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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. Tariq Iqbal Khan)
Non Executive Director
Mr. Mofarrih Saeed H. Alghamdi
(Alternate Director Mr. Babar Bashir Nawaz)
Non Executive Director
Mr. Shuaib A. Malik
Chairman / Non Executive Director
Mr. Abdus Sattar
Non Executive Director
Mr. Sajid Nawaz
Non Executive Director
Mr. Shamim Ahmed Khan
(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. Tariq Iqbal Khan
Chairman
Mr. Abdus Sattar
Member
Mr. Sajid Nawaz
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 & 5406229

E-mail : info@arl.com.pk Website : www.arl.com.pk

DIRECTORS' REVIEW

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

The Directors have pleasure in presenting a brief review of the operations and financial results of the Company for the half year ended December 31, 2015.

FINANCIAL RESULTS

The phenomena of fall in prices of crude oil as well as products continued during the period under review which has resulted in inventory losses. The depreciation of Pak Rupee value versus US Dollar also caused exchange loss on foreign currency transactions relating to crude oil. Due to slight favourable fluctuation in the prices of products and crude oil in the second quarter of the year, the Company managed to have a positive but depressed Gross Refiner's Margin (GRM). This enabled the Company to recover loss from refinery operations incurred in first quarter of the year. On overall basis the Company earned a profit of Rs 35 million from refinery operations during the six months period ended December 31, 2015 (December 31, 2014: Loss of Rs 1,586 million). After including non-refinery income of Rs 995 million (December 31, 2014: Rs 1,043 million) the Company closed the period with profit after tax of Rs 1,030 million (December 31, 2014: Loss of Rs 543 million).

REFINERY OPERATIONS

Despite challenging operating environment the Company maintained continued supply of petroleum products by operating at 99% of its capacity. The refining throughput during the half year ended was 7.524 million barrels (December 31, 2014: 7.800 million barrels) while the sales volume was 7.039 million barrels (December 31, 2014: 7.577 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 still has an increasing trend. We emphasize Government to take appropriate steps for resolution of the circular debt issue on a long term and permanent basis.

ARL UP-GRADATION PROJECT

Detailed Engineering and Procurement relating to 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 related to equipment interconnecting piping, instrument and electrical cable installation, work inside electrical substations and control room, remaining civil works i.e. paving and finishing etc. are underway. Vendor representatives and Licensor personnel for different equipment and units are also at the site. The shut-down activity for carrying out revamping work on existing units has commenced. The overall progress of the Project is satisfactory.

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

February 09, 2016
Beirut, Lebanon

*A. F. FERGUSON & CO.*

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Attock Refinery Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the condensed interim financial information for the six month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for three month periods ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2015.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six month period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

-Sd-

Chartered Accountants
Islamabad
Dated : February 09, 2016

Engagement partner : S. Haider Abbas

Condensed Interim Balance Sheet (Unaudited)

As At December 31, 2015

	Note	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2015: 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, 2015: 85,293,000) ordinary shares of Rs 10 each	5	852,930	852,930
Reserves and surplus	6	<u>21,764,642</u> <u>22,617,572</u>	<u>21,161,269</u> <u>22,014,199</u>
SURPLUS ON REVALUATION OF FREEHOLD LAND		<u>10,811,949</u> <u>33,429,521</u>	<u>10,811,949</u> <u>32,826,148</u>
NON CURRENT LIABILITIES			
LONG TERM BORROWINGS	7	14,135,433	11,108,993
CURRENT LIABILITIES			
Current portion of long term borrowings	7	-	550,000
Trade and other payables	8	32,763,007	32,152,176
Provision for taxation		4,155,971	3,866,096
		<u>36,918,978</u>	<u>36,568,272</u>
		<u>84,483,932</u>	<u>80,503,413</u>
CONTINGENCIES AND COMMITMENTS	9		

		December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
ASSETS			
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10	11,658,372	11,680,749
Capital work-in-progress	11	21,845,762	19,804,158
Stores and spares held for capital expenditure		83,614	86,408
		33,587,748	31,571,315
LONG TERM INVESTMENTS	12	13,264,915	13,264,915
LONG TERM LOANS AND DEPOSITS		28,108	29,014
DEFERRED TAXATION		596,592	467,881
CURRENT ASSETS			
Stores, spares and loose tools		1,306,807	2,008,565
Stock-in-trade	13	5,740,744	6,574,133
Trade debts	14	17,763,751	15,653,740
Loans, advances, deposits, prepayments and other receivables	15	219,222	239,260
Cash and bank balances	16	11,976,045	10,694,590
		37,006,569	35,170,288
		84,483,932	80,503,413

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

**-Sd-
Chief Executive**

**-Sd-
Director**

Condensed Interim Profit And Loss Account (Unaudited) **For The Six Months Period Ended December 31, 2015**

		Three months ended		Six months ended	
		December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
	Note				
Sales - net	17	20,992,726	37,216,243	42,037,964	78,178,146
Cost of sales	18	(20,255,504)	(38,249,207)	(41,902,901)	(80,596,859)
Gross profit / (loss)		737,222	(1,032,964)	135,063	(2,418,713)
Administrative expenses		119,616	115,717	244,961	239,142
Distribution cost		11,461	9,846	24,209	23,097
Finance cost	19	73,425	(131,022)	223,721	313,614
Other charges	20	10,895	-	10,895	-
		(215,397)	5,459	(503,786)	(575,853)
		521,825	(1,027,505)	(368,723)	(2,994,566)
Other income	21	273,087	275,800	515,720	850,383
Profit / (loss) before taxation from refinery operations		794,912	(751,705)	146,997	(2,144,183)
Provision for taxation	22	(273,756)	202,802	(112,456)	557,903
Profit / (loss) after taxation from refinery operations		521,156	(548,903)	34,541	(1,586,280)
Income / (loss) from non-refinery operations less applicable charges and taxation	23	(20,245)	-	995,297	1,043,631
Profit / (loss) after taxation		500,911	(548,903)	1,029,838	(542,649)
Earnings / (loss) per share basic and diluted (Rupees)					
Refinery operations		6.11	(6.44)	0.40	(18.60)
Non- refinery operations		(0.24)	-	11.67	12.24
		5.87	(6.44)	12.07	(6.36)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

**-Sd-
Chief Executive**

**-Sd-
Director**

Condensed Interim Statement of Comprehensive Income (Unaudited)

For The Six Months Period Ended December 31, 2015

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
Profit / (loss) after taxation	500,911	(548,903)	1,029,838	(542,649)
Other comprehensive income				
Remeasurement of defined benefit plans (net of tax)	-	-	-	-
Total comprehensive income / (loss)	500,911	(548,903)	1,029,838	(542,649)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Cash Flow Statement (Unaudited)

For The Six Months Period Ended December 31, 2015

	Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - customers	57,811,479	95,753,182
- others	172,754	282,693
	57,984,233	96,035,875
Cash paid for operating costs	(41,287,464)	(75,810,732)
Cash paid to Government for duties, taxes and other levies	(16,589,240)	(17,503,928)
Income tax paid	(71,077)	(1,382,270)
Net cash inflows from operating activities	36,452	1,338,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,582,637)	(9,356,063)
Proceeds against disposal of property, plant and equipment	5,611	2,230
Long term loans and deposits	906	497
Income on bank deposits	298,020	592,810
Dividends received	1,197,724	1,142,961
Net cash used in investing activities	(80,376)	(7,617,565)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings	2,550,000	6,200,000
Finance cost	(792,630)	(301,542)
Transaction cost on borrowings	(8,882)	(2,800)
Dividend paid	(424,577)	(3)
Net cash inflows from financing activities	1,323,911	5,895,655
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	1,279,987	(382,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,694,590	11,266,916
Effect of exchange rate changes	1,468	876
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,976,045	10,884,827

Cash and cash equivalents comprise of cash and bank balances.

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For The Six Months Period Ended December 31, 2015

	Share capital	Capital reserve	Special reserve for expansion / modernisation	Investment reserve	General reserve	Un-appropriated profit	Surplus on revaluation of freehold land	Total
	Rs' 000							
Balance at July 1, 2014	852,930	5,948	9,196,210	3,762,775	55	6,528,168	10,811,949	31,158,035
Total comprehensive loss (Loss) for the period	-	-	-	-	-	(542,649)	-	(542,649)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Transfer to special reserve for expansion / modernisation - note 6.1	-	-	-	-	-	(542,649)	-	(542,649)
Balance at December 31, 2014	852,930	5,948	9,196,210	3,762,775	55	5,985,519	10,811,949	30,615,386
Total comprehensive income	-	-	-	-	-	2,356,906	-	2,356,906
Profit for the period	-	-	-	-	-	(146,144)	-	(146,144)
Other comprehensive (loss) for the period	-	-	-	-	-	2,210,762	-	2,210,762
Transfer to special reserve for expansion / modernisation - note 6.1	-	-	259,002	-	-	(259,002)	-	-
Balance at June 30, 2015	852,930	5,948	9,455,212	3,762,775	55	7,937,279	10,811,949	32,826,148
Distribution to owners:								
Final cash dividend @ 50% related to the year ended June 30, 2015	-	-	-	-	-	(426,465)	-	(426,465)
Total comprehensive income	-	-	-	-	-	1,029,838	-	1,029,838
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	1,029,838	-	1,029,838
Transfer to special reserve for expansion / modernisation - note 6.1	-	-	-	-	-	-	-	-
Balance at December 31, 2015	852,930	5,948	9,455,212	3,762,775	55	8,540,652	10,811,949	33,429,521

The annexed notes 1 to 26 form 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 Six Months Period Ended December 31, 2015

1. LEGAL STATUS AND OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 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. The condensed interim financial information should be read in conjunction with the financial statements for the year ended June 30, 2015, which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

3. ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2015.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2015.

5. SHARE CAPITAL

The parent company Attock Oil Company Limited held 52,039,224 (June 30, 2015: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (June 30, 2015: 1,432,000) ordinary shares as at December 31, 2015.

6. RESERVES AND SURPLUS

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Capital reserve	5,948	5,948
Special reserve for expansion / modernisation - note 6.1	9,455,212	9,455,212
Revenue reserve		
Investment reserve - note 6.2	3,762,775	3,762,775
General reserve	55	55
Unappropriated profit	8,540,652	7,937,279
	12,303,482	11,700,109
	21,764,642	21,161,269

6.1 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.

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.

Following is the status of utilization out of the Special Reserve on Up-gradation and expansion projects from July 1, 1997 to December 31, 2015:

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Balance of Special Reserve at period / year end	9,455,212	9,455,212
Less: Capital expenditure incurred till period / year end	26,413,309	24,281,521
Over spent from Special Reserve	(16,958,097)	(14,826,309)

The amount of capital expenditure incurred over and above the available balance in the Special Reserve has been incurred from Company's own resources.

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

7. LONG TERM BORROWINGS

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Syndicated Term Finance - note 7.1	11,021,425	9,155,967
Musharaka Finance - note 7.2	3,606,784	2,996,217
	14,628,209	12,152,184
Less: Unamortised transaction cost on borrowing:		
Balance at the beginning of the period / year	247,208	249,797
Addition during the period / year	8,882	14,328
Amortization for the period / year	(10,090)	(16,917)
Balance at the end of the period / year	246,000	247,208
Current portion of long term borrowings	-	(550,000)
	14,382,209	11,354,976
Mark up payable shown as current liability	(246,776)	(245,983)
	14,135,433	11,108,993

- 7.1** The Company has entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a markup of 3 months 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 December 31, 2015 aggregate draw down was Rs 11,045.731 million (June 30, 2015: Rs 9,124.538 million).

- 7.2** The Company has obtained musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is 62.59% while its share in Musharaka Assets B is 69.90%. 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%. 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 December 31, 2015 aggregate draw down was Rs 3,614.762 million (June 30, 2015: Rs 2,985.955 million).
- 7.3** The facilities referred to in notes 7.1 and 7.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/ Investment Agent permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.
- 7.4** During the second quarter ended December 31, 2015, the Company rescheduled the facilities referred to in paragraphs 7.2 and 7.3 respectively. As a result of this rescheduling, the grace period is extended by one year from existing 2 years to 3 years ending January 14, 2017 and extension in total tenure of facility from existing 12 years to 13 years. Consequently, there was no current portion of long term borrowings as at December 31, 2015. All other terms and conditions of the facilities remain the same.

8. TRADE AND OTHER PAYABLES

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Creditors - note 8.1	22,424,677	21,955,995
Due to The Attock Oil Company Limited - holding company	58,898	38,201
Due to associated companies		
Pakistan Oilfields Limited	905,983	1,144,008
National Cleaner Production Centre Foundation	5,671	6,051
National Refinery Limited	9,005	-
Accrued liabilities and provisions - note 8.1	3,510,159	3,656,892
Due to the Government under the pricing formula	2,423,585	2,527,064
Advance payments from customers	8,142	16,078
Sales tax payable	2,032,906	1,558,193
Mark up on long term borrowings - note 7	246,776	245,983
Workers' Profit Participation Fund	67,781	-
General staff provident fund	1,996	2,167
Staff provident fund	2,383	2,337
ARL gratuity fund	89,024	89,083
Staff pension fund	150,227	150,237
Crude oil freight adjustable through inland freight equalisation margin	27,404	-
Payable to statutory authorities in respect of petroleum development levy and excise duty	787,222	750,607
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	2,417	2,417
Unclaimed dividends	8,375	6,487
	32,763,007	32,152,176

- 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 along with cumulative interest amounted to Rs 2,698.251 million (June 30, 2015: Rs 2,615.600 million).

December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
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9. CONTINGENCIES AND COMMITMENTS

Contingencies:

- i) Due to huge 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 information as these have not been acknowledged as debt by either party.

- ii) Consequent to amendment through the 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 with 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.

978,756 869,546

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 Lahore High Court in its hearing held on November 6, 2014 has expressed that grievances of the petitioner have not been redressed. The matter is still under adjudication.

- iii) 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. Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision. Accordingly, this liability has not been recognized in the financial statements. However, Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Honourable Lahore High Court Rawalpindi Bench. These guarantees include an amount of Rs 775 million on account of adjustable/claimable government levies.

1,409,711 1,404,893

December 31,	June 30,
2015	2015
Rs' 000	Rs' 000

iv) Guarantees issued by banks on behalf of the Company other than (iii) above	394	2,019
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 18.1, the amount of which can not be presently quantified		

Commitments:

i) ARL Up-gradation Projects	2,572,771	2,875,260
ARL Up-gradation Projects inclusive of foreign currency commitment of US\$ 2 million (June 30, 2015: US\$ 4.95 million). This includes commitment for payment of bonus amounting to Rs 203.60 million which will be payable to the EPCC Contractor in case the Project is completed one month before the Project completion date of June 30, 2016. Such bonus shall be prorated for early completion for period less than one month.		
ii) Other capital expenditure	99,028	65,959
iii) Letters of credit for purchase of store items	24,058	27,257

Six months ended	Year ended
December 31,	June 30,
2015	2015
Rs' 000	Rs' 000

10. OPERATING ASSETS

Opening written down value	11,680,749	11,688,827
Additions during the period / year	48,854	136,574
Written down value of disposals	(3)	(2,372)
Depreciation during the period / year	(71,228)	(142,280)
Closing written down value	11,658,372	11,680,749

11. CAPITAL WORK-IN-PROGRESS

Balance at the beginning	19,804,158	5,073,763
Addition during period / year - note 11.1	2,066,192	14,830,670
	21,870,350	19,904,433
Transfer to operating assets		
- Building on freehold land	(3,737)	(11,154)
- Plant and machinery	(20,851)	(89,121)
Balance at the end	21,845,762	19,804,158

Capital work-in-progress consists of:

Civil works	38,727	19,335
Plant and machinery	21,806,035	19,783,823
Pipeline project	1,000	1,000
	21,845,762	19,804,158

11.1 This includes borrowing cost amounting to Rs 1,098.295 million (June 30, 2015: Rs 593.266 million) on long term borrowings arranged for the purpose of ARL up-gradation projects.

	December 31, 2015		June 30, 2015	
	% age Holding	Rs' 000	% age Holding	Rs' 000
12. LONG TERM INVESTMENTS - AT COST				
Associated Companies				
<u>Quoted</u>				
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
<u>Unquoted</u>				
Attock Gen Limited	30	748,295	30	748,295
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500
		13,262,915		13,262,915
Subsidiary Company				
<u>Unquoted</u>				
Attock Hospital (Private) Limited	100	2,000	100	2,000
		13,264,915		13,264,915

12.1 Based on the valuation carried out by an external investment advisor engaged by the Company, the recoverable amount of investment in National Refinery Limited exceeded its carrying amount at June 30, 2015. The recoverable amount has been estimated based on a value in use calculation.

13. STOCK-IN-TRADE

As at December 31, 2015, stock-in-trade includes stocks carried at net realisable value of Rs 4,412 million (June 30, 2015: Rs 6,216 million). Closing inventory of stock-in-trade has been written down by Rs 1,554 million (June 30, 2015: Rs 1,487 million) to adjust it to its 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 4,975 million (June 30, 2015: Rs 4,790 million) and Pakistan Oilfields Limited Rs 9 million (June 30, 2015: nil).

December 31,	June 30,
2015	2015
Rs' 000	Rs' 000

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

Due from subsidiary company		
Attock Hospital (Pvt) Limited	1,099	413
Due from associated companies		
Attock Information Technology Services (Private) Limited	618	435
Attock Petroleum Limited	3,189	3,623
Attock Leisure and Management Associates (Private) Limited	22	-
Attock Gen Limited	273	375
Attock Cement Pakistan Limited	-	28
Attock Sahara Foundation	1,077	982
Income accrued on bank deposits	24,462	26,161
Crude oil freight adjustable through inland freight equalisation margin	-	26,598
Workers' Profit Participation Fund	-	23,666
Loans, deposits, prepayments and other receivables	188,482	156,979
	219,222	239,260

16. CASH AND BANK BALANCES

16.1 Balances with banks include Rs 2,635.475 million (June 30, 2015: Rs 2,615.600 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 banks to the extent of guarantees issued on behalf of the Company amounting to Rs 1,410.105 million (June 30, 2015: Rs 1,406.912 million), as referred to in note 9.

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
17. SALES				
Gross sales (excluding Naphtha export sales)	26,707,523	40,460,407	54,098,057	85,327,547
Naphtha export sales	3,746,192	7,647,198	6,898,438	14,943,494
Sales proceeds of Naphtha exports related to third parties	(5,566)	(1,970,129)	(720,594)	(3,994,580)
	3,740,626	5,677,069	6,177,844	10,948,914
	30,448,149	46,137,476	60,275,901	96,276,461
Duties, taxes and levies	(9,086,833)	(8,583,228)	(17,100,568)	(17,564,901)
	21,361,316	37,554,248	43,175,333	78,711,560
HSD price differential - note 17.1	(109,542)	(338,005)	(536,722)	(533,414)
Customs duty - note 17.2	(259,048)	-	(600,647)	-
	20,992,726	37,216,243	42,037,964	78,178,146

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.

17.2 This represents amount payable to the Government of Pakistan on account of customs duty on PMG and HSD.

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
18. COST OF SALES				
Crude oil consumed - note 18.1	18,296,876	33,209,262	39,576,040	74,788,020
Transportation and handling charges	539,933	610,990	962,470	1,108,866
Salaries, wages and other benefits	204,460	185,543	420,523	383,786
Chemicals consumed	66,506	77,169	139,504	148,062
Fuel and power	88,682	321,311	197,400	629,583
Repairs and maintenance	99,772	78,840	169,836	148,070
Staff transport and travelling	3,746	3,446	6,365	7,137
Insurance	28,219	31,933	62,136	54,802
Cost of receptacles	3,248	3,864	9,922	9,505
Other operating costs	15,661	13,780	32,249	28,697
Depreciation	31,281	30,994	61,963	61,140
Cost of goods manufactured	19,378,384	34,567,132	41,638,408	77,367,668
Changes in stock	877,120	3,682,075	264,493	3,229,191
	20,255,504	38,249,207	41,902,901	80,596,859

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 223.691 million (six months period ended December 31, 2014: Rs 217.196 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 December 31, 2015 for amounts outstanding but not due at period end.

20. OTHER CHARGES

This includes Rs 7.895 million (six months period ended December 31, 2014: Rs nil) and Rs 3.000 million (six months period ended December 31, 2014: Rs nil) payable to Workers' Profit Participation Fund and Workers' Welfare Fund respectively related to refinery income.

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
21. OTHER INCOME				
Income on bank deposits	149,757	278,269	296,321	618,005
Interest on delayed payments	39,264	45,725	70,300	79,541
Handling and service charges	24,461	21,867	47,206	46,262
Rental income	21,694	20,432	43,310	37,938
Exchange gain	26,468	5,774	39,978	54,278
Loss on forward foreign exchange contracts	-	(102,797)	-	-
Others	11,443	6,530	18,605	14,359
	273,087	275,800	515,720	850,383
22. PROVISION FOR TAXATION				
Current	123,707	109,489	241,168	109,489
Deferred	150,049	(312,291)	(128,712)	(667,392)
	273,756	(202,802)	112,456	(557,903)
23. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION				
Dividend income from associated companies	-	-	1,197,724	1,142,961
Related charges				
Workers' Profit Participation Fund	15,316	-	59,886	-
Workers' Welfare Fund	4,929	-	22,757	-
Taxation	-	-	119,784	99,330
	(20,245)	-	(202,427)	(99,330)
	(20,245)	-	995,297	1,043,631

24. OPERATING SEGMENTS

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:

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
High Speed Diesel	12,377,524	15,944,210	23,704,289	33,367,951
Premier Motor Gasoline	6,963,172	10,020,390	14,036,799	20,796,095
Jet Petroleum	2,292,156	4,088,192	4,584,425	8,617,413
Furnace Fuel Oil	2,932,333	7,530,043	6,632,674	16,823,018
Naphtha	3,740,626	5,677,070	6,177,844	10,948,914
Others	1,773,748	2,539,566	4,002,501	5,189,656
	30,079,559	45,799,471	59,138,532	95,743,047
Duties, taxes and levies	(9,086,833)	(8,583,228)	(17,100,568)	(17,564,901)
	20,992,726	37,216,243	42,037,964	78,178,146

Revenue from four major customers of the Company constitute 87% of total revenue during the six months period ended December 31, 2015 (December 31, 2014: 88%).

25. RELATED PARTY TRANSACTIONS

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

	Three months ended		Six months ended	
	December 31,	December 31,	December 31,	December 31,
	2015 Rs' 000	2014 Rs' 000	2015 Rs' 000	2014 Rs' 000
Sale of goods and services to:				
Associated companies	5,850,940	9,437,969	12,179,125	21,572,623
Subsidiary company	2,994	2,743	6,945	6,117
Parent company	3,424	4,587	10,619	11,054
Interest income on delayed payments from an associated company	39,264	45,725	70,300	79,541
Purchase of goods and services from:				
Associated companies	1,729,852	2,938,655	3,589,265	6,664,009
Subsidiary company	14,830	12,442	28,432	24,413
Parent company	54,643	56,811	365,178	133,718
Other related parties:				
Remuneration of Chief executive and key management personnel including benefits and perquisites	89,189	75,830	215,109	178,298
Honorarium / remuneration to non-executive directors	631	723	2,439	2,472
Contribution to Workers' Profit Participation Fund	23,211	-	67,781	-
Contribution to employees' pension, gratuity and provident funds	14,787	14,088	29,534	30,753

26. DATE OF AUTHORIZATION

This condensed interim financial information was authorised for circulation to the shareholders by the Board of Directors of the Company on February 09, 2016.

-Sd-
Chief Executive

-Sd-
Director

***Condensed Interim Consolidated
Financial Information For The
Six Months Period
Ended December 31, 2015***

Condensed Interim Consolidated Balance Sheet (Unaudited)
As At December 31, 2015

	Note	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
150,000,000 (June 30, 2015: 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, 2015: 85,293,000) ordinary shares of Rs 10 each	5	852,930	852,930
Reserves and surplus			
	6	<u>26,247,363</u>	<u>25,946,874</u>
		<u>27,100,293</u>	<u>26,799,804</u>
SURPLUS ON REVALUATION OF FREEHOLD LAND			
		<u>10,811,949</u>	<u>10,811,949</u>
		<u>37,912,242</u>	<u>37,611,753</u>
NON CURRENT LIABILITIES			
LONG TERM BORROWINGS			
	7	14,135,433	11,108,993
CURRENT LIABILITIES			
Current portion of long term borrowings	7	-	550,000
Trade and other payables	8	32,808,745	32,195,998
Provision for taxation		4,155,971	3,866,096
		<u>36,964,716</u>	<u>36,612,094</u>
		<u>89,012,391</u>	<u>85,332,840</u>
CONTINGENCIES AND COMMITMENTS			
	9		

	Note	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10	11,663,775	11,686,366
Capital work-in-progress	11	21,845,762	19,804,158
Stores and spares held for capital expenditure		83,614	86,408
		33,593,151	31,576,932
LONG TERM INVESTMENTS	12	17,751,180	18,055,282
LONG TERM LOANS AND DEPOSITS		28,108	29,014
DEFERRED TAXATION		605,426	476,723
CURRENT ASSETS			
Stores, spares and loose tools		1,306,807	2,008,565
Stock-in-trade	13	5,741,289	6,574,704
Trade debts	14	17,764,482	15,654,239
Loans, advances, deposits, prepayments and other receivables	15	240,456	258,790
Cash and bank balances	16	11,981,492	10,698,591
		37,034,526	35,194,889
		89,012,391	85,332,840

The annexed notes 1 - 26 form 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 Six Months Period Ended December 31, 2015**

	Note	Three months ended		Six months ended	
		December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
Sales - net	17	20,992,726	37,216,243	42,037,964	78,178,146
Cost of sales	18	(20,255,504)	(38,249,207)	(41,902,901)	(80,596,859)
Gross profit / (loss)		737,222	(1,032,964)	135,063	(2,418,713)
Administrative expenses		119,616	115,717	244,961	239,142
Distribution costs		11,461	9,846	24,209	23,097
Finance cost	19	73,425	(131,022)	223,721	313,614
Other charges	20	10,895	-	10,895	-
		(215,397)	5,459	(503,786)	(575,853)
		521,825	(1,027,505)	(368,723)	(2,994,566)
Other income	21	273,087	275,800	515,720	850,383
Profit / (loss) before taxation from refinery operations		794,912	(751,705)	146,997	(2,144,183)
Provision for taxation	22	(273,756)	202,802	(112,456)	557,903
Profit / (loss) after taxation from refinery operations		521,156	(548,903)	34,541	(1,586,280)
Non-refinery income:					
Share in profit of associated companies	23	389,193	291,166	693,450	763,566
Profit / (loss) after taxation		910,349	(257,737)	727,991	(822,714)
Earnings / (loss) per share basic and diluted (Rupees)					
Refinery operations		6.11	(6.44)	0.40	(18.60)
Non-refinery operations		4.56	3.41	8.13	8.95
		10.67	(3.03)	8.53	(9.65)

The annexed notes 1 - 26 form 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 Six Months Period Ended December 31, 2015

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
Profit / (loss) after taxation	910,349	(257,737)	727,991	(822,714)
Other comprehensive income				
Share of other comprehensive income / (loss) of associated companies - net of tax	4,186	(3,603)	(1,037)	(6,945)
Total comprehensive income / (loss)	914,535	(261,340)	726,954	(829,659)

The annexed notes 1 - 26 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chief Executive

-Sd-
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For The Six Months Period Ended December 31, 2015

	Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from - Customers	57,867,930	95,803,029
- Others	172,754	282,693
	58,040,684	96,085,722
Cash paid for operating costs	(41,339,662)	(75,860,154)
Cash paid to Government for duties, taxes and other levies	(16,589,240)	(17,503,928)
Income tax paid	(73,812)	(1,384,596)
Net cash flows from operating activities	37,970	1,337,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,582,867)	(9,356,813)
Proceeds against disposal of property, plant and equipment	5,611	2,330
Long term loans and deposits	906	497
Income on bank deposits received	298,178	593,089
Dividends received	1,197,724	1,142,961
Net cash flows used in investing activities	(80,448)	(7,617,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings	2,550,000	6,200,000
Finance cost	(792,630)	(301,541)
Transaction cost on borrowings	(8,882)	(2,800)
Dividend paid	(424,577)	(3)
Net cash flows from financing activities	1,323,911	5,895,656
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	1,281,433	(385,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,698,591	11,272,003
Effect of exchange rate changes	1,468	876
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,981,492	10,887,643

Cash and cash equivalents comprise of cash and bank balances.

The annexed notes 1 - 26 form 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 Six Months Period Ended December 31, 2015

	Share capital	Capital reserve	Special reserve for expansion / modernisation	Maintenance reserve	General reserve	Un-appropriated profit	Surplus on revaluation of freehold land	Total
	Rs' 000							
Balance at July 1, 2014	852,930	119,708	9,671,143	173,396	4,352,380	10,353,318	10,811,949	36,334,824
Total comprehensive loss (Loss) for the period	-	-	-	-	-	(822,714)	-	(822,714)
Other comprehensive (loss) for the period	-	-	-	-	-	(6,945)	-	(6,945)
	-	-	-	-	-	(829,659)	-	(829,659)
Transfer to special reserve for expansion/modernisation - note 6.1	-	-	-	-	-	-	-	-
Transfer to maintenance reserve by an associated company - note 6.2	-	-	-	4,653	-	(4,653)	-	-
Balance at December 31, 2014	852,930	119,708	9,671,143	178,049	4,352,380	9,519,006	10,811,949	35,505,165
Total comprehensive income	-	-	-	-	-	2,301,474	-	2,301,474
Profit for the period	-	-	-	-	-	(194,886)	-	(194,886)
Other comprehensive (loss) for the period	-	-	-	-	-	2,106,588	-	2,106,588
Transfer to special reserve for expansion/modernisation - note 6.1	-	-	259,002	-	-	(259,002)	-	-
Transfer to maintenance reserve by an associated company - note 6.2	-	-	-	5,352	-	(5,352)	-	-
Balance at June 30, 2015	852,930	119,708	9,930,145	183,401	4,352,380	11,361,240	10,811,949	37,611,753
Distribution to owners:								
Final cash dividend @ 50% related to the year ended June 30, 2015	-	-	-	-	-	(426,465)	-	(426,465)
Total comprehensive income	-	-	-	-	-	727,991	-	727,991
Profit for the period	-	-	-	-	-	(1,037)	-	(1,037)
Other comprehensive (loss) for the period	-	-	-	-	-	726,954	-	726,954
Transfer to special reserve for expansion/modernisation - note 6.1	-	-	-	-	-	-	-	-
Profit after tax from fuel refinery operations transferred to special reserve by associated companies - note 6.1	-	-	12,343	-	-	(12,343)	-	-
Transfer to maintenance reserve by associated company - note 6.2	-	-	-	4,542	-	(4,542)	-	-
Transfer to general reserve by an associated company	-	-	-	-	750,000	(750,000)	-	-
Balance at December 31, 2015	852,930	119,708	9,942,488	187,943	5,102,380	10,894,844	10,811,949	37,912,242

The annexed notes 1 - 26 form 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 Six Months Period Ended December 31, 2015

1. LEGAL STATUS AND OPERATIONS

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

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 six months period ended December 31, 2015 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. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended June 30, 2015, which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

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, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, 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, 2015.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended June 30, 2015.

5. SHARE CAPITAL

The parent company Attock Oil Company Limited held 52,039,224 (June 30, 2015: 52,039,224) ordinary shares and the associated company Attock Petroleum Limited held 1,432,000 (June 30, 2015: 1,432,000) ordinary shares as at December 31, 2015.

6. RESERVES AND SURPLUS

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Capital reserves	119,708	119,708
Surplus profits under the import parity pricing formula - note 6.1	9,455,212	9,455,212
Surplus profits of associates under the import parity pricing formula	487,276	474,933
Revenue reserves		
General reserve	5,102,380	4,352,380
Unappropriated profit	10,894,844	11,361,240
	15,997,224	15,713,620
Maintenance reserve - note 6.2	187,943	183,401
	26,247,363	25,946,874

6.1 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.

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.

Following is the status of utilization out of the Special Reserve on Up-gradation and expansion projects from July 1, 1997 to December 31, 2015:

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
Balance of Special Reserve at period / year end	9,455,212	9,455,212
Less: Capital expenditure incurred till period / year end	26,413,309	24,281,521
Over spent from Special Reserve	(16,958,097)	(14,826,309)

The amount of capital expenditure incurred over and above the available balance in the Special Reserve has been incurred from Company's own resources.

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

December 31,	June 30,
2015	2015
Rs' 000	Rs' 000

7. LONG TERM BORROWINGS

Syndicated Term Finance - note 7.1	11,021,425	9,155,967
Musharka Finance - note 7.2	3,606,784	2,996,217
	14,628,209	12,152,184
Less: Unamortised transaction cost on borrowing:		
Balance at the beginning of the period / year	247,208	249,797
Addition during the period / year	8,882	14,328
Amortization for the period / year	(10,090)	(16,917)
Balance at the end of the period / year	246,000	247,208
	14,382,209	11,904,976
Current portion of long term borrowings	-	(550,000)
	14,382,209	11,354,976
Mark up payable shown as current liability	(246,776)	(245,983)
	14,135,433	11,108,993

- 7.1** The Company has entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a markup of 3 months 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 December 31, 2015 aggregate draw down was Rs 11,045.731 million (June 30, 2015: Rs 9,124.538 million).
- 7.2** The Company has obtained musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is 62.59% while its share in Musharaka Assets B is 69.90%. 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%. 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 December 31, 2015 aggregate draw down was Rs 3,614.762 million (June 30, 2015: Rs 2,985.955 million).
- 7.3** The facilities referred to in notes 7.1 and 7.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/ Investment Agent permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.
- 7.4** During the second quarter ended December 31, 2015, the Company rescheduled the facilities referred to in paragraphs 7.2 and 7.3 respectively. As a result of this rescheduling, the grace period is extended by one year from existing 2 years to 3 years ending January 14, 2017 and extension in total tenure of facility from existing 12 years to 13 years. Consequently, there was no current portion of long term borrowings as at December 31, 2015. All other terms and conditions of the facilities remain the same.

December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
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8. TRADE AND OTHER PAYABLES

Creditors - note 8.1	22,429,555	21,957,936
Due to the Attock Oil Company Limited - Holding Company	58,896	38,192
Due to associated companies		
Pakistan Oilfields Limited	904,748	1,142,588
National Cleaner Production Centre Foundation	5,656	6,032
National Refinery Limited	9,005	-
Accrued liabilities and provisions - note 8.1	3,522,773	3,670,723
Due to the Government under the pricing formula	2,423,585	2,527,064
Advance payments from customers	8,142	16,078
Mark-up on long term borrowings - note 7	246,776	245,983
Sales tax payable	2,032,906	1,558,193
Workers' Profit Participation Fund	67,781	-
General Staff Provident Fund	1,996	2,167
Staff Provident Fund	2,383	2,337
ARL Gratuity Fund	105,349	105,407
Staff Pension Fund	163,180	163,191
Crude oil freight adjustable through inland freight equalisation margin	27,404	-
Payable to statutory authorities in respect of petroleum development levy and excise duty	787,222	750,607
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Security deposits	2,637	2,637
Unclaimed dividends	8,375	6,487
	32,808,745	32,195,998

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 along with cumulative interest amounted to Rs 2,698.251 million (June 30, 2015: Rs 2,615.600 million).

December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
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9. CONTINGENCIES AND COMMITMENTS
CONTINGENCIES:

- i) Due to huge 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 information as these have not been acknowledged as debt by either party.

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
<p>ii) Consequent to amendment through the 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 with 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 Lahore High Court in its hearing held on November 6, 2014 has expressed that grievances of the petitioner have not been redressed. The matter is still under adjudication.</p>	978,756	869,546
<p>iii) 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. Based on advice from legal advisor the Company is confident that there are reasonable grounds for a favourable decision. Accordingly, this liability has not been recognized in the financial statements. However, Bank guarantees were issued in favour of Collector of Customs, as per the directives of the Honourable Lahore High Court Rawalpindi Bench. These guarantees include an amount of Rs 775 million on account of adjustable/claimable government levies.</p>	1,409,711	1,404,893
<p>iv) Guarantees issued by banks on behalf of the Company other than (iii) above</p>	394	2,019
<p>v) Claims for land compensation contested by Company</p>	1,300	1,300
<p>vi) Price adjustment related to crude oil purchases as referred to in note 18.1, the amount of which cannot be presently quantified</p>		
<p>vii) ARL group share in tax contingency of an associated companies</p>	1,013,604	660,704

December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
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COMMITMENTS:

i) ARL Up-gradation Projects	2,572,771	2,875,260
ARL Up-gradation Projects inclusive of foreign currency commitment of US\$ 2 million (June 30, 2015: US\$ 4.95 million). This includes commitment for payment of bonus amounting to Rs 203.60 million which will be payable to the EPCC Contractor in case the Project is completed one month before the Project completion date of June 30, 2016. Such bonus shall be prorated for early completion for period less than one month.		
ii) Capital expenditure	99,028	65,959
iii) Letters of credit for purchase of store items	24,058	27,257
iv) The company's share of commitments of associated companies.		
- Capital expenditures commitments	4,534,781	5,369,458
- Outstanding letters of credit	1,254,451	3,790,600
- Others	352,208	339,864

Six months ended December 31, 2015 Rs' 000	Year ended June 30, 2015 Rs' 000
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10. OPERATING ASSETS

Opening written down value	11,686,366	11,694,065
Additions during the period / year	49,083	139,034
Written down value of disposals	(3)	(3,554)
Depreciation during the period / year	(71,671)	(143,179)
Closing written down value	11,663,775	11,686,366

11. CAPITAL WORK-IN-PROGRESS

Balance at the beginning	19,804,158	5,073,763
Addition during the period / year - note 11.1	2,066,192	14,830,670
	21,870,350	19,904,433
Transfer to operating assets		
- Buildings on freehold land	(3,737)	(11,154)
- Plant and machinery	(20,851)	(89,121)
Balance at the end	21,845,762	19,804,158
Capital work-in-progress consists of:		
Civil works	38,727	19,335
Plant and machinery	21,806,035	19,783,823
Pipeline project	1,000	1,000
	21,845,762	19,804,158

11.1 This includes borrowing cost amounting to Rs 1,098.295 million (June 30, 2015: Rs 593.266 million) on long term borrowings arranged for the purpose of ARL up-gradation projects.

Six months ended December 31, 2015 Rs' 000	Year ended June 30, 2015 Rs' 000
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12. LONG TERM INVESTMENTS

Investment in associated companies		
Balance as at July 1	18,055,282	18,438,278
Share of profit after tax of associated companies	1,415,814	2,492,870
Share in other comprehensive income / (loss)	(1,037)	(46,567)
Dividend received from associated companies	(1,197,724)	(1,669,081)
Impairment loss	(521,155)	(1,160,218)
	<u>17,751,180</u>	<u>18,055,282</u>

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

	December 31, 2015		June 30, 2015	
	% age Holding	Rs' 000	% age Holding	Rs' 000
<u>Quoted</u>				
National Refinery Limited	25	9,009,832	25	9,009,832
Attock Petroleum Limited	21.88	6,286,642	21.88	6,331,735
<u>Unquoted</u>				
Attock Gen Limited	30	2,439,153	30	2,699,182
Attock Information Technology Services (Private) Limited	10	15,553	10	14,533
		<u>17,751,180</u>		<u>18,055,282</u>

13. STOCK-IN-TRADE

As at December 31, 2015, stock-in-trade includes stocks carried at net realisable value of Rs 4,412 million (June 30, 2015: Rs 6,216 million). Closing inventory of stock-in-trade has been written down by Rs 1,554 million (June 30, 2015: Rs 1,487 million) to adjust it to its 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 4,975 million (June 30, 2015: Rs 4,790 million) and Pakistan Oilfields Limited Rs 9 million (June 30, 2015: Rs nil).

	December 31, 2015 Rs' 000	June 30, 2015 Rs' 000
15. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Due from associated companies		
Attock Petroleum Limited	3,555	3,914
Attock Information Technology Services (Private) Limited	618	435
Attock Leisure and Management Associates (Private) Limited	22	-
Attock Gen Limited	345	375
Attock Cement Pakistan Limited	-	32
Capgas (Private) Limited	111	9
Attock Sahara Foundation	1,077	982
Crude oil freight adjustable through inland freight equalisation margin	-	26,598
Income accrued on bank deposits	24,462	26,161
Workers' profit participation fund	-	23,666
Loans, deposits, prepayments and other receivables	210,266	176,618
	240,456	258,790

16. CASH AND BANK BALANCES

16.1 Balances with banks include Rs 2,635.475 million (June 30, 2015: Rs 2,553.871 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 banks to the extent of guarantees issued on behalf of the Company amounting to Rs 1,410.105 million (June 30, 2015 : Rs 1,406.912 million), as referred to in note 9.

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
17. SALES				
Gross sales (excluding Naphtha export sales)	26,707,523	40,460,407	54,098,057	85,327,547
Naphtha export sales	3,746,192	7,647,198	6,898,438	14,943,494
Sales proceeds of Naphtha exports related to third parties	(5,566)	(1,970,129)	(720,594)	(3,994,580)
	3,740,626	5,677,069	6,177,844	10,948,914
	30,448,149	46,137,476	60,275,901	96,276,461
Duties, taxes and levies	(9,086,833)	(8,583,228)	(17,100,568)	(17,564,901)
	21,361,316	37,554,248	43,175,333	78,711,560
HSD price differential - note 17.1	(109,542)	(338,005)	(536,722)	(533,414)
Custom duty - note 17.2	(259,048)	-	(600,647)	-
	20,992,726	37,216,243	42,037,964	78,178,146

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.

17.2 This represents amount payable to the Government of Pakistan on account of customs duty on PMG and HSD.

	Three months ended		Six months ended	
	December 31,	December 31,	December 31,	December 31,
	2015 Rs' 000	2014 Rs' 000	2015 Rs' 000	2014 Rs' 000
18. COST OF SALES				
Crude oil consumed - note 18.1	18,296,876	33,209,262	39,576,040	74,788,020
Transportation and handling charges	539,933	610,990	962,470	1,108,866
Salaries, wages and other benefits	204,460	185,543	420,523	383,786
Chemicals consumed	66,506	77,169	139,504	148,062
Fuel and power	88,682	321,311	197,400	629,583
Repairs and maintenance	99,772	78,840	169,836	148,070
Staff transport and travelling	3,746	3,446	6,365	7,137
Insurance	28,219	31,933	62,136	54,802
Cost of receptacles	3,248	3,864	9,922	9,505
Other operating costs	15,661	13,780	32,249	28,697
Depreciation	31,281	30,994	61,963	61,140
Cost of goods manufactured	19,378,384	34,567,132	41,638,408	77,367,668
Changes in stock	877,120	3,682,075	264,493	3,229,191
	20,255,504	38,249,207	41,902,901	80,596,859

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 223.691 million (six months period ended December 31, 2014: Rs 217.196 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 December 31, 2015 for amounts outstanding but not due at period end.

20. OTHER CHARGES

This includes Rs 7.895 million (six months period ended December 31, 2014: Rs nil) and Rs 3.000 million (six months period ended December 31, 2014: Rs nil) payable to Workers' Profit Participation Fund and Workers' Welfare Fund respectively related to refinery income.

	Three months ended		Six months ended	
	December 31,	December 31,	December 31,	December 31,
	2015 Rs' 000	2014 Rs' 000	2015 Rs' 000	2014 Rs' 000
21. OTHER INCOME				
Income on bank deposits	149,757	278,269	296,321	618,005
Interest on delayed payments	39,264	45,725	70,300	79,541
Handling and service charges	24,461	21,867	47,206	46,262
Rental income	21,694	20,432	43,310	37,938
Exchange gain	26,468	5,774	39,978	54,278
Loss on forward foreign exchange contracts	-	(102,797)	-	-
Others	11,443	6,530	18,605	14,359
	273,087	275,800	515,720	850,383

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
22. PROVISION FOR TAXATION				
Current	123,707	109,489	241,168	109,489
Deferred	150,049	(312,291)	(128,712)	(667,392)
	273,756	(202,802)	112,456	(557,903)
23. NON-REFINERY INCOME				
Share of profit of associated companies (net of impairment loss / reversal of impairment loss)	408,923	290,452	894,659	862,042
Related charges				
Workers' Profit Participation fund	15,316	-	59,886	-
Workers' Welfare fund	4,929	-	22,757	-
Taxation	-	-	119,784	99,330
	(20,245)	-	(202,427)	(99,330)
	388,678	290,452	692,232	762,712
Profit after taxation from Attock Hospital (Private) Limited (wholly owned subsidiary)	515	714	1,218	854
	389,193	291,166	693,450	763,566

24. 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:

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
High Speed Diesel	12,377,524	15,944,210	23,704,289	33,367,951
Premier Motor Gasoline	6,963,172	10,020,390	14,036,799	20,796,095
Jet Petroleum	2,292,156	4,088,192	4,584,425	8,617,413
Furnace Fuel Oil	2,932,333	7,530,043	6,632,674	16,823,018
Naphtha	3,740,626	5,677,070	6,177,844	10,948,914
Others	1,773,748	2,539,566	4,002,501	5,189,656
	30,079,559	45,799,471	59,138,532	95,743,047
Duties, taxes and levies	(9,086,833)	(8,583,228)	(17,100,568)	(17,564,901)
	20,992,726	37,216,243	42,037,964	78,178,146

Revenue from four major customers of the Company constitute 87% of total revenue during the six months period ended December 31, 2015 (December 31, 2014: 88%).

25. RELATED PARTY TRANSACTIONS

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

	Three months ended		Six months ended	
	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000	December 31, 2015 Rs' 000	December 31, 2014 Rs' 000
Sale of goods and services to:				
Associated companies	<u>5,854,272</u>	<u>9,441,066</u>	<u>12,185,599</u>	<u>21,578,384</u>
Holding company	<u>3,424</u>	<u>4,587</u>	<u>10,619</u>	<u>11,054</u>
Interest income on delayed payments from an associated company	<u>39,264</u>	<u>45,725</u>	<u>70,300</u>	<u>79,541</u>
Purchase of goods and services from:				
Associated companies	<u>1,729,852</u>	<u>2,938,655</u>	<u>3,589,265</u>	<u>6,664,009</u>
Holding company	<u>54,643</u>	<u>56,811</u>	<u>365,178</u>	<u>133,718</u>
Other related parties:				
Remuneration of Chief Executive and key management personnel including benefits and perquisites	<u>93,453</u>	<u>78,178</u>	<u>226,504</u>	<u>183,121</u>
Honorarium / remuneration to non-executive directors	<u>631</u>	<u>723</u>	<u>2,439</u>	<u>2,472</u>
Contribution to Workers' Profit Participation Fund	<u>23,211</u>	<u>-</u>	<u>67,781</u>	<u>-</u>
Contribution to employees' pension, gratuity and provident funds	<u>15,544</u>	<u>14,888</u>	<u>31,048</u>	<u>32,410</u>

26. 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 February 09, 2016.

**-Sd-
Chief Executive**

**-Sd-
Director**