاسپورٹ نمبر: ________________

نوٹس:

- پراکسی فارم میٹنگ سے 48 گھنٹے قبل مکمل کوائف اور دستخط کے ساتھ کمپنی کے رجسٹرڈ آفس دی فورم، 1st فلور، سوئٹ نمبر 106-105، خیابانِ جامی، کلفٹن، کراچی میں جمع ہونگے۔
- ممبران سے گزارش کی جاتی ہے کہ
  (الف) مذکورہ بالا خانہ برائے ریوینو اسٹیمپ میں 5 روپے کی رسیدی ٹکٹ ضرور لگائے۔ اور
  (ب) رسیدی ٹکٹ پر کمپنی کے رجسٹرڈ دستخط کے انداز میں دستخط کریں۔
- سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لیے مذکورہ بالا کے علاوہ، مندرجہ ذیل ضروریات کا پورا کرنا بھی ضروری ہے۔
  (i) پراکسی فارم پر دو افراد کی جانب سے گواہی ہونی چاہیئے۔ جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہو۔
  (ii) بینیفیشل اونرز اور پراکسی کے اصل کمپیوٹرائز ڈ سی این آئی سی یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراکسی فارم کے ساتھ جمع کرانی ہوگی۔
  (iii) پراکسی اپنا اصل سی این آئی سی یا پاسپورٹ اجلاس کے وقت پیش کریں گے۔
  (iv) کارپوریٹ اداروں کے بورڈ آف ڈائریکٹرز پر لازم ہے کہ میٹنگ کے وقت دستخط شدہ آئین یا پاور آف اٹارنی مقرر کردہ شخص کو دیں اگر اسے پہلے سے فراہم نا کیا گیا ہو تو۔

PROMOTING EXCELLENCE

سی ڈی سی کھاتہ داروں کے لئے راھنما اصول

سی ڈی سی کھاتہ داروں کے لئے ضروری ہے کہ وہ 2000 کا سرکلر نمبر 1 ایس ای سی پی کا جاری کردہ، مورخہ 26 جنوری، 2000 کے جاری شدہ مندرجہ ذیل راہنما اصولوں پر عمل کریں۔

اے۔ اجلاس میں شرکت کے لئے

(الف) انفرادی اشخاص کی صورت میں سی ڈی سی کے قواعد کے مطابق اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات اپ لوڈ کر دی گئی ہیں، وہ اپنی شناخت کی تصدیق اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ ظاہر کر کے کریں گے؛ اور

(ب) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائیریکٹرز کی قرارداد/پاور آف اٹارنی بشمول نامزد شخص کے نمونہ دستخط کے ساتھ اجلاس کے وقت فراہم کرنا ہوں گے۔

بی۔ پراکسیز مقرر کرنے کے لئے

(الف) انفرادی اشخاص کی صورت میں سی ڈی سی کے قواعد کے مطابق اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات اپ لوڈ کر دی ہیں، وہ پراکسی فارم مذکورہ بالا ضرورت کے مطابق جمع کرائیں گے؛

(ب) پراکسی فارم پر دو اشخاص کی گواہی ہوگی، جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج کئے جائیں گے؛

(ج) پراکسی فارم کے ساتھ نفع کنندہ اور پراکسی کی سی این آئی سی یا پاسپورٹ کی مصدقہ نقول جمع کرائی جائیں؛

(د) پراکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرے گا؛ اور

(ہ) کارپوریٹ اداروں کی صورت میں کمپنی کے پاس پراکسی فارم کے ساتھ بورڈ آف ڈائیریکٹر کی قرارداد/پاور آف اٹارنی مع کارپوریٹ ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کے لیے نامزد شخص کے نمونہ دستخط جمع کرائے جائیں گے (جب تک وہ پہلے سے جمع شدہ نہ ہو)۔

کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت بیان

بونس کے شیئرز کا ایشو

ڈائریکٹرز یہ نظریہ رکھتے ہیں کہ کمپنی کے ذخائر میں سے اس وقت کی مالی حیثیت 181,018,800 روپے کی سرمایہ کاری کا جواز پیش کرتی ہے، اور 18,101,880 بونس ایشو 10 روپے فی عمومی حصص پر لاگو ہوتی ہے اور ہر رکھے گئے 10 عمومی حصص کے تناسب میں 1 بونس شیئر کی مکمل ادائیگی کے طور پر مختص ہے۔ کمپنی کے ڈائریکٹرز حصص داروں کی شراکت کے علاوہ براہ راست یا بلاواسطہ اس ایشو میں ذاتی طور پر کوئی دلچسپی نہیں رکھتے۔

نوٹس:

حصص کی منتقلی کی کتابوں کی بندش

کمپنی کی شیئر ٹرانسفر بکس 23 اپریل، 2019 سے 29 اپریل، 2019 (بشمول دونوں ایام) بند رہے گی۔ منتقلی فیزیکل ٹرانسفر کی صورت میں ہوگی، سی ڈی ایس کی لین دین کی آئی ڈیز جو کہ کمپنی کے شیئر رجسٹرار، میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاوس، 99۔بی، بلاک بی، ایس۔ایم۔سی۔ایچ۔ایس، شاہراہ فیصل، کراچی پر 22 اپریل، 2019 کو کاروبار کے اختتام تک موصول ہوں ان کو اجلاس میں شرکت کرنے، ووٹ دینے اور اوپر دیئے منتقلی کے استحقاق کی انجام دہی کے لئے خاطر میں لایا جائے گا۔

اجلاس میں شرکت

صرف وہ اشخاص جن کے نام 22 اپریل، 2019 کو کمپنی کے اراکین کے رجسٹرڈ میں موجود ہوں، وہ سالانہ اجلاس عام میں حاضر ہونے، شرکت کرنے اور ووٹ دینے کے اہل ہیں۔سالانہ اجلاسِ عام میں شرکت کرنے اور ووٹ دینے کا اہل کمپنی کا رکن اپنی جگہ دوسرے کسی شخص کو بطور اپنے پراکسی اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے مقرر کرسکتا/سکتی ہے۔پراکسی کے مئوثر ہونے کے لئے، پراکسی کی تفصیل کا کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم ازکم 48 گھنٹے قبل باقاعدہ طور پر مہر، دستخط اور تصدیق کے ساتھ موصول ہونا ضروری ہے۔سالانہ رپورٹ کے اندر پراکسی فارم منسلک کردیا گیا ہے۔

ای میل کے ذریعے سالانہ مالیاتی بیانات کی ترسیل:

پاکستان سیکیورٹیز اینڈ ایکسچینج کمیشن (ایس ای سی پی) نے مورخہ 8 ستمبر، 2014 کو اپنی نوٹیفیکیشن ایس۔آر۔او 2014/(1)787 کے ذریعے کمپنیوں کو بذریعہ ای میل آڈٹ کردہ مالی بیانات کے ساتھ ساتھ سالانہ اجلاس عام کا نوٹس اپنے ممبران میں تقسیم کرنے کی اجازت دی ہے۔چنانچہ ممبران سے یہ درخواست کی جاتی ہے کہ وہ بذریعہ ای میل آڈٹ کردہ مالی بیانات اور نوٹس کی وصولی کے لئے اپنی رضامندی اور ای میل ایڈریس عنایت فرمائیں۔اس سہولت کے حصول کے لئے کمپنی کی ویب سائٹ www.hascol.com پر ایک معیاری درخواست کا فارم دستیاب ہے جو کہ اس کی/اس کے شناختی کارڈ/اور پاسپورٹ کی نقل کے ساتھ کمپنی کے شیئر رجسٹرار پر ارسال کیا جائے گا۔
برائے کرم توجہ دی جائے کہ سالانہ مالی بیانات پوسٹ کے ذریعے موصول کرنے کے بجائے بیانات کی موصولی کے لئے ای میل ایڈریس دینا اختیاری ہے۔اگر آپ اس سہولت کی فراہمی نہیں چاہتے تو برائے کرم اس نوٹس کو نظرانداز کریں۔

نوٹس ان ممبران کے لئے جنھوں نے اپنا سی این آئی سی فراہم نہیں کیا

ایس ای سی پی کے نوٹیفیکیشن ایس۔آر۔او 2014/(1)19 مورخہ 10 جنوری، 2014 کے ساتھ تقرر کردہ نوٹیفیکیشن ایس۔آر۔او 2012/(1)831 مورخہ 5 جولائی، 2012 کا تقاضہ ہے کہ اقلیت اور کارپوریٹ ممبران کے معاملات کے سوا رجسٹرڈ رکن یا مجاز شخص کے ڈیویڈنڈ وارنٹس کے ساتھ سی این آئی سی نمبر کا ہونا ضروری ہے۔ چنانچہ غیرموصول شدہ سی این آئی سی کی صورت کمپنی ایس ای سی پی کی ہدایات کے مطابق عمل کرنے میں ناکام ہوگی اور نتیجتاً مورخہ 13 جولائی، 2015 کے ایس ای سی پی کے حکم کے تحت ان حصص داران کے ڈیویڈنٹ وارنٹس کے ارسال کو روکنے کی پابند ہوگی۔سی این آئی سی کو بھیجتے وقت حصص داران کو اپنا متعلقہ فولیو نمبر اور کمپنی کا نام درج کرنا لازمی ہے۔

ویڈیو کانفرنس کی سہولت کے لئے رضا مندی

کمپنیز ایکٹ 2017 کے سیکشن (2)132 کے مطابق، اگر کمپنی کو کسی جغرافیائی مقام پر رہائش پذیر ممبران جن کی تحویل میں تقریباً 10 فیصد یا زائد شیئر ہولڈنگ ہو، سے اجلاس کی تاریخ سے کم ازکم 07 دنوں قبل اجلاس میں ویڈیو کانفرنس کے ذریعے شرکت کی رضامندی موصول ہو تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت فراہم کرے گی، جو کہ اس شہر میں ایسی سہولت کی دستیابی پر منحصر ہوگا۔
اس سہولت کے حصول کے لئے کمپنی کے کمپنی سیکریٹری کو ایک درخواست جمع کروانی ہوگی۔

کمپنی کی ویب سائیٹ پر آڈٹ شدہ حسابات کی دستیابی

31 دسمبر 2018 کو ختم شدہ سال کے لئے کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائیٹ www.hascol.com پر دستیاب ہیں۔

پتے کی تبدیلی

اراکین سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کو ان کے رجسٹرڈ پتے پر مطلع کریں۔

الیکٹرونک موڈ کے ذریعے تقسیم شدہ منافع کی ادائیگی (لازمی)

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے احکامات کے تحت درج شدہ کمپنیوں کے لئے ضروری ہے کہ وہ نقد تقسیم شدہ منافع کی ادائیگی حصص داران کے منتخب کردہ بینک اکاؤنٹ میں براہ راست الیکٹرونک موڈ کے ذریعے اس کے حصص داران کو ادا کریں۔
تقسیم شدہ منافع کو براہ راست اپنے بینک اکاؤنٹ میں حاصل کرنے کے لئے حصص داران سے یہ گزارش کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب شدہ الیکٹرونک کریڈٹ مینڈیٹ فارم کو پُر کریں اور دستخط کے ساتھ ارسال کریں۔
فیزیکل شیئرز کی صورت میں سی این آئی سی کی نقل کے ساتھ کمپنی کے رجسٹرار پر فراہم کریں۔
سی ڈی سی میں حصص ہونے کی صورت میں الیکٹرونک کریڈٹ مینڈیٹ فارم حصص داران کے بروکر/شراکت دار/سی ٹی سی اکاؤنٹ سروسز میں براہ راست جمع کرنا لازمی ہے

اطلاع برائے سترھواں (17) سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ ہیسکول پٹرولیم لمیٹڈ کا سترھواں سالانہ اجلاسِ عام پیر 29 اپریل، 2019 کو صبح 10:00 بجے میریٹ ہوٹل، کراچی میں مندرجہ ذیل معاملات کی انجام دہی کے لئے منعقد ہوگا:

عمومی معاملات

1۔ 10 اکتوبر، 2018 کو منعقد شدہ کمپنی کے غیر معمولی اجلاسِ عام کی کارروائی کی توثیق۔
2۔ 31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ اکاونٹس کے ساتھ ڈائریکٹرا ور آڈیٹرز کی رپورٹس کو موصول کرنے کے ساتھ ساتھ اس پر غور کیا جائے گا اور اسے اپنایا جائے گا۔
3۔ آڈیٹرز کو تعینات کرنے اور مالی سال 2019 کے لئے ان کے معاوضے کو مقرر کیا جائے گا۔

4۔ خصوصی معاملات

ہر تحویل شدہ 10 حصص پر 1 حصص کے تناسب سے بونس حصص کے اجراء کی منظوری یعنی بورڈ آف ڈائریکٹر کی تجویز کے مطابق 10 % اور موزوں تصور کیئے جانے پر درج ذیل عمومی قرارداد کی منظوری:

قرار پایا کہ کمپنی کے ریزروز میں سے 181,018,800 روپے کی رقم کو سرمائے میں تبدیل کیا جائے اور اس سے فی 10 روپے کے 18,101,880 عمومی حصص کا اجراء کیا جائے اور یہ بطور مکمل ادا شدہ بونس حصص ان ممبران کو نامزد کئے جائیں گے جن کے نام 22 اپریل 2019 کو کاروباری اختتام پر کمپنی بکس میں رجسٹرڈ ہوں گے۔ ان کا تناسب تحویل شدہ ہر 10 عمومی حصص پر 1 حصص ہے اور یہ نئے حصص موجودہ عمومی حصص کے مساوی ہوں گے۔

مزید قرار پایا کہ ممبر کے ان کا جزوی استحقاق کو ملا کر مجموعی حصص بنائیں جائیں اور اسٹاک مارکیٹ میں فروخت کر کے حاصل شدہ آمدنی کسی رجسٹرڈ فلاحی ادارے کو عطیہ کی جائے۔

مزید قرار پایا کہ کمپنی سیکریٹری کو بذریعہ ہذا اختیار دیا جائے کہ وہ درج بالا قرارداد پر عملدرآمد کے لئے درکار تمام ضروری اقدامات کریں، جو کہ بونس حصص کے اجراء، استحقاق اور تقسیم کے لئے ضروری ہوں۔

5۔ چیئرمین کی اجازت سے اجلاس کے روبرو پیش ہونے والے کسی دیگر امور پر غور۔

ممبران کو سالانہ اجلاس عام کی اس اطلاع کے ہمراہ کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت درج بالا خصوصی معاملات سے متعلق ایک اسٹیٹمنٹ بھی بھیجا جا رہا ہے۔

بحکم بورڈ

ذیشان الحق
کمپنی سیکریٹری

08 اپریل، 2019
کراچی

(18) سرمایہ کاری کی مالیت۔ملازمت کے نفع کردہ فنڈز:

کمپنی نے اپنے ملازمین کے لئے دست برداری کے بعد کے فوائد کی منصوبہ بندی کو برقرار رکھا ہے۔ 31 دسمبر، 2017 تک کی پراویڈنٹ اور گریجویٹی فنڈز میں سرمایہ کاری کی تفصیلات آڈٹ کردہ مالیاتی بیانات کے مطابق مندرجہ ذیل ہے۔

	روپے (۰۰۰)
پراویڈنٹ فنڈز	29,834
گریجویٹی	34,275

(19) بیرونی آڈیٹرز:

آڈیٹر میسر گرانٹ تھورنٹن کے چارٹرڈ اکاؤنٹنٹ انجم رحمان، آئندہ سالانہ جنرل میٹنگ کے اختتام پر دست بردار ہو جائیں گے، اہل ہونے کی صورت میں وہ خود کو دوبارہ تعیناتی کے لئے پیش کر سکتے ہیں۔

بورڈ نے سال 2019 کے لئے کمپنی کے آڈیٹر کے طور پر میسرز گرانٹ تھورنٹن سے انجم رحمان کی تقرری کی سفارش کی ہے۔ جو کہ 29 اپریل، 2019 کو منعقد ہونے والے سالانہ اجلاس میں حصص داران کی منظوری کی تابع ہے۔

(20) حصص کی تقسیم کا طریقہ کار:

31 دسمبر، 2018 تک حصص کی تقسیم کا طریقہ کار رپورٹ کے صفحہ 24 پر دیا گیا ہے۔

(21) اعتراف:

بورڈ کمپنی کے چیفز، ڈیپارٹمنٹ کے سربراہ، مینیجرز اور تمام ملازمین کے عہد، ثابت قدمی اور انتھک محنت کو تسلیم کرتے ہیں اور حصص داران، مالیاتی اداروں اور سرکاری حکام کا کمپنی پر اعتماد اور حمایت کے لئے شکریہ ادا کرتے ہے۔

(22) مستقبل کا نقطہ نظر:

مستقبل کے امکانات کی نشان دہی چیئرمین کی طرف سے جائزہ کے صفحہ نمبر 14 پر بیان کیا گیا ہے۔

ہم آپ کے شکر گزار ہیں
بورڈ کی جانب سے

ڈائریکٹر　　　　ڈائریکٹر

(14) سال کے دوران بورڈ کمیٹی کے منعقد ہونے والے اجلاس:

سال کے دوران آڈٹ کمیٹی نے پانچ (5) اجلاس منعقد کیے جن میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب نجم الثاقب حمید (چیئرمین)	۴
۲	جناب لیاقت علی (رکن)	۵
۳	جناب عبدل عزیز خالد (رکن)	۴

سال کے دوران انسانی وسائل کی کمیٹی کا ایک (1) اجلاس منعقد ہوا جس میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب نجم الثاقب حمید (چیئرمین)	۱
۲	جناب فرید ارشد مسعود (رکن)*	۱
۳	جناب ممتاز حسن خان (رکن)	۱
۴	جناب سلیم بٹ (رکن)	۱

*جناب پول انتھونی ہمسورتھ ڈائریکٹر کے طور پر 23 جولائی، 2018 کو دست بردار ہوئے۔

(15) بورڈ کی کارکردگی کی تشخیص:

سال کے دوران آپ کی کمپنی کے بورڈ کی کارکردگی کی تشخیص کی گئی۔ بورڈ کے اراکین موثر انداز میں بورڈ میں جداگانہ حیثیت لانے، خودمختار اور نون ایگزیکٹو ڈائریکٹرز کی تشکیل میں کامیاب رہے ہیں۔ بورڈ کی مجموعی کارکردگی اچھی رہی اور بورڈ کے اراکین تشخیص کے نتائج پر پورا اترے ہیں۔

(16) ڈائریکٹرز کا معاوضہ:

کمپنیز ایکٹ، 2017 کے آرٹیکل آف ایسوسی ایشن کے تحت ڈائریکٹرز کے معاوضوں کی بحالی کے لئے ایک رسمی اور اور شفاف طریقہ کار موجود ہے۔ آزاد اور نون ایگزیکٹو ڈائریکٹرز کو 28 اپریل، 2016 کو منعقد کردہ کمپنی کے عام سالانہ اجلاس میں حصص داروں کی منظوری کے ساتھ بورڈ کے اجلاس اور کمیٹی کے اجلاس میں شرکت کرنے کے لئے 100,000 روپے کی فیس ادا کی جاتی ہے۔

(17) ڈائریکٹرز ٹریننگ پروگرام:

حالیہ، تین ڈائریکٹرز جناب فاروق رحمت اللہ خان، جناب نجم الثاقب حمید اور جناب لیاقت علی نے پاکستان انسٹی ٹیوٹ آف کارپوریشن گورننس (PICG) کے ڈائریکٹرز ٹریننگ پروگرام کے تحت تجویز کردہ سرٹیفکیشن حاصل کی ہیں۔

(10) قومی خزانے اور معیشت میں شراکت:

سال کے دوران آپ کی کمپنی نے اپنے ذمہ واجبالادا ٹیکسوں، جنرل ٹیکس، انکم ٹیکس اور دیگر سرکاری ٹیکسوں کی مد میں قومی خزانے میں 64.3ارب روپے جمع کرائے۔

(11) بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد

(الف) مرد	7
(ب) خواتین	کوئی نہیں

تشکیل

(الف) آزاد ڈائریکٹرز	جناب نجمس ثاقب حمید
(ب) نون ایگزیکٹو ڈائریکٹرز	جناب ممتاز حسن خان
	جناب فاروق رحمت اللہ خان
	جناب لیاقت علی
	جناب عبدالعزیز خالد
	جناب فرید ارشد مسعود
(ج) ایگزیکٹو ڈائریکٹرز	جناب سلیم بٹ

(12) سال 2018 کے دوران بورڈ میں تبدیلی:

سال کے دوران جناب فرید ارشد مسعود کو جناب پول انتھونی ہمسورتھ کی جگہ ڈائریکٹر منتخب کیا گیا تھا۔

(13) بورڈ آف ڈائریکٹر ز اور سال 2018 کے دوران منعقد ہونے والے بورڈ کے اجلاس:

سال کے دوران بورڈ آف ڈائریکٹرز کے سات (7) اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل دی گئی ہے۔

شمار نمبر	ڈائریکٹرز کا نام	اجلاس میں حاضری کی تعداد
۱	جناب ممتاز حسن خان (چیئرمین)	۵
۲	جناب سلیم بٹ (چیف ایگزیکٹو آفیسر)	۷
۳	جناب فاروق رحمت اللہ خان	۷
۴	جناب نجم الثاقب حمید	۴
۵	جناب لیاقت علی	۶
۶	جناب عبدل عزیز خالد	۷
۷	جناب فرید ارشد مسعود	۲
۸	جناب پول انتھونی ہمسورتھ *	۴

*جناب پول انتھونی ہمسورتھ ڈائریکٹر کے طور پر 23 جولائی، 2018 کو دست بردار ہوئے۔

(6) انسانی وسائل:

کمپنی کا انسانی سرمایہ ہی اس کی اصل طاقت اور بہتری کا باعث ہے۔ آپریشنز کی توسیع اور ایل پی جی، کیمیکلز، ایوی ایشن، لیوب آئل بلینڈنگ اور گریس پلانٹ کی تعمیر جیسے نئے کاروبار کی بحالی کے لئے 2018 میں 295 افراد بشمول 45 ٹرینی کی ایک بڑی بھرتی کی مہم شروع کی گئی تھی۔

اس کے ساتھ ساتھ ملازمین کی صلاحیتوں اور کارکردگی کو بڑھانے کے لئے اندرونی اور بیرونی دونوں تربیتی پروگرامز کا انعقاد کیا جاتا رہا ہے اور 19,365 مزدوری ساعت کی تربیت کو مکمل کیا گیا ہے۔ ایک مینجمنٹ ڈیویلپمنٹ پروگرام بھی لاگو کیا جارہا ہے۔ مقامی اور غیرملکی اداروں کے طالب علموں کو انٹرنشپ اور انجینئر کے لئے ایک تربیتی پروگرام کو پیش کیا گیا جبکہ بزنس اور اکاؤنٹنگ گریجویٹس کے 80 ٹرینی مختلف مراحل میں تنظیم کے مختلف کاموں میں کام کررہے ہیں۔

جیسا کہ تنظیمی ساخت بڑھ رہی ہے اور تجارت کی ضروریات کو پورا کرنے کے لئے اس میں تبدیلیاں جاری ہے اور مسلسل طور پر کام کا تجزیہ، تنخواہ کے لئے سرویز اور ملازمین کی مصروفیات کے لئے سالانہ کانفرنس، خواتین کا دن، کھیل، آزادی کا دن، عید ملن اور دیگر سرگرمیوں کا انعقاد کیا جاتا رہا ہے۔

ہم ملازمین کی مسلسل بہتری اور ترقی کے لئے ایک سازگار پیشہ ورانہ ماحول فراہم کرتے ہیں۔ نئے دفاتر اسٹیٹ آف دی آرٹ کی سہولیات سے لیس ہیں اور کام کی جگہوں پر مخصوص فن تعمیر کے ساتھ ساتھ ان ہاوس ٹریننگ کے لئے ٹریننگ رومز بھی قائم کئے گئے ہیں۔ امپلویرز فیڈریشن آف پاکستان (EFP) کی جانب سے 2018 میں ہیسکول پٹرولیم کو بہترین ایچ آر پریکٹسس کے لئے لارج نیشنل کمپنیز آف پاکستان کے مابین تیسرے انعام سے نوازا گیا۔

(7) اجتماعی سماجی ذمہ داری(CSR):

آپ کی کمپنی مختلف کوششوں کے ذریعے تعلیمی، صحت اور ماحول کے شعبوں میں معاونت کرنے کے لئے متحد سماجی ذمہ داری کے سلسلے میں ایک راہ پر گامزن ہے۔ موجودہ سال کے دوران کمپنی نے 11.79 ملین روپے کی رقم مختلف تعلیمی اداروں، ہسپتالوں اور خیراتی تنظیموں کو عطیہ کی۔

ہیسکول اب یونائیٹڈ نیشنز گلوبل کومپیکٹ (UNG) کا رکن ہے اور اس نے اپنی فرسٹ کمیونیکیشن آن پروگرس کی رپورٹ یواین جی سی کو پیش کی ہے۔ یہ رپورٹ یواین جی سی کے 10 اصولوں کے مطابق ہمارے عزم کی تصدیق کرتی ہے اور ان اعمال کا ذکر کرتی ہے جو ہیسکول نے نافذ کرنے کا عزم اٹھایا ہے۔

(8) کارپوریٹ گورننس:

کمپنی کارپوریٹ گورننس کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے فہرست شدہ قوانین کے بہترین طریقوں کے مطابق اپنے کاروبار کو بڑھانے کے لئے پرعزم ہے۔ تفصیلات درج کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضابطوں 2017 کے مطابق تعمیل کے بیان میں خاص طور پر ذکر کی گئی ہیں۔

(9) کلیدی عمل اور مالیاتی اعدادوشمار:

گزشتہ چھ سالوں کے لئے کلیدی عمل اور مالیاتی اعدادوشمار کا خلاصہ رپورٹ کے صفحہ نمبر 27 پر درج ہے۔

(3) نقد اور اسٹاک کے ڈیویڈنٹز:

کمپنی نے پہلے سے ہی 3.50 روپے فی حصص یعنی 35 فیصد کے انٹرم کیش ڈیویڈنٹ اور 31دسمبر کوختم ہونے والے سال کے لئے ہر رکھے گئے 4 حصص کے لئے 1 حصص کے تناسب میں یعنی 25فیصد کے بونس کے حصص ادا کردیئے تھے۔ 3اپریل، 2019 کے اجلاس میں 31دسمبر، 2018 کوختم ہونے والے سال کے لئے ہر رکھے گئے 10 حصص کے لئے 1 حصص کے تناسب میں یعنی 10 فیصد کے حتمی بونس ڈیویڈنٹ کا اعلان کیا گیا۔31دسمبر، 2018 کوختم ہونے والے سال کا مجموعی ڈیویڈنٹ 35 فیصدکیش ڈیویڈنٹ اور 35 فیصد بونس شیئرز کوظاہر کرتا ہے۔

(4) کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

ہیسکول پٹرولیم لمیٹڈ کی انتظامیہ اچھی کارپوریٹ گورننس اور تعمیل کے بہترین طریقوں کی انجام دہی میں مصروف ہے۔ بورڈ مندرجہ ذیل بیان پیش کرنے پرخوش ہے جیسا کہ کارپوریٹ گورننس کے قوانین کے تحت ضروری ہے۔

(الف) کمپنی کی انتظامیہ کے تیار کردہ مالیاتی بیانات کمپنی کے معاملات،عمل کے نتائج،کیش فلوز اور ایکوئٹی کی تبدیلی کومنصفانہ طور پرپیش کرتی ہے۔

(ب) کمپنی کے حساب و کتاب کے لئےکمپنیز ایکٹ،2017 کے تحت باقاعدہ طور پر رجسٹر تیار کیے گئے ہے۔

(ج) مالیاتی بیانات کی تیاری کے لئے کمپنی نے مستقل مزاجی اور مناسب اکاؤنٹنگ کی پالیسیوں کا تعاقب کیا ہے۔اکاؤنٹنگ پالیسیوں میں تبدیلیاں مالیاتی بیانات میں واضح طور پر ظاہر کی گئی ہیں جبکہ اکاونٹنگ کا تخمینہ معقول اور مناسب فیصلوں کی بنیاد پر ہے۔

(د) مالی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے جو کہ پاکستان میں بھی عمل پیرا ہیں،اور کسی بھی قسم کے تضاد کا انکشاف اور اس کی وضاحت کردی گئی ہے۔

(ہ) کمپنی اندرونی کنٹرول کے موثر طریقوں کے نفاد اور عمدہ نظام کو برقرار رکھے ہوئے ہے جن کا باقاعدگی سے جائزہ اور نگرانی کی جاتی ہے۔

(ز) کارپوریٹ گورننس کے کوڈ پر عمل پیرا ہونے میں کمپنی میں کسی قسم کا تھا دنہیں پایا جاتا۔

(5) صحت،حفاظت اور ماحولیات (HSE)

ایچ ایس ای (HSE) کمپنی کے انتظامی حکمت اور اقدار کا ایک لازمی حصہ ہے۔ ہیسکول پٹرولیم لمیٹڈ کاروباری برتری کو حاصل کرنے اور انسان، ماحولیات، اثاثوں اور شہرت کی حفاظت کے لئے کوشاں ہیں۔ ایک مربوط ایس ایس ای کا انتظامی کتابچہ عمل میں لایا گیا اور اسے کمپنی کی جانب سے نافذ کیا گیا جو کہ تمام آپریشنل ایریاز کوکور کرتا ہے اور مکمل ضابطہ اور بہترین صنعتی طریقوں پر کام کرتا ہے۔ کمپنی نے زیرو ایل ٹی آئی (LTI) کے ساتھ دوسرا سال بھی قلم بند کروایا اور 2.3 ملین کی محفوظ مزدوری ساعت کو حاصل کیا۔ ایچ ایس ای کی تربیت، ڈرلز، آڈٹ اور معائنہ باقاعدگی کے ساتھ کئے جاتے ہیں۔ مجموعی طور پر 2018 میں 474 اجلاسوں میں 8,545 ایچ ایس ای کی مزدوری ساعت کی تربیت، 182 ڈرلز اور 754 آڈٹس کا معائنہ کیا گیا تھا۔

تمام نقصانات اور واقعات کمپنی کے انسیڈنٹ رپورٹنگ اینڈ انوسٹیگیشن سسٹم (IRIS) کے تحت بیان کئے جاتے ہیں اور تحقیقات کے بعد موثر اقدامات لئے جاتے ہیں۔ ایک ایمرجنسی رسپونس پلان (ERP) اپنے ہنگامی مراحل پر ہے اور میوچول ایڈ ایمرجنسی رسپونس پلان (MAERP) بھی عمل میں لایا جا رہا ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ کے ساتھ ساتھ آڈٹ اسٹینڈ، یکجا مالیاتی بیانات اور آڈیٹرز رپورٹ آپ کے سامنے پیش کرنے پر خوشی کا اظہار کرتے ہیں۔

(1) مالیاتی نتائج:

انتظامیہ، مارکیٹنگ، تقسیمی اخراجات، مالیاتی اور دیگر اخراجات کی ادائیگی کے بعد 31 دسمبر، 2018 کو ختم ہونے والے سال کا منافع:

	000' روپوں میں
ٹیکس کی ادائیگی سے پہلے کا منافع	651,882
ٹیکس کی ادائیگی	444,739
سال کا منافع	207,143
	روپوں میں
فی شیئر آمدنی	1.14

ذخائر کے حصص اور تبدیلی کے بارے میں تفصیلات اور ایکوئٹی میں تبدیلیوں کا اندراج سالانہ رپورٹ کے صفحہ 51 پر بیان کیا گیا ہے۔

سال کے دوران کمپنی کے ٹیکس کے بعد کا منافع 207,143,000 روپے (2017: 1,401,248,000 روپے) فروخت کے حجم میں MT 2,577,937 (2017: MT 2,591,978) جبکہ مجموعی منافع میں 10,276,649 ملین روپے (2017: 7,388,976 ملین روپے) کا اضافہ ہوا جو کہ 39 فیصد کے اضافہ کو ظاہر کرتا ہے۔

گزشتہ سال کے 8.56 روپے کی نسبت سال ہذا میں فی شیئر آمدنی 1.14 روپے رہی۔

منافع میں کمی کی اہم وجہ پاکستانی روپوں میں کٹوتی ہے۔ جیسا کہ آپ جانتے ہیں کہ گزشتہ 12 ماہ کے دوران ایک روپے میں 30 فیصد سے ذائد تک کی کمی واقع ہوئی ہے۔ جیسا کہ کرنسی کی نقل و حرکت کو سنبھالنے کے لیے کوئی میکنزم موجود نہیں ہے جس سے تمام آئل کی کمپنیاں جو پٹرولیم مصنوعات کو درآمد کرتی ہیں انھیں بڑے مالی نقصانات کا سامنا کرنا پڑا۔ وزارت اور اوگرا کے لئے ہماری مختلف نمائندگیوں کو حکومت کی جانب سے اچھا نہیں سمجھا جا رہا اور یہ آئل مارکیٹنگ کمپنیوں کے حجم پر کافی دباؤ کا سبب بن رہا ہے۔ قیمتوں اور آپریٹنگ کی لاگت میں اضافے کے باوجود (معاوضہ اور معیشت میں عام افراطِ زر کے دباؤ کی وجہ سے) گزشتہ 9 ماہ سے ہمارے حجم میں کوئی ترمیم نہیں کی جا سکی ہے۔

اس کے علاوہ سود کی شرح کا تیزی کے ساتھ بڑھنا قرضے کی لاگت میں اضافے کی وجہ بنا جس سے ہمارے منافع کو نقصان پہنچا۔

حکومت کو ہیسکول جیسی آئل مارکیٹنگ کمپنیز پر خصوصی توجہ دینی چاہیے جنھیں بیشتر مشکلات کا سامنا ہے جو کہ اسٹوریج کے بنیادی ڈھانچے اور ریٹیل کی ترقی میں ایک بہت بڑی سرمایہ کاری کا کام سرانجام دے رہی ہیں۔

(2) مالیاتی بیانات کی تیاری کے لئے کمپنیز ایکٹ، 2017 کا انتخاب:

سال کے دوران کمپنیز ایکٹ، 2017 (دی ایکٹ) پہلی دفعہ مالیاتی بیانات کی تیاری کے لئے اپنایا گیا۔ ایکٹ نے کمپنی کے سالانہ اور انٹرم کے مالی بیانات کی تیاری اور پریزینٹیشن کے لئے بعض تبدیلیوں کو تجویز کیا۔ ان تبدیلیوں میں جائیداد، پلانٹ اور اس کا سامان اور بنیادی بیانات کے ناموں میں تبدیلی وغیرہ کے اضافے پر نظرِ ثانی کے معیار شامل ہیں۔

چیئرمین کا جائزہ

ہیسکول اور دیگر آئل مارکیٹنگ کمپنیز کے لئے سال 2018 ایک بہت مشکل سال رہا۔ کچھ سرکاری اقدامات جیسا کہ بجلی کی پیداوار میں فرنس آئل کے استعمال کو روکنا، کرنسی میں 30 فیصد کی شدید کٹوتی اور اسٹیٹ بینک آف پاکستان کی طرف سے سود کی شرح میں اضافہ نے ہمارے تمام مفادات پر منفی اثر ڈالا۔ اس طرح ہیسکول کی پوری مینجمنٹ ٹیم کی انتھک محنت کے باوجود ہمارے نتائج مایوس کن رہے اور ہم نے یہ سال ایک بہت معمولی منافع کے ساتھ اختتام کیا۔

آئل مارکیٹنگ کمپنیز کو کئی مشکلات کا سامنا کرنے پر بھی پٹرولیم کی وزارت اور اوگرا کی جانب سے کوئی تسلی بخش جواب نہیں ملا جس کے نتیجے میں ہیسکول اور دیگر آئل مارکیٹنگ کمپنیز کاروبار کے سلسلے میں بہت غیر یقینی صورتحال سے دوچار ہیں۔ حکومت کو اس صورتحال کی سنجیدگی کا احساس دلانے کے لئے ہماری مسلسل کوششیں جاری ہیں۔

مجھے یہ بتاتے ہوئے خوشی ہے کہ ہمارا مشترک ادارہ ہیسکول ٹرمینل لمیٹڈ نے آخر کار اپنے کام کا آغاز کر دیا ہے۔ ٹرمینل گزشتہ سال دسمبر میں ہی مکمل ہو گیا تھا لیکن وزارت دفاع کی منظوری حاصل کرنے میں تاخیر کی وجہ سے رسمی افتتاح میں بھی 2 مہینے کی تاخیر کی گئی۔ اس ٹرمینل کے ساتھ ہماری سپلائی چین مینجمنٹ بہت ذیادہ موثر ہوگی جس سے ہمیں ہمارے کچھ حریفوں پر برتری حاصل ہوگی۔

مجھے یہ بتاتے ہوئے بھی خوشی ہے کہ ہم تھیلین (اسلام آباد کے قریب) اور کوٹلا جام میں ہماری آئل اسٹوریج کی سہولیات کو مکمل کرنے میں کامیاب رہے۔ اسٹوریج کی سہولیات کی مکمل تکمیل ہمارے سپلائی چین مینجمنٹ کو نفع پہنچائے گی اور ہمارے بیشتر حریفوں پر ہمیں فوقیت دلائے گی۔

ہمارا لیوب آئل بلینڈنگ پلانٹ اپنے اختتام کے آخری مرحلے پر ہے اور ہم اس سال کے جون تک اس کے آغاز ہونے کی امید کرتے ہیں۔ اسے کمپنی کے لبریکنٹس کی فروخت اور منافع کو فروغ دینا چاہیے۔

جیسا کہ میں نے گزشتہ برس ذکر کیا تھا کہ ہیسکول نے رسمی طور پر ہیسکول برانڈ کے نام کے تحت سلنڈرز میں ایل پی جی کی مارکیٹنگ کا آغاز کیا ہے۔ ہم یقین رکھتے ہیں کہ یہ کاروبار بھی 2019 میں کمپنی کا منافع بخش کاروباری مرکز بن جائے گا۔

آخر میں، میں ایک بیباکانہ کاروباری حکمت عملی کو جاری رکھنے اور کارپوریٹ کے انتظامات کی تجویز پیش کرنے پر بورڈ کی رہنمائی کے لئے شکریہ ادا کرنا چاہتا ہوں۔ میں انتظامی جماعت اور تمام ملازمین کی کاوشوں کو بھی سراہنا چاہتا ہوں جنھوں نے مندرجہ بالا عوامل کے وجہ سے کمپنی کے سامنے آنے والی مشکلات کا موثر طریقے سے جواب دیا۔

مجھے یقین ہے کہ 2019، 2018 سے زیادہ بہتر سال ثابت ہوگا اور کمپنی اپنی ترقی اور منافع بخش عزائم کو برقرار رکھے گی۔

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