

**ATTOCK PETROLEUM LIMITED**  
**SELECTED NOTES TO AND FORMING PART OF THE**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

**1. LEGAL STATUS AND OPERATIONS**

Attock Petroleum Limited (Company) was incorporated in Pakistan as a public limited company on December 3, 1995, commenced its operations in 1998 and was listed on Karachi Stock Exchange on March 7, 2005. 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, 2010: 34.38%) shares of the Company.

**2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting'.

**3. SIGNIFICANT ACCOUNTING POLICIES**

All accounting policies as adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company.

	September 30, 2010	June 30, 2010
	Rs ('000)	
<b>4. TRADE AND OTHER PAYABLES</b>		
Creditors	5,105	2,159
Due to related parties (note 4.1)	7,997,801	9,393,768
Accrued liabilities	493,770	628,211
Advance from customers	1,171,160	1,410,407
Retention money	15,080	14,687
Workers' welfare fund	119,547	96,279
Workers' Profit Participation fund	62,456	-
Unclaimed dividend	8,271	8,546
	<u>9,873,190</u>	<u>11,554,057</u>
<b>4.1 Due to related parties</b>		
Attock Refinery Limited	6,606,716	6,670,647
National Refinery Limited	1,380,694	2,704,554
Pakistan Oilfields Limited	10,298	18,414
Attock Cement Pakistan Limited	93	153
	<u>7,997,801</u>	<u>9,393,768</u>

**5. CONTINGENCIES AND COMMITMENTS**

(i) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department	894,813	894,813
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Commissioner Inland Revenue, Islamabad	4,533,936	5,223,003
(iii) Guarantees issued by bank on behalf of the Company	40,345	40,345
(iv) Capital expenditure commitments	87,718	137,485
(v) Commitments for rentals of assets under operating lease agreements as at September 30, 2010 amounting to Rs 284,329 thousand (June 30, 2010: Rs 215,756 thousand) payable as follows:		
Not later than one year	29,141	20,282
Later than one year and not later than five years	110,515	78,540
Later than five years	144,673	116,934

6. PROPERTY, PLANT AND EQUIPMENT	Three months to	Year ended
	September 30, 2010	June 30, 2010
	Rs ('000)	
Opening net book value	1,019,742	939,780
Additions	36,334	209,016
Disposals		
Cost	(5,007)	(30,441)
Depreciation	3,744	28,685
	(1,263)	(1,756)
Depreciation charge	34,045	127,298
Closing net book value	1,020,768	1,019,742
Capital work in progress	223,995	197,475
	<u>1,244,763</u>	<u>1,217,217</u>

#### 7. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES

Balance at beginning of the period / year	765,739	733,397
Share of profit of associated companies	26,716	37,302
Impairment reversal of investment in National Refinery Limited	-	5,035
	26,716	42,337
Dividend from associated companies	-	(9,995)
Balance at end of the period / year	<u>792,455</u>	<u>765,739</u>

7.1 The Company's interest in associated companies is as follows:	September 30, 2010		June 30, 2010	
	Holding %	Amount Rs ('000)	Holding %	Amount Rs ('000)
Quoted				
National Refinery Limited	1.00	451,246	1.00	438,067
Attock Refinery Limited	1.56	374,938	1.56	361,613
Unquoted				
Attock Information Technology Services (Private) Limited	10.00	7,104	10.00	6,892
Carrying value on equity method		833,288		806,572
Less: Impairment loss - National Refinery Limited (note 7.2)		(40,833)		(40,833)
		<u>792,455</u>		<u>765,739</u>

7.2 Impairment loss is based on a valuation analysis carried out as at June 30, 2010 by an external investment advisor engaged by the Company. The recoverable amount has been estimated on a value in use calculation.

#### 8. STOCK IN TRADE

It includes Company's share of pipeline stock amounting to Rs 608,753 thousand (June 30, 2010: Rs 304,729 thousand) and Rs 334,629 thousand (June 30, 2010: Rs 109,970 thousand) held by Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited respectively.

**9. TRADE DEBTS**

Trade debts include Rs 5,892,717 thousand (June 30, 2010: Rs 5,824,567 thousand) due from related parties.

	September 30, 2010	June 30, 2010
	Rs ('000)	
<b>10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Loans and advances	134,040	312,463
Trade deposits and short term prepayments	52,813	27,492
Current account balances with statutory authorities	95,842	103,176
Accrued income	77,324	92,569
Price differential claim receivable from the Government	47,638	47,638
Receivable from oil marketing companies under freight pool	87,882	116,238
Claims receivable	846	844
Due from related parties- unsecured		
Staff Pension Fund	10,700	10,700
Staff Provident Fund	544	522
Attock Information Technology Services (Private) Limited	503	615
The Attock Oil Company Limited	261	232
Workers' profit participation fund	-	7,060
Others	355	355
	<u>508,748</u>	<u>719,904</u>

**11. CASH AND BANK BALANCES**

Cash in hand	945	901
Bank balances		
On short term deposits	6,970,000	8,159,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; 2010: US \$103 thousand)	1,116,338	632,798
On current accounts (includes US \$ 2,287 thousand; 2010: US \$2,288 thousand)	367,305	482,904
	<u>8,453,643</u>	<u>9,274,702</u>
	<u>8,454,588</u>	<u>9,275,603</u>

11.1 Short term deposits of Rs 40,345 thousand (June 30, 2010: Rs 53,405 thousand) were under lien with banks against letters of guarantees and letters of credits.

	Quarter ended	
	September 30, 2010	September 30, 2009
	Rs ('000)	
<b>12. OTHER OPERATING INCOME</b>		
Commission and handling income	227,166	179,583
Mark-up on late payments	169,691	-
Exchange gain	31,929	-
Other income	7,096	5,976
	<u>435,882</u>	<u>185,559</u>

	Quarter ended	
	September 30, 2010	September 30, 2009
	Rs ('000)	
<b>13. FINANCE COST</b>		
Late payment charges	163,165	-
Bank charges	6,554	10,519
	<u>169,719</u>	<u>10,519</u>
<b>14. OTHER CHARGES</b>		
Workers' profit participation fund	62,456	53,336
Worker's welfare fund	23,268	-
	<u>85,724</u>	<u>53,336</u>
<b>15. PROVISION FOR TAXATION</b>		
Current	320,000	281,000
Deferred	(5,000)	5,000
	<u>315,000</u>	<u>286,000</u>
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	8,454,588	6,725,572
Short term investments	607,507	-
	<u>9,062,095</u>	<u>6,725,572</u>
<b>17. TRANSACTIONS WITH RELATED PARTIES</b>		
<b>Associated companies</b>		
Purchase of petroleum products	15,796,539	13,953,684
Sale of petroleum products	2,986,273	2,877,917
Commission, handling and other income	227,166	179,583
Mark-up on late payments	169,691	-
Late payment charges	163,165	-
Administrative services expense	22,941	5,867
<b>Other related parties</b>		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	6,005	8,445
Contribution to staff retirement benefits plans		
Staff Pension fund trust	-	1,647
Staff Provident fund trust	-	838
Contribution to workers' profit participation fund	62,456	53,336

**18. SEGMENT REPORTING**

18.1. As described in note 1 to these financial statements the Company markets petroleum products. Revenue from external customers for products of the Company are as follows:

<b>Product</b>	<b>Quarter ended</b>	
	<b>September 30, 2010</b>	<b>September 30, 2009</b>
	Rs ('000)	
High Speed Diesel	6,394,850	7,097,695
Furnace Fuel Oil	7,280,699	3,975,343
Bitumen	2,215,240	3,320,411
Others	5,266,277	4,579,733
	<u>21,157,066</u>	<u>18,973,182</u>

18.2. Revenues of Rs 2,863,014 thousand (2009: Rs 2,709,131 thousand) are derived from a single external customer.

**19. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in their meeting held on September 29, 2010 have proposed a final cash dividend for the year ended June 30, 2010 @ Rs 20 per share, amounting to Rs 1,152,000 thousand and bonus issue @ 20% i.e; one share for every five shares held for the approval of the members in the Annual General Meeting to be held on October 29, 2010.

**20. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on October 28, 2010.

Sd/-  
Chief Executive

Sd/-  
Director