

# Interim Report & Financial Statements

For the Six Month Period Ended  
December 31, 2019



Attock

ATTOCK  
PETROLEUM  
LIMITED



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# COMPANY INFORMATION

<b>Directors</b>	<b>Mr. Laith G. Pharaon</b> Chairman (Alternate Director - Mr. Iqbal A. Khwaja) <b>Mr. Wael G. Pharaon</b> (Alternate Director - Mr. Rehmat Ullah Bardaie) <b>Mr. Abdus Sattar</b> <b>Mr. Babar Bashir Nawaz</b> <b>Lt Gen (Retd.) Javed Alam Khan</b> <b>Mr. Mohammad Raziuddin</b> <b>Mr. Shuaib A. Malik</b> Chief Executive
<b>Audit Committee</b>	<b>Mr. Mohammad Raziuddin</b> Chairman <b>Mr. Abdus Sattar</b> <b>Mr. Babar Bashir Nawaz</b> <b>Lt Gen (Retd.) Javed Alam Khan</b>
<b>Human Resource &amp; Remuneration Committee</b>	<b>Mr. Mohammad Raziuddin</b> Chairman <b>Mr. Shuaib A. Malik</b> <b>Mr. Iqbal A. Khwaja</b> (Alternate Director to Mr. Laith G. Pharaon)
<b>Company Secretary / CFO</b>	<b>Mr. Rehmat Ullah Bardaie</b>
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants
<b>Bankers</b>	<b>Allied Bank Limited</b> <b>Bank Alfalah Limited</b> <b>Habib Bank Limited</b> <b>MCB Bank Limited</b> <b>United Bank Limited</b>
<b>Share Registrar</b>	<b>CDC Share Registrar Services Limited</b> CDC House, 99-B, Block 'B' S.M.C.H.S, Main Shakra-e-Faisal Karachi. UAN: +92-21-111-111-500 Fax: +92-21-34326034 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
<b>Legal Advisor</b>	<b>Ali Sibtain Fazli &amp; Associates</b>
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# DIRECTORS' REVIEW

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

The Board of Directors of Attock Petroleum Limited takes pleasure in presenting the report on the performance of the Company together with the auditor's reviewed financial statements for the six month period ended December 31, 2019.

### Financial Performance

During the period under review, the Company earned net sales revenue of Rs. 116,256 million compared to Rs. 115,169 million earned during same period last year. The sales revenue has increased due to 14% increase in average selling prices of petroleum products across the Country. Gross profit decreased by 24% due to decrease in sales volume and lesser inventory gains during the period as compared to same period last year. Whereas, the overall industry sales volume has dropped by 7%. Weakened macroeconomic indicators amid reduced business activity, influx of smuggled products, slow industrial growth and high inflation resulted in decrease of sales volume of the petroleum products. Increase in finance income and decrease in operating expenses supported the bottom line to some extent. However, implication of adoption of International Financial Reporting Standards 9 and 16, share of loss of associates and enactment of Punjab Workers' Welfare Fund Act, 2019 severely affected the net profit. Consequently, the Company earned profit after tax of Rs. 1,581 million (December 2018: Rs. 2,103 million). The results translate into earnings per share of Rs. 15.88 (December 2018: Rs. 21.13).

### Operational Performance

The international geopolitical landscape, which directly affects the vast oil industry, has remained under immense pressure during the period under review. The volatility in oil prices due to global economic and political factors affected the already distressed oil sector. On the backdrop of attack on Saudi installation resulting in loss of oil production, prices were affected due to supply-demand gap which was further supported by OPEC led supply cuts and US sanctions on Iran and Venezuela. While the anticipation of improvement in US-China trade relations exhibits likelihood of supporting the industry, the future of oil segment remains critical and uncertain due to rising US-Iran tensions, sensitivity of global oil movement through Strait of Hormuz and ongoing Middle East crisis which is adversely affecting the sector as the market forestalls supply shortages in case of any unfortunate event.

Domestically, the oil marketing industry is also facing various challenges which include decreased demand, influx of cheaper smuggled products such as High Speed Diesel and Bitumen, volatile economic scenario, lack of focus on infrastructural development and negative growth in large scale manufacturing. These factors affected the local industry at various levels. Due to this, the sales volume of APL for High Speed Diesel and Bitumen decreased by 15%.

## DIRECTORS' REVIEW

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As the power producers shifted from Furnace Oil to alternate fuels for electricity production on the instructions of Government, inventory levels of Furnace Oil at local refineries started rising ultimately hindering the refinery operations which affected the production of other petroleum products. However, reduced international price of Furnace Oil helped to offload these inventories due to availability of Furnace Oil as a cheaper alternative. Although, the industry sales volume of Furnace Oil dropped by 23%, the Company managed to restrict this decrease to only 6% during the period. Sales volume of Premier Motor Gasoline dropped by 5% as the industry volumes also shrunk due to consumer spending pattern, significant decrease in sales of automobile sector and consistently increasing Consumer Price Index (CPI).

Despite the challenges, the management is committed to make efforts to ensure sustainable returns are generated focusing on product quality, timely delivery and customer satisfaction. Efforts were made to generate sales by exploiting all available opportunities. Supply of POL products to various locations of the Defense institutions were successfully executed under the contract awarded for the year 2019-20. The Company is well geared to face any challenges ahead and has positioned itself to ensure business viability and sustainability of returns keeping in view the requirements of all stakeholders.

The Economic Coordination Committee (ECC) of the Government under Finance Ministry has approved the increase in OMC margins for regulated products by 6% which was long awaited by the industry as the increased operational expenditure due to recent economic uncertainties made it less viable for businesses to operate. Increase in margins shall encourage the industry and lead to long-term benefits for both investors and consumers alike.

Enhancement of retail network has always remained at the core of Attock Petroleum Limited. Company is aggressively focusing on urban centers and has set-up state-of-the-art retail outlets at prime locations across major cities and numerous ongoing projects are at various stages of completion. Considerable investment has been made and allocated for development of retail network including Company Owned Company Operated sites. These steps are being taken to establish presence of the Company and promote its brand.

### Future Outlook

Oil marketing segment cannot flourish without strengthening of supply chain cycle and infrastructure development. Not only it is pivotal for the industry to promote healthy competition, increase in storage capacities at locations spread across the Country ensures quick availability of quality products to the satisfaction of customers. Requirements prescribed by the regulator can also be met by establishment of bulk oil terminals adding to the oil storage capacity of the Country and gaining freight advantages thereby reducing cost of business.

## DIRECTORS' REVIEW

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APL has been investing significantly in development of bulk oil terminals for many years now. With the recent commissioning of Shikarpur Bulk Oil Terminal and completion of storage expansion project at Machike Bulk Oil Terminal, the Company is proceeding well towards its objective of establishing a series of terminals on OGRA designated locations. Construction work on Port Qasim Terminal is progressing rapidly while land has been acquired for construction of terminals at Tarujabba (Peshawar), Gatti (Faisalabad) and D.I.Khan and design and planning phase has been executed. Further, construction of bulk oil terminals at Sahiwal and Daulatpur has been successfully completed and licence for operation has been granted by OGRA in December 2019. Both of these terminals shall soon start their operations after completion of testing and inspection. This sustainable infrastructure development shall lead to strengthening the supply chain cycle and Company is dedicating major resources even in challenging times.

### Acknowledgment

The Board would like to express its sincere gratitude to all employees, customers and strategic partners for their contributions and extended support. The Board also extends appreciation to Government authorities, shareholders and other stakeholders for their continuous support and cooperation.

On behalf of the Board



**SHUAIB A. MALIK**  
CHIEF EXECUTIVE



**ABDUS SATTAR**  
DIRECTOR

Dubai, U.A.E.  
January 21, 2020

# ڈائریکٹرز کا جائزہ

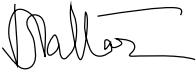
صرف صنعت کیلئے صحت مند مقابلے کو فروغ دینا اہمیت کا حامل ہے، بلکہ ملک بھر میں مختلف مقامات پر اسٹورج کی صلاحیتوں میں اضافہ کرنا، صارفین کے اطمینان کیلئے معیاری مصنوعات کی فوری فراہمی بھی بنیادی حیثیت رکھتا ہے۔ ریگولیٹر (OGRA) کی جانب سے مقرر کردہ شرائط کو بلک آئل ٹرمینلز قائم کر کے پورا کیا جا رہا ہے جس کے ذریعے ملک کی آئل ذخیرہ کرنے کی گنجائش میں اضافہ اور ترسیلات کے اخراجات میں لاگت کاری فوائد حاصل کرنے میں مدد ملے گی جس کے ذریعے کاروباری لاگت کو کم کیا جاسکے گا۔

APL کئی سالوں سے بلک آئل ٹرمینلز میں نمایاں سرمایہ کاری کر رہی ہے۔ شکارپور بلک آئل ٹرمینل کو حال ہی میں زیر عمل لانے سے اور ماچھیکے بلک آئل ٹرمینل پر اسٹورج میں توسیع کے منصوبے کی تکمیل کے ساتھ، کمپنی اوگرا (OGRA) کی جانب سے مقرر کردہ مقامات پر متعدد ٹرمینلز قائم کرنے کے اپنے مقصد کی جانب گامزن ہے۔ تاروجہ (پشاور)، گٹی (فیصل آباد) اور ڈی آئی خان میں ٹرمینلز کی تعمیر کیلئے اراضی حاصل کر لی گئی ہے اور ڈیزائن اور منصوبہ بندی مرحلے پر عملدرآمد کر لیا گیا ہے۔ پورٹ قاسم ٹرمینل (کراچی) پر تعمیر کا کام تیزی سے جاری ہے۔ ساہوال اور دولت پور میں بلک آئل ٹرمینلز کی تعمیر کامیابی کے ساتھ مکمل کر لی گئی ہے اور اوگرا (OGRA) کی جانب سے دسمبر 2019 میں آپریشن کیلئے لائسنس جاری کر دیا گیا ہے۔ یہ دونوں ٹرمینلز جانچ اور معائنے کی تکمیل کے بعد جلد اپنے آپریشنز کا آغاز کر دیں گے۔ یہ پائیدار بنیادی ڈھانچے کی ترقی سپلائی چین سائیکل کو مستحکم کرنے کا باعث بنے گی اور کمپنی اس بابت چیلنجز کے باوجود بڑے وسائل مختص کر رہی ہے۔

اظہار تشکر:

بورڈ اپنے ملازمین، صارفین، سپلائرز اور تزیروائی شراکت داران کے تعاون اور کاوشوں پر ان کا شکریہ ادا ہے۔ بورڈ حکومتی اتھارٹیز، شیئرز، ہولڈرز اور دیگر سٹیک ہولڈرز کے مسلسل تعاون اور حمایت پر ان کا بھی معترف ہے۔

منجانب بورڈ



عبدالستار  
ڈائریکٹر



شعیب اے ملک  
چیف ایگزیکٹو

دہلی، متحدہ عرب امارات

۲۱ جنوری، ۲۰۲۰ء

# ڈائریکٹرز کا جائزہ

اشیاء تیار کرنے والی ملکی صنعتوں کی منفی شرح نمو شامل ہے۔ ان عوامل نے ملکی تیل کی صنعت کو مختلف سطح پر متاثر کیا ہے۔ اس کے باعث کمپنی کے بائی اسپنڈر ڈیزل (HSD) اور تارکول (Bitumen) کے حجم فروخت میں 15 فیصد کمی واقع ہوئی۔

بجلی پیدا کرنے والے ادارے حکومت کی ہدایت پر، بجلی کی پیداوار کیلئے فرنس آئل (FO) سے متبادل ایندھن پر منتقل ہو گئے ہیں۔ مقامی ریفاٹریز میں فرنس آئل کی انویسٹری میں اضافے نے ریفاٹری آپریشنز میں خلل پیدا کیا جس سے دوسری پیٹرولیم مصنوعات کی پیداوار متاثر ہوئی۔ تاہم، فرنس آئل کی بین الاقوامی قیمت میں کمی سے مذکورہ انویسٹری کا بوجھ کم ہوا کیونکہ فرنس آئل سستے متبادل کے طور پر دستیاب ہوا۔ اگرچہ فرنس آئل کے صنعتی حجم فروخت میں 23 فیصد کمی واقع ہوئی، کمپنی نے اس کمی کو 6 فیصد تک محدود رکھا۔ پریمیئر موٹر گیسیولین (PMG) کے حجم فروخت میں 5 فیصد کمی ہوئی کیونکہ بنیادی ضروریات زندگی کی قیمتوں (CPI) میں مسلسل اضافہ، صارفین کے اخراجات کا رجحان، آٹوموبائل سیکٹر کی فروخت میں نمایاں کمی کی وجہ سے صنعتی حجم فروخت بھی کم ہوا۔

چیلنجز کے باوجود، انتظامیہ پائیدار منافع کے حصول کے امر کو یقینی بنانے کیلئے کاوشیں کرنے کیلئے پرعزم ہے اور مصنوعات کے معیار، بروقت ترسیل اور صارفین کے اطمینان پر توجہ مرکوز کر رہی ہے۔ تمام دستیاب مواقع کو استعمال کرتے ہوئے فروخت میں اضافے کی کوشش کی گئی۔ معاہدہ برائے سال 2019-20 کے تحت کمپنی نے دفاعی اداروں کو مختلف مقامات پر پیٹرولیم مصنوعات کی فراہمی کو کامیابی کے ساتھ انجام دیا۔ کمپنی تمام اسٹیک ہولڈرز کے تقاضوں کو سامنے رکھتے ہوئے اپنے کاروبار کو منافع بخش رکھے اور طویل المدت منافع کے حصول کے سلسلے میں درپیش چیلنجز کا مقابلہ کرنے کیلئے پوری طرح تیار ہے۔

وزارت خزانہ کے ماتحت حکومت کی اقتصادی رابطہ کمیٹی (ECC) نے ریگولیٹڈ مصنوعات کیلئے OMC مارجن میں 6 فیصد اضافے کی منظوری دی ہے جس کا صنعت کو طویل عرصے سے انتظار تھا کیونکہ حالیہ غیر یقینی معاشی صورتحال نے کاروبار کرنے کے ماحول کو غیر سازگار بنا دیا تھا۔ مارجن میں اضافہ صنعت کی حوصلہ افزائی کرے گا اور سرمایہ کاروں اور صارفین دونوں کیلئے طویل المدتی فوائد کا باعث بنے گا۔

انک پیٹرولیم لیمنڈ میں ریٹیل نیٹ ورک کی توسیع ہمیشہ اہمیت کی حامل رہی ہے۔ کمپنی اہم شہری مراکز پر توجہ مرکوز کر رہی ہے اور بڑے شہروں میں اہم مقامات پر جدید ترین ریٹیل آؤٹلٹس قائم کئے گئے ہیں اور متعدد جاری منصوبے تکمیل کے مختلف مراحل میں ہیں۔ ریٹیل نیٹ ورک کی ترقی کیلئے خاطر خواہ سرمایہ کاری کی گئی ہے جس میں کمپنی کی جانب سے چلائی جانے والی ریٹیل آؤٹلٹس (COCO) شامل ہیں۔ یہ اقدامات اس لیے کئے جا رہے ہیں تاکہ کمپنی کی موجودگی کے تاثر کو قائم کیا جاسکے اور برانڈ کو فروغ دیا جاسکے۔

مستقبل کا نقطہ نظر:

آئل مارکیٹنگ شعبہ سپلائی چین سائیکل (supply chain cycle) اور بنیادی ڈھانچے کی ترقی کو مستحکم کئے بغیر پنپ نہیں سکتا۔ نہ



# ڈائریکٹرز کا جائزہ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

انک پٹرولیم لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والی ششماہی مدت کے لئے کمپنی کی کارکردگی پر رپورٹ جمع آڈیٹرز سے جائزہ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت سمجھتے ہیں۔

## مالیاتی کارکردگی:

زیر جائزہ مدت کے دوران، کمپنی کی خالص فروخت آمدنی گزشتہ سال اسی مدت کے دوران 169, 115 ملین روپے کے مقابلے میں 116,256 ملین روپے ہے۔ ملک بھر میں تیل کی اوسط قیمتوں میں گزشتہ سال اسی مدت کے مقابلے میں 14 فیصد اضافے کے باعث خالص فروخت آمدنی میں اضافہ ہوا۔ حجم فروخت میں کمی اور گزشتہ سال کے مقابلے میں کم انویٹری گینز (inventory gains) کے باعث منافع میں 24 فیصد کمی ہوئی جبکہ مجموعی طور پر صنعتی حجم فروخت میں 7 فیصد کمی واقع ہوئی۔ تخفیف شدہ کاروباری سرگرمیوں کے باعث کمزور اقتصادی اشاروں، اسمگل شدہ مصنوعات کے ورود، سست رو صنعتی پیداوار اور بڑھتی ہوئی مہنگائی کے نتیجے میں پٹرولیم مصنوعات کے حجم فروخت میں کمی آئی۔ فنانس آمدنی میں اضافے اور آپریٹنگ اخراجات میں کمی نے کسی حد تک خالص منافع میں اضافہ کیا۔ تاہم، بین الاقوامی مالیاتی رپورٹنگ کے معیارات 9 اور 16 پر عمل کرنے، منسلک کمپنیوں کے نقصانات کے حصے اور پنجاب ورکرز ویلفیئر فنڈ ایکٹ، 2019 کے نفاذ نے خالص منافع کو بری طرح متاثر کیا۔ نتیجتاً، کمپنی نے 1,581 ملین روپے بعد از ٹیکس منافع کمایا (دسمبر 2018: 2,103 ملین روپے) جسے 15.88 روپے فی شیئر (دسمبر 2018: 21.13 روپے) کی آمدن کے مفہوم میں لیا جاسکتا ہے۔

## آرپیشل کارکردگی:

بین الاقوامی جغرافیائی و سیاسی منظر نامہ، جو تیل کی وسیع صنعت پر براہ راست اثر انداز ہوتا ہے، زیر جائزہ مدت کے دوران شدید باؤ میں رہا۔ عالمی معاش اور سیاسی عوامل کی وجہ سے تیل کی قیمتوں میں اتار چڑھاؤ نے پہلے سے ہی زبوں حال تیل کی صنعت کو بری طرح متاثر کیا۔ سعودی تیل تنصیبات پر حملے کے نتیجے میں تیل کی پیداوار کو نقصان پہنچا اور رسد و طلب کے فرق کی وجہ سے تیل کی قیمتیں متاثر ہوئیں، جسے OPEC ممالک کی جانب سے سپلائی میں کمی اور امریکہ کی جانب سے ایران اور وینزویلا پر پابندیوں کے باعث مزید تقویت ملی۔ جبکہ امریکہ اور چین کے درمیان تجارتی تعلقات میں پیش قدمی کی توقع سے صنعت میں بہتری کا امکان ظاہر ہوتا ہے۔ امریکہ اور ایران کی بڑھتی ہوئی کشیدگی، آبنائے ہرمز کے ذریعے تیل کی عالمی نقل و حرکت کی حساسیت اور مشرق وسطیٰ کے جاری بحران کی وجہ سے تیل کی صنعت کا مستقبل بدستور غیر یقینی ہے کیونکہ کسی بھی ناخوشگوار واقعہ کی صورت میں مارکیٹ رسد میں کمی کی توقع رکھتی ہے۔

ملک کے اندر آئل مارکیٹنگ کا شعبہ کو بھی مختلف چیلنجز کا سامنا ہے جن میں تیل کی طلب میں کمی، سستے اسمگل شدہ مصنوعات جیسے ہائی اسپیڈ ڈیزل (HSD) اور تارکول (Bitumen) کے ورود، غیر یقینی معاشی منظر نامہ، بنیادی ڈھانچے کی ترقی پر توجہ کا فقدان اور بڑے پیمانے پر

## **Independent Auditor’s Review Report to the members of Attock Petroleum Limited Report on Review of Interim Financial Statements**

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of Attock Petroleum Limited as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for three month period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2019.

### ***Scope of Review***

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

### ***Conclusion***

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

The engagement partner on the audit resulting in this independent auditor’s report is M. Imtiaz Aslam.



Chartered Accountants  
Islamabad  
Date: January 21, 2020

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		Rupees ('000)	
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
150,000,000 (June 30, 2019: 150,000,000) ordinary shares of Rs 10 each		<b>1,500,000</b>	1,500,000
<b>Issued, subscribed and paid up capital</b>			
99,532,800 (June 30, 2019: 99,532,800) ordinary shares of Rs 10 each	4	<b>995,328</b>	995,328
<b>Reserves</b>			
Special reserves		<b>219,824</b>	219,785
Unappropriated profit		<b>18,298,025</b>	17,711,622
		<b>19,513,177</b>	18,926,735
<b>NON CURRENT LIABILITIES</b>			
Long term deposits		<b>757,024</b>	716,283
Lease liabilities		<b>2,844,228</b>	-
Deferred tax liability		-	76,710
		<b>3,601,252</b>	792,993
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	<b>30,163,724</b>	26,633,386
Current portion of Lease liabilities		<b>126,696</b>	-
Unclaimed dividend		<b>50,533</b>	49,598
		<b>30,340,953</b>	26,682,984
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<b>53,455,382</b>	46,402,712

	Note	December 31, 2019	June 30, 2019
		Rupees ('000)	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	12,085,559	8,348,942
Long term investments in associated companies	10	766,482	903,965
Long term prepayments		-	46,860
Deferred tax asset		105,163	-
		<b>12,957,204</b>	<b>9,299,767</b>
<b>CURRENT ASSETS</b>			
Stores and spares		139,425	92,287
Stock in trade	11	12,964,301	12,865,862
Trade debts	12	15,368,856	16,838,255
Income tax refundable		166,097	23,692
Advances, deposits, prepayments and other receivables	13	3,579,782	3,471,893
Short term investments	14	936,366	890,788
Cash and bank balances	15	7,343,351	2,920,168
		<b>40,498,178</b>	<b>37,102,945</b>
		<b>53,455,382</b>	<b>46,402,712</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Rehmat Ullah Bardaie**  
Chief Financial Officer



**Shuaib A. Malik**  
Chief Executive



**Abdus Sattar**  
Director

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Three month period ended		Six month period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees ('000)		Rupees ('000)	
<b>Sales</b>		<b>66,812,510</b>	64,065,461	<b>136,130,849</b>	131,407,538
Sales tax and other government levies		<b>(9,764,860)</b>	(6,547,368)	<b>(19,875,117)</b>	(16,238,867)
<b>NET SALES</b>		<b>57,047,650</b>	57,518,093	<b>116,255,732</b>	115,168,671
Cost of products sold		<b>(56,120,699)</b>	(56,072,368)	<b>(113,228,428)</b>	(111,160,949)
<b>GROSS PROFIT</b>		<b>926,951</b>	1,445,725	<b>3,027,304</b>	4,007,722
Other income	16	<b>276,261</b>	242,120	<b>569,495</b>	471,285
Net impairment losses on financial assets		<b>(51,475)</b>	-	<b>(125,258)</b>	-
Operating expenses		<b>(723,574)</b>	(955,373)	<b>(1,281,460)</b>	(1,644,751)
<b>OPERATING PROFIT</b>		<b>428,163</b>	732,472	<b>2,190,081</b>	2,834,256
Finance income	17	<b>601,116</b>	369,357	<b>1,117,224</b>	686,036
Finance costs	17	<b>(431,618)</b>	(215,712)	<b>(722,084)</b>	(398,121)
Net finance income		<b>169,498</b>	153,645	<b>395,140</b>	287,915
Share of (loss) / profit of associated companies		<b>(4,934)</b>	11,657	<b>(138,560)</b>	13,265
Other charges	18	<b>(78,039)</b>	(43,653)	<b>(177,417)</b>	(156,785)
<b>PROFIT BEFORE TAXATION</b>		<b>514,688</b>	854,121	<b>2,269,244</b>	2,978,651
Taxation	19	<b>(159,208)</b>	(298,469)	<b>(688,550)</b>	(875,469)
<b>PROFIT FOR THE PERIOD</b>		<b>355,480</b>	555,652	<b>1,580,694</b>	2,103,182
Earnings per share					
- Basic and diluted (Rupees)		<b>3.57</b>	5.58	<b>15.88</b>	21.13

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Rehmat Ullah Bardaie**  
Chief Financial Officer



**Shuaib A. Malik**  
Chief Executive



**Abdus Sattar**  
Director

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Three month period ended		Six month period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees ('000)		Rupees ('000)	
<b>PROFIT FOR THE PERIOD</b>	<b>355,480</b>	555,652	<b>1,580,694</b>	2,103,182
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Share of other comprehensive income/(loss) of associated companies - net of tax	(22)	-	<b>1,076</b>	(3,201)
	(22)	-	<b>1,076</b>	(3,201)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>355,458</b>	555,652	<b>1,581,770</b>	2,099,981

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Rehmat Ullah Bardaie**  
Chief Financial Officer



**Shuaib A. Malik**  
Chief Executive



**Abdus Sattar**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	Special reserves	Reserve for issue of bonus Shares	Unappropriated profit	Fair value gain on available for sale investments	Total
Rupees ('000)						
<b>BALANCE AS AT JUNE 30, 2018</b>	<b>829,440</b>	<b>249,542</b>	<b>-</b>	<b>17,338,188</b>	<b>492</b>	<b>18,417,662</b>
Effect of changes in accounting policy due to adoption of IFRS 9	-	-	-	(379,616)	(492)	(380,108)
<b>ADJUSTED BALANCE AS AT JULY 1, 2018</b>	<b>829,440</b>	<b>249,542</b>	<b>-</b>	<b>16,958,572</b>	<b>-</b>	<b>18,037,554</b>
Total comprehensive income for the six month period ended December 31, 2018:						
Profit for the period	-	-	-	2,103,182	-	2,103,182
Other comprehensive income / (loss)	-	-	-	(3,201)	-	(3,201)
Total comprehensive income	-	-	-	2,099,981	-	2,099,981
Transfer from special reserves by associated companies	-	(24,639)	-	24,639	-	-
Transferred to reserve for issue of bonus shares	-	-	165,888	(165,888)	-	-
Transaction with owners:						
Issue of bonus shares @ 20% relating to the year ended June 30, 2018	165,888	-	(165,888)	-	-	-
Final cash dividend @ 250% relating to the year ended June 30, 2018	-	-	-	(2,073,600)	-	(2,073,600)
Total transactions with owners	165,888	-	(165,888)	(2,073,600)	-	(2,073,600)
<b>BALANCE AS AT DECEMBER 31, 2018</b>	<b>995,328</b>	<b>224,903</b>	<b>-</b>	<b>16,843,704</b>	<b>-</b>	<b>18,063,935</b>
Total comprehensive income for the six month period ended June 30, 2018:						
Profit for the period	-	-	-	1,857,424	-	1,857,424
Other comprehensive income	-	-	-	704	-	704
Total comprehensive income	-	-	-	1,858,128	-	1,858,128
Transfer from special reserves by associated companies	-	(5,118)	-	5,118	-	-
Transaction with owners:						
Interim cash dividend @ 100% relating to the year ended June 30, 2018	-	-	-	(995,328)	-	(995,328)
Total transactions with owners	-	-	-	(995,328)	-	(995,328)
<b>BALANCE AS AT JUNE 30, 2019</b>	<b>995,328</b>	<b>219,785</b>	<b>-</b>	<b>17,711,622</b>	<b>-</b>	<b>18,926,735</b>
Total comprehensive income for the six month period ended December 31, 2019:						
Profit for the period	-	-	-	1,580,694	-	1,580,694
Other comprehensive income	-	-	-	1,076	-	1,076
Total comprehensive income	-	-	-	1,581,770	-	1,581,770
Transfer to special reserves by associated companies	-	39	-	(39)	-	-
Transaction with owners:						
Final cash dividend @ 100% relating to the year ended June 30, 2019	-	-	-	(995,328)	-	(995,328)
Total transactions with owners	-	-	-	(995,328)	-	(995,328)
<b>BALANCE AS AT DECEMBER 31, 2019</b>	<b>995,328</b>	<b>219,824</b>	<b>-</b>	<b>18,298,025</b>	<b>-</b>	<b>19,513,177</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Rehmat Ullah Bardaie**  
Chief Financial Officer



**Shuaib A. Malik**  
Chief Executive



**Abdus Sattar**  
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month period ended	
	December 31, 2019	December 31, 2018
	Rupees ('000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	118,377,185	115,408,657
Payments for purchase of products and operating expenses	(111,308,266)	(111,329,431)
Other charges received	36,666	10,525
Long term deposits received	40,741	11,402
Income tax paid	(1,012,828)	(1,327,056)
Cash flow from operating activities	6,133,498	2,774,097
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(1,024,351)	(1,156,013)
Proceeds from sale of property, plant and equipment	18,402	4,536
(Purchase) / sale of short term investments	(16,949)	13,236
Income received on bank deposits, short term and other long term investments	550,608	237,045
Dividend received from associated companies	-	7,997
Cash flow from investing activities	(472,290)	(893,199)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease liabilities paid	(243,111)	-
Dividends paid	(994,393)	(2,490,498)
Cash used in financing activities	(1,237,504)	(2,490,498)
Effect of exchange rate changes	(521)	2,968
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,423,183	(606,632)
<b>CASH AND CASH EQUIVALENTS AT JULY 1</b>	2,920,168	4,198,160
<b>CASH AND CASH EQUIVALENTS AT DECEMBER 31</b>	7,343,351	3,591,528

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

**Rehmat Ullah Bardaie**  
Chief Financial Officer

**Shuaib A. Malik**  
Chief Executive

**Abdus Sattar**  
Director



**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

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**1. LEGAL STATUS AND OPERATIONS**

Attock Petroleum Limited (the Company) was incorporated in Pakistan as a public limited company on December 3, 1995 and it commenced its operations in 1998. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Attock House, Morgah, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is procurement, storage and marketing of petroleum and related products. Pharaon Investment Group Limited Holding s.a.l holds 34.38% (June 30, 2019: 34.38%) shares of the Company.

**2. STATEMENT OF COMPLIANCE**

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

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

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

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

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

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

SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

The Company has voluntarily not availed this exemption and has continued to apply the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model.

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

**Adoption of IFRS 16 “Leases”**

IFRS 16 “Leases” replaced IAS 17 “Leases”, the former lease accounting standard and became effective on July 1, 2019. Under the new lease standard assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 1, 2019. Instead, new depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities.

In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities. The Company has adopted IFRS 16 using the modified retrospective approach as of July 1, 2019 and that comparatives were not restated. The Company has performed a detailed impact assessment of IFRS 16 and the impact on its adoption was as follows:

**The change in accounting policy affected the following items in the balance sheet on July 1, 2019:**

	As at June 30, 2019	IFRS 16 Adjustment Rupees ('000)	As at July 1, 2019
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Leasehold land	1,052,735	(1,052,735)	-
Right of use assets	-	2,800,366	2,800,366
<b>CURRENT ASSETS</b>			
Long term prepayments	46,860	(44,745)	2,115
Advances, deposits, prepayments and other receivables	3,471,893	(199,401)	3,272,492
<b>NON CURRENT LIABILITIES</b>			
Lease liability	-	(1,521,317)	(1,521,317)
<b>CURRENT LIABILITIES</b>			
Lease liability	-	(40,913)	(40,913)
Trade and other payables			
Accrued expenses and other liabilities - note 5.3	(4,075,616)	58,745	(4,016,871)
	495,872	-	495,872
	495,872	-	495,872

The Company, as a lessee, recognises a right of use asset and a lease liability on the lease commencement date.

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

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Upon initial recognition the right of use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the specific incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortised cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period
- Modifications to the lease contract
- Reassessment of the lease term

Leases of non-core assets and not related to the main operating activities of the Company, which are short-term in nature (less than 12 months including extension options) and leases of low-value items are expensed in the profit or loss as incurred.

### **Transition**

The Company adopted IFRS 16 on the date the standard became effective, July 1, 2019. The Company adopted the standard using the modified retrospective approach.

The Company used the following practical expedients when adopting IFRS 16 on its effective date:

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS standard (IAS 17 Leases);
- A single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by IFRS 16;
- Initial direct cost was excluded from the measurement of the right-of-use asset as at July 1, 2019;
- The Company's onerous contract provision process used as the impairment assessment of right of use assets upon transition;

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

The weighted-average incremental rate applied to lease liabilities recognised on July 1, 2019 was 13.97 %

**SIGNIFICANT JUDGEMENTS UPON ADOPTION OF IFRS 16**

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between the Company and the lessor or lease contracts which are cancelable by the Company on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that these cancellable future lease periods should be included within the lease term in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

Lease liabilities and Right of use assets recognized are as follows:

<b>Lease liabilities</b>	Rupees ('000)
Operating lease commitments disclosed as at June 30, 2019	2,339,330
Accruals included in lease liability calculation	58,745
Total undiscounted lease payments which are reasonably certain	<u>2,398,075</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(835,845)
Lease liability recognised as at July 1, 2019	<u><u>1,562,230</u></u>
<b>Lease liabilities presented as</b>	
Current portion of lease liabilities	40,913
Non - Current lease liabilities	1,521,317
	<u><u>1,562,230</u></u>
<b>Right of use assets:</b>	
Present value of lease liability	1,503,485
Lease hold land classified as right of use asset	1,052,735
Prepayments classified as right of use assets	244,146
Right of use assets recognised on statement of financial position as at July 1, 2019	<u><u>2,800,366</u></u>
<b>Right of use assets presented as:</b>	
Land	2,503,777
Building	296,589
	<u><u>2,800,366</u></u>

### **The Company's leasing activities and how these are accounted for**

"The Company has leased land for setting up Bulk Oil Terminals and retail outlets. The lease period for these leases range from 33 to 55 years. Previously these were recorded under property, plant and equipment as leasehold land. On adoption of IFRS 16, these have been reclassified to Right of use assets.

The Company has leased offices for administrative purposes and leased land for retail outlets which were previously recorded as operating lease under IAS 17. The lease period for these leases ranges from 3 to 20 years. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the respective leases. Considering the related agreement terms and the requirements of the IFRS 16 the Company has capitalised these as right to use assets with corresponding lease liabilities by discounting the lease rentals to be paid over the lease term from July 1, 2019 using the weighted average incremental borrowing rate."

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	December 31, 2019	June 30, 2019
	Rupees ('000)	
<b>4. SHARE CAPITAL</b>		
AUTHORISED CAPITAL		
150,000,000 ordinary shares of Rs 10 each (June 30, 2019: 150,000,000 ordinary shares of Rs 10 each)	<b>1,500,000</b>	1,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash 5,000,000 ordinary shares of Rs 10 each (June 30, 2019: 5,000,000 ordinary shares of Rs 10 each)	<b>50,000</b>	50,000
Shares issued as fully paid bonus shares 94,532,800 (June 30, 2019: 94,532,800) ordinary shares of Rs 10 each	<b>945,328</b>	945,328
99,532,800 (June 30, 2019: 99,532,800) ordinary shares of Rs 10 each	<b>995,328</b>	995,328
<b>5. TRADE AND OTHER PAYABLES</b>		
Creditors - note 5.2	<b>4,556,745</b>	3,473,839
Due to related parties (unsecured) - note 5.1	<b>19,516,364</b>	17,234,208
Accrued expenses and other liabilities - note 5.3	<b>3,804,713</b>	4,075,616
Advance from customers	<b>1,382,828</b>	1,270,791
Retention money	<b>458,021</b>	416,082
Income tax withheld	<b>41,157</b>	87,716
Sales tax payable	<b>355,740</b>	23,726
Workers' welfare fund	<b>48,156</b>	-
Payable to Joint Operator - (as disclosed in note 9)	-	51,408
	<b>30,163,724</b>	26,633,386
<b>5.1 Due to related parties</b>		
National Refinery Limited	<b>4,488,856</b>	4,544,063
Attock Refinery Limited	<b>14,858,177</b>	12,656,151
Pakistan Oilfields Limited	<b>12,886</b>	14,891
The Attock Oil Company Limited	<b>10,619</b>	2,782
Attock Sahara Foundation	<b>525</b>	525
Attock Leisure and Management Associates (Private) Limited	<b>244</b>	-
Workers' profit participation fund	<b>129,261</b>	-
APL Gratuity Fund	<b>15,796</b>	15,796
	<b>19,516,364</b>	17,234,208

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
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- 5.2** These include Rs 409,797 thousand (June 30, 2019: Rs 320,842 thousand) being Company's share in creditors of joint operation. (as disclosed in note 9)
- 5.3** These include Rs 20,286 thousand (June 30, 2019: Rs 18,608 thousand) being Company's share in accrued expenses and other liabilities of joint operation. (as disclosed in note 9)

**6. LETTER OF CREDIT AND SHORT TERM RUNNING FINANCE FACILITIES**

- 6.1** The Company has entered into an arrangement with banks for obtaining letter of credit facility to import petroleum products and spare parts and materials upto a maximum of Rs 10,000 million (June 30, 2019: Rs 10,700 million). The facility is secured against first pari passu charge of Rs 11,867 million (June 30, 2019: Rs 11,867 million) on all present and future current and fixed assets of the Company (excluding land and building). The unavailed facility at December 31, 2019 was Rs 7,039 million (June 30, 2019: Rs 7,450 million). The facility will expire on January 29, 2020.
- 6.2** The Company has enhanced its two running finance facilities aggregating to Rs 6,800 million (June 30, 2019: Rs 2,500 million). No amount has been utilised from aforementioned facilities as at December 31, 2019 (June 30, 2019: Rs Nil). These facilities carry mark-up at the rates ranging from three months kibar + 0.25% to one month Kibar + 0.5% (June 30, 2019: from three months Kibar + 0.25% to one month Kibar + 0.5%) per annum. Mark up on facility is to be serviced on monthly and quarterly basis. The facilities are secured against first pari passu charge on all present and future current and fixed assets of the Company (excluding land and building) and lien of import documents.

<b>December 31, 2019</b>	June 30, 2019
Rupees ('000)	

**7. CONTINGENCIES AND COMMITMENTS**

**(a) CONTINGENCIES**

- |   |                  |           |
|---|------------------|-----------|
| (i) Corporate guarantees and indemnity bonds issued by the Company to the Collector of Customs. | <b>1,301,758</b> | 1,057,104 |
| (ii) Guarantees issued by bank on behalf of the Company.  | <b>1,523,856</b> | 1,529,956 |
- (iii) Oil & Gas Regulatory Authority (OGRA) issued order dated October 30, 2017 for recovery of freight charges and petroleum levy on supplies during years 2009 to 2011 to special freight area (Azad Jamu & Kashmir and Jaglot) amounting to Rs 434,902 thousand (June 30, 2019: Rs 434,902 thousand). Being aggrieved, the Company filed application for review of the order of OGRA which was dismissed by OGRA vide its order dated April 22, 2018. Also refer note 13.1 for amount withheld by OGRA in this respect of Rs 205,713 thousand. The Company filed writ petition against the order with Islamabad High Court dated June 07, 2018 for seeking direction against OGRA's order and restrain OGRA from recovering the impugned amount of freight and dealers margin. Hearing of the case date is in office. The Company and its legal advisor are confident that the matter will be decided in favour of the Company by the High Court.
- (iv) On February 28, 2018 Deputy Commissioner, Large Tax payers Unit (LTU), Islamabad issued an order in respect of non-payment of sales tax on Price Differential Claims/ subsidies for the period of July 2004

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

to September 2009 by the Company involving principal amount of Rs 319,970 thousand, penalty of Rs 319,970 thousand and default surcharge of Rs 755,608 thousand. The Company's appeal against the aforesaid order with Commissioner Inland Revenue (Appeals) was partially allowed reducing the principal amount to Rs 235,160 thousand alongwith default surcharge and penalty. The matter is now subjudice before the Appellate Tribunal which is yet to be decided. The management and tax advisor of the Company are confident that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these financial statements.

	<b>December 31, 2019</b>	June 30, 2019
	Rupees ('000)	
(iv) The Company's share of contingencies of associated companies based on financial information of associated companies as at September 30, 2019 (June 30, 2019: March 31, 2019)	<b>138,668</b>	145,828
<b>(b) COMMITMENTS</b>		
(i) Capital expenditure commitments	<b>2,638,016</b>	2,993,932
(ii) Commitments for import of petroleum products against letter of credit facility	<b>3,660,989</b>	3,249,663
(iii) The Company's share of commitments of associated companies based on financial information of associated companies as at September 30, 2019 (June 30, 2019: March 31, 2019)		
- Capital expenditure commitments	<b>34,893</b>	35,806
- Outstanding letters of credit	<b>358,038</b>	329,002



**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)**

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	<b>Six months to December 31, 2019</b>	Year ended June 30, 2019
	Rupees ('000)	
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening net book value	<b>4,605,148</b>	4,634,624
Additions	<b>1,137,368</b>	1,615,165
Disposals		
Cost	<b>(33,172)</b>	(18,502)
Depreciation	<b>32,876</b>	18,192
	<b>(296)</b>	(310)
Depreciation charge	<b>(304,049)</b>	(591,595)
	<b>5,438,171</b>	5,657,884
Impact of adoption of IFRS -16 - Right of use assets		
As at July 1, 2019		
Carrying amount	<b>2,970,750</b>	-
Accumulated depreciation	<b>(170,384)</b>	-
Net book value	<b>2,800,366</b>	-
Additions	<b>1,493,120</b>	-
Depreciation charge	<b>(224,139)</b>	-
	<b>4,069,347</b>	-
Closing net book value - note 8.2	<b>9,507,518</b>	5,657,884
Capital work in progress	<b>2,578,041</b>	2,691,058
	<b>12,085,559</b>	8,348,942

**8.1** The right-of-use assets comprise of land and buildings leased by the Company for its operations.

**8.2** Included in operating assets are assets having cost of Rs 612,965 thousand (June 30, 2019: Rs 612,965 thousand) and accumulated depreciation of Rs 130,801 thousand (June 30, 2019: Rs 91,560 thousand) in respect of Company's share in Joint Operations as referred in note 9.

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

**9. INTEREST IN JOINT OPERATION**

In March 2015 the Company entered into a joint arrangement with Pakistan State Oil (PSO) for establishment, operation and maintenance of a fuel farm and to operate and maintain the Hydrant Refueling System at the New Islamabad International Airport. Each party has a 50% share in the joint arrangement and it is an un-incorporated joint arrangement. The Company has classified this arrangement as a joint operation. The fuel farm and refueling system started its operations on May 02, 2018. The Company has recognised its share of jointly held assets, liabilities, revenues and expenses of the joint operation under the appropriate heads and disclosed the same in related notes.

**10. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES**

**Movement during the period / year**

Balance at beginning of the period / year  
Share of (loss) of associated companies  
Impairment (loss) related to investment in  
National Refinery Limited

Share of other comprehensive income/(loss) of  
associated companies  
Dividend from associated companies  
Balance at end of the period / year

**Six months to  
December 31,  
2019**      Year ended  
June 30,  
2019  
Rupees ('000)

	<b>903,965</b>	1,137,657
	<b>(138,560)</b>	(110,585)
	-	(111,900)
	<b>(138,560)</b>	(222,485)
	<b>1,077</b>	(3,210)
	-	(7,997)
	<b>766,482</b>	903,965

**December 31, 2019**

Holding      Amount  
%      Rs ('000)

**June 30, 2019**

Holding      Amount  
%      Rs ('000)

**10.1 The Company's interest in associated  
companies is as follows:**

National Refinery Limited - Quoted  
Attock Refinery Limited - Quoted  
Attock Information Technology Services  
(Private) Limited - Unquoted

Carrying value on equity method

Less: Impairment loss (note 10.2)

National Refinery Limited  
Attock Refinery Limited

1	<b>586,450</b>	1	627,317
1.68	<b>491,547</b>	1.68	590,376
10	<b>30,246</b>	10	28,033
	<b>1,108,243</b>		1,245,726
	<b>(205,894)</b>		(205,894)
	<b>(135,867)</b>		(135,867)
	<b>(341,761)</b>		(341,761)
	<b>766,482</b>		903,965

**10.2** Impairment loss as at June 30, 2019 is based on a valuation analysis carried out as at June 30, 2019 by an external investment advisor engaged by the Company.

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)**

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

**11. STOCK IN TRADE**

**11.1** Stock in trade includes the Company's share of pipeline stock amounting to Rs 4,969,802 thousand (June 30, 2019: Rs 3,762,691 thousand) and Rs 783,591 thousand (June 30, 2019: Rs 1,780,126 thousand) held by Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited respectively.

**11.2** It includes Rs 304,356 thousand (June 30, 2019: Rs 452,125 thousand) being Company's share in joint operation. (as disclosed in note 9)

	<b>December 31, 2019</b>	June 30, 2019
	Rupees ('000)	
<b>12. TRADE DEBTS</b>		
Considered good		
Secured	<b>460,500</b>	1,007,860
Unsecured		
Due from related parties - note 12.1	<b>9,462,490</b>	7,845,701
Others - note 12.2	<b>5,445,866</b>	7,984,694
	<b>14,908,356</b>	15,830,395
Considered doubtful		
Others	<b>131,446</b>	119,551
	<b>15,500,302</b>	16,957,806
Less : loss allowance	<b>(131,446)</b>	(119,551)
	<b>15,368,856</b>	16,838,255

**12.1** Trade debts include following balances due from related parties (unsecured):

Attock Gen Limited	<b>9,276,015</b>	7,715,419
Pakistan Oilfields Limited	<b>147,050</b>	79,275
Attock Cement Pakistan Limited	<b>39,325</b>	47,078
Attock Refinery Limited	<b>-</b>	3,684
National Refinery Limited	<b>100</b>	245
	<b>9,462,490</b>	7,845,701

**12.2** It includes Rs 583,379 thousand (June 30, 2019: Rs 572,253 thousand) being Company's share in joint operation. (as disclosed in note 9)

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	December 31, 2019	June 30, 2019
	Rupees ('000)	
<b>13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances to suppliers and employees	110,768	99,184
Trade deposits and short term prepayments	171,198	282,872
Current account balances with statutory authorities in respect of :		
Advance to collector customs for import of petroleum product	-	519,271
Sales tax	25,574	25,574
Federal excise duty and petroleum levy	986	986
	<b>26,560</b>	545,831
Accrued income on bank deposits	13,030	39,727
Other receivables		
Price differential claim receivable from the Government	28,528	28,528
Receivable from oil marketing companies under freight pool - note 13.1	521,145	537,615
Receivable from joint operator (as disclosed in note 9)	370,367	-
Due from related parties - unsecured		
Attock Gen Limited	3,026,648	2,475,628
Attock Information Technology Services (Private) Limited	816	2,084
Attock Cement Pakistan Limited	414	86
Workers' Profit Participation Fund	-	36,666
	<b>3,947,918</b>	3,080,607
	<b>4,269,474</b>	4,048,221
Less: loss allowance	<b>(689,692)</b>	(576,328)
	<b>3,579,782</b>	3,471,893

**13.1** It includes Rs 205,713 thousand (June 30, 2019: Rs 205,713 thousand) withheld by Oil and Gas Regulatory Authority under order for recovery of freight charges and petroleum levy on supplies during years 2009 to 2011. For related contingency please refer note 7.a (iii).

	December 31, 2019	June 30, 2019
	Rupees ('000)	
<b>14. SHORT TERM INVESTMENTS</b>		
Investment in treasury bills - at amortised cost - note 14.1	862,943	482,464
Investment in mutual funds - at fair value through profit or loss	73,423	112,483
Investment in PIBs - at amortised cost	-	295,841
	<b>936,366</b>	890,788

**14.1** Short term investments in treasury bills earned interest at effective rate of 13.28 % per annum (June 30, 2019: 9.01% per annum).

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	December 31, 2019	June 30, 2019
	Rupees ('000)	
<b>15. CASH AND BANK BALANCES</b>		
Cash in hand	6,850	6,670
Bank balances		
On short term deposits	5,100,000	1,300,000
On interest / mark-up bearing saving accounts (includes US \$ 24 thousand; 2019: US \$ 24 thousand)	2,162,373	1,538,573
On current accounts (includes US \$ 153 thousand; 2019: US \$ 153 thousand)	74,128	74,925
	<b>7,336,501</b>	2,913,498
	<b>7,343,351</b>	2,920,168

**15.1** Balances in short term deposits and saving accounts earned interest/mark-up at weighted average rate of 12.20% per annum (June 30, 2019: 8.38% per annum).

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	December 31, 2019	December 31, 2018	December 31 2019	December 31 2018
	Rupees ('000)		Rupees ('000)	
<b>16. OTHER INCOME</b>				
Commission and handling income	188,487	194,423	368,483	364,533
Fair value adjustment on investments classified as fair value through profit or loss	-	492	-	492
Exchange gain	26,589	-	80,799	-
Other income	61,185	47,205	120,213	106,260
	<b>276,261</b>	242,120	<b>569,495</b>	471,285
<b>17. FINANCE INCOME AND COSTS</b>				
<b>Finance income</b>				
Income on bank deposits and Short term investments	295,182	153,714	552,542	292,650
Late payment charges	305,934	215,643	564,682	393,386
	<b>601,116</b>	369,357	<b>1,117,224</b>	686,036
<b>Finance cost</b>				
Bank charges	17,425	15,207	33,571	27,992
Lease finance charges	127,338	-	158,685	-
Late payment charges	286,855	200,505	529,828	370,129
	<b>431,618</b>	215,712	<b>722,084</b>	398,121
Net finance income	<b>169,498</b>	153,645	<b>395,140</b>	287,915

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Rupees ('000)		Rupees ('000)	
<b>18. OTHER CHARGES</b>				
Workers' profit participation fund	<b>29,883</b>	43,653	<b>129,261</b>	156,785
Workers' welfare fund	<b>48,156</b>	-	<b>48,156</b>	-
	<b>78,039</b>	43,653	<b>177,417</b>	156,785
<b>19. PROVISION FOR TAXATION</b>				
Current income tax charge	<b>321,423</b>	252,469	<b>870,423</b>	838,469
Deferred income tax (reversal)/charge	<b>(162,215)</b>	46,000	<b>(181,873)</b>	37,000
	<b>159,208</b>	298,469	<b>688,550</b>	875,469

**20. FAIR VALUE MEASUREMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2019. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2019.

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method.

The different levels have been defined as follows:

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

The Company held the following financial assets at fair value;

	<u>December 31, 2019</u>			June 30, 2019	
	<u>(Level 1)</u>	<u>Level 2)</u>	<u>(Level 3)</u>		<u>Total</u>
	Rupees ('000)				
Short term investments:					
Investment at fair value through profit or loss	<b>73,423</b>	-	-	<b>73,423</b>	112,483
	<b>73,423</b>	-	-	<b>73,423</b>	112,483

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)**

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Rupees ('000)		Rupees ('000)	
<b>21. TRANSACTIONS WITH RELATED PARTIES</b>				
<b>Associated companies</b>				
Purchase of petroleum products	<b>32,320,005</b>	27,653,810	<b>65,746,020</b>	57,531,914
Sale of petroleum products	<b>1,114,965</b>	2,018,750	<b>2,708,824</b>	5,808,704
Commission and handling income	<b>188,487</b>	194,423	<b>368,483</b>	364,533
Late payment charges - Attock Gen Limited	<b>298,329</b>	208,525	<b>551,020</b>	384,934
Late payment charges - Attock Refinery Limited	<b>286,855</b>	200,505	<b>529,828</b>	370,129
Administrative services expense	<b>90,170</b>	62,162	<b>131,749</b>	126,154
Dividend paid during the period to Associated companies	-	1,785,383	<b>651,668</b>	1,785,383
Dividend received during the period from Associated companies	-	7,997	-	7,997
<b>Other related parties</b>				
Remuneration of Chief Executive and key management personnel including benefits and perquisites	<b>32,554</b>	22,938	<b>53,176</b>	45,294
Security deposit and joining fee received from Chief Executive for establishing a retail outlet	<b>1,200</b>	-	<b>1,200</b>	-
Contribution to staff retirement benefits plans				
APL Employees provident fund	<b>4,741</b>	4,637	<b>9,042</b>	8,444
APL Gratuity fund	<b>4,434</b>	3,654	<b>8,134</b>	6,884
Contribution to workers' profit participation fund	<b>29,883</b>	43,653	<b>129,261</b>	156,785

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

**22. SEGMENT REPORTING**

**22.1** As described in note 1 to this condensed interim financial information the Company markets petroleum products. Revenue from external customers for products of the Company are as follows:

Product	Three month period ended		Six month period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees ('000)		Rupees ('000)	
High Speed Diesel	<b>26,707,683</b>	26,826,287	<b>51,961,723</b>	52,354,106
Premier Motor Gasoline	<b>26,452,231</b>	22,344,168	<b>52,863,295</b>	45,414,750
Furnace Fuel Oil	<b>6,312,307</b>	7,056,415	<b>17,150,400</b>	18,459,016
Bitumen	<b>2,564,047</b>	2,837,984	<b>5,042,919</b>	6,024,003
Jet petroleum	<b>2,675,904</b>	2,819,593	<b>5,277,574</b>	5,039,848
Others	<b>2,100,338</b>	2,181,014	<b>3,834,938</b>	4,115,815
	<b>66,812,510</b>	64,065,461	<b>136,130,849</b>	131,407,538

**22.2** There is no single external customer of the Company whose revenue amounts to 10% or more of the Company's total revenue during the six months period ended December 31, 2019 (December 31, 2018: Nil).

**23. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2019.

**24. CORRESPONDING FIGURES**

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However no significant reclassification have been made, except for following:

	Rupees ('000)
Petroleum levy' previously shown under "Cost of products sold' now shown as part of 'Sales tax and other government levies' in the statement of profit or loss.	358,305



**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

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**25. NON-ADJUSTED EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on January 21, 2020 have declared an interim cash dividend @ Rs 5/- per share, amounting to Rs 497,664 thousand for the year ending June 30, 2020.

**26. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on January 21, 2020.



**Rehmat Ullah Bardaie**  
Chief Financial Officer



**Shuaib A. Malik**  
Chief Executive



**Abdus Sattar**  
Director



**Attock**

**Attock Petroleum Limited**

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