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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Laith G. Pharaon

(Alternate Director Mr. Shuaib A. Malik)

Non Executive Director

Mr. Wael G. Pharaon

(Alternate Director Mr. Babar Bashir Nawaz)

Non Executive Director

Mr. Shuaib A. Malik

Chairman / Non Executive Director

Mr. Abdus Sattar

Non Executive Director

Mr. Jamil A. Khan

Non Executive Director

Mr. Shamim Ahmad Khan

Independent Non Executive Director

Mr. Tariq Iqbal Khan

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. Tariq Iqbal Khan

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

CDC Share Registrar Services Limited

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

REGISTERED OFFICE

The Refinery, Morgah, Rawalpindi.

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DIRECTORS' REVIEW REPORT

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

On behalf of the Board of Directors of Attock Refinery Limited, we are pleased to present review of the financial results and operations of the Company for the second quarter and half year ended December 31, 2021.

FINANCIAL RESULTS

During the period under review the Company earned profit after tax of Rs 1,078 million from refinery operations (December 31, 2020: Loss of Rs 863 million). Non-refinery income during this period was Rs 608 million (December 31, 2020: Rs 74 million). Accordingly, overall profit after taxation was Rs 1,686 million with earning per share of Rs 15.82 (December 31, 2020: Loss of Rs 789 million with loss per share of Rs 7.40).

Improvement in spreads between prices of products and crude oil which started during first quarter of the year continued during the second quarter of the year. However, advantage of this improvement was largely neutralised by increase in prices of energy, chemicals and associated freight costs. Sharp decline in the value of Pak Rupee versus US Dollar and increase in interest rates have also increased finance cost.

REFINERY OPERATIONS

During the period under review, the Company supplied 878 thousand Metric Tons of various petroleum products while operating at about 78% of the capacity (December 31, 2020: 898 thousand Metric Tons, 76% capacity). Due to non-uplifting of furnace fuel oil, the refinery could not be operated at higher capacity.

100 YEARS OF REFINING OPERATIONS

It is a matter of great pride for all of us to inform that Attock Refinery Limited would be completing 100 years of successful operations on February 11, 2022. It is a long journey of starting refining operations at a very small scale and going through series of successful up-gradations and expansions. This could not have been possible without support of our shareholders and all other stakeholders as well as dedicated commitment of successive managements. We shall endeavor to continue providing high quality diversified environment friendly energy resources and petrochemicals and thus contribute to our national economy.

FUTURE OUTLOOK

Stability in global demand and pricing of crude oil and petroleum products would largely be determined by COVID-19 pandemic and geo-political situation. Due to improvement in global economic activities, the spread between crude oil and product prices is expected to remain positive. Hopefully, COVID-19 may be controlled and implementation of recommended precautions during the year. However, we fear that due to global supply chain management issues and higher financing rates, cost of doing business in Pakistan may remain high.

Approval of the draft Refining Policy by the Government has been awaited since long. The new draft Refining Policy which had been prepared jointly by the Government and the Refining industry after painstaking exercise, envisages certain fiscal and tariff concessions to the refining sector. These incentives are likely to improve financial condition of the refineries ensuring sustainability and enabling much needed upgradation of plants which would enable the refineries to supply environment friendly fuel to the consumers. The refineries have also submitted proposal to the Government to address the issue of non-uplifting of furnace oil which is seriously affecting operations of the refineries. We urge the Government to approve the new Refining Policy at the earliest and to also resolve the issue of non-uplifting of furnace oil in the larger interest of the country.

Progress on studies for revamping of DHDS unit and proposed joint venture for up-grading furnace oil is satisfactory while Licensor Front End Engineering Design (FEED) for Continuous Catalyst Regeneration (CCR) Complex has already been completed. However, as these upgradation projects are highly capital intensive, therefore support of the Government in the shape of incentives is envisaged in the draft refining policy.

ACKNOWLEDGEMENT

The Board appreciates continued support received from its employees, valued customers, suppliers as well as Ministry of Energy (Petroleum Division) and other organizations.

On behalf of the Board

-Sd-

M. Adil Khattak
Chief Executive Officer

February 04, 2022
Rawalpindi

-Sd-

Abdus Sattar
Director

حکومت کی جانب سے ریفائننگ پالیسی کے مسودے کی منظوری کا طویل عرصے سے انتظار ہے۔ ریفائننگ پالیسی کا نیا مسودہ جو حکومت اور ریفائننگ انڈسٹری نے طویل غور و خوض کے بعد مشترکہ طور پر تیار کیا تھا اس میں ریفائننگ سیکٹر کے لئے متعدد مالی اور محصولات کی مدد میں مراعات کی تجویز پیش کی گئی ہیں۔ ان مراعات سے ریفائنریز کے پلانٹس کی تجدید اور توسیع کے منصوبوں کو قابل عمل بنانا، ان کے استحکام اور مالی حالات میں بہتری آنے کا امکان ہے جس سے ریفائنریز اس قابل ہو جائیں گی کہ وہ صارفین کو معیاری ماحول دوست ایندھن فراہم کر سکیں۔ ریفائنریز نے حکومت کو فرنس آئل کی کھپت میں کمی کے مسئلے کو حل کرنے کے لیے تجویز بھی پیش کی ہے جس سے ریفائنریز کے آپریشنز شدید طریقے سے متاثر ہو رہے ہیں۔ ہم حکومت پر زور دیتے ہیں کہ وہ جلد از جلد نئی ریفائننگ پالیسی کی منظوری دے اور ملک کے وسیع تر مفاد میں فرنس آئل کی کھپت کے مسئلے کو بھی حل کرے۔

ڈیزل ڈی ہائیڈرو ڈیسلفرائزیشن یونٹ (Diesel Dehydrodesulphurization Unit) کی تجدید اور فرنس آئل آپ گریڈیشن (Furnace Oil Upgradation) کے مجوزہ مشترکہ منصوبے کیلئے تکنیکی مطالعہ پر پیش قدمی اطمینان بخش ہے جبکہ کانٹینوس کیتلیٹک ریجنریشن کمپلیکس (Continuous Catalytic Regeneration Complex) کیلئے لائسنسر فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) (Licensor Front End Engineering Design) پہلے ہی مکمل کیا جا چکا ہے۔ چونکہ ان تجدیدی منصوبوں کے لئے بہت زیادہ سرمایہ درکار ہے اس لیے ریفائننگ پالیسی کے مسودے میں حکومت کی جانب سے مراعات کی شکل میں مدد درکار ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے ملازمین، قابل قدر صارفین، خام تیل مہیا کرنے والے اداروں، وزارت توانائی (پٹرولیم ڈویژن) اور دیگر اداروں کی جانب سے ملنے والی معاونت پر ان تمام کا شکر گزار ہیں۔

بورڈ کی جانب سے

-Sd-

عبدالستار

ڈائریکٹر

-Sd-

ایم عادل عٹک

چیف ایگزیکٹو آفیسر

۴ فروری ۲۰۲۲

راولپنڈی

ڈائریکٹرز کی جائزہ رپورٹ

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

انک ریفائنری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم ۳۱ دسمبر ۲۰۲۱ کو ختم ہونے والی دوسری سہ ماہی اور ششماہی اختتامی مدت کے کمپنی کے مالیاتی نتائج اور آپریشنز کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مالیاتی نتائج

زیر جائزہ مدت کے دوران کمپنی کو ریفائنری آپریشنز سے ٹیکس ادا کرنے کے بعد ۸.۷۰ ملین روپے کا منافع ہوا (۳۱ دسمبر ۲۰۲۰: ۸.۶۳ ملین روپے کا خسارہ)۔ اس مدت کے دوران غیر ریفائنری ذرائع سے ۶۰۸ ملین روپے کی آمدن ہوئی (۳۱ دسمبر ۲۰۲۰: ۷۴ ملین روپے)۔ اس طرح مجموعی طور پر ٹیکس ادا کرنے کے بعد ۱.۶۸۶ ملین روپے کے منافع کے ساتھ فی حصص منافع ۱۵.۸۲ روپے رہا (۳۱ دسمبر ۲۰۲۰: ۷۸۹ ملین روپے کے خسارے کے ساتھ فی حصص نقصان ۷.۴۰ روپے)۔

مصنوعات اور خام تیل کی قیمتوں کے درمیان فرق میں بہتری جو کہ اس سال کی پہلی سہ ماہی سے شروع ہوئی تھی دوسری سہ ماہی میں بھی جاری رہی۔ تاہم توانائی، کیمیکلز اور اس سے متعلقہ کرایوں میں اضافے نے منافع میں بہتری کے فائدے کو کافی حد تک کم کیا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہت زیادہ کمی اور شرح سود میں اضافے نے مالیاتی لاگت کو بھی منفی طور پر متاثر کیا ہے۔

ریفائنری آپریشنز

زیر جائزہ مدت کے دوران ریفائنری نے ۸۶٪ پیداواری استعداد کے ساتھ ۸۷۸ ہزار میٹرک ٹن کی مختلف پیٹرولیم مصنوعات فراہم کیں (۳۱ دسمبر ۲۰۲۰: ۷۶٪ پیداواری استعداد کے ساتھ ۸۹۸ ہزار میٹرک ٹن)۔ فرنس فیول آئل کی کھپت میں کمی کی وجہ سے ریفائنری کو پوری استعداد پر نہ چلایا جاسکا۔

ریفائنری آپریشنز کے سو (۱۰۰) سال

ہم سب کے لئے بڑے فخر کی بات ہے کہ انک ریفائنری لمیٹڈ ۱۱ فروری ۲۰۲۲ کو آپریشنز کے سو (۱۰۰) سال کامیابی سے مکمل کر لے گی۔ یہ بہت چھوٹے پیمانے پر ریفائننگ آپریشنز شروع کرنے اور توسیع اور تجدید کے سلسلے سے گزرنے کا ایک طویل سفر ہے۔ یہ ہمارے حصص داران اور تمام دوسرے متعلقین کے تعاون اس کے ساتھ ساتھ ہمارے ڈائریکٹرز اور ملازمین کی مسلسل انتھک کاوشوں اور عزم کے بغیر ناممکن تھا۔

مستقبل کا منظر نامہ

تیل کی عالمی طلب میں استحکام اور خام تیل اور پیٹرولیم مصنوعات کی قیمتوں کا تعین بڑی حد تک کوئیڈ - ۱۹ وبائی مرض اور جغرافیائی سیاسی صورتحال سے ہو گا۔ عالمی اقتصادی سرگرمیوں میں بہتری کی وجہ سے خام تیل اور مصنوعات کی قیمتوں کے درمیان فرق مثبت رہنے کی امید ہے۔ امید کی جاسکتی ہے کہ اس سال کے دوران تجویز کردہ احتیاطی تدابیر پر عمل درآمد کی وجہ سے کوئیڈ - ۱۹ پر قابو پایا جاسکتا ہے۔ تاہم ہمیں خدشہ ہے کہ عالمی سطح پر مصنوعات کی فراہمی کے سلسلہ انتظام کے مسائل اور کاروباری قرض پر شرح سود میں اضافہ کی وجہ سے پاکستان میں کاروبار کرنے کی لاگت کے بڑھنے کا امکان ہے۔

*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, 2021 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-month 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2021.

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: February 9, 2022

UDIN: AR202110083IXLyNYSnk

Condensed Interim Statement of Financial Position (Unaudited)
As At December 31, 2021

	Note	December 31, 2021 Rs '000	June 30, 2021 Rs '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2021: 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital			
106,616,250 (June 30, 2021: 106,616,250) ordinary shares of Rs 10 each	5	<u>1,066,163</u>	1,066,163
Reserves and surplus	6	<u>17,238,526</u>	15,552,081
Surplus on revaluation of freehold land		<u>25,093,419</u>	25,093,419
		<u>43,398,108</u>	41,711,663
NON CURRENT LIABILITIES			
Long term financing	7	<u>4,496,624</u>	5,492,792
Long term lease liability		<u>165,733</u>	126,399
CURRENT LIABILITIES			
Accrued mark-up on long term financing	7	<u>139,342</u>	152,023
Current portion of long term financing	7	<u>2,200,000</u>	2,200,000
Trade and other payables	8	<u>52,167,334</u>	47,206,536
Short term financing	9	<u>3,000,000</u>	3,000,000
Accrued mark-up on short term financing		<u>16,581</u>	16,191
Current portion of lease liability		<u>119,796</u>	215,832
Unclaimed dividends		<u>9,255</u>	9,302
Provision for taxation		<u>3,439,691</u>	3,163,835
		<u>61,091,999</u>	55,963,719
TOTAL EQUITY AND LIABILITIES		<u>109,152,464</u>	<u>103,294,573</u>
CONTINGENCIES AND COMMITMENTS	10		

	Note	December 31, 2021 Rs '000	June 30, 2021 Rs '000
ASSETS			
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11	<u>37,645,590</u>	39,092,724
Capital work-in-progress	12	<u>859,228</u>	862,679
Major spare parts and stand-by equipment		<u>150,248</u>	150,287
		<u>38,655,066</u>	40,105,690
LONG TERM INVESTMENTS	13	<u>13,264,915</u>	13,264,915
LONG TERM LOANS AND DEPOSITS		<u>37,073</u>	40,091
DEFERRED TAXATION		<u>7,882,325</u>	7,775,768
CURRENT ASSETS			
Stores, spares and loose tools		<u>3,889,555</u>	3,757,215
Stock-in-trade	14	<u>14,783,547</u>	9,378,907
Trade debts	15	<u>17,668,543</u>	13,305,414
Loans, advances, deposits, prepayments and other receivables	16	<u>2,715,060</u>	3,615,293
Cash and bank balances	17	<u>10,256,380</u>	12,051,280
		<u>49,313,085</u>	42,108,109
TOTAL ASSETS		<u>109,152,464</u>	<u>103,294,573</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

-Sd-
Syed Asad Abbas
 Chief Financial Officer

-Sd-
M. Adil Khattak
 Chief Executive Officer

-Sd-
Abdus Sattar
 Director

Condensed Interim Statement of Profit or Loss (Unaudited)

For The Six Months Period Ended December 31, 2021

	Note	Three months ended		Six months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rs '000	Rs '000	Rs '000	Rs '000
Gross sales	18	65,841,958	43,729,285	121,635,996	90,825,851
Taxes, duties, levies and price differential	19	(11,754,096)	(18,042,975)	(21,881,887)	(36,711,166)
Net sales		54,087,862	25,686,310	99,754,109	54,114,685
Cost of sales	20	(52,379,342)	(26,158,107)	(98,043,984)	(55,380,933)
Gross profit/(loss)		1,708,520	(471,797)	1,710,125	(1,266,248)
Administration expenses		219,290	198,803	419,017	388,290
Distribution cost		20,810	10,685	38,473	21,245
Other charges		113,071	-	120,463	-
		(353,171)	(209,488)	(577,953)	(409,535)
Other income	21	427,196	507,256	775,172	957,620
Impairment reversal/(loss) on financial assets		57,430	(49,181)	263,794	(91,180)
Operating profit/(loss)		1,839,975	(223,210)	2,171,138	(809,343)
Finance cost	22	(388,288)	(201,048)	(650,986)	(397,774)
Profit/(loss) before taxation from refinery operations		1,451,687	(424,258)	1,520,152	(1,207,117)
Taxation	23	(421,577)	123,535	(442,391)	344,316
Profit/(loss) after taxation from refinery operations		1,030,110	(300,723)	1,077,761	(862,801)
Income from non-refinery operations less applicable charges and taxation	24	192,069	74,028	608,684	74,028
Profit/(loss) after taxation		1,222,179	(226,695)	1,686,445	(788,773)
Earnings/(loss) per share					
- basic and diluted (Rs)					
Refinery operations		9.66	(2.82)	10.11	(8.09)
Non-refinery operations		1.80	0.69	5.71	0.69
		11.46	(2.13)	15.82	(7.40)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

-Sd-

Syed Asad Abbas
Chief Financial Officer

-Sd-

M. Adil Khattak
Chief Executive Officer

-Sd-

Abdus Sattar
Director

**Condensed Interim Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)
For The Six Months Period Ended December 31, 2021**

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Profit/(loss) after taxation	1,222,179	(226,695)	1,686,445	(788,773)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income/(loss)	<u>1,222,179</u>	<u>(226,695)</u>	<u>1,686,445</u>	<u>(788,773)</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

-Sd-
Syed Asad Abbas
Chief Financial Officer

-Sd-
M. Adil Khattak
Chief Executive Officer

-Sd-
Abdus Sattar
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For The Six Months Period Ended December 31, 2021

	Capital reserve				Revenue reserve			Surplus on revaluation of freehold land	Total
	Share capital	Special reserve for expansion/modernisation	Utilised special reserve for expansion/modernisation	Others	Investment reserve	General reserve	Un-appropriated profit		
	Rs '000								
Balance as at July 01, 2020	1,066,163	-	10,962,934	5,948	3,762,775	55	3,011,797	25,093,419	43,903,091
Total comprehensive loss - net of tax	-	-	-	-	-	-	(788,773)	-	(788,773)
Loss for the period	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	(788,773)	-	(788,773)
Balance as at December 31, 2020	1,066,163	-	10,962,934	5,948	3,762,775	55	2,223,024	25,093,419	43,114,318
Total comprehensive loss - net of tax	-	-	-	-	-	-	(1,356,283)	-	(1,356,283)
Loss for the period	-	-	-	-	-	-	(46,372)	-	(46,372)
Other comprehensive loss for the period	-	-	-	-	-	-	(1,402,655)	-	(1,402,655)
Balance as at June 30, 2021	1,066,163	-	10,962,934	5,948	3,762,775	55	820,369	25,093,419	41,711,663
Total comprehensive income - net of tax	-	-	-	-	-	-	1,686,445	-	1,686,445
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	1,686,445	-	1,686,445
Profit from refinery operations transferred from unappropriated profit to special reserve - note 6.1	-	1,004,861	-	-	-	-	(1,004,861)	-	-
Balance as at December 31, 2021	1,066,163	1,004,861	10,962,934	5,948	3,762,775	55	1,501,953	25,093,419	43,398,108

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

-Sd-
Syed Asad Abbas
 Chief Financial Officer

-Sd-
M. Adil Khattak
 Chief Executive Officer

-Sd-
Abdus Sattar
 Director

Condensed Interim Statement of Cash Flows (Unaudited)

For The Six Months Period Ended December 31, 2021

		Six months ended	
	Note	December 31, 2021 Rs ‘000	December 31, 2020 Rs ‘000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from - customers		117,184,416	90,961,459
- others		3,313,433	336,652
		120,497,849	91,298,111
Cash paid for operating costs		(98,522,071)	(55,206,871)
Cash paid to Government for duties, taxes and other levies		(22,879,427)	(36,784,381)
Income tax paid		(383,094)	(201,616)
Net cash outflows from operating activities		(1,286,743)	(894,757)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(21,805)	(58,740)
Proceeds against disposal of operating assets		355	124
Long term loans and deposits		3,018	794
Income received on bank deposits		372,226	216,463
Dividends received from associated companies		733,354	87,092
Net cash generated from investing activities		1,087,148	245,733
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,100,000)	-
Repayment of lease liability		-	(60,352)
Transaction cost on long term financing		(500)	(500)
Dividends paid to Company's shareholders		(47)	(6)
Finance cost		(486,003)	(408,382)
Net cash outflows from financing activities		(1,586,550)	(469,240)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(1,786,145)	(1,118,264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		9,051,280	8,122,982
Effect of exchange rate changes		(8,755)	(3,889)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17.4	7,256,380	7,000,829

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

-Sd-
Syed Asad Abbas
Chief Financial Officer

-Sd-
M. Adil Khattak
Chief Executive Officer

-Sd-
Abdus Sattar
Director

Selected Notes To and Forming Part of the Condensed Interim Financial Statements (Unaudited) For The Six Months Period Ended December 31, 2021

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, England and its ultimate parent is Coral Holding Limited (a private limited company incorporated in Malta).

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 34 "Interim Financial Reporting" (IAS 34) 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 audited financial statements for the year ended June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the audited financial statements for the year ended June 30, 2021.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended June 30, 2021.

5. SHARE CAPITAL

The parent company, The Attock Oil Company Limited held 65,095,630 (June 30, 2021: 65,095,630) ordinary shares and the associated company Attock Petroleum Limited held 1,790,000 (June 30, 2021: 1,790,000) ordinary shares as at December 31, 2021.

December 31,
2021
Rs '000

June 30,
2021
Rs '000

6. RESERVES AND SURPLUS

Capital reserve

Special reserve for expansion/modernisation - note 6.1	1,004,861	-
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	1,501,953	820,369
	5,264,783	4,583,199
	17,238,526	15,552,081

- 6.1** 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.
- 6.2** Represent amounts utilized out of the Special Reserve for expansion/modernisation of the refinery. The total amount of capital expenditure incurred on Refinery expansion/modernisation till December 31, 2021 is Rs 29,164.09 million including Rs 18,201.16 million spent over and above the available balance in the Special Reserve which has 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,	June 30,
2021	2021
Rs '000	Rs '000

7. LONG TERM FINANCING - secured

From banking companies

Syndicated Term Finance - note 7.1	5,173,990	5,942,295
Musharaka Finance - note 7.2	1,693,447	1,944,913
	6,867,437	7,887,208
Less: Unamortised transaction cost on financing:		
Balance at the beginning of the period/year	42,393	67,420
Addition during the period/year	500	500
Amortization for the period/year	(11,422)	(25,527)
Balance at the end of the period/year	31,471	42,393
	6,835,966	7,844,815
Current portion of long term financing	(2,200,000)	(2,200,000)
	4,635,966	5,644,815
Mark-up payable shown as current liability	(139,342)	(152,023)
	4,496,624	5,492,792

- 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 is payable on quarterly basis.
- 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, 2021: nil %) while its share in Musharaka Assets B is 27.94% (June 30, 2021: 35.37%) respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 100% (June 30, 2021: 100%) while its share in Musharaka Assets B is 72.06% (June 30, 2021: 64.63%) respectively. 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 the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of The Attock Oil Company Limited in the Company to fall below 51%.

December 31, 2021 Rs '000	June 30, 2021 Rs '000
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8. TRADE AND OTHER PAYABLES

Creditors - note 8.1	30,000,898	26,847,266
Due to Attock Oil Company Limited - Holding Company	319,956	229,625
Due to Attock Hospital (Private) Limited - Subsidiary Company	-	571
Due to Associated Company Pakistan Oilfields Limited	3,868,517	2,681,791
Accrued liabilities and provisions - note 8.1	4,882,930	4,787,800
Due to Government under the pricing formula	4,900,328	4,058,933
Custom duty payable to Government	6,065,432	5,245,223
Contract liabilities - Advance payments from customers	104,621	193,073
Sales tax payable	-	2,501,329
Workers' Profit Participation Fund	82,031	-
ARL Gratuity Fund	114,277	114,277
Crude oil freight adjustable through inland freight equalisation margin	76,329	59,958
Payable to statutory authorities in respect of petroleum development levy and excise duty	1,748,572	483,247
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	3,067	3,067
	<u>52,167,334</u>	<u>47,206,536</u>

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 4,088.17 million (June 30, 2021: Rs 3,950.27 million).

9. SHORT TERM FINANCING

The Company have obtained short term financing from a bank amounting to Rs 3,000 million to finance its working capital requirements. This facility is secured by ranking hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company. The rate of mark-up on short term financing facility is 3 months KIBOR plus 0.08% p.a. which is payable on quarterly basis. The total amount outstanding against the said facility at the period end was Rs 3,000 million (June 30, 2021: Rs 3,000 million).

December 31, 2021 Rs '000	June 30, 2021 Rs '000
---------------------------------	-----------------------------

10. 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 the 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 the imports against submission of bank guarantees and restraining customs authorities from charging an increased amount of customs duty/sales tax. Bank guarantees were issued in favour of the 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 |
| | On November 10, 2020 the Court referred the case to Customs authorities with the instruction not to encash the bank guarantees without giving the Company appropriate remedy under the law. In June 2021, the Customs authorities have issued orders granting partial relief for Company's contention. The Company has preferred an appeal before Collector of Appeals in respect of matters not adjudicated per its contention. | | |
| | Based on advice from the legal advisor, the Company is confident that there are reasonable grounds for a favourable decision, and accordingly, this has not been recognized as a liability in the financial statements. | | |
| 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) | Claims for land compensation contested by the Company. | 5,300 | 5,300 |
| iv) | 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 20.1, the amount of which can not be presently quantified. | | |
| v) | In March 2018, Mela and Nashpa 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 Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were | 2,484,098 | 2,484,098 |

December 31,	June 30,
2021	2021
Rs '000	Rs '000

prescribed. The Company has been purchasing crude oil from the respective oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million was demanded from the Company as alleged arrears of crude oil price for certain periods prior to signing of aforementioned COSA.

In view of the foregoing, 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 2012 to 2018. Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants the Company did not acknowledge the related demand and accordingly, not provided for the same in its books of accounts. The matter is pending for adjudication.

- | | | |
|--|------------------|-----------|
| vi) 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 Hydrodesulphurization (DHDS) unit. However, this incentive was withdrawn on April 25, 2016. | 3,565,802 | 3,092,485 |
|--|------------------|-----------|

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.

- vii)** In October 2021, the Honorable Supreme Court of Pakistan rejected Company's appeal relating to levy of sales tax on supply of Mineral Turpentine Oil during the period July 1994 to June 1996. The Company has filed a review petition with the Honorable Supreme Court of Pakistan which is currently pending for adjudication. Whilst the Company had deposited the principal amount of sales tax involved but is contesting before the Honorable Islamabad High Court the alleged levy of default surcharge and penalty for an amount of Rs 155.05 million in this matter along the coercive adjustment thereof against Company's income tax refund.

In addition, the Company is also contesting before the Commissioner Inland Revenue (Appeals), the short determination of refund due to the Company by an amount of Rs 501.53 million.

Commitments:

- | | | |
|--|----------------|--------|
| i) Capital expenditure | 101,908 | 40,970 |
| ii) Letters of credit and other contracts for purchase of store items | 55,100 | 34,431 |

Six months ended December 31, 2021 Rs '000	Year ended June 30, 2021 Rs '000
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11. OPERATING ASSETS

11.1 Owned assets

Opening written down value	38,707,929	41,076,387
Additions during the period/year	25,295	239,071
Written down value of disposals	(6)	(121)
Depreciation during the period/year	(1,303,550)	(2,607,408)
	<u>37,429,668</u>	<u>38,707,929</u>

11.2 Right of use assets (ROU)

Balance at the beginning	384,795	348,225
Termination of right of use assets	(120,890)	-
Depreciation for the period/year	(47,983)	(190,500)
Remeasurement in lease liability	-	227,070
	<u>215,922</u>	<u>384,795</u>
Closing written down value	<u>37,645,590</u>	<u>39,092,724</u>

12. CAPITAL WORK-IN-PROGRESS

Balance at the beginning	862,679	979,206
Addition during period/year	22,005	114,650
Transfer to operating assets		
- Building on freehold land	-	3,596
- Plant and machinery	25,456	227,581
	<u>(25,456)</u>	<u>(231,177)</u>
	<u>859,228</u>	<u>862,679</u>

Breakup of the closing balance of capital work-in-progress

The details are as under:

Civil works	28	-
Plant and machinery	858,200	861,679
Pipeline project	1,000	1,000
	<u>859,228</u>	<u>862,679</u>

	December 31, 2021		June 30, 2021	
	% age Holding	Rs '000	% age Holding	Rs '000
13. LONG TERM INVESTMENTS - AT COST				
Associated Companies				
<u>Quoted</u>				
National Refinery Limited - note 13.1	25	8,046,635	25	8,046,635
Attock Petroleum Limited	21.88	4,463,485	21.88	4,463,485
<u>Unquoted</u>				
Attock Gen Limited	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				
<u>Unquoted</u>				
Attock Hospital (Private) Limited	100	2,000	100	2,000
		13,264,915		13,264,915

13.1 Based on valuation analysis, the recoverable amount of investment in NRL exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations are made on discounted cash flow based valuation methodology carried out by an external investment advisor engaged by the company on annual basis. The latest valuation analysis was carried out for the year ended June 30, 2021.

14. STOCK-IN-TRADE

As at December 31, 2021, stock-in-trade includes stocks carried at net realisable value of Rs 9,657.93 million (June 30, 2021: Rs 5,845.80 million). Adjustments amounting to Rs 547.17 million (June 30, 2021: Rs 379.61 million) have been made to closing inventory to write down stock to net realizable value.

15. TRADE DEBTS - unsecured and considered good

Trade debts includes amounts receivable from associated companies Attock Petroleum Limited Rs 10,887.70 million (June 30, 2021: Rs 7,833.75 million) and Pakistan Oilfields Limited Rs 33.17 million (June 30, 2021: Rs nil).

December 31,
2021
Rs '000

June 30,
2021
Rs '000

**16. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Due from Subsidiary Company		
Attock Hospital (Private) Limited	1,603	-
Due from associated companies		
Attock Petroleum Limited	756,462	3,653,123
Attock Information Technology Services (Private) Limited	661	444
Attock Leisure and Management Associates (Private) Limited	84	50
Attock Gen Limited	5,614	1,961
National Refinery Limited	742	10,912
National Cleaner Production Centre Foundation	1,189	611
Attock Sahara Foundation	148	-
Attock Energy (Private) Limited	339	9
Capgas (Private) limited	2	51
Income accrued on bank deposits	46,847	26,616
Staff Pension Fund	16,688	16,688
Sales tax refundable	1,529,815	-
Loans, deposit, prepayments and other receivables	417,818	231,574
Loss allowance	(62,952)	(326,746)
	2,715,060	3,615,293

17. CASH AND BANK BALANCES

Cash in hand (US \$ 7,393; June 30, 2021: US \$ 7,393)	3,452	2,321
With banks:		
Local currency		
Current accounts	8,513	8,024
Deposit accounts - notes 17.1, 17.2 and 17.3	7,030,989	6,894,581
Saving accounts	3,131,751	5,073,295
Foreign Currency		
Saving accounts (US \$ 462,878; June 30, 2021: US \$ 463,573)	81,675	73,059
	10,256,380	12,051,280

17.1 Deposit accounts include Rs 4,030.99 million (June 30, 2021: Rs 3,894.58 million) placed in a 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.

17.2 Balances with banks include Rs 3,000 million (June 30, 2021: Rs 3,000 million) in respect of deposits placed in 30-days interest-bearing account.

17.3 Bank deposits include Rs 1,326.71 million (June 30, 2021: Rs 1,326.71 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

17.4 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Cash and bank balances	10,256,380	8,500,829
Short term financing	(3,000,000)	(1,500,000)
	<u>7,256,380</u>	<u>7,000,829</u>

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
18. GROSS SALES				
Local sales	65,487,035	43,729,285	121,175,255	90,345,150
Naphtha export sales	177,351	-	283,169	480,701
Reimbursement due from the Government under import parity pricing formula - note 18.1	177,572	-	177,572	-
	<u>65,841,958</u>	<u>43,729,285</u>	<u>121,635,996</u>	<u>90,825,851</u>

18.1 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.

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
19. TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL				
Sales tax	4,908,908	6,353,780	11,827,147	13,078,448
Petroleum development levy	3,614,535	10,566,124	4,419,474	21,225,912
Custom duties and other levies - note 19.1	2,559,855	955,393	4,554,963	1,944,511
PMG RON differential - note 19.2	395,653	167,678	665,088	462,295
HSD price differential - note 19.3	275,145	-	415,215	-
	<u>11,754,096</u>	<u>18,042,975</u>	<u>21,881,887</u>	<u>36,711,166</u>

19.1 This includes Rs 4,554.89 million (December 31, 2020: Rs 1,944.38 million) recovered from customers and payable as per Oil and Gas Regulatory Authority directives on account of custom duty on PMG and HSD.

19.2 This represents amount payable as per Oil and Gas Regulatory Authority directives on account of differential between price of PSO's imported 92 RON PMG and 90 RON PMG sold by the Company during the period.

19.3 This represents amount payable as per Oil and Gas Regulatory Authority directives on account of HSD Euro-III and V price differential claim.

	Three months ended		Six months ended	
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	Rs '000	Rs '000	Rs '000	Rs '000
20. COST OF SALES				
Crude oil consumed - note 20.1	51,353,788	23,576,746	93,742,851	49,533,386
Transportation and handling charges	28,234	25,207	42,508	46,486
Salaries, wages and other benefits	289,310	261,327	558,107	524,935
Chemicals consumed	1,280,171	745,780	2,233,231	1,697,169
Fuel and power	1,940,030	939,709	3,398,353	1,847,612
Repairs and maintenance	93,211	91,912	176,356	151,934
Staff transport and travelling	4,448	3,832	7,698	8,197
Insurance	94,469	82,467	178,578	157,627
Cost of receptacles	5,639	3,448	9,051	10,374
Other operating costs	7,598	7,404	15,031	29,229
Security Charges	7,896	6,568	14,132	13,137
Contract Services	57,624	58,681	118,545	106,276
Depreciation	645,487	676,404	1,294,337	1,351,983
Cost of goods manufactured	55,807,905	26,479,485	101,788,778	55,478,345
Changes in stock	(3,428,563)	(321,378)	(3,744,794)	(97,412)
	52,379,342	26,158,107	98,043,984	55,380,933

20.1 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.

	Three months ended		Six months ended	
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	Rs '000	Rs '000	Rs '000	Rs '000
21. OTHER INCOME				
Income on bank deposits	219,723	119,989	392,459	204,259
Interest on delayed payments	159,899	192,591	270,344	453,940
Handling and service charges	14,993	8,515	39,112	27,021
Rental income	25,816	30,434	58,551	57,164
Exchange gain - (net)	-	143,195	-	196,695
Miscellaneous	6,765	12,532	14,706	18,541
	427,196	507,256	775,172	957,620
22. FINANCE COST				
Exchange loss - (net)	75,718	-	116,994	-
Interest on long term financing	246,921	194,984	439,675	388,385
Interest on short term financing	16,582	1,210	29,785	1,210
Interest on lease liability	48,887	3,923	64,187	7,114
Bank and other charges	180	931	345	1,065
	388,288	201,048	650,986	397,774
23. TAXATION				
Current	319,938	192,722	548,947	407,305
Deferred	101,639	(316,257)	(106,556)	(751,621)
	421,577	(123,535)	442,391	(344,316)

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
24. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION				
Dividend income from associated companies	199,916	87,092	733,354	87,092
Related charges:				
Workers' Profit Participation Fund	(26,672)	-	-	-
Workers' Welfare Fund	4,532	-	14,667	-
Taxation	29,987	13,064	110,003	13,064
	(7,847)	(13,064)	(124,670)	(13,064)
	192,069	74,028	608,684	74,028

25. OPERATING SEGMENTS

These 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, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
High Speed Diesel	22,437,134	16,390,543	41,760,829	32,774,958
Premier Motor Gasoline	27,209,461	17,964,126	48,369,544	37,476,625
Jet Petroleum	5,247,519	2,379,958	9,693,922	4,568,206
Furnace Fuel Oil	7,426,085	5,112,266	15,552,526	10,939,053
Naphtha	177,351	-	283,169	480,701
Others	3,344,408	1,882,392	5,976,006	4,586,308
	65,841,958	43,729,285	121,635,996	90,825,851
Taxes, duties, levies and price differential	(11,754,096)	(18,042,975)	(21,881,887)	(36,711,166)
	54,087,862	25,686,310	99,754,109	54,114,685

Revenue from four major customers of the Company constitute 94% of total revenue during the six months period ended December 31, 2021 (December 31, 2020: 92%).

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 valuer to determine the fair value of the land as at June 30, 2020. The revaluation surplus was credited to statement of profit or loss and 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 company during the period were as follows:

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Sale of goods and services to:				
Associated companies	<u>19,179,363</u>	<u>8,089,007</u>	<u>37,485,364</u>	<u>20,010,097</u>
Subsidiary company	<u>5,912</u>	<u>4,705</u>	<u>12,243</u>	<u>9,243</u>
Holding company	<u>945</u>	<u>5,389</u>	<u>3,454</u>	<u>12,998</u>
Interest income on delayed payments from an associated company	<u>159,899</u>	<u>192,591</u>	<u>270,344</u>	<u>453,940</u>
Purchase of goods and services from:				
Associated companies	<u>6,397,960</u>	<u>2,759,885</u>	<u>11,678,123</u>	<u>5,846,977</u>
Subsidiary company	<u>18,731</u>	<u>22,812</u>	<u>39,481</u>	<u>41,074</u>
Holding company	<u>200,586</u>	<u>81,256</u>	<u>391,971</u>	<u>155,645</u>
Dividend received from:				
Associated companies	<u>199,916</u>	<u>87,092</u>	<u>733,354</u>	<u>87,092</u>
Other related parties:				
Remuneration including benefits and perquisites of Chief Executive Officer and key management personnel	<u>30,742</u>	<u>26,482</u>	<u>61,880</u>	<u>58,518</u>
Honorarium/remuneration to Non-Executive directors	<u>1,465</u>	<u>1,373</u>	<u>4,913</u>	<u>4,922</u>
Contribution to Workers' Profit Participation Fund	<u>51,566</u>	<u>-</u>	<u>82,031</u>	<u>-</u>
Contribution to Employees' Pension, Gratuity and Provident Funds	<u>23,476</u>	<u>20,253</u>	<u>43,600</u>	<u>42,713</u>

28. GENERAL
28.1 Impact of COVID-19 on the Condensed Interim Financial Statements

The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these financial statements.

28.2 Date of Authorisation

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on February 04, 2022.

-Sd-
Syed Asad Abbas
 Chief Financial Officer

-Sd-
M. Adil Khattak
 Chief Executive Officer

-Sd-
Abdus Sattar
 Director

***Condensed Interim Consolidated
Financial Statements for the
Six Months Period
Ended December 31, 2021***

Condensed Interim Consolidated Statement of Financial Position (Unaudited)
As At December 31, 2021

	Note	December 31, 2021 Rs '000	June 30, 2021 Rs '000
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2021: 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital			
106,616,250 (June 30, 2021: 106,616,250) ordinary shares of Rs 10 each	5	1,066,163	1,066,163
Reserves and surplus	6	26,121,411	23,761,583
Surplus on revaluation of freehold land		<u>25,093,419</u>	<u>25,093,419</u>
		52,280,993	49,921,165
NON-CURRENT LIABILITIES			
Long term financing	7	4,496,624	5,492,792
Long term lease liability		165,733	126,399
Deferred grant		4,869	5,204
CURRENT LIABILITIES			
Accrued mark-up on long term financing	7	139,342	152,023
Current portion of long term financing	7	2,200,000	2,200,000
Trade and other payables	8	52,177,461	47,226,654
Short term financing	9	3,000,000	3,000,000
Accrued mark-up on short term financing		16,581	16,191
Current portion of lease liability		119,796	215,832
Unclaimed dividends		9,255	9,302
Provision for taxation		3,439,691	3,163,835
		<u>61,102,126</u>	<u>55,983,837</u>
TOTAL EQUITY AND LIABILITIES		<u>118,050,345</u>	<u>111,529,397</u>
CONTINGENCIES AND COMMITMENTS	10		

	Note	December 31, 2021 Rs '000	June 30, 2021 Rs '000
ASSETS			
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11	37,670,026	39,118,611
Capital work-in-progress	12	859,228	862,679
Major spare parts and stand-by equipments		<u>150,248</u>	<u>150,287</u>
		38,679,502	40,131,577
LONG TERM INVESTMENTS	13	22,927,684	22,199,744
LONG TERM LOANS AND DEPOSITS		37,414	41,031
DEFERRED TAXATION		6,992,739	6,963,147
CURRENT ASSETS			
Stores, spares and loose tools		3,889,555	3,757,215
Stock-in-trade	14	14,785,620	9,381,522
Trade debts	15	17,668,638	13,305,509
Loans, advances, deposits, prepayments and other receivables	16	2,738,922	3,644,242
Cash and bank balances	17	10,330,271	12,105,410
		<u>49,413,006</u>	<u>42,193,898</u>
TOTAL ASSETS		<u>118,050,345</u>	<u>111,529,397</u>

The annexed notes 1 to 28 form an integral part of these condensed interim consolidated financial statements.

-Sd-
Syed Asad Abbas
 Chief Financial Officer

-Sd-
M. Adil Khattak
 Chief Executive Officer

-Sd-
Abdus Sattar
 Director

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For The Six Months Period Ended December 31, 2021

	Note	Three months ended		Six months ended	
		December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Gross sales	18	65,872,305	43,755,465	121,697,874	90,875,453
Taxes, duties, levies and price differential	19	(11,754,096)	(18,042,975)	(21,881,887)	(36,711,166)
Net sales		54,118,209	25,712,490	99,815,987	54,164,287
Cost of sales	20	(52,379,342)	(26,158,107)	(98,043,984)	(55,380,933)
Gross profit/(loss)		1,738,867	(445,617)	1,772,003	(1,216,646)
Administration expenses		240,182	213,180	450,346	416,306
Distribution cost		20,810	10,685	38,473	21,245
Other charges		113,264	209	121,118	448
		(374,256)	(224,074)	(609,937)	(437,999)
Other income	21	428,670	507,748	776,990	958,641
Impairment reversal/(loss) on financial assets		57,430	(49,181)	263,794	(91,180)
Operating profit/(loss)		1,850,711	(211,124)	2,202,850	(787,184)
Finance cost	22	(388,288)	(201,048)	(650,986)	(397,774)
Profit/(loss) before taxation from refinery operations		1,462,423	(412,172)	1,551,864	(1,184,958)
Taxation	23	(424,217)	120,543	(452,544)	337,987
Profit/(loss) after taxation from refinery operations		1,038,206	(291,629)	1,099,320	(846,971)
Non-refinery income:					
Share in profit of associated companies	24	1,177,006	201,915	1,260,709	622,189
Profit/(loss) after taxation		2,215,212	(89,714)	2,360,029	(224,782)
Earnings/(loss) per share					
- basic and diluted (Rupees)					
Refinery operations		9.74	(2.73)	10.31	(7.94)
Non-refinery operations		11.03	1.90	11.82	5.84
		20.77	(0.83)	22.13	(2.10)

The annexed notes 1 to 28 form an integral part of these condensed interim consolidated financial statements.

-Sd-

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Chief Financial Officer

-Sd-

M. Adil Khattak
Chief Executive Officer

-Sd-

Abdus Sattar
Director

**Condensed Interim Consolidated Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)
For The Six Months Period Ended December 31, 2021**

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Profit/(loss) after taxation	2,215,212	(89,714)	2,360,029	(224,782)
Other comprehensive income/(loss) (net of tax):				
Share of other comprehensive income/(loss) of associated companies - net of tax	-	2	(201)	207
Total comprehensive income/(loss)	<u>2,215,212</u>	<u>(89,712)</u>	<u>2,359,828</u>	<u>(224,575)</u>

The annexed notes 1 to 28 form an integral part of these condensed interim consolidated financial statements.

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Chief Executive Officer

-Sd-
Abdus Sattar
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For The Six Months Period Ended December 31, 2021

	Capital reserve					Revenue reserve				Total
	Share capital	Special reserve for expansion/modernisation	Utilised special reserve for expansion/modernisation	Maintenance reserve	Others	General reserve	Un-appropriated profit	Gain/(loss) on revaluation of investment at fair value through OCI	Surplus on revaluation of freehold land	
	Rs '000									
Balance as at July 01, 2020	1,066,163	-	12,908,966	213,576	155,996	7,077,380	2,376,795	3,236	25,093,419	48,895,531
Total comprehensive income/(loss)-net of tax										
Loss for the period	-	-	-	-	-	-	(224,782)	-	-	(224,782)
Other comprehensive income for the period	-	-	-	-	-	-	207	-	-	207
	-	-	-	-	-	-	(224,575)	-	-	(224,575)
Transferred to maintenance reserve by an associated company - note 6.3	-	-	-	841	-	-	(841)	-	-	-
Balance as at December 31, 2020	1,066,163	-	12,908,966	214,417	155,996	7,077,380	2,151,379	3,236	25,093,419	48,670,956
Total comprehensive income/(loss)-net of tax										
Profit for the period	-	-	-	-	-	-	1,292,624	-	-	1,292,624
Other comprehensive loss for the period	-	-	-	-	-	-	(41,626)	(789)	-	(42,415)
	-	-	-	-	-	-	1,250,998	(789)	-	1,250,209
Transferred to maintenance reserve by an associated company - note 6.3	-	-	-	496	-	-	(496)	-	-	-
Balance as at June 30, 2021	1,066,163	-	12,908,966	214,913	155,996	7,077,380	3,401,881	2,447	25,093,419	49,921,165
Total comprehensive income/(loss)-net of tax										
Profit for the period	-	-	-	-	-	-	2,360,029	-	-	2,360,029
Other comprehensive loss for the period	-	-	-	-	-	-	(201)	-	-	(201)
	-	-	-	-	-	-	2,359,828	-	-	2,359,828
Profit from refinery operations transferred from unappropriated profit to special reserve - note 6.1	-	1,004,861	-	-	-	-	(1,004,861)	-	-	-
Transferred to maintenance reserve by an associated company - note 6.3	-	-	-	1,014	-	-	(1,014)	-	-	-
Balance as at December 31, 2021	1,066,163	1,004,861	12,908,966	215,927	155,996	7,077,380	4,755,834	2,447	25,093,419	52,280,993

The annexed notes 1 to 28 form an integral part of these condensed interim consolidated financial statements.

-Sd-
Syed Asad Abbas
 Chief Financial Officer

-Sd-
M. Adil Khattak
 Chief Executive Officer

-Sd-
Abdus Sattar
 Director

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For The Six Months Period Ended December 31, 2021

		Six months ended	
		December 31, 2021 Rs '000	December 31, 2020 Rs '000
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash receipts from - Customers	117,286,499	91,050,104
	- Others	3,313,432	336,652
		120,599,931	91,386,756
	Cash paid for operating cost	(98,601,496)	(55,279,764)
	Cash paid to Government for duties, taxes and other levies	(22,879,427)	(36,784,381)
	Income tax paid	(388,189)	(206,083)
	Net cash outflows from operating activities	(1,269,181)	(883,472)
CASH FLOWS FROM INVESTING ACTIVITIES			
	Additions to property, plant and equipment	(22,255)	(62,708)
	Proceeds against disposal of operating assets	355	124
	Long term loans and deposits	3,617	231
	Income received on bank deposits	374,276	218,133
	Dividend received from associated companies	733,354	87,092
	Net cash generated from investing activities	1,089,347	242,872
CASH FLOWS FROM FINANCING ACTIVITIES			
	Repayment of long term financing	(1,100,000)	-
	Repayment of lease liability	-	(60,352)
	Transaction cost on long term financing	(500)	(500)
	Dividend paid to Company's shareholders	(47)	(6)
	Finance cost	(486,003)	(408,382)
	Net cash outflows from financing activities	(1,586,550)	(469,240)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(1,766,384)	(1,109,840)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		9,105,410	8,158,690
Effect of exchange rate changes on cash and cash equivalents		(8,755)	(3,889)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		7,330,271	7,044,961
	17.4		

The annexed notes 1 to 28 form an integral part of these condensed interim consolidated financial statements.

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Syed Asad Abbas
Chief Financial Officer

-Sd-
M. Adil Khattak
Chief Executive Officer

-Sd-
Abdus Sattar
Director

Selected Notes To and Forming Part of the Condensed Interim Consolidated Financial Statements (Unaudited) For The Six Months Period Ended December 31, 2021

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, England and its ultimate parent is M/s Coral Holding Limited (a private limited company incorporated in Malta).

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" (IAS 34) 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 consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2021.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements for the year ended June 30, 2021.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended June 30, 2021.

5. SHARE CAPITAL

The parent company, The Attock Oil Company Limited held 65,095,630 (June 30, 2021: 65,095,630) ordinary shares and the associated company Attock Petroleum Limited held 1,790,000 (June 30, 2021: 1,790,000) ordinary shares as at December 31, 2021.

6. RESERVES AND SURPLUS

Capital reserve

Special reserve for expansion/modernisation - note 6.1

**December 31,
2021
Rs '000**

**June 30,
2021
Rs '000**

1,004,861

-

Utilised special reserve for expansion/modernisation - note 6.2

10,962,934

10,962,934

Utilised special reserve for expansion/modernisation
of an associated company

1,946,032

1,946,032

12,908,966

12,908,966

Maintenance reserve - note 6.3

215,927

214,913

Others

Liabilities taken over from The Attock Oil Company Limited
no longer required

4,800

4,800

Capital gain on sale of building

654

654

Insurance and other claims realised relating to
pre-incorporation period

494

494

Donation received for purchase of hospital equipment

4,000

4,000

Bonus shares issued by associated companies

146,048

146,048

155,996

155,996

Revenue reserve

General reserve

7,077,380

7,077,380

Gain on revaluation of investment at fair value through OCI

2,447

2,447

Unappropriated profit

4,755,834

3,401,881

11,835,661

10,481,708

26,121,411

23,761,583

6.1 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.

6.2 Represent amounts utilized out of the Special Reserve for expansion/modernisation of the refinery. The total amount of capital expenditure incurred on Refinery expansion/modernisation till December 31, 2021 is Rs 29,164.09 million including Rs 18,201.16 million spent over and above the available balance in the Special Reserve which has been incurred by the Company from its own resources.

6.3 Represents amount retained by Attock Gen Limited for the purposes of major maintenance expenses as per the terms of the Power Purchase Agreement.

December 31,
2021
Rs '000

June 30,
2021
Rs '000

7. LONG TERM FINANCING - secured

From banking companies

Syndicated Term Finance - note 7.1	5,173,990	5,942,295
Musharaka Finance - note 7.2	1,693,447	1,944,913
	6,867,437	7,887,208
Less: Unamortized transaction cost on financing:		
Balance at the beginning of the period/year	42,393	67,420
Addition during the period/ year	500	500
Amortization for the period/ year	(11,422)	(25,527)
Balance at the end of the period/ year	31,471	42,393
	6,835,966	7,844,815
Current portion of long term financing	(2,200,000)	(2,200,000)
	4,635,966	5,644,815
Mark-up payable shown as current liability	(139,342)	(152,023)
	4,496,624	5,492,792

- 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.
- 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, 2021: nil %) while its share in Musharaka Assets B is 27.94% (June 30, 2021: 35.37%) respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 100% (June 30, 2021: 100%) while its share in Musharaka Assets B is 72.06% (June 30, 2021: 64.63%) respectively. 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 the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of The Attock Oil Company Limited in the Company to fall below 51%.

	December 31, 2021 Rs '000	June 30, 2021 Rs '000
8. TRADE AND OTHER PAYABLES		
Creditors - note 8.1	30,004,067	26,851,751
Due to The Attock Oil Company Limited - Holding Company	319,895	229,599
Due to an associated company Pakistan Oilfields Limited	3,864,897	2,678,017
Accrued liabilities and provisions - note 8.1	4,894,278	4,808,532
Due to the Government under the pricing formula	4,900,328	4,058,933
Custom duty payable to the Government	6,065,432	5,245,223
Contract liabilities - Advance payments from customers	104,621	193,073
Sales tax payable	-	2,501,329
Workers' Profit Participation Fund	82,031	-
ARL Gratuity Fund	113,348	113,329
Crude oil freight adjustable through inland freight equalisation margin	76,329	59,958
Payable to statutory authorities in respect of petroleum development levy and excise duty	1,748,572	483,247
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	3,287	3,287
	52,177,461	47,226,654

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 4,088.17 million (June 30, 2021: Rs 3,950.27 million).

9. SHORT TERM FINANCING

The Company have obtained short term financing from a bank amounting to Rs 3,000 million to finance its working capital requirements. This facility is secured by ranking hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company. The rate of mark-up on short term financing facility is 3 months KIBOR plus 0.08% p.a. which is payable on quarterly basis. The total amount outstanding against the said facility at the period end was Rs 3,000 million (June 30, 2021: Rs 3,000 million).

	December 31, 2021 Rs '000	June 30, 2021 Rs '000
10. 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 the 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 the imports against submission of bank guarantees and restraining customs authorities from charging an increased amount of customs duty/sales tax. Bank guarantees were | 1,326,706 | 1,326,706 |
|----|--|------------------|-----------|

**December 31,
2021
Rs '000**

**June 30,
2021
Rs '000**

issued in favour of the 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.

On November 10, 2020 the Court referred the case to Customs authorities with the instruction not to encash the bank guarantees without giving the Company appropriate remedy under the law. In June 2021, the Customs authorities have issued orders granting partial relief for Company's contention. The Company has preferred an appeal before Collector of Appeals in respect of matters not adjudicated per its contention.

Based on advice from the legal advisor, the Company is confident that there are reasonable grounds for a favourable decision, and accordingly, this has not been recognized as a liability in the consolidated financial statements.

- | | | | |
|------|---|------------------|-----------|
| 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 for 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) | Claims for land compensation contested by ARL. | 5,300 | 5,300 |
| iv) | 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 20.1, the amount of which can not be presently quantified. | | |
| v) | In March 2018, Mela and Nashpa 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 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 respective oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million was demanded from the Company as alleged arrears of crude oil price for certain periods prior to signing of aforementioned COSA. | 2,484,098 | 2,484,098 |

In view of the foregoing, 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 2012 to 2018. Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants the Company did not acknowledge the related demand and accordingly, not provided for the same in its books of accounts. The matter is pending for adjudication.

	December 31, 2021 Rs '000	June 30, 2021 Rs '000
vi) 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 had been withdrawn on April 25, 2016.	3,565,802	3,092,485
<p>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned.</p>		
vii) In October 2021, the Honorable Supreme Court of Pakistan rejected Company's appeal relating to levy of sales tax on supply of Mineral Turpentine Oil during the period July 1994 to June 1996. The Company has filed a review petition with the Honorable Supreme Court of Pakistan which is currently pending for adjudication. Whilst the Company had deposited the principal amount of sales tax involved but is contesting before the Honorable Islamabad High Court the alleged levy of default surcharge and penalty for an amount of Rs 155.05 million in this matter along the coercive adjustment thereof against Company's income tax refund.		
<p>In addition, the Company is also contesting before the Commissioner Inland Revenue (Appeals), the short determination of refund due to the Company by an amount of Rs 501.53 million.</p>		
viii) The Company's share in contingency of associated companies.	2,290,320	2,324,842
Commitments:		
i) Capital expenditure	101,908	40,970
ii) Letters of credit and other contracts for purchase of store items	55,100	34,431
iii) The Company's share of commitments of associated companies:		
Capital expenditure commitments	401,191	381,141
Outstanding letters of credit	2,524,140	1,790,581

Six months ended December 31, 2021 Rs '000	Year ended June 30, 2021 Rs '000
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11. OPERATING ASSETS
11.1 Owned assets

Opening written down value	38,733,816	41,098,012
Additions during the period/year	25,746	246,915
Written down value of disposals	(6)	(121)
Depreciation during the period/year	(1,305,452)	(2,610,990)
	<u>37,454,104</u>	<u>38,733,816</u>

11.2 Right of use assets (ROU)

Balance at the beginning	384,795	348,225
Termination of right of use assets	(120,890)	-
Depreciation for the period/year	(47,983)	(190,500)
Remeasurement in lease liability	-	227,070
	<u>215,922</u>	<u>384,795</u>
Closing written down value	<u>37,670,026</u>	<u>39,118,611</u>

12. CAPITAL WORK-IN-PROGRESS

Balance at the beginning	862,679	979,206
Additions during the period/year	22,005	114,650
Transfer to operating assets		
- Building on freehold land	-	3,596
- Plant and machinery	25,456	227,581
	<u>(25,456)</u>	<u>(231,177)</u>
	<u>859,228</u>	<u>862,679</u>

Breakup of the closing balance of capital work-in-progress

The details are as under:

Civil works	28	-
Plant and machinery	858,200	861,679
Pipeline project	1,000	1,000
	<u>859,228</u>	<u>862,679</u>

13. LONG TERM INVESTMENTS
Investment in associated companies

Balance at the beginning	22,199,744	18,520,569
Share of profit after tax of associated companies	2,522,737	2,200,192
Share in other comprehensive loss	(201)	(4,116)
Dividend received from associated companies	(733,354)	(141,524)
Impairment (loss)/reversal on investment	(1,061,242)	1,625,412
Effect of change in accounting policies due to IFRS 9	-	(789)
Balance at the end of the period/year	<u>22,927,684</u>	<u>22,199,744</u>

13.1 The Company's interest in associates are as follows:

	December 31, 2021		June 30, 2021	
	% age Holding	Rs '000	% age Holding	Rs '000
Quoted				
National Refinery Limited - note 13.2	25	9,835,888	25	10,459,427
Attock Petroleum Limited	21.88	9,256,357	21.88	8,347,683
Unquoted				
Attock Gen Limited	30	3,791,876	30	3,351,893
Attock Information Technology Services (Private) Limited	10	43,563	10	40,741
		22,927,684		22,199,744

13.2 Based on valuation analysis, the recoverable amount of investment in NRL exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations are made on discounted cash flow based valuation methodology carried out by an external investment advisor engaged by the Company on annual basis. The latest valuation analysis was carried out for the year ended June 30, 2021.

14. STOCK-IN-TRADE

As at December 31, 2021, stock-in-trade includes stocks carried at net realisable value of Rs 9,657.93 million (June 30, 2021: Rs 5,845.80 million). Adjustments amounting to Rs 547.17 million (June 30, 2021: Rs 379.61 million) have been made to closing inventory to write down stock to net realizable value.

15. TRADE DEBTS - unsecured and considered good

Trade debts includes amounts receivable from associated companies Attock Petroleum Limited Rs 10,887.70 million (June 30, 2021: Rs 7,833.75 million) and Pakistan Oilfields Limited Rs 33.17 million (June 30, 2021: Rs nil).

16. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2021 Rs '000	June 30, 2021 Rs '000
Due from associated companies		
Attock Petroleum Limited	758,384	3,654,893
Attock Information Technology Services (Private) Limited	661	444
Attock Leisure and Management Associates (Private) Limited	84	50
Attock Gen Limited	5,699	2,047
Attock Cement Pakistan Limited	2	-
National Cleaner Production Centre Foundation	1,193	613
Cargas (Private) Limited	49	212
National Refinery Limited	742	10,912
Attock Energy (Private) Limited	339	9
Attock Sahara Foundation	538	466
Staff Pension Fund	31,125	30,632
Income accrued on bank deposits	46,847	26,615
Sales tax refundable	1,529,815	-
Loans, deposits, prepayments and other receivables	426,396	244,095
Loss allowance	(62,952)	(326,746)
	2,738,922	3,644,242

December 31, 2021 Rs '000	June 30, 2021 Rs '000
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17. CASH AND BANK BALANCES

Cash in hand (US \$ 7,393; June 30, 2021: US \$ 7,393)	3,633	2,521
With banks:		
Local currency		
Current accounts	9,575	8,934
Deposit accounts - note 17.1, 17.2 and 17.3	7,030,989	6,894,581
Saving accounts	3,204,399	5,126,315
Foreign Currency		
Saving accounts (US \$ 462,878; June 30, 2021: US \$ 463,573)	81,675	73,059
	10,330,271	12,105,410

17.1 Deposit accounts include Rs 4,030.99 million (June 30, 2021: Rs 3,894.58 million) placed in a 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.

17.2 Balances with banks include Rs 3,000 million (June 30, 2021: Rs 3,000 million) in respect of deposits placed in 30-days interest-bearing account.

17.3 Bank deposits include Rs 1,326.71 million (June 30, 2021: Rs 1,326.71 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

December 31, 2021 Rs '000	December 31, 2020 Rs '000
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17.4 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

Cash and bank balances	10,330,271	8,544,961
Short term financing	(3,000,000)	(1,500,000)
	7,330,271	7,044,961

Three months ended
Six months ended

December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
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18. GROSS SALES
Company

Local sales	65,487,035	43,729,285	121,175,255	90,345,150
Naphtha export sales	177,351	-	283,169	480,701
Reimbursement due from the Government under import parity pricing formula - note 18.1	177,572	-	177,572	-

Subsidiary

Local sales	30,347	26,180	61,878	49,602
	65,872,305	43,755,465	121,697,874	90,875,453

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

19. TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rs '000	Rs '000	Rs '000	Rs '000
Sales tax	4,908,908	6,353,780	11,827,147	13,078,448
Petroleum development levy	3,614,535	10,566,124	4,419,474	21,225,912
Custom duties and other levies - note 19.1	2,559,855	955,393	4,554,963	1,944,511
PMG RON differential - note 19.2	395,653	167,678	665,088	462,295
HSD price differential - note 19.3	275,145	-	415,215	-
	11,754,096	18,042,975	21,881,887	36,711,166

19.1 This includes Rs 4,554.89 million (December 31, 2020: Rs 1,944.38 million) recovered from customers and payable as per Oil and Gas Regulatory Authority directives on account of custom duty on PMG and HSD.

19.2 This represents amount payable as per Oil and Gas Regulatory Authority directives on account of differential between price of PSO's imported 92 RON PMG and 90 RON PMG sold by the Company during the period.

19.3 This represents amount payable as per Oil and Gas Regulatory Authority directives on account of HSD Euro-III and V price differential claim.

20. COST OF SALES	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rs '000	Rs '000	Rs '000	Rs '000
Crude oil consumed - note 20.1	51,353,788	23,576,746	93,742,851	49,533,386
Transportation and handling charges	28,234	25,207	42,508	46,486
Salaries, wages and other benefits	289,310	261,327	558,107	524,935
Chemicals consumed	1,280,171	745,780	2,233,231	1,697,169
Fuel and power	1,940,030	939,709	3,398,353	1,847,612
Repairs and maintenance	93,211	91,912	176,356	151,934
Staff transport and travelling	4,448	3,832	7,698	8,197
Insurance	94,469	82,467	178,578	157,627
Cost of receptacles	5,639	3,448	9,051	10,374
Other operating costs	7,598	7,404	15,031	29,229
Security charges	7,896	6,568	14,132	13,137
Contract services	57,624	58,681	118,545	106,276
Depreciation	645,487	676,404	1,294,337	1,351,983
Cost of goods manufactured	55,807,905	26,479,485	101,788,778	55,478,345
Changes in stock	(3,428,563)	(321,378)	(3,744,794)	(97,412)
	52,379,342	26,158,107	98,043,984	55,380,933

20.1 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.

	Three months ended		Six months ended	
	December 31, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
21. OTHER INCOME				
Income on bank deposits	221,312	120,569	394,508	205,459
Interest on delayed payments	159,899	192,591	270,344	453,940
Handling and service charges	14,993	8,515	39,112	27,021
Rental income	25,533	30,178	57,985	56,650
Exchange gain - (net)	-	143,195	-	196,695
Miscellaneous	6,933	12,700	15,041	18,876
	428,670	507,748	776,990	958,641
22. FINANCE COST				
Exchange loss - (net)	75,718	-	116,994	-
Interest on long term financing	246,921	194,984	439,675	388,385
Interest on short term financing	16,582	1,210	29,785	1,210
Interest on lease liability	48,887	3,923	64,187	7,114
Bank and other charges	180	931	345	1,065
	388,288	201,048	650,986	397,774
23. TAXATION				
Current	322,672	195,696	558,253	413,671
Deferred	101,545	(316,239)	(105,709)	(751,658)
	424,217	(120,543)	452,544	(337,987)
24. NON-REFINERY INCOME				
Share in profit of associated companies [net of impairment reversal/(loss)]	1,340,309	229,877	1,461,495	711,884
Related charges:				
Workers' Profit Participation Fund	(26,672)	-	-	-
Workers' Welfare Fund	4,532	-	14,667	-
Taxation - current and deferred	185,443	27,962	186,119	89,695
	(163,303)	(27,962)	(200,786)	(89,695)
	1,177,006	201,915	1,260,709	622,189
25. OPERATING SEGMENT				

These condensed interim consolidated 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, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
High Speed Diesel	22,437,134	16,390,543	41,760,829	32,774,958
Premier Motor Gasoline	27,209,461	17,964,126	48,369,544	37,476,625
Jet Petroleum	5,247,519	2,379,958	9,693,922	4,568,206
Furnace Fuel Oil	7,426,085	5,112,266	15,552,526	10,939,053
Naphtha	177,351	-	283,169	480,701
Others	3,374,755	1,908,572	6,037,884	4,635,910
	65,872,305	43,755,465	121,697,874	90,875,453
Taxes, duties, levies and price differential	(11,754,096)	(18,042,975)	(21,881,887)	(36,711,166)
	54,118,209	25,712,490	99,815,987	54,164,287

Revenue from four major customers of the Company constitute 94% of total revenue during the six months period ended December 31, 2021 (December 31, 2020: 92%).

26. FAIR VALUE MEASUREMENTS

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 valuer to determine the fair value of the land as at June 30, 2020. The revaluation surplus was credited to consolidated statement of profit or loss and 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, 2021 Rs '000	December 31, 2020 Rs '000	December 31, 2021 Rs '000	December 31, 2020 Rs '000
Sale of goods and services to:				
Associated companies	19,203,305	8,081,544	37,502,585	20,025,750
Holding company	945	5,389	3,454	12,998
Interest income on delayed payments from an associated company	159,899	192,591	270,344	453,940
Purchase of goods and services from:				
Associated companies	6,381,654	2,775,865	11,678,526	5,847,439
Holding company	200,586	81,256	391,971	155,645
Dividend income from:				
Associated companies	733,354	87,092	733,354	87,092
Other related parties:				
Remuneration including benefits and perquisites of Chief Executive Officer and key management personnel	31,769	26,482	64,090	58,518
Honorarium/remuneration to Non-Executive Directors	1,465	1,373	4,913	4,922
Contribution to Workers' Profit Participation Fund	78,238	-	82,031	-
Contribution to Employees' Pension, Gratuity and Provident Funds	24,600	21,175	45,683	44,849

28. GENERAL**28.1 Impact of COVID-19 on the Condensed Interim Consolidated Financial Statements**

The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these consolidated financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these consolidated financial statements.

28.2 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 February 04, 2022.

-Sd-

Syed Asad Abbas
Chief Financial Officer

-Sd-

M. Adil Khattak
Chief Executive Officer

-Sd-

Abdus Sattar
Director