# CONTENTS

# COMPANY INFORMATION

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | **Mr. Laith G. Pharaon**<br>*Non Executive Director* | *(Alternate Director Mr. Shuaib A. Malik)* |
| | **Mr. Wael G. Pharaon**<br>*Non Executive Director* | *(Alternate Director Mr. Babar Bashir Nawaz)* |
| | **Mr. Shuaib A. Malik**<br>*Chairman / Non Executive Director* | |
| | **Mr. Abdus Sattar**<br>*Non Executive Director* | |
| | **Mr. Jamil A. Khan**<br>*Non Executive Director* | |
| | **Mr. Shamim Ahmad Khan**<br>*Independent Non Executive Director* | |
| | **Mr. G. A. Sabri**<br>*Independent Non Executive Director* | |
| **CHIEF EXECUTIVE OFFICER** | **Mr. M. Adil Khattak** | |
| **CHIEF FINANCIAL OFFICER** | **Syed Asad Abbas** | *FCA* |
| **COMPANY SECRETARY** | **Mr. Saif ur Rehman Mirza** | *FCA* |
| **AUDIT COMMITTEE** | **Mr. Shamim Ahmad Khan** | *Chairman* |
| | **Mr. Shuaib A. Malik** | *Member* |
| | **Mr. Abdus Sattar** | *Member* |
| | **Mr. G. A. Sabri** | *Member* |
| | **Mr. Babar Bashir Nawaz** | *Member* |
| **AUDITORS** | **A.F. Ferguson & Co.** | *Chartered Accountants* |
| **LEGAL ADVISOR** | **Ali Sibtain Fazli & Associates** | *Legal Advisors, Advocates & Solicitors* |
| **SHARE REGISTRAR** | **Central Depository Company of Pakistan Limited**<br>*Share Registrar Department, CDC House, 99-B, Block 'B',*<br>*S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.* | |
| **REGISTERED OFFICE** | **The Refinery, Morgah, Rawalpindi.**<br>*Tel : (051) 5487041-5 Fax : (051) 5487093 & 5406229*<br>*E-mail : info@arl.com.pk Website : www.arl.com.pk* | |

# DIRECTORS' REVIEW REPORT

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS

The Directors have pleasure in presenting a review of the financial results and operations of the Company for the half year ended December 31, 2018.

## FINANCIAL RESULTS

During the period under review your Company incurred loss after taxation of Rs 3,802 million from refinery operations compared to profit of Rs 165 million in the same period of last year. Non-refinery income during the period under review was Rs 832 million (December 31, 2017: Rs 1,125 million). The non-refinery income enabled the Company to partially off-set the loss from refinery operations and post net loss after tax of Rs 2,970 million (December 31, 2017: Profit of Rs 1,290 million) resulting in loss per share of Rs 27.86 (December 31, 2017: Earnings per share of Rs 12.10).

Heavy exchange loss due to sharp decline in value of Pak Rupee vs US Dollar, inventory losses due to declining trend in prices of crude oil and products and constraint on capacity utilization of the refinery due to non up-lifting of Furnace Fuel Oil (FFO) were main contributors towards the loss sustained by the Company.

## REFINERY OPERATIONS

The refining throughput during the period under review was 1.135 million tons representing capacity utilization of about 93% (December 31, 2017: 92%) while the sales volume was 1.070 million tons (December 31, 2017: 1.092 million tons). All units of the refinery are operating smoothly. The Company has taken up the matter of non up-liftment of FFO with the Government. The steps implemented by the Government have provided some relief to refineries.

## FUTURE OUTLOOK

In pursuance to the Company's commitment to provide high quality diversified environment-friendly energy resources, the Company is engaged in carrying out technical studies for setting up of Continuous Catalyst Regeneration (CCR) Complex to improve specifications of Motor Gasoline. The Company has also started studies to explore possibilities for refining bottom of the barrel.

We look forward to the Government for holistic view of the perennial issues faced by refineries of the country and their resolution on a long term basis including appropriate revision in the Refining Policy. This would ensure sustainable operation of the refineries enabling them to undertake upgradation projects.

## ACKNOWLEDGEMENT

The Board appreciates the continued support received from its employees, valued customers, suppliers as well as Ministry of Energy and other relevant organizations.

On behalf of the Board

**-Sd-**
**M. Adil Khattak**
Chief Executive Officer

**-Sd-**
**Abdus Sattar**
Director

January 21, 2019
Istanbul, Turkey

# ڈائریکٹرز کی جائزہ رپورٹ

اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے

ڈائریکٹرز ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی ششماہی کی اختتامی مدت کے کمپنی کے مالیاتی نتائج اور آپریشنز کا جائزہ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

## مالیاتی نتائج

زیر جائزہ مدّت کے دوران کمپنی کو ریفائنری آپریشنز سے ٹیکس ادا کرنے کے بعد ۳,۸۰۲ ملین روپے کا خسارہ ہوا۔ پچھلے سال کی اسی مدّت میں ۱۶۵ ملین روپے کا منافع ہوا تھا۔ غیر ریفائنری ذرائع سے ۸۳۲ ملین روپے کی آمدن ہوئی (۳۱ دسمبر ۲۰۱۷ء: ۱,۱۲۵ ملین روپے) ۔ غیر ریفائنری ذرائع سے ہونے والی آمدن کا ریفائنری سرگرمیوں سے ہونے والے کُل خسارے کو جزوی طور پر جذب کرنے کے باوجود کمپنی کو ۲,۹۷۰ ملین روپے کا خسارہ ہوا (۳۱ دسمبر ۲۰۱۷ء: ۱,۲۹۰ ملین روپے کا منافع)۔ نتیجتاً فی حصص نقصان ۲۷.۸۶ روپے رہا ( ۳۱ دسمبر ۲۰۱۷ء کو فی حصص آمدن ۱۲.۱۰ روپے تھی)۔

امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہت زیادہ کمی کی وجہ سے کمپنی کو شرح تبادلہ کی مدّ میں نقصان ہوا۔ خام تیل اور مصنوعات کی قیمتوں میں کمی کے رجحان کی وجہ سے تیل کے ذخیرہ کی قیمت میں کمی ہوئی۔ فرنس فیول آئل کی ملک میں کم کھپت ہونے کی وجہ سے ریفائنری کو مجبوراً کم استعداد پر چلانا پڑا۔ اِن وجوہات نے کمپنی کے منافع پر منفی اثر ڈالا۔

## ریفائنری آپریشنز

زیر جائزہ مدّت کے دوران ریفائنری کی پیداوار ۹۳٪ استعداد کے استعمال کے ساتھ ۱.۱۳۵ ملین ٹن رہی (۳۱ دسمبر ۲۰۱۷ء کو استعمالِ استعداد ۹۲٪ تھی) جبکہ فروخت کا حجم ۱.۰۷۰ ملین ٹن رہا (۳۱ دسمبر ۲۰۱۷ء کو یہ ۱.۰۹۲ ملین ٹن تھا)۔ ریفائنری کے تمام یونٹس بہترین انداز میں کام کر رہے ہیں کمپنی نے حکومت کے ساتھ ملک میں فرنس فیول آئل کی کم کھپت کا مسئلہ اُٹھایا ہوا ہے حکومت کی طرف سے کیے گئے اقدامات کی وجہ سے ریفائنریز کی کچھ دادرسی ہوئی۔

## مستقبل کا منظرنامہ

کمپنی اعلٰی قدرّ ، ماحول دوست اور توانائی کے متنوع ذرائع مہیا کرنے کے عزم کی تکمیل کیلئے پریمئیر موٹر گیسولین (Premier Motor Gasoline) کے میعار میں مزید بہتری کے سلسلے میں کانٹینوس کیٹیلیٹک ریجنریشن کمپلیکس (Continuous Catalytic Regeneration Complex) کی تنصیب کیلئے تکنیکی تحقیق اور مطالعہ جاری رکھے



ATTOCK REFINERY LIMITED

ہوئے ہے۔ کمپنی نے اس کے علاوہ باقی ماندہ اجزاء کو مزید نتھارنے کیلئے ریفائننگ باٹم آف دی بیرل (Refining Bottom of the Barrel) کے امکانات کی تلاش شروع کر دی ہے۔

ہم ملک کے اندر ریفائنریز کو مسلسل درپیش مسائل کی طرف حکومت کی توجہ مبذول کروانا چاہتے ہیں تاکہ اِن مسائل کا طویل المدتی حل ممکن ہو جس میں ریفائننگ پالیسی میں مناسب ترمیم بھی شامل ہے۔ اس طرح ریفائنریز کی سرگرمیاں برقرار رہنے کے ساتھ ساتھ ریفائنریز کے تجدید کے منصوبے شروع کرنا بھی ممکن ہو گا۔

## اظہارِ تشکر

بورڈ آف ڈائریکٹرز اپنے ملازمین، قابلِ قدرّ صارفین، خام تیل مہیا کرنے والے اداروں، وزارت توانائی اور دیگر متعلقہ اداروں کی جانب سے ملنے والی معاونت پر ان تمام کا شکر گزار ہیں۔

بورڈ کی جانب سے

| | |
|---|---|
| -Sd- | -Sd- |
| **ایم عادل خٹک** | **عبدالستار** |
| چیف ایگزیکٹو آفیسر | ڈائریکٹر |

**۲۱ جنوری ۲۰۱۹ء**

**استنبول، ترکی**

pwc

A·F·FERGUSON & CO.

# INDEPENDENT AUDITOR'S REVIEW REPORT
## To the members of Attock Refinery Limited
## Report on review of Interim Financial Statements

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of Attock Refinery Limited as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the three months ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2018.

***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

**-Sd-**

Chartered Accountants
Islamabad
Date: January 21, 2019

# Condensed Interim Statement of Financial Position (Unaudited)
## As At December 31, 2018

| | Note | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| **Share capital** | | | |
| **Authorised** | | | |
| 150,000,000 (June 30, 2018: 150,000,000) ordinary shares of Rs 10 each | | **1,500,000** | 1,500,000 |
| **Issued, subscribed and paid-up** | | | |
| 106,616,250 (June 30, 2018: 85,293,000) ordinary shares of Rs 10 each | 5 | **1,066,163** | 852,930 |
| Reserves and surplus | 6 | **23,229,339** | 26,412,754 |
| Surplus on revaluation of freehold land | | **12,052,576** | 12,052,576 |
| | | **36,348,078** | 39,318,260 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 7 | **9,867,234** | 12,642,916 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | **48,420,514** | 44,510,275 |
| Accrued mark-up on long term financing | 7 | **299,842** | 260,909 |
| Current portion of long term financing | 7 | **2,200,000** | 2,200,000 |
| Unclaimed dividends | | **9,785** | 9,839 |
| Provision for taxation | | **2,317,948** | 2,163,842 |
| | | **53,248,089** | 49,144,865 |
| **TOTAL EQUITY AND LIABILITIES** | | **99,463,401** | 101,106,041 |
| **CONTINGENCIES AND COMMITMENTS** | 9 | | |





| | Note | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating assets | 10 | **31,565,213** | 32,817,565 |
| Capital work-in-progress | 11 | **302,131** | 303,043 |
| Major spare parts and stand-by equipment | | **117,888** | 119,151 |
| | | **31,985,232** | 33,239,759 |
| **LONG TERM INVESTMENTS** | 12 | **13,264,915** | 13,264,915 |
| **LONG TERM LOANS AND DEPOSITS** | | **39,603** | 42,115 |
| **DEFERRED TAXATION** | | **2,948,320** | 1,304,152 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | | **3,319,358** | 2,905,748 |
| Stock-in-trade | 13 | **12,226,584** | 9,788,997 |
| Trade debts | 14 | **16,272,675** | 15,748,278 |
| Loans, advances, deposits, prepayments and other receivables | 15 | **2,363,538** | 1,871,717 |
| Short term investments | | **-** | 985,846 |
| Cash and bank balances | 16 | **17,043,176** | 21,954,514 |
| | | **51,225,331** | 53,255,100 |
| **TOTAL ASSETS** | | **99,463,401** | 101,106,041 |

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Statement of Profit or Loss (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | Note | Three months ended December 31, 2018 Rs' 000 | Three months ended December 31, 2017 Rs' 000 | Six months ended December 31, 2018 Rs' 000 | Six months ended December 31, 2017 Rs' 000 |
|---|---|---|---|---|---|
| Gross sales | 17 | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |
| Taxes, duties, levies, discounts and price differential | 18 | **(10,139,287)** | (11,596,474) | **(23,573,129)** | (23,794,820) |
| Net sales | | **44,053,680** | 28,036,725 | **88,511,238** | 55,436,898 |
| Cost of sales | 19 | **(45,980,197)** | (28,471,629) | **(91,060,031)** | (54,589,793) |
| Gross profit/(loss) | | **(1,926,517)** | (434,904) | **(2,548,793)** | 847,105 |
| Administration expenses | | **162,525** | 165,552 | **348,267** | 318,202 |
| Distribution cost | | **10,858** | 11,895 | **22,938** | 23,587 |
| Other charges | 20 | **-** | (58,482) | **-** | 20,849 |
| | | **(173,383)** | (118,965) | **(371,205)** | (362,638) |
| Other income | 21 | **726,959** | 493,914 | **1,353,235** | 977,529 |
| Operating profit/(loss) | | **(1,372,941)** | (59,955) | **(1,566,763)** | 1,461,996 |
| Finance cost | 22 | **(2,677,361)** | (753,172) | **(3,421,637)** | (1,198,614) |
| Profit/(loss) before taxation from refinery operations | | **(4,050,302)** | (813,127) | **(4,988,400)** | 263,382 |
| Taxation | 23 | **974,665** | 220,309 | **1,185,857** | (98,154) |
| Profit/(loss) after taxation from refinery operations | | **(3,075,637)** | (592,818) | **(3,802,543)** | 165,228 |
| Income from non-refinery operations less applicable charges and taxation | 24 | **169,928** | 1,125,318 | **832,361** | 1,125,318 |
| Profit/(loss) after taxation | | **(2,905,709)** | 532,500 | **(2,970,182)** | 1,290,546 |
| Earnings/(loss) per share - basic and diluted (Rupees) | 28 | | (Restated) | | (Restated) |
| Refinery operations | | **(28.85)** | (5.56) | **(35.67)** | 1.55 |
| Non-refinery operations | | **1.60** | 10.55 | **7.81** | 10.55 |
| | | **(27.25)** | 4.99 | **(27.86)** | 12.10 |

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| Profit/(loss) after taxation | **(2,905,709)** | 532,500 | **(2,970,182)** | 1,290,546 |
| Other comprehensive income (net of tax) | **-** | - | **-** | - |
| Total comprehensive income/(loss) | **(2,905,709)** | 532,500 | **(2,970,182)** | 1,290,546 |

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Statement of Changes in Equity (Unaudited)

## For The Six Months Period Ended December 31, 2018

| | Share capital | Capital reserve: Special reserve for expansion/ modernisation | Capital reserve: Utilised special reserve for expansion/ modernisation | Capital reserve: Others | Revenue reserve: Investment reserve | Revenue reserve: General reserve | Revenue reserve: Un-appropriated profit | Surplus on revaluation of freehold land | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs' 000 | | | | | | | | |
| Balance as at July 1, 2017 | 852,930 | 2,045,813 | 10,962,934 | 5,948 | 3,762,775 | 55 | 9,697,786 | 12,052,576 | 39,380,817 |
| Distribution to owners: | | | | | | | | | |
| Final cash dividend @ 60% related to the year ended June 30, 2017 | - | - | - | - | - | - | (511,758) | - | (511,758) |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 1,290,546 | - | 1,290,546 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | 1,290,546 | - | 1,290,546 |
| Transfer to special reserve for expansion/ modernisation - note 6.1 | - | 92,328 | - | - | - | - | (92,328) | - | - |
| Balance as at December 31, 2017 | 852,930 | 2,138,141 | 10,962,934 | 5,948 | 3,762,775 | 55 | 10,384,246 | 12,052,576 | 40,159,605 |
| Total comprehensive loss | | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | (711,568) | - | (711,568) |
| Other comprehensive loss for the period | - | - | - | - | - | - | (129,777) | - | (129,777) |
| | - | - | - | - | - | - | (841,345) | - | (841,345) |
| Loss from refinery operations transferred from unappropriated profit to special reserve - note 6.1 | - | (1,104,886) | - | - | - | - | 1,104,886 | - | - |
| Balance as at June 30, 2018 | 852,930 | 1,033,255 | 10,962,934 | 5,948 | 3,762,775 | 55 | 10,647,787 | 12,052,576 | 39,318,260 |
| **Distribution to owners:** | | | | | | | | | |
| **Bonus shares @ 25% related to the year ended June 30, 2018** | **213,233** | **-** | **-** | **-** | **-** | **-** | **(213,233)** | **-** | **-** |
| **Total comprehensive loss** | | | | | | | | | |
| **Loss for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,970,182)** | **-** | **(2,970,182)** |
| **Other comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **(2,970,182)** | **-** | **(2,970,182)** |
| **Loss from refinery operations transferred from unappropriated profit to special reserve - note 6.1** | **-** | **(1,033,255)** | **-** | **-** | **-** | **-** | **1,033,255** | **-** | **-** |
| **Balance as at December 31, 2018** | **1,066,163** | **-** | **10,962,934** | **5,948** | **3,762,775** | **55** | **8,497,627** | **12,052,576** | **36,348,078** |

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Statement of Cash Flows (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | Six months ended | |
|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash receipts from - Customers | **111,486,348** | 75,920,704 |
| - Others | **191,660** | 473,983 |
| | **111,678,008** | 76,394,687 |
| Cash paid for operating costs | **(91,518,975)** | (55,132,475) |
| Cash paid to Government for duties, taxes and other levies | **(21,277,205)** | (19,590,287) |
| Income tax paid | **(424,682)** | (372,193) |
| Net cash (outflows)/inflows from operating activities | **(1,542,854)** | 1,299,732 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | **(34,032)** | (92,914) |
| Proceeds against disposal of operating assets | **3,876** | 2,137 |
| Long term loans and deposits | **2,512** | (4,273) |
| Income on bank deposits received | **870,769** | 621,585 |
| Dividends received | **952,838** | 1,397,753 |
| Net cash generated from investing activities | **1,795,963** | 1,924,288 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Long term financing | **(3,100,000)** | (4,100,000) |
| Transaction cost on long term financing | **(500)** | (500) |
| Dividends paid | **(54)** | (509,508) |
| Finance cost | **(3,057,886)** | (1,213,597) |
| Net cash outflows from financing activities | **(6,158,440)** | (5,823,605) |
| **DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD** | **(5,905,331)** | (2,599,585) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **22,940,360** | 21,630,109 |
| Effect of exchange rate changes | **8,147** | 2,605 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **17,043,176** | 19,033,129 |

Cash and cash equivalents comprise of cash & bank balances and short term investments.

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Selected Notes To and Forming Part of the Condensed Interim Financial Statements (Unaudited)
## For The Six Months Period Ended December 31, 2018

### 1. LEGAL STATUS AND OPERATIONS

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

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

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

### 3. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

**a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognsied. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

## 4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the audited financial statements for the year ended June 30, 2018.

## 5. SHARE CAPITAL

The parent company Attock Oil Company Limited, held 65,049,030 (June 30, 2018: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,790,000 (June 30, 2018: 1,432,000) ordinary shares as at December 31, 2018.

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **6. RESERVES AND SURPLUS** | | |
| **Capital reserve** | | |
| Special reserve for expansion/modernisation - note 6.1 | **-** | 1,033,255 |
| Utilised special reserve for expansion/modernisation - note 6.2 | **10,962,934** | 10,962,934 |
| Others | | |
| Liabilities taken over from The Attock Oil Company Limited no longer required | **4,800** | 4,800 |
| Capital gain on sale of building | **654** | 654 |
| Insurance and other claims realised relating to pre-incorporation period | **494** | 494 |
| | **5,948** | 5,948 |
| **Revenue reserve** | | |
| Investment reserve - note 6.3 | **3,762,775** | 3,762,775 |
| General reserve | **55** | 55 |
| Unappropriated profit | **8,497,627** | 10,647,787 |
| | **12,260,457** | 14,410,617 |
| | **23,229,339** | 26,412,754 |

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

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

Following is the status of Special Reserve for expansion/modernization utilization on up-gradation and expansion projects from July 1, 1997 to December 31, 2018:

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| Balance at the beginning of period/year | **1,033,255** | 2,045,813 |
| Transfer for the period/year | **(1,033,255)** | (1,012,558) |
| Balance at the end of period/year | **-** | 1,033,255 |

**6.2** Represents amounts utilized out of the Special Reserve for expansion/modernization of the refinery. The adjusted total amount of capital expenditure incurred on refinery expansion/mordernisation till December 31, 2018 is Rs 28,276 million including Rs 17,313 million spent over and above the available balance in the Special Reserve which have been incurred by the Company from its own resources.

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

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **7. LONG TERM FINANCING - secured** | | |
| **From banking companies** | | |
| Syndicated Term Finance - note 7.1 | **9,410,115** | 11,494,985 |
| Musharaka Finance - note 7.2 | **3,079,931** | 3,762,252 |
| | **12,490,046** | 15,257,237 |
| Less: Unamortised transaction cost on financing: | | |
| Balance at the beginning of the year | **153,412** | 204,062 |
| Addition during the period/year | **500** | 500 |
| Amortization for the period/year | **(30,942)** | (51,150) |
| Balance at the end of the period/year | **122,970** | 153,412 |
| | **12,367,076** | 15,103,825 |
| Current portion of long term financing | **(2,200,000)** | (2,200,000) |
| | **10,167,076** | 12,903,825 |
| Mark-up payable shown as current liability | **(299,842)** | (260,909) |
| | **9,867,234** | 12,642,916 |

**7.1** The Company entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation

Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which will be payable on quarterly basis. The tenure of this facility is 13 years.

**7.2** The Company obtained musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil (June 30, 2018: nil) while its share in musharaka assets B is 54.75% (June 30, 2018: 68.72%) respectively. While the Managing Co- owner's (the Company) share in Musharaka Assets A is 100% (June 30, 2018: 100%) while its share in Musharaka Assets B is 45.25% (June 30, 2018: 31.28%) respectively. The tenure of this facility is 13 years. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each of the musharaka asset's purchase date under musharaka agreement.

**7.3** The facilities referred to in notes 7.1 and 7.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of The Attock Oil Company Limited in the Company to fall below 51%.

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **8. TRADE AND OTHER PAYABLES** | | |
| Creditors - note 8.1 | **26,724,195** | 24,291,759 |
| Due to The Attock Oil Company Limited - Holding Company | **164,777** | 110,497 |
| Due to Attock Hospital (Private) Limited - Subsidiary Company | **7,614** | 220 |
| Due to Associated Companies | | |
| Pakistan Oilfields Limited | **2,009,344** | 2,478,433 |
| Attock Sahara Foundation | **-** | 754 |
| Attock Solar (Private) Limited | **256** | 970 |
| Accrued liabilities and provisions - note 8.1 | **3,945,932** | 4,027,691 |
| Due to Government under the pricing formula | **4,256,774** | 4,883,264 |
| Custom duty payable to Government | **9,461,602** | 6,888,202 |
| Advance payments from customers | **45,651** | 119,274 |
| Sales tax payable | **644,700** | 168,206 |
| ARL Gratuity Fund | **-** | 102,136 |
| Staff Pension Fund | **-** | 123,877 |
| Crude oil freight adjustable through inland freight equalisation margin | **7,917** | 15,761 |
| Payable to statutory authorities in respect of petroleum development levy and excise duty | **1,148,459** | 1,295,938 |
| Deposits from customers adjustable against freight and Government levies payable on their behalf | **376** | 376 |
| Security deposits | **2,917** | 2,917 |
| | **48,420,514** | 44,510,275 |

**8.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directives of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,216.27 million (June 30, 2018: Rs 3,113.17 million).

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **9. CONTINGENCIES AND COMMITMENTS** | | |
| **Contingencies:** | | |
| **i)** Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 was withdrawn. As a result all imports relating to the ARL Up-gradation Project were subjected to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014 in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing release of the imports against submission of bank guarantees and restrained customs authorities from charging increased amount of customs duty/sales tax. Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/ claimable government levies. | **1,326,706** | 1,326,706 |
| Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision and accordingly this liability has not been recognized in the financial statements. Several hearings of the case have been held but the matter is still under adjudication. | | |
| **ii)** Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/received on their due dates of payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged as debt by either parties. | | |
| **iii)** Guarantees issued by banks on behalf of the Company [other than (i) above]. | **120** | 414 |
| **iv)** Claims for land compensation contested by the Company. | **1,300** | 1,300 |
| **v)** Price adjustment related to crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreement (COSA) and may require adjustment in subsequent periods as referred to in note 19.1, the amount of which can not be presently quantified. | | |
| **vi)** In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of a Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the related oil fields since 2007 and 2009 respectively. In this respect, an amount of Rs 2,484 million has been demanded from the Company as alleged arrears of crude oil price for certain period prior to signing of aforementioned COSA. | **2,484,098** | 2,484,098 |
| Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants, the Company has not acknowledged the related demand and accordingly, not provided for the same in its books of accounts. In this respect, the Company filed a writ petition on December 17, 2018 before the Honourable Islamabad High Court, whereby interim relief was granted to the Company by restraining respondents from charging the premium or discount regarding the supplies of crude oil made to the Company between 2007 to 2012. | | |

| | | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **vii)** | Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for upgradation of Refineries, the Government committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive was withdrawn on April 25, 2016.<br><br>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned. | **1,510,538** | 1,081,087 |
| **viii)** | The Finance Act, 2017 introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax does not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.<br><br>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax. | **418,470** | 418,470 |
| **Commitments:** | | | |
| **i)** | Capital expenditure | **290,250** | 129,754 |
| **ii)** | Letters of credit for purchase of store items | **204,090** | 88,941 |

| | Six months ended December 31, 2018 Rs' 000 | Year ended June 30, 2018 Rs' 000 |
|---|---|---|
| **10. OPERATING ASSETS** | | |
| Opening written down value | **32,817,565** | 35,133,344 |
| Additions during the period/year | **36,208** | 253,740 |
| Written down value of disposals | **(119)** | (225) |
| Depreciation during the period/year | **(1,288,441)** | (2,569,294) |
| Closing written down value | **31,565,213** | 32,817,565 |
| **11. CAPITAL WORK-IN-PROGRESS** | | |
| Balance at the beginning of the year | **303,043** | 142,057 |
| Addition during period/year | **26,665** | 322,186 |
| Transfer to operating assets | | |
| - Building on freehold land | **-** | 27,653 |
| - Plant and machinery | **27,577** | 133,547 |
| | **(27,577)** | (161,200) |
| | **302,131** | 303,043 |

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **Break-up of the closing balance of capital work-in progress** | | |
| Civil works | **11,095** | 7,720 |
| Plant and machinery | **290,036** | 294,323 |
| Pipeline project | **1,000** | 1,000 |
| | **302,131** | 303,043 |

| | December 31, 2018 | | June 30, 2018 | |
|---|---|---|---|---|
| | % age Holding | Rs' 000 | % age Holding | Rs' 000 |
| **12. LONG TERM INVESTMENTS - AT COST** | | | | |
| **Associated Companies** | | | | |
| **Quoted** | | | | |
| National Refinery Limited | **25** | **8,046,635** | 25 | 8,046,635 |
| Attock Petroleum Limited | **21.88** | **4,463,485** | 21.88 | 4,463,485 |
| **Unquoted** | | | | |
| Attock Gen Limited - note 12.1 | **30** | **748,295** | 30 | 748,295 |
| Attock Information Technology Services (Private) Limited | **10** | **4,500** | 10 | 4,500 |
| | | **13,262,915** | | 13,262,915 |
| **Subsidiary Company** | | | | |
| **Unquoted** | | | | |
| Attock Hospital (Private) Limited | **100** | **2,000** | 100 | 2,000 |
| | | **13,264,915** | | 13,264,915 |

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

## 13. STOCK-IN-TRADE

As at December 31, 2018, stock-in-trade includes stocks carried at net realisable value of Rs 10,361.25 million (June 30, 2018: Rs 5,688.51 million). Adjustments amounting to Rs 2,830.27 million (June 30, 2018: Rs 871.36 million) have been made to closing inventory to write down stocks-in-trade to net realizable value.

## 14. TRADE DEBTS - unsecured and considered good

Trade debts include amounts receivable from associated companies, Attock Petroleum Limited Rs 10,847 million (June 30, 2018: Rs 10,413 million) and Pakistan Oilfields Limited Rs nil (June 30, 2018: Rs 42 million).

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **15. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | |
| Due from associated companies | | |
| Attock Petroleum Limited | **1,784,174** | 1,462,881 |
| Attock Information Technology Services (Private) Limited | **620** | 503 |
| Attock Leisure and Management Associates (Private) Limited | **5** | 12 |
| Attock Gen Limited | **526** | 247 |
| National Refinery Limited | **7,703** | 3,087 |
| National Cleaner Production Centre Foundation | **4,110** | 4,906 |
| Attock Sahara Foundation | **98** | - |
| Income accrued on bank deposits | **96,916** | 104,729 |
| Workers' Profit Participation Fund | **-** | 20,000 |
| Loans, deposits, prepayments and other receivables | **469,386** | 275,352 |
| | **2,363,538** | 1,871,717 |

## 16. CASH AND BANK BALANCES

**16.1** Deposit accounts include Rs 3,117.48 million (June 30, 2018: Rs nil) placed in 90 days interest-bearing account consequent to directives of the Ministry of Energy (Petroleum Division) on account of amounts withheld alongwith related interest earned thereon net of withholding tax as referred to in note 8.1. Pursuant to same directives a Term Deposit Receipt (TDR) amounting to Rs nil (June 30, 2018: Rs 3,005.07 million) was placed in 12 months interest bearing account with the terms that allowed the Company to opt for pre-mature encashment. The said TDR was encashed during the period.

**16.2** Balances with banks include Rs 4,000 million (June 30, 2018: Rs 5,000 million) in respect of deposits placed on 90-days interest-bearing account.

**16.3** A lien on the Company's savings account has been marked by banks to the extent of guarantees issued on behalf of the Company amounting to Rs 1,326.83 million (June 30, 2018 : Rs 1,327.10 million).

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **17. GROSS SALES** | | | | |
| Local sales | **52,913,538** | 38,748,005 | **108,988,299** | 77,026,228 |
| Naphtha export sales | **1,279,429** | 883,940 | **3,096,068** | 2,197,540 |
| | **54,192,967** | 39,631,945 | **112,084,367** | 79,223,768 |
| Reimbursement due from the Government under import parity pricing formula - note 17.1 | **-** | 1,254 | **-** | 7,950 |
| | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |

**17.1** This represented amount due from the Government of Pakistan on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.

## 18. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| Sales tax | **5,349,092** | 6,840,476 | **13,231,681** | 14,114,269 |
| Petroleum development levy | **3,313,202** | 3,697,182 | **7,278,495** | 7,606,828 |
| Custom duties and other levies - note 18.1 | **1,236,051** | 771,753 | **2,573,527** | 1,517,804 |
| Discounts | **25,345** | 32,837 | **25,345** | 32,837 |
| PMG RON differential - note 18.2 | **215,597** | 254,226 | **464,081** | 523,082 |
| | **10,139,287** | 11,596,474 | **23,573,129** | 23,794,820 |

**18.1** This includes Rs 2,411.76 million (December 31, 2017: Rs 1,517.77 million) recovered from customers and payable to the Government of Pakistan (GoP) on account of custom duty on PMG and HSD.

**18.2** This represents amount payable to GoP on account of differential between price of PSO's imported 92 RON PMG and 87/90 RON PMG sold by the Company during the period.

## 19. COST OF SALES

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| Crude oil consumed - note 19.1 | **43,278,023** | 27,467,244 | **84,678,533** | 50,957,018 |
| Transportation and handling charges | **221,644** | 118,966 | **387,486** | 305,505 |
| Salaries, wages and other benefits | **263,244** | 260,357 | **534,729** | 540,047 |
| Chemicals consumed | **1,009,959** | 733,213 | **2,035,418** | 1,364,912 |
| Fuel and power | **1,156,051** | 818,352 | **2,237,118** | 1,456,716 |
| Repairs and maintenance | **135,713** | 8,444 | **247,453** | 83,038 |
| Staff transport and travelling | **4,944** | 3,296 | **9,197** | 7,968 |
| Insurance | **88,557** | 59,105 | **160,113** | 105,754 |
| Cost of receptacles | **5,931** | 5,265 | **10,143** | 15,425 |
| Other operating costs | **20,603** | 18,351 | **41,263** | 36,159 |
| Depreciation | **637,345** | 634,388 | **1,274,345** | 1,268,362 |
| Cost of goods manufactured | **46,822,014** | 30,126,981 | **91,615,798** | 56,140,904 |
| Changes in stock | **(841,817)** | (1,655,352) | **(555,767)** | (1,551,111) |
| | **45,980,197** | 28,471,629 | **91,060,031** | 54,589,793 |

**19.1** Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.

## 20. OTHER CHARGES

This includes Rs nil (six months ended December 31, 2017: Rs 14.21 million and Rs 6.64 million) payable to Workers' Profit Participation Fund and Workers' Welfare Fund respectively related to refinery income.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **21. OTHER INCOME** | | | | |
| Income on bank deposits | **465,161** | 310,543 | **862,956** | 619,760 |
| Interest on delayed payments | **200,505** | 120,400 | **370,129** | 235,278 |
| Handling and service charges | **18,190** | 23,520 | **46,077** | 53,900 |
| Rental income | **27,883** | 24,471 | **53,027** | 49,474 |
| Miscellaneous | **15,220** | 14,980 | **21,046** | 19,117 |
| | **726,959** | 493,914 | **1,353,235** | 977,529 |
| **22. FINANCE COST** | | | | |
| Exchange loss (net) | **2,069,081** | 376,352 | **2,422,750** | 416,134 |
| Interest on long term financing | **608,020** | 376,573 | **998,594** | 776,533 |
| Interest on Workers' Profit Participation Fund | **-** | - | **-** | 5,673 |
| Bank and other charges | **260** | 247 | **293** | 274 |
| | **2,677,361** | 753,172 | **3,421,637** | 1,198,614 |
| **23. TAXATION** | | | | |
| Current | **226,780** | 20,506 | **458,311** | 20,506 |
| Deferred | **(1,201,445)** | (240,815) | **(1,644,168)** | 77,648 |
| | **(974,665)** | (220,309) | **(1,185,857)** | 98,154 |
| **24. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION** | | | | |
| Dividend income from associated companies | **199,916** | 1,397,753 | **952,838** | 1,397,753 |
| Related charges | | | | |
| Workers' Profit Participation Fund | **-** | 69,888 | **-** | 69,888 |
| Workers' Welfare Fund | **-** | 26,557 | **-** | 26,557 |
| Taxation - current and deferred | **29,988** | 175,990 | **120,477** | 175,990 |
| | **(29,988)** | (272,435) | **(120,477)** | (272,435) |
| | **169,928** | 1,125,318 | **832,361** | 1,125,318 |

## 25. OPERATING SEGMENTS

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

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **December 31, 2018** | **December 31, 2017** | **December 31, 2018** | **December 31, 2017** |
| | **Rs' 000** | **Rs' 000** | **Rs' 000** | **Rs' 000** |
| High Speed Diesel | **19,633,386** | 14,862,263 | **41,035,125** | 29,888,435 |
| Premier Motor Gasoline | **17,359,620** | 13,545,960 | **36,143,400** | 27,013,697 |
| Jet Petroleum | **5,172,249** | 2,756,858 | **9,816,518** | 5,366,707 |
| Furnace Fuel Oil | **7,550,840** | 5,005,665 | **15,805,044** | 9,865,454 |
| Naphtha | **1,575,238** | 1,110,282 | **3,695,023** | 2,613,391 |
| Others | **2,901,634** | 2,352,171 | **5,589,257** | 4,484,034 |
| | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |
| Duties, taxes, levies, discounts and price differential | **(10,139,287)** | (11,596,474) | **(23,573,129)** | (23,794,820) |
| | **44,053,680** | 28,036,725 | **88,511,238** | 55,436,898 |

Revenue from four major customers of the Company constitutes 90% of total revenue during the six months period ended December 31, 2018 (December 31, 2017: 90%).

## 26. FAIR VALUE MEASUREMENT

The carrying values of financial assets and liabilities approximate their fair values. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs ; and
- Level 3 : Unobservable inputs

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

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

## 27. RELATED PARTY TRANSACTIONS

Aggregate transactions with holding company, associated companies and subsidiary during the period were as follows:

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **Sale of goods and services to:** | | | | |
| Associated companies | **13,276,602** | 9,897,306 | **28,022,018** | 19,207,391 |
| Subsidiary company | **2,880** | 2,747 | **7,335** | 7,433 |
| Holding company | **7,962** | 6,037 | **18,560** | 13,855 |
| Interest income on delayed payments from an associated company | **200,505** | 120,400 | **370,129** | 235,278 |
| **Purchase of goods and services from:** | | | | |
| Associated companies | **5,247,749** | 3,770,333 | **10,116,990** | 6,590,946 |
| Subsidiary company | **22,115** | 18,985 | **44,840** | 35,498 |
| Holding company | **177,232** | 450,399 | **285,828** | 479,878 |
| **Dividend paid to:** | | | | |
| Associated company | **-** | 8,592 | **-** | 8,592 |
| Holding company | **-** | 312,235 | **-** | 312,235 |
| Key management personnel | **-** | 1,421 | **-** | 1,421 |
| **Dividend received from:** | | | | |
| Associated companies | **199,916** | 1,397,753 | **952,838** | 1,397,753 |
| **Other related parties:** | | | | |
| Remuneration of Chief Executive and key management personnel including benefits and perquisites* | **46,771** | 64,149 | **107,015** | 95,845 |
| Honorarium/remuneration to Non-Executive directors | **1,115** | 753 | **4,091** | 2,633 |
| Contribution to Workers' Profit Participation Fund | **-** | 26,308 | **-** | 84,100 |
| Contribution to Employees' Pension, Gratuity and Provident Funds | **23,069** | 18,033 | **42,449** | 36,615 |

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

**28. EARNINGS PER SHARE - BASIC AND DILUTED**

Earnings per share - basic and diluted for the three months and six months period ended December 31, 2017 respectively have been restated taking into consideration the corresponding effect of bonus shares issued during the six months period ended December 31, 2018.

**29. DATE OF AUTHORIZATION**

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on January 21, 2019.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Consolidated Financial Statements For The Six Months Period Ended December 31, 2018

# Condensed Interim Consolidated Statement of Financial Position (Unaudited)
## As At December 31, 2018

| | Note | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| **Share capital** | | | |
| **Authorised** | | | |
| 150,000,000 (June 30, 2018: 150,000,000) ordinary shares of Rs 10 each | | **1,500,000** | 1,500,000 |
| **Issued, subscribed and paid-up** | | | |
| 106,616,250 (June 30, 2018: 85,293,000) ordinary shares of Rs 10 each | 5 | **1,066,163** | 852,930 |
| Reserves and surplus | 6 | **33,695,199** | 36,722,462 |
| Surplus on revaluation of freehold land | | **12,052,576** | 12,052,576 |
| Fair value gain on available for sale investment classified as fair value through other comprehensive income | | **-** | 108 |
| | | **46,813,938** | 49,628,076 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 7 | **9,867,234** | 12,642,916 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | **48,450,288** | 44,552,948 |
| Accrued mark-up on long term financing | 7 | **299,842** | 260,909 |
| Current portion of long term financing | 7 | **2,200,000** | 2,200,000 |
| Unclaimed dividends | | **9,785** | 9,839 |
| Provision for taxation | | **2,317,948** | 2,163,842 |
| | | **53,277,863** | 49,187,538 |
| **TOTAL EQUITY AND LIABILITIES** | | **109,959,035** | 111,458,530 |
| **CONTINGENCIES AND COMMITMENTS** | 9 | | |





| | Note | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating assets | 10 | **31,578,717** | 32,829,945 |
| Capital work-in-progress | 11 | **302,131** | 303,043 |
| Major spare parts and stand-by equipment | | **117,888** | 119,151 |
| | | **31,998,736** | 33,252,139 |
| **LONG TERM INVESTMENTS** | 12 | **24,976,293** | 24,830,227 |
| **LONG TERM LOANS AND DEPOSITS** | | **39,603** | 42,115 |
| **DEFERRED TAXATION** | | **1,681,350** | 43,494 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | | **3,319,358** | 2,905,748 |
| Stock-in-trade | 13 | **12,228,657** | 9,789,826 |
| Trade debts | 14 | **16,273,070** | 15,748,306 |
| Loans, advances, deposits, prepayments and other receivables | 15 | **2,378,269** | 1,888,643 |
| Short term investments | | **-** | 985,846 |
| Cash and bank balances | 16 | **17,063,699** | 21,972,186 |
| | | **51,263,053** | 53,290,555 |
| **TOTAL ASSETS** | | **109,959,035** | 111,458,530 |

The annexed notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | | Three months ended | | Six months ended | |
|---|---|---|---|---|---|
| | Note | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| Gross sales | 17 | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |
| Taxes, duties, levies, discounts and price differential | 18 | **(10,139,287)** | (11,596,474) | **(23,573,129)** | (23,794,820) |
| Net sales | | **44,053,680** | 28,036,725 | **88,511,238** | 55,436,898 |
| Cost of sales | 19 | **(45,980,197)** | (28,471,629) | **(91,060,031)** | (54,589,793) |
| Gross profit/(loss) | | **(1,926,517)** | (434,904) | **(2,548,793)** | 847,105 |
| Administrative expenses | | **162,525** | 165,552 | **348,267** | 318,202 |
| Distribution cost | | **10,858** | 11,895 | **22,938** | 23,587 |
| Other charges | 20 | **-** | (58,482) | **-** | 20,849 |
| | | **(173,383)** | (118,965) | **(371,205)** | (362,638) |
| Other income | 21 | **726,959** | 493,914 | **1,353,235** | 977,529 |
| Operating profit/(loss) | | **(1,372,941)** | (59,955) | **(1,566,763)** | 1,461,996 |
| Finance cost | 22 | **(2,677,361)** | (753,172) | **(3,421,637)** | (1,198,614) |
| Profit/(loss) before taxation from refinery operations | | **(4,050,302)** | (813,127) | **(4,988,400)** | 263,382 |
| Taxation | 23 | **974,665** | 220,309 | **1,185,857** | (98,154) |
| Profit/(loss) after taxation from refinery operations | | **(3,075,637)** | (592,818) | **(3,802,543)** | 165,228 |
| Non-refinery income: | | | | | |
| Share in profit of associated companies | 24 | **471,634** | 747,057 | **989,213** | 1,211,323 |
| Profit/(loss) after taxation | | **(2,604,003)** | 154,239 | **(2,813,330)** | 1,376,551 |
| Earnings/(loss) per share - basic and diluted (Rupees) | 28 | | (Restated) | | (Restated) |
| Refinery operations | | **(28.85)** | (5.56) | **(35.67)** | 1.55 |
| Non-refinery operations | | **4.43** | 7.01 | **9.28** | 11.36 |
| | | **(24.42)** | 1.45 | **(26.39)** | 12.91 |

The annexed notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| Profit/(loss) after taxation | **(2,604,003)** | 154,239 | **(2,813,330)** | 1,376,551 |
| Other comprehensive income (net of tax): | | | | |
| Share of other comprehensive profit/(loss) of associated companies - net of tax | **-** | - | **(700)** | 74 |
| Fair value adjustment on investments classified as fair value through other comprehensive income | **121** | - | **(108)** | - |
| Total comprehensive income/(loss) | **(2,603,882)** | 154,239 | **(2,814,138)** | 1,376,625 |

The annexed notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Statement of Changes in Equity (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | | Capital reserve | | | | Revenue reserve | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Special reserve for expansion/ modernisation | Utilised special reserve for expansion/ modernisation | Maintenance reserve | Others | General reserve | Un-appropriated profit | Surplus on revaluation of freehold land | Fair value gain on available for sale investment | Total |
| | Rs' 000 | | | | | | | | | |
| Balance as at July 1, 2017 | 852,930 | 2,045,813 | 12,908,966 | 196,679 | 119,708 | 6,102,380 | 14,628,728 | 12,052,576 | - | 48,907,780 |
| Distribution to owners: | | | | | | | | | | |
| Final cash dividend @ 60% related to the year ended June 30, 2017 | - | - | - | - | - | - | (511,758) | - | - | (511,758) |
| Total comprehensive income | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 1,376,551 | - | - | 1,376,551 |
| Other comprehensive income for the period | - | - | - | - | - | - | 74 | - | - | 74 |
| | - | - | - | - | - | - | 1,376,625 | - | - | 1,376,625 |
| Transfer to special reserve for expansion/ modernisation - note 6.1 | - | 92,328 | - | - | - | - | (92,328) | - | - | - |
| Profit after tax from fuel refinery operations transferred to special reserve by associated companies - note 6.1 | - | 61,529 | - | - | - | - | (61,529) | - | - | - |
| Interest income earned on maintenance reserve bank account transferred to maintenance reserve - note 6.3 | - | - | - | 2,371 | - | - | (2,371) | - | - | - |
| Transfer to general reserve by an associated company | - | - | - | - | - | 750,000 | (750,000) | - | - | - |
| Balance as at December 31, 2017 | 852,930 | 2,199,670 | 12,908,966 | 199,050 | 119,708 | 6,852,380 | 14,587,367 | 12,052,576 | - | 49,772,647 |
| Total comprehensive income/(loss) | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 12,197 | - | - | 12,197 |
| Other comprehensive (loss)/income for the period | - | - | - | - | - | - | (156,876) | - | 108 | (156,768) |
| | - | - | - | - | - | - | (144,679) | - | 108 | (144,571) |
| Loss from refinery operations transferred from unappropriated profit to special reserve - note 6.1 | - | (1,104,886) | - | - | - | - | 1,104,886 | - | - | - |
| Loss after tax from fuel refinery operations transferred to special reserve by associated companies - note 6.1 | - | (61,529) | - | - | - | - | 61,529 | - | - | - |
| Interest income earned on maintenance reserve bank account transferred to maintenance reserve - note 6.3 | - | - | - | 2,575 | - | - | (2,575) | - | - | - |
| Balance as at June 30, 2018 | 852,930 | 1,033,255 | 12,908,966 | 201,625 | 119,708 | 6,852,380 | 15,606,528 | 12,052,576 | 108 | 49,628,076 |
| **Distribution to owners:** | | | | | | | | | | |
| **Bonus shares @ 25% related to the year ended June 30, 2018** | **213,233** | **-** | **-** | **-** | **-** | **-** | **(213,233)** | **-** | **-** | **-** |
| **Total comprehensive loss** | | | | | | | | | | |
| **Loss for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,813,330)** | **-** | **-** | **(2,813,330)** |
| **Other comprehensive loss for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **(700)** | **-** | **(108)** | **(808)** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **(2,814,030)** | **-** | **(108)** | **(2,814,138)** |
| **Loss from refinery operations transferred from unappropriated profit to special reserve - note 6.1** | **-** | **(1,033,255)** | **-** | **-** | **-** | **-** | **1,033,255** | **-** | **-** | **-** |
| **Interest income earned on maintenance reserve bank account transferred to maintenance reserve - note 6.2** | **-** | **-** | **-** | **1,712** | **-** | **-** | **(1,712)** | **-** | **-** | **-** |
| **Transfer to general reserve by an associated company** | **-** | **-** | **-** | **-** | **-** | **225,000** | **(225,000)** | **-** | **-** | **-** |
| **Bonus shares issued by an associated company** | **-** | **-** | **-** | **-** | **36,288** | **-** | **(36,288)** | | | |
| **Balance as at December 31, 2018** | **1,066,163** | **-** | **12,908,966** | **203,337** | **155,996** | **7,077,380** | **13,349,520** | **12,052,576** | **-** | **46,813,938** |

The annexed notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
## For The Six Months Period Ended December 31, 2018

| | Six months ended | |
|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash receipts from - Customers | **111,562,081** | 75,990,358 |
| - Others | **191,660** | 473,983 |
| | **111,753,741** | 76,464,341 |
| Cash paid for operating cost | **(91,591,322)** | (55,199,852) |
| Cash paid to Government for duties, taxes and other levies | **(21,277,205)** | (19,590,287) |
| Income tax paid | **(428,461)** | (375,923) |
| Net cash (outflows)/inflows from operating activities | **(1,543,247)** | 1,298,279 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | **(36,115)** | (94,874) |
| Proceeds against disposal of operating assets | **3,876** | 2,137 |
| Long term loans and deposits | **2,512** | (4,273) |
| Income on bank deposits received | **876,096** | 622,014 |
| Dividends received | **952,838** | 1,397,753 |
| Net cash generated from investing activities | **1,799,207** | 1,922,757 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Long term financing | **(3,100,000)** | (4,100,000) |
| Transaction cost on long term financing | **(500)** | (500) |
| Dividends paid | **(54)** | (509,508) |
| Finance cost | **(3,057,886)** | (1,213,597) |
| Net cash outflows from financing activities | **(6,158,440)** | (5,823,605) |
| **DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD** | **(5,902,480)** | (2,602,569) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **22,958,032** | 21,650,017 |
| Effect of exchange rate changes | **8,147** | 2,605 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **17,063,699** | 19,050,053 |

Cash and cash equivalents comprise of cash & bank balances and short term investments.

The annexed notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |

# Selected Notes To and Forming Part of the Condensed Interim Consolidated Financial Statements (Unaudited)

## For The Six Months Period Ended December 31, 2018

### 1. LEGAL STATUS AND OPERATIONS

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

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

Attock Hospital (Private) Limited (AHL) was incorporated in Pakistan on August 24, 1998 as a private limited company and commenced its operations from September 1, 1998. AHL is engaged in providing medical services. AHL is a wholly owned subsidiary of Attock Refinery Limited.

For the purpose of these condensed interim consolidated financial statements, ARL and its above referred wholly owned subsidiary AHL is referred to as the Company.

### 2. STATEMENT OF COMPLIANCE

**2.1** These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2018.

**2.2** The condensed interim consolidated financial statements include the accounts of Attock Refinery Limited and its wholly owned subsidiary Attock Hospital (Private) Limited.

### 3. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

**a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Further, IFRS 9 introduces the "Expected Credit Loss (ECL) model", which replaces the "incurred loss model" of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, 'Trade debts'), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income (for example, government bonds held for liquidity purposes), since initial recognition, irrespective whether a loss event has occurred.

The changes laid down by these standards do not have any significant impact on these consolidated financial statements of the Company.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's consolidated financial statements and hence have not been detailed here.

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

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the consolidated financial statements of the Company.

IFRS 16 ‘Leases’ - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognsied. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

**4. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended June 30, 2018.

**5. SHARE CAPITAL**

The parent company Attock Oil Company Limited held 65,049,030 (June 30, 2018: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,790,000 (June 30, 2018: 1,432,000) ordinary shares as at December 31, 2018.

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **6. RESERVES AND SURPLUS** | | |
| **Capital reserve** | | |
| Special reserve for expansion/modernisation - note 6.1 | **-** | 1,033,255 |
| Special reserve for expansion/modernisation by an associated company | **-** | - |
| | **-** | 1,033,255 |
| Utilised special reserve - note 6.2 | **10,962,934** | 10,962,934 |
| Utilised special reserve by an associated company | **1,946,032** | 1,946,032 |
| | **12,908,966** | 12,908,966 |
| Maintenance reserve - note 6.3 | **203,337** | 201,625 |
| Others | | |
| Liabilities taken over from The Attock Oil Company Limited no longer required | **4,800** | 4,800 |
| Capital gain on sale of building | **654** | 654 |
| Insurance and other claims realised relating to pre-incorporation period | **494** | 494 |
| Donation received for purchase of hospital equipment | **4,000** | 4,000 |
| Bonus share issued by associated companies | **146,048** | 109,760 |
| | **155,996** | 119,708 |
| **Revenue reserve** | | |
| General reserve | **7,077,380** | 6,852,380 |
| Unappropriated profit | **13,349,520** | 15,606,528 |
| | **20,426,900** | 22,458,908 |
| | **33,695,199** | 36,722,462 |

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

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

Following is the status of Special Reserve for expansion/modernization utilsation on Up-gradation and expansion projects from July 1, 1997 to December 31, 2018:

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| Balance at the beginning of year | **1,033,255** | 2,045,813 |
| Transfer for the period/year | **(1,033,255)** | (1,012,558) |
| Balance as at period/ year | **-** | 1,033,255 |

**6.2** Represents amounts utilized out of the Special Reserve for expansion/modernization of the refinery. The total amount of capital expenditure incurred on Refinery expansion/mordernisation till December 31, 2018 is Rs 28,276 million including Rs 17,313 million spent over and above the available balance in the Special Reserve which have been incurred by the Company from its own resources.

**6.3** Represents amount retained by Attock Gen Limited to pay for major maintenance expenses in terms of the Power Purchase Agreement.

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **7. LONG TERM FINANCING - secured** | | |
| **From banking companies** | | |
| Syndicated Term Finance - note 7.1 | **9,410,115** | 11,494,985 |
| Musharka Finance - note 7.2 | **3,079,931** | 3,762,252 |
| | **12,490,046** | 15,257,237 |
| Less: Unamortized transaction cost on financing: | | |
| Balance at the beginning of the year | **153,412** | 204,062 |
| Addition during the period/ year | **500** | 500 |
| Amortization for the period/ year | **(30,942)** | (51,150) |
| Balance at the end of the period/ year | **122,970** | 153,412 |
| | **12,367,076** | 15,103,825 |
| Current portion of long term financing | **(2,200,000)** | (2,200,000) |
| | **10,167,076** | 12,903,825 |
| Mark-up payable shown as current liability | **(299,842)** | (260,909) |
| | **9,867,234** | 12,642,916 |

**7.1** The Company has entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which is payable on quarterly basis. The tenure of this facility is 13 years.

**7.2** The Company obtained Musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil % (June 30, 2018: nil%) while its share in Musharaka Assets B is 54.75% (June 30, 2018: 68.72%) respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 100% (June 30, 2018: 100%) while its share in Musharaka Assets B is 45.25% (June 30, 2018: 31.28%) respectively. The tenure of this facility is 13 years. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each Musharaka Assets purchase date under Musharaka agreement.

**7.3** The facilities referred to in notes 7.1 and 7.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of The Attock Oil Company Limited in the Company to fall below 51%.

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **8. TRADE AND OTHER PAYABLES** | | |
| Creditors - note 8.1 | **26,726,373** | 24,294,232 |
| Due to The Attock Oil Company Limited - Holding Company | **164,750** | 110,475 |
| Due to associated companies | | |
| Pakistan Oilfields Limited | **2,005,372** | 2,475,616 |
| Attock Sahara Foundation | **-** | 754 |
| Attock Solar (Private) Limited | **256** | 970 |
| Accrued liabilities and provisions - note 8.1 | **3,966,245** | 4,048,226 |
| Due to Government under the pricing formula | **4,256,774** | 4,883,264 |
| Custom duty payable to Government | **9,461,602** | 6,888,202 |
| Advance payments from customers | **45,651** | 119,274 |
| Sales tax payable | **644,700** | 168,206 |
| ARL Gratuity Fund | **5,403** | 109,694 |
| Staff Pension Fund | **13,273** | 138,823 |
| Crude oil freight adjustable through inland freight equalisation margin | **7,917** | 15,761 |
| Payable to statutory authorities in respect of petroleum development levy and excise duty | **1,148,459** | 1,295,938 |
| Deposits from customers adjustable against freight and Government levies payable on their behalf | **376** | 376 |
| Security deposits | **3,137** | 3,137 |
| | **48,450,288** | 44,552,948 |

**8.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,216.27 million (June 30, 2018: Rs 3,113.17 million).

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **9. CONTINGENCIES AND COMMITMENTS** | | |
| **Contingencies:** | | |
| **i)** Consequent to amendment through the Finance Act, 2014, SRO 575 (I)/2006 was withdrawn. As a result all imports relating to the ARL Up-gradation Project were subjected to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014 in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing release of the imports against submission of bank guarantees and restrained customs authorities from charging increased amount of customs duty/sales tax. Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/claimable government levies. | **1,326,706** | 1,326,706 |

Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision and accordingly this liability has not been recognized in the financial statements. Several hearings of the case have been held but the matter is still under adjudication.

| | | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| **ii)** | Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/received on their due dates of payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged as debt by either parties. | | |
| **iii)** | Guarantees issued by banks on behalf of the Company [other than (i) above]. | **120** | 414 |
| **iv)** | Claims for land compensation contested by ARL. | **1,300** | 1,300 |
| **v)** | Price adjustment related to crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreement (COSA) and may require adjustment in subsequent periods as referred to in note 19.1, the amount of which can not be presently quantified. | | |
| **vi)** | In March 2018, Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of a Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the related oil fields since 2007 and 2009 respectively. In this respect, an amount of Rs 2,484 million has been demanded from the Company as alleged arrears of crude oil price for certain period prior to signing of aforementioned COSA.<br><br>Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants, the Company has not acknowledged the related demand and accordingly, not provided for the same in its books of accounts. In this respect, the Company filed a writ petition on December 17, 2018 before the Honourable Islamabad High Court (the Court), whereby interim relief was granted to the Company by restraining respondents from charging the premium or discount regarding the supplies of crude oil made to the Company between 2007 to 2012. | **2,484,098** | 2,484,098 |
| **vii)** | Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for Up-gradation of Refineries, the Government had committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive has been withdrawn on April 25, 2016.<br><br>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned. | **1,510,538** | 1,081,087 |

| | | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|---|
| viii) | The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.<br><br>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (the Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax. | **418,470** | 418,470 |
| ix) | The Company's share in tax contingency of associated companies. | **1,144,110** | 1,474,866 |
| **Commitments:** | | | |
| i) | Capital expenditure | **290,250** | 129,754 |
| ii) | Letters of credit for purchase of store items | **204,090** | 88,941 |
| iii) | The Company's share of commitments of associated companies: | | |
| | Capital expenditure commitments | **1,280,411** | 1,796,604 |
| | Outstanding letters of credit | **3,029,868** | 4,559,627 |
| | Others | **491,471** | 506,929 |

| | Six months ended December 31, 2018 Rs' 000 | Year ended June 30, 2018 Rs' 000 |
|---|---|---|
| **10. OPERATING ASSETS** | | |
| Opening written down value | **32,829,945** | 35,140,631 |
| Additions during the period/year | **38,291** | 260,363 |
| Written down value of disposals | **(119)** | (225) |
| Depreciation during the period/year | **(1,289,400)** | (2,570,824) |
| Closing written down value | **31,578,717** | 32,829,945 |
| **11. CAPITAL WORK-IN-PROGRESS** | | |
| Balance at the beginning of the year | **303,043** | 142,057 |
| Addition during the period/year | **26,665** | 322,186 |
| Transfer to operating assets | | |
| - Buildings on freehold land | **-** | 27,653 |
| - Plant and machinery | **27,577** | 133,547 |
| | **(27,577)** | (161,200) |
| Balance at the end | **302,131** | 303,043 |
| **Break-up of the closing balance of capital work-in-progress** | | |
| Civil works | **11,095** | 7,720 |
| Plant and machinery | **290,036** | 294,323 |
| Pipeline project | **1,000** | 1,000 |
| | **302,131** | 303,043 |

| | Six months ended December 31, 2018 Rs' 000 | Year ended June 30, 2018 Rs' 000 |
|---|---|---|
| **12. LONG TERM INVESTMENTS** | | |
| **Investment in associated companies** | | |
| Balance as at July 1 | **24,830,227** | 23,939,539 |
| Share of profit/(loss) after tax of associated companies | **(64,540)** | 2,552,958 |
| Share in other comprehensive loss | **(808)** | (21,115) |
| Dividend received from associated companies | **(952,838)** | (1,819,575) |
| Impairment reversal on investment | **1,164,252** | 178,420 |
| | **24,976,293** | 24,830,227 |

**12.1** The Company's interest in associates are as follows:

| | December 31, 2018 | | June 30, 2018 | |
|---|---|---|---|---|
| | % age Holding | Rs' 000 | % age Holding | Rs' 000 |
| **Quoted** | | | | |
| National Refinery Limited | **25** | **14,793,813** | 25 | 14,793,813 |
| Attock Petroleum Limited | **21.88** | **7,354,884** | 21.88 | 7,345,605 |
| **Unquoted** | | | | |
| Attock Gen Limited - note 12.2 | **30** | **2,801,007** | 30 | 2,666,574 |
| Attock Information Technology Services (Private) Limited | **10** | **26,589** | 10 | 24,235 |
| | | **24,976,293** | | 24,830,227 |

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

## 13. STOCK-IN-TRADE

As at December 31, 2018, stock-in-trade includes stocks carried at net realisable value of Rs 10,361.25 million (June 30, 2018: Rs 5,688.51 million). Adjustments amounting to Rs 2,830.27 million (June 30, 2018: Rs 871.36 million) have been made to closing inventory to write down stock to net realizable value.

## 14. TRADE DEBTS - unsecured and considered good

Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 10,847 million (June 30, 2018: Rs 10,413 million) and Pakistan Oilfields Limited Rs nil (June 30, 2018: Rs 42 million).

| | December 31, 2018 Rs' 000 | June 30, 2018 Rs' 000 |
|---|---|---|
| **15. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | |
| Due from associated companies | | |
| Attock Petroleum Limited | **1,785,301** | 1,463,364 |
| Attock Information Technology Services (Private) Limited | **620** | 503 |
| Attock Leisure and Management Associates (Private) Limited | **5** | 12 |
| Attock Gen Limited | **719** | 398 |
| Attock Cement Pakistan Limited | **4** | 5 |
| National Cleaner Production Centre Foundation | **4,114** | 4,946 |
| Capgas (Private) Limited | **157** | 111 |
| National Refinery Limited | **7,703** | 3,087 |
| Attock Sahara Foundation | **98** | - |
| Income accrued on bank deposits | **96,916** | 104,729 |
| Workers' Profit Participation Fund | **-** | 20,000 |
| Loans, deposits, prepayments and other receivables | **482,632** | 291,488 |
| | **2,378,269** | 1,888,643 |

## 16. CASH AND BANK BALANCES

**16.1** Deposit accounts include Rs 3,117.48 million (June 30, 2018: Rs nil) placed in 90 days interest-bearing account consequent to directives of the Ministry of Energy (Petroleum Division) on account of amounts withheld alongwith related interest earned thereon net of withholding tax as referred to in note 8.1. Pursuant to same directives a Term Deposit Receipt (TDR) amounting to Rs nil (June 30, 2018: Rs 3,005.07 million) was placed in 12 months interest bearing account with the terms that allowed the Company to opt for pre-mature encashment. The said TDR was encashed during the period.

**16.2** Balances with banks include Rs 4,000 million (June 30, 2018: Rs 5,000 million) in respect of deposits placed on 90-days interest-bearing account.

**16.3** A lien on the Company's savings account has been marked by banks to the extent of guarantees issued on behalf of the Company amounting to Rs 1,326.83 million (June 30, 2018 : Rs 1,327.10 million).

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **17. GROSS SALES** | | | | |
| Local sales | **52,913,538** | 38,748,005 | **108,988,299** | 77,026,228 |
| Naphtha export sales | **1,279,429** | 883,940 | **3,096,068** | 2,197,540 |
| | **54,192,967** | 39,631,945 | **112,084,367** | 79,223,768 |
| Reimbursement due from the Government under import parity pricing formula - note 17.1 | **-** | 1,254 | **-** | 7,950 |
| | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |

**17.1** This represents amount due from the Government of Pakistan on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **18. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL** | | | | |
| Sales tax | **5,349,092** | 6,840,476 | **13,231,681** | 14,114,269 |
| Petroleum development levy | **3,313,202** | 3,697,182 | **7,278,495** | 7,606,828 |
| Custom duties and other levies - note 18.1 | **1,236,051** | 771,753 | **2,573,527** | 1,517,804 |
| Discounts | **25,345** | 32,837 | **25,345** | 32,837 |
| PMG RON differential - note 18.2 | **215,597** | 254,226 | **464,081** | 523,082 |
| | **10,139,287** | 11,596,474 | **23,573,129** | 23,794,820 |

**18.1** This includes Rs 2,411.76 million (December 31, 2017: Rs 1,517.77 million) recovered from customers and payable to the Government of Pakistan (GoP) on account of custom duty on PMG and HSD.

**18.2** This represents amount payable to GoP on account of differential between price of PSO's imported 92 RON PMG and 87/90 RON PMG sold by the Company during the period.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **19. COST OF SALES** | | | | |
| Crude oil consumed - note 19.1 | **43,278,023** | 27,467,244 | **84,678,533** | 50,957,018 |
| Transportation and handling charges | **221,644** | 118,966 | **387,486** | 305,505 |
| Salaries, wages and other benefits | **263,244** | 260,357 | **534,729** | 540,047 |
| Chemicals consumed | **1,009,959** | 733,213 | **2,035,418** | 1,364,912 |
| Fuel and power | **1,156,051** | 818,352 | **2,237,118** | 1,456,716 |
| Repairs and maintenance | **135,713** | 8,444 | **247,453** | 83,038 |
| Staff transport and travelling | **4,944** | 3,296 | **9,197** | 7,968 |
| Insurance | **88,557** | 59,105 | **160,113** | 105,754 |
| Cost of receptacles | **5,931** | 5,265 | **10,143** | 15,425 |
| Other operating costs | **20,603** | 18,351 | **41,263** | 36,159 |
| Depreciation | **637,345** | 634,388 | **1,274,345** | 1,268,362 |
| Cost of goods manufactured | **46,822,014** | 30,126,981 | **91,615,798** | 56,140,904 |
| Changes in stock | **(841,817)** | (1,655,352) | **(555,767)** | (1,551,111) |
| | **45,980,197** | 28,471,629 | **91,060,031** | 54,589,793 |

**19.1** Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.

## 20. OTHER CHARGES

This includes Rs nil (six months ended December 31, 2017: Rs 14.21 million and Rs 6.64 million) payable to Workers' Profit Participation Fund and Workers' Welfare Fund respectively related to refinery income.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **21. OTHER INCOME** | | | | |
| Income on bank deposits | **465,161** | 310,543 | **862,956** | 619,760 |
| Interest on delayed payments | **200,505** | 120,400 | **370,129** | 235,278 |
| Handling and service charges | **18,190** | 23,520 | **46,077** | 53,900 |
| Rental income | **27,883** | 24,471 | **53,027** | 49,474 |
| Others | **15,220** | 14,980 | **21,046** | 19,117 |
| | **726,959** | 493,914 | **1,353,235** | 977,529 |
| **22. FINANCE COST** | | | | |
| Exchange loss (net) | **2,069,081** | 376,352 | **2,422,750** | 416,134 |
| Interest on long term financing | **608,020** | 376,573 | **998,594** | 776,533 |
| Interest on Workers' Profit Participation Fund | **-** | - | **-** | 5,673 |
| Bank and other charges | **260** | 247 | **293** | 274 |
| | **2,677,361** | 753,172 | **3,421,637** | 1,198,614 |
| **23. TAXATION** | | | | |
| Current | **226,780** | 20,506 | **458,311** | 20,506 |
| Deferred | **(1,201,445)** | (240,815) | **(1,644,168)** | 77,648 |
| | **(974,665)** | (220,309) | **(1,185,857)** | 98,154 |
| **24. NON-REFINERY INCOME** | | | | |
| Share of profit of associated companies (net of reversal of impairment loss) | **521,978** | 992,564 | **1,099,712** | 1,483,253 |
| Related charges | | | | |
| Workers' Profit Participation Fund | **-** | 69,888 | **-** | 69,888 |
| Workers' Welfare Fund | **-** | 26,557 | **-** | 26,557 |
| Taxation - current and deferred | **57,758** | 152,408 | **126,733** | 181,031 |
| | **(57,758)** | (248,853) | **(126,733)** | (277,476) |
| | **464,220** | 743,711 | **972,979** | 1,205,777 |
| Profit after taxation from Attock Hospital (Private) Limited (wholly owned subsidiary) | **7,414** | 3,346 | **16,234** | 5,546 |
| | **471,634** | 747,057 | **989,213** | 1,211,323 |

## 25. OPERATING SEGMENT

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

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| High Speed Diesel | **19,633,386** | 14,862,263 | **41,035,125** | 29,888,435 |
| Premier Motor Gasoline | **17,359,620** | 13,545,960 | **36,143,400** | 27,013,697 |
| Jet Petroleum | **5,172,249** | 2,756,858 | **9,816,518** | 5,366,707 |
| Furnace Fuel Oil | **7,550,840** | 5,005,665 | **15,805,044** | 9,865,454 |
| Naphtha | **1,575,238** | 1,110,282 | **3,695,023** | 2,613,391 |
| Others | **2,901,634** | 2,352,171 | **5,589,257** | 4,484,034 |
| | **54,192,967** | 39,633,199 | **112,084,367** | 79,231,718 |
| Taxes, duties, levies, discounts and price differential | **(10,139,287)** | (11,596,474) | **(23,573,129)** | (23,794,820) |
| | **44,053,680** | 28,036,725 | **88,511,238** | 55,436,898 |

Revenue from four major customers of the Company constitute 90% of total revenue during the six months period ended December 31, 2018 (December 31, 2017: 90%).

## 26. FAIR VALUE MEASUREMENT

The carrying values of financial assets and liabilities approximate their fair values. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs ; and
- Level 3 : Unobservable inputs

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

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

## 27. RELATED PARTY TRANSACTIONS

Aggregate transactions with holding company and associated companies during the period were as follows:

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **Sale of goods and services to:** | | | | |
| Associated companies | **13,281,787** | 9,902,442 | **28,032,999** | 19,217,787 |
| Holding company | **7,962** | 6,037 | **18,560** | 13,855 |
| Interest income on delayed payments from an associated company | **200,505** | 120,400 | **370,129** | 235,278 |
| **Purchase of goods and services from:** | | | | |
| Associated companies | **5,247,703** | 3,770,235 | **10,116,990** | 6,590,946 |
| Holding company | **177,232** | 450,399 | **285,828** | 479,878 |

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 | December 31, 2018 Rs' 000 | December 31, 2017 Rs' 000 |
| **Dividend paid to:** | | | | |
| Associated companies | - | 8,592 | - | 8,592 |
| Holding company | - | 312,235 | - | 312,235 |
| Key management personnel | - | 1,421 | - | 1,421 |
| **Dividend income from:** | | | | |
| Associated companies | **199,916** | 1,397,753 | **952,838** | 1,397,753 |
| **Other related parties:** | | | | |
| Remuneration of Chief Executive and key management personnel including benefits and perquisites* | **46,771** | 64,149 | **107,015** | 95,845 |
| Honorarium/remuneration to Non-Executive Directors | **1,115** | 753 | **4,091** | 2,633 |
| Contribution to Workers' Profit Participation Fund | - | 26,308 | - | 84,100 |
| Contribution to Employees' Pension, Gratuity and Provident Funds | **24,157** | 19,005 | **44,491** | 38,438 |

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

## 28. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share - basic and diluted for the three months and six months period ended December 31, 2017 respectively have been restated taking into consideration the corresponding effect of bonus shares issued during the six months period ended December 31, 2018.

## 29. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on January 21, 2019.

| -Sd- | -Sd- | -Sd- |
|---|---|---|
| **Syed Asad Abbas** | **M. Adil Khattak** | **Abdus Sattar** |
| Chief Financial Officer | Chief Executive Officer | Director |