

ATTOCK PETROLEUM LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. LEGAL STATUS AND OPERATIONS

Attock Petroleum Limited (Company) was incorporated in Pakistan as a public limited company on December 3, 1995 and it commenced its operations in 1998. The Company was listed on Karachi Stock Exchange on March 7, 2005. The registered office of the Company is situated at 6, Faisal Avenue, F-7/1, Islamabad, Pakistan. The Company is domiciled in Islamabad. 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% (2007: 34.38%) shares of the Company.

2. STATEMENT OF COMPLIANCE

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

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

In the current year, the Company has adopted IAS 1 (Amendment) - 'Presentation of Financial Statements - Capital Disclosures'. Adoption of this amendment only impacts the format and extent of disclosures as presented in note 26.5 to the financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were issued but not yet effective:

	Effective for periods beginning on or after
IFRS 7 Financial Instruments : Disclosure	April 28, 2008
IFRS 8 Operating Segments	April 28, 2008
IAS 1 Presentation of Financial Statements (Revised 2008)	January 1, 2009
IAS 23 Borrowing costs (Revised 2008)	January 1, 2009
IAS 27 Consolidated and separate financial statements (Revised 2008)	January 1, 2009
IAS 29 Financial Reporting in Hyperinflationary Economies	April 28, 2008
IAS 32 Financial Instruments: Presentation (Revised 2008)	January 1, 2009
IFRIC 7 Applying the Restatement Approach under IAS 29	April 28, 2008
IFRIC 12 Service Concession Arrangement	January 1, 2008
IFRIC 13 Customer Loyalty Programmes	July 1, 2008
IFRIC 14 IAS 19 - The Limit on a defined benefit asset, minimum funding requirements and their interaction	January 1, 2008
IFRIC 15 Agreements for the construction of Real Estate	January 1, 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	October 1, 2008

The management anticipates that adoption of these standards and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures when IFRS 7, IAS 1 and IFRIC 14 come into effect.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company operates following staff retirement benefit funds.

- i) Approved defined benefit funded pension plan for all eligible employees. Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2008. The details of the valuation are given in note 27. Net actuarial gains and losses are recognised over the expected remaining service life of the employees.
- ii) Approved contributory provident fund for all employees for which contributions of Rs. 2,609 thousand (2007: Rs 1,692 thousand) are charged to income for the year.

4.2 Taxation

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

Deferred income tax is accounted for using liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Provisions

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

4.4 Trade and other payables

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

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land and capital work in progress which are stated at cost.

Depreciation is charged to income on the straight line method to write off the cost of an asset over its estimated useful life at the rates specified in note 12.1. Full year's depreciation is charged on additions during the year, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income.

4.6 Investments

4.6.1 Investments in associated companies

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

4.6.2 Short term investments

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

4.7 Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.8 Stores and spares

These are stated at moving average cost less any provision for obsolete and slow moving items.

4.9 Stock in trade

Stock in trade is valued at the lower of cost, calculated on a first-in first-out basis, and net realisable value. Charges such as excise duty and similar levies incurred on unsold stock of products are added to the value of the stock and carried forward.

Net realisable value signifies the sale price in the ordinary course of business less costs necessary to make the sale.

4.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less provision for any uncollectible amounts.

4.11 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Commission and handling income is recognised on shipment of products.

Income on bank deposits is recognised on time proportion basis using the effective yield method.

Income on investments in associated companies is recognised using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated companies is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.

Gains or losses resulting from re-measurement of investments at fair value through profit or loss are recognised in the profit and loss account.

4.12 Dividend

Dividend distribution to the shareholders is accounted for in the period in which dividend is declared.

4.13 Foreign currency transactions

Transactions in foreign currencies are converted into Rupees at the rates of exchange ruling on the date of the transaction. All assets and liabilities in foreign currencies are translated at exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to income.

4.14 Financial assets and liabilities

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

4.15 Offsetting

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

4.16 Cash and cash equivalents

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

4.17 Functional and presentation currency

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- i) Estimate of recoverable amount of investments in associated companies - note 13;
- ii) Provision for doubtful debts - note 15;
- iii) Provision for taxation - note 24; and
- iv) Staff retirement benefits - note 27.

	2008	2007
	Rupees ('000)	
6. SHARE CAPITAL		
AUTHORISED CAPITAL		
75,000,000 ordinary shares of Rs 10 each (2007: 75,000,000 ordinary shares of Rs 10 each)	<u>750,000</u>	<u>750,000</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash		
5,000,000 ordinary shares of Rs 10 each (2007: 5,000,000 ordinary shares of Rs 10 each)	50,000	50,000
Shares issued as fully paid bonus shares 43,000,000 (2007: 35,000,000) ordinary shares	430,000	350,000
48,000,000 (2007: 40,000,000) ordinary shares of Rs 10 each	<u>480,000</u>	<u>400,000</u>

7. SPECIAL RESERVE

This represents the Company's share of amount set aside as a special reserve by National Refinery Limited and Attock Refinery Limited, as a result of the directive of the Government to divert net profit after tax (if any) from refinery operations above 50 percent of paid-up capital as at July 1, 2002 to offset against any future loss or to make investment for expansion or up gradation of refineries. The amount transferred to special reserve is not available for distribution to the shareholders.

8. LONG TERM DEPOSITS

These represent interest free security deposits received from distributors, retailers and contractors and are refundable on cancellation of respective contracts or termination of related services.

	2008	2007
	Rupees ('000)	
9. DEFERRED TAX LIABILITY		
Deferred tax liability arising due to accelerated tax depreciation	46,000	41,000
Deferred tax asset arising in respect of certain provisions	<u>(32,000)</u>	<u>(28,000)</u>
	<u>14,000</u>	<u>13,000</u>
10. TRADE AND OTHER PAYABLES		
Creditors	190,476	66,519
Due to related parties - unsecured - note 10.1	8,087,993	3,922,563
Accrued liabilities	562,221	426,657
Advance from customers	951,526	866,481
Retention money	18,955	10,756
Unclaimed dividend	3,523	2,638
Staff pension fund (receivable)/payable - note 27.1	<u>(765)</u>	<u>569</u>
	<u>9,813,929</u>	<u>5,296,183</u>
10.1 Due to related parties:		
National Refinery Limited	5,567,988	2,829,940
Attock Refinery Limited	2,512,462	1,080,679
Pakistan Oilfields Limited	6,988	8,836
The Attock Oil Company	365	1,680
Attock Cement Pakistan Limited	190	1,369
Attock Hospital (Private) Limited	-	59
	<u>8,087,993</u>	<u>3,922,563</u>
11. CONTINGENCIES AND COMMITMENTS		
(i) Claims of Government levies not accepted by the Company and currently under appeal	23,064	23,064
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Collector Sales Tax and Federal Excise, Islamabad.	3,078,111	1,116,091
(iii) Guarantees issued by bank on behalf of the Company	34,392	30,060
(iv) Capital expenditure commitments	102,678	123,250

2008 2007
Rupees ('000)

12. PROPERTY , PLANT AND EQUIPMENT

Operating assets - note 12.1	532,512	491,106
Capital work in progress - note 12.2	390,109	110,220
	<u>922,621</u>	<u>601,326</u>

12.1 Operating assets

	C o s t			D e p r e c i a t i o n			Book value at June 30 2008	Book value at June 30 2007	Annual rate of depreciation %
	At July 1, 2007	Additions/ (deletions)	At June 30, 2008	At July 1, 2007	Charge for the year/ (on deletions)	At June 30, 2008			
-----Rupees ('000)-----									
Freehold land	192,044	400	192,444	-	-	-	192,444	192,044	-
Buildings on:									
- Freehold land	8,685	12,575	21,260	860	1,063	1,923	19,337	7,825	5
- Leasehold land	42,338	6,662	49,000	8,126	2,450	10,576	38,424	34,212	5
Pipelines, pumps, tanks and meters	232,808	37,795 (165)	270,438	78,575	27,350 (83)	105,842	164,596	154,233	10
Equipment - signage	143,865	46,585 (8)	190,442	83,756	33,340 (3)	117,093	73,349	60,109	20
Electrical and fire fighting equipment	25,959	3,539	29,498	9,738	2,643	12,381	17,117	16,221	10
Furniture, fixture and equipment	9,661	1,036	10,697	3,159	1,033	4,192	6,505	6,502	10
Computer and auxiliary equipment	9,651	3,040 (171)	12,520	5,757	1,849 (171)	7,435	5,085	3,894	20
Motor vehicles	41,206	7,677 (3,044)	45,839	25,140	7,459 (2,415)	30,184	15,655	16,066	20
Total	<u>706,217</u>	<u>119,309</u> <u>(3,388)</u>	<u>822,138</u>	<u>215,111</u>	<u>77,187</u> <u>(2,672)</u>	<u>289,626</u>	<u>532,512</u>	<u>491,106</u>	
2007	<u>642,314</u>	<u>64,828</u> <u>(925)</u>	<u>706,217</u>	<u>152,089</u>	<u>63,428</u> <u>(406)</u>	<u>215,111</u>	<u>491,106</u>		

12.2 Capital work in progress

	C o s t				
	At July 1, 2007	Additions	(Transfers)	At June 30, 2008	At June 30, 2007
-----Rupees ('000)-----					
Pipelines, pumps, tanks and equipment	78,138	303,254	(86,647)	294,745	78,138
Civil works	15,301	72,684	(19,353)	68,632	15,301
Advances to contractors	16,781	18,833	(8,882)	26,732	16,781
Total	<u>110,220</u>	<u>394,771</u>	<u>(114,882)</u>	<u>390,109</u>	<u>110,220</u>
2007	<u>30,723</u>	<u>148,021</u>	<u>(68,524)</u>	<u>110,220</u>	

12.3 Cost of assets held by a large number of dealers of retail outlets of the Company are as follows:

	2008	2007
Rupees ('000)		
Pipelines, pumps, tanks and meters	51,948	36,642
Equipment - signage	176,977	133,308

Due to large number of dealers it is impracticable to disclose the name of each person having possession of these assets, as required under Paragraph 5 of Part 1 of the 4th Schedule to the Companies Ordinance, 1984.

12.4 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals	Particulars of purchaser
-----Rupees ('000)-----						
Pipelines, pumps, tanks and meters	165	83	82	149	Insurance Claim	EFU General Insurance Ltd
Equipment - signage	8	3	5	5	Insurance Claim	EFU General Insurance Ltd
Computer and auxiliary equipment	171	171	-	19	Trade In	Mind Share Computers
Motor vehicles	1,273	644	629	804	Insurance Claim	EFU General Insurance Ltd
	1,046	1,046	-	526	Auction	Mr. Rizwan Mazhar
	380	380	-	217	Auction	Mr. Nadeem Kiani
	345	345	-	101	Auction	Mr. Muhammad Sharjeel

	2008	2007
	Rupees ('000)	
13. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES		
Balance at beginning of the year	387,246	353,257
Investment in associated companies during the year	276,245	-
Share of profit for the year - note 13.1	105,734	42,319
Impairment loss - National Refinery Limited	(46,816)	-
	58,918	42,319
Dividend received during the year	(13,328)	(8,330)
Balance at end of the year	<u>709,081</u>	<u>387,246</u>

13.1 Share of profit of associated companies is based on their respective audited financial statements for the year ended June 30, 2008.

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

	2008	2007
	Rupees ('000)	
National Refinery Limited - Quoted 799,666 (2007:666,388) fully paid ordinary shares including 133,278 (2007: Nil) bonus shares of Rs 10 each Cost Rs 321,865 thousand (2007: Rs 321,865 thousand) Quoted market value as at June 30, 2008: Rs 237,877 thousand (2007: Rs. 227,238 thousand) - note 13.5	382,240	382,330
Attock Refinery Limited - Quoted 1,000,000 (2007: Nil) fully paid ordinary shares of Rs 10 each Cost Rs 276,245 thousand (2007: Nil) Quoted market value as at June 30, 2008: Rs 249,880 thousand	321,454	-
Attock Information Technology Services (Private) Limited - Unquoted 450,000 fully paid ordinary shares of Rs 10 each Cost Rs 4,500 thousand (2007: Rs 4,500 thousand) Value based on net assets as at June 30, 2008 Rs 5,387 thousand (2007: Rs 4,916 thousand)	5,387	4,916
	<u>709,081</u>	<u>387,246</u>

All associated companies are incorporated in Pakistan.

13.3 The Company's share in associated companies is as follows based on their respective audited financial statements for the year ended June 30, 2008:

	Assets	Liabilities	Revenues	Profits	Holding (%)
	-----Rupees ('000)-----				
<u>June 30, 2008</u>					
National Refinery Limited	466,046	291,856	1,293,858	60,054	1.00
Attock Refinery Limited	706,145	542,270	331,932	45,209	1.41
Attock Information Technology Services (Private) Limited	6,085	698	1,952	471	10.00
	<u>1,178,276</u>	<u>834,824</u>	<u>1,627,742</u>	<u>105,734</u>	
<u>June 30, 2007</u>					
National Refinery Limited	326,416	198,952	913,265	42,027	1.00
Attock Information Technology Services (Private) Limited	5,254	338	1,364	292	10.00
	<u>331,670</u>	<u>199,290</u>	<u>914,629</u>	<u>42,319</u>	

13.4 Although the Company has less than 20 percent shareholding in National Refinery Limited, Attock Refinery Limited and Attock Information Technology Services (Private) Limited, these companies have been treated as associates since the Company has representation on their Board of Directors.

13.5 The value of investment in National Refinery Limited as at June 30, 2008 is based on a valuation analysis carried out by an external investment advisor engaged by the Company. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes gross profit margin of 5.34% (2007: 6.4%), terminal growth rate of 4% (2007: 5%) and capital asset pricing model based discount rate of 18.64% (2007: 14.30%).

	2008	2007
	Rupees ('000)	
14. STOCK IN TRADE		
Petroleum products	296,462	338,910
Packing material	2,630	2,792
	<u>299,092</u>	<u>341,702</u>

15. TRADE DEBTS	2008	2007
	Rupees ('000)	
Considered good		
Secured	4,845,529	2,089,864
Unsecured	946,180	407,453
Due from related parties (unsecured) - note 15.1	34,160	5,681
	<u>5,825,869</u>	<u>2,502,998</u>
Considered doubtful - unsecured	31,000	31,000
Provision for doubtful debts	<u>(31,000)</u>	<u>(31,000)</u>
	-	-
	<u><u>5,825,869</u></u>	<u><u>2,502,998</u></u>

15.1 Due from related parties

Pakistan Oilfields Limited (POL)	30,030	3,153
Attock Cement Pakistan Limited (ACPL)	3,778	2,441
Attock Refinery Limited (ARL)	352	87
	<u>34,160</u>	<u>5,681</u>

The aggregate maximum amount due from POL, ACPL and ARL at the end of any month during the year was Rs 51,381 thousand (2007: Rs 34,497 thousand), Rs 12,309 thousand (2007: Rs 5,814 thousand) and Rs 493 thousand (2007: Rs 516 thousand) respectively.

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	2008	2007
	Rupees ('000)	
Advances - considered good		
Suppliers	69,985	37,934
Employees against expenses		
-Executives	1,252	36
-Other employees	149	389
	<u>1,401</u>	<u>425</u>
	71,386	38,359
Trade deposits and short-term prepayments		
Trade deposits	2,601	2,581
Short-term prepayments	8,354	2,402
	<u>10,955</u>	<u>4,983</u>
Current account balances with statutory authorities in respect of:		
Sales tax	290,627	415,627
Federal excise duty and petroleum development levy	17,788	17,788
	<u>308,415</u>	<u>433,415</u>
Accrued income		
Income on bank deposits	16,833	37,536
Commission and handling income	-	50,899
	<u>16,833</u>	<u>88,435</u>
Other receivables		
Price differential claim receivable from the Government	872,542	288,616
Receivable from oil marketing companies under freight pool	16,581	11,831
Claims receivable - net of provision of Rs Nil (2007: Rs 9,552 thousand) - note 16.1	515	4,882
Due from related party - unsecured		
Attock Information Technology Services (Private) Limited (AITSL) - note 16.2	4,044	2,034
Workers' profit participation fund - note 16.3	1,634	5,599
Others	344	344
	<u>895,660</u>	<u>313,306</u>
	<u><u>1,303,249</u></u>	<u><u>878,498</u></u>

16.1 The Company has written off claims receivable amounting to Rs 9,552 thousand (2007: nil) against the provision made in respect thereof.

16.2 The aggregate maximum amount due from AITSL at the end of any month during the year was Rs 4,044 thousand (2007: Rs 2,034 thousand).

	2008	2007
	Rupees ('000)	
16.3 Workers' profit participation fund		
Balance at beginning of the year	5,599	19,017
Amount allocated for the year	(183,366)	(126,401)
Amount paid to Fund's trustees	179,401	112,983
Balance at end of the year	<u>1,634</u>	<u>5,599</u>

17. SHORT TERM INVESTMENTS

Investment in mutual funds at fair value through profit or loss

AMZ Plus Income Fund

1,981 thousand units - Cost Rs 200,000 thousand
(2007: 902 thousand units - Cost Rs 100,000 thousand)

219,627 101,123

JS Income Fund (formerly UTP- Income Fund)

1,064 thousand units - Cost Rs 100,000 thousand
(2007: 181 thousand units - Cost Rs 100,000 thousand)

110,742 100,902

330,369 202,025

18. CASH AND BANK BALANCES

Cash in hand

904 616

Bank balances

On short term deposits

3,359,689 3,131,122

On interest/markup bearing saving accounts

2,753,771 932,428

(includes US \$ 112 thousand; 2007: US \$ 110 thousand)

On current accounts

3,527 2,643

6,116,987 4,066,193

6,117,891 4,066,809

18.1 Short term deposits of Rs 47,986 thousand (2007: Rs 39,226 thousand) were under lien with banks against letters of guarantees and letters of credits.

18.2 Balances in short term deposits and saving accounts earned interest/mark-up at weighted average rate of 10.71% per annum (2007: 10.92% per annum).

	2008	2007
	Rupees ('000)	
19. SALES		
Gross sales	60,151,344	49,965,900
Rebates/discount	(21,219)	(26,710)
	<u>60,130,125</u>	<u>49,939,190</u>

	2008	2007
	Rupees ('000)	
20. COST OF PRODUCTS SOLD		
Opening stock	341,702	74,220
Purchase of petroleum products and packing material	50,003,616	40,126,392
Excise duty	229,186	1,876,545
Special excise duty	15,733	-
Development levy	202,784	350,110
	50,451,319	42,353,047
Closing stock	(299,092)	(341,702)
	<u>50,493,929</u>	<u>42,085,565</u>
21. OTHER OPERATING INCOME		
Commission and handling income	888,272	378,420
Tender and joining fee	1,815	3,407
Exchange gain	-	9,389
Gain on sale of property, plant and equipment	1,105	296
Other income	5,167	14,706
	<u>896,359</u>	<u>406,218</u>
22. OPERATING EXPENSES		
Salaries and benefits	109,429	88,652
Rent, taxes and other fees	21,335	18,574
Traveling and staff transport	13,878	15,077
Repairs and maintenance	21,220	19,068
Advertising and publicity	7,502	2,889
Printing and stationery	5,948	5,438
Electricity, gas and water	4,797	7,006
Insurance	5,413	6,024
Communication	4,668	4,982
Legal and professional charges	1,852	3,008
Subscription and fees	1,087	1,814
Transportation	694	524
Auditors' remuneration - note 22.1	1,114	783
Bank charges	19,284	13,568
Exchange loss	67,580	-
Depreciation - note 12.1	77,187	63,428
Provision for doubtful debts and other receivables	-	24,552
Others	9,682	7,861
	<u>372,670</u>	<u>283,248</u>

	2008	2007
	Rupees ('000)	
22.1 Auditor's remuneration		
Statutory audit	354	322
Review of half yearly financial statements, audit of staff funds special certifications and tax services	663	373
Out of pocket expenses	97	88
	<u>1,114</u>	<u>783</u>
23. INCOME ON BANK DEPOSITS AND SHORT TERM INVESTMENTS		
Income on bank deposits	353,566	349,722
Gain on re-measurement of short term investments	28,344	2,025
	<u>381,910</u>	<u>351,747</u>
24. PROVISION FOR TAXATION		
Current - for the year	924,000	723,000
- for prior years	(37,000)	-
	<u>887,000</u>	<u>723,000</u>
Deferred - for the year	1,000	(16,000)
	<u>888,000</u>	<u>707,000</u>
24.1 Reconciliation of tax charge for the year		
	%	%
Applicable tax rate	35.00	35.00
Tax effect of income taxed under final tax regime	(7.97)	(5.38)
Tax effect of income exempt from tax	(0.28)	(0.03)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(0.54)	(0.59)
Effect of prior year's tax	(1.05)	-
Others	-	0.03
Average effective tax rate charged to income	<u>25.16</u>	<u>29.03</u>
25. EARNINGS PER SHARE		
Profit after tax (Rupees in thousand)	<u>2,641,552</u>	<u>1,728,606</u>
Weighted average number of ordinary shares in issue during the year (in thousand)	<u>48,000</u>	<u>48,000</u>
Basic earnings per share (Rupees)	<u>55.03</u>	<u>36.01</u>

Basic earnings per share previously reported at Rs 43.22 in the financial statements for the year ended June 30, 2007 has been restated to Rs 36.01 for 8,000,000 bonus shares issued during the year ended June 30, 2008.

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2007 and 2008 which would have any effect on the earnings per share if the option to convert is exercised.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

26.1 Financial assets and liabilities

	2008		2007	
	Interest/mark-up bearing	Non-interest/mark-up bearing	Interest/mark-up bearing	Non-interest/mark-up bearing
	Rupees ('000)			
		Total		Total
FINANCIAL ASSETS				
Maturity upto one year				
Trade debts	-	5,825,869	-	2,502,998
Advances, deposits and other receivables	-	1,223,509	-	837,737
Short term investments	-	330,369	-	202,025
Cash and bank balances	6,113,460	4,431	4,063,550	3,259
	<u>6,113,460</u>	<u>13,497,638</u>	<u>4,063,550</u>	<u>3,546,019</u>
FINANCIAL LIABILITIES				
Maturity upto one year				
Trade and other payables	-	8,862,403	-	4,429,702
Maturity after one year				
Long term deposits	-	121,137	-	113,821
	-	<u>8,983,540</u>	-	<u>4,543,523</u>
OFF BALANCE SHEET ITEMS				
Contingencies and commitments	-	3,238,245	-	1,292,465
		<u>3,238,245</u>		<u>1,292,465</u>

26.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts, investments and balances at banks. Credit sales are against letters of credit/bank drafts/agreements and to other oil marketing companies or reputable organizations. The credit risk on investments and bank balances is limited because the counter parties are companies/banks with reasonably high credit ratings.

26.3 Foreign currency risk

Financial assets of Rs 7,720 thousand (2007: Rs 304,200 thousand) and financial liabilities of Rs 491,221 thousand (2007: Rs 442,694 thousand) were in foreign currency and subject to foreign exchange risk.

26.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value except for investments in associated companies which are stated under equity method.

26.5 Capital risk management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objective, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. Since inception the gearing ratio is nil and the Company has financed all its projects and business expansions through only equity financing and never resorted to debt financing.

27. STAFF RETIREMENT BENEFITS

The details of actuarial valuation of defined benefit funded pension plan carried out at the year end are as follows:

	2008	2007
	Rupees ('000)	
27.1 The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	17,681	14,725
Fair value of plan assets	(19,056)	(12,776)
Net actuarial gains/(losses) not recognised	610	(1,380)
Net (asset)/liability	<u>(765)</u>	<u>569</u>
27.2 The amounts recognised in profit and loss account are as follows:		
Current service cost	3,424	2,999
Interest cost	1,473	877
Expected return on plan assets	<u>(1,278)</u>	<u>(551)</u>
	<u>3,619</u>	<u>3,325</u>
27.3 Actual return on plan assets	<u>1,327</u>	<u>978</u>

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Fund, at the beginning of the year. Expected yield on fixed interest investments is based on gross redemption yields as at the balance sheet date.

	2008	2007
	Rupees ('000)	
27.4 Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	14,725	8,772
Current service cost	3,424	2,999
Interest cost	1,473	877
Actuarial (gain)/loss	(1,941)	2,077
Benefits paid	-	-
Closing defined benefit obligation	<u>17,681</u>	<u>14,725</u>

27.5 Changes in fair value of plan assets:	2008	2007
	Rupees ('000)	
Opening fair value of plan assets	12,776	9,042
Expected return	1,278	551
Actuarial gain	49	426
Contributions by employer	4,953	2,757
Benefits paid	-	-
Closing fair value of plan assets	<u>19,056</u>	<u>12,776</u>

The Company expects to contribute Rs 3,631 thousands to its defined benefit pension plan during 2009.

27.6 Break-up of category of assets:	2008		2007	
	Rupees ('000)	%age	Rupees ('000)	%age
Bonds	12,562	65.92	11,539	90.32
Cash and net current assets	6,494	34.08	1,237	9.68
	<u>19,056</u>	<u>100</u>	<u>12,776</u>	<u>100</u>

27.7 Principal actuarial assumptions:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2008	2007
Valuation discount rate - per annum	11%	10%
Expected rate of increase in salaries - per annum	11%	10%
Expected rate of return on plan assets- per annum	11%	10%
Pension indexation rate - per annum	0%	0%

27.8 Amounts for current and previous four annual periods are as follows:

	2008	2007	2006	2005	2004
	-----Rupees ('000)-----				
As at June 30,					
Defined benefit obligation	17,681	14,725	8,772	5,714	4,417
Plan assets	(19,056)	(12,776)	(9,042)	(6,110)	(4,145)
(Surplus)/deficit	<u>(1,375)</u>	<u>1,949</u>	<u>(270)</u>	<u>(396)</u>	<u>272</u>
Experience adjustments on plan liabilities	<u>1,941</u>	<u>(2,077)</u>	<u>-</u>	<u>304</u>	<u>103</u>
Experience adjustments on plan assets	<u>49</u>	<u>426</u>	<u>-</u>	<u>103</u>	<u>20</u>

28. TRANSACTIONS WITH RELATED PARTIES

Aggregate transactions with related parties, other than remuneration to the chief executive, directors and executives of the Company under their terms of employment disclosed in note-29, were as follows:

	2008	2007
	Rupees ('000)	
Associated companies		
Attock Refinery Limited		
Purchase of petroleum products	24,902,441	12,708,356
Purchase of services	6,844	5,924
Sale of petroleum products	2,441	2,223
Handling income	210,286	165,657
Sale of services	491	469
National Refinery Limited		
Purchase of petroleum products	25,587,104	24,958,805
Purchase of services	15,693	17,085
Sale of petroleum products	1,068	1,343
Handling income	660,557	161,864
Pakistan Oilfield Limited		
Purchase of petroleum products	172,269	147,733
Purchase of services	3,357	4,468
Sale of petroleum products	509,505	359,954
Sale of services	639	580
Attock Oil Company Limited		
Purchase of petroleum products	5,218	6,728
Purchase of services	13,674	15,683
Attock Cement Pakistan Limited		
Purchase of services	3,317	2,369
Sale of petroleum products	79,786	67,871
Attock Information Technology Services (Private) Limited		
Sale of services	1,927	1,115
Attock Hospital (Private) Limited		
Purchase of medical services	847	523
Attock Sahara Foundation		
Purchase of goods	702	-
Other related parties		
Contribution to staff retirement benefits plans		
Staff pension fund trust	4,953	2,756
Staff provident fund trust	2,609	1,692
Contribution to Workers' profit participation fund	183,366	126,401

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	-----Rupees ('000)-----					
Managerial remuneration	4,250	4,223	1,117	1,027	6,798	6,683
Bonus	4,176	3,930	964	943	1,941	1,044
Company's contribution to provident and pension funds	1,303	884	360	221	1,532	1,542
Housing and utilities	1,971	1,971	522	479	2,708	2,852
Other perquisites and benefits	1,105	2,732	246	372	-	-
Leave passage	491	420	129	92	698	497
	<u>13,296</u>	<u>14,160</u>	<u>3,338</u>	<u>3,134</u>	<u>13,677</u>	<u>12,618</u>
No. of person(s)	1	1	1	1	7	7

29.1 The above includes amounts charged by an associated company for share of chief executive's and one director's remuneration as approved by the Board of Directors of the Company. Executives were also provided with use of Company maintained cars and medical facilities as per Company policy.

30. NUMBER OF EMPLOYEES

Total number of employees at the end of the year were 143 (2007: 117).

31. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 08, 2008 have proposed a final dividend for the year ended June 30, 2008 @ Rs20 per share, amounting to Rs 960,000 thousand and bonus issue @ 20% i.e. one share for every five shares held for approval of the members in the Annual General Meeting to be held on October 31, 2008.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 8, 2008.

S/d-
Chief Executive

S/d-
Director