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COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Ghaith R. Pharaon

(Alternate Director Mr. Shuaib A. Malik)

Non Executive Director

Mr. Laith G. Pharaon

(Alternate Director Mr. Iqbal A. Khwaja)

Non Executive Director

Mr. Wael G. Pharaon

(Alternate Director Mr. Babar Bashir Nawaz)

Non Executive Director

Mr. Shuaib A. Malik

Chairman / Non Executive Director

Mr. Abdus Sattar

Non Executive Director

Mr. Munaf Ibrahim

Independent Non Executive Director

Agha Sher Shah

(NIT Nominee)

Independent Non Executive Director

CHIEF EXECUTIVE OFFICER

Mr. M. Adil Khattak

CHIEF FINANCIAL OFFICER

Syed Asad Abbas

FCA

COMPANY SECRETARY

Mr. Saif ur Rehman Mirza

FCA

AUDIT COMMITTEE

Mr. Munaf Ibrahim

Chairman

Mr. Abdus Sattar

Member

Agha Sher Shah

Member

Mr. Babar Bashir Nawaz

Member

AUDITORS

A.F. Ferguson & Co.

Chartered Accountants

LEGAL ADVISOR

Ali Sibtain Fazli & Associates

Legal Advisors, Advocates & Solicitors

SHARE REGISTRAR

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

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DIRECTORS' REVIEW

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

The Directors have pleasure in presenting a brief review of the financial results and operations of the Company for the 1st quarter ended September 30, 2014.

FINANCIAL RESULTS

The Company experienced negative Gross Refiner's Margin (GRM) due to adverse fluctuation in the international prices of products and crude oil during the 1st quarter ended September 30, 2014. The situation was further aggravated due to persistent fall in prices of product and crude oil which resulted in heavy inventory losses. The rising of Rupee Dollar exchange parity rate also caused exchange loss of Rs 438 million on foreign currency transactions relating to crude oil. All these factors contributed to loss of Rs 1,037 million from refinery operations during the 1st quarter ended September 30, 2014 as against loss of Rs 766 million in corresponding quarter of last year. Non-refinery income of Rs 1,044 million enabled the Company to off-set this loss and close the quarter with profit after tax of Rs 6 million (September 30, 2013 : Profit of Rs 602 million).

REFINERY OPERATIONS

The Company successfully maintained continued supply of petroleum products by operating at 101% of its capacity and refined the growing volumes of crude oil available in the northern region of the country. The refining throughput during the 1st quarter was 3.849 million barrels (September 30, 2013 : 3.777 million barrels) while the sales volume was 3.620 million barrels (September 30, 2013 : 3.660 million barrels). All the processing units of refinery operated smoothly during the period under review.

The amount of overdue receivable emanating from Government owned entities kept fluctuating trend. We look forward for implementation of policy decisions by the Government to address root causes for resolution of the circular debt issue on a long term and permanent basis.

ARL UP-GRADATION PROJECT

Detailed Engineering of ARL Up-gradation Project comprising of a Preflash unit, Naphtha Isomerization unit, Diesel Hydrodesulphurization (DHDS) unit, Auxiliary Units, Utilities and Expansion of existing Captive Power Plant has been completed. Construction activities at site i.e. preparation of civil foundations, equipment installation, erection of pipe racks and piping is underway.

Consequent to the changes brought in the Customs and the Sales tax laws, the Company had to hold clearance of shipments to avoid additional customs duties etc. However, after grant of stay order by the court, clearance of the shipments has started.

ACKNOWLEDGEMENT

The Board of Directors would like to express their gratitude for the support received from its valued customers, suppliers, Ministry of Petroleum & Natural Resources and other relevant organizations.

On behalf of the Board

-Sd-

Shuaib A. Malik
Chairman

October 30, 2014
Rawalpindi

Condensed Interim Balance Sheet (Unaudited) **As At September 30, 2014**

	Note	September 30, 2014 (Rupees in thousand)	June 30, 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2014 : 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up			
85,293,000 (June 30, 2014 : 85,293,000) ordinary shares of Rs 10 each	4	852,930	852,930
Reserves and surplus			
	5	<u>19,499,410</u>	<u>19,493,156</u>
		20,352,340	20,346,086
SURPLUS ON REVALUATION OF FREEHOLD LAND			
		<u>10,811,949</u>	<u>10,811,949</u>
		31,164,289	31,158,035
NON CURRENT LIABILITIES			
LONG TERM BORROWINGS			
	6	2,286,685	480,692
CURRENT LIABILITIES			
Short term borrowings	7	-	-
Trade and other payables	8	35,455,221	30,211,256
Provision for taxation		5,480,522	5,650,325
		40,935,743	35,861,581
CONTINGENCIES AND COMMITMENTS			
	9		
		<u>74,386,717</u>	<u>67,500,308</u>

		September 30, 2014	June 30, 2014
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10	11,671,331	11,688,827
Capital work-in-progress	11	8,390,944	5,073,763
Stores and spares held for capital expenditure		95,826	96,069
		20,158,101	16,858,659
LONG TERM INVESTMENTS	12	13,264,915	13,264,915
LONG TERM LOANS AND DEPOSITS		26,166	27,990
DEFERRED TAXATION		581,485	226,383
CURRENT ASSETS			
Stores, spares and loose tools		827,996	786,536
Stock-in-trade	13	10,562,278	11,555,708
Trade debts	14	19,209,769	13,239,273
Loans, advances, deposits, prepayments and other receivables	15	310,431	273,928
Cash and bank balances	16	9,445,576	11,266,916
		40,356,050	37,122,361
		74,386,717	67,500,308

The annexed notes 1 - 25 are an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Profit and Loss Account (Unaudited)

For The First Quarter Ended September 30, 2014

		3 Months to	
		September 30, 2014	September 30, 2013
	Note	(Rupees in thousand)	
Sales - net	17	40,961,903	42,541,198
Cost of sales	18	(42,347,652)	(42,708,181)
Gross profit / (loss)		(1,385,749)	(166,983)
Administrative expenses		123,425	91,715
Distribution costs		13,251	11,872
Finance cost	19	444,636	857,405
		(581,312)	(960,992)
		(1,967,061)	(1,127,975)
Other income	20	574,583	409,715
Profit / (loss) before taxation from refinery operations		(1,392,478)	(718,260)
Provision for taxation	21	355,101	(48,092)
Profit / (loss) after taxation from refinery operations		(1,037,377)	(766,352)
Income from non-refinery operations less applicable charges and taxation	22	1,043,631	1,368,115
Profit for the period		6,254	601,763
Earnings / (loss) per share - basic and diluted (Rupees)			
Refinery operations		(12.16)	(8.98)
Non-refinery operations		12.24	16.04
		0.08	7.06

The annexed notes 1 - 25 are an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

For The First Quarter Ended September 30, 2014

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Profit for the period	6,254	601,763
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>6,254</u>	<u>601,763</u>

The annexed notes 1 - 25 are an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Cash Flow Statement (Unaudited)

For The First Quarter Ended September 30, 2014

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - Customers	46,033,721	53,437,061
- Others	132,790	158,603
	46,166,511	53,595,664
Cash paid for operating costs	(38,735,432)	(44,562,150)
Cash paid to Government for duties, taxes and other levies	(8,539,891)	(9,007,258)
Income tax paid	(269,133)	(314,642)
Net cash flows from operating activities	(1,377,945)	(288,386)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,251,068)	(2,152,114)
Sale of property, plant and equipment	2,230	3,292
Long term loans and deposits	1,825	297
Income on bank deposits received	346,700	231,906
Dividends received	1,142,961	598,637
Net cash flows (used in) / from investing activities	(1,757,352)	(1,317,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings	1,800,000	-
Finance cost	(487,412)	(857,405)
Transaction cost on borrowings	(500)	-
Dividend paid	(2)	(213,323)
Net cash flows from financing activities	1,312,086	(1,070,728)
(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,823,211)	(2,677,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,266,916	11,004,968
EFFECT OF EXCHANGE RATE CHANGES	1,871	2,515
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,445,576	8,330,387

CASH AND CASH EQUIVALENTS COMPRISE OF CASH AND BANK BALANCES.

The annexed notes 1 - 25 are an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For The First Quarter Ended September 30, 2014

	Share capital	Capital reserve	Special reserve for expansion / modernisation	Investment reserve	General reserve	Un-appropriated profit	Surplus on revaluation of freehold land	Total
	Rupees in thousand							
Balance as at June 30, 2013 - 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 period	-	-	-	-	-	601,763	-	601,763
Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	601,763	-	601,763
Balance as at September 30, 2013 - restated	852,930	5,948	8,645,733	3,762,775	55	5,142,082	8,745,217	27,154,740
Total comprehensive income for the period	-	-	-	-	-	1,941,638	-	1,941,638
Profit for the period	-	-	-	-	-	(5,075)	2,066,732	2,061,657
Other comprehensive income/(loss) for the period	-	-	-	-	-	1,936,563	2,066,732	4,003,295
Transfer to special reserve for expansion / modernisation - note 5.1	-	-	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
Total comprehensive income for the period	-	-	-	-	-	6,254	-	6,254
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	6,254	-	6,254
Balance as at September 30, 2014	<u>852,930</u>	<u>5,948</u>	<u>9,196,210</u>	<u>3,762,775</u>	<u>55</u>	<u>6,534,422</u>	<u>10,811,949</u>	<u>31,164,289</u>

The annexed notes 1 - 25 are an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Selected Notes To and Forming Part of the Condensed Interim Financial Information (Unaudited) For The First Quarter Ended September 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 limited 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 a subsidiary of The Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the company for the three months period ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

4. SHARE CAPITAL

The parent company Attock Oil Company Limited held 52,039,224 (June 30, 2014 : 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (June 30, 2014 : 1,432,000) ordinary shares as at September 30, 2014.

September 30, 2014	June 30, 2014
(Rupees in thousand)	

5. RESERVES AND SURPLUS

Capital reserves	5,948	5,948
Special reserve for expansion / modernisation - note 5.1	9,196,210	9,196,210
Revenue reserves		
Investment reserve - note 5.2	3,762,775	3,762,775
General reserve	55	55
Unappropriated profit	6,534,422	6,528,168
	10,297,252	10,290,998
	19,499,410	19,493,156

5.1 SPECIAL RESERVE FOR EXPANSION / MODERNISATION

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 12,413 million on Up-gradation and expansion

projects from July 1, 1997 to September 30, 2014 (July 1, 1997 to June 30, 2014 : Rs 9,293 million). The amount utilized over and above the available balance in the Special Reserve was incurred from Company's own resources.

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.

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

	September 30, 2014	June 30, 2014
	(Rupees in thousand)	

6. LONG TERM BORROWINGS

Syndicated Term Finance - note 6.1	1,945,421	562,724
Musharka Finance - note 6.2	636,202	183,659
	2,581,623	746,383
Transaction cost on borrowings	249,797	18,975
Addition during the period	500	237,525
Amortization for the period	(5,054)	(6,703)
Unamortised Transaction Cost on borrowings	245,243	249,797
	2,336,380	496,586
Mark-up payable shown as current liability	(49,695)	(15,894)
	2,286,685	480,692

- 6.1** 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 September 30, 2014 aggregate draw down was Rs 1,910,645 thousand (June 30, 2014 : Rs 554,509 thousand).

- 6.2** 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 September 30, 2014 aggregate draw down was Rs 624,847 thousand (June 30, 2014 : Rs 180,983 thousand).

6.3 The facilities referred in note 6.1 and 6.2 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 The Attock Oil Company Limited in the Company to fall below 51%.

7. SHORT TERM BORROWINGS

The Company has negotiated running finance facility with a bank and accepted facility offer letter to the extent of Rs 0.5 billion (June 30, 2014 : Rs 0.5 billion), which was unutilised at the period end. As and when required, this facility shall be secured by registered charge over the Company's current assets.

8. TRADE AND OTHER PAYABLES

	September 30, 2014	June 30, 2014
	(Rupees in thousand)	
Creditors - note 8.1	23,455,258	18,821,479
Due to The Attock Oil Company Limited - Holding Company	89,308	46,855
Due to associated companies		
Pakistan Oilfields Limited	2,100,463	1,672,975
Attock Petroleum Limited	-	7,611
Attock Information Technology Services (Private) Limited	6,593	-
Sui Southern Gas Company Limited	41,721	41,721
Accrued liabilities and provisions - note 8.1	2,713,968	2,745,032
Due to the Government under the pricing formula	3,561,040	3,702,570
Advance payments from customers	11,998	9,623
Sales tax payable	1,845,823	1,496,643
Mark-up on long term borrowings - note 6	49,695	15,894
Workers' Welfare Fund	673,309	673,309
Workers' Profit Participation Fund	967	-
General Staff Provident Fund	5,588	-
Staff Provident Fund	2,047	-
ARL Gratuity Fund	2,969	194,933
Staff Pension Fund	8,754	7,777
Crude oil freight adjustable through inland freight equalisation margin	18,285	-
Payable to statutory authorities in respect of petroleum development levy and excise duty	858,627	766,024
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	1,937	1,937
Unclaimed dividends	6,495	6,497
	35,455,221	30,211,256

8.1 These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of 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 2,478.945 million (June 30, 2014 : Rs 2,423.86 million).

**September 30,
2014**
(Rupees in thousand)

**June 30,
2014**

9. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES :

- | | | |
|---|------------------|---------|
| <p>9.1 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>9.2 Securities & Exchange Commission of Pakistan (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>9.3 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. This matter is still under adjudication.</p> | 410,504 | 275,056 |
| <p>9.4 Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 has been withdrawn. As a result all imports relating to the ARL Up-gradation Project may be subject to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company has filed a writ petition in the Lahore High Court, Rawalpindi bench. The Honourable Court has granted interim relief by allowing release of the imports against submission of bank guarantees. The management and</p> | 1,069,000 | - |

September 30,
2014
(Rupees in thousand)

June 30,
2014

legal counsel of the Company are of the view that there are reasonable grounds for a favourable decision and accordingly this has not been recognized as a liability in the financial statements. This estimated amount is net of adjustable/claimable government levies.

9.5 (i) These represents bank guarantees issued in favor of Collector of Customs, as per the directives of the Honourable Lahore High Court Rawalpindi bench as referred in note 9.4.	525,740	-
(ii) Guarantees issued by banks on behalf of the Company other than (i) above	394	394
9.6 Claims for land compensation contested by the company	1,300	1,300
9.7 Price adjustment related to crude oil purchases as referred to in note 18.1, the amount of which can not be presently quantified.		

COMMITMENTS OUTSTANDING :

9.8 ARL Up-gradation Projects (inclusive of foreign currency commitment of US\$ 85.07 million (June 30, 2014 : US\$ 106.78 million). The Company has entered into foreign exchange forward contracts maturing on various dates up to April 2015 with a bank to hedge its foreign currency exposure under the EPCC contract.	12,858,800	14,320,644
9.9 Capital expenditure - others than (9.8) above	138,735	117,570
9.10 Letters of credit for purchase of store items	14,719	9,582

Three months to
September 30,
2014
(Rupees in thousand)

Year ended
June 30,
2014

10. OPERATING ASSETS

Opening written down value	11,688,827	9,499,335
Additions during the period / year	17,200	242,721
Revaluation surplus	-	2,066,732
Written down value of disposals	(627)	(377)
Depreciation during the period / year	(34,069)	(119,584)
Closing written down value	11,671,331	11,688,827

Three months to September 30, 2014	Year ended June 30, 2014
(Rupees in thousand)	

11. CAPITAL WORK-IN-PROGRESS

Opening balances	5,073,763	438,710
Addition during period / year - note 11.1	3,329,764	4,854,067
	8,403,527	5,292,777
Transfer to operating assets		
Building on freehold land	(1,971)	(6,038)
Plant and machinery	(10,612)	(212,976)
Closing balance	8,390,944	5,073,763

The details are as under :

Civil works	17,017	18,290
Plant and machinery	8,372,927	5,054,473
Pipeline project	1,000	1,000
	8,390,944	5,073,763

11.1 This includes borrowing cost amounting to Rs 78,591 thousand on long term borrowings capitalised. This borrowings has been obtained for the purpose of ARL up-gradation projects.

	September 30, 2014		June 30, 2014
% age Holding	(Rupees in thousand)	% age Holding	(Rupees in thousand)

12. LONG TERM INVESTMENTS - AT COST
Associated Companies
Quoted

National Refinery Limited - note 12.1	25	8,046,635	25	8,046,635
Attock Petroleum Limited	21.88	4,463,485	21.88	4,463,485

Unquoted

Attock Gen Limited	30	748,295	30	748,295
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500

Subsidiary Company
Unquoted

Attock Hospital (Private) Limited	100	2,000	100	2,000
		13,264,915		13,264,915

12.1 Based on a valuation analysis carried out at June 30, 2014, the recoverable amount of investment in National Refinery Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation.

13. STOCK-IN -TRADE

As at September 30, 2014, stock-in-trade include stocks carried at net realisable value of Rs 9,927 million (June 30, 2014 : Rs 10,793 million). Adjustments amounting to Rs 1,190 million (June 30, 2014 : Rs 798 million) have been made to closing inventory to write down stocks-in-trade to net realizable value.

14. TRADE DEBTS

All trade debts are unsecured and considered good.

Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 7,861 million (June 30, 2014 : Rs 6,397 million) and Pakistan Oilfields Limited Rs nil (June 30, 2014 : Rs 4 million).

September 30,
2014
(Rupees in thousand)

June 30,
2014

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

Due from Subsidiary Company - Attock Hospital (Private) Limited	225	488
Due from associated companies		
Attock Information Technology Services (Private) Limited	-	88
Attock Petroleum Limited	7,424	-
Attock Gen Limited	1,787	509
National Refinery Limited	48	26
National Cleaner Production Centre Foundation	1,552	324
Attock Cement Pakistan Limited	7	-
Crude oil freight adjustable through inland freight equalisation margin	-	1,446
Forward foreign exchange contracts	150,156	64,245
Income accrued on bank deposits	31,102	38,066
Workers' profit participation fund	-	17,973
Loans, deposits, prepayments and other receivables	118,130	150,763
	310,431	273,928

16. CASH AND BANK BALANCES

16.1 Balances with banks include Rs 2,408.143 million (June 30, 2014 : Rs 2,353.421 million) in respect of deposits placed on 90-days interest-bearing account consequent to directives of the Ministry of Petroleum and Natural Resources on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 8.1.

16.2 A lien on the Company's savings account has been marked by a bank to the extent of guarantees issued on behalf of the Company amounting to Rs 526,134 thousand, as referred to in note 9.5 (i) and (ii) respectively.

3 Months to

September 30, 2014	September 30, 2013
(Rupees in thousand)	

17. SALES - NET

Gross Sales (excluding Naphtha export sales)	44,867,140	46,705,634
Naphtha export sales	7,296,296	7,665,103
Sales proceeds of Naphtha exports related to third parties	(2,024,451)	(2,790,963)
	5,271,845	4,874,140
	50,138,985	51,579,774
Duties, taxes and levies	(8,981,673)	(8,987,463)
HSD price differential payable to Government - note 17.1	(195,409)	(51,113)
	40,961,903	42,541,198

17.1 This represents amount payable to the Government of Pakistan on account of differential between import parity price of HSD and import price of Pakistan State Oil Company Limited.

3 Months to

September 30, 2014	September 30, 2013
(Rupees in thousand)	

18. COST OF SALES

Crude oil consumed - note 18.1	41,578,758	42,301,432
Transportation and handling charges	497,876	400,111
Salaries, wages and other benefits	198,243	177,027
Chemicals consumed	70,893	71,911
Fuel and power	308,272	185,389
Repairs and maintenance	69,230	34,201
Staff transport and travelling	3,691	3,486
Insurance	22,869	25,855
Cost of receptacles	5,641	7,059
Other operating costs	14,917	6,553
Depreciation	30,146	25,227
Cost of goods manufactured	42,800,536	43,238,251
Changes in stock	(452,884)	(530,070)
	42,347,652	42,708,181

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

19. FINANCE COST

This includes exchange loss amounting to Rs 438 million (three months period ended September 30, 2013 : Rs 857 million) related to crude oil purchase in foreign currency and represents differential of price calculated at exchange rate prevailing on initial recognition of liability and exchange rate prevailing on the due date of payment or on September 30, 2014 for amounts outstanding but not due at period end.

3 Months to

September 30, 2014	September 30, 2013
-----------------------	-----------------------

(Rupees in thousand)

20. OTHER INCOME

Income on bank deposits	339,736	243,205
Interest on delayed payments	33,816	15,307
Handling and service charges	24,395	22,026
Rental income	17,506	17,415
Exchange gain	48,504	90,223
Gain on forward foreign exchange contracts	102,797	-
Others	7,829	21,539
	574,583	409,715

21. PROVISION FOR TAXATION

Current	-	48,700
Deferred - (income) / expense	(355,101)	(608)
	(355,101)	48,092

**22. INCOME FROM NON-REFINERY OPERATIONS
LESS APPLICABLE CHARGES AND TAXATION**

Dividend income from associated companies	1,142,961	1,578,917
Less : Related charges		
Workers' Profit Participation fund	-	43,033
Workers' Welfare fund	-	24,843
Taxation	99,330	142,926
	99,330	210,802
	1,043,631	1,368,115

23. OPERATING SEGMENT

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

3 Months to

September 30, 2014	September 30, 2013
-----------------------	-----------------------

(Rupees in thousand)

High Speed Diesel	17,423,741	17,907,516
Premier Motor Gasoline	10,775,705	11,298,931
Jet Petroleum	4,529,221	5,851,175
Furnace Fuel Oil	6,088,040	5,517,841
Naphtha	5,271,844	4,874,140
Others	5,855,025	6,079,058
	49,943,576	51,528,661
Duties, taxes and levies	(8,981,673)	(8,987,463)
	40,961,903	42,541,198

Revenue from four major customers of the Company constitute 88% of total revenue during the three months period ended September 30, 2014 (September 30, 2013 : 87%).

24. RELATED PARTY TRANSACTIONS

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

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Sale of goods and services to :		
Associated companies	12,134,654	11,842,979
Subsidiary company	3,374	1,930
Holding company	6,467	82
Interest income on delayed payments from an associated company	33,816	15,307
Purchase of goods and services from :		
Associated companies	3,725,354	3,771,539
Subsidiary company	11,971	10,455
Holding company	76,907	92,093
Other related parties :		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	102,467	63,462
Directors Fee	1,749	2,386
Contribution to Workers' Profit Participation Fund	-	43,033
Contribution to employees' pension, gratuity and provident funds	16,665	11,873

25. DATE OF AUTHORISATION

This condensed interim financial information was authorised for circulation to the shareholders by the Board of Directors of the Company on October 30, 2014.

-Sd-
Chief Executive

-Sd-
Director

***Condensed Interim Consolidated
Financial Information For The
First Quarter
Ended September 30, 2014***

Condensed Interim Consolidated Balance Sheet (Unaudited) **As At September 30, 2014**

		September 30, 2014	June 30, 2014
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2014 : 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up			
85,293,000 (June 30, 2014 : 85,293,000) ordinary shares of Rs 10 each	4	852,930	852,930
Reserves and surplus	5	<u>24,101,625</u> <u>24,954,555</u>	<u>24,669,945</u> <u>25,522,875</u>
SURPLUS ON REVALUATION OF FREEHOLD LAND			
		<u>10,811,949</u> <u>35,766,504</u>	<u>10,811,949</u> <u>36,334,824</u>
NON CURRENT LIABILITIES			
LONG TERM BORROWINGS	6	2,286,685	480,692
CURRENT LIABILITIES			
Short term borrowings	7	-	-
Trade and other payables	8	35,484,881	30,239,677
Provision for taxation		5,480,522	5,650,324
		40,965,403	35,890,001
CONTINGENCIES AND COMMITMENTS			
	9		
		<u>79,018,592</u>	<u>72,705,517</u>

	Note	September 30, 2014 (Rupees in thousand)	June 30, 2014
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10	11,676,363	11,694,065
Capital work-in-progress	11	8,390,944	5,073,763
Stores and spares held for capital expenditure		95,826	96,069
		20,163,133	16,863,897
LONG TERM INVESTMENTS	12	17,863,564	18,438,278
LONG TERM LOANS AND DEPOSITS		26,166	27,990
DEFERRED TAXATION		585,626	230,499
CURRENT ASSETS			
Stores, spares and loose tools		827,996	786,536
Stock-in-trade	13	10,562,882	11,556,329
Trade debts	14	19,210,000	13,239,330
Loans, advances, deposits, prepayments and other receivables	15	328,311	290,655
Cash and bank balances	16	9,450,914	11,272,003
		40,380,103	37,144,853
		79,018,592	72,705,517

The annexed notes 1 - 25 are an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For The First Quarter Ended September 30, 2014

		3 Months to	
		September 30, 2014	September 30, 2013
	Note	(Rupees in thousand)	
Sales - net	17	40,961,903	42,541,198
Cost of sales	18	(42,347,652)	(42,708,181)
Gross profit / (loss)		(1,385,749)	(166,983)
Administrative expenses		123,425	91,715
Distribution costs		13,251	11,872
Finance cost	19	444,636	857,405
		(581,312)	(960,992)
		(1,967,061)	(1,127,975)
Other income	20	574,583	409,715
Profit / (loss) before taxation from refinery operations		(1,392,478)	(718,260)
Provision for taxation	21	355,101	(48,092)
Profit / (loss) after taxation from refinery operations		(1,037,377)	(766,352)
Non-refinery income :			
Share in profit of associated companies (net of reversal of impairment loss)	22	472,400	638,369
Profit / (loss) for the period		(564,977)	(127,983)
Earnings / (loss) per share - basic and diluted (Rupees)			
Refinery operations		(12.16)	(8.98)
Non-refinery operations		5.54	7.48
		(6.62)	(1.50)

The annexed notes 1 - 25 are an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
For The First Quarter Ended September 30, 2014

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Profit / (loss) for the period	(564,977)	(127,983)
Other comprehensive income / (loss) for the period		
Share of other comprehensive income / (loss) of associated companies - net of tax	(3,343)	(4,662)
Total comprehensive income / (loss) for the period	<u>(568,320)</u>	<u>(132,645)</u>

The annexed notes 1 - 25 are an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For The First Quarter Ended September 30, 2014

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - Customers	46,057,597	53,458,334
- Others	132,790	158,603
	46,190,387	53,616,937
Cash paid for operating costs	(38,758,137)	(44,585,368)
Cash paid to Government for duties, taxes and other levies	(8,539,890)	(9,007,259)
Income tax paid	(270,054)	(315,273)
Net cash flows from operating activities	(1,377,694)	(290,963)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,251,068)	(2,152,657)
Sale of property, plant and equipment	2,230	3,292
Long term loans and deposits	1,825	297
Income on bank deposits received	346,700	231,906
Dividends received	1,142,961	598,637
Net cash flows (used in) / from investing activities	(1,757,352)	(1,318,525)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings	1,800,000	-
Finance cost	(487,412)	(857,405)
Transaction cost on borrowings	(500)	-
Dividend paid	(2)	(213,323)
Net cash (out flow) / in flow from investing activities	1,312,086	(1,070,728)
(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,822,960)	(2,680,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,272,003	11,010,571
EFFECT OF EXCHANGE RATE CHANGES	1,871	2,515
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,450,914	8,332,870

CASH AND CASH EQUIVALENTS COMPRISE OF CASH AND BANK BALANCES.

The annexed notes 1 - 25 are an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For The First Quarter Ended September 30, 2014

	Share capital	Capital reserve	Special reserve for expansion / modernisation	Maintenance reserve	General reserve	Un-appropriated profit	Surplus on revaluation of freehold land	Total
	Rupees in thousand							
Balance as at June 30, 2013 as restated	852,930	89,468	9,120,666	162,241	3,952,380	9,238,767	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/(loss) for the period	-	-	-	-	-	(127,983)	-	(127,983)
Profit/(loss) for the period	-	-	-	-	-	(4,662)	-	(4,662)
Other comprehensive income/(loss) for the period	-	-	-	-	-	(132,645)	-	(132,645)
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 September 30, 2013 as restated	852,930	119,708	9,120,666	162,241	4,352,380	8,462,649	8,745,217	31,815,791
Total comprehensive income for the period	-	-	-	-	-	2,447,327	-	2,447,327
Profit for the period	-	-	-	-	-	4,974	-	2,071,706
Other comprehensive income for the period	-	-	-	-	-	2,452,301	2,066,732	4,519,033
Transfer to special reserve for expansion / modernisation - note 5.1	-	-	550,477	-	-	(550,477)	-	-
Transfer to maintenance reserve by associated companies - note 5.2	-	-	-	11,155	-	(11,155)	-	-
Balance as at June 30, 2014	852,930	119,708	9,671,143	173,396	4,352,380	10,353,318	10,811,949	36,334,824
Total comprehensive income / (loss) for the period	-	-	-	-	-	(564,977)	-	(564,977)
Profit / (loss) for the period	-	-	-	-	-	(3,343)	-	(3,343)
Other comprehensive income/(loss) for the period	-	-	-	-	-	(568,320)	-	(568,320)
Balance as at September 30, 2014	<u>852,930</u>	<u>119,708</u>	<u>9,671,143</u>	<u>173,396</u>	<u>4,352,380</u>	<u>9,784,998</u>	<u>10,811,949</u>	<u>35,766,504</u>

The annexed notes 1 - 25 are an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Selected Notes To and Forming Part of the Condensed Interim Consolidated Financial Information (Unaudited) For The First Quarter Ended September 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 limited 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.

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

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

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

2. BASIS OF PREPARATION

2.1 This condensed interim consolidated financial information of the company for the three months period ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

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

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2014.

4. SHARE CAPITAL

The parent company Attock Oil Company Limited held 52,039,224 (June 30, 2014 : 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (June 30, 2014 : 1,432,000) ordinary shares as at September 30, 2014.

September 30, June 30,
2014 2014
(Rupees in thousand)

5. RESERVES AND SURPLUS

Capital reserves	119,708	119,708
Surplus profits under the import parity pricing formula - note 5.1	9,196,210	9,196,210
Surplus profits of associates under the import parity pricing formula	474,933	474,933
Revenue reserves		
Maintenance reserve - note 5.2	173,396	173,396
General reserve	4,352,380	4,352,380
Unappropriated profit	9,784,998	10,353,318
	14,310,774	14,879,094
	24,101,625	24,669,945

5.1 SPECIAL RESERVE FOR EXPANSION / MODERNISATION

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 12,413 million on Up-gradation and expansion projects from July 1, 1997 to September 30, 2014 (July 1, 1997 to June 30, 2014 : Rs 9,293 million). The amount utilized over and above the available balance in the Special Reserve was incurred from Company's own resources.

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.

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

September 30,
2014
(Rupees in thousand)

June 30,
2014

6. LONG TERM BORROWINGS

Syndicated Term Finance - note 6.1	1,945,421	562,724
Musharka Finance - note 6.2	636,202	183,659
	2,581,623	746,383
Transaction cost on borrowing	249,797	18,975
Addition during the period	500	237,525
Amortization for the period	(5,054)	(6,703)
Unamortised Transaction Cost on borrowings	245,243	249,797
	2,336,380	496,586
Mark-up payable shown as current liability	(49,695)	(15,894)
	2,286,685	480,692

6.1 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 September 30, 2014 aggregate draw down was Rs 1,910,645 thousand (June 30, 2014 : Rs 554,509 thousand).

6.2 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 September 30, 2014 aggregate draw down was Rs 624,847 thousand (June 30, 2014 : Rs 180,983 thousand).

6.3 The facilities referred in note 6.1 and 6.2 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 The Attock Oil Company Limited in the Company to fall below 51%.

7. SHORT TERM BORROWINGS

The Company has negotiated running finance facility with a bank and accepted facility offer letter to the extent of Rs 0.5 billion (June 30, 2014 : Rs 0.5 billion), which was unutilised at the period end. As and when required, this facility shall be secured by registered charge over the Company's current assets.

September 30,
2014
(Rupees in thousand)

June 30,
2014

8. TRADE AND OTHER PAYABLES

Creditors - note 8.1	23,459,375	18,823,919
Due to the Attock Oil Company Limited - Holding Company	89,307	46,855
Due to associated companies		
Pakistan Oilfields Limited	2,098,766	1,672,391
Attock Petroleum Limited	-	7,510
Attock Information Technology Services (Private) Limited	6,593	-
Sui Southern Gas Company Limited	41,721	41,721
Accrued liabilities and provisions - note 8.1	2,726,771	2,757,275
Due to the Government under the pricing formula	3,561,040	3,702,570
Advance payments from customers	11,998	9,623
Mark-up on long term borrowings - note 6	49,695	15,894
Sales tax payable	1,845,823	1,496,643
Workers' Welfare Fund	673,439	673,423
Workers' Profit Participation Fund	967	-
General Staff Provident Fund	5,588	-
Staff Provident Fund	2,047	-
ARL Gratuity Fund	16,645	208,609
Staff Pension Fund	9,166	8,190
Crude oil freight adjustable through inland freight equalisation margin	18,285	-
Payable to statutory authorities in respect of petroleum development levy and excise duty	858,627	766,024
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	2,157	2,157
Unclaimed dividends	6,495	6,497
	<u>35,484,881</u>	<u>30,239,677</u>

8.1 These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of 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 2,478.945 million (June 30, 2014 : Rs 2,423.864 million).

September 30,
2014
(Rupees in thousand)

June 30,
2014

9. CONTINGENCIES AND COMMITMENTS
CONTINGENCIES :

9.1 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.

	September 30, 2014 (Rupees in thousand)	June 30, 2014
<p>9.2 Securities & Exchange Commission of Pakistan (SECP) has raised a demand on ARL 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 ARL 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>9.3 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. This matter is still under adjudication.</p>	410,504	275,056
<p>9.4 Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 has been withdrawn. As a result all imports relating to the ARL Up-gradation Project may be subject to higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company has filed a writ petition in the Lahore High Court, Rawalpindi bench. The Honourable Court has granted interim relief by allowing release of the imports against submission of bank guarantees. The management and legal counsel of the Company are of the view that there are reasonable grounds for a favourable decision and accordingly this has not been recognized as a liability in the financial statements. This estimated amount is net of adjustable/claimable government levies.</p>	1,069,000	-
<p>9.5 (i) These represents bank guarantees issued in favor of Collector of Customs, as per the directives of the Honourable Lahore High Court Rawalpindi bench as referred in note 9.4.</p>	525,740	-

	September 30, 2014 (Rupees in thousand)	June 30, 2014
(ii) Guarantees issued by banks on behalf of the Company other than (i) above	394	394
9.6 Claims for land compensation contested by Company	1,300	1,300
9.7 Price adjustment related to crude oil purchases as referred to in note 18.1, the amount of which can not be presently quantified.		
9.8 ARL's share in guarantees and indemnity bonds issued by associated companies	473,610	438,174
9.9 ARL's 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	72,811

COMMITMENTS OUTSTANDING :

9.10 ARL Up-gradation Projects (inclusive of foreign currency commitment of US\$ 85.07 million (June 30, 2014 : US\$ 106.78 million). The Company has entered into foreign exchange forward contracts maturing on various dates up to April 2015 with a bank to hedge its foreign currency exposure under the EPCC contract.	12,858,800	14,320,644
9.11 Capital expenditure - others than (9.10) above	138,735	117,570
9.12 Letters of credit for purchase of store items	14,719	9,582

Three months to September 30, 2014	Year ended June 30, 2014
(Rupees in thousand)	

10. OPERATING ASSETS

Opening written down value	11,694,065	9,504,110
Additions during the period / year	17,199	244,184
Revaluation surplus	-	2,066,732
Written down value of disposals	(627)	(377)
Depreciation during the period / year	(34,274)	(120,584)
Closing written down value	11,676,363	11,694,065

11. CAPITAL WORK-IN-PROGRESS

Opening balance	5,073,763	438,710
Addition during the period / year - note 11.1	3,329,764	4,854,067
	8,403,527	5,292,777
Transfer to operating assets		
-Buildings on freehold land	(1,971)	(6,038)
-Plant and machinery	(10,612)	(212,976)
Closing balance	8,390,944	5,073,763

Three months to
September 30,
2014

Year ended
June 30,
2014

(Rupees in thousand)

The details are as under :

Civil works	17,017	18,290
Plant and machinery	8,372,927	5,054,473
Pipeline project	1,000	1,000
	<u>8,390,944</u>	<u>5,073,763</u>

11.1 This includes borrowing cost amounting to Rs 78,591 thousand on long term borrowings capitalised. This borrowings has been obtained for the purpose of ARL up-gradation projects.

September 30,
2014

June 30,
2014

(Rupees in thousand)

12. LONG TERM INVESTMENTS

Investment in associated companies

Balance as at July 1	18,438,278	18,656,872
Share of profit after tax of associated companies	358,738	2,296,457
Share in other comprehensive income / (loss)	(3,343)	6,131
Dividend received from associated companies	(1,142,961)	(2,195,758)
Impairment (loss) / reversal of loss on investment	212,852	(325,424)
	<u>17,863,564</u>	<u>18,438,278</u>

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

	September 30, 2014		June 30, 2014	
	% age Holding	(Rupees in thousand)	% age Holding	(Rupees in thousand)
<u>Quoted</u>				
National Refinery Limited	25	9,285,117	25	9,285,033
Attock Petroleum Limited	21.88	6,113,434	21.88	6,384,749
<u>Unquoted</u>				
Attock Gen Limited	30	2,452,155	30	2,756,155
Attock Information Technology Services (Private) Limited	10	12,858	10	12,341
		<u>17,863,564</u>		<u>18,438,278</u>

13. STOCK-IN-TRADE

As at September 30, 2014, stock-in-trade include stocks carried at net realisable value of Rs 9,927 million (June 30, 2014 : Rs 10,793 million). Adjustments amounting to Rs 1,190 million (June 30, 2014 : Rs 798 million) have been made to closing inventory to write down stocks-in-trade to net realizable value.

14. TRADE DEBTS

All trade debts are unsecured and considered good.

Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 7,861 million (June 30, 2014 : Rs 6,397 million) and Pakistan Oilfields Limited Rs nil (June 30, 2014 : Rs 4 million).

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

**September 30,
2014** **June 30,
2014**
(Rupees in thousand)

Due from associated companies		
Attock Petroleum Limited	7,607	-
Attock Information Technology Services (Private) Limited	-	88
Attock Gen Limited	1,825	509
Attock Cement Pakistan Limited	14	2
National Cleaner Production Centre Foundation	1,552	341
Capgas (Private) Limited	11	39
National Refinery Limited	48	26
Forward foreign exchange contracts	150,156	64,245
Crude oil freight adjustable through inland freight equalisation margin	-	1,446
Income accrued on bank deposits	31,102	38,066
Workers' profit participation fund	-	17,973
Loans, deposits, prepayments and other receivables	135,996	167,920
	328,311	290,655

16. CASH AND BANK BALANCES

16.1 Balances with banks include Rs 2,408.143 million (June 30, 2014 : Rs 2,353.421 million) in respect of deposits placed on 90-days interest-bearing account consequent to directives of the Ministry of Petroleum and Natural Resources on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 8.1.

16.2 A lien on the Company's savings account has been marked by a bank to the extent of guarantees issued on behalf of the Company amounting to Rs 526,134 thousand, as referred to in note 9.5 (i) and (ii) respectively.

3 Months to

**September 30,
2014** **September 30,
2013**
(Rupees in thousand)

17. SALES - NET

Gross sales (excluding Naphtha export sales)	44,867,140	46,705,634
Naphtha export sales	7,296,296	7,665,103
Sales proceeds of Naphtha exports related to third parties	(2,024,451)	(2,790,963)
	5,271,845	4,874,140
	50,138,985	51,579,774
Duties, taxes and levies	(8,981,673)	(8,987,463)
HSD price differential payable to Government - note 17.1	(195,409)	(51,113)
	40,961,903	42,541,198

17.1 This represents amount payable to the Government of Pakistan on account of differential between import parity price of HSD and import price of Pakistan State Oil Company Limited.

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
18. COST OF SALES		
Crude oil consumed - note 18.1	41,578,758	42,301,432
Transportation and handling charges	497,876	400,111
Salaries, wages and other benefits	198,243	177,027
Chemicals consumed	70,893	71,911
Fuel and power	308,272	185,389
Repairs and maintenance	69,230	34,201
Staff transport and travelling	3,691	3,486
Insurance	22,869	25,855
Cost of receptacles	5,641	7,059
Other operating costs	14,917	6,553
Depreciation	30,146	25,227
Cost of goods manufactured	42,800,536	43,238,251
Changes in stock	(452,884)	(530,070)
	42,347,652	42,708,181

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

19. FINANCE COST

This includes exchange loss amounting to Rs 438 million (three months period ended September 30, 2013 : Rs 857 million) related to crude oil purchase in foreign currency and represents differential of price calculated at exchange rate prevailing on initial recognition of liability and exchange rate prevailing on the due date of payment or on September 30, 2014 for amounts outstanding but not due at period end.

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
20. OTHER INCOME		
Income on bank deposits	339,736	243,205
Interest on delayed payments	33,816	15,307
Handling and service charges	24,395	22,026
Rental income	17,506	17,415
Exchange gain	48,504	90,223
Gain on forward foreign exchange contracts	102,797	-
Others	7,829	21,539
	574,583	409,715

3 Months to

September 30, 2014	September 30, 2013
(Rupees in thousand)	

21. PROVISION FOR TAXATION

Current	-	48,700
Deferred - (income) / expense	(355,101)	(608)
	(355,101)	48,092

22. NON-REFINERY INCOME

Share of profit of associated companies (net of reversal of impairment loss)	571,590	848,543
Less : Related charges		
Workers' Profit Participation fund	-	43,033
Workers' Welfare fund	-	24,843
Taxation	99,330	142,926
	99,330	210,802
	472,260	637,741
Profit after taxation from Attock Hospital (Private) Limited (wholly owned subsidiary)	140	628
	472,400	638,369

23. OPERATING SEGMENT

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

3 Months to

September 30, 2014	September 30, 2013
(Rupees in thousand)	

High Speed Diesel	17,423,741	17,907,516
Premier Motor Gasoline	10,775,705	11,298,931
Jet Petroleum	4,529,221	5,851,175
Furnace Fuel Oil	6,088,040	5,517,841
Naphtha	5,271,844	4,874,140
Others	5,855,025	6,079,058
	49,943,576	51,528,661
Duties, taxes and levies	(8,981,673)	(8,987,463)
	40,961,903	42,541,198

Revenue from four major customers of the Company constitute 88% of total revenue during the three months period ended September 30, 2014 (September 30, 2013 : 87%).

24. RELATED PARTY TRANSACTIONS

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

	3 Months to	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Sale of goods and services to :		
Associated companies	12,137,318	11,845,408
Holding company	6,467	82
Interest income on delayed payments from an associated company	33,816	15,307
Purchase of goods and services from :		
Associated companies	3,725,354	3,771,539
Holding company	76,907	92,093
Other related parties :		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	104,943	66,834
Directors Fee	1,749	2,386
Contribution to Workers' Profit Participation Fund	-	43,033
Contribution to employees' pension, gratuity and provident funds	17,522	12,527

25. Date of authorisation

This condensed interim consolidated financial information was authorised for circulation to the shareholders by the Board of Directors of the Company on October 30, 2014.

-Sd-
Chief Executive

-Sd-
Director