



TRANSFORMING FOR A BRIGHTER FUTURE



Attock Refinery Limited



Contents

Company Overview

- 2 Honors and Achievements
- 4 Vision, Mission & Core Values
- 5 Strategic Plan
- 6 Company Profile
- 9 Accreditation & Certifications
- 10 Series of Firsts & Major Events
- 12 ARL Products
- 14 Board of Directors
- 16 Board Committees
- 18 Company Information
- 20 The Management
- 22 Management Committees
- 23 Organogram
- 24 Health, Safety, Environment & Quality (HSEQ) Policy
- 25 Energy Policy
- 26 Human Resource Policy
- 27 Whistle Blowing Policy
- 28 Code of Conduct for Protection against Harassment at Workplace
- 30 United Nations Global Compact

Chairman's Review & Directors' Report

- 32 Chairman's Review
- 34 Directors' Report

Shareholders' Information

- 56 Financial Statistical Summary
- 58 Financial Highlights of ARL
- 61 Balance Sheet Composition
- 62 Vertical Analysis
- 64 Horizontal Analysis
- 66 Statement of Contribution & Value Addition
- 67 Financial Highlights of AHL
- 68 Pattern of Shareholding

Governance

- 72 Code of Conduct
- 78 Statement of Compliance with the Code of Corporate Governance
- 80 Review Report to the Members

Financial Statements

- 83 Auditors' Report to the Members
- 84 Balance Sheet
- 86 Profit and Loss Account
- 87 Statement of Comprehensive Income
- 88 Cash Flow Statement
- 89 Statement of Changes in Equity
- 90 Notes to the Financial Statements

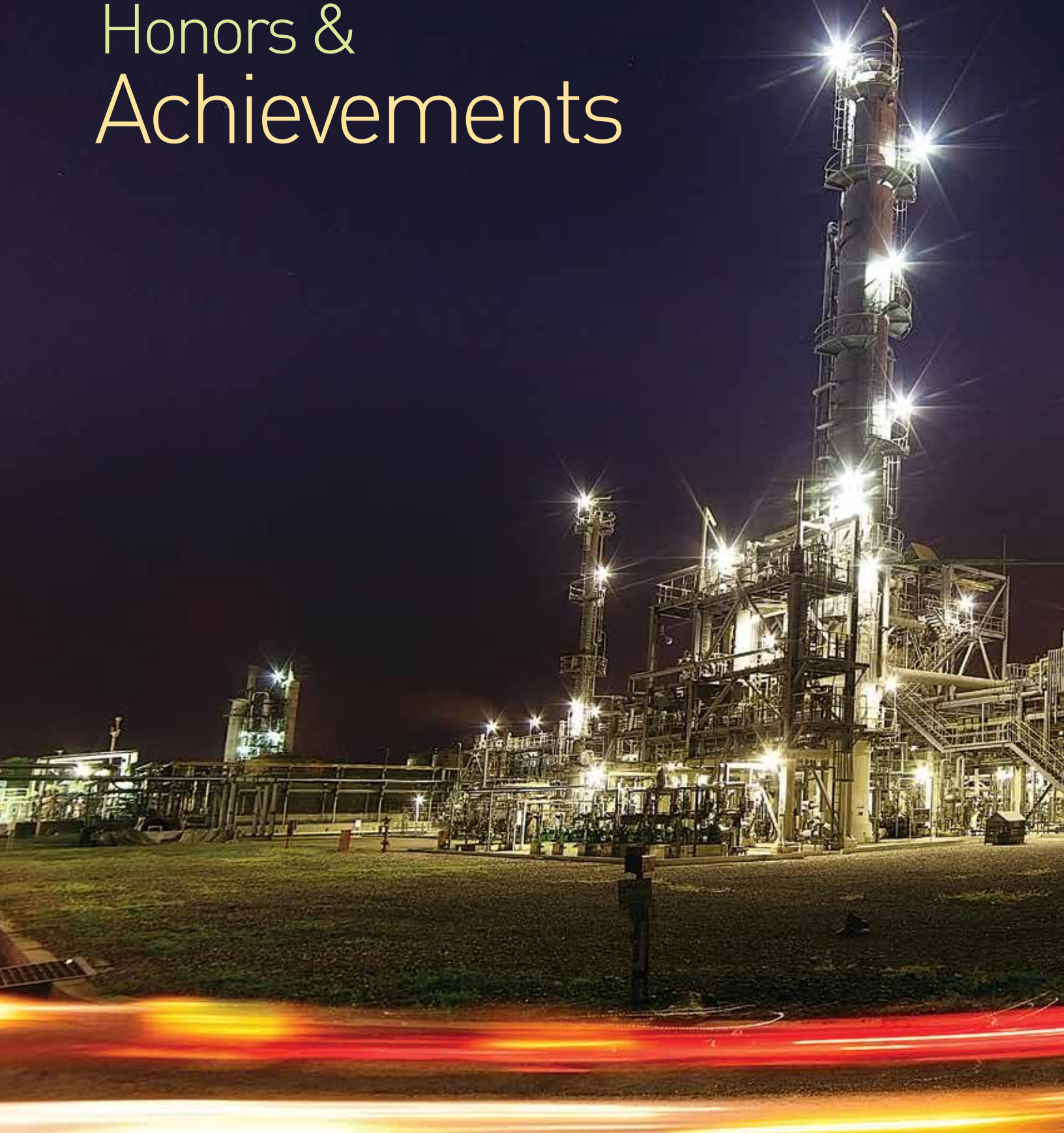
Consolidated Financial Statements

- 127 Auditors' Report to the Members
- 128 Consolidated Balance Sheet
- 130 Consolidated Profit and Loss Account
- 131 Consolidated Statement of Comprehensive Income
- 132 Consolidated Cash Flow Statement
- 133 Consolidated Statement of Changes in Equity
- 134 Notes to the Consolidated Financial Statements

Notice of AGM & Proxy Form

- 173 Notice of Annual General Meeting
- 175 AGM Location Map
- 176 Glossary
- 177 Proxy Form

Honors & Achievements





**Best Sustainability Report
1st Award 2013
(ACCA)**

**EFP OSH&E Award
2nd Prize Shield
2014**

**Best Corporate Report Award 2012
4th Position
(ICAP & ICMA)**

Vision & Mission

Vision

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

Mission

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

Core Values

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

Integrity & Ethics

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

Quality

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

Social Responsibility

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

Learning & Innovation

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

Team Work

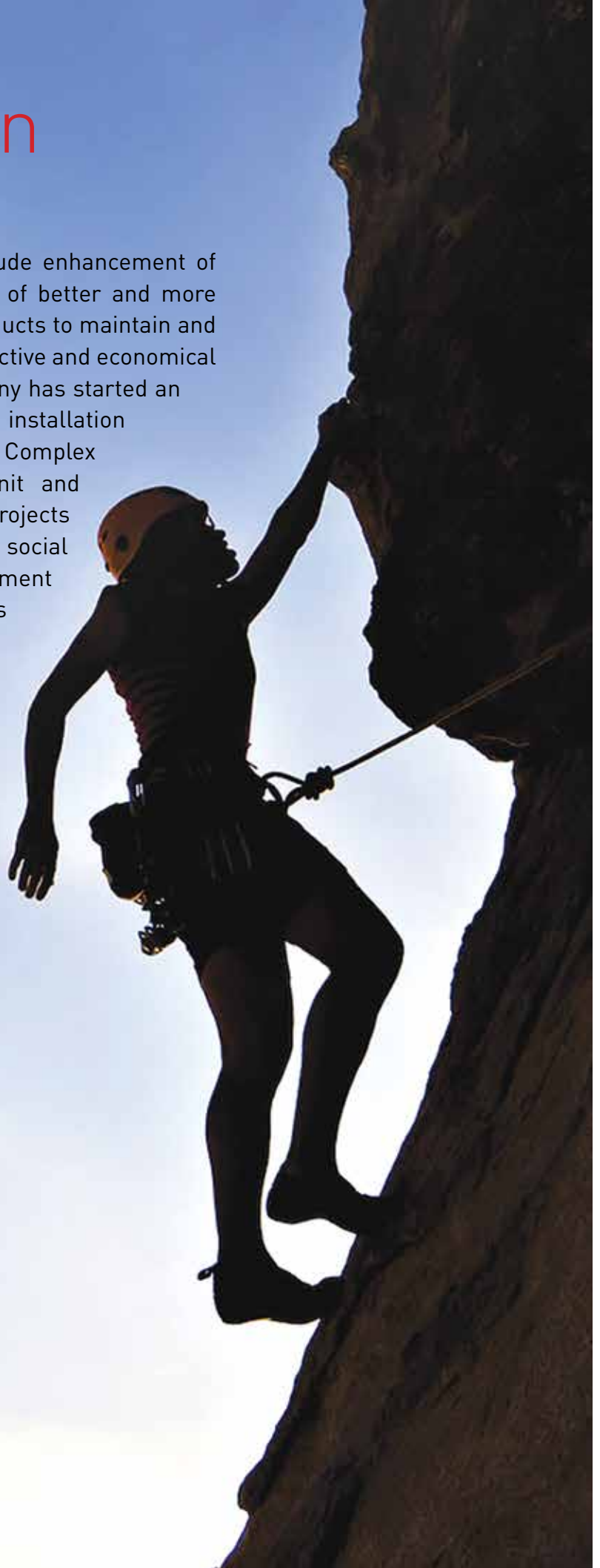
We believe that competent and satisfied people are the Company's heart, muscle and soul. We savour flashes of genius in the organization's life by reinforcing attitude of teamwork and knowledge-sharing based on mutual respect, trust and openness.

Empowerment

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

Strategic Plan

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





Company Profile: Transforming for a brighter future

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

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

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a

rich experience of more than 90 years of successful operations, ARL's plants have been gradually upgraded / replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

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

There were subsequent discoveries of oil at Meyal and Toot (1968). Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd capacity, respectively. Due to their vintage, the old units for lube/wax production, as well as Edeleanu, were closed down in 1986. In 1999, ARL commenced JP-1 pipeline dispatches and in 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned. Another expansion and up gradation project was completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. ARL's current nameplate capacity stands at 43,000 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes.

Entrepreneurial success is fueled by creativity, imagination, bold moves into uncharted waters and visionary zeal.

We, at ARL, are aware of the increasingly challenging times we live in. These challenges have stemmed from the dynamics of deregulation, environmental concerns, economic recession, increasing globalization, and technological breakthroughs. This situation calls for a creative and out of the box solutions.

Our transformation efforts started with the strategic alignment of Company Corporate Vision, Mission and Core Values through a bottom up participative process. With the evolution in HR, employee engagement surveys were conducted all the way through third parties and the outcomes were used as the basis for taking future HR transformations.

The Refinery has gone into major transformation from very small and simpler refining operations to state-of-the-art processing units by means of using advanced technologies and improvement in skill index of its human resource in all spheres of its operations. New standards for efficiency, safety and environment were set-up and have been achieved successfully to help ensure successful continuity of the journey that started 90 years back. The Company is ISO 9001, ISO 14001, OHSAS 18001 certified, ISO/IEC 17025 accredited and is

the first refinery in Pakistan to declare implementation of ISO 50001 (Energy Management System).

In addition to bringing excellence in refining facilities and operations, ARL through a well planned investment strategy has also entered into diversification of its business by investing in non-refining operations thus ensuring the sustainability of the Company for the benefit of all stakeholders.

Automation of different critical processes like state-of-the-art Distributed Control System (DCS) from the pneumatic control system, MAXIMO - Inventory & Maintenance Management Systems, Human Resources Management System (HRMS), ORACLE Financials, Laboratory Information Management System (LIMS), Integrated Management System (IMS), Incident Reporting System (IRS), Permit to Work System (PTW) and Fuel Management System (FMS) are some of the important examples for technological transformations that has taken place in our various spheres of activities during the last decade or so.

Succession planning process was instituted to ensure continuity of management. Performance Improvement Process and Skill Development Program were initiated during the period to enhance staff involvement. Another major initiative was the project of embedding and inculcating the core values in ARL family.

The initiation of learning & innovation conference, as an annual event, proved to be a great facilitator for enhancing learning environment in the Company. Similarly the conduct of Conference by different functional areas was undertaken with a view to share success stories and current trends with the corporate and academic circle and to learn from them; ARL HR Conference, HSEQ Conference, and Turnaround (Maintenance) Conference etc. are examples to quote in this regard.

The revamped processes for induction of staff through statutory apprenticeship schemes/ management trainee programs have resulted into availability of trained manpower for the Company. Suitable resources for internal training have been identified and trained; they are proving to be a long term asset for the

Company Profile: Transforming for a Brighter Future

organization. With the installation of new plants, we are in the process of acquiring a state-of-the-art simulator to ensure quality training facilities for our human resources.

One of the major transformations at ARL is in the area of Health, Safety and Environment (HSE). Concrete measures have been taken to ensure that every employee or contractor at ARL works under the safest possible conditions. It is our firm belief that every effort must be made to avoid accidents, injury to people, damage to property and the environment. As a result of these efforts, significant reduction in Total Accident Incident Frequency (TAIFR) rate as well as Loss Time Injury (LTI) at ARL has been achieved.

Number of initiatives / best practices have been implemented in the area of HSE. All these initiatives have been achieved through a bottom up participative process involving all stakeholders. Our emphasis on safety, environment and quality assurance has enabled us to meet international safety best practices benchmarks as well as compliance to National Environment Quality Standards (NEQS). In recognition of these achievements, ARL has been awarded many prestigious national and international awards.

Benchmarking of British Safety Council (BSC) 5-star environmental rating has been taken up voluntarily. Similarly UN Global Compact Principles have been enacted in our business process. All these steps prove our commitment to reduce the environmental footprint of our processes.

ARL has taken concrete steps for energy management, water preservation, conservation of biodiversity and resource efficiency to demonstrate its seriousness to achieve the ultimate goal of green economy. Implementation of ISO-50001 Energy Management System, Up-gradation of Effluent treatment facilities, water conservation through drip irrigation, waste water re-cycling demonstrate our seriousness for environment and energy.

ARL being pioneer and pace setter in Oil refining sector takes lead once again by adopting the economy of sustainable development the green economy; to grow in a way benefits not sacrifices the environment, social justice and equity.

ARL Sustainability Report, which sets out how the Company manages its environmental and social impacts and illustrates the work being undertaken internally and externally to achieve its sustainability goals, is a good example for others to emulate.

ARL's current Expansion / Up-gradation Projects comprises of Preflash Unit, Naphtha Isomerization unit, Diesel Hydro Desulphurization (DHDS) Unit and expansion of existing Captive Power Plant. This would increase refinery capacity by 10,400 bpd, environment friendly motor gasoline production would increase by 20,000 Tons per month and would enable ARL to produce Euro II compliant low sulfur diesel. This would also result in expansion of captive power plant by 18 Mega Watt. All these projects are expected to be completed by September 2015.

ARL has always believed in working as part of the community and all CSR activities cover as wide spectrum including environment, health care, development of women skills, income generation, poverty alleviation, HRD, education, promotion of sports or conservation of biodiversity industry – academia linkages.



ACCREDITATION & CERTIFICATIONS



ISO-9001: 2008
QUALITY
MANAGEMENT
SYSTEM



ISO-14001 : 2004
ENVIRONMENTAL
MANAGEMENT SYSTEM



OHSAS-18001 : 2007
OCCUPATIONAL HEALTH
AND SAFETY ASSESSMENT
SERIES



ISO/IEC-17025 : 2005
LABORATORY
MANAGEMENT SYSTEM

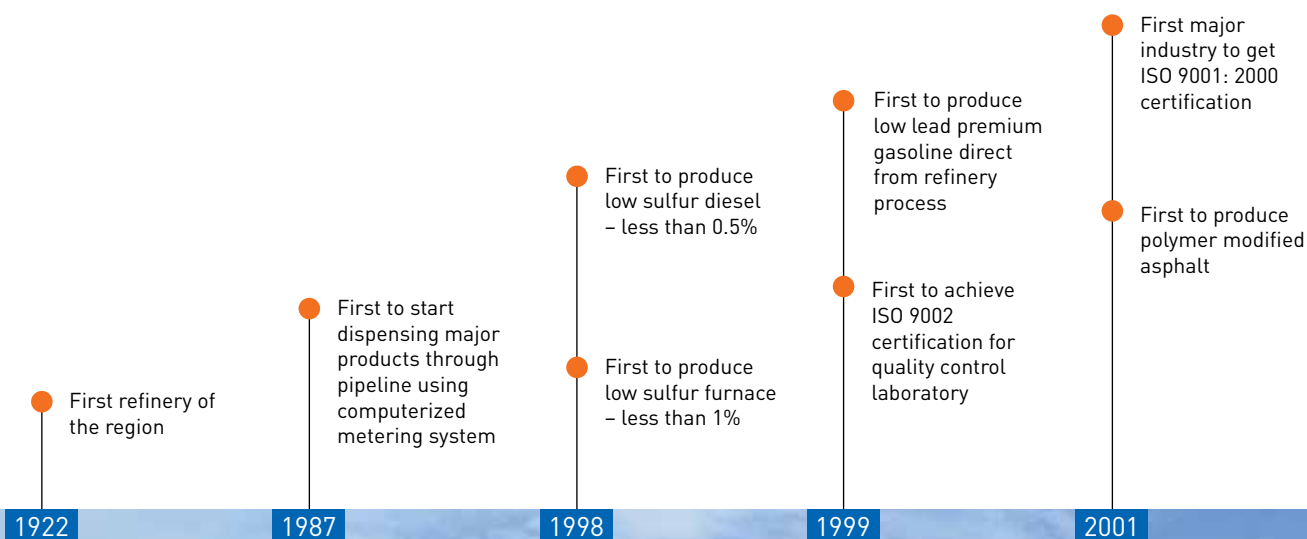
IMPLEMENTED AT ARL

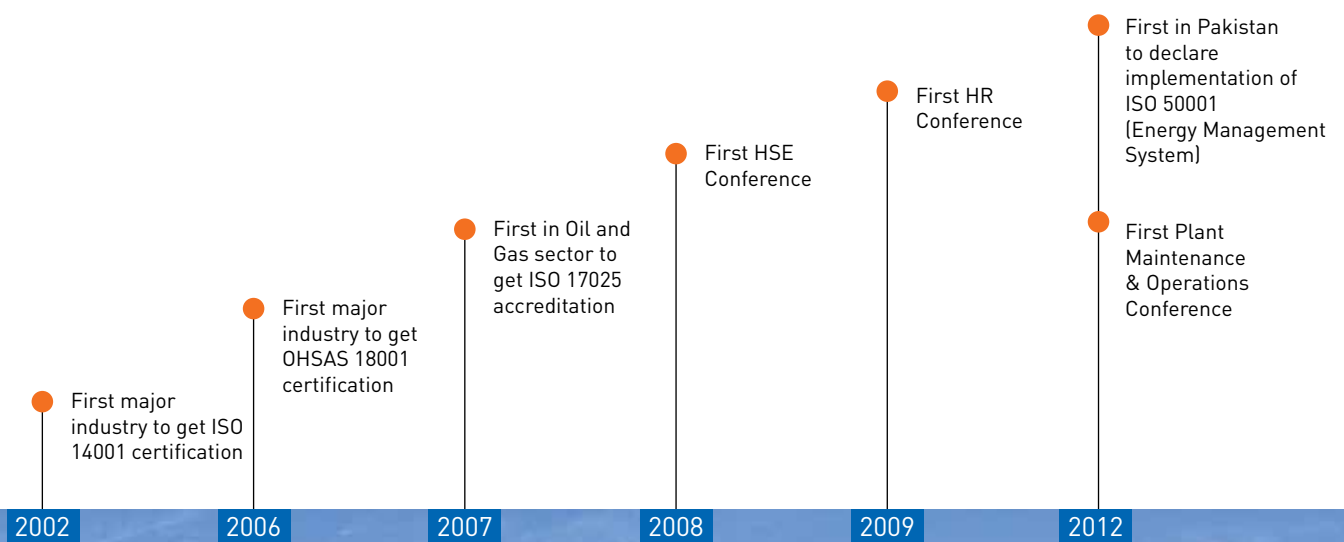
ISO 50001

Energy Management System



Series of Firsts & Major Events







ARL Products

LIQUEFIED PETROLEUM GAS (LPG)

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

SOLVENT OIL

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

NAPHTHA

Number of flammable liquid mixtures of hydrocarbons i.e. a component of natural gas condensate or a distillation product. ARL produce color less naphtha of export quality and is exporting the same reserving foreign exchange for the country.

PREMIUM MOTOR GASOLINE (PMG)

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

MINERAL TURPENTINE TAR (MTT)

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

JET FUEL

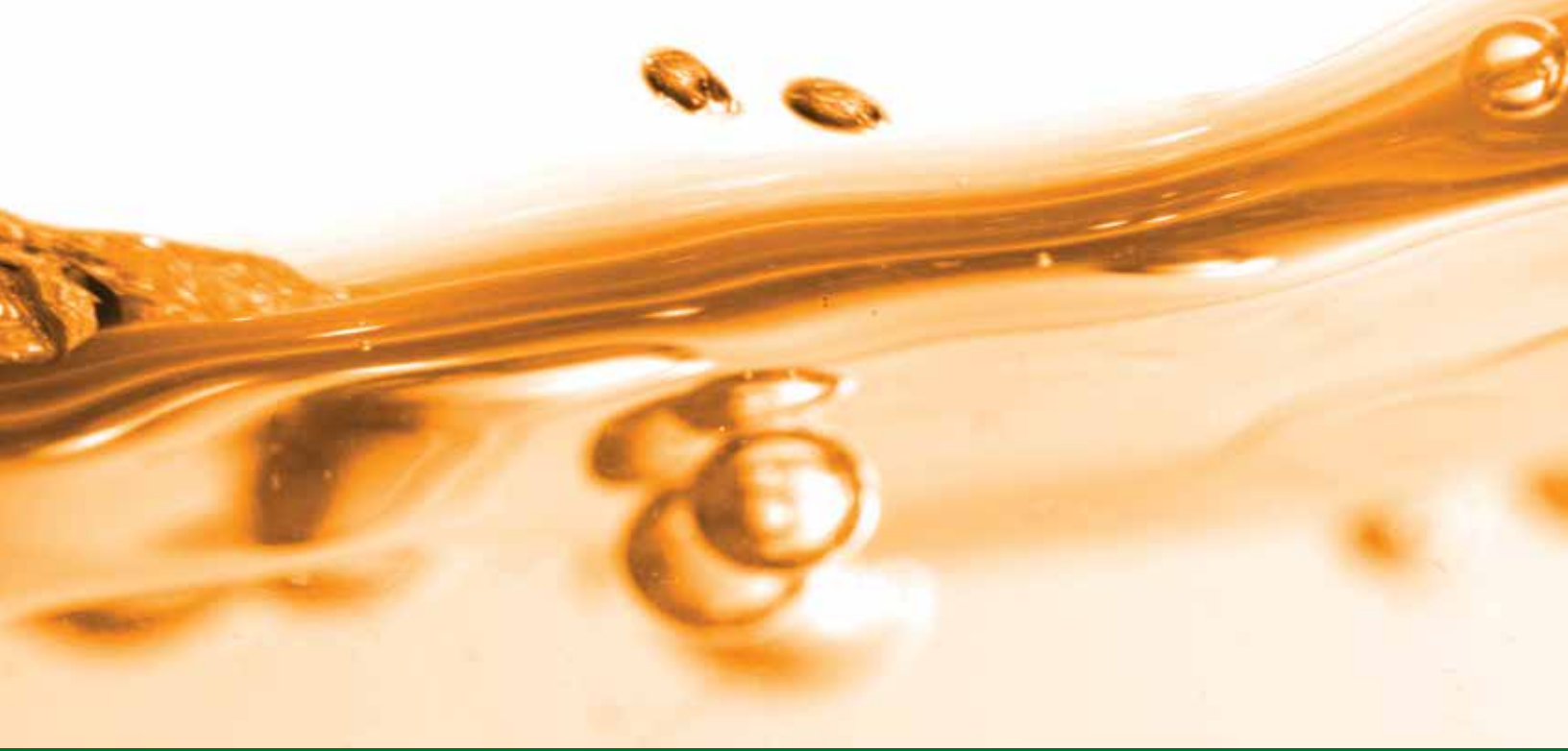
ARL producing Jet fuel, a type of aviation fuel designed for use in aircraft powered by gas-turbine engines. It is clear to straw-colored in appearance. JP-1 is provided to PSO, Shell and JP-8 to Pakistan Air Force.

KEROSENE OIL

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

HIGH SPEED DIESEL (HSD)

HSD produced by ARL is used as a fuel for high speed diesel engines like buses, lorries, generating sets, locomotives etc. Gas turbine requiring distillate fuels normally make use of HSD as fuel.



LIGHT DIESEL OIL (LDO)

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

JUTE BATCHING OIL (JBO)

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

FURNACE FUEL OIL (FFO)

ARL supplies Furnace Fuel oil which is commercial heating oil for burner; it is also used in power plants. Major portion of this fuel is supplied to IPP's for the production of Electricity.

RESIDUAL FURNACE FUEL OIL (RFO)

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

CUTBACK ASPHALTS

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

POLYMER MODIFIED BITUMEN (PMB)

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

PAVING GRADE ASPHALTS

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

Board of Directors



Dr. Ghaith R. Pharaon

Non Executive Director
(Chairman Attock Group of Companies)



Mr. Laith G. Pharaon
Non Executive Director



Mr. Wael G. Pharaon
Non Executive Director



Mr. Shuaib A. Malik
Chairman / Non Executive Director &
Alternate Director to Dr. Ghaith R. Pharaon



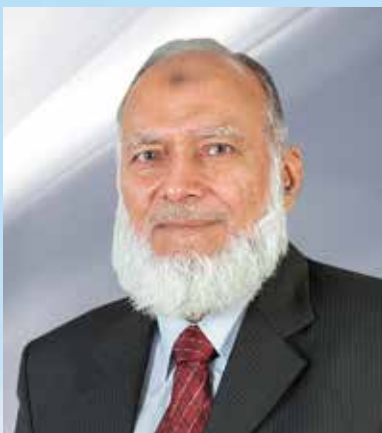
Mr. Abdus Sattar
Non Executive Director



Mr. Munaf Ibrahim
Independent Non Executive Director



Agha Sher Shah (NIT Nominee)
Independent Non Executive Director



Mr. Iqbal A. Khwaja
Alternate Director to Laith G. Pharaon



Mr. Babar Bashir Nawaz
Alternate Director to Wael G. Pharaon



Mr. M. Adil Khattak
Chief Executive Officer

Board Committees

AUDIT COMMITTEE

- Munaf Ibrahim, Chairman
- Abdus Sattar, Member
- Agha Sher Shah, Member
- Babar Bashir Nawaz, Member
(Alternate Director)

Responsibility

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

TECHNICAL & FINANCE COMMITTEE

- Abdus Sattar, Chairman
- Shuaib A. Malik, Member
- Agha Sher Shah, Member
- M. Adil Khattak, Member

Responsibility

To recommend and review key financial matters or technical aspects relating to refinery operations / up gradation etc.

HR & REMUNERATION COMMITTEE

- Shuaib A. Malik, Chairman
- Munaf Ibrahim, Member
- M. Adil Khattak, Member

Responsibility

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

SCHOLARSHIP COMMITTEE

- Dr. Ghaith R. Pharaon, Chairman
- Shuaib A. Malik, Member
- M. Adil Khattak, Member

Responsibility

The Scholarship Committee's primary role is to ensure that the Scholarship Schemes are aligned with the strategic vision and core values of the Company and also accords approval for any revision required in the schemes.



Photograph of the 172nd Board of Directors meeting held in Beirut, Lebanon on August 14, 2014.

Company Information

Chief Executive Officer

M. Adil Khattak

Chief Financial Officer

Syed Asad Abbas (FCA)

Company Secretary

Saif ur Rehman Mirza (FCA)

Bankers

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates
Legal Advisors, Advocates & Solicitors

Share Registrar

THK Associates (Pvt) Limited
2nd Floor,
State Life Building No.3,
Dr. Ziauddin Ahmed Road,
P.O. Box No. 8533,
Karachi-75530

Registered Office

The Refinery Morgah, Rawalpindi
Tel: (051) 5487041-5
Fax: (051) 5487093-94
E-mail : info@arl.com.pk
Website : www.arl.com.pk







The Management

Left to Right

SAIF-UR-REHMAN MIRZA
Company Secretary

MUNIR A. TEMURI
Senior Manager (TS)

ARSHAD HAYEE KHAN
Manager (Plants)

NAYYER AHMED
Manager (OM & U)

KHURRAM JALIL
Senior Manager (Engineering)

EJAZ H. RANDHAWA
DGM (Operations)

M. ADIL KHATTAK
CEO



Left to Right

MALIK MASOOD SADIQ
AGM (C & MM)

SYED ASAD ABBAS
AGM (F & CA)

SALMAN TARIQ
Senior Manager (Maintenance)

M. ALIEMUDDIN
Manager (HSEQ)

ASIF SAEED
Senior Manager (HR & A)

RAJA NADEEM KHALID
Manager (Maintenance)

KHALID MEHMOOD
Manager (P & D)

USMAN ISHAQ RAJA
Deputy Manager (BR & A)

Management Committees

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

Management Committee

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

Value & Ethics Committee

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

Succession Planning and Career Management Committee

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

Econo-Tech. Committee

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

Budget Committee

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

Appraisal Committee

The role of this Committee is to review and propose annual increments and promotions to all management / contract staff in each calendar year. The Committee also proposes areas for improvement for each employee.

Pricing Committee

Responsible for determining prices of deregulated products from time to time.

Central HSE Committee

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

Information Technology Committee

Responsible for automation of processes and systems in line with latest technology.

Risk Management & Strategic Plan Committee

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

Rewards & Recognition Committee

The role of this Committee is to discuss, evaluate and recognize actions / ideas / suggestions and behaviors manifested by an employee or employees, or any significant improvisation being beyond the normal call of duty.

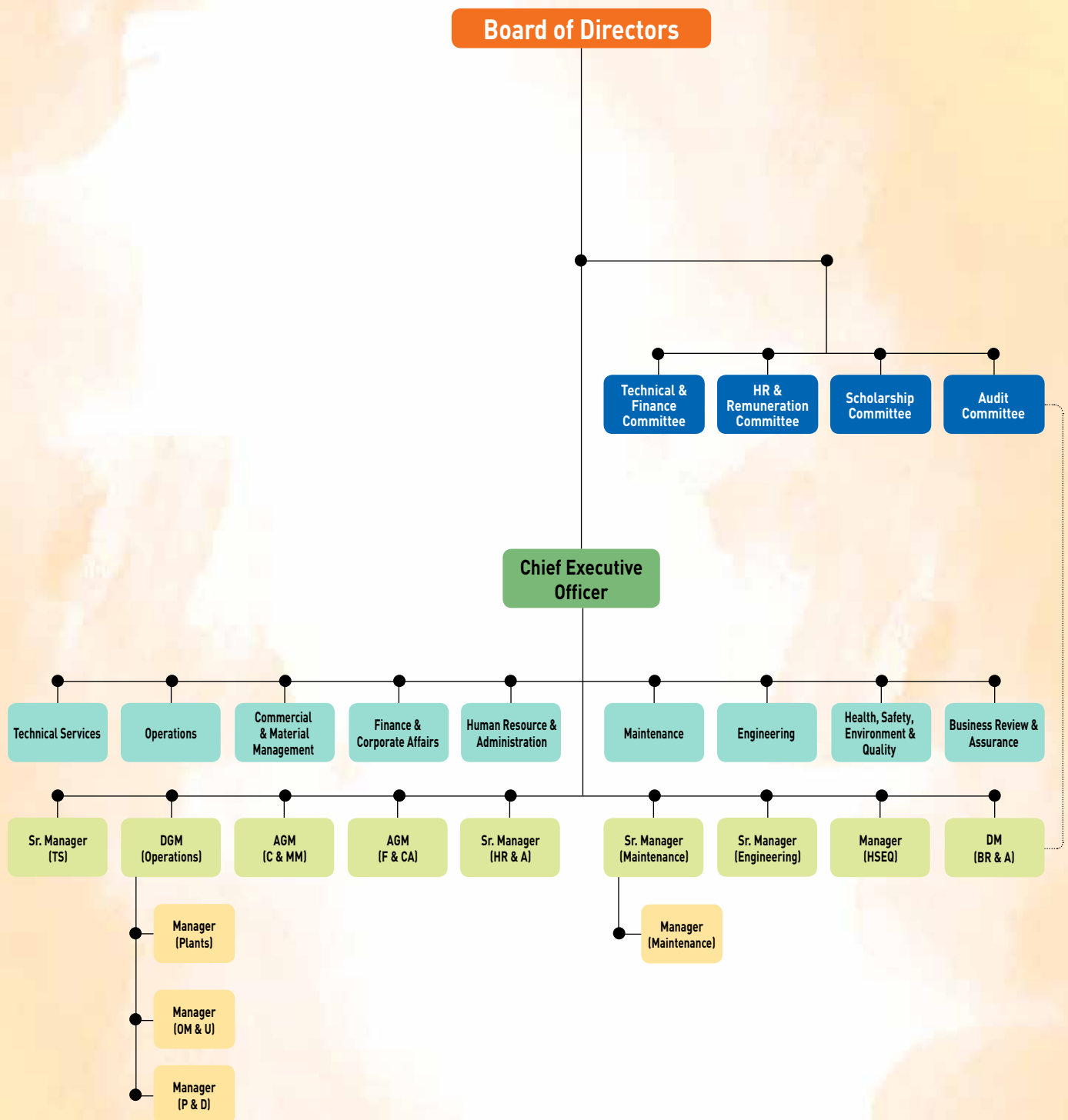
Standing Committee for Gender Justice

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

Training Steering & Scholarship Committee

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

Organogram



— Administrative Reporting

..... Functional Reporting



Health, Safety, Environment & Quality (HSEQ) Policy

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

HEALTH

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

SAFETY

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

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

ENVIRONMENT

ARL is committed to prevent pollution by the efficient use of energy throughout its operations, recycle and reuse of the effluent wherever possible and use of

cost-effective cleaner production techniques that lead to preventive approach for sustainable development.

QUALITY

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

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



Energy Policy

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

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

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

1. USE OF ROBUST, SCIENTIFICALLY SOUND TECHNOLOGY:

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

2. ENERGY MANAGEMENT:

ARL believes in setting realistic targets pertaining to energy efficiency and conservation and review them periodically to ensure sustainable growth.

3. RESPONSIBLE DEVELOPMENT:

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

4. ENERGY CONSERVATION AWARENESS:

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



Human Resource Policy

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

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

Whistle Blowing Policy

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

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

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

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

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



Code of Conduct for Protection against Harassment at WorkPlace

OBJECTIVE:

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

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

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

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

Application:

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

The workplace includes:

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

Explanation:

Definition of Harassment:

For this policy, Harassment is defined as:

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

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

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

Forms of harassment include but not limited to:

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

ROLES AND RESPONSIBILITIES:

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

All staff members are expected to participate in this

endeavor which in turn would strengthen and promote the development of a work environment free from harassment.

The Management is responsible for:

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

RESOLUTION OF HARASSMENT COMPLAINTS:

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

Complaints:

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

NO REPRISAL:

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

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





United Nations Global Compact

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

United Nations Global compact is not a code of conduct, but rather a voluntary call to action that is being taken by more and more businesses throughout the world. It asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

HUMAN RIGHTS

Principle 1:

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

Principle 2:

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

LABOR STANDARDS

Principle 3:

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

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Under take initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10:

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

Communication on Progress

Year: March 2013 to February 2014



Statement of Continued Support

Taking pride in our over 90 years history of socially responsible business conduct, Attock Refinery Limited (ARL) considers economic upliftment, social cohesion, ethical consideration and environmental friendly impact of our activities on various stakeholders as our foremost duty. To achieve this objective, we have been following the triple bottom line approach i.e. people, planet & profits.

We believe in the call of the Global Compact to companies to embrace, support and enact, within their sphere of influence set of these principles, as a noble mission.

At ARL, we have adopted all these principles in our business operations and we believe this Compact an exciting venture that is making real difference by developing a holistic approach for the organizations.

In pursuance of ARL's compliance with the UN Global Compact principles, it is our privilege to confirm that ARL's sustainability attributes are based on five pillars of strength i.e. diversification, competitiveness,

transparency, synchronized community & social responsibility services and environmental protection.

Integrated approach to manage social, environmental and financial issues is a challenging task especially to embark on patrolling of boundaries between legal and illegal, ethical and unethical, right and wrong, fair and unfair, good and poor quality. In order to work within the defined boundaries and eliminate barriers to innovative ideas, ARL business practices are aligned with our deeply embedded core values.

ARL reiterates its resolve to keep no stone unturned to remain a socially responsible company by extending full support to UN Global Compact guiding principles leading to fair business practices all over the world which will ensure sustenance of our success for all times to come.

— Sd —

M. Adil Khattak

Chief Executive Officer

March 10, 2014



Chairman's Review



Shuaib A. Malik
Chairman

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

It gives me great pleasure to welcome you to the 36th Annual General Meeting of the Company and to present annual review of the results of Company's operations and audited financial statements for the financial year ended June 30, 2014.

BUSINESS REVIEW

The year 2013-14 was a difficult year for refinery business. During most part of the year, there was unfavourable movement in prices of products as compared to crude oil prices. Resultantly, on an overall basis, we experienced suppressed gross refiner's margin. Consequently there was decline in profit and the Company earned profit after tax from refinery operations of Rs 696 million as compared to profit of Rs 2,628 million in last year. Despite this difficult situation the Company ensured continuous supply of petroleum products by operating at 100% capacity level.

Your Board's timely decision of making investment in non-refinery business continued to provide strategic support to the Company's operations. Income from non-refinery operations was Rs 1,847 million (June 30, 2013: Rs 1,298 million). This enabled the Company to post profit of Rs 2,543 million (June 30, 2013: Rs 3,926 million).

During the year under review the Government's efforts to strengthen Pak Rupee have remained successful with its multiple positive impacts on economy of the country. The Government's efforts to resolve circular debt issue are also commendable. We look forward for implementation of policy decisions to address root causes for resolution of energy crisis on a long term and permanent basis.

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

As you are aware that in pursuance of its commitment towards refinery up-gradation and expansion, the Company has undertaken ARL Up-gradation Project comprising of a Preflash unit, Naphtha Isomerization unit, Diesel Hydrodesulphurization (DHDS) unit and Expansion of existing Captive Power Plant. With the support and cooperation of all stakeholders, the implementation phase of the Project is overall progressing satisfactorily. The smooth and timely completion of the Project would play a pivotal role in the up-gradation of the refinery and also to economic development of the country.

EMPLOYEE RELATIONS

The relationship of workers and management continues to be cordial and depicts a will to maintain mutual respect, co-existence and growth on the part of both parties. I would like to appreciate the efforts and dedication of the Company's employees and the Collective Bargaining Agent (CBA) which enabled the management to run the Company in a smooth and efficient manner.

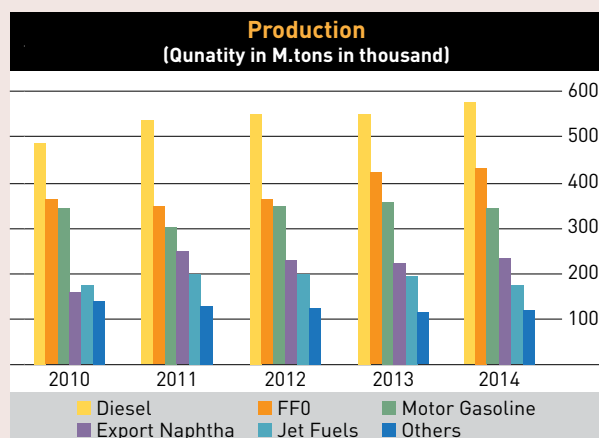
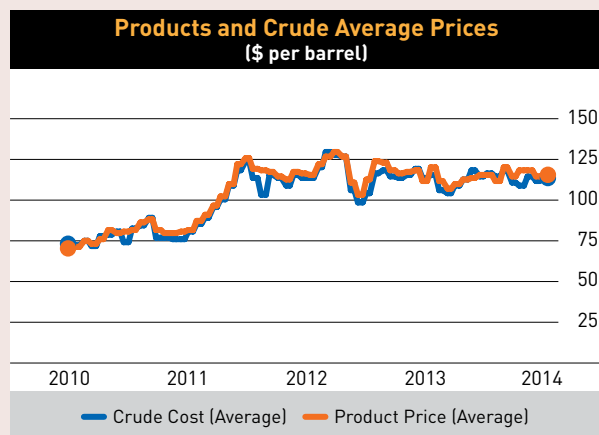
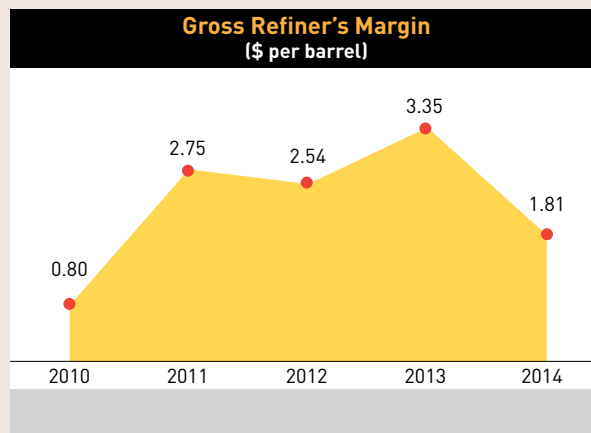
ACKNOWLEDGEMENT

On behalf of the Board, I appreciate the continued support received from the Ministry of Petroleum & Natural Resources and other Government institutions and express gratitude to our valued customers, crude oil suppliers, banks, suppliers and contractors for their continued cooperation.

— Sd —

August 14, 2014
Beirut, Lebanon

Shuaib A. Malik
Chairman



Directors' Report



On behalf of the Board of Directors, I am pleased to present the Company's 36th Annual Report which includes the Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2014.

1. FINANCIAL RESULTS

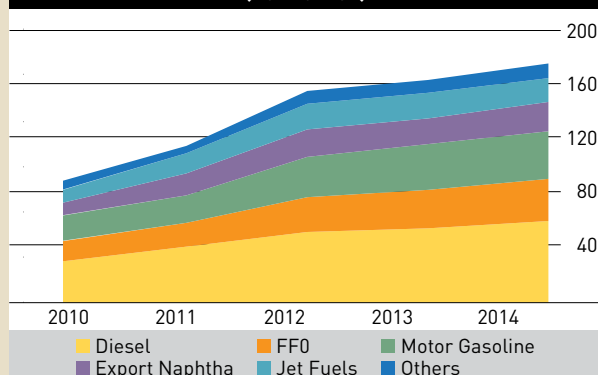
During the year under review, gross refiner's margin (GRM) remained suppressed due to unfavorable fluctuations in international prices of petroleum products and crude oil. The GRM remained under pressure throughout the year and resultantly, the Company's profit after tax declined from last year figure of Rs 2,628 million to Rs 696 million including loss of Rs 437 million from core refining operation.

After accounting for non-refinery income, the Company managed to earn profit after tax of Rs 2,543 million with an EPS of Rs 29.82 per share (June 30, 2013 : Rs 3,926 million and Rs 46.03 respectively).

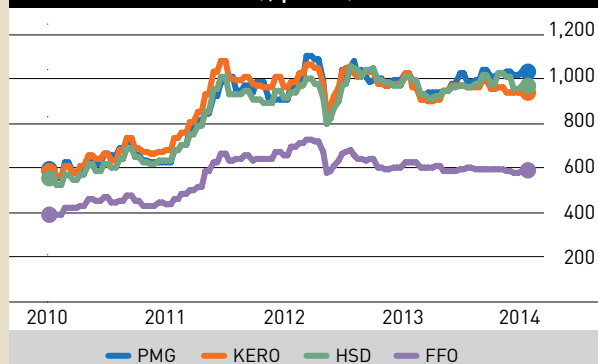
The financial results for the year ended June 30, 2014 are summarized below:

	Rs in million
Profit before taxation from refinery operations	1,327
Less: Provision for taxation	631
Profit after taxation from refinery operations	696
Add: Income from non-refinery operations less applicable charges and taxation	1,847
Profit for the year	2,543

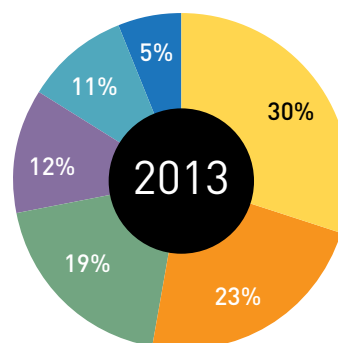
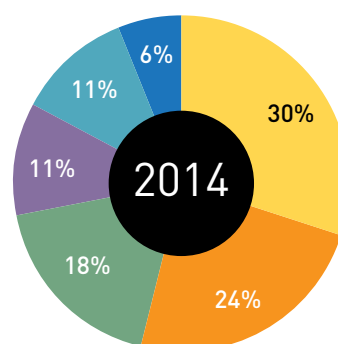
Sales Revenue Composition
(Rs in billion)



Product Prices
(\$ per ton)



Sales Volume Mix
(in Percentage)





Directors' Report

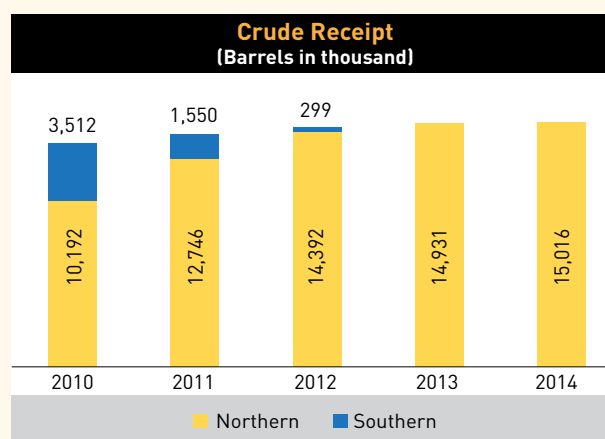
As more fully explained in note 4.3 to the accounts, comparative figures for financial year 2012-13 and 2011-12 have been restated due to retrospective application of IAS 19 "Employees Benefits".

2. PRICING FORMULA

The pricing of the Company's petroleum products is carried out under the Import Parity Pricing Formula. Following are the salient features of the present pricing formula:

- In March 2013 the Government announced Policy Framework for up-gradation and expansion of refineries. With effect from January 1, 2016, subject to the completion of DHDS project, the current 7.5 % deemed duty on High Speed Diesel (HSD) will be enhanced to 9 % which may remain applicable till the envisaged complete deregulation. It may be highlighted that the refineries had originally been allowed 10 % deemed duty on HSD which was subsequently reduced in 2008 to 7.5%. This incentive will support the refineries in undertaking their projects for refinery upgrading and producing EURO-II compliant products. The Policy Framework also requires refineries to deposit on half yearly basis (with final adjustment on annual basis), the amount of profit above 50% accumulated in the special reserve account in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for up-gradation of refineries. Such amounts shall be transferred to the ESCROW account on completion of certain formalities. Further, the refineries have been directed that till completion of the projects, offsetting of losses, if any for the year ended June 30, 2013 or subsequent years will not be allowed against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula.

Out of the Special Reserve of Rs 9,163/- million as at June 30, 2014, the Company has incurred capital expenditure of Rs 9,293/- million on up-gradation and expansion projects since July 1, 1997.



- Effective April 1, 2013 the price differential between entitled local HSD ex-refinery price (Import parity price) and ex-refinery price based on actual Pakistan State Oil (PSO) imports for the period shall be reimbursed by refineries except PARCO, through Inland Freight Equalization Margin (IFEM) mechanism after recovery from oil marketing companies. Refineries are required to deposit the surplus differential arising due to higher PSO import price, in IFEM pool to pass on benefit to consumer through IFEM mechanism being managed by Oil and Gas Regulatory Authority (OGRA).



The refineries have taken up some issues with the Government relating to pricing mechanism for pricing of few products, removal of capping on dividend, and abolishment of turnover tax etc.

3. DIVIDEND

In the light of heavy cash outflows already made by the Company on the ongoing up-gradation project and future commitments in this respect, no dividend is recommended for the year 2013-14 {June 30, 2013: 50% (Interim 25% + final 25%), Rs 5.00 per share}.

4. SHARE CAPITAL

The issued, subscribed and paid up capital of the Company as at June 30, 2014 was Rs 852.93 million. However, under the existing pricing formula, the maximum profits available for distribution from refinery operations cannot exceed an amount equivalent to 50% of paid-up capital of Rs 291.6 million existing on 1st July 2002.



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

Directors' Report



5. REFINERY MANAGEMENT AND OPERATIONS

Despite decline in profits, the Company maintained uninterrupted supplies of petroleum products and still managed to successfully operate the refinery at 100% capacity. The issue of circular debt in the refinery sector has been eased out and we appreciate the Government's efforts in this respect.

The refinery throughput was 15.115 million barrels (June 2013: 14.989 million barrels). Major part of the entire indigenous crude production from the northern region including enhanced production from certain fields was processed at the Refinery.

A total of 15.016 million barrels of crude oil (June 2013: 14.931 million barrels) was received from 43 different oil fields which was successfully processed at various units. Your refinery has the unique capability and distinction of processing varied quality of both heavy and light crude oil produced from fields across the whole country.

All the crude processing units operated smoothly. The Company supplied 1.897 million Tons (June 2013: 1.864 million Tons) of various petroleum products during the year, meeting the standard quality specifications.



6. ONGOING AND FUTURE PROJECTS

6.1 Refinery expansion and up-gradation projects

Being an environmentally cognizant and responsible industrial concern, your Company has undertaken a major up-gradation project. In this respect Engineering, Procurement and Construction (EPCC) Contract was awarded to M/s Hyundai Engineering Co., Ltd Korea in April 2013. The up-gradation project is comprised of following:

- i) **Pre-flash unit:** To cater for the additional crude oil availability in its region, ARL is in the process of installing a state-of-the-art Pre-flash Unit of 10,400 barrels per day at one of its existing distillation unit to enhance the crude refining capacity.
- ii) **Isomerization unit:** The Company is also installing an Isomerization unit of 7,000 barrels per day to produce environmental friendly gasoline and enhance its production by 20,000 Tons per month.
- iii) **Diesel Hydrodesulphurization (DHDS) unit:** The Company is also installing DHDS unit of 12,500 barrels per day to reduce sulphur contents to 500 ppm in High Speed Diesel to meet Euro-II specifications.
- iv) **Expansion of Captive Power Plant:** To cater the energy requirements of the Up-gradation Project, the existing captive power plant is being expanded by 18 Mega Watt (MW).

Basic design of Pre-flash unit and Isomerization/DHDS units were carried out by M/s CB&I USA and M/s UOP USA respectively whereas the basic design of utilities and off-sites was carried out by M/s ENAR Petrotech Services Pakistan.

The overall cost of this Up-gradation Project is around US\$ 251 million. The Project is financed in the debt equity ratio of 80:20. Long term loan of Rs 22 billion has been arranged through a consortium of local banks.

Shipment of imported material is in progress. Civil construction activities regarding equipment foundations and mechanical works including placement of equipment, erection of pipe racks and underground piping at site are in progress. We had advised the EPCC contractor for necessary mitigating efforts to ensure completion of project by September 2015.

6.2 OTHER PROJECTS - Effluent Treatment Plant Phase-II

ARL has always targeted to go beyond just meeting the minimum requirements of the National Environmental Quality Standards (NEQS). In the same spirit, Phase-II of Effluent Treatment Plant (ETP) was initiated in year 2012 was awarded to a Malaysian based company "Pollution Engineering" to upgrade the existing primary treatment facilities and install secondary treatment technologies. The Phase-II mainly consisted of addition of another

Directors' Report



higher capacity Dissolved Air Flotation unit for removal of Total Suspended Solids, Oil & Grease and Biological treatment plant for reduction of Chemical Oxygen Demand and Biological Oxygen Demand, along with modifications to the existing API separators to improve their oil removal efficiency. The unit was successfully commissioned in June 2014. ARL will now have more possibilities to improve conservation of water by beneficial re-use of the treated water.

7. BUSINESS PROCESS RE-ENGINEERING, RESEARCH & DEVELOPMENT

The Company remained engaged in efforts to improve process and administrative efficiency through various activities of business process re-engineering and review to further improve its product quality and slate and simultaneously boost production efficiencies. Major efforts in this direction are outlined below:

- Throughput of 41,410 BPCD was achieved in line with the targeted operational plans.
- During the year, the highest throughput of 45,622 BPD was achieved on December 27, 2013. The ever highest throughput remained 47,214 BPD which was achieved on March 14, 2013.
- Yearly Diesel production increased to 576,595 tons (2013: 553,530 tons). This has been achieved as result of availability of improved crude quality and optimized blending.
- The highest Crude Receipt during the year was 54,340 BBLS on November 18, 2013. The ever highest crude receipt remained 58,873 BBLS which was achieved on October 12, 2002.
- Reformer Hydrotreater catalyst screening activity was successfully carried out in December, 2013.
- In-house HAZOP study was successfully conducted for Reformer plant.
- Planned structured training was conducted for newly hired engineers and apprentices for refinery expansion project.
- Annual turnaround of Lummus plant was carried out safely and refractory replacement of vacuum heater was also completed.
- Kerosine Merox catalyst impregnation was successfully carried out in January 2014.
- Naphtha Merox reactor was refurbished by replacing exhausted charcoal with new one. New catalyst was impregnated on this charcoal.
- New release of Distributed Control System (DCS) at HBU-I & HBU-II plants was installed.
- Burner Management System (BMS) on remaining two Fire tube boilers was also installed. Blast resistant wall in front of Boiler House Control room was constructed for improved safety measures.

- The hardware and software of Supervisory infrastructure of Distribution Control System (DCS) of Howe Baker Units (HBUs) has been successfully up-graded with latest branded machines to ensure reliable and smooth operations of plants.
- The system at boiler No. 2 and 3 has been up-graded from old relay system to Programmable Logic Control (PLC) based system. The new system will shift the Regulatory control and Data acquisition including auxiliaries with fully proven state-of-the-art system. This will improve the operational safety, enhance boilers efficiency and facilitate fault diagnosis.
- Flow computers at Product Metering Station and Crude Metering Station for custody transfer of petroleum products and receiving crude oil respectively have been upgraded with 2nd generation state-of-the-art flow computers. This equipment has advance features such as customized reports that can be used for oil accounting, soft totalizer and Ethernet interface.
- A new Biometric based attendance system has been installed and made live from July 1, 2014 in General office and Inside refinery area. In addition to this web based customized dashboards and reports have been developed.
- A web based transmittal tracking has been developed and implemented for managing and Tracking of transmittals received from vendor. Workflows, E-mail intimations, dashboards and smart reports are the main features of this system.
- Oracle based E-taxation has been introduced for federal excise duty, petroleum levies and sales tax. Calculation of these duties is integrated with dispatch and Pricing modules.
- Crude blend charged at unit producing JP-1 was optimized along with fine-tuning of operating parameters at the plant to achieve optimum JP-1 yield.
- In order to process Light Sour Crude blend of very low specific gravity at Lummus Unit, simulation of the unit on process software was carried out to determine optimum operating parameters for safe plant operation. The unit was run successfully on the recommended parameters.





8. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is one of the core values of the Company. The Company has a long history of carrying out its obligations as a responsible corporate citizen and meeting its responsibility with respect to protection and promotion of interest of its customers, employees, shareholders, communities and environment in all aspects of its operations.

Various activities conducted in this area are enumerated below:

8.1 Corporate Philanthropy

- i) The Company has traditionally been patronizing limited maintenance of parks and sports facilities in the near vicinity of the Company. In this connection it reimburses limited quantities of fuel for consumption in appliances employed for their upkeep. The cost of such fuel reimbursed during the year amounted to Rs 2.02 million.
- ii) In order to provide financial assistance to a special school for hearing impaired children and for helping disabled women, the Company has made donation to a NGO, Pak Darakhshan. Darakhshan is one of the four programs of Pakistan Foundation Fighting Blindness (PFFB). The annual expenditure incurred was Rs 0.59 million.

8.2 Energy Conservation

The Company continues with its internal programme to conserve energy by creating awareness among its employees. For this purpose, employees are encouraged to avoid unnecessary consumption of electricity, gas and water to save these precious national resources when the country is facing a crisis in meeting the demand for these utilities. Additionally, a number of initiatives have been taken to optimize energy consumption in the refinery by introducing fuel efficient processes. Further public awareness programmes are also conducted on the subject. In this connection your Company has also implemented Energy Management System ISO 50001-2011. This has



helped ARL in improving energy performance with optimum energy consumption.

8.3 Health, Safety, Environment and Protection Measures

In line with the Health, Safety, Environment and Quality (HSEQ) policy of the Company which emphasizes on achieving and maintaining high standard of health, safety and environment, your Company is committed to protect the environment and to ensure the health and safety of its employees, contractors and customers and work for the continual improvement of HSEQ Management Systems.

In this direction the Company conducted following activities and programs:

i) Observance of International Days and other Events

ARL always takes pride to be part of all those events which are being celebrated worldwide to recognize the importance of those events.

Following days were celebrated in collaboration of National Cleaner Production Centre Foundation (NCPC) to help create awareness among the employees and in the adjacent localities for the respective cause:

- World Environment Day

The event was celebrated on June 5, 2014 at Refinery premises. The 2014 theme for World Environment Day was 'Small Islands and Climate Change'; the official slogan for the year 2014 was "Raise Your Voice Not the Sea Level".

- World Biodiversity Day

World Biodiversity day was celebrated in collaboration with NCPC, Environment Protection Agency (EPA-Punjab) and Fatima Jinnah Women University Rawalpindi on Wednesday, May 22, 2014. The theme of the day was "Island Biodiversity." Presentations for student's awareness about importance of biodiversity were delivered by the experts and research scholars.

Directors' Report



- **Energy week, Safety Week and World OHS Day**

It is the tradition at ARL to celebrate Safety and Energy week every year. In this connection ARL planned and celebrated Energy Week (21- 24 January, 2014), Safety Week (April 28-May 02, 2014) and the World OHS day (April 28, 2013) this year. The reason of these celebrations is to motivate employees and make them safety conscious, renew their commitment towards safety and health at workplace, achieve greater participation of the employees in managing environmental issues and conservation of energy.

- **Tree plantation**

Tree plantation campaign was held on March 05, 2014 at Morgah Biodiversity Park. Various indigenous tree species along with citrus and other fruit plants were planted at the occasion. Tree saplings are also being donated to various educational institutions and local communities to enhance the vegetation cover and improve the environmental conditions in the surrounding communities.

ii) **Process Safety Management**

Process Safety Management focuses on preventing fires, explosions and accidental chemical (hydrocarbons) releases in process and outside process areas. The effective technique to identify and control the hazards at Process units is HAZOP (Hazards and Operability Study).

This year Hazop studies of three plants (Lummus, Reformer, HBU-I) have been successfully completed and study of two other plants (HCU & HBU II) is under progress. This activity will provide an opportunity to control the unmitigated risks and make ARL a safer work place for personnel besides preventing the accidents, property damage etc.

iii) **Best Environmental Practice Adoption Approach**

ARL Environmental management policy includes complying with regulatory requirements and reducing environmental burden. The Company



has shown strong commitment by establishing and upholding high environmental standards while at the same time pursuing capabilities and expertise towards softening impact of our industrial activities on communities and natural environment.

The company has taken one step forward towards achieving excellence in Environmental Management Systems by following British Safety Council 5-star Environmental Rating program guidelines at ARL for adopting best practices.

iv) **Morgah Biodiversity Park**

The Company continues to support the Morgah Biodiversity Park which provides a healthy environment, entertainment and education to the visiting community. This Park had been sponsored by the Company in collaboration with UNESCAP for conservation of biodiversity of the Potohar Region.

8.4 **Community Investment and Welfare Schemes**

- i) ARL is providing several community services for the welfare of the surrounding population living in the vicinity of the Refinery. These include provision of electricity, water and gas facilities to schools and mosques and limited maintenance services for these buildings. The

Company has also provided well maintained sports grounds for hockey and cricket alongwith other sports facilities. The total expenditure on such activities amounted to over Rs 2.84 million.

- ii) In collaboration with the Government of Punjab, ARL arranged Dengue awareness Seminars during the months of August, October and November 2013. A large number of Company staff went through this process. This awareness campaign proved to be highly successful as most of our staff members are now fully aware of this looming danger and they know the ways to avoid this menace and to tackle its harmful impact.

- iii) Attock Sahara Foundation (ASF) arranged a colorful Meena Bazaar at McCarthy Park of Attock Refinery Limited on Sunday March 30, 2014 with the objective to raise funds for assistance of the poor. Funds so generated are spent on health, education, skill development, income generation and women development activities. ASF has also established Zakat and Marriage Support fund. This amount is distributed to deserving widows, orphans and poor people of the surrounding areas.

8.5 **Welfare Spending for Under-Privileged Classes**

- i) Attock Sahara Foundation (ASF), Company's sponsored NGO, is playing a vital role in uplifting

Directors' Report

the economic conditions of the surrounding communities through various welfare activities. These included vocational training, computer classes, financial and dowry assistance, medical assistance through Poor Patient Fund, elementary education etc. Such activities are carried out by ASF on a self financing basis by generating funds through fund raising activities. ASF's annual expenditure is over Rs 12.35 million. The Company provides organizational support in administration, finance and routine operations of ASF.

- ii) ARL is also providing education allowance for orphan children and free provision of electricity, gas and water for a period of 5 years in respect of deceased employees of the Company. Moreover, disabled children of Company's workers are also provided with children disability assistance allowance. The total annual expenditure on this account amounted to Rs 0.93 million.
- iii) Being a socially responsible organization ARL in collaboration with Attock Hospital (Pvt) Ltd, Attock Sahara Foundation (ASF) arranged free medical camp for the surrounding areas of Morgah and Kotha Kalan. The objective of setting up this free medical camp was to provide quality healthcare facilities to the poor and needy community of Union Councils Morgah and Kotha Kalan and surrounding areas. Medical officers, medical specialist, gynaecologist & skin specialist were available at the camp; more than 1200 people got medical checkup by the doctors and specialists. They were given free medicines. Approximate cost of medicine distributed to the patients at this camp was Rs 100,000.
- iv) A Blood Donation Camp was also conducted in collaboration with Attock Hospital Pvt. Limited (AHL) and Armed Forces Institute of Transfusion (AFIT) at Morgah, Rawalpindi on June 17 & 18, 2014. Management team led the campaign by donating blood themselves first. Large number of staff members from the Company enthusiastically volunteered for this noble cause

showing commitment to our core value of Social Responsibility.

8.6 Industrial Relations / Workers Welfare

The Company believes in maintaining cordial industrial relations with its employees and their Collective Bargaining Agent (CBA) and is always taking measures towards the employees' welfare. The Company provides subsidized food through its dining facilities, subsidized flour on monthly basis, school and college pick / drop for employees' children, quarterly / annual awards for good performance and long service awards and sports and entertainment facilities. Hajj and Umra facility is also provided to eight (8) Muslim workers annually. The Company provides financial support also to Non-Muslims employees to facilitate their visit to holy places.

The total cost incurred in this connection amounted to over Rs 26.42 million.

8.7 Employment of Special Persons

In order to provide employment opportunities to special persons and to provide them a chance to earn respectable living thus making them useful members of the society. The Company has allocated a quota for such persons and ensures that it keeps under employment the allocated numbers. Emoluments to the tune of Rs 3.94 million were paid to such workers.

8.8 Business Ethics and Anti-Corruption Measures

Your Company voluntarily adopted the ten principles of United Nations Global Compact (UNGC) during 2008 and since then is fully complying with such standards in our business practices in letter and spirit. ARL is also monitoring the ethical conduct of its business and its employees and any case of violation is referred to an Ethics Committee constituted for this purpose.

ARL Code of Conduct is a testament to the Company's commitment to ethical and transparent business practices.

To ensure that there is no discrimination on account of gender the Company not only provides equal opportunity for employment but has also set up a special committee on Gender Justice that ensures that any grievance or complaint of harassment is promptly addressed.

8.9 Rural Development

The Company's refinery and colony is located in the areas adjoining the two Union Councils i.e. Morgah and Kotha Kalan. The Company is paying an annual contribution of Rs 75,000 to the two Union Councils as contribution towards their development expenditure which is shared equally with another associated company.

8.10 Other CSR Activities

- The 65th Annual Flower and Vegetable Show of Morgah Club, Attock Oil Group of Companies was held on Thursday, April 10, 2014. Mr. Shahid Khaqan Abbasi, Honorable Federal Minister for Petroleum & Natural Resources was the Chief Guest on the occasion. He appreciated the flower exhibits and the beautiful gardens which he visited and praised the Attock Group of Companies for their persistence in carrying forward the healthy tradition of arranging the Annual Flower Show for the last so many years. The Chief Guest appreciated the fact that Attock Group is pursuing excellence in Oil business as well as in the environmental issues. The Minister also commended other Corporate Social Responsibility initiatives of the Attock Group.
- The Company is not oblivious of the fact that the talented children of our employees need considerable support and encouragement in these difficult times. ARL management offers scholarships from class 1 to PhD to employees' children. During the year 13 scholarships were awarded to 59 students at different levels. Similarly 31 bright students amongst employees' children who got excellent marks in their Secondary and Higher Secondary Board exams were encouraged through token gifts. The Company has incurred an annual cost of Rs 2.02 million on these scholarships.



Directors' Report



- The Company is also operating an extensive management training programme whereby fresh graduates from different disciplines are provided 1 to 2 years training opportunity to enable them to get practical on hand experience. The Company is also operating an apprenticeship programme under Government of Punjab apprenticeship scheme. Further, summer internships are also offered to students from various academic institutions. The annual expenditure on these training schemes amounts to over Rs 30.72 million.
- Annual Sports Day is a regular feature at ARL. The Company provides all kinds of opportunities to the employees to keep them physically and mentally fit. A large number of employees take part in these games every year.

8.11 Contribution to the National Economy

Attock Refinery Limited being the only refinery located in the Northern Region of Pakistan continues to hold a very strategic position. Due to its strategic location the Refinery is playing a pivotal role in the oil and energy sector. The contributions made by the Company to the national economy are outlined below:

- Providing an outlet to country's indigenous production of crude oil and more particularly from the Northern Region. Crude oil is received from more than 43 oilfields spread over the country.
- Meeting the petroleum products demand of both the civil and defense sectors.
- Increasing the production of value added deficit product i.e. high speed diesel (HSD) thereby further saving valuable foreign exchange required for its import.
- Generation of Government duties and taxes in the form of excise duty, petroleum development levy and sales tax on sale of petroleum products.
- Deployment of a large transportation fleet for crude oil and products movement.
- Employment and work opportunities.

The Company's annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 39 billion. Further, foreign exchange savings of US \$ 188 million were achieved through import substitution and exports.

9. HUMAN RESOURCE DEVELOPMENT

Your Company considers its human resource as the most valuable asset and remains committed to ensuring that all employees are treated with dignity and respect and that the working environment is one where each employee's contribution is recognized and valued. Various steps taken by the Company for the development of its human resource capital are outlined below:

9.1 Employee Development and Training

Training and development plays a vital role in molding employees for current as well as future organizational requirements. Since we consider our human resource as the prime resource, we continuously endeavor to ensure systematic enhancement of their technical and managerial competence through well rounded training and development. Training plan forms a part of our performance management strategy and is formulated on the basis of training need assessment, staff career plans, succession plan and other organizational requirements.

9.2 Performance Awards

With a view to encourage staff in attaining their optimum level of performance ARL organized "Man of Quarter" ceremony where the star performers of all departments were recognized through commemorative shields and cash awards. These performance awards have been prompting a great impetus to employees' efforts towards high performance over the years.

9.3 Safety Awards

Workers' safety and process safety are given prime importance at ARL as we consider our workers and employees as our prime asset. In order to inculcate a sense of safety

consciousness in our employees and workers, the Company holds Safety Awards ceremonies on quarterly basis. Such awards are given to those workers who set high standards of safety consciousness in their normal working. This process has helped a lot in maintenance of safety culture in the Company.

To create a sense of positive competition among departments, a Quarterly Safe-Man-Hours Trophy is awarded to a department for taking concrete measures to ensure safe working environment including safe man-hours. This has considerably boosted our efforts to engage all levels of staff in exhibiting even more safety consciousness. Similarly, Safety Week was celebrated and Safety Walks held to strengthen safety culture in the Company.

9.4 House Keeping Awards

Cleanliness and tidiness is promoted in the organization through conduct of Housekeeping competitions on quarterly basis. The company discourages poor housekeeping and considers it as one of the prime contributing factors that affect productivity as well as workers' safety. Employees show considerable enthusiasm in such competitions. These Housekeeping competitions are playing a significant role in molding the positive safety attitude of employees.

10. ORGANIZATION DEVELOPMENT

Following efforts have been made to ensure organizational development:

10.1 Succession Management

In line with our policy of Management Development, the Succession Management Project is one of ARL's major HR initiatives. The main objective for introducing a formal Succession Management was to ensure leadership and management continuity throughout the Company. It ensures that replacements have been prepared to fill key vacancies on short notice, and that individuals have the development capacity to assume

Directors' Report



greater responsibilities and exercise increased technical proficiency and expanded management role in their work.

The process has been implemented in two phases and executed in line with the international best practices. By using our in house resources we have been able to save substantial amount which otherwise would have been incurred on hiring a consultant for the purpose.

10.2 Cultivation of Learning Culture

ARL, in pursuance of its core value of 'Learning & Innovation' has been promoting a learning culture within and outside the Company, as we consider it as a catalyst for our future success. Over the years, number of international publications by our employees has been on the rise. To provide a platform for knowledge sharing the conduct of conferences has become an established norm at ARL; we have uptill now conducted three HR Conferences, two HSEQ Conferences, and two Plant Maintenance & Operation Conferences. On the other hand, a very well thought out training & development program is being pursued for ARL employees. Now we have put extra impetus on grooming of internal trainers and an upgraded technical skills development initiative has been rolled out with considerable success in its first year. Further details are as follow:

i) HR Conference "HR Way forward" 2014

Attock Refinery Limited (ARL) management firmly believes that human resource is a key strategic asset for attaining sustained competitive business advantage. In pursuance of its commitment to wholesome development of Human Capital, ARL has been providing a knowledge sharing platform to HR professionals from diversified organizations through conduct of Annual HR Conferences for the last many years.

HR Conference-2014 "HR Way forward" was organized by Attock Refinery Limited (ARL) on February 26, 2014. Eminent speakers and participants from diverse fields attended this prestigious event.

The most significant feature of this conference was the presence of top of the line HR experts and the overwhelming participation of HR professionals from more than 40 organizations with the sole purpose of knowledge sharing, learning and understanding of contemporary challenges being faced by HR professionals in today's dynamic and challenging business environment. During the one day conference 13 papers were presented by eminent HR experts, who shared their thoughts on important aspects of different management skills.

ii) 3rd Health Safety & Environment Conference 2013

The 3rd Health Safety & Environment (HSE) Conference 2013 was organized by ARL on September 26, 2013 at Morgah Club, Rawalpindi. Learned experts from industry and academia attended this prestigious event.

iii) 2nd Plant Maintenance & Operations Conference 2014

The 2nd Plant maintenance & Operations conference was arranged on April 23, 2014 in which speakers and guests from contemporary major industries participated enthusiastically.

ARL undertakes such events in line with ARL's core value of Learning & Innovation with a view to share best business practices and learning from experiences of each other for a safer future. The challenges faced by the industry are of similar nature and any solution by one of the corporate entities may help others. This Conference proved to be an excellent forum for open and honest dialogue and lasting cross-sector networking.

iv) Memorandum of Understanding Signed between ARL and NUST Business School (NUST) and FAST School of Management (FAST-NUCES)

In order to facilitate the academia for joint-research opportunities and to develop Industry-academia linkages for collaborative research, ARL entered into Memorandum of Understanding (MOU) for ongoing and future research collaboration with NUST Business School (NUST), and FAST School of Management (FAST-NUCES). For the year 2014, ARL and NUST Business School (NUST) and FAST School of Management (FAST-NUCES) agreed for carrying out business case researches on different challenges and dilemmas faced by ARL. The key research areas are 'The Talent Hunt Strategies', 'Performance Management System', 'Capital Investment Analysis', 'Organizational Development', 'The Evolving Organizational Culture and Supply Chain'.

v) Performance Improvement Program (PIP)

Performance Improvement Program (PIP), the Company's suggestions program is continuing with considerable success. We value the suggestions put forth by our employees and customers. A number of innovative ideas relating to cost cutting, reduction in losses and making the processes even more efficient and effective have been generated and adopted. Besides, this program provides the required impetus to the sense of participation & involvement of our employees.

vi) Training & Development

The Company management considers its human resource as the prime resource and continuously endeavors to ensure systematic enhancement of their technical and managerial competence through well rounded training and development. Training plan forms a part of our performance management strategy and is structured on the basis of training need assessment, employees' career plans, succession plan and other organizational requirements.

A Technical Training Program was initiated this year under ARL Skills Development Initiative (SDI). Under this program high potential internal trainers were exposed to robust "train the trainer" course to equip them with requisite skills for effective planning and delivery of training. State-of-the-art technical training modules were acquired and the program was rolled out. Technical trainings are now being conducted on regular basis across the organization.

In order to create awareness on HSE aspects, the process of scenario based drills is being continued. Different emergency scenarios are defined and response planning is done as to how to handle & what recourses in terms of men, machine, and material are required. This process is providing excellent results in terms of cultivating safety consciousness among the employees.



Through these initiatives the Company is investing a lot in the development of its employees.

11. CORPORATE AWARDS AND RECOGNITIONS

Your Company in its endeavors to seek excellence in all aspects of its operations has won the following awards and recognitions:

i) Occupational Safety Health & Environment Award-2013.

Occupational Safety Health & Environment Award-2013 was awarded to ARL by the Employers Federation of Pakistan at an impressive ceremony. It is in recognition of Company's commitment to comply with all applicable Health, Safety Environment and Quality laws and regulations and ensures that every employee or contractor works under the safest possible conditions. Company believes to make every effort to avoid accidents, injury to people, damage to property and the environment.

ii) Best Sustainability Report Award-2013 by ACCA & WWF

ARL was awarded the "Best Sustainability Report Award 2013" in the local listed companies' category by Association of Chartered Certified Accountants (ACCA) and World Wildlife Fund (WWF). Mr. Ahsan Iqbal, Honorable Federal Minister for Planning & Development was the

Chief Guest on the occasion and presented this award to Mr. M. Adil Khattak, Chief Executive Officer, ARL at an impressive ceremony held in Islamabad on June 5, 2014.

12. STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

- Proper books of accounts of the Company have been maintained.
- The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the Approved Accounting Standards as applicable in Pakistan.

The accounting estimates, wherever required, are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal controls are sound in design and are effectively implemented by the management and monitored by the internal auditors as well as the Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggests, wherever required, further improvement in the internal control systems.
- During the year Agha Sher Shah, Director attended the Directors' Training Programme arranged by Pakistan Institute of Corporate Governance (PICG), Karachi.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no reported instance of any material departure from the best practices of Corporate Governance.
- Significant deviations from last year's operating results, future plans and changes, if any, in pricing formula have been separately disclosed, as appropriate, in the Chairman's Review and this Report of the Directors.
- All major Government levies in the normal course of business, amounting to Rs 2,263 million, payable as at June 30, 2014 have been cleared subsequent to the year end.
- The value of investments in employees retirement funds based on the latest unaudited accounts as at 30th June, 2014 are as follows:

Rs in million	
Management Staff Pension Fund	568
Staff Provident Fund	267
General Staff Provident Fund	503
Gratuity Fund	189

- Key operating and financial data of last 6 years is annexed.

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

13. CREDIT RATING

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

14. DIRECTORS AND BOARD MEETINGS HELD DURING THE YEAR

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

Name of Directors	Total number of board meetings	Number of board meetings attended
Dr. Ghaith R. Pharaon *	5	5
Mr. Laith G. Pharaon *	5	5
Mr. Wael G. Pharaon *	5	5
Mr. Shuaib A. Malik (Chairman)	5	5
Mr. Abdus Sattar	5	5
Mr. Munaf Ibrahim **	5	4
Agha Sher Shah	5	5
Mr. M. Adil Khattak, CEO	5	5

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

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

Directors' Report

15. BOARD COMMITTEES MEETINGS HELD DURING THE YEAR

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

Audit Committee

Name of Directors	Total number of meetings	Number of meetings attended
Mr. Munaf Ibrahim *	5	4
Agha Sher Shah *	5	4
Mr. Abdus Sattar	5	5
Mr. Babar Bashir Nawaz	5	5

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

Human Resource & Remuneration (HR & R) Committee

Name of Directors	Total number of meetings	Number of meetings attended
Mr. Shuaib A. Malik	2	2
Mr. Munaf Ibrahim *	2	1
Mr. M. Adil Khattak	2	2

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

16. AUDITORS

The Auditors Messrs A.F. Ferguson & Co. Chartered Accountants retired and offered themselves for reappointment. The Audit Committee has recommended the reappointment of Messrs A.F. Ferguson & Co. Chartered Accountants as auditors for the financial year ending June 30, 2015.

17. SHAREHOLDING

The total number of Company's shareholders as at June 30, 2014 was 3,849 as against 3,383 on June 30, 2013. The pattern of shareholding as at June 30, 2014 is included in this Annual Report. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO and Company Secretary and their spouses and minor children are also annexed.

18. EARNING PER SHARE

Based on the net profit for the current year the earning per share was Rs 29.82. (June 2013: Rs 46.03).

19. HOLDING COMPANY

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

20. SUBSIDIARY

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

21. CONSOLIDATED ACCOUNTS

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

August 14, 2014
Beirut, Lebanon

— Sd —
Shuaib A. Malik
Chairman



Financial Statistical Summary

Attock Refinery Limited

		30 June (Rupees in Million)					
		2014	2013	2012	2011	2010	2009
TRADING RESULTS							
Sales (Net of Govt. Levies)		175,067.85	163,300.53	154,381.56	116,388.37	88,184.03	76,546.45
Reimbursement from/(to) Government		-	-	-	9.00	-	714.05
Turnover		175,067.85	163,300.53	154,381.56	116,397.37	88,184.03	77,260.50
Cost of Sales		174,930.91	160,259.07	152,362.20	114,900.77	88,693.69	75,342.10
Gross profit		136.94	3,041.46	2,019.35	1,496.61	(509.66)	1,918.40
Administration and Distribution cost		469.43	398.78	377.63	315.80	270.12	243.63
Other Income		1,764.18	3,082.10	2,388.77	1,565.59	983.33	993.70
Non-Refinery Income		1,847.12	1,298.09	1,588.64	1,068.39	602.20	610.74
Operating profit		3,278.81	7,022.87	5,619.14	3,814.79	805.75	3,279.22
Financial and other charges		104.61	954.51	1,259.27	254.12	385.54	1,595.84
Profit before tax		3,174.20	6,068.36	4,359.87	3,560.67	420.21	1,683.37
Taxation		630.81	2,142.68	1,625.18	1,375.12	293.82	666.61
Profit after tax		2,543.39	3,925.68	2,734.69	2,185.55	126.39	1,016.76
Dividend		-	(426.47)	(639.70)	(170.59)	-	-
Transfer from/(to) special reserves		(550.48)	(2,481.80)	(1,000.25)	(971.36)	475.81	(260.22)
BALANCE SHEET SUMMARY							
Paid-up Capital		852.93	852.93	852.93	852.93	852.93	852.93
Reserves		14,739.60	13,133.41	11,368.63	10,146.66	8,563.31	4,719.92
Unappropriated Profit		4,753.55	4,034.65	2,673.67	1,459.48	857.27	4,574.28
Shareholders' funds		20,346.09	18,020.99	14,895.23	12,459.06	10,273.52	10,147.13
Financing facilities							
(Long term including current portion)		480.69	-	-	-	-	-
Property, plant & equipment (less depreciation)		16,858.66	10,015.57	9,840.29	9,670.97	2,868.00	2,916.21
Net current assets		1,260.78	3,358.31	430.21	(1,743.10)	(3,967.43)	(4,166.56)
CASH FLOW SUMMARY							
Cash flows from operating activities		1,438.58	74.16	4,792.00	(1,972.58)	(3,741.38)	(11,543.76)
Cash flows from investing activities		(1,453.25)	2,376.51	2,476.55	1,913.70	1,214.90	1,434.62
Cash flows from financing activities		276.64	(1,291.09)	(1,292.24)	(45.43)	(308.97)	(2,037.95)
Increase / (Decrease) in cash and cash equivalents		261.97	1,161.30	5,979.39	(104.14)	(2,833.89)	(12,142.33)
PROFITABILITY RATIOS							
Gross profit ratio	%	0.08	1.86	1.31	1.29	(0.58)	2.48
Net profit to sales	%	1.45	2.40	1.77	1.88	0.14	1.32
EBITDA margin to sales	%	2.00	3.87	3.01	3.25	0.70	2.45
Operating leverage ratio	Time	(0.17)	13.61	0.71	20.20	(5.10)	4.29
Return on equity	%	12.50	21.78	18.36	17.54	1.23	10.02
Return on capital employed	%	13.26	23.85	19.99	19.23	1.24	10.25
LIQUIDITY RATIO							
Current ratio	Time	1.04	1.09	1.01	0.96	0.91	0.87
Quick / acid test ratio	Time	0.69	0.76	0.84	0.69	0.75	0.70
Cash to current liabilities	Time	0.31	0.29	0.14	0.09	0.09	0.21
Cash flow from operations to sales	Time	0.01	0.00	0.03	(0.02)	(0.04)	(0.15)
ACTIVITY /TURNOVER RATIO							
Inventory turnover ratio	Time	15.02	14.31	14.16	12.73	14.72	15.51
No. of days in inventory	Days	24	26	26	29	25	24
Debtor turnover ratio	Time	14.31	5.97	4.90	5.04	4.83	8.16
No. of days in receivables	Days	26	61	75	73	77	45
Creditor turnover ratio	Time	8.36	4.08	3.40	3.78	3.31	2.81
No. of days in payables	Days	44	90	107	97	110	130
Total assets turnover ratio	Time	2.59	2.53	1.65	1.83	1.51	1.74
Fixed assets turnover ratio	Time	10.38	16.30	15.69	12.04	30.75	26.49
Operating cycle	Time	6	(3)	(7)	5	(9)	(61)

		30 June (Rupees in Million)					
		2014	2013	2012	2011	2010	2009
INVESTMENT / MARKET RATIO							
Earnings per share (EPS) *							
(on shares outstanding at 30 June)	Rs	29.82	46.03	32.07	25.63	1.48	11.92
Dividend	%	–	50%	75%	20%	–	–
Cash dividend per share	Rs	–	5.00	7.50	2.00	–	–
Price earning ratio	Time	7.12	5.54	4.09	4.68	53.96	12.99
Dividend yield ratio	%	–	1.96	5.72	1.67	–	–
Dividend cover ratio	Time	–	9.21	4.28	12.82	–	–
Dividend payout ratio	%	–	10.86	23.39	7.81	–	–
Break-Up Value (Rs per share) without Surplus on Revaluation of Land	Rs	238.54	211.28	174.64	146.07	120.45	118.97
Break-Up Value (Rs per share) with Surplus on Revaluation of Land	Rs	365.31	313.81	277.17	248.61	143.00	141.52
Highest market value per share during the year	Rs	272.81	208.28	136.89	145.50	169.62	248.00
Lowest market value per share during the year	Rs	173.85	123.94	104.42	122.14	80.59	40.95
Market value per share	Rs	212.29	255.15	131.05	119.86	79.86	154.86
CAPITAL STRUCTURE RATIOS							
Financial leverage ratio		0.02	–	–	–	–	–
Debt to equity ratio		2:98	–	–	–	–	–
Weighted average cost of debt		7.81%	–	–	–	–	–
Interest cover ratio		–	–	–	–	–	–

* The price earning ratio is without the effect of Bonus issue.

Ratio Analysis

PROFITABILITY RATIOS

Gross Profit margin declined sharply in 2013-14 as Gross Refiner's Margin (GRM) remained suppressed throughout the year due to unfavorable fluctuation in international prices of petroleum products and crude oil.

The erosion of profitability due to reduction in GRM was redeemed up by non-refinery income, which provided stability to Net profit margin of 1.45% for year 2013-14 (2012-13 : 2.40%).

LIQUIDITY RATIOS

Despite heavy cash outflows made by the Company on the on-going up-gradation Project; the Company had successfully maintained the improved liquidity position since inter-corporate circular debt settlement arranged by the Government in June, 2013.

ACTIVITY TURNOVER RATIOS

Inventory turnover ratio has increased from 14.31 times in 2012-13 to 15.02 times in 2013-14. The reasons for improved inventory management are high product demand and effective capacity utilization.

Debtor turnover ratio and aging of receivables have improved significantly during the year which is purely attributed to the inter-corporate circular debt

settlement. Similarly creditors' turnover ratio and aging of payables has also improved.

INVESTMENT / MARKET RATIOS

The decline in profitability is the only reason for decrease in EPS; however income from the strategic investment in non-refinery business and other income have helped the Company to improve its Break-up Value with and without surplus on revaluation of land.

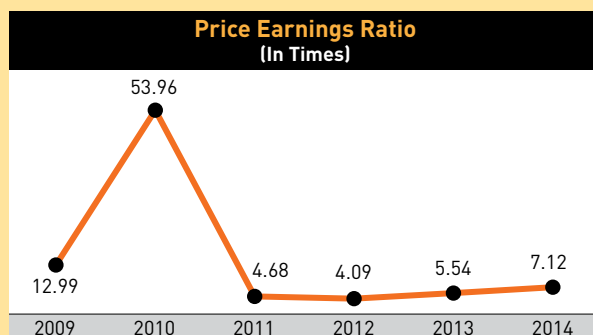
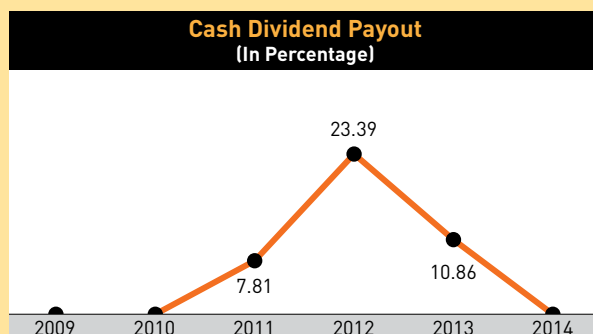
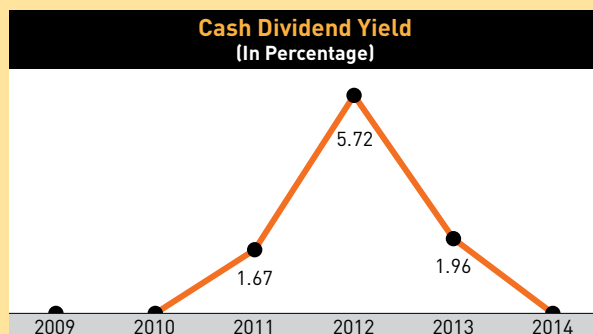
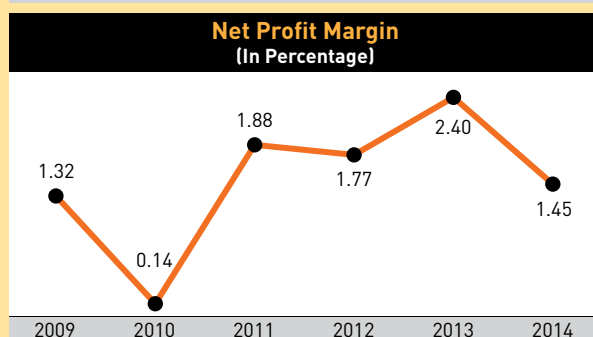
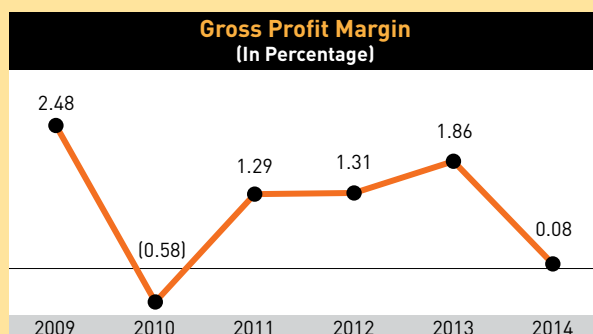
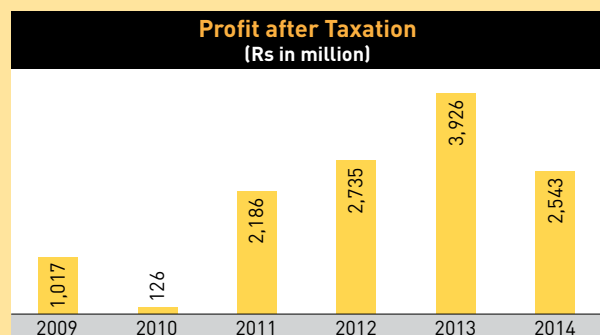
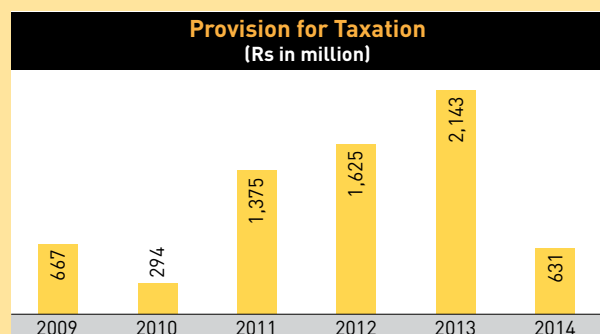
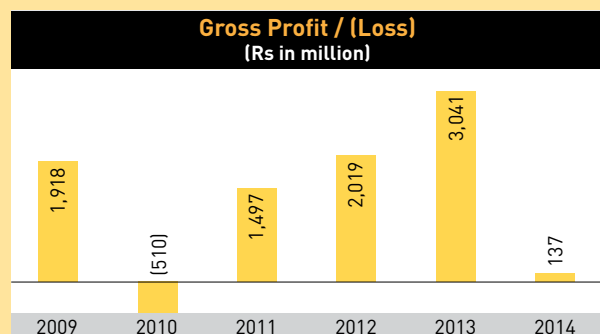
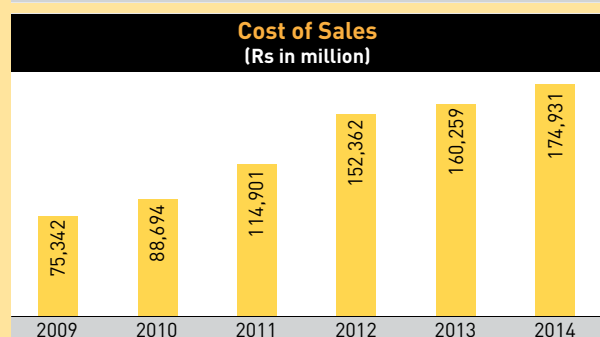
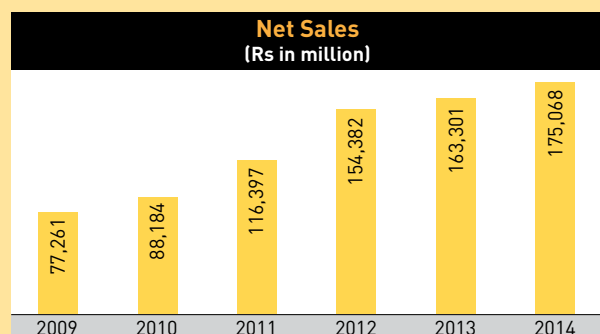
No dividend is recommended for the year 2013-14 due to heavy cash outflows already made by the Company on the on-going up-gradation Project and future commitments in this respect.

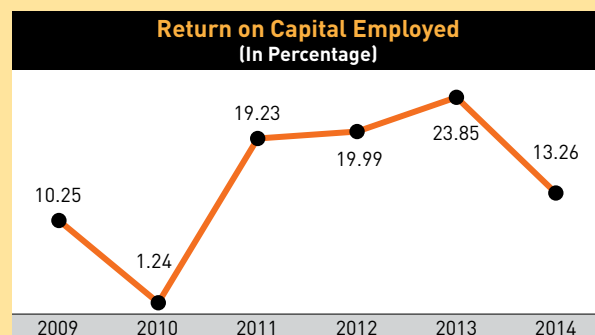
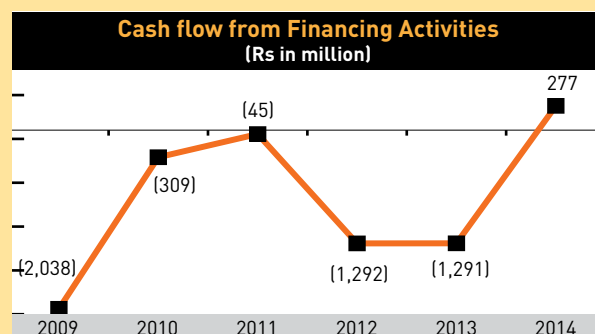
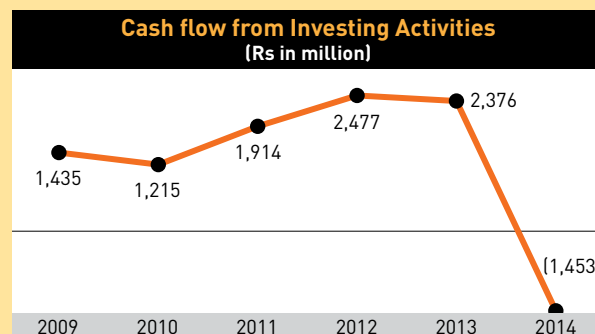
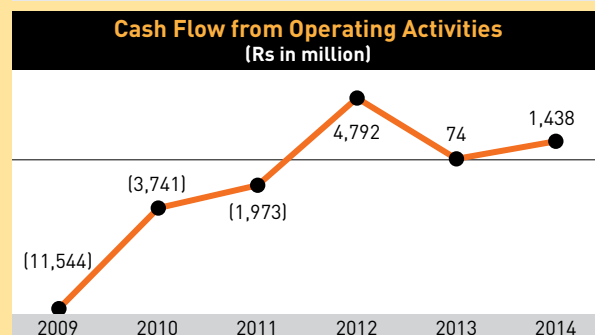
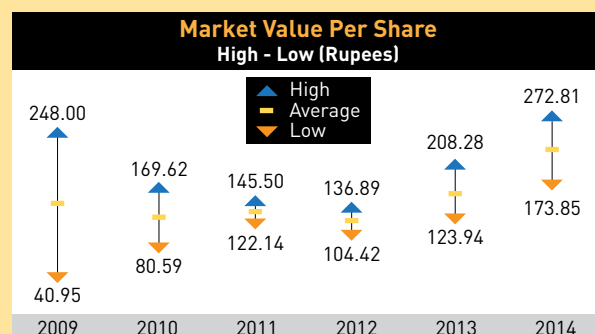
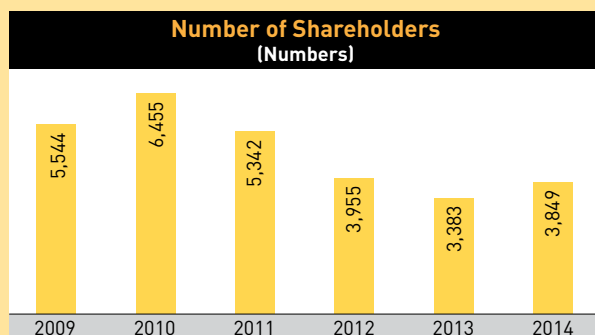
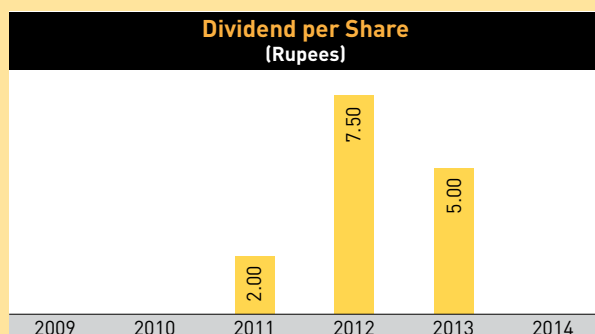
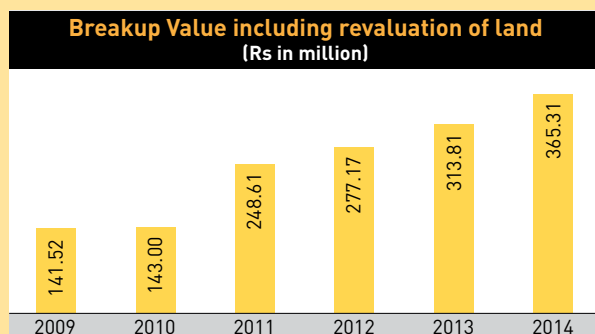
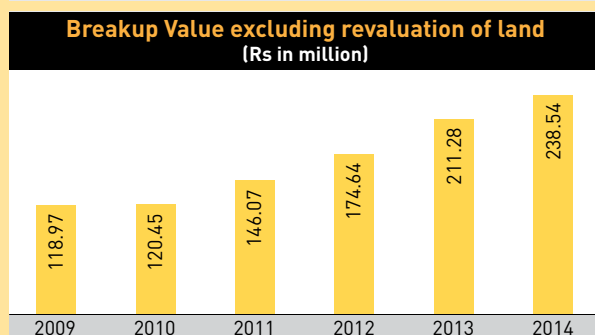
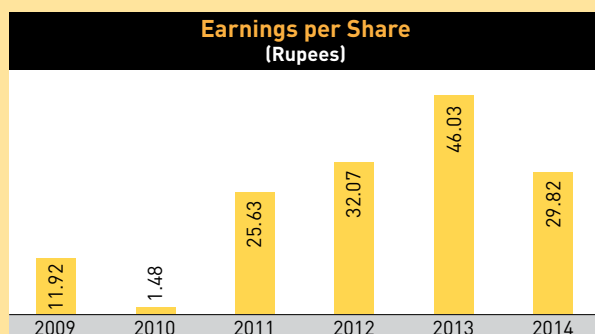
CAPITAL STRUCTURE RATIOS

The Company on August 06, 2013 has entered into a syndicated term finance agreement and musharaka agreement with a consortium of local banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 22 billion for ARL Up-gradation Projects. The financing period is 12 years, which includes a grace period of 2 years. As on June 30, 2014 aggregate draw down was Rs 735 million. (2012-13 : Rs Nil).

Financial Highlights

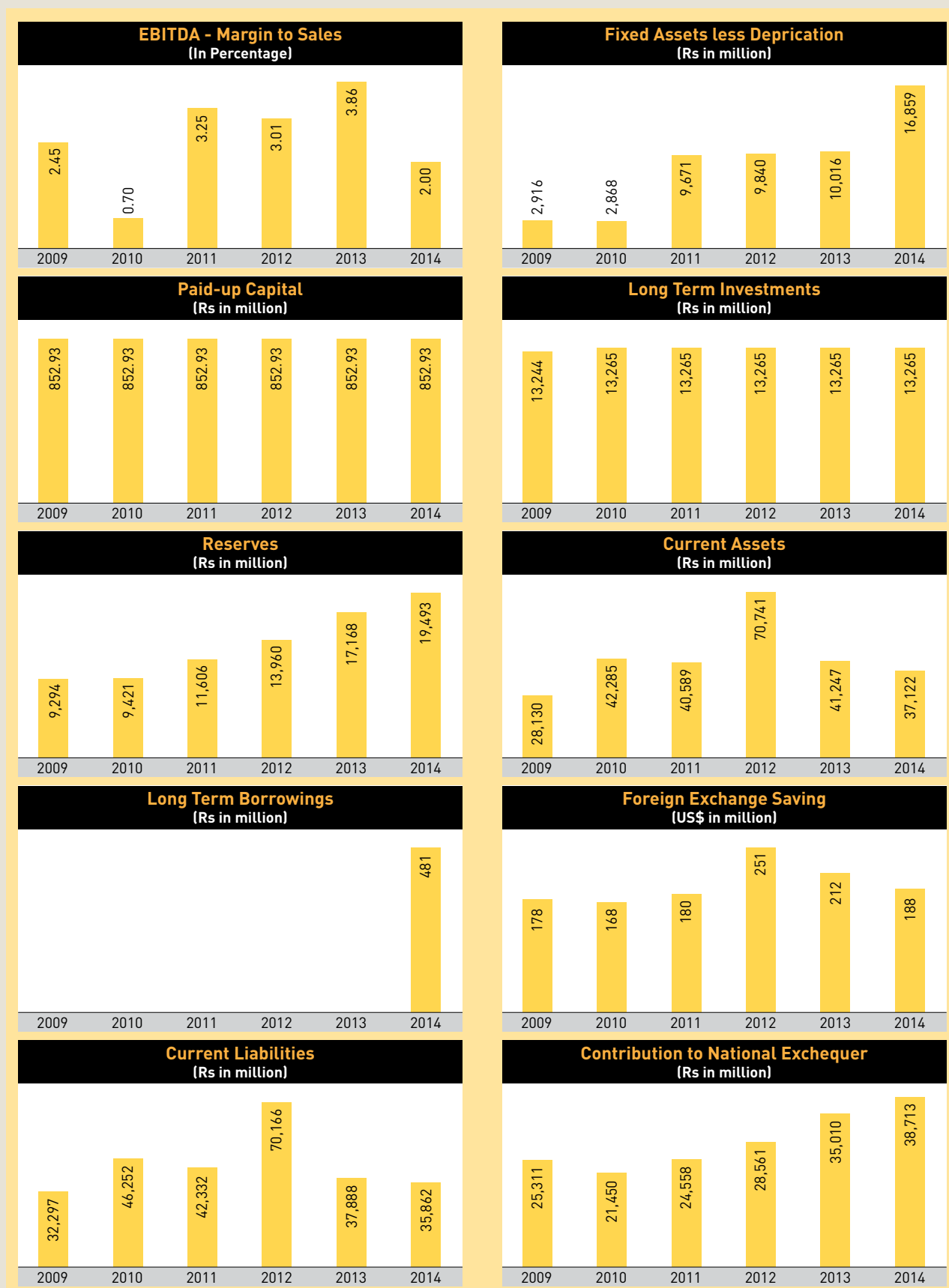
Attock Refinery Limited





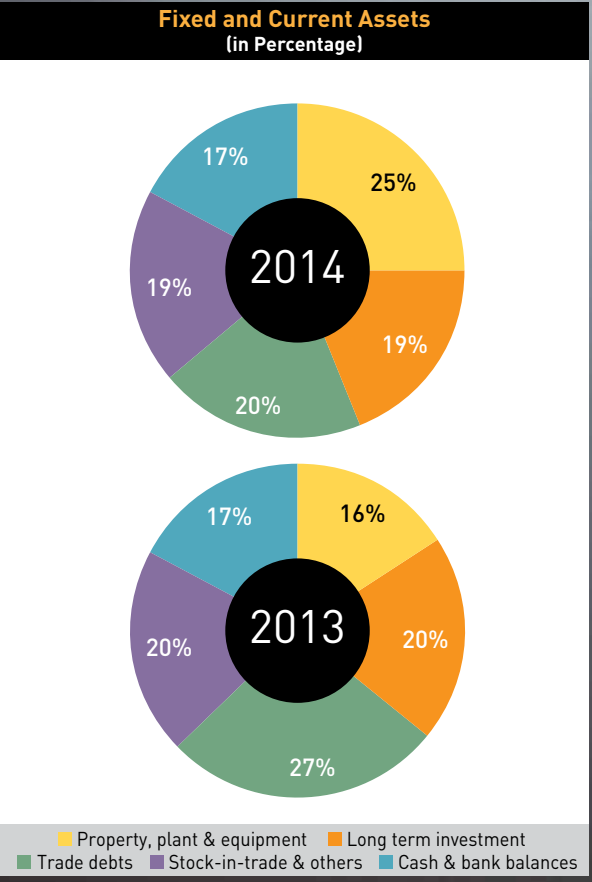
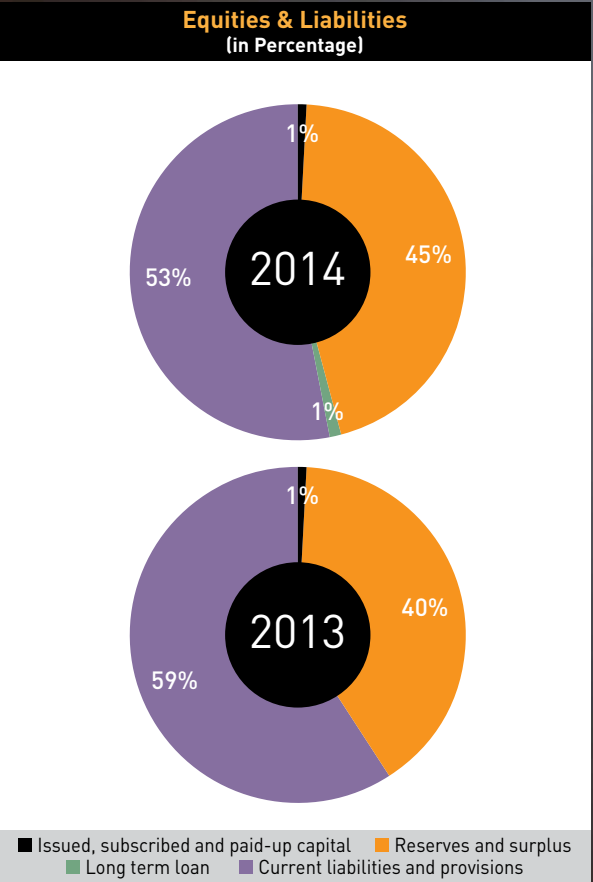
Financial Highlights

Attock Refinery Limited





Balance Sheet Composition



Vertical Analysis

	2014		2013	
	Rs in million	%	Rs in million	%
Balance Sheet				
Equity and reserves	20,346.09	30.14	18,020.99	27.87
Surplus on revaluation of freehold land	10,811.95	16.02	8,745.22	13.53
Long term loan	480.69	0.71	–	–
Non-current liabilities	–	–	–	–
Total current liabilities	35,861.58	53.13	37,888.48	58.60
	67,500.31	100.00	64,654.69	100.00
Property, plant and equipment	16,858.66	24.98	10,015.57	15.50
Long term investments	13,264.92	19.65	13,264.92	20.52
Non-current assets	254.36	0.38	127.42	0.17
Stores, spares and loose tools	786.54	1.17	688.13	1.06
Stock-in-trade	11,555.71	17.11	11,744.81	18.17
Trade debts	13,239.27	19.61	17,499.31	27.07
Loans, advances, deposits, prepayments and other receivables	273.93	0.41	309.56	0.48
Cash and bank balances	11,266.92	16.69	11,004.97	17.03
	67,500.31	100.00	64,654.69	100.00
Profit & Loss Account				
Net Sales	175,067.85	100.00	163,300.53	100.00
Cost of sales	174,930.91	99.92	160,259.07	98.14
Gross Profit/(loss)	136.94	0.08	3,041.46	1.86
Administration expenses	425.89	0.24	358.36	0.22
Distribution cost	43.53	0.02	40.40	0.02
Finance cost	1.75	–	548.56	0.34
Other charges	102.86	0.06	405.96	0.25
	574.03	0.32	1,353.28	0.83
	(437.09)	(0.24)	1,688.18	1.03
Other income	1,764.18	1.01	3,082.10	1.89
Profit/(loss) before taxation from refinery operations	1,327.09	0.77	4,770.28	2.92
Provision for taxation	630.81	0.36	2,142.68	1.31
Profit/(loss) after taxation from refinery operations	696.28	0.41	2,627.60	1.61
Profit after taxation from non-refinery operations	1,847.13	1.06	1,298.10	0.79
Profit for the year	2,543.41	1.47	3,925.70	2.40

2012		2011		2010		2009	
Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
14,895.22	15.89	12,459.06	19.56	10,273.52	17.54	10,147.13	22.81
8,745.22	9.33	8,745.22	13.73	1,923.34	3.28	1,923.34	4.32
-	-	-	-	-	-	-	-
-	-	158.40	0.25	140.02	0.24	120.12	0.27
70,074.47	74.78	42,331.76	66.46	46,251.95	78.94	32,296.95	72.60
93,714.91	100.00	63,694.44	100.00	58,588.83	100.00	44,487.54	100.00
9,840.29	10.50	9,670.97	15.18	2,868.00	4.90	2,916.21	6.56
13,264.92	14.15	13,264.92	20.83	13,264.92	22.64	13,244.12	29.77
105.02	0.11	169.90	0.27	171.39	0.29	196.83	0.44
673.85	0.72	619.92	0.97	581.04	0.99	573.20	1.29
10,650.69	11.37	10,872.58	17.07	7,178.85	12.25	4,868.98	10.94
49,115.76	52.41	25,053.68	39.33	30,430.26	51.94	15,508.76	34.86
220.71	0.24	178.21	0.28	125.95	0.22	377.13	0.85
9,843.67	10.50	3,864.28	6.07	3,968.42	6.77	6,802.31	15.29
93,714.91	100.00	63,694.44	100.00	58,588.83	100.00	44,487.54	100.00
154,381.56	100.00	116,397.37	100.00	88,184.03	100.00	77,260.50	100.00
152,362.20	98.69	114,900.76	98.71	88,693.69	100.58	75,342.10	97.52
2,019.36	1.31	1,496.61	1.29	(509.66)	(0.58)	1,918.40	2.48
340.01	0.22	282.92	0.24	245.29	0.28	222.82	0.29
37.62	0.02	32.88	0.03	24.83	0.03	20.81	0.03
994.74	0.65	45.41	0.04	308.80	0.35	1,471.53	1.90
264.53	0.17	208.71	0.18	76.75	0.09	124.32	0.16
1,636.90	1.06	569.92	0.49	655.67	0.75	1,839.48	2.38
382.46	0.25	926.69	0.80	(1,165.33)	(1.33)	78.92	0.10
2,388.77	1.55	1,565.59	1.35	983.34	1.12	993.70	1.29
2,771.23	1.80	2,492.28	2.15	(181.99)	(0.21)	1,072.62	1.39
1,625.18	1.06	1,375.12	1.18	293.82	0.33	666.61	0.86
1,146.05	0.74	1,117.16	0.97	(475.81)	(0.54)	406.01	0.53
1,588.64	1.03	1,068.39	0.92	602.20	0.68	610.74	0.79
2,734.69	1.77	2,185.55	1.89	126.39	0.14	1,016.75	1.32

Horizontal Analysis

	2014		2013	
	Increase / (Decrease) from last year		Increase / (Decrease) from last year	
	Rs in million	%	Rs in million	%
Balance Sheet				
Equity and reserves	20,346.09	12.90	18,020.99	20.99
Surplus on revaluation of freehold land	10,811.95	23.63	8,745.22	–
Long term loan	480.69	–	–	–
Non-current liabilities	–	–	–	–
Total current liabilities	35,861.57	(5.35)	37,888.48	45.93
	67,500.30	4.40	64,654.69	(31.01)
Property, plant and equipment	16,858.66	68.32	10,015.57	1.78
Long term investments	13,264.92	–	13,264.92	–
Non-current assets	254.36	99.62	127.42	21.33
Stores, spares and loose tools	786.54	14.30	688.13	2.12
Stock-in-trade	11,555.71	(1.61)	11,744.81	10.27
Trade debts	13,239.27	(24.34)	17,499.31	(64.37)
Loans, advances, deposits, prepayments and other receivables	273.93	(11.51)	309.56	40.26
Cash and bank balances	11,266.92	2.38	11,004.97	11.80
	67,500.31	4.40	64,654.69	(31.01)
Profit & Loss Account				
Net Sales	175,067.85	7.21	163,300.53	5.78
Cost of sales	174,930.91	9.16	160,259.07	5.18
Gross Profit/(loss)	136.94	(95.50)	3,041.46	50.62
Administration expenses	425.89	18.84	358.36	5.40
Distribution cost	43.53	7.75	40.40	7.40
Finance cost	1.75	(99.68)	548.56	(44.85)
Other charges	102.86	(74.66)	405.96	53.46
	574.03	(57.58)	1,353.28	(17.33)
	(437.09)	(125.89)	1,688.18	341.41
Other income	1,764.18	(42.76)	3,082.10	29.02
Profit/(loss) before taxation from refinery operations	1,327.09	(72.18)	4,770.28	72.14
Provision for taxation	630.81	(70.56)	2,142.68	31.84
Profit/(loss) after taxation from refinery operations	696.28	(73.50)	2,627.60	129.28
Profit after taxation from non-refinery operations	1,847.13	42.29	1,298.10	(18.29)
Profit for the year	2,543.41	(35.21)	3,925.70	43.55

	2012		2011		2010		2009	
	Increase / (Decrease) from last year		Increase / (Decrease) from last year		Increase / (Decrease) from last year		Increase / (Decrease) from last year	
	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
	14,895.22	19.55	12,459.06	21.27	10,273.52	1.25	10,147.13	100.00
	8,745.22	–	8,745.22	354.69	1,923.34	–	1,923.34	100.00
	–	–	–	–	–	–	–	100.00
	–	(100.00)	158.40	13.13	140.02	16.56	120.12	100.00
	70,074.47	65.54	42,331.76	(8.48)	46,251.95	43.21	32,296.95	100.00
	93,714.91	47.13	63,694.44	8.71	58,588.83	31.70	44,487.54	100.00
	9,840.29	1.75	9,670.97	237.20	2,868.00	(1.65)	2,916.21	100.00
	13,264.92	–	13,264.92	–	13,264.92	0.16	13,244.12	100.00
	105.02	(38.19)	169.90	(0.87)	171.39	(12.92)	196.83	100.00
	673.85	8.70	619.92	6.69	581.04	1.37	573.20	100.00
	10,650.69	(2.04)	10,872.58	51.45	7,178.85	47.44	4,868.98	100.00
	49,115.76	96.04	25,053.68	(17.67)	30,430.26	96.21	15,508.76	100.00
	220.71	23.85	178.21	41.49	125.95	(66.60)	377.13	100.00
	9,843.67	154.74	3,864.28	(2.62)	3,968.42	(41.66)	6,802.31	100.00
	93,714.91	47.13	63,694.44	8.71	58,588.83	31.70	44,487.54	100.00
	154,381.56	32.63	116,397.37	31.99	88,184.03	14.14	77,260.50	100.00
	152,362.20	32.60	114,900.76	29.55	88,693.69	17.72	75,342.10	100.00
	2,019.36	34.93	1,496.61	393.65	(509.66)	(126.57)	1,918.40	100.00
	340.01	20.18	282.92	15.34	245.29	10.08	222.82	100.00
	37.62	14.41	32.88	32.42	24.83	19.34	20.81	100.00
	994.74	2,090.67	45.41	(85.30)	308.80	(79.02)	1,471.53	100.00
	264.53	26.75	208.71	171.96	76.75	(38.27)	124.32	100.00
	1,636.90	187.22	569.92	(13.08)	655.67	(64.36)	1,839.48	100.00
	382.46	(58.73)	926.69	179.52	(1,165.33)	(1,576.42)	78.92	100.00
	2,388.77	52.58	1,565.59	59.21	983.34	(1.04)	993.70	100.00
	2,771.23	11.19	2,492.28	1,469.44	(181.99)	(116.97)	1,072.62	100.00
	1,625.18	18.18	1,375.12	368.01	293.82	(55.92)	666.61	100.00
	1,146.05	2.59	1,117.16	334.79	(475.81)	(217.19)	406.01	100.00
	1,588.64	48.69	1,068.39	77.41	602.20	(1.40)	610.74	100.00
	2,734.69	25.13	2,185.55	1,629.22	126.39	(87.57)	1,016.75	100.00

Statement of Contribution & Value Addition

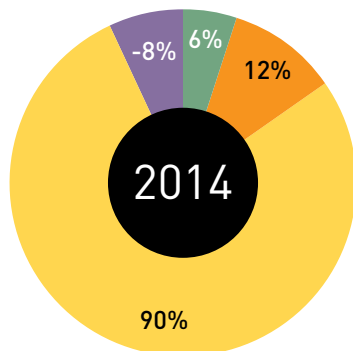
(Rs in million)

	2014	2013
Value Addition during the year		
Employees as remuneration	984	856
Government as taxes	37,011	34,471
Shareholders as dividends	–	725
Retained with the business	550	2,482
Foreign exchange savings US\$ 188 million		
Contribution to National Exchequer		
Government levies on petroleum products	37,011	34,471
Income tax paid	1,675	518
Import / export duties	27	21
Total	38,713	35,010

Financial Highlights

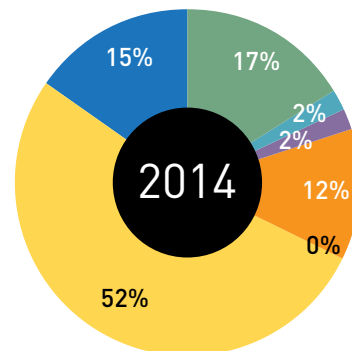
Attock Hospital (Pvt.) Limited

**Equities & Liabilities
(in Percentage)**



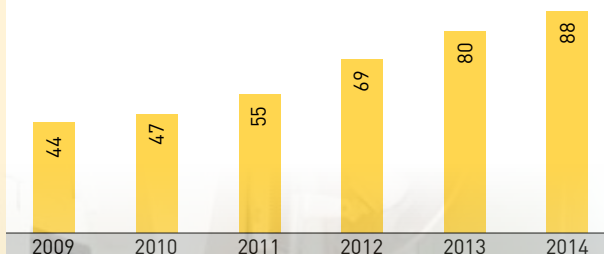
■ Paid-up capital ■ Capital reserve
■ Trade and other payables ■ Accumulated profit

**Fixed Assets & Current Assets
(in Percentage)**

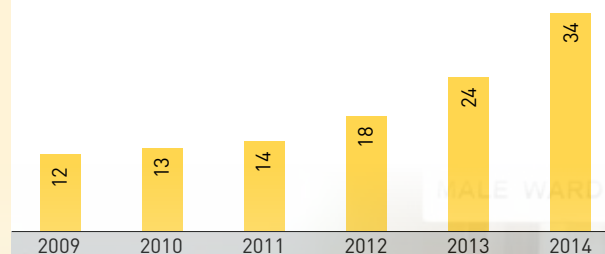


■ Property, plant and equipment ■ Stock of medicines
■ Trade debts ■ Deferred Taxation
■ Prepayment and other receivables ■ Income tax refundable
■ Cash and bank balances

**Total Revenue including Other Income
(Rs in million)**



**Revenue from Private Patients
(Rs in million)**



Pattern of Shareholding

as at June 30, 2014

Form 34 (Section 236)

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
930	1	100	49,184
1,056	101	500	343,763
611	501	1,000	535,720
900	1,001	5,000	2,121,374
140	5,001	10,000	1,091,690
72	10,001	15,000	920,765
12	15,001	20,000	220,675
20	20,001	25,000	477,137
7	25,001	30,000	201,780
8	30,001	35,000	269,800
8	35,001	40,000	306,186
9	40,001	45,000	386,860
6	45,001	50,000	299,500
3	50,001	55,000	162,000
3	55,001	60,000	176,700
4	65,001	70,000	277,024
3	70,001	75,000	218,100
2	75,001	80,000	155,500
1	85,001	90,000	88,200
1	90,001	95,000	94,000
8	95,001	100,000	795,900
2	100,001	105,000	204,324
1	105,001	110,000	107,000
1	120,001	125,000	125,000
1	125,001	130,000	125,006
4	135,001	140,000	559,000
2	140,001	145,000	287,000
3	150,001	155,000	460,614
1	155,001	160,000	158,991
1	170,001	175,000	175,000
1	185,001	190,000	187,500
1	195,001	200,000	199,372
1	205,001	210,000	210,000
1	220,001	225,000	225,000
1	225,001	230,000	229,500
2	245,001	250,000	500,000
1	255,001	260,000	260,000
1	265,001	270,000	269,500
1	275,001	280,000	277,800
2	305,001	310,000	617,434
1	335,001	340,000	336,900
1	340,001	345,000	345,000
1	345,001	350,000	347,034
1	400,001	405,000	400,109
1	445,001	450,000	449,000
2	495,001	500,000	995,362
1	640,001	645,000	643,200
1	790,001	795,000	795,000
1	910,001	915,000	911,885
1	1,140,001	1,145,000	1,140,400
1	1,430,001	1,435,000	1,432,000
1	1,750,001	1,755,000	1,754,630
1	3,705,001	3,710,000	3,705,657
1	5,625,001	5,630,000	5,627,700
1	7,260,001	7,265,000	7,260,400
1	44,775,001	44,780,000	44,778,824
3,849	Total		85,293,000

Category No.	Categories of Shareholders	Number of shares held	Category wise No. of folios/CDC	Category wise shares held	Percentage %
1	Individuals		3,656	8,670,661	10.17
2	Investment Companies		5	130,500	0.15
3	Joint Stock Companies		79	1,838,459	2.15
4	Directors, Chief Executive Officer and their Spouse and Minor Children		10	260,320	0.31
	Dr. Ghaith R. Pharaon (Director)	24			
	Mr. Laith G. Pharaon (Director)	1			
	Mr. Wael G. Pharaon (Director)	1			
	Mr. Shuaib A. Malik (Director & Chairman)	139,501			
	Mr. Abdus Sattar (Director)	1			
	Mr. Munaf Ibrahim (Director)	100,000			
	Agha Sher Shah (Director)	1,000			
	Mr. Iqbal A. Khwaja (Alternate Director)	15,105			
	Mr. Muhammad Adil Khattak (CEO)	4,687			
5	Executives		12	3,381	0.00
6	Associated Companies, Undertakings and Related Parties		3	53,471,224	62.69
	The Attock Oil Company Limited	52,039,224			
	Attock Petroleum Limited	1,432,000			
7	Public Sector Companies and Corporations		0	0	0.00
8	Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds		42	3,719,486	4.36
9	Mutual Funds		31	7,614,039	8.93
	Prudential Stocks Fund Ltd (03360)	8,400			
	Golden Arrow Selected Stocks Fund Limited	269,500			
	CDC - Trustee JS Large Cap. Fund	175,000			
	CDC - Trustee Meezan Balanced Fund	5,000			
	CDC - Trustee JS Islamic Fund	107,000			
	CDC - Trustee AKD Index Tracker Fund	7,119			
	CDC - Trustee PICIC Energy Fund	1,140,400			
	CDC - Trustee AKD Opportunity Fund	39,400			
	MC FSL - Trustee JS KSE-30 Index Fund	1,440			
	CDC - Trustee Al Meezan Mutual Fund	500			
	CDC - Trustee Meezan Islamic Fund	69,500			
	CDC - Trustee Askari Asset Allocation Fund	2,500			
	CDC - Trustee Meezan Tahaffuz Pension Fund				
	- Equity Sub Fund	1,500			
	CDC - Trustee Alfalah GHP Islamic Fund	12,000			
	Pak Asian Fund Limited	1,000			
	MC FSL - Trustee JS Growth Fund	795,000			
	Pak Asian Fund Limited	500			
	CDC - Trustee MCB Dynamic Allocation Fund	13,500			
	CDC - Trustee NIT-Equity Market Opportunity Fund	497,562			

Pattern of Shareholding

as at June 30, 2014

Category No.	Categories of Shareholders	Number of shares held	Category wise No. of folios/CDC	Category wise shares held	Percentage %
	CDC - Trustee First Habib Stock Fund	15,000			
	CDC - Trustee NAFA Savings Plus Fund - MT	36,201			
	CDC - Trustee AKD Aggressive Income Fund - MT	309,075			
	CDC - Trustee PICIC Stock Fund	77,500			
	CDC - Trustee IGI Income Fund - MT	70,100			
	CDC - Trustee KSE Meezan Index Fund	39,985			
	CDC - Trustee First Habib Islamic Balanced Fund	10,000			
	MCBFSL - Trustee ABL Islamic Stock Fund	49,500			
	Trustee - BMA Chundrigar Road Savings Fund - MT	4,700			
	CDC - Trustee Faysal Savings Growth Fund - MT	139,500			
	CDC - Trustee National Investment (Unit) Trust	3,705,657			
	CDC - Trustee PICIC Islamic Stock Fund	10,000			
10	Foreign Investors		7	3,806,130	4.46
11	Co-operative Societies		0	0	0.00
12	Charitable Trusts		0	0	0.00
13	Others		4	5,778,800	6.78
	Total		3,849	85,293,000	100.00

Shareholders' holding five percent or more voting interest in the listed Company

Total paid-up Capital of the Company 85,293,000 shares

5% of the paid-up Capital of the Company 4,264,650 shares

Name (s) of shareholder (s)	Description	No. of Shares held	Percentage %
The Attock Oil Company Limited	Falls in Category # 6	52,039,224	61.01
Employees' Old Age Benefits Institution	Falls in Category # 13	5,627,700	6.60
Total		57,666,924	67.61

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

Name	Designation	No. of shares purchased	No. of shares sold
Mr. Shuaib A. Malik	Director & Chairman	28,900	-
Agha Sher Shah	Director	1,000	-
Mr. Jamil A. Bajwa	Executive	1,500	-
Mr. Mahmood Akhtar	Executive	37	-



Code of Conduct



INTRODUCTION

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

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

1. INTEGRITY & ETHICS

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

i) **Respect, Honesty and Integrity**

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

ii) **Compliance with Laws, Rules and Regulations**

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

iii) **Full and Fair Disclosure**

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and

regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company.

iv) Prevent Conflict of Interest

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

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

v) Trading in Company's shares

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

vi) Inside information

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

Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidentially and not disclosed to any

colleagues or to third parties other than on a strict need-to know basis.

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

vii) Media relations and disclosures

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

viii) Corporate Opportunities

Directors and Employees are expected not to:

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

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

ix) Competition and Fair Dealing

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

Code of Conduct

is prohibited. Each director and employee is expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice.

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

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

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

x) Protect Health, Safety and Security

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

xi) Record Keeping

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

reflected or made in the books or records of the Company for any reason.

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

xii) Protection of Privacy and Confidentiality

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

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

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

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

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

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

xiv) Gift Receiving

Directors and employees will not accept gifts or favors from existing or potential customers,

vendors or anyone doing or seeking to do business with the Company.

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

xv) Internet use / Information Technology

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

xvi) Compliance with Business Travel Policies

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

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

2. QUALITY

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

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

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

3. SOCIAL RESPONSIBILITY

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

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

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

4. LEARNING AND INNOVATION

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

All employees of ARL will strive to keep themselves abreast with the new developments in their respective areas and will not hesitate to take initiatives that could bring improvement in the way of our working. All efforts in this respect should eventually translate into improved efficiencies and minimization of wastages at all levels.

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

5. TEAM WORK

"We believe that competent and satisfied people

Code of Conduct

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

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

i) **Equal Employment Opportunity**

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

ii) **Employee Retention**

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

iii) **Work Environment**

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

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



6. **EMPOWERMENT**

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

i) **Communication**

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



ii) **Delegation of Authority and Accountability**

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

7. **COMPLIANCE**

It is the responsibility of each director and employee to comply with this code. Failure to do

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

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

Statement of Compliance

with the Code of Corporate Governance

Name of Company: Attock Refinery Limited
Year ended: June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. Munaf Ibrahim Agha Sher Shah
Executive Directors	–
Non-Executive Directors	Dr. Ghaith R. Pharaon Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Shuaib A. Malik Mr. Abdus Sattar

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Finance Institution or a Non Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2014.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company alongwith its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board/ shareholders.
8. The meetings of the Board were presided over by the Chairman or by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Five directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the Code. During the year 2013-14 one director has completed this program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.



11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an Audit Committee. It comprises of 4 members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The board has also formed a HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors. The CEO is also member of the Committee. The Chairman of the Committee is non-executive director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through all the stock exchanges.
23. The board evaluation process has been implemented to evaluate the Board as a whole.
24. We confirm that all other material principles enshrined in the Code have been complied with.

— Sd —

(M. ADIL KHATTAK)
Chief Executive Officer

August 14, 2014

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS
KARACHI-LAHORE-ISLAMABAD



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

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

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

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

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

— Sd —

Chartered Accountants
Islamabad : August 14, 2014
Engagement Partner: S. Haider Abbas



Annual Audited Financial Statements for the year ended June 30, 2014

Auditors' Report to the Members

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS
KARACHI-LAHORE-ISLAMABAD



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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.3 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

— Sd —

Chartered Accountants
Islamabad : August 14, 2014
Engagement partner : S. Haider Abbas

As at June 30, 2014

	Note	2014 Rs '000	Restated 2013 Rs '000	Restated 2012 Rs '000
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised	6	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid-up	6	852,930	852,930	852,930
Reserves and surplus	7	19,493,156	17,168,063	13,959,626
		20,346,086	18,020,993	14,812,556
SURPLUS ON REVALUATION OF FREEHOLD LAND		8	10,811,949	8,745,217
		31,158,035	26,766,210	23,557,773
NON CURRENT LIABILITIES				
LONG TERM BORROWINGS		9	480,692	-
CURRENT LIABILITIES				
Short term borrowings	10	-	-	-
Trade and other payables	11	30,211,256	31,523,045	65,523,951
Provision for taxation		5,650,325	6,365,431	4,642,474
		35,861,581	37,888,476	70,166,425
CONTINGENCIES AND COMMITMENTS		12		
		67,500,308	64,654,686	93,724,198

		2014 Rs '000	Restated 2013 Rs '000	Restated 2012 Rs '000
Note				
ASSETS				
NON CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Operating assets	13	11,688,827	9,499,335	9,303,712
Capital work-in-progress	14	5,073,763	438,710	469,516
Stores and spares held for capital expenditure		96,069	77,529	67,067
		16,858,659	10,015,574	9,840,295
TRANSACTION COST ON BORROWINGS				
	15	-	18,975	-
LONG TERM INVESTMENTS				
	16	13,264,915	13,264,915	13,264,915
LONG TERM LOANS AND DEPOSITS				
	17	27,990	16,632	14,760
DEFERRED TAXATION				
	18	226,383	91,806	132,848
CURRENT ASSETS				
Stores, spares and loose tools	19	786,536	688,132	673,854
Stock-in-trade	20	11,555,708	11,744,810	10,650,686
Trade debts	21	13,239,273	17,499,313	49,115,758
Loans, advances, deposits, prepayments and other receivables	22	273,928	309,561	187,415
Cash and bank balances	23	11,266,916	11,004,968	9,843,667
		37,122,361	41,246,784	70,471,380
		67,500,308	64,654,686	93,724,198

The annexed notes 1 to 41 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014 Rs '000	Restated 2013 Rs '000
Sales - net	24	175,067,853	163,300,532
Cost of sales	25	(174,930,908)	(160,259,068)
GROSS PROFIT		136,945	3,041,464
Administration expenses	26	425,900	358,374
Distribution cost	27	43,531	40,402
Finance cost	28	1,754	548,555
Other charges	29	102,855	405,959
		(574,040)	(1,353,290)
		(437,095)	1,688,174
Other income	32	1,764,184	3,082,103
Profit before taxation from refinery operations		1,327,089	4,770,277
Provision for taxation	33	(630,812)	(2,142,679)
Profit after taxation from refinery operations		696,277	2,627,598
Income from non-refinery operations less applicable charges and taxation	34	1,847,124	1,298,094
PROFIT FOR THE YEAR		2,543,401	3,925,692
Earnings per share - Basic and diluted (Rs)			
Refinery operations		8.16	30.81
Non-refinery operations		21.66	15.22
	35	29.82	46.03

The annexed notes 1 to 41 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Statement of Comprehensive Income

For the year ended June 30, 2014

		2014 Rs '000	Restated 2013 Rs '000
	Note		
Profit for the year		2,543,401	3,925,692
Other comprehensive income			
(Loss)/gain on remeasurement of staff retirement benefit plans	30 & 4.3	(7,574)	11,721
Deferred tax credit/ (charge) relating to remeasurement of staff retirement plans		2,499	(3,985)
Surplus on revaluation of freehold land	13.1	2,066,732	-
Other comprehensive income - net of tax		2,061,657	7,736
Total comprehensive income for the year		4,605,058	3,933,428

The annexed notes 1 to 41 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Cash Flow Statement

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - customers	227,294,348	235,214,572
- others	420,372	361,482
	227,714,720	235,576,054
Cash paid for operating costs	(187,590,317)	(200,512,619)
Cash paid to Government for duties, taxes and other levies	(37,010,700)	(34,471,364)
Income tax paid	(1,675,123)	(517,915)
Net cash flows from operating activities	1,438,580	74,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,871,908)	(287,966)
Sale of property, plant and equipment	5,086	1,104
Long term loans and deposits	(11,358)	(1,872)
Income on bank deposits received	1,229,176	1,125,668
Dividends received	2,195,758	1,539,575
Net cash flows (used in)/ from investing activities	(1,453,246)	2,376,509
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost	(8,567)	(548,555)
Long term loan	735,493	-
Transaction cost on borrowings	(237,525)	(18,975)
Dividends paid	(212,764)	(723,561)
Net cash flows from financing activities	276,637	(1,291,091)
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	261,971	1,159,574
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	11,004,968	9,843,667
EFFECT OF EXCHANGE RATE CHANGES	(23)	1,727
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11,266,916	11,004,968

The annexed notes 1 to 41 are an integral part of these financial statements.

— Sd —

Chief Executive

— Sd —

Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Share capital	Capital reserve	(Restated) Special reserve for expansion / modernisation	Investment reserve	General reserve	(Restated) Un-appropriated Profit	Surplus on revaluation of freehold land	Total
	Rs'000							
Balance as at June 30, 2012 - as previously stated	852,930	5,948	6,163,935	3,762,775	55	4,109,581	8,745,217	23,640,441
Change in accounting policy for recognition of actuarial gains and losses - note 4.3	-	-	-	-	-	(82,668)	-	(82,668)
Balance as at July 1, 2012 - as restated	852,930	5,948	6,163,935	3,762,775	55	4,026,913	8,745,217	23,557,773
Final cash dividend @ 60% related to the year ended June 30, 2012	-	-	-	-	-	(511,758)	-	(511,758)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	3,925,692	-	3,925,692
Other comprehensive income for the year	-	-	-	-	-	7,736	-	7,736
	-	-	-	-	-	3,933,428	-	3,933,428
Interim cash dividend @ 25% related to the year ended June 30, 2013	-	-	-	-	-	(213,233)	-	(213,233)
Transfer to special reserve for expansion/modernisation - note 7.1	-	-	2,481,798	-	-	(2,481,798)	-	-
Balance as at June 30, 2013 - as restated	852,930	5,948	8,645,733	3,762,775	55	4,753,552	8,745,217	26,766,210
Final cash dividend @ 25% related to the year ended June 30, 2013	-	-	-	-	-	(213,233)	-	(213,233)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	2,543,401	-	2,543,401
Other comprehensive income for the year	-	-	-	-	-	(5,075)	2,066,732	2,061,657
	-	-	-	-	-	2,538,326	2,066,732	4,605,058
Transfer to special reserve for expansion/modernisation - note 7.1	-	-	550,477	-	-	(550,477)	-	-
Balance as at June 30, 2014	852,930	5,948	9,196,210	3,762,775	55	6,528,168	10,811,949	31,158,035

The annexed notes 1 to 41 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

1. LEGAL STATUS AND OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2014
IFRS 13	Fair Value Measurements (Amendments)	July 1, 2014
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 27	Separate Financial Statements (Amendments)	January 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IFRIC 21	Levies	January 1, 2014

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The Company is yet to assess the full impact of the amendments.

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

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 4.7, certain financial instruments which are carried at their fair values and staff retirement gratuity and pension plans which are carried at present value of defined benefit obligation net of fair value of plan assets.

4.2 Dividend and reserves appropriation

Dividend is recognised as a liability in the financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

4.3 Employee retirement benefits

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

(i) Defined benefit plans

The Company operates a pension plan for its management staff and gratuity plan for its management and non-management staff. Gratuity is deductible from pension. Pension and gratuity plan is invested through approved trust funds. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 30 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Consequent to the revision of IAS 19 "Employee Benefits" (IAS 19) which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur. Previously, the actuarial gains / losses in excess of the corridor limit were recognised in profit or loss over the remaining service life of the employees where as past service cost was recognised in profit and loss on a straight line basis over the average period until the benefits become vested. In accordance with the transitional provisions of IAS 19, the change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated as below. The adoption of above accounting policy has no effect on the cash flow statement.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	Effect for the year ended June 30, 2013	
	Rs '000'	
Profit and loss account		
Decrease in cost of sales		12,166
Decrease in administration expenses		2,281
Decrease in distribution costs		760
(Increase) in provision for current taxation		(5,322)
Decrease in provision for deferred taxation		151
Increase in net profit after taxation		10,036
Other Comprehensive Income		
Increase in gain on remeasurement of staff retirement benefit plans		11,721
(Increase) in deferred tax charge relating to remeasurement of staff retirement benefit plans		(3,985)
Increase in other comprehensive income - net of tax		7,736
Increase in equity		17,772
Increase in Earnings per share - basic and diluted (Rupees)		
Refinery operations		0.12
Non-refinery operations		-
		0.12
	Cumulative effect upto June 30, 2013	Cumulative effect upto June 30, 2012
	Rs '000	Rs '000
Balance Sheet		
(Increase) in trade and other payables	(79,458)	(91,960)
(Decrease) in advances, Deposits, prepayments and other receivables	(18,869)	(33,295)
Increase in deferred taxation	38,753	42,587
(Increase) in provision for taxation	(5,322)	-
(Decrease) in equity	(64,896)	(82,668)

Impact of past service cost is immaterial, therefore it has not been incorporated in these financial statements.

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

(ii) Defined contribution plans

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

4.4 Employee compensated absences

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

4.5 Taxation

Provision for current taxation is based on taxable income at the current rates of tax.

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

4.6 Provisions

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

4.7 Property, plant and equipment

a) Cost

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

b) Depreciation

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

c) Repairs and maintenance

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

d) Gains and losses on disposal

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

4.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the profit and loss account.

4.9 Investments in associated and subsidiary companies

These investments are initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the profit and loss account. The profits and losses of subsidiary and associated companies are carried in the financial statements of the subsidiary and associated company and are not dealt with for the purpose of these financial statements of the Company except to the extent of dividend declared by the subsidiary and associated companies.

4.10 Stores, spares and loose tools

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

4.11 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Crude oil in transit is valued at cost comprising invoice value. Cost in relation to crude oil is determined on the basis of annual average cost of purchases during the year on the principles of import parity and in relation to semi-finished and finished products it represents the cost of crude oil and refining charges consisting of direct expenses and appropriate production overheads. Direct expenses are arrived at on the basis of average cost for the year per barrel of throughput. Production overheads, including depreciation, are allocated to throughput proportionately on the basis of nameplate capacity.

Net realisable value in relation to finished product represents selling prices in the ordinary course of business less costs necessarily to be incurred for its sale, as applicable, and in relation to crude oil represents replacement cost at the balance sheet date.

4.12 Revenue recognition

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

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

The Company is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed product prices equivalent to the 'import parity' price, calculated under prescribed parameters.
- ii) Income from crude decanting, crude desalter operations, rental income, handling and service income are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits is recognised using the effective yield method.

4.13 Borrowing costs

Borrowing cost related to the financing of major projects during the construction phase is capitalised. All other borrowing costs are expensed as incurred.

4.14 Foreign currency transactions and balances

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

4.15 Financial instruments

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

4.16 Financial assets

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

4.16.1 Held-to-maturity investments

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

4.16.2 Loans and receivables

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

4.16.3 Available-for-sale investments

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

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

4.16.4 Investment at fair value through profit or loss

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

4.17 Trade and other payables

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

4.18 Offsetting

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

4.19 Cash and cash equivalents

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

4.20 Functional and presentation currency

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

4.21 Borrowings

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

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

4.22 Operating segments

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- i) Estimated useful life of property, plant and equipment - note 13
- ii) Revaluation surplus on freehold land - note 13.1
- iii) Estimate of recoverable amount of investment in an associated company - note 16
- iv) Provision for employees' defined benefit plans - note 30
- v) Provision for taxation - note 33

	2014 Rs '000	2013 Rs '000
6. SHARE CAPITAL		
Authorised		
150,000,000 ordinary shares of Rs 10 each	1,500,000	1,500,000
Issued, subscribed and paid-up		
8,000,000 ordinary shares of Rs 10 each		
issued for cash	80,000	80,000
Shares issued as fully paid bonus shares		
77,293,000 ordinary shares of Rs 10 each	772,930	772,930
85,293,000 ordinary shares of Rs 10 each	852,930	852,930

The parent company Attock Oil Company Limited held 52,039,224 (2013: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (2013: 1,432,000) ordinary shares at the year end.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
7. RESERVES AND SURPLUS		
Capital reserve		
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
Special reserve for expansion/modernisation - note 7.1		
Additional revenue under processing fee formula related to 1990-91 and 1991-92	32,929	32,929
Surplus profits under the import parity pricing formula	9,163,281	8,612,804
	9,196,210	8,645,733
Revenue reserve		
Investment reserve - note 7.2	3,762,775	3,762,775
General reserve	55	55
Unappropriated profit	6,528,168	4,753,552
	10,290,998	8,516,382
	19,493,156	17,168,063

- 7.1** 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. Transfer to / from special reserve is recognised at each quarter end and is reviewed for adjustment based on profit / loss on an annual basis. The Company has incurred capital expenditure of Rs 9,293 million on up-gradation and expansion projects from July 1, 1997 to June 30, 2014 (July 1, 1997 to June 30, 2013 : Rs 4,332 million).

On March 27, 2013, the Ministry of Petroleum & Natural Resources issued Policy Framework for Up-gradation and Expansion of Refineries. Among other directives, the Policy Framework requires refineries to deposit on half yearly basis (with final adjustment on annual basis), the amount of profit above 50% of paid-up capital as at July 1, 2002 accumulated in the Special Reserve Account in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for up-gradation of refineries. Such amounts shall be transferred to the ESCROW account on completion of certain formalities. Further, the refineries have been directed that till completion of the projects, offsetting of losses, if any for the year ended June 30, 2013 or subsequent years will not be allowed against the amount of profit above 50% of paid-up capital as at July 1, 2002 accumulated or to be accumulated in the Special Reserve Account as per current pricing formula.

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

8. SURPLUS ON REVALUATION OF FREEHOLD LAND

This represents surplus over book value resulting from revaluation of freehold land as referred to in note 13.1. Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current

or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

	2014 Rs '000	2013 Rs '000
9. LONG TERM BORROWINGS		
Syndicated Term Finance - note 9.1	562,724	-
Musharka Finance - note 9.2	183,659	-
	746,383	-
Transaction cost on borrowing - note 15	256,500	-
Amortization for the year	(6,703)	-
Unamortised Transaction cost on borrowings	(249,797)	-
	496,586	-
Less: Mark-up payable shown as current liability	(15,894)	-
	480,692	-

9.1 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 billion for ARL Up-gradation Projects. The facility carries a mark-up of 3 month KIBOR plus 1.70% which will be payable on quarterly basis. The tenure of this facility is 12 years including the grace period of 2 years. Upto June 30, 2014 aggregate draw down was Rs 554,509 thousand.

9.2 The Company has obtained musharaka finance facility of Rs 5.425 billion 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 billion and Investment Agent's (the Bank) share in Musharaka Assets A is 62.59% while its share in Musharaka Assets B is 69.90% respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 37.41% while its share in Musharaka Assets B is 30.10% respectively. The tenure of this facility is 12 years including the grace period of 2 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. Upto June 30, 2014 aggregate draw down was Rs 180,983 thousand.

9.3 The facilities referred in note 9.1 and 9.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15 billion. 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 immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot except with the prior written consent of the Agent Bank/ Investment Agent permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.

10. SHORT TERM BORROWINGS

The Company has negotiated running finance facilities with banks and accepted facility offer letters to the extent of Rs 0.5 billion (June 30, 2013: Rs 1 billion), which were unutilised at the year end. As and when required, these facilities shall be secured by registered charge over the Company's current assets.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
11. TRADE AND OTHER PAYABLES		
Creditors - note 11.1	18,821,479	20,406,344
Due to The Attock Oil Company Limited - Holding Company	46,855	51,081
Due to associated companies		
Pakistan Oilfields Limited	1,672,975	1,528,852
Attock Petroleum Limited	7,611	-
Attock Information Technology Services (Private) Limited	-	6,640
National Refinery Limited	-	8,802
Sui Southern Gas Company Limited	41,721	75,288
Accrued liabilities and provisions - note 11.1	2,745,032	2,508,791
Due to the Government under pricing formula	3,702,570	3,370,931
Advance payments from customers	9,623	18,024
Sales tax payable	1,496,643	1,847,723
Mark-up on long term borrowings - note 9	15,894	-
Workers' Welfare Fund	673,309	604,507
ARL gratuity fund	194,933	179,896
Staff pension fund	7,777	15,359
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Payable to statutory authorities in respect of petroleum development levy and excise duty	766,024	892,466
Security deposits	1,937	1,937
Unclaimed dividends	6,497	6,028
	30,211,256	31,523,045

- 11.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Petroleum and Natural Resources (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 alongwith accumulated profits amounted to Rs 2,423.86 million (2013: Rs 2,245.18 million).

	2014 Rs '000	2013 Rs '000
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
<p>i) Due to circular debt in the oil industry, certain payments due from/ to the oil marketing companies (OMCs) and crude oil suppliers respectively have not been made 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.</p> <p>ii) SECP has raised a demand on the Company to surrender gain on purchase and sale of shares of Attock Petroleum Limited by the Company during the period May, 2008 to August, 2008. Based on legal advice, the Company has contested this demand in Appeal against the SECP order. 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.</p>	52,204	52,204
<p>iii) Consequent to amendment through Finance Act 2013, section 2 (22A) of Sales Tax Act 1990 (the Act) was amended relating to definition of Provincial Sales Tax and claim of input tax paid on provincial services had been disallowed from July 2013 onward. Accordingly the Federal Board of Revenue (FBR) had disallowed claim of sales tax paid on provincial services. The Company filed writ petition in Lahore High Court, Rawalpindi Bench, which granted interim order and provisionally allowed the company to claim input sales tax paid on Provincial services by filing the sales tax return electronically/ manually. The Company has been claiming the input tax on provincial services on month to month basis.</p> <p>Meanwhile Federal Government, through SRO No. 212(I)/2014 dated March 26, 2014, has defined Provincial Sales Tax for the purpose of input tax. The court in its hearing dated June 23, 2014 has expressed that grievances of the petitioner have not been redressed and directed to relist the case for hearing immediately after the summer vacation 2014.</p>	275,056	-
iv) Guarantees issued by banks on behalf of the Company	394	394
v) Claims for land compensation contested by the Company	1,300	1,300
vi) Price adjustment related to crude oil purchases as referred to in note 25.1, the amount of which can not be presently quantified		
Commitments outstanding:		
i) ARL Up-gradation Projects	14,320,644	18,459,249
After certain amendments in the EPCC contract, commitments outstanding for ARL Up-gradation Projects as at June 30, 2014 comprise of Rs 3,761 million and US \$ 106.78 million approximately (June 30, 2013: Rs 4,368 million and US \$ 142.62 million approximately.)		
ii) Capital expenditure (other than (i) above)	117,570	187,899
iii) Letters of credit for purchase of store items	9,582	29,428

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

13. OPERATING ASSETS

	Freehold land (note 13.1)	Buildings on freehold land	Plant and machinery	Computer equipment	Furniture, fixtures and equipment	Vehicles	Total
	Rupees ('000)						
As at July 1, 2012							
Cost or valuation	8,799,438	138,864	4,323,973	56,675	75,148	86,715	13,480,813
Accumulated depreciation	-	(62,700)	(3,948,516)	(45,335)	(52,554)	(67,996)	(4,177,101)
Net book value	8,799,438	76,164	375,457	11,340	22,594	18,719	9,303,712
Year ended June 30, 2013							
Opening net book value	8,799,438	76,164	375,457	11,340	22,594	18,719	9,303,712
Additions	-	37,666	241,450	7,654	7,016	14,524	308,310 *
Disposals							
Cost	-	-	(219)	(5,061)	(827)	(3,269)	(9,376)
Depreciation	-	-	219	5,034	499	3,269	9,021
	-	-	-	(27)	(328)	-	(355)
Depreciation charge	-	(7,773)	(88,482)	(4,672)	(4,545)	(6,860)	(112,332)
Closing net book value	8,799,438	106,057	528,425	14,295	24,737	26,383	9,499,335
As at June 30, 2013							
Cost or valuation	8,799,438	176,530	4,565,204	59,268	81,337	97,970	13,779,747
Accumulated depreciation	-	(70,473)	(4,036,779)	(44,973)	(56,600)	(71,587)	(4,280,412)
Net book value	8,799,438	106,057	528,425	14,295	24,737	26,383	9,499,335
Year ended June 30, 2014							
Opening net book value	8,799,438	106,057	528,425	14,295	24,737	26,383	9,499,335
Additions	-	6,269	213,187	4,961	10,393	7,911	242,721 *
Revaluation surplus	2,066,732	-	-	-	-	-	2,066,732
Disposals							
Cost	-	-	(612)	(5,228)	(1,295)	(5,258)	(12,393)
Depreciation	-	-	612	5,219	927	5,258	12,016
	-	-	-	(9)	(368)	-	(377)
Depreciation charge	-	(9,263)	(91,757)	(5,403)	(4,870)	(8,291)	(119,584)
Closing net book value	10,866,170	103,063	649,855	13,844	29,892	26,003	11,688,827
As at June 30, 2014							
Cost or valuation	10,866,170	182,799	4,777,779	59,001	90,435	100,623	16,076,807
Accumulated depreciation	-	(79,736)	(4,127,924)	(45,157)	(60,543)	(74,620)	(4,387,980)
Net book value	10,866,170	103,063	649,855	13,844	29,892	26,003	11,688,827
Annual rate of Depreciation (%)	-	5	10	20	10	20	

* These include Rs 219,014 thousand (2013: Rs 252,969 thousand) transferred from capital work-in-progress during the year.

- 13.1** Freehold land was revalued in May 2014 and the revaluation surplus of Rs 2,066,732 thousand (2013: Rs 8,745,217 thousand) has been added to the value of freehold land and corresponding amount has been transferred to surplus on revaluation of fixed assets.

Original cost of freehold land	Rs 54,221,409
Book value at the date of valuation	Rs 8,799,437,500
Revalued amount	Rs 10,866,170,000
Dates of valuation	May 31, 2014
Basis of revaluation	Estimated current market value
Name and qualification of independent valuer	Iqbal A. Nanjee & Co.
	Valuation Consultants and Surveyors

- 13.2** Operating assets disposed off during the year are as follows:

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rs '000					
Assets disposed off to executives:					
Vehicles	1,284	-	128	Company policy	Malik Masood Sadiq
	1,272	-	127	Company policy	Mr. Salman Tariq
	2,556	-	255		
					Aggregate of other items of operating assets disposed off with individual book values not exceeding Rs 50 thousand
Others	9,837	377	4,831	Tender/ Auction	
2014	12,393	377	5,086		
2013	9,376	355	1,104		

	2014 Rs '000	2013 Rs '000
13.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 25	104,385	99,608
Administration expenses - note 26	14,659	12,257
Distribution cost - note 27	540	467
	119,584	112,332
14. CAPITAL WORK-IN-PROGRESS		
Balance as at July 1	438,710	469,516
Additions during the year - note 14.1	4,854,067	222,163
	5,292,777	691,679
Transfer to operating assets		
- Buildings on freehold land	(6,038)	(36,105)
- Plant and machinery	(212,976)	(216,864)
Balance as at June 30	5,073,763	438,710
The details are as under:		
Civil works	18,290	3,672
Plant and machinery	5,054,473	434,038
Pipeline project	1,000	1,000
	5,073,763	438,710

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

- 14.1** This includes borrowing cost amounting to Rs 24,406 thousand on long term finance capitalized. Finance has been obtained for the purpose of up-gradation projects.

	2014 Rs '000	2013 Rs '000
15. TRANSACTION COST ON BORROWINGS		
Balance as at July 1	18,975	-
Addition during the year	237,525	18,975
	256,500	18,975
Transferred to Long term borrowings - note 9	(256,500)	-
	-	18,975

	2014		2013	
	% age holding	Rs '000	% age holding	Rs '000
16. LONG TERM INVESTMENTS - AT COST				
Associated companies				
Quoted				
National Refinery Limited (NRL) - note 16.1	25	8,046,635	25	8,046,635
19,991,640 (2013: 19,991,640) fully paid ordinary shares including 3,331,940 (2013: 3,331,940) bonus shares of Rs 10 each				
Market value as at June 30, 2014: Rs 4,295 million (June 30, 2013: Rs 4,810 million)				
Attock Petroleum Limited (APL)	21.88	4,463,485	21.88	4,463,485
18,144,138 (2013: 15,120,115) fully paid ordinary shares including 7,644,058 (2013: 4,620,035) bonus shares of Rs 10 each				
Market value as at June 30, 2014: Rs 10,702 million (June 30, 2013: Rs 8,484 million)				
Unquoted				
Attock Gen Limited (AGL)	30	748,295	30	748,295
7,482,957 (2013: 7,482,957) fully paid ordinary shares of Rs 100 each				
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500
450,000 (2013: 450,000) fully paid ordinary shares of Rs 10 each				
		13,262,915		13,262,915
Subsidiary company				
Unquoted				
Attock Hospital (Private) Limited	100	2,000	100	2,000
200,000 (2013: 200,000) fully paid ordinary shares of Rs 10 each				
		13,264,915		13,264,915

All associated and subsidiary companies are incorporated in Pakistan.

- 16.1** Based on a valuation analysis carried out by an external investment advisor engaged by the Company, the recoverable amount of investment exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes average gross profit margin of 3.2% (2013: 3.5%), terminal growth rate of 4% (2013: 4%) and capital asset pricing model based discount rate of 18.62% (2013: 18.27%).

	2014 Rs '000	2013 Rs '000
17. LONG TERM LOANS AND DEPOSITS		
Loans to employees - considered good - note 17.1	42,373	40,994
Amounts due within next twelve months shown under current assets - note 22	(26,173)	(25,760)
	16,200	15,234
Security deposits	11,790	1,398
	27,990	16,632

- 17.1** Loans to employees are for miscellaneous purposes which are recoverable in 24, 36 and 60 equal monthly installments depending on case to case basis and are secured by a charge on the asset purchased and/or amount due to the employee against provident fund or a third party guarantee. These are interest free loans. These include an amount of Rs 8.650 million (2013: Rs 9.066 million) receivable from Executives of the Company and does not include any amount receivable from Directors or Chief Executive. The maximum amount due from executives of the Company at the end of any month during the year was Rs 11.790 million (2013: Rs 9.066 million).

- 17.2** Reconciliation of carrying amount of loans to executives:

	2014 Rs '000	2013 Rs '000
Balance as at July 1	9,066	6,029
Disbursements during the year	12,596	12,644
	21,662	18,673
Repayments during the year	(13,012)	(9,607)
Balance as at June 30	8,650	9,066
	2014 Rs '000	(Restated) 2013 Rs '000
18. DEFERRED TAXATION		
The balance of deferred tax is in respect of the following major temporary differences:		
(Accelerated)/ decelerated depreciation	(18,553)	5,015
Provision for privilege leave	11,918	11,040
Provision for obsolete stores	36,725	36,308
Minimum tax	154,371	-
Others	670	690
	185,131	53,053
Retirement benefit obligation	41,252	38,753
	226,383	91,806

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
19. STORES, SPARES AND LOOSE TOOLS		
Stores (including items in transit Rs 88.65 million; 2013: Rs 123.62 million)	528,605	445,724
Spares	368,357	348,357
Loose tools	860	837
	897,822	794,918
Less: Provision for slow moving items - note 19.1	111,286	106,786
	786,536	688,132

19.1 Movement in provision for slow moving items		
Balance as at July 1	106,786	67,686
Provision for the year	4,500	39,100
	111,286	106,786

20. STOCK-IN-TRADE		
Crude oil - in stock	3,565,596	4,239,670
Semi-finished products	1,291,581	958,198
Finished products - note 20.2	6,698,531	6,546,942
	11,555,708	11,744,810

20.1 Stock-in-trade include stocks carried at net realisable value of Rs 10,793 million (2013: Rs 10,266 million). Adjustments amounting to Rs 798 million (2013: Rs 856 million) have been made to closing inventory to write down stocks to their net realisable value.

	2014 Rs '000	2013 Rs '000
20.2 Includes Naphtha stock:		
At National Refinery Limited	943,325	666,816
In transit	186,067	257,340
	1,129,392	924,156

21. TRADE DEBTS

All debtors are unsecured and considered good.

Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 6,397 million (2013: Rs 6,971 million) and Pakistan Oilfields Limited Rs 4 million (2013: Rs 32 million).

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

	2014 Rs '000	2013 Rs '000
0 to 6 months	1,880,310	2,550,736
6 to 12 months	904,209	-
Above 12 months	157,555	-
	2,942,074	2,550,736

	2014 Rs '000	(Restated) 2013 Rs '000
22. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
LOANS AND ADVANCES - CONSIDERED GOOD		
Current portion of long term loans to employees - note 17	26,173	25,760
Advances to suppliers	22,308	89,311
Advances to employees	3,579	3,118
	52,060	118,189
DEPOSITS AND PREPAYMENTS		
Trade deposits	286	286
Short term prepayments	74,325	39,568
	74,611	39,854
OTHER RECEIVABLES		
Due from subsidiary company		
Attock Hospital (Private) Limited	488	442
Due from associated companies		
Attock Information Technology Services (Private) Limited	88	-
Attock Petroleum Limited	-	1,966
Attock Leisure and Management Associates (Pvt) Limited	-	4,203
Attock Gen Limited	509	215
National Cleaner Production Centre Foundation	324	543
Attock Cement Pakistan Limited	-	8
National Refinery Limited	26	-
Income accrued on bank deposits	38,066	38,716
Crude oil freight adjustable through inland freight equalisation margin	1,446	15,802
Workers' profit participation fund - note 22.1	17,973	65,958
Forward foreign exchange contracts	64,245	-
Other receivables	24,092	23,665
	147,257	151,518
	273,928	309,561
	2014 Rs '000	2013 Rs '000
22.1 Workers' Profit Participation Fund		
Balance as at July 1	65,958	(245,967)
Interest on funds utilised in the Company's business	-	(3,775)
	65,958	(249,742)
Amount paid to the fund	133,075	648,775
	199,033	399,033
Amount allocated for the year - note 29 and 34	(181,060)	(333,075)
Balance as at June 30	17,973	65,958

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
23. CASH AND BANK BALANCES		
Cash in hand	912	931
Pay orders in hand - note 23.2	-	8,045,762
With banks:		
Local Currency		
Current accounts	5,891	5,515
Deposit accounts - note 23.1	2,353,421	-
Savings accounts	8,860,431	2,906,065
Foreign Currency		
Saving account (US \$ 469,420; 2013: US \$ 473,584)	46,261	46,695
	11,266,916	11,004,968

23.1 This represents deposits placed in a 90-day interest-bearing account consequent to directives of the Ministry of Petroleum & Natural Resources on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 11.1.

23.2 Balance at June 30, 2013 includes an amount of Rs 2,190.198 million related to amounts withheld alongwith interest earned thereon net of withholding tax, as referred to in note 11.1.

23.3 Bank deposits of Rs 0.394 million (2013: Rs 0.394 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

23.4 Balances with banks include Rs 1.937 million (2013: Rs 1.937 million) in respect of security deposits received from customers etc.

23.5 Balances with banks earned weighted average interest / mark-up @ 9.32% (2013: @ 9.73%) per annum.

	2014 Rs '000	2013 Rs '000
24. SALES		
Gross sales (excluding Naphtha export sales)	189,442,697	177,930,351
Naphtha export sales	33,884,084	24,230,801
Sale proceeds of Naphtha exports related to third parties	(11,336,720)	(4,156,023)
	22,547,364	20,074,778
	211,990,061	198,005,129
Duties, taxes and levies - note 24.1	(36,533,178)	(34,516,066)
HSD price differential payable to Government - note 24.2	(389,030)	(188,531)
	175,067,853	163,300,532

	2014 Rs '000	2013 Rs '000
24.1 Duties, taxes and levies		
Sales tax	27,526,002	24,569,435
Petroleum development levy	9,006,739	9,946,050
Custom duties and other levies	437	581
	36,533,178	34,516,066

24.2 This represents amount payable to the Government of Pakistan on account of differential between import parity price of HSD and import price of PSO.

	2014 Rs '000	(Restated) 2013 Rs '000
25. COST OF SALES		
Opening stock of semi-finished products	958,198	951,036
Crude oil consumed - note 25.1	171,008,784	157,340,088
Transportation and handling charges	1,796,597	1,654,633
Salaries, wages and other benefits - note 25.2	715,037	617,757
Printing and stationery	3,384	2,617
Chemicals consumed	301,795	294,450
Fuel and power	1,027,992	857,838
Rent, rates and taxes	23,109	14,925
Telephone	1,864	1,846
Professional charges for technical services	5,727	5,878
Insurance	109,305	118,942
Repairs and maintenance (including stores and spares consumed Rs 100.407 million; 2013: Rs 85.488 million)	281,535	285,433
Staff transport and traveling	16,158	14,288
Cost of receptacles	20,075	29,214
Research and development	133	66
Depreciation - note 13.3	104,385	99,608
	176,374,078	162,288,619
Closing stock of semi-finished products	(1,291,581)	(958,198)
	175,082,497	161,330,421
Opening stock of finished products	6,546,942	5,475,589
Closing stock of finished products	(6,698,531)	(6,546,942)
	(151,589)	(1,071,353)
	174,930,908	160,259,068

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
25.1 Crude oil consumed		
Stock as at July 1	4,239,670	4,224,061
Purchases	170,334,710	157,355,697
	174,574,380	161,579,758
Stock as at June 30	(3,565,596)	(4,239,670)
	171,008,784	157,340,088

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

- 25.2** Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include the Company's contribution to the Pension and Gratuity Fund Rs 43,295 thousand (2013: Rs 58,289 thousand) and to the Provident Fund Rs 21,292 thousand (2013: Rs 21,370 thousand).

	2014 Rs '000	(Restated) 2013 Rs '000
26. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits - note 25.2	237,699	207,622
Board meeting fee	5,090	3,985
Transport, traveling and entertainment	21,294	19,433
Telephone	2,159	2,092
Electricity, gas and water	17,840	15,254
Printing and stationery	4,447	4,621
Auditor's remuneration - note 26.1	3,211	2,454
Legal and professional charges	27,319	13,102
Repairs and maintenance	65,177	51,531
Subscription	12,137	10,267
Publicity	4,317	5,355
Scholarship scheme	2,021	1,851
Rent, rates and taxes	5,203	3,575
Insurance	859	1,477
Donations*	672	572
Training expenses	1,796	2,926
Depreciation - note 13.3	14,659	12,257
	425,900	358,374

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

26.1 Auditor's remuneration		
Annual audit	1,331	1,210
Review of half yearly accounts, audit of consolidated accounts, employee funds and special certifications	1,195	713
Tax services	400	350
Out of pocket expenses	285	181
	3,211	2,454

	2014 Rs '000	(Restated) 2013 Rs '000
27. DISTRIBUTION COST		
Salaries, wages and other benefits - note 25.2	29,514	28,696
Transport, traveling and entertainment	732	553
Telephone	293	212
Electricity, gas, fuel and water	5,936	5,085
Printing and stationery	113	110
Repairs and maintenance including packing and other stores consumed	4,995	4,414
Rent, rates and taxes	1,408	835
Legal and professional charges	-	30
Depreciation - note 13.3	540	467
	43,531	40,402
	2014 Rs '000	2013 Rs '000
28. FINANCE COST		
Exchange loss	-	544,492
Interest on long term borrowings	1,699	-
Interest on Workers' Profit Participation Fund - note 22.1	-	3,775
Bank and other charges	55	288
	1,754	548,555
29. OTHER CHARGES		
Provision for slow moving stores	4,500	39,100
Workers' Profit Participation Fund	71,272	256,096
Workers' Welfare Fund	27,083	110,763
	102,855	405,959

30. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2014 using the projected unit credit method. Details of the defined benefit plans are:

	Funded pension		Funded gratuity	
	2014 Rs '000	2013	2014 Rs '000	2013
a) The amounts recognised in the balance sheet:				
Present value of defined benefit obligations	575,722	583,806	383,861	375,538
Fair value of plan assets	(567,945)	(574,936)	(188,928)	(195,642)
Deficit/ (surplus)	7,777	8,870	194,933	179,896
Unrecognised past service cost	-	6,489	-	-
Net liability	7,777	15,359	194,933	179,896

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	Funded pension		Funded gratuity	
	2014	2013	2014	2013
	Rs '000		Rs '000	
b) The amounts recognised in the profit and loss account:				
Current service cost	19,104	14,268	12,466	10,885
Net interest cost	656	5,131	17,558	26,479
Past service cost	(6,489)	(3,374)	-	4,900
	13,271	16,025	30,024	42,264
c) Movement in the present value of defined benefit obligation:				
Present value of defined benefit obligation as at July 1	583,806	535,968	375,538	333,235
Transfer to related parties	(65,795)	-	(15,770)	-
	518,011	535,968	359,768	333,235
Current service cost	19,104	14,268	12,466	10,885
Interest cost	55,405	69,198	37,694	41,401
Benefits paid	(28,666)	(28,309)	(34,185)	(42,885)
Past service cost	(6,489)	-	-	2,552
Remeasurement of defined benefit obligation	18,357	(7,319)	8,118	30,350
Present value of defined benefit obligation as at June 30	575,722	583,806	383,861	375,538
d) Movement in the fair value of plan assets:				
Fair value of plan assets as at July 1	574,936	491,531	195,642	47,587
Transfer to related parties	(68,666)	-	(3,455)	-
	506,270	491,531	192,187	47,587
Expected return on plan assets	54,749	64,067	20,136	14,922
Contributions	11,568	11,784	15,913	177,129
Benefits paid	(28,666)	(28,309)	(34,185)	(42,885)
Remeasurement of plan assets	24,024	35,863	(5,123)	(1,111)
Fair value of plan assets as at June 30	567,945	574,936	188,928	195,642
Actual return on plan assets	78,773	99,929	15,013	13,811

The Company expects to contribute Rs 54 million to its defined benefit pension and gratuity plans during 2014 - 2015.

	Funded pension		Funded gratuity	
	2014	2013	2014	2013
	Rs '000		Rs '000	
e) Plan assets comprise of:				
Investment in equity securities	153,690	129,221	-	-
Investment in mutual funds	10,454	25,479	5,227	-
Deposits with banks	483,628	420,236	190,455	195,722
Others	93	-	-	-
Benefits due	-	-	(1,055)	(80)
Share of asset of related parties	(79,920)	-	(5,698)	-
	567,945	574,936	188,929	195,642

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

		Funded pension		Funded gratuity	
		2014	2013	2014	2013
		Rs '000		Rs '000	
g)	Remeasurement recognised in OCI:				
	Remeasurement (loss)/ gain on obligation	(18,357)	7,319	(8,118)	(30,350)
	Remeasurement gain/ (loss) on plan assets	24,024	35,863	(5,123)	(1,111)
		5,667	43,182	(13,241)	(31,461)
h)	Principal actuarial assumptions used in the actuarial valuation are as follows:				
	Discount rate	13.00%	11.00%	13.00%	11.00%
	Expected return on plan assets	13.00%	11.00%	13.00%	11.00%
	Future salary increases	10.75%	9.00%	10.75%	9.00%
	Future pension increases	7.50%	5.75%	7.50%	-
	Demographic assumptions				
	Rates of employee turnover				
	Management	Low	Low	Low	Low
	Non-management	Nil	Nil	Nil	Nil

Mortality was assumed to be 70% of the EFU (61-66) Table. The table has been rated down three years for mortality of female pensioners and widows.

i) Sensitivity Analysis:

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

	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	
Discount rate	(76,252)	89,962
Future salary growth	35,280	(32,440)
Pension increase	53,844	(46,950)

If the life expectancy increase/ decreases by 1 year, the impact on defined benefit obligation would be Rs 19,816 thousand.

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

j) Projected benefit payments from fund are as follows:

	Pension Rs '000	Gratuity
FY 2015	31,142	32,528
FY 2016	34,216	41,255
FY 2017	41,057	68,960
FY 2018	47,479	59,388
FY 2019	50,965	56,462
FY 2020-24	332,314	384,865

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

Plan Duration	Pension Years	Gratuity
June 30, 2014	13.1	5.4
June 30, 2013	13.2	5.6

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

31. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on un-audited financial statements for the year ended June 30, 2014 are as follows:

	2014 Rs '000	2013 Rs '000
Staff Provident Fund		
Size of the fund	340,027	304,612
Cost of investments made	266,858	251,344
Fair value of investments made	335,383	302,932
%age of investments made	99%	99%

	2014 Rs '000	%age	2013 Rs '000	%age
Breakup of investment - at cost				
Shares	22,582	9%	22,851	9%
Mutual Funds	8,400	3%	11,499	5%
Bank deposits	235,876	88%	216,994	86%
	266,858	100%	251,344	100%

	2014 Rs '000	2013 Rs '000
General Staff Provident Fund		
Size of the fund	553,943	507,176
Cost of investments made	503,166	470,196
Fair value of investments made	546,176	503,998
%age of investments made	99%	99%
	2014 Rs '000 %age	2013 Rs '000 %age
Breakup of investment - at cost		
Shares	18,282 4%	23,222 5%
Mutual Funds	4,900 1%	36,520 8%
Bank deposits	479,984 95%	410,454 87%
	503,166 100%	470,196 100%

Investments out of provident funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

	2014 Rs '000	2013 Rs '000
32. OTHER INCOME		
Income from financial assets		
Income on bank deposits	1,228,526	1,139,457
Interest on delayed payments	104,958	1,634,784
Gain on forward foreign exchange contracts	64,245	-
Exchange gain on crude purchases	56,129	-
Exchange gain on export sales	82,747	82,417
	1,536,605	2,856,658
Income from non - financial assets		
Income from crude decanting	3,786	15,218
Income from crude desalter operations - note 32.1	4,652	4,387
Insurance agency commission	2,496	2,067
Rental income	77,222	73,287
Sale of scrap	23,060	17,509
Profit on disposal of operating assets	4,709	749
Calibration charges	3,397	3,818
Handling and service charges	89,202	88,341
Penalties from carriage contractors	13,258	2,645
Old liabilities written back	434	-
Miscellaneous	5,363	17,424
	227,579	225,445
	1,764,184	3,082,103

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
32.1 Income from crude desalter operations		
Income	63,255	60,483
Less: Operating costs		
Salaries, wages and other benefits	1,786	1,709
Chemical consumed	9,973	9,546
Fuel and power	36,418	34,860
Repairs and maintenance	10,426	9,981
	58,603	56,096
	4,652	4,387
	2014 Rs '000	(Restated) 2013 Rs '000
33. PROVISION FOR TAXATION		
Current	762,890	2,105,622
Deferred	(132,078)	37,057
	630,812	2,142,679
33.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	1,327,089	4,770,277
Tax at applicable tax rate of 34%	451,210	1,669,597
Tax effect of income taxable at special rates	178,670	475,661
Effect of change in tax rate	(1,560)	(2,579)
Others	2,492	-
	630,812	2,142,679
	2014 Rs '000	2013 Rs '000
34. INCOME FROM NON-REFINERY OPERATIONS		
LESS APPLICABLE CHARGES AND TAXATION		
Dividend income from associated companies		
National Refinery Limited	299,875	299,875
Attock Petroleum Limited	997,928	491,404
Attock Gen Limited	897,955	748,296
	2,195,758	1,539,575
Less: Related charges		
Workers' Profit Participation Fund	109,788	76,979
Workers' Welfare Fund	41,719	29,252
Taxation	197,127	135,250
	348,634	241,481
	1,847,124	1,298,094

	2014 Rs '000	(Restated) 2013 Rs '000
35. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation from refinery operations	696,277	2,627,598
Income from non-refinery operations less applicable charges and taxation	1,847,124	1,298,094
	2,543,401	3,925,692
Number of fully paid weighted average ordinary shares ('000)	85,293	85,293
Earnings per share - Basic and diluted (Rs)		
Refinery operations	8.16	30.81
Non-refinery operations	21.66	15.22
	29.82	46.03

36. 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:

	2014 Rs '000	2013 Rs '000
High Speed Diesel	73,113,698	66,874,673
Jet Petroleum	20,749,501	21,946,866
Motor Gasoline	46,542,616	44,019,851
Furnace Fuel Oil	23,386,986	20,663,435
Naphtha	22,547,364	20,074,777
Others	25,260,866	24,236,996
	211,601,031	197,816,598
Duties, taxes and levies	(36,533,178)	(34,516,066)
	175,067,853	163,300,532

Revenue from four major customers of the Company constitute 87% (2013: 87%) of total revenue during the year.

37. RELATED PARTY TRANSACTIONS

Attock Oil Company Limited holds 61.01% (2013: 61.01%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 38 to the financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
Associated Companies		
Pakistan Oilfields Limited		
Purchase of crude oil	15,115,768	14,004,809
Purchase of gas	42,982	43,524
Purchase of services	6,134	5,959
Sale of petroleum products	472,324	638,980
Sale of services	13,846	13,825
Attock Petroleum Limited		
Sale of petroleum products	49,252,293	42,079,466
Sale of services	87,522	80,971
Purchase of petroleum products	3,134	2,397
Purchase of services	453,638	341,366
Interest income on delayed payments	104,958	1,634,784
National Refinery Limited		
Purchase of services	177,888	127,762
Sale of services	40	8
Attock Cement Pakistan Limited		
Purchase of services	141	50
Sale of services	63	-
Attock Gen Limited		
Sale of petroleum products	1,870	1,318
Land lease income	19,242	16,261
Storage tanks lease income	14,638	13,190
Income from other services and facilities provided to AGL	9,877	8,161
National Cleaner Production Centre		
Purchase of services	7,199	6,630
Sale of services	9,846	7,231
Sale of petroleum products	71	184
Attock Information Technology Services (Private) Limited		
Purchase of services	29,451	23,033
Sale of services	3,260	3,168
Attock Leisure and Management Associates (Private) Limited		
Sale of services	258	5,381
Sale of petroleum products	5,271	-
Sui Southern Gas Company Limited		
Purchase of crude oil	25,090	104,215
Holding Company		
Holding Company		
Attock Oil Company Limited		
Purchase of crude oil	325,761	409,256
Purchase of services	62,300	8,700
Sale of services	10,350	316

	2014 Rs '000	2013 Rs '000
Subsidiary Company		
Attock Hospital (Private) Limited		
Purchase of services	43,869	45,342
Sale of services	8,591	4,007
Sale of petroleum products	292	386
Other related parties		
Contribution to staff retirement benefits plans		
Staff pension fund	11,568	11,784
Staff gratuity fund	15,913	177,129
Staff provident fund	21,292	21,370
Contribution to Workers' Profit Participation Fund	181,060	333,075

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees ('000)					
Managerial remuneration/ honorarium	6,274	5,853	160	319	75,552	58,184
Bonus	2,691	2,515	-	-	26,030	20,973
Company's contribution to provident, pension and gratuity funds	-	344	-	-	18,477	15,441
Housing and utilities	4,569	4,243	-	-	82,453	66,356
Leave passage	897	685	-	-	10,451	7,449
	14,431	13,640	160	319	212,963	168,403
Less: charged to Attock Gen Limited	4,329	4,092	-	-	-	-
	10,102	9,548	160	319	212,963	168,403
No of person(s)	1	1	1	1	73	60

38.1 In addition, the Chief Executive and 13 (2013: 14) executives were provided with limited use of the Company's cars. The Chief Executive and all executives were provided with medical facilities and 30 (2013: 24) executives were provided with unfurnished accommodation in Company owned bungalows. Limited residential telephone facility was also provided to the Chief Executive and 41 (2013: 35) executives. Gratuity and pension is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuation. Leave passage is paid to Chief Executive and all executives in accordance with the terms of employment.

38.2 In addition, meeting fee based on actual attendance was paid to 4 (2013: 4) non-executive directors Rs 2.587 million (2013: Rs 2.426 million), Chief Executive Officer Rs 0.671 million (2013: Rs 0.623 million) and 2 (2013: 2) alternate directors Rs 1.832 million (2013: Rs 0.927 million) of the Company.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

39.1 Financial assets and liabilities

June 30, 2014	Loans and Receivables Rs '000	Fair value through profit or loss Rs '000	Total Rs '000
Financial assets :			
Maturity upto one year			
Trade debts	13,239,273	-	13,239,273
Loans, advances, deposits & other receivables	113,050	64,245	177,295
Cash and bank balances			
Foreign currency - US \$	46,261	-	46,261
Local currency	11,219,743	-	11,219,743
Maturity after one year			
Long term loans and deposits	27,990	-	27,990
	24,646,317	64,245	24,710,562
		Other financial liabilities	Total
		Rs '000	Rs '000
Financial liabilities :			
Maturity upto one year			
Trade and other payables		30,201,633	30,201,633
Maturity after one year			
Long term borrowings		480,692	480,692
		30,682,325	30,682,325
June 30, 2013	Loans and Receivables Rs '000	Fair value through profit or loss Rs '000	Total Rs '000
Financial assets :			
Maturity upto one year			
Trade debts	17,499,313	-	17,499,313
Loans, advances, deposits & other receivables	180,682	-	180,682
Cash and bank balances			
Foreign currency - US \$	46,695	-	46,695
Local currency	10,957,342	-	10,957,342
Maturity after one year			
Long term loans and deposits	16,632	-	16,632
	28,700,664	-	28,700,664
		Other financial liabilities	Total
		Rs '000	Rs '000
Financial liabilities :			
Maturity upto one year			
Trade and other payables		31,505,021	31,505,021
Maturity after one year			
Long term borrowings		-	-
		31,505,021	31,505,021

The company enters into forward exchange contracts with banks to hedge the currency risk on letters of credit related to import of goods and equipment. The notional principal amounts of the outstanding forward foreign exchange contracts for hedging of letters of credit amounted to Rs 6,246,010 thousand at June 30, 2014 (2013: Nil).

39.2 Credit quality of financial assets

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

	Rating	2014 Balances Rs '000	2013 Balances Rs '000
Trade debts			
Counterparties with external credit rating	A 1+	2,843,013	4,495,767
Counterparties without external credit rating			
Due from associated companies		6,400,626	7,003,026
Others *		3,995,634	6,000,520
		13,239,273	17,499,313
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		205,285	197,314
Bank balances			
Counterparties with external credit rating	A 1+	10,253,235	2,957,410
	A 1	1,012,769	865
		11,266,004	2,958,275

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

39.3 FINANCIAL RISK MANAGEMENT

39.3.1 Financial risk factors

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

a) Credit risk

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

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

At June 30, 2014, trade debts of Rs 3,331,890 thousand (2013: Rs 2,551,918 thousand) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2014 Rs '000	2013 Rs '000
0 to 6 months	2,269,649	2,550,736
6 to 12 months	904,209	-
Above 12 months	158,032	1,182
	3,331,890	2,551,918

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

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 10 to the financial statements.

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

	Carrying amount Rs '000	Contractual cash flows Rs '000	Less than 1 Year Rs '000	Above 1 year Rs '000
At June 30, 2014				
Long term borrowings	480,692	735,492	-	735,492
Trade and other payables	30,211,256	30,211,256	30,211,256	-
At June 30, 2013				
Long term borrowings	-	-	-	-
Trade and other payables	31,523,045	31,523,045	31,523,045	-

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

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the

market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 46 million (2013: Rs 47 million) and financial liabilities include Rs 14,133 million (2013: Rs 13,318 million) which were subject to currency risk.

	2014 Rs '000	2013 Rs '000
Rupees per USD		
Average rate	102.89	96.75
Reporting date mid point rate	98.65	98.70

Sensitivity analysis

At June 30, 2014, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 930 million (2013: Rs 863 million) lower/higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balances of Rs 11,260 million (2013: Rs 2,953 million) and Rs 2,905 million (2013: Rs 2,245 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

At June 30, 2014, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 90 million (2013: Rs 165 million) higher/lower, mainly as a result of higher/lower interest income/expense from these financial assets and liabilities.

iii) Price risk

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

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2014

39.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

39.4 Fair value of financial assets and liabilities

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

40. GENERAL

40.1 Capacity and production

Against the designed annual refining capacity of US barrels 15.050 million (2013: 14.963 million) the actual throughput during the year was US barrels 15.115 million (2013: 14.989 million).

	2014	2013
40.2 Number of employees		
Total number of employees at end of the year	698	669
Average number of employees for the year	688	675

40.3 Corresponding figures

Previous year figure has been recalssified to conform to current year's presentation as follows:

Reclassified from	Reclassified to	Rupees (in thousand)
Capital work-in-progress	Transaction cost on borrowings	18,975

40.4 Rounding off

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

41. DATE OF AUTHORISATION

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

___ Sd ___
Chief Executive

___ Sd ___
Director



Consolidated Annual Audited Financial Statements

for the year ended June 30, 2014

Auditors' Report to the Members

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS
KARACHI-LAHORE-ISLAMABAD



We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Attock Refinery Limited (ARL) and its subsidiary company, Attock Hospital (Private) Limited as at June 30, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of ARL and its subsidiary company. These financial statements are the responsibility of ARL's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of ARL and its subsidiary company as at June 30, 2014 and the results of their operations for the year then ended.

— Sd —

Chartered Accountants
Islamabad : August 14, 2014
Engagement partner : S. Haider Abbas

As at June 30, 2014

128 | Annual Report for the year ended June 30, 2014

		2014 Rs '000	Restated 2013 Rs '000	Restated 2012 Rs '000
Note				
ASSETS				
NON CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Operating assets	13	11,694,065	9,504,110	9,308,006
Capital work-in-progress	14	5,073,763	438,710	469,516
Stores and spares held for capital expenditure		96,069	77,529	67,067
		16,863,897	10,020,349	9,844,589
TRANSACTION COST ON BORROWINGS				
	15	-	18,975	-
LONG TERM INVESTMENTS				
	16	18,438,278	18,656,872	18,134,870
LONG TERM LOANS AND DEPOSITS				
	17	27,990	16,632	14,760
DEFERRED TAXATION				
	18	230,499	95,152	133,215
CURRENT ASSETS				
Stores, spares and loose tools	19	786,536	688,132	673,854
Stock-in-trade	20	11,556,329	11,745,282	10,651,284
Trade debts	21	13,239,330	17,499,373	49,116,266
Loans, advances, deposits, prepayments and other receivables	22	290,655	324,310	199,674
Cash and bank balances	23	11,272,003	11,010,571	9,850,286
		37,144,853	41,267,668	70,491,364
		72,705,517	70,075,648	98,618,798

The annexed notes 1 to 43 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Consolidated Profit and Loss Account

For the year ended June 30, 2014

		2014 Rs '000	Restated 2013 Rs '000
	Note		
Sales - net	24	175,067,853	163,300,532
Cost of sales	25	(174,930,908)	(160,259,068)
GROSS PROFIT		136,945	3,041,464
Administration expenses	26	425,900	358,374
Distribution cost	27	43,531	40,402
Finance cost	28	1,754	548,555
Other charges	29	102,855	405,959
		(574,040)	(1,353,290)
		(437,095)	1,688,174
Other income	32	1,764,184	3,082,103
Profit before taxation from refinery operations		1,327,089	4,770,277
Provision for taxation	33	(630,812)	(2,142,679)
Profit after taxation from refinery operations		696,277	2,627,598
Profit after taxation from non-refinery operations			
Impairment loss on investment in associated companies	16	(325,424)	(607,244)
Profit / (loss) of Attock Hospital (Private) Limited	34	668	(6,012)
Share in profit of associated companies	35	1,947,823	2,427,340
		1,623,067	1,814,084
PROFIT FOR THE YEAR		2,319,344	4,441,682
Earnings per share - Basic and diluted (Rs)			
Refinery operations		8.16	30.81
Non-refinery operations		19.03	21.27
	41	27.19	52.08

The annexed notes 1 to 43 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2014

		2014 Rs '000	Restated 2013 Rs '000
	Note		
Profit for the year		2,319,344	4,441,682
Other comprehensive income			
(Loss)/gain on remeasurement of staff retirement benefit plans	30 & 4.4	(8,684)	11,721
Deferred tax credit/ (charge) relating to remeasurement of staff retirement plans		2,865	(3,985)
Share of other comprehensive income of associated companies		6,131	-
Surplus on revaluation of freehold land	13.1	2,066,732	-
Other comprehensive income - net of tax		2,067,044	7,736
Total comprehensive income for the year		4,386,388	4,449,418

The annexed notes 1 to 43 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - customers	227,382,640	235,294,973
- others	420,373	361,482
	227,803,013	235,656,455
Cash paid for operating costs	(187,675,087)	(200,587,267)
Cash paid to Government for duties, taxes and other levies	(37,010,700)	(34,471,364)
Income tax paid	(1,678,183)	(520,088)
Net cash flows from operating activities	1,439,043	77,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,873,369)	(289,874)
Sale of property, plant and equipment	5,086	1,751
Long term loans and deposits	(11,358)	(1,872)
Income on bank deposits received	1,229,658	1,125,888
Dividends received	2,195,758	1,539,575
Net cash (out flow) / in flow from investing activities	(1,454,225)	2,375,468
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan	735,493	-
Finance cost	(8,567)	(548,822)
Short term finance repaid	-	(3,288)
Transaction cost on borrowings	(237,525)	(18,975)
Dividends paid	(212,764)	(723,561)
Net cash in flow / (out flow) from financing activities	276,637	(1,294,646)
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	261,455	1,158,558
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	11,010,571	9,850,286
EFFECT OF EXCHANGE RATE CHANGES	(23)	1,727
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11,272,003	11,010,571

The annexed notes 1 to 43 are an integral part of these financial statements.

— Sd —
Chief Executive

— Sd —
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2014

	Share capital	Capital reserve	(Restated) Special reserve for expansion / modernisation	Investment reserve	General reserve	(Restated) Un-appropriated Profit	Maintenance reserve	Surplus on revaluation of freehold land	Total
	Rs'000								
Balance as at June 30, 2012 - as previously stated	852,930	89,468	6,639,125	58,325	3,559,130	8,425,346	150,369	8,745,217	28,519,910
Change in accounting policy for recognition of actuarial gains and losses - note 4.4	-	-	-	-	-	(82,668)	-	-	(82,668)
Balance as at July 1, 2012 - as restated	852,930	89,468	6,639,125	58,325	3,559,130	8,342,678	150,369	8,745,217	28,437,242
Final cash dividend @ 60% related to the year ended June 30, 2012	-	-	-	-	-	(511,758)	-	-	(511,758)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	4,441,682	-	-	4,441,682
Other comprehensive income for the year	-	-	-	-	-	7,736	-	-	7,736
	-	-	-	-	-	4,449,418	-	-	4,449,418
Interim cash dividend @ 25% related to the year ended June 30, 2013	-	-	-	-	-	(213,233)	-	-	(213,233)
Impairment loss on investment in associated company transferred from unappropriated profit to investment reserve	-	-	-	(58,325)	-	58,325	-	-	-
Transfer to special reserve for expansion/modernisation - note 7.1	-	-	2,481,798	-	-	(2,481,798)	-	-	-
Loss after tax from fuel refinery operations transferred to special reserve by associated companies - note 7.1	-	-	(257)	-	-	257	-	-	-
Transfer to maintenance reserve by an associated company - note 7.2	-	-	-	-	-	(11,872)	11,872	-	-
Transfer to general reserve by an associated company	-	-	-	-	393,250	(393,250)	-	-	-
Balance as at June 30, 2013 as restated	852,930	89,468	9,120,666	-	3,952,380	9,238,767	162,241	8,745,217	32,161,669
Final Cash Dividend @ 25% related to the year ended June 30, 2013	-	-	-	-	-	(213,233)	-	-	(213,233)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	2,319,344	-	-	2,319,344
Other comprehensive income for the year	-	-	-	-	-	312	-	2,066,732	2,067,044
	-	-	-	-	-	2,319,656	-	2,066,732	4,386,388
Transfer to special reserve for expansion/modernisation - note 7.1	-	-	550,477	-	-	(550,477)	-	-	-
Transfer to maintenance reserve by an associated company - note 7.2	-	-	-	-	-	(11,155)	11,155	-	-
Transfer to general reserve by an associated company	-	-	-	-	400,000	(400,000)	-	-	-
Issue of bonus shares by an associated company	-	30,240	-	-	-	(30,240)	-	-	-
Balance as at June 30, 2014	852,930	119,708	9,671,143	-	4,352,380	10,353,318	173,396	10,811,949	36,334,824

The annexed notes 1 to 43 are an integral part of these financial statements.

— **Sd** —
Chief Executive

— **Sd** —
Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

1. LEGAL STATUS AND OPERATIONS

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

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

Attock Hospital (Private) Limited (AHL) was incorporated in Pakistan on August 24, 1998 as a private limited company and commenced its operations from September 1, 1998. AHL is engaged in providing medical services. AHL is a wholly owned subsidiary of ARL. For the purpose of these financial statements, ARL and its above referred wholly owned subsidiary AHL is referred to as the Company.

2. STATEMENT OF COMPLIANCE

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2014
IFRS 13	Fair Value Measurements (Amendments)	July 1, 2014
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 27	Separate Financial Statements (Amendments)	January 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IFRIC 21	Levies	January 1, 2014

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. ARL group is yet to assess the full impact of the amendments.

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

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 4.8 and certain other modifications as required by approved accounting standards referred to in the accounting policies given below.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of Attock Refinery Limited (ARL) and its wholly owned subsidiary, Attock Hospital (Private) Limited.

Subsidiaries are all entities over which ARL has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has power to elect and appoint more than one half of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-company balances and transactions have been eliminated for consolidated purposes.

4.3 Dividend and reserves appropriation

Dividend is recognized as a liability in the financial statements in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

4.4 Employee retirement benefits

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

(i) Defined benefit plans

The ARL group operates a pension plan for its management staff and gratuity plan for its management and non-management staff. Gratuity is deductible from pension. Pension and gratuity

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

plan is invested through approved trust funds. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 30 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

Consequent to the revision of IAS 19 "Employee Benefits" (IAS 19) which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur. Previously, the actuarial gains / losses in excess of the corridor limit were recognised in profit or loss over the remaining service life of the employees where as past service cost was recognised in profit and loss on a straight line basis over the average period until the benefits become vested. In accordance with the transitional provisions of IAS 19, the change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated as below. The adoption of above accounting policy has no effect on the cash flow statement.

	Effect for the year ended June 30, 2013
	Rs '000'
Profit and loss account	
Decrease in cost of sales	12,166
Decrease in administration expenses	2,281
Decrease in distribution costs	760
(Increase) in provision for current taxation	(5,322)
Decrease in provision for deferred taxation	151
Increase in net profit after taxation	10,036
Decrease in profit after taxation of AHL	(7,780)
Net increase in profit after taxation	2,256
Other Comprehensive Income	
Increase in gain on remeasurement of staff retirement benefit plans	11,721
(Increase) in deferred tax charge relating to remeasurement of staff retirement benefit plans	(3,985)
Increase in other comprehensive income - net of tax	7,736
Increase in equity	9,992
Increase/(decrease) in Earnings per share - basic and diluted (Rupees)	
Refinery operations	0.12
Non-refinery operations	(0.09)
	0.03

	Cumulative effect upto June 30, 2013	Cumulative effect upto June 30, 2012
	Rs '000	Rs '000
Balance Sheet		
(Increase) in trade and other payables	(91,315)	(91,960)
(Decrease) in advances, Deposits, prepayments and other receivables	(18,869)	(33,295)
Increase in deferred taxation	42,432	42,587
Increase in income tax refundable	398	-
(Increase) in provision for taxation	(5,322)	-
(Decrease) in equity	(72,676)	(82,668)

Impact of past service cost is immaterial, therefore it has not been incorporated in these financial statements.

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

(ii) Defined contribution plans

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

4.5 Employee compensated absences

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

4.6 Taxation

Provision for current taxation is based on taxable income at the current rates of tax.

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

4.7 Provisions

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

4.8 Property, plant and equipment

a) Cost

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

b) Depreciation

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

c) Repairs and maintenance

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

d) Gains and losses on deletion

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

4.9 Impairment of non-financial assets

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

4.10 Investments in associated companies

Investments in associated companies are accounted for using the equity method. Under this method investments are stated at cost plus the Company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

4.11 Stores, spares and loose tools

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

4.12 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Crude oil in transit is valued at cost comprising invoice value. Cost in relation to crude oil is determined on the basis of annual average cost of purchases during the year on the principles of import parity and in relation to semi-finished and finished products it represents the cost of crude oil and refining charges consisting of direct expenses and appropriate production overheads. Direct expenses are arrived at on the basis of average cost for the year per barrel of throughput. Production overheads, including depreciation, are allocated to throughput proportionately on the basis of nameplate capacity.

Net realisable value in relation to finished product represents selling prices in the ordinary course of business less costs necessarily to be incurred for its sale, as applicable, and in relation to crude oil represents replacement cost at the balance sheet date.

4.13 Revenue recognition

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

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.
ARL is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed product prices equivalent to the 'import parity' price, calculated under prescribed parameters.
- ii) Income from crude decanting, crude desalter operations, rental income, handling and service income are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits is recognised using the effective yield method.
- v) Income on investment in associated companies is recognised using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated company is recognised in the profit and loss account, and its share of post-acquisition movements in reserve is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.

4.14 Borrowing costs

Borrowing cost related to the financing of major projects during the construction phase is capitalised. All other borrowing costs are expensed as incurred.

4.15 Foreign currency transactions and balances

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

4.16 Financial instruments

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

4.17 Financial assets

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

4.17.1 Held-to-maturity investments

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

4.17.2 Loans and receivables

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

4.17.3 Available-for-sale investments

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

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

4.17.4 Investment at fair value through profit or loss

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

4.18 Trade and other payables

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

4.19 Offsetting

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

4.20 Cash and cash equivalents

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

4.21 Functional and presentation currency

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

4.22 Borrowings

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

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

4.23 Operating segments

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- i) Revaluation surplus on freehold land - note 8
- ii) Estimated useful life of property, plant and equipment - note 13
- iii) Estimate of recoverable amount of investment in an associated company - note 16
- iv) Provision for employees' defined benefit plans - note 30
- v) Provision for taxation - note 33

	2014 Rs '000	2013 Rs '000
6. SHARE CAPITAL		
Authorised		
150,000,000 ordinary shares of Rs 10 each	1,500,000	1,500,000
Issued, subscribed and paid-up		
8,000,000 ordinary shares of Rs 10 each issued for cash	80,000	80,000
Shares issued as fully paid bonus shares 77,293,000 ordinary shares of Rs 10 each	772,930	772,930
85,293,000 ordinary shares of Rs 10 each	852,930	852,930

The parent company Attock Oil Company Limited held 52,039,224 (2013: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (2013: 1,432,000) ordinary shares at the year end.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
7. RESERVES AND SURPLUS		
Capital reserve		
Liabilities taken over from The Attock Oil Company Limited no longer required	4,800	4,800
Capital gain on sale of building	654	654
Insurance and other claims realised relating to pre-incorporation period	494	494
Donation received for purchase of hospital equipment	4,000	4,000
Bonus shares issued by associated companies	109,760	79,520
	119,708	89,468
Special reserve for expansion/modernisation - note 7.1		
Additional revenue under processing fee formula related to 1990-91 and 1991-92	32,929	32,929
Surplus profits under the import parity pricing formula	9,163,281	8,612,804
Surplus profits of associates under the import parity pricing formula	474,933	474,933
	9,671,143	9,120,666
Revenue reserve		
General reserve	4,352,380	3,952,380
Unappropriated profit	10,353,318	9,238,767
	14,705,698	13,191,147
Maintenance reserve - note 7.2	173,396	162,241
	24,669,945	22,563,522

- 7.1** 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. Transfer to / from special reserve is recognised at each quarter end and is reviewed for adjustment based on profit / loss on an annual basis. Attock Refinery Limited (ARL) has incurred capital expenditure of Rs 9,293 million on up-gradation and expansion projects from July 1, 1997 to June 30, 2014 (July 1, 1997 to June 30, 2013 : Rs 4,332 million).

On March 27, 2013, the Ministry of Petroleum & Natural Resources issued Policy Framework for Up-gradation and Expansion of Refineries. Among other directives, the Policy Framework requires refineries to deposit on half yearly basis (with final adjustment on annual basis), the amount of profit above 50% of paid-up capital as at July 1, 2002 accumulated in the Special Reserve Account in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for up-gradation of refineries. Such amounts shall be transferred to the ESCROW account on completion of certain formalities. Further, the refineries have been directed that till completion of the projects, offsetting of losses, if any for the year ended June 30, 2013 or subsequent years will not be allowed against the amount of profit above 50% of paid-up capital as at July 1, 2002 accumulated or to be accumulated in the Special Reserve Account as per current pricing formula.

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

8. SURPLUS ON REVALUATION OF FREEHOLD LAND

This represents surplus over book value resulting from revaluation of freehold land as referred to in note 13.1. Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of Attock Refinery Limited (ARL), or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by ARL in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of ARL.

	2014 Rs '000	2013 Rs '000
9. LONG TERM BORROWINGS		
Syndicated Term Finance - note 9.1	562,724	-
Musharka Finance - note 9.2	183,659	-
	746,383	-
Transaction cost on borrowing - note 15	256,500	-
Amortization for the year	(6,703)	-
Unamortised Transaction cost on borrowings	(249,797)	-
	496,586	-
Less: Mark-up payable shown as current liability	(15,894)	-
	480,692	-

9.1 Attock Refinery Limited (ARL) 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 billion for ARL Up-gradation Projects. The facility carries a mark-up of 3 month KIBOR plus 1.70% which will be payable on quarterly basis. The tenure of this facility is 12 years including the grace period of 2 years. Upto June 30, 2014 aggregate draw down was Rs 554,509 thousand.

9.2 Attock Refinery Limited has obtained musharaka finance facility of Rs 5.425 billion 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 billion and Investment Agent's (the Bank) share in Musharaka Assets A is 62.59% while its share in Musharaka Assets B is 69.90% respectively. While the Managing Co-owner's (ARL) share in Musharaka Assets A is 37.41% while its share in Musharaka Assets B is 30.10% respectively. The tenure of this facility is 12 years including the grace period of 2 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. Upto June 30, 2014 aggregate draw down was Rs 180,983 thousand.

9.3 The facilities referred in note 9.1 and 9.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15 billion. 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 ARL and mortgage over immovable property. Until the payment of all the outstanding amounts due by the ARL have been paid in full, ARL cannot except with the prior written consent of the Agent Bank/ Investment Agent permit the collective shareholding of Attock Oil Company Limited in ARL to fall below 51%.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

10. SHORT TERM BORROWINGS

Attock Refinery Limited has negotiated running finance facilities with banks and accepted facility offer letters to the extent of Rs 0.5 billion (June 30, 2013: Rs 1 billion), which were unutilised at the year end. As and when required, these facilities shall be secured by registered charge over the ARL's current assets.

	2014 Rs '000	(Restated) 2013 Rs '000
11. TRADE AND OTHER PAYABLES		
Creditors - note 11.1	18,823,919	20,408,881
Due to The Attock Oil Company Limited - Holding Company	46,855	51,081
Due to associated companies		
Pakistan Oilfields Limited	1,672,391	1,528,040
Attock Petroleum Limited	7,510	-
Attock Information Technology Services (Private) Limited	-	6,640
National Refinery Limited	-	8,802
Sui Southern Gas Company Limited	41,721	75,288
Accrued liabilities and provisions - note 11.1	2,757,275	2,520,343
Due to the Government under pricing formula	3,702,570	3,370,931
Advance payments from customers	9,623	18,024
Sales tax payable	1,496,643	1,847,723
Mark-up on long term borrowings - note 9	15,894	-
Workers' Welfare Fund	673,423	604,598
ARL gratuity fund	208,609	191,286
Staff pension fund	8,190	15,883
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Payable to statutory authorities in respect of petroleum development levy and excise duty	766,024	892,466
Security deposits	2,157	2,157
Unclaimed dividends	6,497	6,028
	30,239,677	31,548,547

- 11.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Petroleum and Natural Resources (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 alongwith accumulated profits amounted to Rs 2,423.86 million (2013: Rs 2,245.18 million).

	2014 Rs '000	2013 Rs '000
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i) Due to circular debt in the oil industry, certain payments due from / to the oil marketing companies (OMCs) and crude oil suppliers respectively have not been made on their due dates of payment. As a result ARL 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.		
ii) SECP has raised a demand on the Company to surrender gain on purchase and sale of shares of Attock Petroleum Limited by ARL during the period May, 2008 to August, 2008. Based on legal advice, ARL has contested this demand in Appeal against the SECP order. Based on advice from legal advisor the ARL is confident that there are reasonable grounds for a favourable decision and accordingly this liability has not been recognized in the financial statements.	52,204	52,204
iii) Consequent to amendment through Finance Act 2013, section 2 (22A) of Sales Tax Act 1990 (the Act) was amended relating to definition of Provincial Sales Tax and claim of input tax paid on provincial services had been disallowed from July 2013 onward. Accordingly the Federal Board of Revenue (FBR) had disallowed claim of sales tax paid on provincial services. ARL filed writ petition in Lahore High Court, Rawalpindi Bench, which granted interim order and provisionally allowed ARL to claim input sales tax paid on Provincial services by filing the sales tax return electronically/ manually. ARL has been claiming the input tax on provincial services on month to month basis. Meanwhile Federal Government, through SRO No. 212(I)/2014 dated March 26, 2014, has defined Provincial Sales Tax for the purpose of input tax. The court in its hearing dated June 23, 2014 has expressed that grievances of the petitioner have not been redressed and directed to relist the case for hearing immediately after the summer vacation 2014.	275,056	-
iv) Guarantees issued by banks on behalf of the Company	394	394
v) Claims for land compensation contested by the Company	1,300	1,300
vi) Price adjustment related to crude oil purchases as referred to in note 25.1, the amount of which can not be presently quantified		
vii) ARL group share in guarantees and indemnity bonds issued by associated companies	438,174	571,881
viii) ARL group share in tax contingency of an associated company related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department	72,811	153,154
Commitments outstanding:		
i) ARL Up-gradation Projects	14,320,644	18,459,249
After certain amendments in the EPCC contract, commitments outstanding for ARL Up-gradation Projects as at June 30, 2014 comprise of Rs 3,761 million and US \$ 106.78 million approximately (June 30, 2013: Rs 4,368 million and US \$ 142.62 million approximately.)		
ii) Capital expenditure (other than (i) above)	117,570	187,899
iii) Letters of credit for purchase of store items	9,582	29,428

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

13. OPERATING ASSETS

	Freehold land (note 13.1)	Buildings on freehold land	Plant and machinery	Computer equipment	Furniture, fixtures and equipment	Vehicles	Total
	Rupees (’000)						
As at July 1, 2012							
Cost or valuation	8,799,438	138,864	4,335,590	58,008	77,440	86,715	13,496,055
Accumulated depreciation	-	(62,700)	(3,957,009)	(46,286)	(54,058)	(67,996)	(4,188,049)
Net book value	8,799,438	76,164	378,581	11,722	23,382	18,719	9,308,006
Year ended June 30, 2013							
Opening net book value	8,799,438	76,164	378,581	11,722	23,382	18,719	9,308,006
Additions	-	37,666	243,201	7,691	7,134	14,524	310,216 *
Disposals							
Cost	-	-	(869)	(5,061)	(827)	(3,269)	(10,026)
Depreciation	-	-	349	5,034	499	3,269	9,151
	-	-	(520)	(27)	(328)	-	(875)
Depreciation charge	-	(7,773)	(89,090)	(4,829)	(4,685)	(6,860)	(113,237)
Closing net book value	8,799,438	106,057	532,172	14,557	25,503	26,383	9,504,110
As at June 30, 2013							
Cost or valuation	8,799,438	176,530	4,577,922	60,638	83,747	97,970	13,796,245
Accumulated depreciation	-	(70,473)	(4,045,750)	(46,081)	(58,244)	(71,587)	(4,292,135)
Net book value	8,799,438	106,057	532,172	14,557	25,503	26,383	9,504,110
Year ended June 30, 2014							
Opening net book value	8,799,438	106,057	532,172	14,557	25,503	26,383	9,504,110
Additions	-	6,269	214,290	5,065	10,649	7,911	244,184 *
Revaluation surplus	2,066,732	-	-	-	-	-	2,066,732
Disposals							
Cost	-	-	(612)	(5,228)	(1,295)	(5,258)	(12,393)
Depreciation	-	-	612	5,219	927	5,258	12,016
	-	-	-	(9)	(368)	-	(377)
Depreciation charge	-	(9,263)	(92,468)	(5,532)	(5,030)	(8,291)	(120,584)
Closing net book value	10,866,170	103,063	653,994	14,081	30,754	26,003	11,694,065
As at June 30, 2014							
Cost or valuation	10,866,170	182,799	4,791,600	60,475	93,101	100,623	16,094,768
Accumulated depreciation	-	(79,736)	(4,137,606)	(46,394)	(62,347)	(74,620)	(4,400,703)
Net book value	10,866,170	103,063	653,994	14,081	30,754	26,003	11,694,065
Annual rate of Depreciation (%)	-	5	10	20	10	20	

* These include Rs 219,014 thousand (2013: Rs 252,969 thousand) transferred from capital work-in-progress during the year.

- 13.1** Freehold land was revalued in May 2014 and the revaluation surplus of Rs 2,066,732 thousand (2013: Rs 8,745,217 thousand) has been added to the value of freehold land and corresponding amount has been transferred to surplus on revaluation of fixed assets.

Original cost of freehold land	Rs 54,221,409
Book value at the date of valuation	Rs 8,799,437,500
Revalued amount	Rs 10,866,170,000
Dates of valuation	May 31, 2014
Basis of revaluation	Estimated current market value
Name and qualification of independent valuer	Iqbal A. Nanjee & Co. Valuation Consultants and Surveyors

- 13.2** Operating assets disposed off during the year are as follows:

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rs '000					
Assets disposed off to executives:					
Vehicles	1,284	-	128	ARL policy	Malik Masood Sadiq
	1,272	-	127	ARL policy	Mr. Salman Tariq
					Aggregate of other items of operating assets disposed off with individual book values not exceeding Rs 50 thousand
Others	9,837	377	4,831	Tender/ Auction	
2014	12,393	377	5,086		
2013	10,026	875	1,751		

	2014 Rs '000	2013 Rs '000
13.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 25	104,385	99,608
Administration expenses - note 26	14,659	12,257
Distribution cost - note 27	540	467
Depreciation of subsidiary company	1,000	905
	120,584	113,237
14. CAPITAL WORK-IN-PROGRESS		
Balance as at July 1	438,710	469,516
Additions during the year - note 14.1	4,854,067	222,163
	5,292,777	691,679
Transfer to operating assets		
- Buildings on freehold land	[6,038]	[36,105]
- Plant and machinery	[212,976]	[216,864]
Balance as at June 30	5,073,763	438,710
The details are as under:		
Civil works	18,290	3,672
Plant and machinery	5,054,473	434,038
Pipeline project	1,000	1,000
	5,073,763	438,710

- 14.1** This includes borrowing cost amounting to Rs 24,406 thousand on long term finance capitalized. Finance has been obtained for the purpose of up-gradation projects.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
15. TRANSACTION COST ON BORROWINGS		
Balance as at July 1	18,975	-
Addition during the year	237,525	18,975
	256,500	18,975
Transferred to Long term borrowings - note 9	(256,500)	-
	-	18,975
16. LONG TERM INVESTMENTS		
Balance as at July 1	18,656,872	18,134,870
Share of profit after tax of associated companies	2,296,457	2,668,821
Share in other comprehensive income	6,131	-
Dividend received from associated companies	(2,195,758)	(1,539,575)
Impairment loss on investment	(325,424)	(607,244)
Balance as at June 30	18,438,278	18,656,872

	2014		2013	
	% age holding	Rs '000	% age holding	Rs '000
16.1 Investment In associated companies				
Associated companies				
Quoted				
National Refinery Limited (NRL) - note 16.2	25	9,285,033	25	9,660,473
19,991,640 (2013: 19,991,640) fully paid ordinary shares including 3,331,940 (2013: 3,331,940) bonus shares of Rs 10 each				
Market value as at June 30, 2014 : Rs 4,295 million (June 30, 2013 : Rs 4,810 million)				
Attock Petroleum Limited (APL) - note 16.3	21.88	6,384,749	21.88	6,446,720
18,144,138 (2013 : 15,120,115) fully paid ordinary shares including 7,644,058 (2013: 4,620,035) bonus shares of Rs 10 each				
Market value as at June 30, 2014: Rs 10,702 million (June 30, 2013: Rs 8,484 million)				
Unquoted				
Attock Gen Limited (AGL) - note 16.4	30	2,756,155	30	2,538,824
7,482,957 (2013: 7,482,957) fully paid ordinary shares of Rs 100 each				
Attock Information Technology Services (Private) Limited (AITSL) - note 16.5 and 16.6	10	12,341	10	10,855
450,000 (2013: 450,000) fully paid ordinary shares of Rs 10 each				
		18,438,278		18,656,872

All associated companies are incorporated in Pakistan.

	2014 Rs '000	2013 Rs '000
16.2 Investment in NRL		
Balance as at July 1	9,660,473	9,856,478
Dividend received	(299,875)	(299,875)
Share in profit of NRL	240,469	711,114
Share in other comprehensive income of NRL	9,390	-
Impairment loss adjustment to fair value	(325,424)	(607,244)
Balance as at June 30	9,285,033	9,660,473

The carrying value of investment in National Refinery Limited at June 30, 2014 is net of impairment loss of Rs 325,424 thousand (2013 : Rs 607,244 thousand). The carrying value is based on valuation analysis carried out by an external investment advisor engaged by ARL. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes average gross profit margin of 3.2% (2013 : 3.5%), terminal growth rate of 4% (2013 : 4%) and capital asset pricing model based discount rate of 18.62% (2013 : 18.27%).

	2014 Rs '000	2013 Rs '000
16.3 Investment in APL		
Balance as at July 1	6,446,720	6,093,831
Dividend received	(997,928)	(491,404)
Share in profit of APL	937,717	844,293
Share in other comprehensive income of APL	(1,760)	-
Balance as at June 30	6,384,749	6,446,720
16.4 Investment in AGL		
Balance as at July 1	2,538,824	2,175,399
Dividend received	(897,955)	(748,296)
Share in profit of AGL	1,116,785	1,111,721
Share in other comprehensive income of AGL	(1,499)	-
Balance as at June 30	2,756,155	2,538,824
16.5 Investment in AITSL		
Balance as at July 1	10,855	9,162
Share in profit of AITSL	1,486	1,693
Balance as at June 30	12,341	10,855

- 16.6** Although ARL has less than 20 percent shareholding in Attock Information Technology Services (Private) Limited, this company has been treated as associates since ARL has representation on its Board of Directors.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
17. LONG TERM LOANS AND DEPOSITS		
Loans to employees - considered good	42,373	40,994
Amounts due within next twelve months shown under current assets - note 22	(26,173)	(25,760)
	16,200	15,234
Security deposits	11,790	1,398
	27,990	16,632
17.1 Reconciliation of carrying amount of loans to executives:		
Balance as at July 1	9,066	6,029
Disbursements during the year	12,596	12,644
	21,662	18,673
Repayments during the year	(13,012)	(9,607)
Balance as at June 30	8,650	9,066

- 17.2** Loans to employees are for miscellaneous purposes which are recoverable in 24, 36 and 60 equal monthly installments depending on case to case basis and are secured by a charge on the asset purchased and / or amount due to the employee against provident fund or a third party guarantee. These are interest free loans. These include an amount of Rs 8.650 million (2013 : Rs 9.066 million) receivable from Executives of ARL and does not include any amount receivable from Directors or Chief Executive. The maximum amount due from executives of ARL at the end of any month during the year was Rs 11.790 million (2013 : Rs 9.066 million).

	2014 Rs '000	(Restated) 2013 Rs '000
18. DEFERRED TAXATION		
The balance of deferred tax is in respect of the following major temporary differences:		
(Accelerated)/ decelerated depreciation	(18,904)	4,682
Provision for privilege leave	11,918	11,040
Provision for obsolete stores	36,725	36,308
Minimum tax	155,292	402
Unused tax losses	3,180	3,277
Others	670	690
	188,881	56,399
Retirement benefit obligation	41,618	38,753
	230,499	95,152

	2014 Rs '000	2013 Rs '000
19. STORES, SPARES AND LOOSE TOOLS		
Stores (including items in transit Rs 88.65 million; 2013: Rs 123.62 million)	528,605	445,724
Spares	368,357	348,357
Loose tools	860	837
	897,822	794,918
Less: Provision for slow moving items - note 19.1	111,286	106,786
	786,536	688,132
19.1 Movement in provision for slow moving items		
Balances as at July 1	106,786	67,686
Provision for the year	4,500	39,100
	111,286	106,786
20. STOCK-IN-TRADE		
Crude oil - in stock	3,565,596	4,239,670
Semi-finished products	1,291,581	958,198
Finished products - note 20.2	6,698,531	6,546,942
Medical supplies	621	472
	11,556,329	11,745,282
20.1 Includes naphtha stock:		
At National Refinery Limited	943,325	666,816
In transit	186,067	257,340
	1,129,392	924,156

20.2 Stock-in-trade include stocks carried at net realisable value of Rs 10,793 million (2013: Rs 10,266 million). Adjustments amounting to Rs 798 million (2013: Rs 856 million) have been made to closing inventory to write down stocks to their net realisable value.

21. TRADE DEBTS

All debtors are unsecured and considered good.

Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 6,397 million (2013: Rs 6,971 million) and Pakistan Oilfields Limited Rs 4 million (2013: Rs 32 million).

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

	2014 Rs '000	2013 Rs '000
0 to 6 months	1,880,310	2,550,736
6 to 12 months	904,209	-
Above 12 months	157,555	-
	2,942,074	2,550,736

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
22. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
LOANS AND ADVANCES - CONSIDERED GOOD		
Current portion of long term loans to employees - note 17	26,173	25,760
Advances to suppliers	22,308	89,311
Advances to employees	3,579	3,118
	52,060	118,189
DEPOSITS AND PREPAYMENTS		
Trade deposits	286	286
Short term prepayments	74,350	39,590
	74,636	39,876
OTHER RECEIVABLES		
Due from associated companies		
Attock Information Technology Services (Private) Limited	88	-
Attock Petroleum Limited	-	2,130
Attock Leisure and Management Associates (Pvt) Limited	-	4,203
Attock Gen Limited	509	229
Attock Cement Limited	2	16
National Cleaner Production Centre Foundation	341	543
Capgas (private) Limited	39	31
National Refinery Limited	26	-
Forward exchange contract	64,245	-
Income accrued on bank deposits	38,066	38,716
Crude oil freight adjustable through inland freight equalisation margin	1,446	15,802
Workers' profit participation fund - note 22.1	17,973	65,958
Income tax refundable	17,133	14,952
Other receivables	24,091	23,665
	163,959	166,245
	290,655	324,310
	2014 Rs '000	2013 Rs '000
22.1 Workers' Profit Participation Fund		
Balance as at July 1	65,958	(245,967)
Interest on funds utilised in the Company's business	-	(3,775)
	65,958	(249,742)
Amount paid to the fund	133,075	648,775
	199,033	399,033
Amount allocated for the year	(181,060)	(333,075)
Balance as at June 30	17,973	65,958

	2014 Rs '000	2013 Rs '000
23. CASH AND BANK BALANCES		
Cash in hand	1,134	1,192
Pay orders in hand - note 23.2	-	8,045,762
With banks:		
Local Currency		
Current accounts	6,068	5,710
Deposit accounts - note 23.1	2,353,421	-
Savings accounts	8,865,119	2,911,212
Foreign Currency		
Saving account (US \$ 469,420; 2013: US \$ 473,584)	46,261	46,695
	11,272,003	11,010,571

23.1 This represents deposits placed in a 90-day interest-bearing account consequent to directives of the Ministry of Petroleum & Natural Resources on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 11.1.

23.2 Balance at June 30, 2013 includes an amount of Rs 2,190.198 million related to amounts withheld alongwith interest earned thereon net of withholding tax, as referred to in note 11.1.

23.3 Bank deposits of Rs. 0.394 million (2013: Rs 0.394 million) were under lien with bank against a bank guarantee issued on behalf of ARL.

23.4 Balances with banks include Rs 1.937 million (2013: Rs 1.937 million) in respect of security deposits received from customers etc.

23.5 Balances with banks earned weighted average interest / mark-up @ 9.32% (2013: @ 9.73%) per annum.

	2014 Rs '000	2013 Rs '000
24. SALES		
Gross sales (excluding Naphtha export sales)	189,442,697	177,930,351
Naphtha export sales	33,884,084	24,230,801
Sale proceeds of Naphtha exports related to third parties	(11,336,720)	(4,156,023)
	22,547,364	20,074,778
	211,990,061	198,005,129
Duties, taxes and levies - note 24.1	(36,533,178)	(34,516,066)
HSD price differential payable to Government - note 24.2	(389,030)	(188,531)
	175,067,853	163,300,532

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
24.1 Duties, taxes and levies		
Sales tax	27,526,002	24,569,435
Petroleum development levy	9,006,739	9,946,050
Custom duties and other levies	437	581
	36,533,178	34,516,066

24.2 This represents amount payable to the Government of Pakistan on account of differential between import parity price of HSD and import price of PSO.

	2014 Rs '000	(Restated) 2013 Rs '000
25. COST OF SALES		
Opening stock of semi-finished products	958,198	951,036
Crude oil consumed - note 25.1	171,008,784	157,340,088
Transportation and handling charges	1,796,597	1,654,633
Salaries, wages and other benefits - note 25.2	715,037	617,757
Printing and stationery	3,384	2,617
Chemicals consumed	301,795	294,450
Fuel and power	1,027,992	857,838
Rent, rates and taxes	23,109	14,925
Telephone	1,864	1,846
Professional charges for technical services	5,727	5,878
Insurance	109,305	118,942
Repairs and maintenance (including stores and spares consumed Rs 100.407 million; 2013: Rs 85.488 million)	281,535	285,433
Staff transport and traveling	16,158	14,288
Cost of receptacles	20,075	29,214
Research and development	133	66
Depreciation - note 13.3	104,385	99,608
	176,374,078	162,288,619
Closing stock of semi-finished products	(1,291,581)	(958,198)
	175,082,497	161,330,421
Opening stock of finished products	6,546,942	5,475,589
Closing stock of finished products	(6,698,531)	(6,546,942)
	(151,589)	(1,071,353)
	174,930,908	160,259,068
25.1 Crude oil consumed		
Stock as at July 1	4,239,670	4,224,061
Purchases	170,334,710	157,355,697
	174,574,380	161,579,758
Stock as at June 30	(3,565,596)	(4,239,670)
	171,008,784	157,340,088

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

- 25.2** Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include ARL's contribution to the Pension and Gratuity Fund Rs 43,295 thousand (2013: Rs 58,289 thousand) and to the Provident Fund Rs 21,292 thousand (2013: Rs 21,370 thousand).

	2014 Rs '000	(Restated) 2013 Rs '000
26. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits - note 25.2	237,699	207,622
Board meeting fee	5,090	3,985
Transport, traveling and entertainment	21,294	19,433
Telephone	2,159	2,092
Electricity, gas and water	17,840	15,254
Printing and stationery	4,447	4,621
Auditor's remuneration - note 26.1	3,211	2,454
Legal and professional charges	27,319	13,102
Repairs and maintenance	65,177	51,531
Subscription	12,137	10,267
Publicity	4,317	5,355
Scholarship scheme	2,021	1,851
Rent, rates and taxes	5,203	3,575
Insurance	859	1,477
Donations*	672	572
Training expenses	1,796	2,926
Depreciation - note 13.3	14,659	12,257
	425,900	358,374

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

	2014 Rs '000	2013 Rs '000
26.1 Auditor's remuneration		
Annual audit	1,331	1,210
Review of half yearly accounts, audit of consolidated accounts, staff funds and special certifications	1,195	713
Tax services	400	350
Out of pocket expenses	285	181
	3,211	2,454

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
27. DISTRIBUTION COST		
Salaries, wages and other benefits - note 25.2	29,514	28,696
Transport, traveling and entertainment	732	553
Telephone	293	212
Electricity, gas, fuel and water	5,936	5,085
Printing and stationery	113	110
Repairs and maintenance including packing and other stores consumed	4,995	4,414
Rent, rates and taxes	1,408	835
Legal and professional charges	-	30
Depreciation - note 13.3	540	467
	43,531	40,402
	2014 Rs '000	2013 Rs '000
28. FINANCE COST		
Exchange loss	-	544,492
Interest on long term borrowings	1,699	-
Interest on Workers' Profit Participation Fund - note 22.1	-	3,775
Bank and other charges	55	288
	1,754	548,555
29. OTHER CHARGES		
Provision for slow moving stores	4,500	39,100
Workers' Profit Participation Fund	71,272	256,096
Workers' Welfare Fund	27,083	110,763
	102,855	405,959

30. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2014 using the projected unit credit method. Details of the defined benefit plans are:

	Funded pension		Funded gratuity	
	2014	2013	2014	2013
	Rs '000		Rs '000	
a) The amounts recognised in the balance sheet:				
Present value of defined benefit obligations	621,355	584,330	399,620	386,928
Fair value of plan assets	(613,165)	(574,936)	(191,011)	(195,642)
Deficit/ (surplus)	8,190	9,394	208,609	191,286
Unrecognised past service cost	-	6,489	-	-
Net liability	8,190	15,883	208,609	191,286

		Funded pension		Funded gratuity	
		2014	2013	2014	2013
		Rs '000		Rs '000	
b)	The amounts recognised in the profit and loss account:				
	Current service cost	20,178	14,268	13,217	10,885
	Net interest cost	659	5,131	18,758	26,479
	Past service cost	(6,489)	(3,374)	-	4,900
		14,348	16,025	31,975	42,264
c)	Movement in the present value of defined benefit obligation:				
	Present value of defined benefit obligation as at July 1	584,330	536,492	386,928	344,625
	Transfer to related parties	(25,635)	-	(14,775)	-
		558,695	536,492	372,153	344,625
	Current service cost	20,178	14,268	13,217	10,885
	Interest cost	59,765	69,198	39,056	41,401
	Benefits paid	(30,779)	(28,309)	(34,185)	(42,885)
	Past service cost	(6,489)	-	-	2,552
	Remeasurement of defined benefit obligation	19,985	(7,319)	9,379	30,350
	Present value of defined benefit obligation as at June 30	621,355	584,330	399,620	386,928
d)	Movement in the fair value of plan assets:				
	Fair value of plan assets as at July 1	574,936	491,531	195,642	47,587
	Transfer to related parties	(28,506)	-	(2,459)	-
		546,430	491,531	193,183	47,587
	Expected return on plan assets	59,105	64,067	20,299	14,922
	Contributions	12,564	11,784	16,880	177,129
	Benefits paid	(30,779)	(28,309)	(34,185)	(42,885)
	Remeasurement of plan assets	25,845	35,863	(5,166)	(1,111)
	Fair value of plan assets as at June 30	613,165	574,936	191,011	195,642
	Actual return on plan assets	84,950	99,929	15,133	13,811

The Company expects to contribute Rs 54 million to its defined benefit pension and gratuity plans during 2014 - 2015.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	Funded pension		Funded gratuity	
	2014	2013	2014	2013
	Rs '000		Rs '000	
e) Plan assets comprise of:				
Investment in equity securities	153,690	129,221	-	-
Investment in mutual funds	10,454	25,479	5,227	-
Deposits with banks	483,628	420,236	190,455	195,722
Due from POL	-	-	-	-
Transfers due	-	-	-	-
Others	93	-	-	-
Benefits due	-	-	(1,055)	(80)
Share of asset of related parties	(34,700)	-	(3,616)	-
	613,165	574,936	191,011	195,642

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

	Funded pension		Funded gratuity	
	2014	2013	2014	2013
	Rs '000		Rs '000	
g) Remeasurement recognised in OCI:				
Remeasurement (loss)/ gain on obligation	(16,729)	7,319	(6,857)	(30,350)
Remeasurement gain/ (loss) on plan assets	22,203	35,863	(5,081)	(1,111)
	5,474	43,182	(11,938)	(31,461)
h) Principal actuarial assumptions used in the actuarial valuation are as follows:				
Discount rate	13.00%	11.00%	13.00%	11.00%
Expected return on plan assets	13.00%	11.00%	13.00%	11.00%
Future salary increases	10.75%	9.00%	10.75%	9.00%
Future pension increases	7.50%	5.75%	7.50%	-
Demographic assumptions				
Rates of employee turnover				
Management	Low	Low	Low	Low
Non-management	Nil	Nil	Nil	Nil

Mortality was assumed to be 70% of the EFU (61-66) Table. The table has been rated down three years for mortality of female pensioners and widows.

i) Sensitivity Analysis:

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

	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	
Discount rate	(81,804)	96,518
Future salary growth	35,280	(34,623)
Pension increase	53,844	(43,353)

If the life expectancy increase/ decreases by 1 year, the impact on defined benefit obligation would be Rs 19,816 thousand.

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

j) Projected benefit payments from fund are as follows:

	Pension	Gratuity
	Rs '000	
FY 2015	33,310	32,928
FY 2016	36,509	42,872
FY 2017	44,131	72,795
FY 2018	50,725	59,772
FY 2019	54,387	58,216
FY 2020-24	362,480	405,202

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

Plan Duration	Pension Years	Gratuity
June 30, 2014	13.1	5.4
June 30, 2013	13.2	5.6

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

31. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on un-audited financial statements for the year ended June 30, 2014 are as follows:

	2014 Rs '000		2013 Rs '000	
Staff Provident Fund				
Net assets	372,411		333,281	
Cost of investments made	292,273		275,000	
Fair value of investments made	367,324		331,443	
%age of investments made	99%		99%	
	2014 Rs '000 %age		2013 Rs '000 %age	
Breakup of investment - at cost				
Shares	25,533	9%	25,002	9%
Mutual Funds	8,944	3%	12,581	5%
Bank deposits	257,796	88%	237,417	86%
	292,273	100%	275,000	100%
			2014 Rs '000	
General Staff Provident Fund			2013 Rs '000	
Net assets	528,832		517,527	
Cost of investments made	490,061		479,792	
Fair value of investments made	525,430		514,284	
%age of investments made	99%		99%	
	2014 Rs '000 %age		2013 Rs '000 %age	
Breakup of investment - at cost				
Shares	24,069	5%	23,696	5%
Mutual Funds	37,365	8%	37,265	8%
Bank deposits	428,627	87%	418,831	87%
	490,061	100%	479,792	100%

Investments out of provident funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

	2014 Rs '000	2013 Rs '000
32. OTHER INCOME		
Income from financial assets		
Income on bank deposits	1,228,526	1,139,457
Interest on delay payments	104,958	1,634,784
Gain on forward foreign exchange contract	64,245	-
Exchange loss on crude purchases	56,129	-
Exchange gain	82,747	82,417
	1,536,605	2,856,658
Income from non - financial assets		
Income from crude decanting	3,786	15,218
Income from crude desalter operations - note 32.1	4,652	4,387
Insurance agency commission	2,496	2,067
Rental income	77,222	73,287
Sale of scrap	23,060	17,509
Profit on disposal of operating assets	4,709	876
Calibration charges	3,397	3,818
Handling and service charges	89,202	88,341
Penalties from carriage contractors	13,258	2,645
Old liabilities written back	434	-
Miscellaneous	5,363	17,297
	227,579	225,445
	1,764,184	3,082,103
32.1 Income from crude desalter operations		
Income	63,255	60,483
Less: Operating costs		
Salaries, wages and other benefits	1,785	1,709
Chemical consumed	9,973	9,546
Fuel and power	36,419	34,860
Repairs and maintenance	10,426	9,981
	58,603	56,096
	4,652	4,387

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	(Restated) 2013 Rs '000
33. PROVISION FOR TAXATION		
Current	762,890	2,105,622
Deferred	(132,078)	37,057
	630,812	2,142,679
33.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	1,327,089	4,770,277
Tax at applicable tax rate of 34%	451,210	1,669,597
Tax effect of income taxable at special rates	178,670	475,661
Effect of change in tax rate	(1,560)	(2,579)
Others	2,492	-
	630,812	2,142,679
34. PROFIT / (LOSS) OF ATTOCK HOSPITAL (PRIVATE) LIMITED		
Revenue*	88,004	80,329
Less: Operating expenses*		
Salaries, wages and other benefits (including employees' retirement benefits of Rs 4,104 thousand; 2013: Rs 14,531 thousand)	55,171	60,243
Medical consultancy	9,753	7,252
Medical supplies	8,333	9,330
Dietary cost	1,570	1,498
Sanitation and general services	4,412	3,512
Utilities and other expenses	6,958	6,743
Audit fee	121	110
Depreciation	1,000	905
	87,318	89,593
Operating profit/(loss)	686	(9,264)
Finance income	481	220
Finance cost	-	(170)
Other income	-	128
Other expenses	(23)	(67)
Profit/(loss) before taxation	1,144	(9,153)
Provision for taxation - current	880	402
- deferred	(404)	(3,543)
	476	(3,141)
Profit / (loss) after taxation	668	(6,012)

- * The revenue includes amount billed by AHL to ARL amounting to Rs 43,869 thousand (2013 : Rs 45,342 thousand) and operating expenses include Rs 8,774 thousand (2013 : 4,393 thousand) billed by ARL to AHL, which have not been eliminated from revenue and expenses. It is considered that this gives a fairer view of the operating results of ARL since profit from refinery operation are separately presented.

	2014 Rs '000	2013 Rs '000
35. SHARE IN PROFIT OF ASSOCIATED COMPANIES		
National Refinery Limited	240,469	711,114
Attock Petroleum Limited	941,041	845,806
Less: Unrealised profit from intra-group transactions included in closing stock in trade	(3,324)	(1,513)
	937,717	844,293
Attock Gen Limited	1,116,785	1,111,721
Attock Information Technology Services (Private) Limited	1,486	1,693
	2,296,457	2,668,821
Less : Related charges		
Workers' Profit Participation Fund	109,788	76,979
Workers' Welfare Fund	41,719	29,252
Taxation - note 33.1	197,127	135,250
	348,634	241,481
	1,947,823	2,427,340

35.1 Taxation is based on presumptive tax rate applicable to dividend income from associated companies.

36. SUMMARISED FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES

The aggregate assets, liabilities, revenue and profit of associated companies are as follows :

	2014 Rs '000	2013 Rs '000
ASSETS		
National Refinery Limited	52,763,441	55,676,918
Attock Petroleum Limited	34,085,864	30,097,519
Attock Gen Limited	21,588,652	20,233,612
Attock Information Technology Services (Private) Limited	135,091	116,070
	108,573,048	106,124,119
LIABILITIES		
National Refinery Limited	26,169,802	28,805,564
Attock Petroleum Limited	20,286,142	16,054,062
Attock Gen Limited	12,401,470	11,770,865
Attock Information Technology Services (Private) Limited	11,680	7,516
	58,869,094	56,638,007

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
REVENUE		
National Refinery Limited	207,403,258	179,184,415
Attock Petroleum Limited	205,162,911	164,710,177
Attock Gen Limited	22,290,880	23,788,327
Attock Information Technology Services (Private) Limited	59,184	54,242
	434,916,233	367,737,161
PROFIT		
National Refinery Limited	961,875	2,844,457
Attock Petroleum Limited	4,326,764	3,906,534
Attock Gen Limited	3,722,615	3,705,738
Attock Information Technology Services (Private) Limited	14,857	16,299
	9,026,111	10,473,028
The Company's share in shareholders' equity		
National Refinery Limited	25.00%	25.00%
Attock Petroleum Limited	21.88%	21.88%
Attock Gen Limited	30.00%	30.00%
Attock Information Technology Services (Private) Limited	10.00%	10.00%

37. OPERATING SEGMENTS

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

	2014 Rs '000	2013 Rs '000
High Speed Diesel	73,113,698	66,874,673
Jet Petroleum	20,749,501	21,946,866
Motor Gasoline	46,542,616	44,019,851
Furnace Fuel Oil	23,386,986	20,663,435
Naphtha	22,547,364	20,074,777
Others	25,260,866	24,236,996
	211,601,031	197,816,598
Duties, taxes and levies	(36,533,178)	(34,516,066)
	175,067,853	163,300,532

Revenue from four major customers of the Company constitute 87% (2013: 87%) of total revenue during the year.

38. RELATED PARTY TRANSACTIONS

Attock Oil Company Limited holds 61.01% (2013: 61.01%) shares of ARL at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of ARL. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 39 to the financial statements.

	2014 Rs '000	2013 Rs '000
Associated Companies		
Pakistan Oilfields Limited		
Purchase of crude oil	15,115,768	14,004,809
Purchase of gas	42,982	43,524
Purchase of services	6,134	5,959
Sale of petroleum products	472,324	638,980
Sale of services	19,859	20,088
Attock Petroleum Limited		
Sale of petroleum products	49,252,293	42,079,466
Sale of services	90,034	83,356
Purchase of petroleum products	3,134	2,397
Purchase of services	453,638	341,366
Interest income on delayed payments	104,958	1,634,784
National Refinery Limited		
Purchase of services	177,888	127,762
Sale of services	40	8
Attock Cement Pakistan Limited		
Purchase of services	141	50
Sale of services	65	31
Attock Gen Limited		
Sale of petroleum products	1,870	1,318
Land lease income	19,242	16,261
Storage tank lease income	14,638	13,190
Income from other services and facilities provided to AGL	10,343	8,576
National Cleaner Production Centre		
Purchase of services	7,199	6,630
Sale of services	9,864	7,231
Sale of petroleum products	71	184
Attock Information Technology Services (Private) Limited		
Purchase of services	29,451	23,033
Sale of services	3,260	3,168
Sui Southern Gas Company Limited		
Purchase of crude oil	25,090	104,215
Capgas (Private) Limited		
Sale of services	336	270
Attock Leisure & Management Associates (Private) Limited		
Sales of services	258	5,381
Sale of Petroleum products	5,271	-
Holding Company		
Attock Oil Company Limited		
Purchase of crude oil	325,761	409,256
Purchase of services	62,300	8,700
Sale of services	10,395	345

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	2014 Rs '000	2013 Rs '000
Other related parties		
Contribution to staff retirement benefits plans		
Staff pension fund	13,779	11,784
Staff gratuity fund	16,670	177,129
Staff provident fund	22,369	21,370
Contribution to Workers' profit participation fund	181,060	333,075

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees ('000)					
Managerial remuneration/ honorarium	6,274	5,853	160	319	81,053	63,909
Bonus	2,691	2,515	-	-	27,443	22,967
Company's contribution to provident, pension and gratuity funds	-	344	-	-	19,065	16,060
Housing and utilities	4,569	4,243	-	-	84,999	68,807
Leave passage	897	685	-	-	10,756	7,677
	14,431	13,640	160	319	223,316	179,420
Less: charged to Attock Gen Limited	(4,329)	(4,092)	-	-	-	-
	10,102	9,548	160	319	223,316	179,420
No of person(s)	1	1	1	1	76	64

39.1 In addition, the Chief Executive and 14 (2013 : 15) executives were provided with limited use of the Company's cars. The Chief Executive and all executives were provided with medical facilities and 26 (2013 : 26) executive were provided with unfurnished accommodation in ARL owned bungalows. Limited residential telephone facility was also provided to the Chief Executive and 43 (2013 : 39) executives. Gratuity and pension is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuation. Leave passage is paid to Chief Executive and all executives in accordance with the terms of employment.

39.2 In addition, meeting fee based on actual attendance was paid to 4 (2013 : 4) non-executive directors Rs 2.587 million (2013 : Rs 2.426 million), Chief Executive Officer Rs 0.671 million (2013: Rs 0.623 million) and 2 (2013 : 2) alternate directors Rs 1.832 million (2013 : Rs 0.927 million) of the ARL.

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

40.1 Financial assets and liabilities

June 30, 2014	Loans and Receivables Rs '000	Fair value through profit or loss Rs '000	Total Rs '000
Financial assets :			
Maturity upto one year			
Trade debts	13,239,330	-	13,239,330
Loans, advances, deposits & other receivables	129,752	64,245	193,997
Cash and bank balances			
Foreign currency - US \$	46,261	-	46,261
Local currency	11,224,608	-	11,224,608
Maturity after one year			
Long term loans and deposits	27,990	-	27,990
	24,667,941	64,245	24,732,186
		Other financial liabilities	Total
		Rs '000	Rs '000
Financial liabilities :			
Maturity upto one year			
Trade and other payables		30,230,054	30,230,054
Maturity after one year			
Long term borrowings		480,692	480,692
		30,710,746	30,710,746
June 30, 2013	Loans and Receivables Rs '000	Fair value through profit or loss Rs '000	Total Rs '000
Financial assets :			
Maturity upto one year			
Trade debts	17,499,373	-	17,499,373
Loans, advances, deposits & other receivables	195,409	-	195,409
Cash and bank balances			
Foreign currency - US \$	46,695	-	46,695
Local currency	2,916,922	-	2,916,922
Maturity after one year			
Long term loans and deposits	16,632	-	16,632
	20,675,031	-	20,675,031

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	Other financial liabilities	Total
	Rs '000	Rs '000
Financial liabilities :		
Maturity upto one year		
Trade and other payables	31,530,523	31,530,523
Maturity after one year		
Long term borrowings	-	-
	31,530,523	31,530,523

The company enters into forward exchange contracts with banks to hedge the currency risk on letters of credit related to import of goods and equipment. The notional principal amounts of the outstanding forward foreign exchange contracts for hedging of letters of credit amounted to Rs 6,246,010 thousand at June 30, 2014 (2013: Nil).

40.2 Credit quality of financial assets

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

	Rating	2014 Balances Rs '000	2013 Balances Rs '000
Trade debts			
Counterparties with external credit rating	A 1+	2,843,013	4,495,767
Counterparties without external credit rating			
Due from associated companies		6,400,626	7,003,026
Others *		3,995,691	6,000,580
		13,239,330	17,499,373
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		205,285	215,957
Bank balances			
Counterparties with external credit rating	A 1+	10,258,079	2,963,617
	A 1	1,012,789	865
		11,270,868	2,964,482

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

40.3 FINANCIAL RISK MANAGEMENT

40.3.1 Financial risk factors

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

a) Credit risk

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

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

At June 30, 2014, trade debts of Rs 3,331,967 thousand (2013 : Rs 2,552,155 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows :

	2014 Rs '000	2013 Rs '000
0 to 6 months	2,269,657	2,550,904
6 to 12 months	904,209	-
Above 12 months	158,101	1,251
	3,331,967	2,552,155

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

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 10 to the financial statements.

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

	Carrying amount Rs '000	Contractual cash flows Rs '000	Less than 1 Year Rs '000	Above 1 year Rs '000
At June 30, 2014				
Long term borrowings	480,692	735,492	-	735,492
Trade and other payables	30,239,677	30,239,677	30,239,677	-
At June 30, 2013				
Long term borrowings	-	-	-	-
Trade and other payables	31,548,547	31,548,547	31,548,547	-

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

c) Market risk

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

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 46 million (2013: Rs 47 million) and financial liabilities include Rs 14,133 million (2013: Rs 13,318 million) which were subject to currency risk.

	2014 Rs '000	2013 Rs '000
Rupees per USD		
Average rate	102.89	96.75
Reporting date mid point rate	98.65	98.70

Sensitivity analysis

At June 30, 2014, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 930 million (2013: Rs 863 million) lower/higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balances of Rs 11,265 million (2013 : Rs 2,958 million) and Rs 2,905 million (2013 : Rs 2,245 million) respectively, which are subject to interest rate risk.

Had interest rates been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 90 million (2013 : Rs 165 million) higher / lower.

Sensitivity analysis

At June 30, 2014, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 90 million (2013: Rs 165 million) higher/lower, mainly as a result of higher/lower interest income/expense from these financial assets and liabilities.

iii) Price risk

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

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

40.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

40.4 Fair value of financial assets and liabilities

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

	2014 Rs '000	(Restated) 2013 Rs '000
41. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation from refinery operations	696,277	2,627,598
Profit after taxation from non-refinery operations	1,623,067	1,814,084
	2,319,344	4,441,682
Number of fully paid weighted average ordinary shares ('000)	85,293	85,293
Earnings per share - Basic and diluted (Rs)		
Refinery operations	8.16	30.81
Non-refinery operations	19.03	21.27
	27.19	52.08

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2014

42. GENERAL

42.1 Capacity and production

Against the designed annual refining capacity of 15.050 million (2013 : 14.963 million) US barrels the actual throughput during the year was 15.115 million (2013 : 14.989 million) US barrels.

	2014	2013
42.2 Number of employees		
Total number of employees at end of the year	730	701
Average number of employees for the year	720	707

42.3 Corresponding figures

Previous year figure has been recalssified to conform to current year's presentation as follows:

Reclassified from	Reclassified to	Rupees (in thousand)
Capital work-in-progress	Transaction cost on borrowings	18,975

43. DATE OF AUTHORISATION

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

— Sd —

Chief Executive

— Sd —

Director

Notice of Annual General Meeting



Notice is hereby given that the 36th Annual General Meeting of the Company will be held at Attock House, Morgah, Rawalpindi on Tuesday, September 16, 2014 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To confirm the minutes of the thirty fifth (35th) Annual General Meeting held on September 27, 2013.
2. To receive, consider and approve the audited financial statements of the Company together with the Directors' and Auditor's Reports for the year ended June 30, 2014.
3. To appoint auditors for the year ending June 30, 2015 and fix their remuneration.

4. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

— Sd —

The Refinery,
Morgah, Rawalpindi
August 25, 2014

Saif-ur-Rehman Mirza
Company Secretary

Notice of Annual General Meeting

NOTES:

PARTICIPATION IN THE ANNUAL GENERAL MEETING:

A member entitled to attend and vote at the meeting is entitled to appoint any other member as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company, P.O. Refinery, Morgah, Rawalpindi-46600, Pakistan duly stamped and signed not less than 48 hours before the time of the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing their original Computerised National Identity Card (CNIC), or original passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his / her original CNIC or passport at the time of the meeting.
- iv. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to present and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

CLOSURE OF SHARE TRANSFER BOOKS:

Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from September 10, 2014 to September 16, 2014 (both days inclusive). Transfers received in order at the Shares Department of M/s THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, P. O. Box No. 8533, Karachi-75530 at the close of business on September 9, 2014 will be treated in time for the purpose of Annual General Meeting.

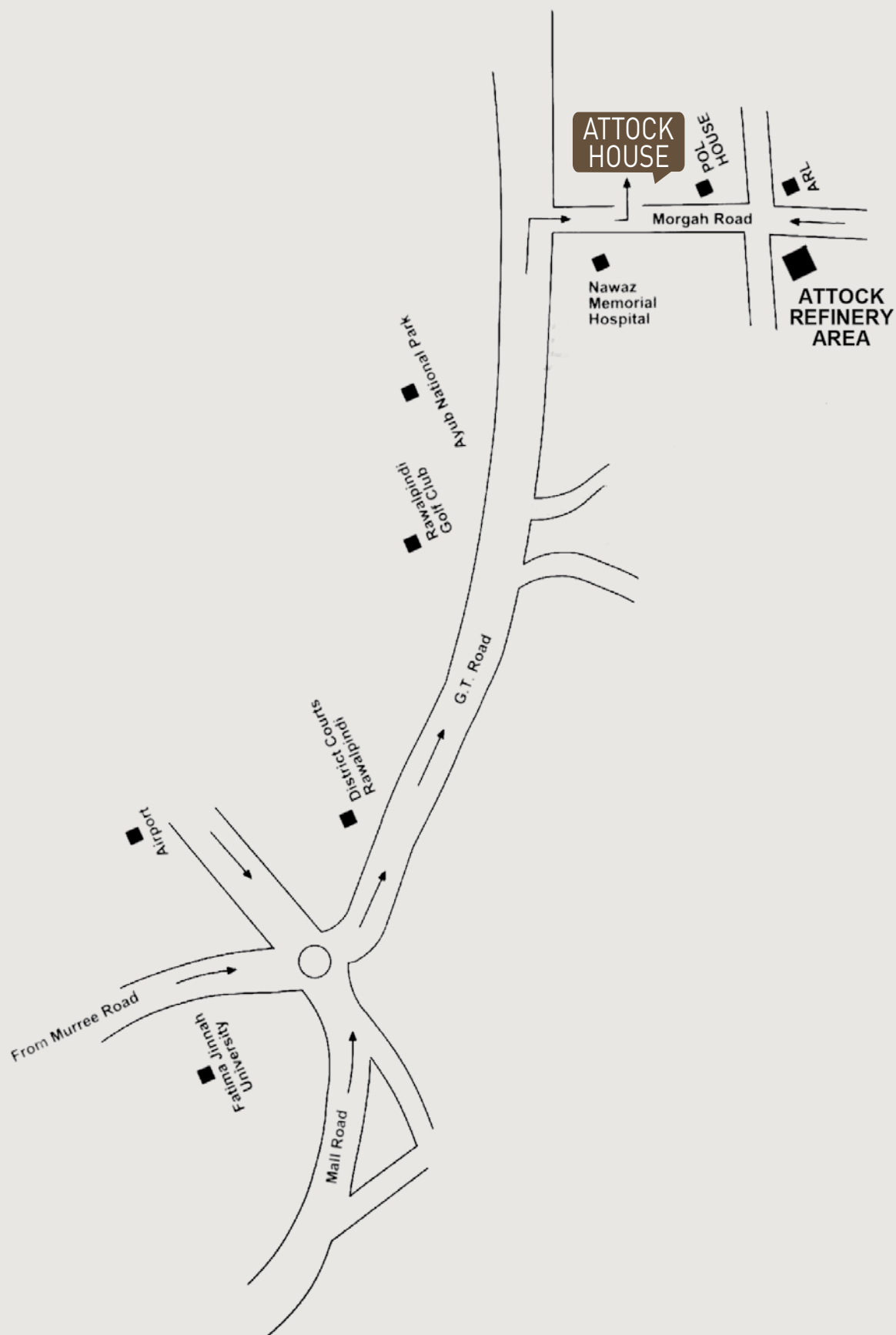
CHANGES IN ADDRESS:

Members are requested to promptly notify any change of address to the Company's Share Registrar.

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2014 have been made available on the Company's website www.arl.com.pk in addition to annual and quarterly financial statements for the prior year.

AGM Location Map



Glossary

AGL

Attock Gen Limited

AGM

Annual General Meeting

AHL

Attock Hospital (Pvt.) Limited

AOC

Attock Oil Company Limited

APL

Attock Petroleum Limited

ASF

Attock Sahara Foundation

AITSL

Attock Information Technology Services (Pvt.) Limited

BPD

Barrels Per Day

BR&A

Business Review and Assurance

CBA

Collective Bargaining Agent

CCG

Code of Corporate Governance

CDC

Central Depository Company of Pakistan Limited

CSR

Corporate Social Responsibility

DHDS

Diesel Hydro De-Sulphurization

EPS

Earning Per Share

FFO

Furnace Fuel Oil

GRM

Gross Refiner's Margin

HBU

Howe Baker Unit

HOBC

High Octane Blending Component

HR&A

Human Resource and Administration

HSD

High Speed Diesel

HSEQ

Health Safety Environment and Quality

HSFO

High Sulfur Furnace Fuel Oil

IAS

International Accounting Standards

ICAP

Institute of Chartered Accountants of Pakistan

ICMAP

Institute of Cost and Management Accountants of Pakistan

IFEM

Inland Freight Equalisation Margin

IFRS

International Financial Reporting Standards

IPP

Independent Power Producer

ISO

International Organization for Standardization

JBO

Jute Batching Oil

JPs

Jet Petroleum

LDO

Light Diesel Oil

LPG

Liquefied Petroleum Gas

LSFO

Low Sulfur Furnace Fuel Oil

LSRN

Light Straight Run Naphtha

MTT

Mineral Turpentine Tar

NCPC

National Cleaner Production Centre

NRL

National Refinery Limited

OGRA

Oil and Gas Regulatory Authority

OHSAS

Occupational Health and Safety Management System

OMCs

Oil Marketing Companies

PACRA

The Pakistan Credit Rating Agency Limited

PICG

Pakistan Institute of Corporate Governance

PMB

Polymer Modified Bitumen

PMG

Premium Motor Gasoline

POL

Pakistan Oilfields Limited

PSO

Pakistan State Oil Company Limited

PSQCA

Pakistan Standard Quality Control Authority

RFO

Residual Fuel Oil

SECP

Securities and Exchange Commission of Pakistan

SKO

Superior Kerosene Oil

SOIL

Solvent Oil

UNGC

United Nations Global Compact

UOP

Universal Oil Products

WPPF

Workers Profit Participation Fund

WWF

Workers Welfare Fund

Form of Proxy

Attock Refinery Limited

36th Annual General Meeting

I / We _____
of _____
being member(s) of Attock Refinery Limited holding _____
ordinary shares hereby appoint Mr. / Mrs. / Miss _____
of _____ another member of the Company or failing him / her
_____ of _____
another member of the Company as my / our proxy in my / our absence to attend and vote for me / us and on my /
our behalf at the 36th Annual General Meeting of the Company to be held on **Tuesday, September 16, 2014 at**
11:00 a.m. at Attock House, Morgah, Rawalpindi and at any adjournment thereof.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree
with the specimen registered
with the Company

Dated this _____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxy _____

1. WITNESS:

Signature _____

Name _____

Address _____

CNIC No. or

					-														
--	--	--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Passport No. _____

2. WITNESS:

Signature _____

Name _____

Address _____

CNIC No. or

					-														
--	--	--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Passport No. _____

Important :

1. This Proxy Form, duly completed and signed, must be received at the Registered Office, P.O. Refinery, Morgah, Rawalpindi-46600, Pakistan not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities :
In addition to the above the following requirements have to be met:

- i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- ii. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iii. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
ATTOCK REFINERY LIMITED
P.O. Refinery, Morgah,
Rawalpindi - 46600,
Pakistan.





Attock Refinery Limited

P.O. Refinery, Morgah, Rawalpindi, Pakistan.

Tel: 92-51-5487041- 45

Fax: 92-51-5487093-4

Email: info@arl.com.pk

www.arl.com.pk